

1 HONG KONG LEGISLATIVE COUNCIL -- 22 November 1989

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OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 22 November 1989

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)
SIR DAVID CLIVE WILSON, K.C.M.G.

THE CHIEF SECRETARY
THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY
THE HONOURABLE SIR PIERS JACOBS, K.B.E., J.P.

THE ATTORNEY GENERAL
THE HONOURABLE FRANK STOCK, Q.C., J.P.

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

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, C.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

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

THE HONOURABLE CHENG HON-KWAN, J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

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

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

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

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

THE HONOURABLE POON CHI-FAI, J.P.

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING, J.P.

THE HONOURABLE TAM YIU-CHUNG

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

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE HONOURABLE EDWARD HO SING-TIN, J.P.

THE HONOURABLE GEOFFREY THOMAS BARNES, C.B.E., J.P.

SECRETARY FOR SECURITY

THE HONOURABLE CHAU TAK-HAY, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

THE HONOURABLE MRS. NELLIE FONG WONG KUT-MAN, J.P.

THE HONOURABLE MRS. PEGGY LAM, M.B.E., J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS. MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR. THE HONOURABLE LEONG CHE-HUNG

THE HONOURABLE LEUNG WAI-TUNG, J.P.

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS. SO CHAU YIM-PING, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.
THE HONOURABLE MRS. ELSIE TU, C.B.E.

THE HONOURABLE YEUNG KAI-YIN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MRS. ANSON CHAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALBERT LAM CHI-CHIU, J.P.
SECRETARY FOR TRANSPORT

ABSENT

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

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

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

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

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

DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E.

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE JAMES DAVID MCGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR. LAW KAM-SANG

Papers

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

Subject

Subsidiary Legislation

L.N. No.

Registration of Persons Ordinance

Registration of Persons (Application

for New Identity Cards) (No. 15) Order 1989..... 371/89

Shipping and Port Control Regulations

Shipping and Port Control Regulations

(Amendment of Second Schedule) Notice 1989..... 372/89

Sessional Paper 1989-90

No. 19 -- Revisions of the 1989/90 Estimates approved by the Urban Council during the second quarter of the 1989/90 financial year

Oral answers to questions

Importation of skilled labour

1. MR. TIEN asked: Will Government inform this Council whether the special scheme for importing skilled labour which was implemented in July this year is achieving its intended objective of alleviating the labour shortage and whether the scheme will be reviewed in the near future?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the special scheme for importing skilled labour is a temporary measure designed to relieve shortages at technician, craftsman and supervisory levels. To the extent that it has opened up an additional source of supply of such skills, the scheme has achieved its objective.

The scheme allows for the admission of up to 3 000 workers. Of 8 470 workers applied for, the admission of 2 479 has been approved in principle and as of last week 1 438 applications for visas have been received. About 730 applications have been approved and the remainder are being processed. We estimate that more than a

thousand workers will have arrived by the end of the year.

Sir, as regards the second part of the question, the steering group that oversees the scheme is now reviewing it and is expected to come up with recommendations by the end of the year. Depending on the advice of the Executive Council, a decision on the future of the scheme is likely to be taken early next year.

MR. TIEN: Sir, our present immigration policy only allows immigration of technicians, craftsmen and supervisors. Would the steering group's review later this year also consider importation of semi-skilled and unskilled labour?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the Government does not intend at present to review any scheme for the importation of semi-skilled and unskilled labour. I am sure most Members will recall, Sir, that in your address to this Council last year, you made it clear that the Government had no plans to change its policy on the importation of unskilled workers and I am sure many Members will also recall that this issue was fraught with problems. So the short answer to the question, Sir, is that the steering group will consider the possibility of continuing existing schemes of importation which cover people at professional, managerial, technician and craft levels but not people below these levels.

MR. MICHAEL CHENG (in Cantonese): Although the Government has approved the importation of skilled labour for the construction industry, however up to the present, labour shortage in the industry is still very severe, and with major infrastructural projects to be started in the near future into the bargain. Does the Government have any specific plans to improve the problem of labour shortage in that industry?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, as you made clear in your address to this Council this year, the possibility of making some provision for the importation of labour for the construction industry for the purpose of undertaking major infrastructural projects can be considered, and will indeed be considered nearer the time. But the Government does not have any overall plans for importing foreign labour for the construction industry, or for other industries.

MR. TAM (in Cantonese): Sir, when reviewing the scheme, would the steering group

consider the following two factors: (1) It is the general forecast that the economy of Hong Kong will enter a low-growth period; (2) the third-quarter job vacancy rate in Hong Kong has clearly dropped? Does this imply that there is already relief in the tight supply of labour and that the labour shortage problem will not emerge in the near future?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, both factors will be taken into account and will be carefully examined by the steering group when it reviews the scheme.

MR. TIEN: Sir, in view of the current tight labour market, employers are only capable of taking up 730 out of the 3 000 quota. Would the Administration agree that the scheme's 17 rules, as set out by the Immigration Department, are too restrictive; if yes, whether these rules will be reviewed by the steering group?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the figures should be considered in perspective. The 730 approved applications represent only a fraction of the total number of applications approved, which is about 2 500. It obviously takes some time between the process of approving proposals for importation and the process of approving people for importation. To this extent, allowing for leads and lags in procedure, I am afraid I cannot agree that the rules are restrictive.

MR. MICHAEL CHENG (in Cantonese): Sir, according to the Secretary's reply today, the Government has approved only 730 visa applications representing 26% of the 2 479 applications approved in principle. This proves that the special scheme for importing skilled labour has not yielded satisfactory results. Would the Government take specific measures to encourage the vast potential labour force locally available to join the labour market so as to relieve the labour shortage?

SECRETARY FOR EDUCATION AND MANPOWER: I am afraid, Sir, Mr. CHENG is jumping to conclusions. The applications which have been approved recently must be followed by applications for visas, and applications for visas take time to process. The time taken for processing visas has already been reduced from six weeks to four, and as I mentioned in reply to the original question, we expect something like a thousand

people to have arrived by the end of the year, and more by next year. To that extent, I cannot agree that the scheme has failed or that we are being too restrictive.

MR. TIEN: Sir, in view of the fact that only 1 438 visas out of the original 2 479 have been received, would the Administration consider reopening the application process immediately for the rest, that is, the difference between the 2 479 and 1 438?

SECRETARY FOR EDUCATION MANPOWER: Sir, the short answer to that question is "no". It would be unfair to those who had originally applied under the scheme to reopen the scheme at this stage. The scheme was declared open in May and it was closed after sufficient notice was given in August. What we are prepared to do, Sir, is to notify those applicants who had previously failed and invite them to reconsider their original applications. Since only about 2 500 jobs have been taken up, this leaves something like 500 jobs available. We would be prepared to entertain appeals or revised applications but we would not be prepared to reopen the scheme.

Agreements made with the Chinese authorities

2. MR. CHAN asked (in Cantonese): Will Government inform this Council of the number of agreements that the Hong Kong Government has made with the Chinese Government and the Guangdong Provincial Government and of the nature of these agreements?

CHIEF SECRETARY: Sir, the question is phrased in a way which is not time-limited. This makes it very difficult to give a definitive answer. At the very least it would require considerable historic research.

It may be helpful however if I make some general comments. There are currently in force numerous agreements between various authorities of the Guangdong Government and departments of the Hong Kong Government. These cover a wide range of practical issues. As examples I quote:

(a) agreements between the Director of Civil Aviation and the Guangzhou Administration of CAAC on various aspects of air traffic control;

(b) an agreement between the Postmaster General and the Guangdong Provincial Radio Management Committee on technical standards for frequency co-ordination on bordering territories;

(c) agreements between the Director of Water Supplies and the Guangdong Provincial Authorities on the supply of water to Hong Kong and Kowloon; and

(d) an agreement between the Royal Observatory and the Guangdong Meteorological Bureau to establish an automatic weather station.

The Hong Kong Government as such has no agreements in existence with the Central People's Government, although the Royal Observatory does have an agreement with the Chinese National Environment Forecasting Centre to co-operate in marine environmental forecasting and related scientific and technological research.

MR. CHAN (in Cantonese): Sir, as Hong Kong people want to know beforehand what agreements the Government has with the Chinese Government, rather than being notified of the existence of such agreements by the other party after 1997, could I ask if the Government intends to let the people of Hong Kong know of all these agreements?

CHIEF SECRETARY: Sir, I find it difficult to give an affirmative answer to the question which seems to me to require a very large amount of historical research. But I will certainly consider the scope of the problem and let the Honourable Member know in writing. (Annex I)

MR. MARTIN LEE: Sir, since the 4 June massacre in Peking, apart from the agreement as set out in the well-known letter dated 23 October 1989 and signed by the Political Adviser, were there any oral agreements, undertakings or understandings of any kind made by or on behalf of the British Government or the Hong Kong Government given to, or with, the Central People's Government (CPG) or any provisional government of the People's Republic of China (PRC), in particular, regarding the pace of democratization in Hong Kong in the run-up to 1997, or the suppression of lawful activities in Hong Kong which may be viewed as subversive by the CPG?

HIS EXCELLENCY THE PRESIDENT: Could I ask Members to keep supplementary questions short, so that the person trying to answer them can grasp the whole question at one go?

CHIEF SECRETARY: Sir, if I might take Mr. LEE's reference to the Political Adviser's letter first. That letter did not, of course, constitute any agreement. It was simply a letter stating a series of facts and does not in any way constitute an agreement with the Chinese authorities.

Mr. LEE referred to the understandings which have been made. We have arrived at understandings, Sir, as Members will know, with the Guangdong provincial authorities in 1974 and 1980 on illegal immigrants, and in 1982 on two-way permit holders. These are not signed agreements, Sir. The existing terms of these understandings have been recently affirmed, indeed since 4 June, following a suspension by the Chinese authorities of the repatriation of illegal immigrants.

On Mr. LEE's specific question, Sir, as to whether there are any agreements on the pace of political change between the Hong Kong Government and the Chinese Government, there are no such agreements.

MR. CHAN (in Cantonese): Sir, since the purpose of the above-mentioned agreements is to foster co-operation and a lack of co-operation on any one side will be harmful to both, could I ask what action Government would take should one side accuse the other of breaking an agreement, taking the letter mentioned in the Chief Secretary's reply as example?

CHIEF SECRETARY: Sir, as I have explained to Mr. LEE, the letter concerned did not constitute an agreement.

MR. MARTIN LEE: Sir, my question was answered only in part; I will summarize the other part. Were there any undertakings or understandings of any kind given by or on behalf of the British or the Hong Kong Government to, or with, the CPG or any provisional government of the PRC, with particular regard to the pace of democratization in Hong Kong in the run-up to 1997 or the suppression of lawful activities in Hong Kong which may be viewed as subversive by the CPG?

CHIEF SECRETARY: No, Sir.

Crimes allegedly committed by taxi drivers

3. MRS. LAM asked (in Cantonese): In view of the increased incidence of serious crimes committed allegedly by taxi drivers or persons posing as taxi drivers, will Government inform this Council what measures will be taken to prevent and combat these crimes?

SECRETARY FOR SECURITY: Sir, no separate statistics are kept of serious criminal cases in which the culprits are reported to be taxi drivers or persons posing as taxi drivers. It is therefore not possible to say whether such crimes are increasing or not. The view of the Police Regional Crimes Formations, based on their working knowledge, is that there has been no noticeable increase in overall terms. A special review is being carried out to check this point. So far it has shown that this year 27 cases of robbery, four cases of rape and three cases of indecent assault are in this category. The figures for 1988 are not yet available. However, since there are some 16 000 taxis operating on our streets, carrying up to 1.2 million passengers every day, these figures would indicate a ratio of one victim amongst every 11 million passengers. This does not suggest a serious situation, although ideally even one crime is one too many.

Police action generally is determined in the light of prevailing crime trends and other police priorities. Specific action against taxi crimes involves following up reports on the one hand and preventive action on the other. In the latter context routine road blocks and vehicle checks serve both as a deterrent and also as a means of detecting offenders. Close liaison is maintained by the police with the Taxi Owners Association, and their advice is sought on how best to combat taxi-related crimes. In this connection, the Association has made useful suggestions and given helpful advice to members of the public.

Separately, new legislation is being prepared by the Secretary for Transport which will provide, amongst other things, for the display of taxi driver identity plates inside taxis which will make it easier for passengers to identify taxi drivers. Whereas the main aims of this legislation are to encourage self-discipline in taxi

drivers and to discourage malpractices such as overcharging, the display of identity plates should also help curb taxi crime.

MRS. LAM (in Cantonese): Sir, in his reply, the Secretary has mentioned that four rape cases have been reported so far this year. Are these taxi-related cases? If so, has the Government taken any measures to prevent the recurrence of similar incidents, such as investigating drivers' backgrounds before issuing taxi driving licences, so as to ascertain whether they have committed serious crimes or sex offences before?

SECRETARY FOR SECURITY: Sir, I understand that the four rape cases that I cited have not been detected. Two of the indecent assault cases have been detected. With regard to the robbery cases, it has not yet been possible to analyse the circumstances in which they were committed in the taxis.

Advice, Sir, is given to taxi drivers by the Taxi Owners Association, and advice to members of the public is given also by the Association and has been printed in the media. The police, in turn, Sir, also give advice both when asked and generally in connection with vehicles and vehicle crimes.

MRS. LAM (in Cantonese): Sir, the Secretary mentioned that an identity plate would be displayed inside taxis in the future. Such an identity plate can, of course, have a deterrent effect on overcharging. But as far as rape or indecent crimes are concerned, its effectiveness is doubted because passengers sitting at the back can hardly, especially in the night-time, identify the driver's appearance and the plate. Can the method mentioned above help those women who travel at night?

SECRETARY FOR SECURITY: Sir, it is not suggested that the identity plates to be fixed in taxis will, in themselves, help prevent cases of rape, but they will make it easier for the taxi driver to be identified by passengers and this in itself will, of course, act to some psychological extent on the taxi driver.

Advice to women, Sir, has been, as I have said, put out in the media by the Taxi Owners Association and by the police, and women, particularly young women, travelling

alone at night are advised to use a telephone taxi service. It is also possible, Sir, to obtain from the police advice on self-defence and self-protection for women.

MRS. LAM (in Cantonese): Sir, I am glad to learn of the publicity work the Secretary has done. But many people find that they have never received public education of the sort which teaches women travelling at night how to protect themselves, for example, using the telephone taxi service suggested by the Secretary. However, at present, the service is not very convenient and many people do not know the telephone numbers for the service. Therefore, I do hope that the Secretary can work harder in this respect. We would hate to see the recurrence of similar incidents because even one rape case is one too many, as the Secretary has said.

HIS EXCELLENCY THE PRESIDENT: Mrs. LAM, I could not distinguish a question there; it seemed to be a comment or a speech. I am not going to ask the Secretary for Security to reply. Could I remind Members that supplementary questions should: (a) be questions, and (b) be short.

Putonghua course in primary and secondary schools

4. MISS LEUNG asked (in Cantonese): Will Government consider upgrading the present Putonghua course in primary and secondary schools, including the introduction of the course to all levels in both primary and secondary schools, so as to improve the proficiency of students in the Chinese language?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the present Putonghua course has been available, on an optional basis, to primary schools since September 1986 and to secondary schools since September 1988, with syllabuses covering Primary Four to Six and Secondary I to III. This year the subject is being offered in 77% of all schools. Some 223 000 children, or about 43% of all pupils between Primary Four and Secondary III, are taking advantage of the opportunity to learn Putonghua.

There are no plans at present to extend the teaching of Putonghua down to Primary One. Children in Primary One to Three have to develop literacy in Chinese and at the same time to learn English. It would put a considerable strain on most of them

if they were required to learn a third language at that stage of their development. Nor are there any plans to extend the formal teaching of Putonghua up to Secondary V. The six years of Putonghua up to Secondary III already give students a sufficient grounding to enable them to develop their skills in their own time. Moreover, at Secondary IV and V the curriculum is already very heavy as students prepare for the Hong Kong Certificate of Education Examination.

The question implies that strengthening the teaching of Putonghua and extending it to all levels of primary and secondary schooling would improve students' Chinese language skills. Sir, this seems to me to be a questionable assumption. For the vast majority of our students, the language of the home and the community is Cantonese. It is possible to become highly literate in Chinese even if one is a Cantonese speaker, as many Members of this Council can attest. Given the pressure our students are already under to become competent in two languages, English as well as Chinese, it is by no means clear that adding Putonghua to the basic curriculum, or teaching Chinese Language through the medium of Putonghua, would lead to any improvement in the general standard of written Chinese.

MISS LEUNG (in Cantonese): Sir, I wish to ask a follow-up question on the third part of the answer. Could I put it to the Secretary that the mother tongue of the majority of our students is Cantonese but their written language is Putonghua; that Cantonese and Putonghua differ a lot in grammar, diction and vocabulary; and that many members of the public believe that learning Putonghua well will help enhance the students' competence in the Chinese language, especially in their writing skill? Will the Secretary give due recognition to the importance of Putonghua and review the Putonghua courses in school?

HIS EXCELLENCY THE PRESIDENT: I must again remind Members that supplementary questions should be short and not an opportunity for a speech.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, if I have understood the question correctly, the medium of instruction in the mother tongue in the context of Hong Kong is Cantonese, and unless that is changed, it remains Cantonese. I appreciate that there is a considerable difference between Putonghua, which is the oral form of standard written Chinese, and Cantonese, which is a dialect, but there can be no question that the

language or dialect in which the majority of our school children can most effectively learn, and this includes the Chinese language, is Cantonese.

MR. DAVID CHEUNG: Sir, while I agree in general with the Secretary's answer, could I ask the Secretary whether Government will consider using the media, for example the Radio Television Hong Kong, to teach Putonghua through the media so as to enhance the general awareness and exposure of the people to Putonghua?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I shall consult the Director of Education on this proposal and will provide Mr. CHEUNG with a written reply. (Annex II)

MRS. CHOW: Sir, given the vast number of children currently being taught Putonghua, what are the measures being taken to ensure that teachers who teach Putonghua have acquired the necessary standard and proficiency to enable them to do so satisfactorily?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, to the best of my understanding, the colleges of education provide a proficiency course and a methodology course in respect of the teaching of Putonghua, and so far something like 1 600 primary and secondary school teachers have taken these courses.

MISS LEUNG (in Cantonese): Sir, is the Government satisfied with the Putonghua courses provided in our primary and secondary schools and does it therefore think there is no room for further improvement? Does the Government also have plans to strengthen the teaching of Putonghua and the training of teacher so as to give more help to schools in the provision of teaching equipment?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the answer to the first part of the question is that the Administration considers that the present provision of teaching in Putonghua is reasonably satisfactory. To the extent that we have not received complaints of inadequacy from either the Board of Education or the Education Commission, that statement must remain the Administration's present response.

As to whether the Administration is prepared to provide more resources for either teacher training or teaching in Putonghua, we have over the years, and certainly since 1986, been providing schools, both primary and secondary, with teaching materials, equipment and training for teachers. This provision continues to be made.

The Watchmen Ordinance

5. MR. CHUNG asked: In view of the public concern on improving the quality of watchmen and enhancing the efficiency of their service, will Government inform this Council of the progress in the amendment of the Watchmen Ordinance?

SECRETARY FOR SECURITY: Sir, as I said in this Council on 8 November, the Fight Crime Committee is considering the possibility of new legislation to regulate the security industry in Hong Kong and to improve standards. The Advisory Committee on the Regulation of the Security Industry, established under the Fight Crime Committee for this task, has worked out a basic framework based on a licensing system to be run on two levels, namely the licensing of security officers (including watchmen) and persons installing and maintaining security devices, and the licensing of the security companies themselves.

The first draft of the Security Industry Bill is now being considered by the Advisory Committee. Our aim is for the new Bill to be put before this Council during the present legislative Session. The Watchmen Ordinance will then be repealed.

MR. CHUNG: Sir, could I ask the Secretary for Security whether the Bill would contain an upper age limit for security officers, including watchmen? And, if the answer is in the positive, what age does the Secretary have in mind?

SECRETARY FOR SECURITY: Sir, the detailed criteria for security officer licences are still being considered by the Advisory Committee, but our initial thoughts are that the licence holder should be aged between 18 and 65, have no previous convictions and be in good health. But there will be other criteria, Sir.

MR. MICHAEL CHENG (in Cantonese): Sir, could the Administration inform this Council whether "no previous convictions" will be one of the licensing criteria for watchmen?

SECRETARY FOR SECURITY: Sir, I think I have answered that in my previous answer.

MR. HO SAI-CHU (in Cantonese): Will the Secretary inform this Council whether distinction will be made in the new legislation to differentiate watchmen or security guards from caretakers of a building? If so, how?

SECRETARY FOR SECURITY: Sir, it is early days yet for the Advisory Committee and the Bill that it is drafting. Security guards will, of course, be licensed, that is to say they will have a permit of a design which has not yet been devised and which they will carry with them in addition to their identity card. We are considering possible exemptions for some of the persons who are at present exempted under the Watchmen Ordinance. These are watchmen employed, for example, by mutual aid committees and owners corporations, and both the City and New Territories Administration and the police propose that these exemptions should be carried forward into the new legislation. Private building management companies, however, are not exempted from the Watchmen Ordinance and they will be covered by the new legislation.

MR. POON CHI-FAI (in Cantonese): Sir, it has been mentioned in paragraph one of the main answer that the possibility of new legislation to regulate the security industry and to improve standards is now under consideration. Will the Government inform this Council whether, in addition to the proposed legislation, there are at present rules or regulations laid down by the authorities or companies concerned to require security guards or watchmen to undergo certain training in order to improve their standards and to deal with emergencies? If not, will consideration be given to this?

SECRETARY FOR SECURITY: Sir, the Advisory Committee has not yet considered whether previous training or standards of training for applicants for licences should be part of the criteria for the issue of such licences or permits. This, of course, depends to some extent on whether the security guard is changing his employment or not. As

regards the Government playing a part in training programmes, this is not envisaged. It is envisaged that the security companies who habitually employ such guards would be responsible for the training programme. But as I say, the actual criteria and standards of these are something which we have not yet considered.

MR. CHUNG: Sir, perhaps my question has been partly answered already; I will reword it a little. Could the Secretary inform this Council whether the Administration would consider requiring an applicant for a licence as security officer or watchman to have certain basic training, such as prevention of crime, knowledge in first aid, and fire fighting?

SECRETARY FOR SECURITY: As I have said, the question of basic training as part of the criteria for the issue of licences is something which will be considered by the Advisory Committee.

Flexitime and staggered working hours

6. MR. DAVID CHEUNG asked: With reference to the proposal in the 1989 Green Paper on Transport Policy in Hong Kong to promote a greater use of flexitime and staggered working hours to reduce peak hour congestions, will Government inform this Council what efforts have been made, since answering a question on the same subject in this Council on June 1988, to further encourage the public and private sectors to adopt flexitime or staggered working hours, and what the responses to these efforts are?

CHIEF SECRETARY: Sir, since the subject of flexible working hours was last raised in this Council in June 1988, heads of departments have reviewed the use of flexitime or staggered working hours in the Civil Service to see whether the practice could be further extended and whether greater flexibility could be introduced in deciding the "core" operation hours (which are hours when all staff except those who work shifts should be at work). The response has been encouraging.

On flexitime and staggered working hours, 43 departments (involving about 30 000 staff) have indicated that they are operating some form of flexitime or staggered working hours for all or part of their staff. Of these, four departments operate

flexitime/limited flexitime; 16 operate staggered working hours and 23 operate both schemes. These figures compare favourably with the figure of 31 departments (involving some 20 000 staff) which I gave in this Council last year.

We will of course continue to encourage departments to adopt a wider use of flexible working hours subject to the quality of service to the public not being adversely affected and to the staff fulfilling their prescribed conditions and working hours.

As far as the private sector is concerned, a publicity programme promoting the wider use of flexible working hours was launched jointly by the Labour Department and the Information Services Department in February this year.

The publicity programme has been led by an Announcement of Public Interest which is running on all four television stations. It is supplemented by the distribution of leaflets and posters on flexible working hours to over 7 000 private sector organizations each of which employ more than 50 staff. We also included a feature article on the advantages of flexitime in two recent issues of the Labour Relations Newsletter which has a circulation of over 20 000 employers and trade associations. In total, excluding staff cost and air-time about \$120,000 have been spent on the publicity programme.

However, despite these promotional efforts, feedback on private sector practice in flexible working hours has been mixed. Employers have indicated that there are limitations such as problems related to staff supervision, size of the establishment, employees' resistance to change and the need to synchronize their operating hours with their business counterparts. This, I think, deters a wider application of flexible working hours in the private sector. No doubt commercial considerations in the private sector influence substantially management decisions on whether to allow their staff to work more flexible hours or not. None the less, it is Government's aim to continue to promote the wider use of flexible working hours in our community.

MR. DAVID CHEUNG: Sir, I am glad to see some improvement in the public sector. But 30 000 out of a total civil service establishment of about 185 000 still seems to be relatively small. Will the Secretary inform this Council whether there are any targeted plans to steadily increase the number of departments and civil servants who

adopt flexitime?

CHIEF SECRETARY: Sir, as I have said in my answer, we will certainly keep up the pressure and interest. I do not intend to lay down targets for the Civil Service. There are a large proportion, of course, who are working shift hours already and that is a form of flexitime. There are a large number of disciplined service organizations for which it is inappropriate to introduce flexitime of this sort. And above all, Sir, we must make sure that we maintain our service to the public. I think we can do no more than encourage the Civil Service, rather than lay down strict guidelines.

Peak-hour surcharge on MTR fares

7. MR. CHOW asked (in Cantonese): Will Government inform this Council of the role it played in the decision to retain the peak-hour surcharge on MTR fares, and how the interest of the public can be safeguarded under this decision?

SECRETARY FOR TRANSPORT: Sir, the decision to retain the peak-hour congestion fare was taken by the Board of the Mass Transit Railway Corporation, after taking into consideration the level of morning peak-hour demand along the Nathan Road corridor, passenger safety, and the reliability of timetabled services.

This decision was based on the findings of a recent survey which indicated that although the newly completed Eastern Harbour Crossing has provided some relief, the morning peak-hour demand along the Nathan Road corridor still exceeds the safety margin of 75 000 passengers per hour which is considered tolerable without compromising passenger comfort and safety. To carry more than 75 000 passengers per hour in one direction would increase the risk of overcrowding on the platforms, and cause serious difficulties in evacuation in the event of emergency. Moreover, the reliability of train schedules and passenger comfort would also be adversely affected.

Sir, the Government is satisfied that the decision taken by the Mass Transit Railway Corporation to retain the peak-hour congestion fare was made with full regard to the public interest, and that the public interest is safeguarded through this scheme which is maintained primarily with passenger safety in mind.

MR. CHOW (in Cantonese): Sir, since the introduction of the surcharge and Early Bird Monthly Pass by the MTRC in June last year, the number of passengers dropped to 76 000 along Nathan Road within the one hour congestion period from six o'clock in the morning in June only, while in other months the number reached well over 80 000, far beyond the safety limit of 75 000. This serves to prove that sole recourse to the price mechanism cannot effectively change the travelling pattern of passengers. Given the near-rigid demand for the MTR service, does Government feel it necessary to urge the MTRC to abolish the peak-hour surcharge policy and adopt other more effective measures to ensure passenger safety and relieve them of the congestion?

SECRETARY FOR TRANSPORT: Sir, the Mass Transit Railway Corporation (MTRC) did take other measures to try to relieve the congestion during the peak hours. For example, it has employed platform assistants to help with the boarding and disembarkation of passengers. It has introduced the Early Bird Monthly Pass with a further discount of \$10 for the months from December to April next year. It has also during the peak summer months provided a feeder bus service between Hung Hom Kowloon-Canton Railway (KCR) station to Tsim Sha Tsui, and it has also stepped up its publicity measures to ask passengers to try to use the Eastern Harbour Crossing wherever possible in order to relieve the congestion along the north Kowloon to Central corridor.

MR. MARTIN LEE: Sir, is the Administration aware of a promise given by the management of the MTRC to Members of this Council at a meeting last year that the peak-hour congestion fare would be abolished once the number of passengers should drop to the level of 75 000 approximately per hour? If so, why does the Administration still agree with the retention of this unpopular fare?

SECRETARY FOR TRANSPORT: Sir, the Government is aware of such an intention on the part of the MTRC. The recent figures show that from August this year to October the level of passengers using the peak hour congestion period has remained at about 76 000. It has not dropped below the 75 000 safety limit.

DR. LEONG: Sir, could the Administration enlighten this Council as to the rationale behind this persistent fare increase as experience has shown that there is no

improvement despite introduction of this peak-hour fare?

SECRETARY FOR TRANSPORT: Sir, the question is really one of what would happen if the peak-hour congestion fare was removed. Indications are that if it was removed, the number of passengers using the Nathan Road corridor could increase from 76 000 at the moment to 81 000, which would be well beyond the tolerable safety limit.

MR. TAI: Sir, in view of the peak hour passenger demands for Mass Transit Railway (MTR) services, could the Administration not consider the application of inter-modal co-ordinating policy with greater flexibility by allowing more buses to serve the corridor during or near peak hours?

SECRETARY FOR TRANSPORT: Sir, the Government has considered such other options and will continue to do so. The point really is that passengers have a choice between the various modes of travel and so far the indications are that many of them have chosen to use the MTR during the peak hours.

MR. SZETO (in Cantonese): Sir, could Government inform this Council whether it will suggest to the MTRC to introduce some more practical measures such as a fare reduction, other than urging the public to use the Eastern Harbour Crossing during the peak hours?

SECRETARY FOR TRANSPORT: Sir, the Early Bird Pass Scheme introduced last year is a form of reduction of fare in order to encourage passengers to travel before the peak hours. But I shall pass Mr. SZETO's suggestion to the MTRC to see if there are other further ways for them to help improve the situation.

MR. CHOW (in Cantonese): Sir, does Government not consider that the installation of railings and gates on the platform to help passengers line up and control the number of in-car passengers will be a more effective way of protecting passenger safety and avoiding congestion than the current surcharge practice?

SECRETARY FOR TRANSPORT: Sir, this is an operational matter and I am sure the MTRC will consider all possible means to improve the passenger flow, especially during the peak hours, but I shall pass Mr. CHOW's suggestion to them again.

MR. MARTIN LEE: Sir, if the peak-hour congestion fare is not going to be removed, how can the Administration know with any degree of certainty whether the number of passengers will or will not rise again?

SECRETARY FOR TRANSPORT: Sir, according to a recent survey conducted in October, 8% of the passengers polled said they would travel within the peak hour congestion period if this fare was removed. Based on this survey, the MTRC came to the conclusion that an extra 4 000 passengers would be using the peak-hour period.

MR. SIT (in Cantonese): Sir, according to the Secretary's reply to Dr. LEONG, should we take it to mean that if the peak-hour surcharge is to be increased by a great margin, the number of MTR passengers will drop during that particular period? If so, does it mean the MTRC would be allowed to increase fares endlessly, as fare increase is a means of reducing the number of peak-hour passengers?

SECRETARY FOR TRANSPORT: Sir, without doing a detailed calculation, I am not able to forecast the effect of any increase in the surcharge on passenger numbers. But I would like to inform the Council that the MTRC is committed to another fare review next April and no doubt they will take into account the effect of the surcharge on passenger numbers.

MR. MARTIN LEE: Sir, since the peak-hour congestion fare was introduced some time ago, why has the Administration taken so long before asking the MTRC to introduce another scheme to encourage passengers to travel other than peak hours, that is, by the adoption of a "Late Bird Scheme" instead of just an Early Bird Scheme?

SECRETARY FOR TRANSPORT: Sir, the "Late Bird Scheme" was indeed one of the options considered at a recent MTRC board meeting, and it was considered that this would not

be a feasible proposition in that any such scheme would distort the fare structure and could have serious revenue implications.

Nuisances to schools caused by construction works

8. MRS. FAN asked: In view of the fact that a primary school in Wanchai has recently been adversely affected by the noise, gaseous emissions and dust created by the construction works nearby, to the extent that teaching is almost impossible, will Government inform this Council what steps are being taken to prevent such nuisances to schools before the works commence, which government department is responsible for such efforts and the effectiveness of these measures?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Since notice of this question was given, Government has considerably improved its control over percussive piling operations, which the school in question was affected by.

With effect from 17 November 1989, percussive piling cannot be carried out without a permit under new section 6(3) of the Noise Control Ordinance. In practice this means that whereas before 17 November contractors could carry out percussive piling for 12 continuous hours from 7 am to 7 pm except on Sundays and public holidays, from 17 November the noise and air pollution (including dust) from such construction work can be restricted to five or three hours if it is causing disturbance to nearby residents; we are normally restricting such piling to three hours if a nearby school is affected and certainly would have done so in the Wan Chai case.

Before works commence, the Environmental Protection Department, as the responsible department, will liaise with the school management and building contractor so as to schedule percussive piling as far as possible during long recess times, lunch breaks and after school hours -- the aim being to minimize disturbance during teaching. During the operation, if the department discovers an air pollution nuisance caused by the piling operation, it can tell the contractor to abate the nuisance, and follow up by summoning him if he fails to comply. In the Wan Chai case the contractor put up a screen between the site and the school voluntarily after discussions with the Environmental Protection Department.

I cannot yet comment on the general effectiveness of the new measures, as they have only been in operation for less than a week. But they will at least be a more

effective protection for schools than the old measures, as noisy operations can be scheduled at better times. And since noisy operations are now subject to more stringent time restrictions than quiet ones, it is in a contractor's interest to choose the quietest methods possible, including non-percussion piling.

MRS. FAN: Sir, a primary school in Pak Tin Housing Estate has reportedly suffered from noise and dust caused by redevelopment in that housing estate. Over the last two months, parents of that school made representations to various bodies and lately they brought their grievance to the Housing Authority. Since the redevelopment plan must have been made some time ago, and the effect of the work on the school must have been known, would it not have been possible for preventive measures to be worked out in consultation with the school and the relevant departments before the work commenced?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, I am not fully aware of the exact details of the case to which Mrs. FAN refers. But I do know that in a very large number of cases, where the Housing Authority is doing development, they have taken protective measures and I believe that they would be very responsive in fact to requests to do so. In the case of a private developer, perhaps the situation might be more difficult unless the redevelopment involved perhaps a significant modification of a lease which would give the Government opportunity to require some kind of protective measures as conditions of the modification. If there was no such modification or there was no significant modification involved in the redevelopment, it would certainly be more difficult, and the people concerned would have to have recourse to the Environmental Planning Department (EPD) in trying to obtain abatement when the nuisance actually arose.

MR. DAVID CHEUNG: Sir, the Secretary's original reply says "to liaise with the school management and building contractor so as to schedule percussive piling as far as possible during long recess times such as lunch breaks...." Would the Secretary inform this Council how the EPD is going to enforce such agreement or rules?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, it is a condition of the licence.

Written answers to questions

Foreign exchange dealings by local financial institutions

9. MR. CHAN asked: Will Government inform this Council whether consideration will be given to introducing legislation to control foreign exchange dealings by local financial institutions in view of the considerable risks involved in such dealings, and in order to protect investors and safeguard our monetary system?

FINANCIAL SECRETARY: Sir, the Commissioner of Banking takes a close interest in the standards of prudence observed by authorized institutions. The system of prudential supervision of the Commissioner's Office is directed towards ensuring that individual authorized institutions comply with prudential requirements and follow management practices which limit risks to prudent levels. These management practices are kept under review to take account of changing circumstances. Various aspects of an institution's operations are continuously monitored, including foreign exchange operations.

Recently, the Commissioner's Office has taken steps to strengthen its supervision of foreign exchange risks. Under the proposed new arrangements, the Commissioner's oversight of foreign exchange business of individual authorized institutions will involve --

- (a) assessing the adequacy of management systems for monitoring and limiting foreign exchange exposures;
- (b) setting a guideline limit for overnight foreign currency exposures;
- (c) analysing regular returns on foreign exchange activities and positions; and
- (d) regular consultations with management of authorized institutions to review operations.

The Commissioner's Office is consulting with banking and deposit-taking industry bodies on the implementation of the new arrangements.

The position of investors, who may not be fully aware of the risks arising from volatility in the foreign exchange markets, is of some concern. It is the Government's intention to create a greater public awareness of these risks through investor education. This is likely to be more effective, and cheaper, than introducing legislative controls.

We are, however, looking at the operation of fringe operators who offer leveraged contracts in foreign exchange. These operators, whose numbers have increased rapidly over recent years, currently fall outside the field of supervision of either the Commissioner of Banking's Office or the Securities and Futures Commission. We are examining their legal position and possible problems arising from their operations before coming to a view as to whether, and if so how best, their activities should be subject to controls. We will conduct appropriate consultations in the course of formulating any new regulations which may be necessary.

Excessive smoke emission and braking noises from vehicles

10. MR. TAM asked: Will Government inform this Council whether the scheme launched last year to spot vehicles emitting excessive smoke and to require the vehicles so spotted to be delivered for examination has been effective? If so, will Government consider extending the scheme to cover braking noises produced by buses and other heavy vehicles?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, at present, over 2 000 smoky vehicles are spotted per month and more than 100 vehicles are tested by the Environmental Protection Department per day at the Department's testing centre. Vehicles which fail the smoke emission test have to undergo further examination until their emissions are acceptable. While this action has some deterrent effect against smoky emissions, the overall situation is not improving significantly. We think this is because, first, not enough vehicles are being spotted and examined; so the chances of a vehicle operator being caught and required to fix the problem are not sufficiently high. Second, there is not enough incentive for owners to keep their vehicles properly maintained to avoid excessive emissions in the first place. The Environmental Protection Department has therefore recently increased the number of trained spotters from 150 to 230, and we are considering ways to expand the testing capacity and above all to introduce fines in the context of a new vehicle emission

control strategy, which we will shortly publicize.

Braking noises are currently tackled through Transport Department's normal inspection programmes. The two bus companies have made special efforts to co-operate with bus manufacturers and brake lining manufacturers with a view to minimizing the problem. Some improvements have been made and bus company staff are assigned to identify offending vehicles to ensure that they are put in order. Other large vehicles are inspected on a regular basis by the Transport Department. Extending the vehicle emission control scheme to cover noisy vehicles does not appear to be warranted for the time being.

Road excavation

11. MR. BARROW asked: In view of the traffic congestion caused by frequent minor road excavation works throughout the territory which very often are left unattended and which appear to be under a management that lacks any sense of urgency for early completion, will Government inform this Council:

(a) what measures are being taken to reduce the number of such openings to the minimum and to ensure that such openings will be resurfaced at the earliest possible instance and the effectiveness of these measures; and

(b) whether penalties are imposed on works not finished in time and, if not, why not?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, road openings give rise to a complaint in this Council about once every six months, and are the subject of a very large amount of individual complaints. The Highways Department which is responsible for controlling the openings made by utilities and for those connected with repair and reconstruction attaches great importance to the time it takes to complete them and the inconvenience to all which they cause.

For road maintenance and improvements, the Highways Department employs contractors both for individual and term contracts. A completion date is specified in each contract, or in each works order in the case of a term contract. This forms a contractual requirement. Should the contractor fail to complete the works by the specified completion date without valid reasons, he is obliged under the contract

to pay to the Government a specified sum as liquidated damages for each day of delay.

For utility works, the utility undertakers must obtain Excavation Permits from the Highways Department before they are allowed to commence excavation. When an application is received, the Highways Department checks, from current works programmes, the existence of any road opening restrictions and the likely effect on traffic. If the opening will affect traffic, the traffic police and appropriate departments are consulted, either directly or through the Road Opening Co-ordinating Committees, which meet monthly. Any agreed arrangements resulting from these consultations are included in the permit as special conditions, and an appropriate expiry date is specified. On average, 100 applications for Excavation Permits are received and processed by the Highways Department each day.

Under the Crown Land Ordinance, it is an offence to make or maintain any excavation in the highway reserve without a valid Excavation Permit and so the permittee has to complete the works by the expiry date. However, the permittees can apply for time extensions when events outside their control occur which delay the progress of works. These include the effects of inclement weather, delays to works by other parties, special traffic arrangements and so on. Again such applications are carefully scrutinized by the Highways Department before any extension is granted. If, however, a road excavation is left unattended for no acceptable reason, the Highways Department will, under Excavation Permit conditions, take over the site and complete the work, including final reinstatement, at the permittee's expense. In practice, an enquiry is first made with the permittee and this usually has the desired effect of speeding up the progress of the work.

Sir, it is true that road excavation works often seem to have been left unattended. But this is not really so. For instance, a concrete road slab has to be cured for at least seven days before it can be opened to traffic. New gas mains and water mains have to be tested. This involves maintaining a new main under pressure for a number of days before the excavation is backfilled.

Members interested further in this subject may wish to look up the record of the proceedings of the OMELCO Panel on Lands and Works dated 16 February 1989, at which a special presentation on road openings was given by the Director of Highways.

Motion

COMPANIES ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:

"That the Companies (Winding-up) (Amendment) Rules 1989, made by the Chief Justice on 28 October 1989, be approved."

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

The Companies (Winding-up) (Amendment) Rules 1989, which were made by the Chief Justice on 28 October 1989, introduce two amendments to existing procedures. First, rule 28(1) is amended to enable a petitioner to apply for the appointment of a provisional liquidator after presentation of the winding-up petition to the Court. The present rule provides for an application by a creditor, contributory, or by the company itself. The purpose of the amendment is to give the relevant regulatory authorities an express right to petition for the appointment of a provisional liquidator in appropriate circumstances. At present, the Financial Secretary, the Insurance Authority, the Securities and Futures Commission and the Commissioner of Banking all have powers to present winding-up petitions under their respective Ordinances. Any such petitions are frequently followed by applications for the appointment of a provisional liquidator in order to safeguard the assets of the company and to preserve the books and financial records, and it is appropriate that the relevant authority in his capacity as petitioner should be able to make the application.

Secondly, rule 93(1) is amended to make it consistent with section 217 of the Companies Ordinance, which provides that creditors who do not prove their debt or claim on or before the date fixed by rule 93(1) are excluded from the benefit of the distribution made next after that date and from the benefit of any previous distribution. Under the existing rule, creditors who fail to prove within the time limit are excluded from the next distribution, but not from previous distributions.

Sir, I beg to move.

Question on the motion proposed, put and agreed to.

Second Reading of Bills

BANK NOTES ISSUE (AMENDMENT) BILL 1989

Resumption of debate on Second Reading which was moved on 8 November 1989

Question on the Second Reading of the Bill proposed, put and agreed to.

Bill read the Second time.

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

ARBITRATION (AMENDMENT) (NO. 2) BILL 1989

Resumption of debate on Second Reading which was moved on 8 November 1989

Question on Second Reading proposed.

MISS TAM: Sir, the Hong Kong International Arbitration Centre was established in 1985 with the aim to be developed into a leading centre for international commercial arbitration in the Far East. However, we have so far only managed to conduct 28 cases of arbitration at this Centre. In the meantime, Kuala Lumpur and Melbourne are fast promoting themselves as centres of arbitration in this same region. We need fresh impetus to realize the potentials of the role we wish to play in arbitration and in acting as an honest and effective broker in international trade and business, and in particular, in trading with China.

The Arbitration (Amendment) (No. 2) Bill 1989 which we seek to pass through this Council today is one major and necessary step to put us in the league of international arbitration. The Bill is a result of the hard work and recommendations of the Hong Kong Law Reform Commission which, in their report dated 2 September 1987, recommended that there be two regimes for arbitration in Hong Kong: that is, while domestic arbitration shall continue to follow the existing law in Hong Kong (with some minor alterations), international arbitration should in general be governed by the Model Law which was published in June 1985 by the United Nations Commission on International Trade Law (UNCITRAL) and passed by the United Nations General Assembly. By adopting this Model Law, Hong Kong will have joined Canada, Australia and, in a modified form,

California, and British Columbia in updating its practice in international arbitration.

In considering the Administration's proposals in this Bill, my colleagues decided to support the "contracting out" method in indicating whether the UNCITRAL Model Law should apply to the agreements under dispute in an international arbitration. We believe that for an international arbitration the Model Law should be the primary law which is already being adopted in major countries; that under the Model Law judicial review would be excluded and this is rightly so as judicial review is excluded in all international chambers of commerce as businessmen want the least possible interference by the courts and prefer speed and finality in settling disputes.

While my non-government colleagues are in support of this Bill, some are concerned that our Hong Kong International Arbitration Centre has inadequate funding or proper funding arrangement put in place with the help of Government. Apparently, it is the view of the Administration that the Centre should be independent of Government, which we agree, but that, in view of the importance of the Centre to Hong Kong, Government should enable it to operate with financial confidence. Accordingly in November 1984 the Administration made a grant of \$1.2 million which together with private sector donations of \$1.3 million was used to set up the Centre. In June 1989, \$19.1 million was made to assist the continued operation of the Centre. The rationale behind this is that the amount of the grant agreed to by the Finance Committee in June 1989 was arrived at on the basis that the interest from that amount would be sufficient to permit the Centre to operate until the turn of the century by which time the Centre could reasonably be expected to generate sufficient revenue of its own to cover 75% of its expenditure.

However, one of our Members believes that, in order for the Centre to succeed, it would not be sufficient to fund its activities through the fees and charges or costs paid to the arbitrators or the Centre from those who seek arbitration. Another Member expressed the view that Government should fund the whole operation as recommended in the Law Reform Commission Report. Hence in rising to support this Bill, I am asked to point out these two Members' concern and ask the Administration to assess if their views would enhance the attractiveness of our venue for the users.

Sir, with these comments I support the Bill.

ATTORNEY GENERAL: Sir, in moving the Second Reading of this Bill, I suggested that the adoption of the Model Law would make Hong Kong eminently attractive as an arbitration venue. The benefit that will accrue to Hong Kong is clear. And it is particularly gratifying that Members have given to this Bill such a swift seal of approval, and I am grateful indeed to Miss TAM and to her colleagues for their careful study of the Bill, and for the speed with which they have dealt with it.

Miss TAM has conveyed the concern of at least one Member on the question of funding and it is correct that the Law Reform Commission recommended that provision be made for the permanent funding of the Arbitration Centre although it did acknowledge that this was not strictly within its terms of reference. In view of comments made about funding it might be helpful if I briefly address this aspect.

The provision of \$1.2 million in 1984 to which Miss TAM has referred was intended to be a one-off grant. However, in June this year a submission was put to members of the Finance Committee by which further funding was sought. The paper then before Members pointed out that income of the Centre had been less than envisaged, but predicted that the Centre should succeed in establishing itself firmly if the funding then proposed was forthcoming. A number of factors were put forward to justify new optimism, and one of these related to the good prospects that would flow from adoption of the Model Law.

The further funding was requested from Finance Committee to enable the Centre to operate with financial confidence. The proposal was put forward on the basis that to continue to maximize the necessary independence from the Government, a lump sum grant rather than a recurrent grant should be provided under a Capital Account Subventions Sub-head. Members of Finance Committee approved the provision of a further grant of \$19.1 million but asked that some form of Administration control over the capital sum be ensured, and the Administration agreed to consider how this would be effected. I gather that this has given rise to some concern on the part of those connected with the Centre because of their desire to maintain maximum independence, and that this is to be the subject of further discussion.

As to the interest on the sum, this, as Miss TAM has told us, is estimated to be sufficient to permit the Centre to operate until the turn of the century, by which time the Centre could reasonably be expected to generate sufficient revenue of its own to cover 75% of its expenditure.

No doubt, Sir, the views expressed today by Miss TAM will be noted and considered.

Question on the Second Reading of the Bill 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) (NO. 4) BILL 1989

Resumption of debate on Second Reading which was moved on 8 November 1989

Question on the Second Reading of the Bill proposed, 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.

BANK NOTES ISSUE (AMENDMENT) BILL 1989

Clauses 1 and 2 were agreed to.

ARBITRATION (AMENDMENT) (NO. 2) BILL 1989

Clauses 1 to 26 were agreed to.

IMMIGRATION (AMENDMENT) (NO. 4) BILL 1989

Clauses 1 to 5 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

BANK NOTES ISSUE (AMENDMENT) BILL 1989

ARBITRATION (AMENDMENT) (NO. 2) BILL 1989 and

IMMIGRATION (AMENDMENT) (NO. 4) BILL 1989

had passed through Committee without amendment and moved the Third Reading of the Bills.

Question on the Third Reading of the Bills proposed, put and agreed to.

Bills read the Third time and passed.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 29 November 1989.

Adjourned accordingly at nineteen minutes to Four o'clock.

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