

HONG KONG LEGISLATIVE COUNCIL -- 22 January 1992

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OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 22 January 1992

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

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

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

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

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

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

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

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

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG

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

THE HONOURABLE MRS ELSIE TU, C.B.E.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE MISS EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

PROF THE HONOURABLE FELICE LIEH MAK, O.B.E., J.P.

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE NG MING-YUM

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG

THE HONOURABLE ZACHARY WONG WAI-YIN

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 LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

PROF THE HONOURABLE EDWARD CHEN KWAN-YIU

THE HONOURABLE HENRY TANG YING-YEN, J.P.

IN ATTENDANCE

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

THE HONOURABLE EDWARD BARRIE WIGGHAM, C.B.E., J.P.
SECRETARY FOR THE CIVIL SERVICE

MR ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.
SECRETARY FOR SECURITY

MRS ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

MR CHAU TAK-HAY, J.P.
SECRETARY FOR TRADE AND INDUSTRY

MR MICHAEL SZE CHO-CHEUNG, I.S.O., J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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.

Trade Marks

Rules..... 5/92

Road Traffic (Public Service Vehicles)

(Amendment) Regulation 1992..... 6/92

Specification of Public Office.....

7/92

Trade Marks (Amendment) Ordinance 1991

(Commencement) Notice 1992..... 8/92

Sessional Paper 1991-92

- No. 37 -- Hospital Authority Annual Report 1990-1991
- No. 38 -- Hong Kong Productivity Council
Annual Report 1990-91
- No. 39 -- Regional Council Annual Report 1990-91
- No. 40 -- Regional Council, Hong Kong
Accounts for the year ended 31 March 1991
with report and certificate of the Director of Audit
- No. 41 -- Urban Council Annual Report 1991
- No. 42 -- Urban Council, Hong Kong
Accounts for the year ended 31 March 1991
with report and certificate of the Director of Audit
- No. 43 -- Revisions of the 1991-92 estimates approved by the
Urban Council during the second quarter
of the 1991-92 Financial Year

Oral answers to questions

Anti-crime police patrols

1. MRS RITA FAN asked: In the light of the general concern expressed by members of the public about the law and order situation, will the Government inform this Council:

(a) whether there are plans to increase the frequency of anti-crime police patrols, and

(b) whether there is sufficient manpower for such duties and if not, what action will be taken to solve the shortage problem?

SECRETARY FOR SECURITY: Mr Deputy President, the Police Force has recently increased its presence on the streets including anti-crime patrols. This has been achieved by a number of measures, including the redeployment of training companies of the Police Tactical Unit, extending the deployment of new police recruits to constabulary duties during the final part of their training, the assignment of officers previously engaged in indoor administrative duties to patrol duties, and increased deployment of auxiliary policemen. Stop-and-search operations and anti-crime raids at blackspots have also been stepped up.

The Force reviews regularly its use of manpower to ensure that adequate officers are deployed to maintain a sufficient presence on the street and on anti-crime duties. The current shortfall in junior police officers is about 3%. Recruitment in recent months has picked up substantially, and is now well in excess of wastage. We therefore expect to see the shortfall reduce further during the coming year.

MRS RITA FAN: Mr Deputy President, the Secretary in his answer said that the current shortfall in junior police officers is about 3%. In our recent visits to the districts, the OMELCO Security Panel was informed by Police District Commanders that in the New Territories the shortfall between strength and establishment is about 14%, and in the Yau Tsim District where 30% of the crime reported occurs there, the shortage is 5%. Can the Secretary explain how he could tally those two different sets of figures?

SECRETARY FOR SECURITY: Mr Deputy President, I cannot entirely reconcile those figures; I do not have figures for individual districts. But what I would say is that the total shortfall in junior police officers throughout the Force is about 3%. The shortfall is more pronounced in the Uniform Branch of the Force because many units such as the CID and the Police Tactical Unit are kept fully up to strength; so there is a greater shortfall in uniformed officers in the districts.

PROF FELICE LIEH MAK: Mr Deputy President, in deploying indoor administrative staff to patrol duties, has the Secretary for Security taken into consideration whether efforts are to be made to retrain these officers in the use of firearms?

SECRETARY FOR SECURITY: Mr Deputy President, all police officers receive regular training and practice in the use of firearms.

MR SIMON IP: Mr Deputy President, police strength per 100 000 population has declined over the last four years and the present strength is at the level it was in 1984. Are the terms and conditions of employment adequate to attract people into the Force? If not, are there plans to improve them?

SECRETARY FOR SECURITY: Mr Deputy President, in general, I think that the terms and conditions are sufficient to attract people to join the Force and indeed, as I said in my main answer, we have had much more success in recruiting people at the junior police officer level in recent months. This of course is something that is regularly reviewed.

MRS SELINA CHOW: Mr Deputy President, will the recent savings to be achieved by the police aggravate the problems raised in the main question, and if so, how can this be avoided?

SECRETARY FOR SECURITY: Mr Deputy President, no, I do not believe they will aggravate the situation. The only real constraint on police strength at the moment -- and this has been the case for the last few years -- has been the constraint on the number of people who can be taken through the police training school. There is no intention that we should in any way suppress police recruitment and training during the coming year.

MR MARTIN BARROW: Mr Deputy President, could the Secretary advise how many policemen have been transferred from indoor administrative duties to patrol duties; how many people remain as administrative staff, and what steps are being taken to reduce the size of the Head Office or staff positions that remain?

SECRETARY FOR SECURITY: No, Mr Deputy President, I cannot answer those questions. I will try to give a written reply. (Annex I)

MR HOWARD YOUNG: Mr Deputy President, in view of the incident last week where a tourist was injured and hospitalized, will consideration be given to beefing up patrols in tourist areas given that such incidents are not just of local concern but may also affect Hong Kong's international image?

SECRETARY FOR SECURITY: Mr Deputy President, I think we are all very conscious that part of Hong Kong's attraction as a tourist destination is that it is a very safe city and we are certainly determined that it should remain so. There are obviously certain districts particularly vulnerable to crime especially, I suppose, at this time of the year when Chinese New Year is approaching. These are districts with greater concentrations of high-risk premises such as goldsmith shops and they include Yau Tsim, Mong Kok, Wan Chai and Central Districts. The police are well aware of this and are paying particular attention to those districts.

MISS EMILY LAU: Mr Deputy President, in view of the manpower shortage within the Force, will the Government inform this Council whether there are districts, or parts of districts, in the territory where deployment of police on patrol duty has been reduced or withdrawn?

SECRETARY FOR SECURITY: Mr Deputy President, I believe not, but I do not have with me detailed figures broken down by district. I will perhaps give a written reply to that also. (Annex II)

MR MOSES CHENG: Mr Deputy President, will the Secretary please inform this Council whether the deployment measures mentioned in his reply would hamper normal police work in any manner, and if so, how?

SECRETARY FOR SECURITY: Mr Deputy President, I believe not.

DR LAM KUI-CHUN: Mr Deputy President, in his reply, the Secretary for Security on the one hand said that there was a shortfall in the junior police officers but on the other hand maintained that sufficient officers had been deployed on to the streets. Would the Secretary account for and reconcile the discrepancy of these two statements?

SECRETARY FOR SECURITY: Mr Deputy President, I think that 3% is by any standard a very small shortfall but, as I have tried to indicate in the main answer, the police have in any case taken measures to redeploy other officers on to the streets to make up for this very small shortfall.

DEPUTY PRESIDENT: We have a number of supplementaries outstanding; so I will not be taking any more supplementaries but I will go through the list of all those who have already indicated their interest.

MR EDWARD HO: Mr Deputy President, the shortage the Secretary referred to in his reply is expressed in terms of strength versus establishment; but I do not think he has replied to the latter part of Mrs FAN's question which asks whether, according to the police, there will be sufficient manpower in the Force to carry out its duties even if full establishment is attained. Would the Secretary please reply to that?

SECRETARY FOR SECURITY: Yes, Mr Deputy President. I believe that the establishment of the Police Force is adequate for its duties.

MR JAMES TO (in Cantonese): Mr Deputy President, the Secretary has mentioned in his reply that the police have already increased their presence on the streets; could I ask for specific figures on this? As to the various measures mentioned in the reply, some of them seem to be on a temporary basis; may I ask how long these temporary measures will last?

SECRETARY FOR SECURITY: Mr Deputy President, it is not possible to give daily figures of deployment on the streets; that varies from time to time and from place to place. What I can say is that the police coverage on the streets has increased by about 15

000 man-hours over the two-week period; that is the best figure that can be produced. As regards the second part of the question, clearly some of the increased presence which is traditionally made at this time of the year before the Chinese New Year cannot be maintained on a permanent basis; but many of the measures that have been taken by the police will be maintained for the foreseeable future.

MR JIMMY MCGREGOR: Mr Deputy President, will the Secretary working together with the insurance industry institute an examination or a licensing system for security protection of high-risk premises such as jewellers, goldsmiths and watch companies which system will be based on the issue of security certificates by the police without which the premises cannot be properly insured?

SECRETARY FOR SECURITY: Mr Deputy President, this matter has been considered in the past by the Fight Crime Committee but it was decided that such a system should not be pursued. It is something that we can look at again, but I think that the disadvantages probably outweigh the advantages.

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, increased deployment of auxiliary policemen was mentioned in the Secretary's reply; could I ask whether the number of hours auxiliary police are deployed on the streets during the past year was subject to any limitation due to financial or funding constraint? What is the present arrangement; in other words, is there any limitation in force at present?

SECRETARY FOR SECURITY: Mr Deputy President, clearly there are limits on all government expenditure including the expenditure on the auxiliary police. But I do not believe that in practice that has been a constraint on the deployment of auxiliary policemen on the street. Given the strength of the Auxiliary Police Force, which I think is about 5 000 men, deployment at its present rate of 850 men each day is a very high level of deployment; and I doubt if that could be significantly increased, given that all auxiliary policemen have full-time jobs.

MR PETER WONG: Mr Deputy President, to what extent will overtime be made use of to ensure that we have adequate strength in our patrols?

SECRETARY FOR SECURITY: Mr Deputy President, overtime payment, that is, the payment of Disciplined Services Overtime Allowance for extra hours worked by junior police officers, will be made use of particularly in the few weeks leading up to the Chinese New Year.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, in his reply, the Secretary has mentioned that the police have increased their presence on the streets and this includes the increased deployment of auxiliary policemen. May I ask whether there are at present any difficulties in recruiting auxiliary policemen; if so, whether consideration has been given to pitching the pay of an auxiliary policeman at the level of that of his counterpart in the regular force so that more people will be attracted to join the auxiliary force to make up for the shortfall?

SECRETARY FOR SECURITY: Mr Deputy President, there have not been significant difficulties in the recruitment of auxiliary policemen in recent years. The Auxiliary Police Force has remained at a more or less constant size; recruitment is certainly at least keeping up with wastage. The pay package for auxiliary policemen is determined by reference to the pay package for the regular force, that is, an auxiliary policeman on duty is paid at the same hourly rate as his counterpart in the regular force.

DR YEUNG SUM (in Cantonese): Mr Deputy President, many of our colleagues are worried about the state of law and order on the streets. Recently the filming and performing arts industry has often drawn attention to triad elements infiltrating filming venues to extort protection money from the filming crew for shooting films on "their turf". If the "heroes" on the screen and martial art experts pick up the props around and engage in a fight with the triads, the safety of the passers-by will be at risk. Will the Administration take note of this and will special attention be given to maintaining law and order on the streets where location shooting is taking?

SECRETARY FOR SECURITY: Mr Deputy President, I think perhaps what I would like to say on this subject is that it is encouraging that the film industry has come out and complained; and I hope that they will follow this up with a willingness to give

information to the police and to assist the police with evidence and identification of culprits. I think that perhaps too often in the past there has been a failure to report and to be willing to assist the police. So I hope that this example will be followed by the rest of the community because the public's assistance to the police will be essential if this problem of intimidation and triad crime is to be effectively tackled.

MR FRED LI (in Cantonese): Mr Deputy President, given that border patrol duties will be handed over by the British garrison to the Hong Kong police force, will the present problem of police manpower shortage further aggravate as a result?

SECRETARY FOR SECURITY: No, Mr Deputy President, the additional staff for the Frontier Patrol Force have been recruited; most of them have completed their training though some are still going through their training. So there will be no additional police required to take over that duty; the Frontier Patrol Force has been included in the police establishment.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, given the present shortage of manpower in the police force and the existing deployment of large numbers of policemen to the Vietnamese detention centres, will consideration be given to arranging other officers, correctional services staff for instance, to take over this duty so that the police can be released for redeployment on the streets; if so, when will the arrangement be made?

SECRETARY FOR SECURITY: Yes, Mr Deputy President, it is certainly our intention that we should relieve the police from their duties in Vietnamese camps as soon as possible. We did manage to relieve them a few months ago of their responsibility for the High Island Camp and this, I think, allowed the police to redeploy somewhat over 200 men back on to normal police duties. The police are still heavily involved in the running of Sek Kong Camp and, in a rather more minor way, involved in the running of Lo Wu Camp. It is certainly my hope that some time during the course of this year, provided that the present trends in the number of Vietnamese are maintained, we can release the police from their involvement in those camps. I certainly cannot put a definite date on it, though in the case of Sek Kong, which is a large camp, I doubt if it could

be much before the end of this year.

Inspection of public housing blocks

2. MR FREDERICK FUNG asked (in Cantonese): Will the Government inform this Council whether the Housing Authority has conducted a systematic survey on the condition of the public housing blocks (both for rent and for sale) completed in the last six years, and if so:

(a) how many housing units have been surveyed so far and what percentage they represent among units completed during the same period; when the survey of the remaining units will be completed; and

(b) how many of the housing units surveyed have been found to have defects and are in need of repair; what the total estimated cost of repair is, and the time-frame for commencement and completion of the repair works is?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Housing Authority reviews the condition of each of its buildings every year in preparing a maintenance and repair programme, and the budget necessary to implement it. The overall condition of the buildings and their essential services are also regularly inspected and maintained. These include lifts, water pumps and water supplies, fire service installations, underground drainage, and playground equipment. In addition, estate management offices respond to requests for repairs from tenants and owners on a day-to-day basis.

However, these checks and inspections are not flat-to-flat surveys. In the past six years, the Housing Authority has built some 228 000 new flats, and the total stock is now 750 000. Given the large size of the stock, the problem of access and staff resources constraints, it is not feasible to carry out a survey of the interior of each and every flat in the discharge of its maintenance responsibilities. And the Authority does not believe it is necessary because it is possible to gauge the general condition of a block and the flats in it by external inspection, reports by tenants as well as random inspections. So defects within individual flats are well looked after.

The short answers to the two specific questions (a) and (b) are therefore that the surveys and inspections are not geared towards covering individual housing units. So there are no figures on flat surveys and no completion dates for those surveys.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, my question was raised prior to the press release from the Housing Department. According to that release, the Department was going to conduct a systematic survey on public housing blocks completed over the last six years, and I repeat "completed over the last six years"; and it would prepare a report as reference for its own maintenance programme. Now I have the following questions in relation to the reply given by the Secretary. First, why was the question on maintenance and repairs of buildings completed within the period to which I referred expanded to include "all public housing blocks"? I did not ask about all the public housing blocks. Second, may I know why the Secretary has not replied to parts (a) and (b) of my question. Third -- and this is in fact my supplementary question while the previous two points are by way of follow-up to the reply by the Secretary -- regarding these housing blocks where defects are found, are complaints by tenants mostly about works contracted out, or about repair works carried out by Housing Department staff? In other words, were the unsatisfactory repair works which tenants have complained about mostly works contracted out or carried out by the engineering division of the Department?

DEPUTY PRESIDENT: Secretary, could you take those two aspects separately?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, it is possibly a problem of translation and I hope that I have got it right as regards the actual question asked. The first part of the question relates to the report of an individual flat survey. The information which I gave in my main answer is up to date and comes from the Housing Authority. The second part of the question relates to the range of defects. I am not quite sure, from the translated question, whether the defects to which Mr FUNG has referred are those purportedly reported in the report or those referred to in my answer. But I will take it that it is the latter that he is referring to. If so, the range of defects has been very wide -- defects of windows and fittings and, to a certain extent, minor structural defects; but they are not, as it were, fundamental construction defects.

MR FREDERICK FUNG (in Cantonese): The Secretary has not answered my supplementary

question.

DEPUTY PRESIDENT: I am sorry, but you will have to take it up elsewhere, Mr FUNG.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, will the Administration explain why it is not uncommon for cracks and defects to be found in public housing blocks soon after repair works are completed? Are these repair works under the supervision of the Housing Department, and how are they supervised? May I be advised why this phenomenon is so common and also why further repairs proceed so slowly?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Maintenance Defect Repair Programme is under supervision. The occasions on which repair works have to be done again and again are, I understand, reasonably rare; and with so many repair works I do not think the programme can be considered necessarily a failure though some of the defects do recur.

MR LEE WING-TAT: Mr Deputy President, will the Government inform this Council how much the Government will spend in the next five years on the maintenance and repair works in these public housing estates, and whether it will cause problems to the cash flow of the Housing Authority?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I have figures for one year, which I understand can be taken as fairly representative. In 1991 there were 170 000 individual repair works orders to cover the whole of the Authority's property stock and they cost \$37 million.

MR ANDREW WONG: Mr Deputy President, I do not think the Secretary for Planning, Environment and Lands has answered Mr Frederick FUNG's question as to whether complaints were mostly about works contracted out or carried out by the Housing Department staff. Could I ask the question on his behalf?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I do not have a record of that and I will supply the answer in writing. (Annex III)

MR FRED LI (in Cantonese): Mr Deputy President, I am from the Kwun Tong Constituency. I believe that if my honourable colleagues are familiar with the problems confronting public housing tenants, they will know that most complaints relate to two areas: first, the serious problem of lift breakdowns in public housing estates; second, the unreliable supply of flush water necessitating the use of fresh water for flushing purpose. How would the Housing Department solve these two problems which have been a constant cause for complaint by tenants?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I feel sure that the Housing Authority is aware of it; but I will ensure that the Authority will again be made aware of this particular form of defect which has been reported in this Council. I will arrange to make a further reply in writing. (Annex IV)

MR ALBERT CHAN (in Cantonese): Mr Deputy President, broadly speaking, the supervision of the Housing Department's repair works is the responsibility of its engineering division, whereas liaison with tenants is the job of its management staff. However, communication problems have often led to other problems of a more serious nature insofar as repair works are concerned. Will the Administration consider improving the administrative measures in this aspect?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I will certainly ensure that the matter is brought to the attention of the Authority.

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, the Secretary mentioned in the second paragraph of his reply that "checks and inspections are not flat-to-flat surveys", and that "it is not feasible to carry out a survey of the interior of each and every flat". He also mentioned that "reports by tenants as well as random inspections" would be taken into account. May I be advised whether "random inspections" cover individual housing units, or just the external walls/parts of the buildings? If the random inspections cover housing units, how many units have been

randomly inspected over the last six years, and what are the findings?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I can confirm that the random inspections which I referred to are for individual housing units because, as I have already mentioned in my reply, the overall blocks are surveyed on a regular basis. So random inspections are certainly referring to units. I am afraid, again, that I must provide written information. (Annex V)

MR WONG WAI-YIN (in Cantonese): Mr Deputy President, a number of new public housing estates have been completed in the New Territories by the Housing Department in the past few years. Take New Territories West, the constituency which I represent, as an example. Many public housing estates have been completed in the area, and among them are Long Ping Estate in Yuen Long and Leung King Estate in Tuen Mun. However, less than half a year after the intake of residents, problems like leaking, seepage, exposure of reinforcements and spalling of cement concrete appeared in several hundred units in each and every block of these estates. The tenants concerned have petitioned the Housing Department and the OMELCO on many occasions. To our knowledge, it is a usual practice for the Housing Department to divert recurrent maintenance funds for items like estate facilities and amenity plots to rectify the defects found in these housing units. This explains the slow progress of repairs. Could we urge the Administration to consider allocating additional funds for the specific purpose of effecting repairs, so that overall repair works for these several hundred housing units can be completed as soon as possible?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I am not aware that the shortage of funds is a serious restraint upon major repairs, but again I will have to refer this to the Authority.

MR JAMES TO (in Cantonese): Mr Deputy President, I find it hard to follow the logic of the second paragraph of the Secretary's main reply. Having said that a flat-to-flat survey would not be carried out and that it was possible to gauge the general condition of a block and the flats in it by external inspection or through reports by tenants, the Secretary then went on to say "so defects within individual flats are attended to". Would the Secretary elaborate on the logic behind his claim that

there was no need to conduct a flat-to-flat survey, and that the defects found in individual flats could be dealt with through gauging the general condition of a block?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I think I have made it clear that it is the combination of the three, namely, inspection of the general condition of the blocks, reports of defects by tenants -- which are the best, the most reliable and the most frequent form of reports of defects -- and also random inspections which makes an adequate procedure.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, will the Administration inform this Council how the Housing Department would oversee the procedures for repair works prior to the implementation of ISO 9000 and how the supervision of maintenance would be conducted? Does the Administration have enough professionals to see to it that the procedures are properly carried out?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I understand that the Housing Authority has in fact always maintained sets of standards and I can confirm that the Housing Authority has for many years employed competent technical and professional officers to supervise maintenance.

Legislation against discrimination

3. MRS SELINA CHOW asked: Will the Government inform this Council what progress has been made towards the introduction of specific legislation against discrimination on grounds of race, sex and religion as contained in the Bill of Rights ?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: The Bill of Rights Ordinance does not require the enactment of separate legislation prohibiting discrimination on grounds such as sex, race and religion. The relevant article of the Bill is concerned to ensure that legislation that has been enacted is not discriminatory in its contents or application.

MRS SELINA CHOW: Mr Deputy President, is the Secretary aware that during the consideration of the Bill of Rights at the Blue Bill stage, the Administration has undertaken to look into the need for specific legislation to address the question of discrimination, especially when inter-citizen rights are not covered by the Bill?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I am aware that the Administration has undertaken to look into alternative steps to protect individuals from infringement of their rights by other individuals. We have adopted the approach that we will legislate only where obvious discrimination exists and where discrimination can only be dealt with by law.

MR SIMON IP: Mr Deputy President, has the Government undertaken any exercise to ascertain whether any laws of Hong Kong require amendment or repeal because they might discriminate on the grounds of race, sex and religion? If so, what is the result; if not, why not?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, as far as racial discrimination is concerned, there is little evidence that it is a problem in Hong Kong and the Administration does not consider that it is necessary to introduce legislation to deal with this problem. We have not carried out any comprehensive review of laws in the perspective of discrimination but will of course be alert to problems of this nature. If such problems do arise we will bring the necessary amendments to this Council.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, will the Secretary inform this Council if the Administration has strictly enforced the enacted legislation and whether any prosecutions have been instituted against employers who breached the equal pay provision in order that the interests of female employees can be protected and that the human rights spirit of no sexual discrimination is observed?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, as I understand it, the

current Bill of Rights Ordinance only applies to discrimination by the Government or public bodies and does not cover inter-citizenship rights.

MR JIMMY MCGREGOR: Mr Deputy President, can the Secretary say whether specifically any legislation affecting women's rights, such as the right of succession to property in the New Territories, is at present in breach of the Bill of Rights; and if so, how will the Government propose to deal with this?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I am not competent to comment whether the succession right is or is not in breach of the Bill of Rights Ordinance; but as far as sex discrimination is concerned we believe that further study needs to be done in the area of employment. Although the Secretary for Education and Manpower, in answer to a question recently raised before this Council, has ruled out equal pay legislation, it is considered necessary to look into this question in greater depth; an interdepartmental working group under his chairmanship has been formed to look into this.

MR PETER WONG: Mr Deputy President, is the Government satisfied that its own employment policies and practices do not discriminate on the grounds of race, sex or religion?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think the Government's employment policies are known to the public and I do believe that it does not discriminate against either sex.

MR MARTIN BARROW: Mr Deputy President, given the acute labour shortage, would the Secretary agree that increasing the female participation rate in the labour force should be a key objective; and can steps be taken to eliminate discriminatory legislation which prevents females from having the same freedom to work overtime as males?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I certainly subscribe to

the first part of that question, namely, to increase the labour participation rate. As for the second part of the question, as I said, an interdepartmental working group has been formed under the chairmanship of the Secretary for Education and Manpower and I am quite sure that issue will be looked at in that context.

MISS EMILY LAU: Mr Deputy President, in his reply to Mr Simon IP's question the Secretary for Constitutional Affairs has said that there is no need to review laws about racial discrimination. Can I ask the Government whether it is true that under the Immigration Ordinance race is one of the criteria in deciding whether people have the right of abode here; and if so, will this be considered racial discrimination?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, if I may, I would like to call upon my colleague the Secretary for Security to assist in answering this question.

SECRETARY FOR SECURITY: Mr Deputy President, I was expecting that. Miss LAU did ask a question on this very same subject, I think, on 13 November to which I gave a written reply. I have, really, little to add to that. Yes, race is used in the context of the right of abode conferred by the Immigration Ordinance. There are historical reasons for this but the advice we have is that this is fully consistent with the Bill of Rights and with our obligations under the convention relating to racial discrimination.

MR JAMES TO (in Cantonese): Mr Deputy President, I would like to ask a question on sexual discrimination since Miss LAU has already touched on the aspect of racial discrimination. The Secretary for Constitutional Affairs said there was no need to have another review. But may I give an example here. If an underage person wants to get married, under the existing law, only the father and not the mother, though both are alive, can give consent to the marriage. Is this sexual discrimination? In fact there are a number of similar cases where we can find sexual discrimination. Is the Administration saying that all these have been reviewed and there is no need for any further review?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I have, in reply to a previous supplementary, said that we will be alert to inconsistencies of this nature, and where this is drawn to our attention, either through our own operation or through other means, we will take action to review the situation to see whether those inconsistencies should be removed.

MR ANDREW WONG (in Cantonese): Mr Deputy President, I understand that labour shortage is not just a problem for Hong Kong; it is one faced by the Constitutional Affairs Branch too. In fact, a fair measure of work is now under way. May I be advised whether the Administration is prepared to reconsider the setting up of a Human Rights Commission to assist in reviewing the existing legislation and enacting new legislation so as to offer positive protection to certain rights?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, except in cases of obvious inconsistency with the Bill of Rights Ordinance, it is extremely difficult to predict with any certainty how a court will decide if a particular provision is challenged. Hence, we have decided, after reviewing legislation before the enactment of the Bill of Rights Ordinance, that we will amend only the six frozen Ordinances and leave the rest, where inconsistencies with the Bill of Rights Ordinance are less obvious, to face challenge in the courts. To establish a Human Rights Commission, whose functions include the review of legislation, would not sit well with the Government's approach to review legislation to remove possible inconsistencies with the Bill of Rights.

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, since the promulgation of the Bill of Rights Ordinance, there have been several cases in which the court has ruled that certain laws are in violation of the Ordinance. May I be advised why the Administration is not taking the initiative to amend some statutes which are known to be inconsistent with the Bill of Rights Ordinance, such as the Societies Ordinance and the part of the Summary Offences Ordinance relating to political fund raising?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think my answer to the last supplementary question has covered this particular question except for one point which I would like to add, and that is that the Societies Ordinance is one of the

six Ordinances which we are reviewing.

MR MICHAEL HO (in Cantonese): Mr Deputy President, I would like to follow up on the question relating to the difference in the right of succession between the two sexes. Just then the Secretary declined to answer, saying that he was not an expert on this matter. Will the Administration ask an appropriate official or one who is responsible for dealing with the matter to respond to that supplementary?

DEPUTY PRESIDENT: It is a question, I think, which is directed to you, Secretary for Constitutional Affairs.

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think the question of succession relates mainly to practices under customary law in the New Territories; and, as I said, I do not wish to venture into an area in which I am not professionally competent.

MRS SELINA CHOW: Mr Deputy President, apart from the working group under the Secretary for Education and Manpower which the Secretary for Constitutional Affairs has referred to, are there other administrative actions being taken within the Administration to ensure that safeguards against discrimination are actually introduced?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, perhaps I should explain what the interdepartmental working group will be doing. It will ascertain the extent to which discrimination based on sex is a problem in Hong Kong and, in the light of its findings, determine the measures necessary to address the problems because legislation in areas such as employment, advertising and so on is very complex and we would like to approach it with the utmost care.

Written answers to questions

Drug abuse

4. DR CONRAD LAM asked: Will the Government inform this Council:

(i) of the current number of active drug abusers in Hong Kong with distribution by age;

(ii) of the various treatment and rehabilitation programmes available to assist the drug addicts and what measures are used to evaluate the effectiveness of these programmes;

(iii) whether the Government has evaluated the effectiveness of the Methadone Treatment Programme since inception; if yes, what are the findings; if no, will the Government conduct such investigation?

SECRETARY FOR SECURITY: Mr Deputy President, according to information received by the Government's Central Registry of Drug Abuse from a wide range of reporting agencies, the number of active drug abusers in Hong Kong at the end of June 1991 was 41 650. Of these, some 6% were under 21 years of age, 25% aged 21 to 30, 28% aged 31 to 40, 15% aged 41 to 50, and 26% 51 years of age and over.

We have three main treatment and rehabilitation programmes:

(a) the Correctional Services Department's compulsory in-patient treatment programme, provided at Drug Addiction Treatment Centres for drug abusers convicted of offences punishable by imprisonment;

(b) a voluntary in-patient treatment programme operated by the Society for the Aid and Rehabilitation of Drug Abusers (SARDA); and

(c) a voluntary out-patient Methadone Treatment Programme managed by the Department of Health.

At the end of June 1991, the total number of abusers undergoing treatment, counselling or other aftercare services in these three programmes, was 12 695; of these, about 7 500, or 60%, were part of the out-patient Methadone Treatment Programme. The other two in-patient programmes catered for about 2 500, or 20%, each.

Other, smaller scale programmes are operated by 13 other voluntary agencies, providing detoxification, medical treatment, rehabilitation and aftercare services.

All of these programmes combined cater for an estimated 2 600 drug abusers.

The three major programmes provide a different range of services and their effectiveness must, therefore, be measured in different ways. We also need to bear in mind that drug addiction is a chronic, relapsing condition.

The Correctional Services Department's compulsory in-patient programme provides detoxification treatment and counselling for a period of detention imposed by the courts and a one-year statutory aftercare period. The objective is to persuade drug abusers to say NO to drugs. Since it started in 1969 and up to the end of 1990, a total of 35 792 males and 1 509 females completed treatment. More than 70% of the males and 76% of the females did not relapse or were not re-convicted of any criminal offence during the one-year aftercare period. Thereafter, they are not required to report to anyone and, accordingly, no accurate statistics are available. Many do, however, subsequently relapse.

The SARDA treatment programme is voluntary and, as such, is subject to a large number of drop-outs; however, many subsequently seek re-admission and there are a number of cases of multiple re-admissions. Out of 1 006 male and 63 female cases in 1990-91, 14% of the males and 37% of the females remained drug-free at the end of a voluntary two-year treatment and aftercare period.

The Methadone Treatment Programme is primarily a maintenance programme, designed to block the craving for heroin, enabling the individual to maintain a relatively normal lifestyle and reducing the amount of drug-related crime. Out of the 10 985 patients registered with the programme, 8 004, or 73%, attended daily at the end of last year.

Since the inception of the Methadone Treatment Programme in 1974, we have regularly monitored its effectiveness. We have also carried out some larger scale evaluations:

(a) A comprehensive review of the programme in 1978 recommended several operational improvements, including the provision of both detoxification and maintenance services within each clinic (they had previously been provided in separate clinics), streamlining of the manning scales and improved monitoring of the progress of each patient. These recommendations were implemented.

(b) From 1980 to 1985, a drug treatment specialist was appointed as an adviser

to the then Director of Medical and Health Services, and made further recommendations for streamlining the operation of the programme. These were also implemented.

(c) A more recent evaluation was carried out in 1990. This reaffirmed the anti-crime function of the Programme, and also its importance in reducing intravenous drug use and needle-sharing and, therefore, its role in the prevention of AIDS.

The Director of Audit in his report to the Legislative Council on 20 November 1991 reviewed the cost-effectiveness of the programme and recommended that the Government review its objectives and the number and geographical distribution of the clinics, so as to ensure their optimal use. The Commissioner for Narcotics has since formed a review group to look into these two recommendations.

Lotteries ticket sale outlets

5. MR HUI YIN-FAT asked: In view of recent reports that under-aged persons can easily buy lotteries tickets at Hong Kong Telecom CSL Shops, will the Administration inform this Council whether investigation has been carried out into the situation and what remedy has been worked out; and whether further extension of the sale of lotteries tickets will be considered in the near future especially in the light of the said reports?

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, before I answer the Honourable Member's questions, I would like to state the Government's policy on gambling and explain the background to the trial currently underway on the sale of Mark Six tickets in CSL shops.

The Government's policy has always been to restrict opportunities for gambling but to allow controlled outlets for such gambling activities as exist so as to counter illegal gambling. The Mark Six Lottery was introduced in 1975 specifically to combat Tse Fa and other forms of illegal lottery which were then prevalent. Over the years since, the lottery has been modified to ensure that it remains an effective weapon against these illegal activities.

In March 1990, the Lotteries Board submitted a proposal to expand the sale network of the Mark Six tickets to convenience stores and supermarkets as part of the constant

effort to maintain the viability of the lottery. However, because of a negative reaction to the scheme among certain sectors of the public, the Board subsequently decided to revise the proposal and asked to be allowed to conduct a trial of the sale of Mark Six tickets through a small number of CSL shops. Approval was given to this proposal in May 1991, on condition that the trial was only to be conducted for a period of not more than six months and that public consultation would be carried out before any decision is taken on the further extension of sales outlets.

Turning to reports that a newspaper's investigation showed that teenagers were able to buy Mark Six tickets at Hong Kong Telecom CSL shops : this has come as no surprise. One of the main reasons approval was given to the trial was to allow the Government, the Lotteries Board and the public to assess the advantages and limitations of making Mark Six tickets more accessible. It is essential that all of the arrangements for the sale of Mark Six tickets should be tested during this period.

In this case, the newspaper clearly wished to test the effectiveness of the controls over sale of tickets to teenagers. The results show that this aspect of the scheme may need review. However, to balance the picture, it must be remembered that the reports refer to only a very small number of teenagers, who appear to have been encouraged to buy the Mark Six tickets from the CSL shops deliberately to test the control system.

The Royal Hong Kong Jockey Club, who act as agent for the Lotteries Board, and Hong Kong Telecom CSL Company Limited have studied the reports very carefully. They have reviewed existing arrangements to the control of the sale of Mark Six tickets to teenagers. They are satisfied that with minor adjustments, these are sufficient to ensure that all but the most determined teenagers will be unable to purchase Mark Six tickets through CSL shops.

Finally, I must repeat that the Government is committed to a review of the trial scheme when it ends in April 1992. In preparation for this review a public opinion survey has been commissioned to try to elicit views on the trial. This information, together with comments to be solicited from district boards, written submissions and any other relevant information will be taken into account in reaching a decision on the future of the scheme.

Chek Lap Kok airport reclamation

6. DR SAMUEL WONG asked: In view of recent reports about the revised method for reclamation for the Chek Lap Kok airport, will the Government inform this Council:

(a) what is the cost difference between the original and revised methods of reclamation; and

(b) what is the environmental impact on coastal waters in the handling of the dredged marine mud?

SECRETARY FOR WORKS: Mr Deputy President, it is necessary for me to reply at some length to the question in order for my explanation to be complete and unambiguous.

When it was first proposed to build the new airport at Chek Lap Kok more than 10 years ago, the site formation was to be carried out on the basis of a "drained" reclamation. That is to say, the thick layer of soft clay on the seabed was to be left in place and consolidated by means of the installation of vertical drains. This method for the construction of the site formation works was well known, and a trial reclamation produced information for design purposes.

The consultants, selected on a competitive basis for the Masterplan Consultancy, proposed an alternative engineering approach and this was subsequently accepted by the Provisional Airport Authority. By removing the marine mud over the area to be reclaimed, and replacing it with suitable material, the uncertainty of settlement could be minimized. The consultants' estimate showed that reclamation costs for removing the mud or leaving it in place would be similar. The significant advantage was that programme constraints arising from the time needed for the mud to drain and consolidate could be avoided. The mud removal approach was therefore adopted.

At the airport site, a comprehensive environmental impact assessment indicates that the environmental impact of the mud dredging will be acceptable under controlled dredging conditions. The situation will be monitored throughout construction. The chosen contractors plant and methods of working will have been carefully specified and agreed before commencement. Modifications in the light of actual working conditions will be implemented if necessary to ensure that the environmental impact from dredging is contained within an acceptable level.

The location of the gazetted marine dumping ground south of Cheung Chau was chosen for its distance from sensitive areas and because it was close to the oceanic currents which pass to the immediate south of Hong Kong. The dumping ground has been used for the disposal of mud for many years, and none of the mud from the airport site is contaminated with heavy metals. Since the volume and rate of disposal from the airport dredging will exceed previous disposal rates at the dumping ground, this aspect is receiving careful study and will be monitored as work proceeds.

Hong Kong Bill of Rights Ordinance

7. MR JAMES TO asked: In view of the enactment of the Hong Kong Bill of Rights Ordinance (BOR) in June 1991, will the Government inform this Council:

(i) of the existing establishment, strength and vacancy position, by number and rank, of professional and general staff deployed in the Legal Department to deal with the work relating to the BOR;

(ii) what recruitment plans, if any, the Legal Department has to fill the existing and future vacancies relating to work in connection with the BOR;

(iii) how the Government will ensure that the manpower provided is commensurate with the workload?

ATTORNEY GENERAL: Mr Deputy President,

(i) Whilst all Counsel in the Legal Department may have to deal with legal issues relating to the Bill of Rights from time to time, two units have been set up within the Department specifically to handle Bill of Rights work. They are in the Legal Policy Division and the Prosecutions Division. The unit in the former is supervised by the Deputy Solicitor General and that in the latter by a Deputy Crown Prosecutor. Positions in these two units are filled by redeployment of existing resources as additional posts have not been created for them in the Department's establishment. The current deployment is set out below:

(a) Bill of Rights Unit in the Legal Policy Division

1 Deputy Principal Crown Counsel (note 1)
2 Senior Crown Counsel (note 2)
1 Crown Counsel (note 3)
1 Personal Secretary I
1 Personal Secretary II

(b) Bill of Rights Unit in the Prosecutions Division

1 Deputy Principal Crown Counsel (note 1)
3 Senior Crown Counsel
1 Personal Secretary I
1 Personal Secretary II

(ii) Positions in the Bill of Rights units are normally filled by internal deployment. If vacancies arise in the Department as a result, they will be filled by regular recruitment exercises in accordance with usual practice.

(iii) The Legal Department will ensure that adequate staff is deployed to meet the workload generated by the Bill of Rights.

note 1: These posts are currently being filled by Senior Crown Counsel on an acting basis. The appointment of officers at substantive Deputy Principal Crown Counsel rank is in process.

note 2: In addition, one Senior Crown Counsel is on a one-year secondment with the Centre for Human Rights of the United Nations in Geneva. He is due to return to Hong Kong this summer and will join the unit.

note 3: The Crown Counsel is currently doubling up as Senior Crown Counsel in the unit.

School fund-raising activities

8. MR NG MING-YUM asked: Will the Government inform this Council:

(a) of the government policy on school fund-raising activities and the criteria

used in approving applications for such activities;

(b) how many applications in relation to school fund-raising activities were received in each of the past three years and how many of them were successful or unsuccessful;

(c) what procedures are used by the Government to monitor the proper use of these funds for their specified purposes;

(d) how many complaints, if any, in connection with school fund-raising activities were received by the Government in each of the past three years; whether any investigations into these complaints were conducted; and if so, what the outcome was; and

(e) whether the procedures for monitoring school fund-raising activities would be reviewed with a view to ensuring that funds thus raised are used for their specified purposes?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Mr NG's questions are as follows:

(a) Under present policy, school fund-raising activities are permitted, subject to approval in each case by the Director of Education. The Director will only approve such applications if, in his view, the fund-raising activity is for bona-fide school purposes or is of a charitable nature. Additionally, fund-raising activities by schools involving the collection of money in public places are subject to an annual quota through the issuance of a Public Subscription Permit administered by the Director of Social Welfare. Fund-raising activities involving public entertainment require separate approval by the relevant authorities.

(b) The number of applications for fund-raising activities in schools in each of the past three years was -

1989	1990	1991
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121	119	170
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All but three of the applications were successful.

(c) To facilitate monitoring of the use of the funds for their specified purposes, the school is required to submit a financial statement to the District Education Officer concerned for examination within two months following each fund-raising activity. Where collections are organized for approved school purposes, funds so collected, as well as all expenditure, must be properly reflected in the school's accounts which are examined by the Audit Section of the Education Department. In the case of funds collected for approved charitable purposes, official receipts must be obtained from the organizations concerned. Following a recent review of procedures, schools are now required to display these receipts on their notice boards for a reasonable period of time and retain them for record purpose thereafter.

(d) The Education Department has not received any formal complaints in connection with school fund-raising activities in the past three years. We are aware, however, of a recent complaint lodged with OMELCO against a charitable organization which has been the beneficiary of an approved school fund-raising activity. The allegation was not directed at the way the fund-raising activity was organized but the subsequent use of the proceeds by the charitable organization over which neither the school nor the Government had any control.

(e) The procedures for monitoring school fund-raising activities have just been reviewed with a view to closing any loopholes for abuse. Apart from the change mentioned in (c) above, the revised guidelines to schools on fund-raising activities now make it explicitly clear that prior approval of the authorities must be sought for every such activity organized by schools and that the intended purpose of the activity as well as the disposal of funds collected must be clearly stated in the application.

Industrial accidents and burns treatment facilities

9. MR LAU CHIN-SHEK asked: The recent incident in which an explosion occurred on a dredger in Hung Hom Bay has aroused public concern over the burns treatment facilities in our hospitals and the assistance offered to victims of industrial accidents. In this regard, will the Government inform this Council:

(1) whether there are plans to set up burns treatment units in the United

Christian Hospital and Queen Elizabeth Hospital to take care of workers and residents in Kowloon; and

(2) after the occurrence of an industrial accident, whether the Social Welfare Department will reach out to the victims and their families as soon as possible, so as to help them overcome any financial difficulties and other problems concerning their accommodation and livelihood ?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the answers are as follows, seriatim:

(a) There are adequate medical expertise and facilities in our acute hospitals to treat patients suffering from burns. Nevertheless, plans are in hand to better cater for the needs of these patients by setting up special burns treatment units both at Queen Elizabeth Hospital as a continuation to its Block-B extension and at United Christian Hospital in the present hospital extension project.

(b) On the welfare side, Social Welfare Department will react promptly to emergency situations, including fires and accidents, and see whether the victims and their families require assistance. Staff of the Department will approach the victims and their families in the hospital or clinic or at home as soon as possible. This was the case in the recent dredger explosion incident at Hung Hom Bay. Financial and housing assistance, counselling and other supporting services will be offered to the victims and their families according to their needs.

Foreign workers

10. MR LAU CHIN-SHEK asked: Will the Government inform this Council, apart from those imported under the "1989 and 1990 Schemes on Importation of Labour", how many foreign workers have entered Hong Kong for employment in the past two years, what their professions/trades and posts are, and what criteria were used by the authorities concerned in approving their entry into Hong Kong?

SECRETARY FOR SECURITY: Mr Deputy President, under normal immigration policy, foreign nationals can come to Hong Kong for employment provided that:

(a) they possess a special skill, knowledge or experience of value to and not readily available in Hong Kong;

(b) they are unlikely to become a burden on Hong Kong; and

(c) they meet normal immigration requirements.

Under this policy, a total of 11 350 persons were admitted in 1989, 12 941 in 1990 and 6 068 in the first six months of 1991. A breakdown is attached.

In addition, a total of 20 537 foreign domestic helpers were admitted in 1989, 24 116 in 1990 and 14 738 in the first six months of 1991.

Statistics on Entry of Foreign Nationals for Employment

Categories	1989	1990	1991(up to end of June)
Professional and technical	1 916	2 563	1 216
Administrative and managerial	6 126	6 884	3 190
Teachers, professors and members of religious orders	590	599	274
Sportsmen, musicians and entertainers	889	1 010	671
Others	1 829	1 885	717
Total	11 350	1 2941	6 068

BDTC and BNO passports

11. MR ERIC LI asked: Will the Government inform this Council of the following:

(a) the respective number of persons presently holding BDTC passports and BN(O) passports;

(b) whether the Administration anticipates a large number of BDTC passport holders to apply for BN(O) passports by the first half of 1997; and if so, what steps will be taken to handle the situation; and

(c) whether the Administration will consider encouraging BDTC passport holders to make early applications for BN(O) passports in order to avoid a last minute rush of applications and a possible delay in the issue of passports?

SECRETARY FOR SECURITY: Mr Deputy President, BDTC passports were first introduced on 1 January 1983; in the nine years since then, we have issued 1 529 722 BDTC passports. BN(O) passports were first introduced on 1 July 1987; in the four and a half year since then we have issued 273 036 BN(O) passports.

We are aware of the possibility of a late rush for BN(O) passports which, under the terms of the Joint Declaration, must be issued before 1 July 1997. We wish to avoid such a situation, which would put a great strain on the Immigration Department's resources. We therefore intend to launch a publicity programme in the near future to remind BDTC passport holders of the need to apply in good time if they want BN(O) passports.

Airport railway facilities for the elderly and handicapped

12. MR ERIC LI asked: In view of the Government's proposed injection of capital into the MTRC for the construction of a railway linking the urban area and the distant Chek Lap Kok Airport and the considerable proportion of elderly and handicapped persons in the population of Hong Kong, will the Government inform this Council:

(a) whether adequate facilities will be provided on the Airport Railway to aid

those persons; and if so, what those facilities are; and

(b) in designing such facilities, whether concerned bodies such as the Rehabilitation Development Co-ordinating Committee will be consulted?

SECRETARY FOR TRANSPORT: Mr Deputy President,

(a) The Airport Railway will have two elements: the Airport Express, designed to handle airport traffic; and the Lantau Line, a domestic service similar to existing MTR services but running at higher speed.

The Airport Express will have facilities catering for the handicapped and the elderly. Interchange with other transport modes will have convenient same-level connections, and space will be provided within Airport Express carriages for wheel chairs. Where restrooms are provided within stations, special arrangements will be made for the handicapped. Consideration is also being given to the needs of partially sighted and blind people.

It is however not possible to make special provision for the elderly or handicapped on the domestic service (the Lantau Line) as it interconnects with existing MTR lines, which do not have such provision.

(b) The MTRC will consult concerned bodies when considering the detailed design of the Airport Railway, including the Rehabilitation Development Co-ordinating Committee.

Suicide by young people

13. MR NG MING-YUM asked: Will the Government inform this Council:

(a) of the respective number of cases dealt with in the past three years with regard to suicides or attempted suicides committed by young people of the age from 7 to 21 in the following administrative districts: Tuen Mun, Yuen Long, Shatin, Tai Po;

(b) which departments are responsible for dealing with this problem, and what

the services provided and resources deployed by each of them in this respect are;

(c) what programmes provided by the Government are available to help teachers and social workers gain a better understanding of the problem, and the progress of their implementation;

(d) whether the "whole school approach" recommended in the Education Commission Report No 4 would help to alleviate the problem; and what the progress of its implementation is;

(e) what kinds of counselling services are available to youngsters and their parents in dealing with this problem; and

(f) whether the Government has carried out in the past three years any in-depth studies into the causes of the problem and ways to prevent and solve it; if so, what the findings of these studies are; if not, whether consideration will be given to carrying out such a study in the foreseeable future?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Mr NG's questions are as follows:

(a) The best available figures on attempted suicides in the past three years, committed by young people aged 7-21 in Tuen Mun, Yuen Long, Shatin and Tai Po, are:

	1989	1990	1991	Total
Tuen Mun	4	6	21	31
Yuen Long	4	4	6	14
Shatin	6	3	12	21
TaiPo	1	0	3	4

		70		
		=		

Of these, two were fatal cases (in 1991), one in Shatin and one in TaiPo.

(b) The problem of youth suicides is the prime concern of the Education and Social Welfare Departments. As the bulk of the affected age group attend school, the Education Department is responsible for co-ordinating action between schools, the Social Welfare Department and voluntary agencies. The services provided include counselling, psychological assessment and treatment, and small group therapy. Social workers in secondary schools and Student Guidance Officers in primary schools provide the initial support to students under stress. All students known to have suicidal tendencies are given professional support services by educational or clinical psychologists, counsellors or medical social workers. Severe cases are brought to the attention of the government psychiatrists or child psychiatrists. It is not possible within the time available to quantify the resources deployed by the departments and agencies involved since the support network is complex and includes a range of professional and other staff in a variety of situations and with differing degrees of involvement.

(c) The Education Department runs seminars for teachers on a district basis on the subject of helping pupils cope with stress. A Guidance Teachers Resource Book containing suggested techniques in managing student behaviour in schools was published and distributed in November 1991 to Guidance Teachers and Student Guidance Officers. The Education Department will also be issuing in the near future a circular to both primary and secondary schools to encourage a positive approach in the management of student problems, which will emphasize the importance of improving communication among teachers, parents and students.

As regards social workers, training programmes at tertiary institutions or in-service training courses organized by the Social Welfare Department include the subjects of mental health and the social and psychological development of youths. Courses on stress management and intervention skills are also organized regularly by the training section of the Department.

(d) The "Whole School Approach" recommended in Education Commission Report No. 4 aims at creating an environment in schools in which student problems are responded to quickly and in a positive and constructive manner. Although the causes of suicide are usually multi-faceted, a sympathetic and positive school environment proposed by the "Whole School Approach" should alleviate pressures experienced by students. To introduce the concept of the Whole School Approach to school heads and teachers, and to set the climate for its implementation, intensive workshops for trainers and

school heads have been provided in the 1990-91 and 1991-92 school years. The trained personnel will assist schools in launching the "Whole School Approach". Implementation in primary schools is planned for September 1992.

(e) Counselling to parents and young people is provided by family services centres of the Social Welfare Department, medical social workers, school social workers, youth workers and outreaching social workers. Therapeutic group sessions and activities are also organized by group workers.

In response to recent concerns expressed about a breakdown of communication between parents and children, the Education Department has increased the number of programmes organized to promote awareness among parents of the importance of communication between themselves and their children. Increased publicity on the availability of counselling services to youngsters and parents will be made through the distribution of a full colour leaflet on good parenthood to parents of primary and junior secondary students around February 1992. All these aim to draw parents' attention to the need to give due care and support to their children to help them face frustration and handle stress positively and realistically.

(f) No in-depth study has been carried out in the past three years into the causes of the problem of youth suicides. The situation, however, is being monitored closely by the departments concerned. Further remedial measures, including an in-depth study, will be considered if the situation so warrants.

Harbour traffic control for the fireworks display

14. MR GILBERT LEUNG asked: In relation to vessel traffic control in the harbour during the firework display in the coming lunar new year, will the Government inform this Council:

(a) whether any restriction will be imposed on the number of vessels moving to the central part of Victoria Harbour for the purpose of watching the firework display; if so, what control measures are available to ensure the number of such vessels would not be excessive; and

(b) whether a plan has been drawn up for the dispersal of the large number of vessels gathered in the harbour after the firework display or in the event of

unforeseen accidents?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, the Administration does not intend to restrict the number of vessels which may be allowed to move to the central part of Victoria Harbour for viewing the forthcoming Lunar New Year Fireworks Display but has made a number of other arrangements in order to reduce the number of vessel movements and hence reduce the possibility of marine accidents. The following measures will be taken on the day of the display to control the congregation of vessels:

(a) a closed area, where the fireworks display barges are located, will be established. All vessels will be prohibited from entering this area between 2:00 pm and 9:00 pm without authorization;

(b) all scheduled ferry services using the central harbour (using ferry piers between Causeway Bay and the Macau Ferry Terminal) will be suspended from 7:30 pm to 9:00 pm. Hong Kong/Macau and Hong Kong/China ferry services and foreign-going vessels in Victoria Harbour will be re-scheduled or diverted, as the case may be, during this period;

(c) small vessels, especially those without decking such as sampans, will be advised to stay away from Victoria Harbour between 7:00 pm and 9:00 pm since they are difficult to detect and vulnerable to the wash from larger vessels; and

(d) large viewing vessels operated by the ferry companies will be positioned well to the east of the closed area to keep them away from other viewing vessels in the central harbour; and

(e) all vessels navigating in Victoria Harbour between 7:45 pm and 9:00 pm will be expected to observe a speed limit of 5 knots.

As regards the dispersal of the vessels, masters, owners and operators will be obliged to disembark their passengers at landings away from the central harbour as the public landings in the area will be closed from 6:00 pm to 8:30 pm for better crowd control on land. They will also be reminded:

(a) of the International Regulations for Preventing Collisions at Sea, in particular, the importance of maintaining proper look-out and proceeding at safe

speed; and

(b) of the means of communication with the authorities and the use of distress signals in the event of emergency;

(c) to ensure that all persons on board are familiar with the location of all life saving appliances and how to use them;

(d) to ensure that all children on board wear lifejackets at all times;

(e) to keep a list of all passengers and crew on board; and

(f) to comply strictly with the maximum carrying capacity of their vessels.

These measures have been widely promulgated. Marine Department Notices will be published in the press and issued to the relevant clubs, associations and commercial concerns. Some 30 Marine Police, Marine Department and Fire Services Department vessels will supervise orderly dispersal and respond rapidly to any unforeseen incidents.

Review on hospital services

15. MR TIK CHI-YUEN asked: Regarding the availability of hospital beds and the construction of new hospitals, will the Government inform this Council:

(a) whether the Hospital Authority is carrying out a detailed review in these respects;

(b) if so, what the areas of the review, actual plans and schedule of work are; whether delay or change will be caused to the medical development programmes which have been drawn up, for example, construction of the Tai Po Hospital and North District Hospital; and

(c) whether the Hospital Authority will be required to consult the Legislative Council, district boards and the public while carrying out the review ?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the answers, seriatim, are as follows:

(a) Yes, the Hospital Authority is carrying out a comprehensive review on the requirement for public hospital beds in the whole territory for the coming decade.

(b) This review involves an assessment of the current and future requirement for public hospital beds and a prioritization of the Capital Works Programme for the coming decade. The review may result in changes to the scope and timing of the various projects currently in the Government's hospital development programme.

(c) On completion of the review, the Hospital Authority will recommend to the Government the scope and programme priorities of the projects in the Government's hospital development programme. These recommendations will be processed in the normal way and, where appropriate, due consultation will be undertaken before decisions are made.

Second Reading of Bills

PENSIONS (SPECIAL PROVISIONS) (HOSPITAL AUTHORITY) BILL

Resumption of debate on Second Reading which was moved on 4 December 1991

Question on Second Reading proposed.

DR CONRAD LAM (in Cantonese): Mr Deputy President, the Pensions (Special Provisions) (Hospital Authority) Bill 1991 was introduced into this Council on 12 November 1991. An ad hoc group was formed to study the Bill. As Convener of the ad hoc group I would like to discuss briefly for Members' consideration the scope and intent of this Bill.

This Bill seeks to provide for pension arrangements in respect of those professional and departmental staff who transferred from service under the Government to service under the Hospital Authority. It enacts the legislation necessary to ensure that civil servants transferring to the Hospital Authority can preserve or continue to earn pension benefits in accordance with the provisions of the existing pension legislation: the Pensions Ordinance and the Pension Benefits Ordinance. The intention is not to alter any of the existing statutory provisions but rather to extend the present legislation where appropriate.

The ad hoc group comprised nine members. It held three meetings, including one with the Administration. The group also wrote to concerned staff associations to seek their views on the Bill and a written representation from the League of the Hospital Services Department and the Department of Health Staff Associations was received. Staff concern was on the provisions in the pension packages which deal with Hospital Authority's administrative execution of disciplinary procedures which may lead to a staffer's dismissal from Hospital Authority and forfeiture of his previous pension entitlements in government service. The Honourable Michael HO, a member of the ad hoc group, will soon be giving his views on this. After deliberation, members of the ad hoc group support the Bill. Members' consideration was centred on the following:

(1) technically the Bill succeeds in providing the necessary comprehensive statutory linking with the existing statutory provisions of the Pensions Ordinance and Pension Benefits Ordinance;

(2) Members understood that the existing Pensions Ordinance applied to all officers on transfer to statutory bodies, and not the HA staff alone;

(3) Members were also given the reassurance by the Administration that the Hospital Authority had a well-publicized appeal system to deal with disciplinary cases and dismissal of any staffer would not be slightly taken;

(4) Members noted that by clause 1, the provisions contained in the Bill are deemed to have come into operation on 1 December 1991 to validate any transfer of officers to the Hospital Authority which may have taken place before the enactment of the Bill. In this way, the staff are protected even before the Bill's enactment.

With these remarks, Mr Deputy President, I support the Bill.

MR MICHAEL HO (in Cantonese): Mr Deputy President, in the course of examining the Bill, we received from the League of the Hospital Services Department and the Department of Health Staff Associations a written submission. The league expressed the hope that transferred staff would still be entitled to the pension benefits earned during their service with the Hong Kong Government, their former employer, should

they be dismissed by the Hospital Authority. I would say that this request for amendment is indeed very reasonable.

In the present circumstances, given the inextricable link between this Bill and various other statutes on pension benefits, a transferred staffer to the Hospital Authority who happens to retire or die within the period before the present Bill is passed may not be able to get the pension benefits he/she is entitled to if the Bill founders. Since I would not want any transferred staff to be denied of their pension benefits I would not block the passage of the Bill even though I am against it.

I will abstain from voting.

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, I am grateful to Members for their support for the Bill and for comments made this afternoon. This is a technical Bill which seeks to extend existing pension provisions to civil servants transferred to the Hospital Authority.

Some concern has been expressed that transferred staff, who may be dismissed by the Hospital Authority for gross misconduct, will forfeit their retirement benefits. Members may wish to note that the Hospital Authority has laid down clear disciplinary policies for dealing with both minor offences and gross misconduct. Procedures on gross misconduct include investigation of the alleged offences and the setting up of a Committee of Inquiry which will recommend an appropriate course of action. These principles are set out in the Hospital Authority Personnel Policies which have been well publicized among staff. Additionally, there are provisions for appeal and for decisions to be reviewed independently.

I believe these measures should safeguard the legitimate interests of staff.

At this point Mr Peter WONG, Dr LEONG Che-hung, Mr LAU Wah-sum and Prof Felice LIEH MAK declared interest as members of the Hospital Authority.

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).

CONSUMER COUNCIL (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 20 November 1991

Question on Second Reading proposed.

DR PHILIP WONG: Mr Deputy President, as convener of the Legislative Council ad hoc group to study the Consumer Council (Amendment) Bill 1991 dealing with consumer protection, I feel that I have the responsibility to protect the precious product that Honourable Members are consuming here in this Council every Wednesday afternoon, that is, TIME. With this in mind, I will try to keep my speech as short as possible, and I will speak on only three of the many issues that have been discussed by the ad hoc group which I think are comparatively more important.

First, the proposed new power for the Consumer Council to inspect immovable property under clause 3 of the Bill. Realizing how important home ownership means to every family in Hong Kong, the ad hoc group has no objection to entrusting the Consumer Council with this new power. The ad hoc group was a bit concerned, however, about the circumstances under which an inspection of property will be conducted by the Consumer Council and whether the proposed amendment will itself create a right of entry into private premises. I am glad to inform Members that these concern are now over.

According to the Administration, the Consumer Council will contemplate checking saleable floor area, finishes and fittings of a complainant's property, or inspecting development projects to check accuracy of saleable areas advertised, and so on. An inspection will only be conducted upon receiving complaints and the prior consent of both the owners and the occupants has been obtained.

The Administration has also confirmed that the new power does not itself create a right of entry into private premises and does not in any way purport to displace the requirement to obtain owner's consent.

The second issue concerns the new section 20 proposed by clause 5 of the Bill which seeks to strengthen the prohibition on making reference to the Consumer Council for advertisement purposes. I would like to point out that in order to satisfy itself

that the provisions of this new section are appropriate and realistic, the ad hoc group has spent a lot of time comparing the provisions of the existing and the new section 20. Questions posed to the Administration include, among others:

(a) Will the newly inserted phrase in the new section 20 "without written consent of the Council" lead to appeal from applicants against the Consumer Council's refusals?

(b) How is the proposed maximum fine of \$100,000, which represents a very large increase over the existing maximum fine of \$5,000, justified?

Thanks to the Administration, sufficient information was efficiently provided to the ad hoc group for a decision to be made and I am confident to inform Members that the provisions of the new section 20 are found to be appropriate and realistic.

The third and also the last issue which I will speak on concerns clause 6 of the Bill which seeks to update the Schedule of bodies whose goods and services do not come within the Consumer Council's jurisdiction.

The ad hoc group has noted from the Legislative Council Brief of the Bill that the Hong Kong and China Gas Company has objected to its being excluded from the Schedule. The ad hoc group is of the view, however, that if a company is not subject to any form of government control or public monitoring, it is not in any way different from other commercial entities and should therefore be brought within the Consumer Council's purview for the sake of better consumer protection. Adopting the same view, since Star TV will ultimately be monitored by the Broadcasting Authority, the ad hoc group has suggested, and the Administration has agreed, that it be added to the Schedule. I understand an amendment on this addition will be moved by the Administration later at the Committee stage.

Mr Deputy President, with these remarks, I support the motion.

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, I am most grateful to Dr Philip WONG and the other Members of the ad hoc group for their thorough and helpful examination of this Bill.

Dr WONG has referred to three of the more important issues discussed by the ad hoc group. I would like to confirm Dr WONG's understanding of the clarification

provided by the Administration. I would also like to confirm that I shall move an amendment at the Committee stage to add Hutchvison Hong Kong Limited, the operator of Star TV, to the Schedule.

At this point Mr Moses CHENG declared interest as partner of a firm of solicitors who act as legal advisers to the Consumer Council.

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).

Committee stage of Bills

Council went into Committee.

PENSIONS (SPECIAL PROVISIONS) (HOSPITAL AUTHORITY) BILL

Clauses 1 to 7 were agreed to.

CONSUMER COUNCIL (AMENDMENT) BILL 1991

Clauses 1 to 5 were agreed to.

Clauses 6

SECRETARY FOR TRADE AND INDUSTRY: Mr Chairman, I move that clause 6 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 6

That clause 6 be amended, in the proposed Schedule, by adding "Hutchvison Hong Kong

Limited" after "Hospital Authority".

Question on the amendment proposed, put and agreed to.

Question on clause 6, as amended, proposed, put and agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

PENSIONS (SPECIAL PROVISIONS) (HOSPITAL AUTHORITY) BILL

had passed through Committee without amendment, and

CONSUMER COUNCIL (AMENDMENT) BILL 1991

had passed through Committee with amendment. He 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.

Member's motions

APPOINTMENT OF THE NEXT GOVERNOR OF HONG KONG

3.41 pm

DEPUTY PRESIDENT: We now come to Member's motions of which there are two. I propose to take a short break for the reason that on the first motion, namely, the appointment of the next Governor of Hong Kong, there is an amendment proposed to Mr Howard YOUNG's motion, that amendment being proposed by Mr Martin LEE. Additionally, Mr CHIM Pui-chung has proposed an amendment to Mr Martin LEE's proposed amendment and his amendment will require to be debated. I propose to adjourn for a few minutes and

in that interval the Clerk will table the full text of Mr Howard YOUNG's proposed motion, the full text of the motion as amended by Mr Martin LEE's amendment and the full text of the motion as amended by Mr Martin LEE's amendment as amended by Mr CHIM Pui-chung's amendment. So Members will have the benefit of the full text of each of the three possible motions at the end of the day. At the same time, the prepared script needs to be slightly revised because of the extra amendment that will be before Council and the revised text will be likewise tabled in the interval. My final point is that Members have in their In-House agreed that as there are two motion debates this afternoon, they will limit their speeches on each of the two motion debates to two hours exclusive of the time for government speeches. I will for the benefit of all Members and as a matter of convenience arrange for the text of the letter setting out these arrangements sent to me by the Convenor of the Legislative Council In-House to be tabled. So all these will be tabled for Members to read and for their benefit. We shall take a short break of about 10 minutes.

4.00 pm

DEPUTY PRESIDENT: Council will now resume.

MR HOWARD YOUNG moved the following motion:

"In view of the wide interest expressed by the public on the subject of the appointment of the next Governor of Hong Kong, this Council requests the Government to convey the views of the general public to Her Majesty's Government for consideration".

MR YOUNG HOWARD (in Cantonese): Mr Deputy President, I move the motion standing in my name on the Order Paper.

I wish to state clearly, in order to avoid illusion, that choosing a Governor for Hong Kong is currently the prerogative of Her Majesty's Government. According to the Letters Patent and Royal Instructions, the Governor is the representative of the Queen to govern Hong Kong. Therefore, constitutionally, Hong Kong people have no say in the matter.

It is only when it comes to selecting the Chief Executive of the Hong Kong Special

Administrative Region that Hong Kong people will have a say in the matter. Even then, the Chief Executive will be appointed by Beijing. However, according to the Basic Law, a Selection Committee of 400 Hong Kong permanent residents shall recommend the candidate for the first Chief Executive to the Central People's Government for appointment, prior to 1997 through local consultation or through consultation, nomination and election. Constitutionally, that will be the first time Hong Kong people will have the right to take part in and to decide on the choosing of the candidate. Admittedly, by that time, the power will still not be extensive as it will be confined to 400 Hong Kong permanent residents. Today, we only have the right to exercise our freedom of speech to express whatever views we have, but no legal right to ensure that these views will be listened to. However, I trust decision makers in the United Kingdom will note the views expressed by Hong Kong people, including those expressed by Members of this Council.

Are we overstepping the mark in debating the subject in the Hong Kong Legislative Council when Lord CAITHNESS has made it quite clear during his last trip here in response to the Honourable Emily LAU's inquiry that neither the Legislative Council nor Hong Kong would be consulted and that the Governor will be appointed by the Queen on the advice of the British Prime Minister? Is this debate useless?

My motion is in very broad terms, aiming at letting everyone speak his or her own mind. The scope of discussion can range from one extreme, that is the type of person who you think can be the Governor, to another extreme that you think the issue should not be debated in this Council at all which is also a valid view.

My constituents did not elect me because I could have a say in choosing a Governor -- in fact I do not. They elected me so that I could reflect the views of the tourism industry to the Government and monitor the work of the Government. Then why should I raise the subject for debate?

The answer is that the retirement of the Governor and the way it was announced by Her Majesty's Government are so extraordinary that wide interest has been expressed by the public. Questions have been asked, and I feel that they should be asked.

In carrying out the duty of reflecting public opinion, a Legislative Councillor has an obligation to speak his or her mind. After all, "Yee" of "Yee Wui", the Chinese characters for Council, contains the radical "Yin" meaning to speak. Whether it makes any difference to the decision or not, we at least have the right and duty to

speak. Criticisms of Her Majesty's Government's action may not be to its liking. The fact that we are speaking about it also may not be to the liking of the Chinese Government. However, we Hong Kong legislators have made oaths or affirmations that we will serve the people of Hong Kong; so we have the obligation to speak our mind.

The least I can say is that I consider it most irresponsible of Her Majesty's Government to announce the retirement of the Governor without, as traditionally, naming a successor. This has created uncertainty for the future, and also aroused suspicion that the United Kingdom is shirking its responsibility of administering Hong Kong in the final five years before sovereignty reverts to China in 1997.

Some might even suspect an attempt by the United Kingdom to create a lame duck image for the Hong Kong Government. Responsible people in Hong Kong do not wish to see this happen.

Even though many of us have expressed the hope that the Governor and the United Kingdom will treat Hong Kong's interest as a matter of priority, the statement that naming a successor will have to await the result of the election in the United Kingdom holds local feelings up to mockery. Obviously Her Majesty's Government accords priority to its own politics and domestic issues, and choosing a Governor for Hong Kong is merely a small sideshow in comparison.

Recently, there have been plenty of comments on the motives of Her Majesty's Government's announcement and much speculation on the choice of candidate. These comments, to a great extent, are highly unfair to the Governor and his successor. Some even comment that the Governor has worked hard but achieved nothing. I think this is quite groundless. In fact, according to a number of surveys, Hong Kong people are well satisfied with the Governor. These debates, however well intended and interesting, are in a way quite unfair to both Sir David WILSON and his successor.

The MacLehose years saw many reforms, in particular in housing. During Sir Edward YOUDE's administration, a lot of time was spent on negotiations, resulting in the signing of the Joint Declaration. Progress in housing and the Joint Declaration are tangible achievements. I firmly believe that after some years when we look back at Sir David's performance, we will find that he has done many things beneficial to Hong Kong. Investment in tertiary education and Hong Kong's relation with China are two examples.

Manpower, I think, is the only resource we have. Some years later, we will feel that we have been fortunate that the Government has made the decision to invest heavily in tertiary education.

As 1997 draws near, I believe that more and more Hong Kong people are aware of the need and the importance to strengthen our communications and liaison with China and to improve our relation. In this respect, Sir David has been able to bring it to people's attention, albeit many might not always like to be reminded of this. I am sure that in future we will realize that he is a man of foresight.

I feel that the debate is focussing too much attention on guessing who or what sort of person will be the next Governor. It may not be very fruitful. Firstly, we are not familiar with the candidates from Britain and, secondly, any speculation will be unfair to the successor. I consider that we should direct our energies to examining what we expect the new Governor to do for Hong Kong. As regards what we expect him or her to do, each one of us may hold a different view. The findings of a recent opinion poll indicate that the people of Hong Kong hope that the future Governor can do a good job in five areas, which in order of importance are (1) people's livelihood; (2) smooth transition; (3) strengthening of relation with China; (4) investors' confidence and (5) democracy. Of course, any one has the right to object to this order of importance.

I for one pay particular attention to smooth transition. It is because while livelihood is very often the foremost concern, it is not exclusive to Hong Kong. People in all countries and territories over the world also aspire after improvement to their livelihood, including social welfare, economy, anti-inflation, housing and transport. I believe that the people of Hong Kong will have the same aspirations beyond 1997. As for investors' confidence, relation with China and democracy, they are not subject to a definite time frame.

However, when it comes to smooth transition, there is a time frame, that is, 30 June 1997. Whether a smooth transition can be achieved then is everybody's concern. As such, I put it as my number one requirement.

I hope that we will be able to hear different views during this debate. As far as I know, there are also proposed amendments to my motion. For instance, a political body is going to move an amendment on the basis of their long-cherished objectives. I do not object to the things they ask for, but I doubt whether these encompass all

our requirements. And their priorities, are they the same as mine? I do not think so. I heard just now that the amendment will be followed by another one to be moved by the Honourable CHIM Pui-chung. I find that Mr CHIM's amendment motion also touches on the issues of smooth transition and the Basic Law which I have mentioned just now. Of the two amendments, I consider Mr CHIM's more substantial. Yet, I still maintain my original motion since it is so broadly worded that people will have a chance to speak out freely and express their views without constraint.

Thank you, Mr Deputy President.

Question on Mr Howard YOUNG's motion proposed.

DEPUTY PRESIDENT: Mr Martin LEE has given notice to move an amendment to the motion. Mr CHIM Pui-chung has also given notice to move an amendment to Mr Martin LEE's proposed amendment. Both amendments have been circulated to Members and have also been tabled. I shall first call upon Mr LEE to move his amendment to the motion. After Mr LEE has moved his amendment I shall then call upon Mr CHIM to move his amendment to Mr LEE's proposed amendment. After Members have debated Mr CHIM's amendment, we will vote on his amendment first. I now call Mr Martin LEE to speak and to move his amendment.

MR MARTIN LEE moved the following amendment to Mr Howard YOUNG's motion:

To add after "consideration" the following:

", and stresses that it believes the next Governor should be a person who is committed to defending the Joint Declaration, establishing a democratic political system in Hong Kong, working on behalf of all citizens to improve our standard of living, and placing the interests of Hong Kong first and foremost at all times."

MR MARTIN LEE (in Cantonese): Mr Deputy President, in principle, the United Democrats of Hong Kong (UDHK) do not object to holding a motion debate on the question of the next Governor. However, we think that the content of the debate must have a substantive meaning. Unfortunately, the motion which Mr Howard YOUNG moves today does not have any concrete meaning. It can only be regarded as an empty gesture.

Not only that, if we pass Mr YOUNG's motion, we would give the British Government the wrong impression that Hong Kong's concern with the question of the next Governor stops here and that the Legislative Council does not even have a stand at all except a response out of courtesy.

Basically, what the colonial government is required of in Mr YOUNG's motion is no more than sending some of the local press-cutting information to London. What the people of Hong Kong wish to see is certainly not this kind of perfunctory act of clipping newspapers. Rather, they would like to see this Council convey to the British Government in a responsible manner their expectations for the next Governor and convey to the British Government the stand of this Council clearly. This is a responsibility which this Council cannot shirk.

The Governor is the leader of the Hong Kong Government, and he is also a public servant of the people of Hong Kong. In addition, the Governor's remuneration is borne by Hong Kong and not British taxpayers. While we may not decide who is to be the next Governor, we must actively voice our opinions on the requirements for the governorship. And such opinions will not constitute any restraint on Britain's constitutional power in appointing a colonial Governor in the capacity of a sovereign state.

Members in this Council will definitely have diverse views on the requirements for the next Governor of Hong Kong. My amendment to the motion, therefore, is confined to an inclusion in broad terms of the various basic principles we commonly accept. These principles are in fact nothing but the basis of many other requirements. I will briefly explain the stance of the UDHK towards these four principles. Later, Dr Conrad LAM and Dr YEUNG Sum will explain these principles in greater detail.

The first principle we put forward is that the new Governor must defend the Sino-British Joint Declaration. I must point out with emphasis that the people of Hong Kong found the Joint Declaration acceptable when it was signed in 1984 because at that time they believed that the Joint Declaration would be strictly abided by and that all the undertakings for the people of Hong Kong could be realized. Unfortunately, the Joint Declaration has constantly been undermined ever since 1984. The recent agreement on the Court of Final Appeal is an example. It shows that the Chinese and British Governments have failed to go strictly by the Joint Declaration and yet time and again have claimed that they have fully complied with the Joint Declaration in letter and in spirit. The people of Hong Kong are caught in between,

with no way to seek redress. As Members of the Legislative Council, we indeed have the responsibility to reflect the views of the people of Hong Kong. Therefore, we demand that the new Governor must defend the Joint Declaration. This is the only way that Hong Kong can sustain its success.

Our second principle is that the new Governor should be able to establish a democratic political system in Hong Kong. In fact, the British Government promised the people of Hong Kong such a system as early as 1984. This Council has repeatedly urged the British Government to ensure that their promise will be honoured and in 1989, an OMELCO consensus was reached regarding the democratization of Hong Kong. Up to now, we still insist that we should proceed in the direction of the OMELCO consensus. The direct elections to the Legislative Council held last September clearly demonstrated the enthusiastic pursuit of democracy of the people of Hong Kong. The people of Hong Kong have already made their historic choice in the realization of democracy. The establishment of a democratic political system in Hong Kong is not only the honouring of promise and assumption of responsibility by the British Government to the people of Hong Kong, but also an indisputable right of the people of Hong Kong. Any attempt to take away or evade establishing such political right is an enormous insult to those people of Hong Kong who have strived hard to fight for democracy and actively participated in voting in the elections. Therefore, we demand that the new Governor must secure a greater degree of democracy for Hong Kong.

Our third principle is that we wish the new Governor would improve the standard of living of the people of Hong Kong. In fact, according to a recent survey mentioned by Mr Howard YOUNG just now, it has been revealed that the majority of the people consider that the new Governor's top priority should be making good efforts to improve the people's standard of living. Therefore, we think that the new Governor, whilst promoting our future economic development, should also make sure at the same time that improvements can be made to the standard of living of the people of Hong Kong.

Our fourth principle, which is also the most important one, is that in our opinion the new Governor should be committed to placing the interest of Hong Kong first and foremost at all times. In the past, when dealing with issues such as the shouldering of financial burden in respect of the Vietnamese boat people, the new airport project or the agreement on the Court of Final Appeal, there emerged a phenomenon that whenever there was a conflict of interest between Hong Kong and Britain, the interest of Hong Kong was always sacrificed.

In fact, this is also a conflict we are faced with. How can we ensure that a colonial government -- one which is appointed by the British Government and is required constitutionally to be accountable to the British Government only -- will safeguard the interest of Hong Kong people? Even if the British Government appoints a new Governor whom we deem perfect, the problem will not be resolved right away because it involves the issue of acceptability and accountability of the colonial government as a whole. Therefore, I hope this Council will make use of this opportunity to reflect clearly to the British Government our stance on this issue. Eventually, as stated in the 1984 White Paper on Representative Government, the British Government must "develop progressively a system of government the authority for which is firmly rooted in Hong Kong and which is able to represent authoritatively the views of the people of Hong Kong and which is more directly accountable to the people of Hong Kong".

In order that the Hong Kong Government can administer Hong Kong effectively and win the support and trust of the Hong Kong people, a system must be instituted in Hong Kong under which the Government is held accountable to the people. It is only by so doing can we ensure the smooth transition of the system of government in Hong Kong in 1997 and beyond. This is because the Joint Declaration has clearly stated that after 1 July 1997 the executive authorities of Hong Kong shall be accountable to the legislature and that "Hong Kong shall be administered by Hong Kong people and shall enjoy a high degree of autonomy". If this system is not established in Hong Kong before 1997, smooth convergence will be virtually out of the question. In that event, 1997 would see chaos and instability.

Therefore, I hope that the British Government will take this opportunity of the change of governorship to review the policy towards Hong Kong and establish a government which is able to better represent the people of Hong Kong and is accountable to the people of Hong Kong. On the other hand, in order to show clearly that the Governor will be committed to placing the interests of the people of Hong Kong first and foremost at all times, I hope that when the new Governor is sworn in, he can pledge his allegiance to the people of Hong Kong instead of pledging allegiance to Her Majesty the Queen as previous governors of Hong Kong did.

These are my remarks (on my amendment to the motion).

Regarding Mr CHIM Pui-chung's counter amendment to my amendment, the UDHK support his objectives of ensuring the smooth transfer of sovereignty and promoting the social

stability and economic prosperity of Hong Kong. However, I find it difficult to understand his call for "establishing a democratic system in accord with the Basic Law and the actual circumstances". During the last Session of this Council, a motion moved by Mr Allen LEE, which registered disappointment at the undemocratic Basic Law, was passed on 28 February 1990. In addition, another motion moved by me which urged the Chinese and British Governments to amend, at a suitable time, the relevant clauses of the Basic Law according to the recommendations in the OMELCO "Comments on the Basic Law (Draft)", was passed by this Council on 4 April 1990. At that time, this Council had already reached a consensus, that is, we had to strive to amend the Basic Law in accord with the wishes of the people of Hong Kong.

I do not know whether the Basic Law mentioned in Mr CHIM's unexpected counter amendment is one which is acceptable to this Council, which is subject to amendment in accordance with the wishes of the people of Hong Kong and which would speed up the development of a democratic system in Hong Kong. If it is so, the UDHK will give their full support. But if the Basic Law mentioned by Mr CHIM is the one which imposes restriction on the system of government in Hong Kong and which cannot be amended, then it apparently runs counter to the consensus reached by this Council, and we cannot accept that. I hope Mr CHIM could clarify this point. I do not mean that we cannot overturn the decisions made by this Council in the past, but in doing so we must be in line with the spirit of the proceedings. Our motion debate today is on the question of the next Governor of Hong Kong. Mr CHIM really should not take this opportunity to move a counter amendment in an attempt to overturn the decisions made by this Council in the past without giving our colleagues sufficient time for preparation. This is unfair to our colleagues. If some other Councillors also take the opportunity of today's debate on the new governorship of Hong Kong to move counter counter amendment, demanding that the next Governor of Hong Kong

MR CHIM PUI-CHUNG (in Cantonese): Mr Martin LEE is attacking my motives of proposing an amendment. I should like him to clarify, Mr Deputy President.

MR MARTIN LEE (in Cantonese): Speaking in Cantonese as I did, I do not understand why Mr CHIM failed to understand it. I only wanted him to clarify his point with regard to the Basic Law. Which set of Basic Law was he referring to? Was he referring to a piece of Basic Law that can be changed? I did not attack his motives. I respect and appreciate his humour.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, I am to move an amendment in accordance with Standing Orders. As a long serving Member of this Council, Mr Martin LEE should be well familiar with Standing Orders; if not, he should, given his position as a barrister, buckle down to studying them.

DEPUTY PRESIDENT: We cannot have personal remarks of that nature in this Chamber, Mr CHIM. You have not taken a point of order that I can uphold and I will invite Mr Martin LEE to continue. You will have of course your chance to reply fully to Mr LEE.

MR MARTIN LEE (in Cantonese): should abolish the policy of importation of labour introduced by the present Governor, then would that be regarded as fair?

Therefore, if Mr CHIM does not clarify the point mentioned above, Mr Deputy President, I would call upon the colleagues in this Council to vote against the counter amendment moved by Mr CHIM.

Mr Deputy President, with these remarks, I conclude my speech.

Question on Mr Martin LEE's amendment to Mr Howard YOUNG's motion proposed.

DEPUTY PRESIDENT: As Mr CHIM has given notice to move an amendment to Mr Martin LEE's amendment, I now call upon Mr CHIM to move his amendment.

MR CHIM PUI-CHUNG moved the following amendment to Mr Martin LEE's amendment:

To delete all that follow "Joint Declaration" and substitute the following:

", ensuring a smooth transfer of sovereignty in 1997, promoting social stability and economic prosperity in Hong Kong and establishing a democratic political system for the territory in accord with the Basic Law and the actual circumstances, working on behalf of all citizens to improve our standard of living, and placing the interests of Hong Kong first and foremost at all times."

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, first I would like to take this opportunity to thank our Governor, Sir David WILSON, for his service and devotion to the territory in the last five years or so. I am not boot-licking; it is the actual fact. Given the present political circumstances, the success in maintaining stability and prosperity is already a commendable achievement. I sincerely hope that our present Governor will, in the months before he leaves office, continue to lead his officials in discharging their duties faithfully in the service of Hong Kong people.

The Honourable Howard YOUNG's motion, which fits the trend and pays full respect to public opinion, does not only embody the spirit of modern-day democracy but also gives full expression to the efficiency and effectiveness of our legislature. The Honourable Martin LEE however proposes in his amendment to add the following to the Honourable Howard YOUNG's motion, which he has described as without substance:

"stresses that it believes the next Governor should be a person who is committed to defending the Joint Declaration, establishing a democratic political system in Hong Kong, working on behalf of all citizens to improve our standard of living, and placing the interests of Hong Kong first and foremost at all time."

I do admire the able leadership of Mr Martin LEE as head of the United Democrats but allow me to say that Mr LEE's amendment only gives full expression to the views of the United Democrats. In order to reflect more accurately the full range of views of the public, I am therefore proposing before this Council an amendment to Mr LEE's amendment motion which will preserve Mr Howard YOUNG's original motion yet rewording Mr LEE's amendment as follows:

"stresses that it believes the next Governor should be a person who is committed to defending the Joint Declaration, ensuring a smooth transfer of sovereignty in 1997, promoting social stability and economic prosperity in Hong Kong and establishing a democratic political system for the territory in accord with the Basic Law and the actual circumstances, working on behalf of all citizens to improve our standard of living, and placing the interests of Hong Kong first and foremost at all times."

The four points relating to the requirements the next Governor should meet as proposed in Mr Martin LEE's amendment essentially represent the views of the United Democrats. In this respect I would say that Mr LEE has basically fulfilled his duty

towards his party. But I am afraid that some Members will find it hard to agree to Mr LEE's amendment. What is glaringly absent from the four points, which accentuates the amendment's lack of general representativeness, is the regard to a smooth transfer of sovereignty. Members should be aware that, according to the public opinion survey Mr Howard YOUNG has mentioned in his speech, ensuring a smooth transfer of sovereignty ranks second among the expectations Hong Kong people have of the next Governor. So I really do not understand why the United Democrats should leave out this point. Moreover stability and prosperity are what make Hong Kong tick; they form also the hope most cherished by the Hong Kong public; why then should the United Democrats ignore this point? Democratic system or structure can be very wide in scope with no set definition as to its bounds. The United States of America has its unique system of democracy; the same applies to the United Kingdom. I believe the future Governor of Hong Kong will, in accord with the Basic Law and the actual circumstances, establish for the territory a democratic political system which should well reflect the wishes of the people of Hong Kong. I do hope that the United Democrats will, in a spirit of resignation perhaps, support my amendment and I am looking forward also to the substantive support of other Members of this Council. Regarding the democratic political structure which Mr Martin LEE mentioned a while ago, I would say that this should not be the subject of today's debate. Were it to be true that the Basic Law would not be in the interest of the people of Hong Kong, could I ask why the Honourable Martin LEE, while he was still a member of the Basic Law Drafting Committee, did not bring this to the attention of other members of the Committee? Was there any official record of this point having been raised given that Mr LEE did raise it at the meetings of the Basic Law Drafting Committee. It would be a gross dereliction of duty if Mr LEE waited until this present moment to voice his objection to the Basic Law. On the other hand, if his objection were not heeded, the rejection could well be good evidence of the impracticability of his views in the context of actual circumstances.

Mr Deputy President, the appointment of the Governor for Hong Kong is in fact the prerogative of Her Majesty's Government. We, Members of the Hong Kong Legislative Council, should under no circumstances deprive Her Majesty's Government of its right; indeed we cannot so deprive no matter how hard we may try. We should only voice the concern, on behalf of the people of Hong Kong, that Her Majesty's Government should fulfil its duty and obligation as a sovereign government and that it will understand and be sympathetic to the needs of the people of Hong Kong.

Mr Deputy President, with these remarks, I move to amend the amendment proposed by Mr Martin LEE.

Question on Mr CHIM Pui-chung's amendment to Mr Martin LEE's amendment proposed.

MRS SELINA CHOW: Mr Deputy President, I rise to support Mr Howard YOUNG's motion. I do so because it offers me the latitude in scope to express my views freely on the issue without being hampered by the arbitrary selection of specifics which may not fully represent the sentiment of our community.

Before each and every speaker in this debate launches into his or her own list of qualities which he or she may regard as essential or desirable in our next Governor, perhaps we should ask why Hong Kong is placed in such a predicament. Have our people called for a change of Governor at this rather critical period of our development when we have just experienced our first ever direct election and are still not quite settled in the workings of a new style legislature? Have our people voiced discontent over the successful conclusion of the airport talks? Have our people complained about the freedom we have all enjoyed in demonstrating our anguish and sorrow for the events of June 4 in spite of the extremely sensitive displeasure displayed by Beijing? Are our people not generally appreciative of the difficult job that the Governor had to steer Hong Kong through in the last four or so years and would have been quite happy to see him continue in the job for sometime yet?

The rumour that there was a campaign staged in London to bring about a change of appointee has been circulated for over a year. It was said that some British businessmen took the view that their interests have not been adequately looked after by this Governor, and pressure has been brought to bear for a replacement who may be more sympathetic to British interests in Hong Kong. If such rumours were true, then this speaks more loudly than anything else that this Governor has not compromised the interests of Hong Kong in favour of British interests as some critics have us believe.

But then in spite of all the political and financial ups and downs of Hong Kong during his term of office, Sir David WILSON has enjoyed the support and goodwill of this community. He might have been the target of harsh criticisms both in this Council and in the media over a number of issues, but one could not but be impressed by the immense popularity he enjoys wherever he visits. It has often amazed me to see how people here warm up to him and vice versa. He has been accepted as one of us here, and the robust way he spoke for and on behalf of Hong Kong after June 4,

especially in fighting for British passports, travelling the world to rebuild investors' confidence, and taking the initiative to re-establish a dialogue with Beijing, have demonstrated his integrity, courage and commitment to Hong Kong.

Since the announcement of his undated departure, this community has been uncharacteristically vocal about its dissatisfaction with Britain over the way she has handled the whole affair. The announcement has been regarded to be premature since no choice of successor has been made. Hong Kong just could not understand why it was necessary to create this kind of uncertainty by making half a decision and leaving the other half unsettled. Many of us also resent the way that someone who has served Hong Kong wholeheartedly has been so shabbily treated. The conferment of a Peerage may be viewed as a generous gesture in the United Kingdom but it is considered, in Hong Kong, as well earned but hardly enough to make up for the embarrassment the announcement has caused.

From the wide range of views that have been voiced ever since the announcement, it is clear that Hong Kong is not particularly keen to have a change of Governor yet. And to us, there is no relevance between the General Election in the United Kingdom and the change of Governor in Hong Kong. The speculation as to whether a politician, a diplomat or a general is preferable is even more puzzling to Hong Kong. Surely, the starting point must be the job itself and what it requires. The governorship of Hong Kong must be one of the most complex jobs of its kind, demanding tremendous political and administrative skill while familiarity with Hong Kong must be a preference, given the intricacies of circumstances and the very limited time he would have to settle into the job. After all, the entire term, presuming he stays until 1997, is only five years and those five years will be highly pressurized, bearing in mind the constitutional changes that are likely to take place, the massive infrastructural developments that have been planned, and the internal and external forces that affect Hong Kong.

In choosing the new Governor the British Government must satisfy itself and Hong Kong that the voice of Hong Kong will be heard, and must show its sensitivity and responsiveness to the views of our people. Let us hope that the next announcement that the British Government will make on the governorship will be a well considered one that would not only eradicate some of the harm done by the last one but would be welcome here as a decision that would serve Hong Kong well in the next five years.

The key question arising out of this must be whether the final choice is good

and acceptable from the Hong Kong perspective, whether the new appointee will serve the entire period until 1997, and whether a local appointee, either now or further down the line, is envisaged in the scheme of things, given the advantage such an arrangement may offer to smooth transition.

I am grateful to Mr Howard YOUNG for proposing the motion in the first place; it gives us an opportunity to speak our mind on the one subject which will have a major influence on Hong Kong's future.

I am also thankful for this chance to pay tribute to Sir David WILSON for his dedication and service to Hong Kong through a very difficult period of our history. I hope the words of Theodore ROOSEVELT will help put his enormous contribution to Hong Kong in the right perspective:

"It is not the critic who counts, not the man who points out where the strong man stumbled or where the doer of deeds could have done better, the credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives gallantly, who errs and comes short again and again, who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who at the best, knows in the end the times of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither defeat nor victory."

MRS RITA FAN: Mr Deputy President, at lunch time today I thought we might not have a debate after all because a former Member of the Legislative Council told me that he knew the name of the next Governor. I asked enthusiastically for the name and he said the new Governor would be named "Soon". So here I am, taking the floor and speaking in this debate.

I had not intended to speak in this debate. It was not until after I heard that Mr Martin Lee would be moving an amendment and actually saw and read his amendment that I intended to speak. I had been prepared to support Mr Howard YOUNG's motion because I thought that would not only give an opportunity to Members of this Council to express their views but also allow the people of Hong Kong, who after all are the most important people in Hong Kong, to express their views which will be reflected to the British Government which is going to make the decision. But after I had sight of Mr Martin LEE's amendment and found the wording of the amendment not sufficiently comprehensive, I felt obliged to speak to make a few comments.

My first comment is about our present Governor. Members might have learned from our recent survey that our Governor scored 67 out of one hundred percent. To a schoolmaster, it is Grade B, and that means it is far better than average. So in my view, if the new Governor is as good as the incumbent or can achieve even a higher score at the end of his service, then I think many people including myself will be satisfied, irrespective of whatever criteria set by politicians, commentators and the others.

Secondly, I would like to comment on the survey which was conducted by a newspaper on what the people of Hong Kong consider as the most important thing that the next Governor should do. This survey has been referred to in the speeches of Mr Howard YOUNG and Mr Martin LEE, and interesting enough, 59.8%, that is nearly 60%, said that they were more concerned about livelihood, law and order, housing and so on. I presume these are the standard of living and livelihood. While 35.6% felt that it was important to have a smooth transition in 1997, 23.4% thought that the relation with China was important. As for the pace of democracy, it had 30.2%. Of course, the survey does not necessarily mean that it is sacrosanct. However, it shows what the people of Hong Kong are looking for and that to the people of Hong Kong, smooth transition and relation with China are matters of great weight. I assume that smooth transition means that there will be no confrontation and that there should be a political system in accord with the Basic Law. Yet Mr Martin LEE's amendment does not incorporate such important elements as indicated by the findings of the survey. However, I am glad that Mr CHIM Pui-chung's amendment has included them. Mr Deputy President, if I am to choose between the two, I would go for Mr CHIM's amendment. And, if I am to vote, I think I would vote for Mr Howard YOUNG's original motion.

Lastly, I would like to say something about the Joint Declaration. The Joint Declaration, in fact, has it clearly stated that the British Government is responsible for the economic prosperity and social stability of Hong Kong. So it is the responsibility of whoever appointed the next Governor to ensure that Hong Kong is economically prosperous and socially stable. And whatever move made by the British Government or the next Governor that does not meet those two basic criteria would not be in accord with the Joint Declaration.

With these words, Mr Deputy President, I would support Mr Howard YOUNG's motion. I would vote against Mr Martin LEE's amendment and I would accept Mr CHIM Pui-chung's amendment to Mr Martin LEE's amendment.

MR PANG CHUN-HOI (in Cantonese): Mr Deputy President, I support the motion moved by the Honourable Howard YOUNG but now would like to speak for the amendment motion by the Honourable Martin LEE as well. I shall give my views on the appointment of the new Governor. These views should be conveyed through the Legislative Council to the British Government.

Although I agree that we should debate on the new governorship in this Council, I believe that Members who speak do so in the hope that their views will be accepted by the British Government. As it is so, we must be fully aware of the objective circumstances and take a realistic point of view when we speak. There is no point in indulging in empty talk about the qualities of the new Governor. I trust that no one will speak today just for record purpose. This will be too meaningless. We hope that our views will be fully accepted. Therefore, we should refrain from being too high-sounding.

I think all of us will subscribe to the view that the new Governor should safeguard the interest of Hong Kong people. But what actually is the interest of Hong Kong? Different people may have different interpretations: some may think that it means democracy and freedom; some may take it to mean improved relation with China; the man in the street will perhaps yearn for a curb on inflation; employers will hope to continue doing business and making money in Hong Kong; and employees will look for better job opportunities and reasonable wage increases.

Different people may take different stands on this issue. But to put it bluntly, I believe only when Hong Kong can maintain its prosperity and stability will everybody be satisfied. In other words, only when the interests of all parties concerned are taken into account and when the candidacy is acceptable to all can Hong Kong remain stable. The situation in Hong Kong today is such that we must balance the political interests of China and Britain while at the same time ensuring that our existing structure can continue to operate smoothly and effectively. In view of this, I think it is of paramount importance that Hong Kong should continue to maintain its prosperity and stability.

Mr Deputy President, I am not prepared to comment on what requirements there ought to be for the next Governor of Hong Kong, because these are all subjective and parochial. What I hold out for the new Governor is that whatever his background,

he must be able to maintain the territory's prosperity during his tenure of office while at the same time looking after the interest of Hong Kong when this is in conflict with Britain's. But I must emphasize that when talking about the interest of Hong Kong, one must be free from any bias and genuinely take into account the livelihood and the interest of the people of Hong Kong. Meanwhile, the feelings and livelihood of the lower middle classes must not be treated with indifference because they are the broad social base on which our stability can truly depend.

To be sure, one cannot entirely brush aside principles when there is prosperity and stability at stake. But principles are not just something to talk about and one will certainly look to colleagues in this Chamber to bring about their gradual realization. I trust that Honourable Members in this Council are all aware of what Hong Kong people think and what they want. Such being the case, I urge that we should go forward hand in hand to have this accomplished since too much empty talk will get us nowhere.

With these remarks, Mr Deputy President, I support the Honourable Howard YOUNG's motion and also the amendment by the Honourable Martin LEE.

DEPUTY PRESIDENT: Before I call the next speaker, I would just point out that if we continue at this speed of delivery we shall not finish this debate in two hours.

MR ANDREW WONG (in Cantonese): Mr Deputy President, I shall try to watch my time. I support Mr Howard YOUNG's motion. Recently at a forum there were comments, and in fact I was one of the speakers, that the British Government's arrangement was not fair to Hong Kong, nor to Sir David WILSON. It is unfair to Hong Kong because it has been announced that the Governor is to retire and yet will remain in post for some time without a successor named. In the meantime, Hong Kong will be in a state of vacuum, and it is not known whether such a situation will last a long time or a short time. The leadership may not be weakened, but there will be many conjectures about the reasons for the arrangement. What is the background? Is it compelled by British commercial interests, the interests of Britain itself or the need to ensure the success of the Conservative Party at the coming General Election? All these will create uncertainties and arouse unfavourable problems in Hong Kong during the period. Then it is unfair to Sir David WILSON because people are now wondering if his leadership is in doubt or if he has done something wrong. However, from my personal

analysis, from 1987 to the present time, Hong Kong has come through a lot of hardships. He is therefore not a Grade B Governor but a Grade B+, Grade A- or even Grade A Governor. Everyone is now talking about the requirements and qualities of the next Governor, and our debate is also on this subject.

I am not too pleased with the motion itself. We are discussing the next Governor. In other words, we do not trust the incumbent. At this motion debate, I would like to say something about the British arrangement and whether it is appropriate. If the arrangement is not appropriate, then we should lodge a strong protest with the British Government instead of discussing the next governorship. Today's motion, its amendment, and amendment to amendment, are indeed unprecedented. There has never been an amendment to an amendment before.

Mr Martin LEE has been talking about counter-amendment. But it is wrong. It is only an amendment to an amendment. This is different from counter-amendment. If the amendment departs from the original motion, then the Deputy President will rule that it is against the Standing Orders. The right thing to do then is to cast a negative vote, and not to propose an amendment.

An interesting issue has arisen on this occasion: an amendment to an amendment and where will it end? It may not be possible because of the time limit. Mr Deputy President, I suppose advance notice has been given for the amendments. But an amendment is made to an amendment and if there are numerous amendments, a lot of problems will crop up as the motion debate on this occasion. The problem is that if I cannot reject the conditions proposed by you and if you cannot reject those proposed by me, at the end of the day all the acceptable conditions will be included in the motion. These will become the requirements of the future Governor of Hong Kong. If there are so many conditions laid down, there will be only one candidate who can qualify for the job, and that must be God and not a human being, or it must be a man who is tailor-made by us as our Governor. I therefore consider that there is not much significance in the present debate. Even my youngest daughter, who was born in the year of the Monkey, recognizes that. When we went to Sunday School, there was a story from the Bible in which Jesus said "The last would become the first and the first, the last." Thereupon she said: "There will be no end to this numbers game." Is it what we wish to do now? If it is, then it may be better for us to have a mathematics lesson!

I have considered whether or not to put forward an amendment in this debate. With

the amendment, the wording after the words "In view of" would be changed and "the Governor" would be added. It would be couched in the same terms as Mr CHIM's. (I am not shining his shoes). If you consider that something is not quite right in the present arrangement, then the motion should be amended to read "This Council, being dissatisfied with the British arrangement, urges that the Governor should remain in office." Mr Deputy President, with these remarks, I support the motion.

MRS MIRIAM LAU (in Cantonese): Mr Deputy President, under British rule for over 150 years, Hong Kong has had many Governors, but the people of Hong Kong have never shown so much concern over the appointment of Governor as is now the case. It is because the next Governor could well be the last before sovereignty over Hong Kong reverts to China. He or she will have to assume, during this latter part of the transitional period and at a critical turning point in the history of Hong Kong, the onerous duty of bridging over from the past to the future. He or she must ensure a smooth transition towards 1997 for Hong Kong. The way he/she accomplishes this historic mission, with Hong Kong's interests always in the foremost of his/her consideration, will be of paramount importance to Hong Kong's development, both before and after 1997.

In view of the unprecedented level of concern of members of the public over the appointment of the next Governor, I must express my unqualified support for Mr Howard YOUNG's motion. This Council should ask the Administration to relate to Her Majesty's Government the views of the general public so that they will serve as reference material for Her Majesty's Government in the process of selecting a new Governor for Hong Kong. It is true that Her Majesty's Government is not bound to carry out the wishes of Hong Kong people in making such a decision, but we must have the right to express our views, the Administration must have the responsibility to convey them, and Her Majesty's Government must also give them careful consideration. The advantage of Mr Howard YOUNG's motion lies in its greater capacity to accommodate and reflect views from different quarters. Only in so doing will the varied requirements or expectations the public has of the new Governor be met. Mr Martin LEE's amendment sets out a number of conditions the new Governor must fulfill. I feel that it would seem to exclude other views and would fail to serve the purpose of urging the Administration to reflect the full range of views of Hong Kong people.

Mr CHIM Pui-chung's amendment motion serves to demonstrate the restrictive, narrow nature of Mr Martin LEE's amendment motion, though Mr CHIM's own amendment

motion is encumbered by the same flaw. He adds a few more conditions, but the accommodative spirit is still lacking. Therefore, I cannot support either Mr LEE's or Mr CHIM's amendment motion. I believe we should adopt a motion that imports a wider capacity to encompass and accommodate in order to reflect more fully the views of the general public. I support Mr YOUNG's original motion.

DR LEONG CHE-HUNG: Mr Deputy President, many many years ago, as a fresh medical graduate I had the misfortune, or perhaps, you can say, the fortune of requiring a surgical operation myself. Whilst lying in a hospital bed, waiting as if to be "slaughtered", the following thoughts did flow through my mind:

To start off, I feel aggrieved that my parents brought me to this world without my consent to suffer this surgical feat. I feel frustrated that I have no say on the type of illness that I have to face. My only hope is that the surgeon who is to carve me up would only be doing it for my interest and my interest alone.

Many many years after, Hong Kong people are facing a similar situation: The Joint Declaration was signed without Hong Kong people's input, let alone consent. We are being tossed from one sovereign to another, not by choice nor by will, like an unwanted pair of old shoes.

We in Hong Kong swallowed all these except for a few grumble. Pragmatism has always been the order of the day for Hong Kong people. And in the last few years, after the signing of the Joint Declaration, we have tried to make the best out of a bad situation.

But alas at this final hour, we are told that we will have to change our commander-in-chief without so much as to be told who our next leader will be -- a move that puts Hong Kong people in "limbo" and shows how unconcerned Her Majesty's Government is towards Hong Kong.

Mr Deputy President, to the 5.5 million people who call Hong Kong their home, who have established roots here, who have built up this territory and who cannot leave or rather who do not want to leave Hong Kong, their only hope which hangs on a thin string is to have a leader for the next five years who will be with them, who will only work with their interest at heart and who will help to deliver them with their rights intact as promised to 1997 and beyond.

This, Mr Deputy President, then is our pledge and I do not think it is too much to ask for from Her Majesty's Government who has been so eager to hand us over from a capitalist regime to a communist one.

Mr Deputy President, the Joint Declaration and the Basic Law did promise "Hong Kong people ruling Hong Kong". Surely it is not too early to start training Hong Kong people how to rule Hong Kong and to understand the intricacy of the whole government.

I call for the appointment of a Hong Kong citizen, at least as a Deputy Governor, so that he/she can in the next few years learn the art of governorship to ensure that the spirit of the Joint Declaration can be set in concrete.

Mr Deputy President, I support the amendment motion put forward by the Honourable Martin LEE, but cannot and I will not be able to support the further amendment put forward by Mr CHIM. For as a Member of this Council who has been a strong party to the OMELCO consensus I cannot agree to the pace of democratization in accord with the Basic Law as it falls far short of the expectation of this Council and that the people of Hong Kong have endorsed. I also urge Members of this Council, especially those who stood by the OMELCO consensus, to do likewise; and that is to reject Mr CHIM's further amendment.

With these words, Mr Deputy President, I support Mr Martin LEE's amendment motion.

MR JIMMY MCGREGOR: Mr Deputy President, why did the British Government choose to announce the retirement of our present Governor when it did? Why did the British Government not announce his successor at the same time and the approximate date of the assumption of post by the new Governor? Who, in fact, will be the new Governor and what is his background? Does the present British Government have someone else in mind with both nominees having to wait until after a general election in Britain?

There are at present no answers to these important questions. The lack of information is alarming and, frankly speaking, disgraceful and insulting to Sir David WILSON and to the people of Hong Kong. How can any British Government not understand the anxiety that exists in Hong Kong about our future and the crucial role played by the Governor in the maintenance of public confidence? Who on earth in the British Government decided to announce Sir David's retirement and not his successor? I

believe that this was a real blunder and that it has seriously reduced Sir David's standing and credibility during his remaining months of office. It also suggests that the British Government is insensitive to the very delicate situation in Hong Kong where six million people ponder their future. It seems clear that China had nothing to do with the British decision; so it must be assumed that the Foreign and Commonwealth Office provided the impetus if not perhaps, as yet, the name of the successor.

The guessing game has begun and Sir David must find some amusement in hearing of the many fine qualities necessary for a Hong Kong Governor. He can perhaps take comfort in the fact that he has a solid record of achievement behind him and does not have to measure himself against the God given standards of excellence that we shall no doubt set out today for our new Governor.

I have only one criterion to suggest. It is that the new Governor, like the one we have now, shall have only the interest of Hong Kong at heart. It does not really matter if he is a Sinologist, biologist or trapeze artist so long as he cares only for Hong Kong. It would also be very helpful if he were a liberal.

Mr Deputy President, with these words, I support the motion as amended by Mr Martin LEE.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, before I give my speech, I would like to raise two points which are related to Mr Howard YOUNG's and Mr CHIM Pui-chung's motions. I have always felt that it is a waste of time for Members of this Council to spend hours giving speeches and debating on motions when such motions are noncommittal and give no guidance or advice whatsoever to the Hong Kong Government. Secondly, a noncommittal motion will not bring out different points of view towards an issue. Even when such a motion is carried, the standpoint of the Council remains obscure. Thirdly, an adopted or unadopted motion on policy or administration unrelated to public finance or legal matters is to the central government only a reflection of the Council's opinions. Such a motion has of course its influence and carries weight but is not a binding decision. So, I have always thought that noncommittal motions are not worth debating. Mr YOUNG's motion is to me a noncommittal one for he has not mentioned anything about what we should expect in respect of the announcement or appointment of the new Governor of Hong Kong. He is merely asking the Government to convey the views of the general public to the British

Government. In fact, I understand that the Hong Kong Government is regularly sending news clippings and commentaries to the British Government. The Hong Kong Government will do it anyway, whether we have this motion or not. So, why should we spend so much time discussing the motion to call on the Government to convey the views of the public to Britain for consideration?

As regards the amendment moved by Mr CHIM Pui-chung, I find that part of it, especially the first part, is acceptable. However, the latter part is open to question; in fact, the amendment to Mr Martin LEE's motion even gives rise to more problems. The amendment moved by Mr CHIM Pui-chung carries the requirement of establishing a democratic political system in accord with the Basic Law and the actual circumstances. Basically I find that there is nothing wrong with it. However, the people of Hong Kong had expressed diverse views on the political system and its development in particular during the discussion of the Basic Law; in fact I myself hold a different view on the timetable for the development of political system. Although there is the concern that before 1997 the people of Hong Kong may not have sufficient channels under the local legal framework to have the Basic Law revised, no one can deny that we can still express our views on the Basic Law and pass them to China in the hope of having the Basic Law revised by the People's Congress or even by the Special Administrative Region Government upon its establishment in 1997. Originally Mr LEE's amendment mentioned the need for the new Governor to work for the people's livelihood; in other words the new Governor should be working on behalf of all citizens to improve their living standard. But this requirement seems to have been omitted in the amendment moved by Mr CHIM Pui-chung. I cannot see in his amendment any mention of the improvement of living standard. I feel that it is most significant for the motion to attach importance to people's livelihood and indeed that is the kind of motion I expect to see. Now I am going to put forward my views and state my position in respect of the appointment of the new Governor.

If you ask now what, in my opinion, should be required of the new Governor, I would take a practical approach, trying first to find out what problems Hong Kong is facing and in what ways the general public are being troubled. I believe we all admit that Hong Kong is suffering from a high inflation rate and aggravating problems associated with the uneven distribution of wealth. The living standard of the general public is on the downturn. Although Hong Kong now has the lead among the "Four Little Dragons", when compared with western countries, we are still some way behind. With the inflation rate rising to a two-digit figure, the living standard of the grassroots has dropped. The Government, however, has not taken any remedial

measures to redress the situation. Worse still, it has approved the importation of more workers from other places, thus seriously undermining the employment opportunities and job security of local workers. At a time when livelihood of the general public is at risk, measures have been taken by the Government to protect the interests of some British companies and large consortia so that with the rich resources of the community, they could make more profits. All these reflect that the Hong Kong Government has not reckoned with the problems concerning the livelihood of the people, so much so that in future the rich may become richer still whilst the poor may become more impoverished. Regarding the basic requirements the new Governor should meet, I would think that the foremost and essential thing is that he or she must place due regard on the livelihood of the people of Hong Kong and is experienced in solving related problems. We strongly believe that the most senior official of the territory must meet this requirement and treat the people's livelihood as an important issue. If he or she cannot understand the problems of the people, cannot solve the problems and has no experience in solving the problems, he or she is not a good Governor. Even an excellent diplomat, a China expert or an all-rounder is not comparable to somebody who can maintain a stable society and raise the standard of living of the people. It is believed that many people feel there is nothing they can do. They feel that they have no say, but can only hope that the new Governor will turn out to be a good one. However, as Members of the Legislative Council, especially during the transitional period in the run-up to 1997, we should take the initiative and help them shake off such ideas and fight for a Governor who meets our requirements. It is of great importance that Hong Kong people behave positively and have initiatives during the transitional period. I therefore would like to suggest that the Hong Kong Government should conduct a scientific opinion survey to find out from the people of Hong Kong what they consider should be required of the new Governor and reflect these opinions to Britain so that the British Government knows what kind of Governor the people of Hong Kong want. This will not only keep Britain informed of the opinions and concerns of the people of Hong Kong, but also stimulate discussions among the public through the survey which will serve as a good opportunity for civic education.

To sum up, I have two points to make on choosing our new Governor. Firstly, the Governor must be a person who places due regard on the livelihood of the people of Hong Kong and he or she must have experience in solving problems in relation to people's livelihood. Secondly, I request the Government to conduct a scientific opinion survey to collect the opinions of the Hong Kong people on the new Governor, and reflect the opinions to the British Government. With these remarks, I support

Mr Martin LEE's motion.

MR SIMON IP: Mr Deputy President, as Hong Kong approaches 1997, few issues can be more important than its leadership during the next five years.

Of the many responsibilities of the new Governor, none can be more important than continuing to encourage Hong Kong people to take responsibility for themselves and allowing them to govern Hong Kong.

The new Governor must ensure that the promise for Hong Kong's autonomy as provided in the Joint Declaration and the Basic Law is respected. He must be a person of vision who can translate that promise into reality.

The new Governor must promote Hong Kong's interests even though they may conflict with those of Beijing or London. He must build a relationship between Hong Kong and China of mutual understanding, trust and respect. He must remove China's doubts and suspicions of Hong Kong's motives and actions as Hong Kong asserts its high degree of autonomy.

The new Governor must maintain the initiatives in the areas of environmental protection, improved educational opportunities and social welfare programmes while promoting the economic well being of Hong Kong.

What skills and experience must an individual possess to meet the high expectations of the Hong Kong people and to manage successfully the challenging responsibilities that lie ahead?

First and foremost the new Governor must be an effective and skillful leader. His leadership skills will be invaluable in gaining the trust of Hong Kong people and carrying their hearts and minds across the threshold of transition to a future with China. He must have influence in London and respect in Beijing.

He must possess a flair for diplomacy, politics and administration. He must sense the changing local political landscape and know how to handle a more democratic and at times adversarial legislative body without reducing the efficiency of governance. He must be able to unite different interest groups at times of conflict in pursuit of the common good.

He should possess extensive knowledge about Hong Kong, China and the region. This will allow him to be immediately effective without a long learning curve.

The skills required to face the tasks ahead will be difficult to find in any one individual. In choosing a new Governor, the search must be wide. The skills are not just those of a career diplomat, or of a respected Sinologist, or of a politician. The new Governor must be a convincing figure at a business conference, at a market place or in the Great Hall of the People.

Whether our new Governor be appointed from Britain or Hong Kong, whether he be a diplomat, a politician or an administrator, he must possess the skills and qualities required to lead Hong Kong successfully towards 1997.

Mr Deputy President, I prefer the general wording of Mr YOUNG's motion to the more specific wording of Mr LEE's or Mr CHIM's proposed amendments. Being specific in wording in my view is unnecessary and has the disadvantage of being limiting at the same time. It also leads to unnecessary disagreement and debate over wording. The general wording of Mr YOUNG's motion allows all Members of this Council to express their views as they wish which views will then be conveyed to Her Majesty's Government if the motion is passed. I support Mr YOUNG's motion.

DR LAM KUI-CHUN: Mr Deputy President, Paragraph 1 of Article 7 of the Letters Patent defines the role of the Legislative Council as one of providing the Governor with advice and consent in making laws for the peace, order and good government of the Colony. That does not include offering advice to the Queen on the choice of person to be Governor. Therewith I believe this motion for debate including the amendments is outside the ambit of this Council.

DR CONRAD LAM (in Cantonese): Mr Deputy President, to put into effect the Sino-British Joint Declaration and to set up a democratic political system are tasks which the Governor of Hong Kong should undertake. The Communist regimes in Eastern Europe and the Soviet Union, after decades of practice, have ultimately turned out to be a failure and crumbled. This has proved that a political system without a human base is full of shortcomings and incompatible with the times. From a nationalistic point of view, the return of Hong Kong to China after 1997 is an extremely happy event. The Chinese can finally join their big family. However, Hong Kong people, who are used to a capitalist way of life, will find it very difficult to accept or adapt to the change if they suddenly have to live under an outdated socialist system. It was

to solve this problem that the Sino-British Joint Declaration was instituted. In 1984, the Joint Declaration was happily accepted by the majority of Hong Kong people because they believed that the Chinese Government and the British Government would implement the Joint Declaration they had jointly signed. What happened later was that we saw both Governments giving interpretations on issues touched upon in some grey areas of the Joint Declaration and this has given us a feeling that the primary spirit of the Sino-British Joint Declaration, that is "one country two systems and Hong Kong people ruling Hong Kong" is seemingly fading away. No doubt we are all striving for the stability and prosperity of Hong Kong. Our main aim in fighting for a democratic political system is to enable the public to have greater participation in their own affairs under fairer circumstances. A democratic political system and stability and prosperity complement rather than contradict each other. If we conduct an opinion survey, I am sure it would show that the absolute majority of the citizens of Hong Kong are in favour of maintaining the capitalist lifestyle and are against a dictatorial government. Hence, the new Governor must be able to implement the Sino-British Joint Declaration impartially, introduce a democratic political system, improve people's livelihood, enhance the transparency of the government and strengthen the confidence of the people of Hong Kong. I believe citizens expect the new Governor to be able to speak to them from the bottom of his heart. This would avoid repeating history as after the Sino-British Memorandum of Understanding was signed, the Governor still said no progress had been made on the airport project.

Today, having heard the three motions in this Council, I have the feeling that we can draw a parallel between choosing a governor and choosing a wife. Regarding Mr Howard YOUNG's motion, it seems as if any woman would do for a wife and that one may freely choose and freely take what one likes. For the United Democrats, the wife must also conform to four principles apart from the requirement that she has to be a woman. Mr CHIM Pui-chung wants to add one more condition, and that is the consent of her rich and powerful mother. Everyone has the freedom to express his criteria for choosing a wife; therefore I shall not speak against any motion. However, regarding the establishment of a democratic political system in accord with the Basic Law and the actual environment as mentioned by Mr CHIM Pui-chung, there are two points that I would like to discuss with him. Firstly, regarding the actual environment, in the event of the recurrence of the June 4 incident with over a million citizens going to the New China News Agency to protest and demonstrate, would there be suggestions that the Governor should go together with them or head them? This is the actual environment. Of course, when Mr LU Ping visits Hong Kong, it will be

another actual environment, and in actual fact such an actual environment has become a reality. The other point is the relation between the Joint Declaration and the Basic Law. As a matter of fact, the Joint Declaration was made prior to the Basic law. The Joint Declaration is a foundation. Therefore, I believe that we would have attained our major principle if we require the future Governor to be able to carry through the Joint Declaration. A point to be noted is that the Governor is the representative of the Queen in Hong Kong and directs the administration of Hong Kong. The Basic Law can be amended through the National People's Congress. Suppose the Basic Law is amended again and again, does that mean the Queen's representative will dance elegantly to the tune of music played by the Chinese Government? Mr Deputy President, members of the United Democrats have principles. That is why Mr SZETO Wah and Dr YEUNG Sum are still single. I believe members of the United Democrats will support the principled motion of our leader Mr Martin LEE.

MISS EMILY LAU: Mr Deputy President, I rise to speak in support of Mr Martin LEE's amendment to Mr Howard YOUNG's motion. I do not support Mr YOUNG's motion because I regard it as too vague and empty. I think we should use today's motion debate to send a clear and strong message to London of our concern and displeasure at the way that the whole matter has been handled.

I do not support Mr CHIM Pui-chung's amendment because I hope the political system laid down in the Basic Law regarding the number of directly elected seats in the Legislative Council can be increased to more than 20. I for one, Mr Deputy President, have always supported one hundred percent democracy.

First of all, Mr Deputy President, I want to express my feeling of frustration and concern at the way that the British Government has handled the retirement of the present Governor. The announcement was made by Number 10 Downing Street on New Year's Eve without naming a successor. It is difficult to imagine that a business corporation would handle the change of chief executive in such a cavalier and thoughtless manner. Thus it is amazing and insulting that the governorship of Hong Kong should be handled in this way. Consequently, it is not surprising that the British Prime Minister's decision has caused confusion and dismay.

I regard London's unfortunate handling of this important matter as the epitome of the British Government's lack of concern and regard for the interests of the people of Hong Kong. In cases of conflicts of interests -- and I regard this current

controversy as one of them since I think Mr John MAJOR's decision was probably prompted by domestic political reasons in the United Kingdom -- we can see that the British Government has no hesitation in sacrificing the interests of the Hong Kong people.

When I was in London last week, Mr Deputy President, British Government officials and Members of Parliament told me they were surprised by Hong Kong's negative reaction. This indicates they do not have their finger on Hong Kong's pulse, nor did they bother to ascertain the local situation before they made such an important decision. British Government officials and Members of Parliament also confirmed that the next Governor will not be appointed until after the British General Election. This indicates that the political parties, and the major ones, meaning Labour and the Conservatives, I think have already got their own candidate in mind, and of course it is not the same person so that is why they cannot make the appointment now; and they have agreed that whoever wins the election will make the appointment.

British Government officials and Members of Parliament told me, if we think the present arrangement is unsatisfactory, we may be in for a nasty surprise because if the British General Election results in a hung parliament, and there is every chance of this coming about, the coalition government may want to go to the country again very soon in order to try to get a majority in Parliament. Should that happen, Hong Kong will most likely remain in limbo for goodness knows how many more months until the political scene sorts itself out.

I also got the distinct impression in London that both major parties intend to use the post of the Hong Kong Governor to pension off a senior politician whom they do not want to appoint to the Cabinet, or to an ex-politician who may have some political advantage to offer a particular political party. I have good reason to believe that my fears are well founded and if that is the case, Hong Kong is in danger of ending up with a Governor who knows little about the Colony and cares even less.

I want to use today's occasion to voice my anger and revulsion at Hong Kong being treated in such an irresponsible manner.

When I was in London, Mr Deputy President, I was asked whom I would like to see as Governor. I replied that I would like to see a local person, directly elected by the people of Hong Kong. I support such an arrangement to select our Governor now, and I hope that after 1997, the people of the Special Administrative Region of Hong Kong can elect their Chief Executive by a universal suffrage.

A list of names has been reported in the British and local media and I was told the next Governor will most probably be chosen from this list. Hong Kong is in such a sorry state, Mr Deputy President, that many of us know very little about the people on this list, let alone comment on who is suitable to be Governor. The fact that the six million Hong Kong people are in this helpless state just five years before the Communists take over is a sad reflection of the British Government's abject failure to prepare the local people for a high degree of autonomy. Successive British Governments' failure to direct the Colonial Administration to groom local people to take over the reins of power will no doubt be regarded as a major blemish in the history of the British Empire.

Mr Deputy President, the question of who will succeed Sir David WILSON is of course important, but I agree with the United Democrats that a more fundamental question is Britain's policies towards Hong Kong. So long as Britain continues to pursue its policy of appeasement with China the interests of Hong Kong people will always be of marginal consequence and will continue to be sacrificed.

Today, I hope we can send a strong message to London of our displeasure with its policy towards Hong Kong, our anxiety about the uncertain future, and our hope, no matter how futile, that we will have a Governor who will be directly accountable to us and who will take our interests as his highest and only priority.

With these remarks I support Mr Martin LEE's amendment to Mr YOUNG's motion.

MR FRED LI (in Cantonese): Mr Deputy President, I would like to use two analogies in my speech today. I think our hands are tied with regard to the topic today, for the British Government would not attach any importance at all to whatever we say.

The first analogy is: Hong Kong works for Britain, a multi-national company, and our general manager is to be replaced, that is to say, the head company in Britain has suddenly issued a memo saying that in view of the likelihood of a change in staff, notice is given that the present general manager in Hong Kong will have to be replaced. However, during these few months, we do not know when he will leave, who will come to take his place, or whether speculations will come true and a local will be promoted to his seat. As a result, a lot of people make guesses and there is much speculation around. Some even worry that a number of people may get fired for this very reason.

So I can see where the root of the problem lies. I am in full support of my colleagues in this Council that such an announcement by the British Government is irresponsible and is unfair to the Governor, Sir David WILSON. We would like to express our support, and we regret what the British Government has done.

The second analogy is about the amendments. The purpose of Mr Howard YOUNG's motion is to make it possible for the full Council to discuss this issue. I, myself, also appreciate very much Mr Howard YOUNG's intention. However, the motion itself is a bit too light in content. My analogy is that if I am just given a bowl of rice and a plate of vegetables, I, of course, can take it, though I am of such a big build. Now, Mr Martin LEE, hands me an additional plate of barbecue pork and chicken. It is better and it is more substantial. That means I am now quite full. However, Mr CHIM at this very last moment, produces another half a dozen of crystal buns. I am unable to take any more. Basically, this is because Mr Martin LEE's amendment has already taken care of all the benefits of the Hong Kong people. We see that it is for improving the standard of living of the Hong Kong people. I think we cannot take it to mean only for the benefit of the lower class or anything else. As a matter of fact, the prosperity and stability of Hong Kong and the livelihood of the people are closely linked together. If our standard of living, which basically means the standard of living of all the people of Hong Kong, is improved, no mention need be made of the question of stability and prosperity and that of transition. What is most unfortunate and most unsatisfactory is that the Basic Law has been used to impose a restrictive framework. What we members of democratic parties find most unsatisfactory in the Basic Law is the chapter on political structure because it restricts the development of democracy in Hong Kong. For this reason, I do not agree to the amendment proposed by Mr CHIM although I quite agree with the words he used later on. By including the Basic Law in his amendment, he has put a "bird-cage" over Hong Kong's political system and restricts its development. As a member of the Hong Kong public who has all along been fighting for democracy, I do not agree to this amendment. Therefore I fully support Mr LEE's amendment to the motion. I object to Mr CHIM's further amendment to the motion. Thank you, Mr Deputy President.

PROF FELICE LIEH MAK: Mr Deputy President, in October last year in my motion of thanks speech I brought up the question of the appointment of the next Governor. In that context I mentioned Hong Kong should be consulted. Since then I have become acutely aware of the difficulties of consulting the divergent views expressed on what sort of Governor Hong Kong should have. Even if it were possible to consult the people

of Hong Kong, the lack of consensus as to who or what characteristics the Governor should possess will force Her Majesty's Government to exercise her judgement.

Since it is neither practical nor possible to be consulted, I support Mr Howard YOUNG's motion for the Government of Hong Kong to convey the views of the general public to Her Majesty's Government for consideration.

It is not entirely accurate to claim that in appointing the Governor Her Majesty's Government has never considered the needs of Hong Kong. Towards the end of Sir David TRENCH's first term in office there was overwhelming support from all segments of Hong Kong's society for him to serve a further term. This request was acceded to by Her Majesty's Government. Judging from public opinion and the track records of Hong Kong's recent Governors, including the incumbent, they have all without exception been well loved and respected. This is further indication that Her Majesty's Government, in appointing the Governor, does what she can within certain constraints to do what is best for Hong Kong. Instead of painting a profile of the future Governor, I would like to concentrate on the needs of Hong Kong. Surely, Hong Kong needs democracy but more importantly we need to demonstrate that democracy works: that it does not lead to a society fractured by special interest groups, that we do not dissipate our energy in selfish and fruitless political bickering, that we do not squander our resources in buying votes with public funds, that we can balance right and responsibility, and that we do not get carried away by populist ideologies.

Hong Kong's only trump card is its economy. Without economic power we have no leverage, and the various buffers that we are now erecting to ensure a high degree of autonomy will be but gossamer threads in a typhoon. The requirements of an unforgiving global economy is such that it does not give us any breathing space. We cannot stop to divide the pie; we have to keep on working to make the pie bigger.

We need to eradicate the cancer from within our society. Organized crime has now extended its tentacles to a wide segment of the population and as always the poor bear most of the burden. Organized crime, by using proceeds from smuggling, extortion and drug trafficking, has the power to control society by corrupting our young, our officials and our politicians.

We need to work with China by putting our differences aside and focus on issues of common interest like economic development, law and order. By working together we shall come to trust and understand each other.

We have to solve the "problem of meshing an administrative state with a democratic society." This, for the present, is our only system of Government. By attempting to discredit it or to politicize the Civil Service we shall sow the seeds of our own destruction.

We need a vision that looks beyond 1997 in order to give hope to those who cannot leave Hong Kong, to anchor those who have the capacity to leave and to serve as a beacon for those who want to return.

Her Majesty's Government has the power to translate these needs into a Governor who will be able to help Hong Kong through these difficult times. In exercising that power Her Majesty's Government must not be sidetracked by political expediency and horse-trading whether it is here or in London.

We in Hong Kong must not set impossible goals for the next Governor and then discredit him for failure to achieve these goals.

Mr Deputy President, with these words I support Mr Howard YOUNG's motion.

DR YEUNG SUM (in Cantonese): Mr Deputy President, before I make my speech, I would like to express my regret at the embarrassment caused by the British Government on the issue of the new Governor.

The United Democrats of Hong Kong (UDHK) has a clear stand in its expectation of the prospective Governor. In terms of requirements, it is hoped that apart from upholding the Sino-British Joint Declaration and building a democratic political system, he will strive for (a) improving the livelihood of the people (b) putting the interest of the Hong Kong people in the first place. I would like to convey the wishes of the UDHK on these two points.

First, regarding the improvement of people's livelihood, Mr Deputy President, our theoretical analysis and actual contact with the community have shown that the ordinary citizens are now having a difficult time. Given the current high rate of inflation, the slowdown of our economy (it is generally predicted that the growth rate will be 4%), massive importation of foreign labour, soaring commodity prices and the real income of some sectors of our community falling instead of rising, the

ordinary citizens are hard-pressed in their living. Owing to the high property prices, the middle and lower class people have to exercise austerity in order to save up for their mortgage repayments. About the well-publicized rose garden project which is said to be beneficial to the whole society, the man in the street can only respond with a forced smile. The ordinary people are not sure whether the rose garden project is beneficial to them, but it is certain that compared with the people in the commerce and industrial sector they have to sacrifice more for the project. Here it shows the unfairness of our society.

Other than the pressure of inflation, the changes in government policy have also put additional burden to the life of the ordinary people. For the purpose of financing the rose garden project, the funding of many social services has been cut back. It is more worrying that the Government is gradually privatizing the social services. As a result of this change in policy, tenants in public housing have to pay double rent and they also cannot afford the purchase price of home ownership flats which is pegged to the market price. Besides, charges in medial services are going to be raised in order to adhere to the principle of users pay. With the competition of a large number of imported workers, underemployed workers have to worry about their job opportunities. Mr Deputy President, the general public are only concerned about their livelihood. In the face of high inflation, economic slowdown and privatization of social services, who can unravel the predicament of the ordinary people? While extolling the stability and prosperity of our society, has the Government ever considered that before we can have prosperity we need to have a stable society, and the key to social stability is to solve the problems of the people in their livelihood. The UDHK emphatically requests that one of the requirements for the new Governor is that he should be able to improve the livelihood of the people and maintain the stability of our society.

Ever since the beginning of the Sino-British negotiations over the future of Hong Kong, many of the policy decisions of the Hong Kong Government have been made with the British interest in mind. The fact that the British Foreign Office has entered into direct negotiations with China and made concessions on quite a number of issues clearly reflects that British interest overrides the interest of the Hong Kong people. Let us just take a look at the issue of the Vietnamese Boat People. In comparison with the Hong Kong people who need to take care of the expenditure involved and bear the pressure of world opinion, the British Government is in a much easier position. Though the British Government is the decision maker of many of Hong Kong's policies on this issue, the Hong Kong people are solely responsible for their implementation

and are the only party which needs to sustain their political implications. Moreover, the decisions on the new airport, the Court of Final Appeal, and the pace of development of representative government clearly show that Sino-British relations have improved. However, these have also led to the share of administrative power between the British and Chinese Governments over Hong Kong before 1997. Mr Deputy President, it may well be asked that who can or who cares to look after the interest of the Hong Kong people. As many of the negotiations are carried out at the diplomatic level by the Sino-British Joint Liaison Group, we are shut out from these negotiations even though we are the representatives of the people. We are very much unhappy about this situation.

Mr Deputy President, the UDHK believes that while the Hong Kong Government is obliged to make the British Government aware of the public views on the new governorship in Hong Kong, the Legislative Council should also make known its views and position in order to clear any possible suspicion that Members of this Council are trying to avoid taking sides on this subject. We must stand together with the general public and express the wishes of the Hong Kong people to the British Government in no uncertain terms. For this reason, we oppose the Honourable Howard YOUNG's motion which is vague in meaning and avoids to state the general stand of the Legislative Council Members. As regards the Honourable CHIM Pui-chung's views which emphasize the importance of smooth transition, I believe that the four requirements suggested by the UDHK, if fully satisfied, will be able to ensure excellent ground work for the smooth transfer of sovereignty. We also feel that it is necessary to amend the existing Basic Law because it fails to adhere to the principle of democracy. In saying that, we do not mean to give neither endorsement nor support to the whole set of Basic Law. Nevertheless, the UDHK finds it impossible to accept its provisions concerning political structure. We hope that as Hong Kong moves into its future, a time will come when we can amend the Basic Law in accord with the wishes of the Hong Kong people to provide for the promotion of a more democratic Hong Kong. Hence, we do not accept the Honourable CHIM Pui-chung's amended motion either.

Mr Deputy President, with these remarks, I support the Honourable Martin LEE's motion.

MR STEVEN POON (in Cantonese): Mr Deputy President, first of all, like many other Members in this Council, I take strong exception to Her Majesty's Government announcing the Governor Sir David WILSON's retirement without naming a successor and

regret the embarrassment thus caused to Sir David. Although I feel that the appointment of the Governor of Hong Kong is a matter for Her Majesty's Government, I do not oppose the Honourable Howard YOUNG's motion which requests the Government to convey the views of the general public to Her Majesty's Government for consideration. The public, after all, have expressed their views.

The Honourable Martin LEE is moving an amendment which adds several requirements to the governorship of Hong Kong. But since these requirements are fitting and justified in themselves, I can raise no objection against them. However, I share the Honourable CHIM Pui-chung's view that the requirements added by the Honourable Martin LEE are not comprehensive enough. On the other hand, the amendment moved by the Honourable CHIM Pui-chung is adding once again several other requirements which are similarly fitting and justified. Therefore I can also raise no objection against them.

But on close examination, there are still many omissions such as that the new Governor of Hong Kong should supervise the construction of the new airport; that he/she should keep traffic congestion at the Tuen Mun Highway under keen attention, improve the hospital services in the northeast New Territories, speed up the repatriation of Vietnamese boat people stranded in Hong Kong, take practical measures to protect human rights, and so on. There is still one more requirement. A certain newspaper is saying today that the new Governor of Hong Kong should speak English and should not be blind. If I should move a third amendment, the document to be submitted to Her Majesty's Government in future would be as thick as an encyclopaedia.

Given that Hong Kong has been under British rule for 150 years and that Her Majesty's Government has signed the Sino-British Joint Declaration with China, it knows only too well what sort of a governor should be appointed to Hong Kong. Is there a need for us here in this Council to set out the requirements of the governorship? Are the requirements specified by us comprehensive enough? Will Her Majesty's Government listen?

Mr Deputy President, and Honourable Members, we in this Council had better not do anything meaningless, not talk nonsense, not play-act (or as people are wont to say: put up a show), and not create an illusion for the people of Hong Kong to dupe them into thinking that Members of the Legislative Council are so mighty and authoritative as to be capable of bossing the British Prime Minister and Parliament around.

In last year's policy debate, the Honourable Emily LAU said she had been described as the little child in the story of the King's New Clothes. And now, I feel as if I were her twin elder brother in pointing out that our discussions over this matter have reached nonsensical proportions.

I hope honourable colleagues will do more practical things for the public and not waste energy and paper on a futile debate.

With these remarks, I have yet to decide which motion to support.

DEPUTY PRESIDENT: In addition to the Members who were originally listed as speaking, both Mr CHEUNG Man-kwong and Mr Martin BARROW have indicated their wish to speak. Before I call them, I will, in view of Members' voluntary restraint on the length of speeches, commend to them the virtue of brevity.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, thank you very much for allowing me to speak even at such short notice. I would like to respond to the amendment motion moved by the Honourable CHIM Pui-chung. As regards the contents of Mr CHIM's amendment, the United Democrats of Hong Kong, as pointed out by the Honourable Martin LEE, have a different view. The part of the amendment we are taking issue with relates to the establishment of a democratic system that would dovetail with the Basic Law and would be workable in practical circumstances.

The Basic Law as a whole is supported by the United Democrats of Hong Kong, who, however, find the constitutional structure provided under the Basic Law undemocratic. We believe the Chief Executive of the future Special Administrative Region Government should be elected by general election and at least 50% of the Members of the legislature should be returned by direct election. These views had gained wide support at that time. We also believe that the Chinese Government should listen to the views of Hong Kong people and through a statutory procedure amend the section concerning the constitutional structure provided under the Basic Law, so that it will become more democratic and fulfil the wishes of Hong Kong people.

Here, I would like to stress two points, namely, Hong Kong people's wishes and statutory procedures.

The Basic Law is the constitutional law for the future Special Administrative Region. Like laws in other countries, it must fulfil the wishes of citizens so that it can keep in pace with the ever-changing world. There is no immutable law in the world because people's concepts and values are constantly changing. We believe a more democratic system will fit the global trend and fulfil the wishes and long-term interest of Hong Kong people.

We must stress at the same time, however, that any amendment to the Basic Law should be made in accordance with statutory procedures and be made openly. One of the reasons for our earlier opposition to the Sino-British Joint Liaison Group agreement on the Court of Final Appeal is that the two Governments concluded arrangements that violated provisions in regard to the Court of Final Appeal as laid down in the Basic Law. There had been no prior consultation with the people of Hong Kong nor amendment to the Basic Law made in accordance with statutory procedures. The two Governments clinched the deal behind closed doors and thereby changed the Basic Law. We cannot accept that.

Therefore, the 14 Members of this Council from the United Democrats are opposed to Mr CHIM's further amendment. We are of the view that the political structure provided under the Basic Law is undemocratic and should be amended in accordance with statutory procedures.

Mr Deputy President, I fully support Mr Martin LEE's suggestion that the next Governor should be a person who is committed to defending the Joint Declaration, establishing a democratic political system in Hong Kong, working on behalf of all citizens to improve our standard of living, and placing the interests of Hong Kong first and foremost at all times. Mr Deputy President, with these remarks, I support Mr Martin LEE's amendment.

MR MARTIN BARROW: Thank you, Mr Deputy President. I shall be very brief. As I said during the policy debate on 30 October 1991, the free play of market forces in a capitalist society and the economic prosperity which they generate is a far more efficient and effective way of improving the living standard of all people than intervention by the Government in economic activity in an attempt to divert these market forces towards particular social or political goals.

It is for these reasons that I support Mr CHIM Pui-chung's amended motion as he has made specific reference to the criteria that the next Governor should be committed to ensuring economic prosperity and a smooth transition.

DEPUTY PRESIDENT: I shall be putting to Members three questions, one question for each of the motions of Mr CHIM, Mr LEE and Mr YOUNG in that sequence. I now put the question to you: That the amendment proposed by Mr CHIM Pui-chung be made to Mr Martin LEE's amendment. Do Members have any doubt as to the subject matter of this question?

Voice vote taken

THE DEPUTY PRESIDENT declared that Mr CHIM Pui-chung's amendment was negatived.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, I claim a division.

DEPUTY PRESIDENT: Mr CHIM, I am afraid you are too late because the voice vote has already been concluded. I have declared on a very strong voice vote that the "Noes" had it. Now that Mr CHIM's amendment has been negatived, we will take a vote on Mr Martin LEE's amendment to Mr Howard YOUNG's motion. I now put the question to you and that is: That Mr Martin LEE's amendment be made to Mr Howard YOUNG's motion.

Voice vote taken

DEPUTY PRESIDENT: We shall need a division. Council will proceed to a division. The division bell will ring for three minutes and the division will be held immediately afterwards. This Council is still in session. I would of course ask Members to observe order.

DEPUTY PRESIDENT: The voting system has now been activated. As has been the case with recent divisions, there will be no countdown. Members are asked first to indicate their presence by pressing the "Present" button and when that has been done,

to vote, if they wish to vote, by pressing either the "Yes" or "No" or "Abstain" button.

MR MARTIN LEE: Mr Deputy President, would you please repeat what we are about to vote on?

DEPUTY PRESIDENT: Yes. We are about to vote on Mr Martin LEE's proposed amendment to Mr Howard YOUNG's original motion. Therefore, if you support Mr Martin LEE's amendment you would vote "Yes"; if you do not support it you would vote "No". Now have all Members, who wish to vote, voted and is there any query? As there is no query, I will ask the Clerk to activate the results.

Mr Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Dr LEONG Che-hung, Mr Jimmy McGREGOR, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr NG Ming-yum, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted for the amendment.

Mrs Selina CHOW, Mrs Rita FAN, Mr HUI Yin-fat, Mr NGAI Shiu-kit, Mr Andrew WONG, Mr Edward HO, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Vincent CHENG, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Mr Simon IP, Dr LAM Kui-chun, Mr Gilbert LEUNG, Mr Eric LI, Prof Felice LIEH MAK, Mr Steven POON, Dr Samuel WONG and Mr Howard YOUNG voted against the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary and Mrs Elsie TU abstained.

5.40 pm

DEPUTY PRESIDENT: The result of the voting is 22 "Yes", 22 "No" with four abstentions. I shall have to call a short break while I work out the solution. (Laughter)

6.00 pm

DEPUTY PRESIDENT: As there is an equality of votes and Standing Orders do not provide

expressly for this event, I am guided by Standing Order 69 which reads:

In any matter not provided for in these Standing Orders, the practice and procedure to be followed in the Council shall be such as may be decided by the President who may, if he thinks fit, be guided by the practice and procedure of the House of Commons of the United Kingdom.

The practice and procedure of the House of Commons, according to Erskine May, is this:

"If the numbers in a division are equal, the Speaker, who otherwise does not vote, must give the casting vote. In the performance of this duty to give a casting vote, the Speaker is at liberty to vote like any other Member, according to his conscience, without assigning a reason; but in order to avoid any imputation upon his impartiality, it is usual for him, where practicable, to vote in such a manner as not to make the decision of the House final, and to explain his reasons, which are entered in the Journal".

Erskine May then sets out three principles which have emerged over the course of time and the only one of these that appears relevant to this case is that a casting vote on an amendment to a Bill should leave the Bill in its existing form. So that affords some guidance by way of analogy with the voting on a Bill. More interestingly, in the House of Lords the practice again is set out in Erskine May and that relevant to the present question reads as follows:

"In relation to all other matters, the practice of the House is governed by the principle that the question before the House shall be decided in the negative unless there is a majority in its favour".

Now I think it is a matter of commonsense that in this case Mr Martin LEE's motion has not received a majority. There is in fact a tie. It could be said on that basis that that amendment has not been carried; but there is a tie, and I am required to give my casting vote. In giving my casting vote I must act impartially and I am guided by the two principles to which I have referred, that in the House of Commons and that in the House of Lords. Accordingly, in the light of those conventions, I give my casting vote against the amendment and that means that the vote in its present state is 22 "Yes" 23 "No" and the amendment therefore is defeated.

MR MARTIN LEE: Mr Deputy President, may I just say we accept your decision and we now support Mr Howard YOUNG's original motion.

DEPUTY PRESIDENT: Thank you, Mr LEE. Mr YOUNG, I understand you do wish to reply. Do you wish to reply in the light of Mr LEE's indication?

MR HOWARD YOUNG: Yes, Mr Deputy President.

MR YOUNG HOWARD (in Cantonese): Mr Deputy President, I rise to move the motion. In view of the wide interest expressed by the public on the change of the governorship, I move this motion in the hope of providing an occasion for Members of this Council to express their views on this issue in the light of public opinion. I think it is a bit unfortunate that some people may have misunderstood my motion, or even regarded it as a political game. Should it be viewed from this angle, the purpose of proposing the original motion as well as the amendments would be defeated.

I would like to respond to the accusation that this motion is an empty gesture. This is not an empty gesture but a broadly-based statement. In fact, as I see it, this motion and the proposed amendments are not mutually exclusive since my motion has also incorporated the spirit of the amendments. The four points raised by Mr Martin LEE in his amendment motion and the other points put forward by Mr CHIM Pui-chung are all acceptable. In this connection, I do not feel that refusing to accept the amendment motion is tantamount to opposing the one I propose. Indeed, if my motion is voted down, even the wish of having our views on the appointment of the next Governor be conveyed to Britain cannot be materialized.

As to whether the content of my motion is substantial, it should not be judged from the wording of the motion but by the speeches of my honourable colleagues. The views expressed are like colours added to a piece of drawing paper. Many views have been expressed and I hope all the opinions put forward by Members today will be conveyed to the British Government who will then take into account views from various sectors, and, after careful consideration, promptly appoint a new Governor. I do not agree that my motion amounts to sending a pile of press clippings to the British Government. If this is so, then adding a lot of requirements to my motion will mean sending a smaller pile of press clippings, or a collection of clippings reflecting the views of a certain political party, to the British Government. I think that all

the valuable comments made by Members today are worth noting, and this is exactly what my motion aims to achieve.

If you ask me which motion is more important, I would say mine is more important, because it represents the views of the general public and those of the various community organizations. I move this motion not for the benefit of a particular political entity, nor for any particular political party. If you ask me who is the greatest: the general public, the Legislative Council or a political party in the Legislative Council, I would say it is the general public whose opinions I respect most. I therefore hope that my honourable colleagues will support my motion which requests the Government to convey the views of the general public to the British Government for consideration.

Question on Mr Howard YOUNG's motion put and agreed to.

FRANCHISED BUS SERVICES ON HONG KONG ISLAND

MR LEE WING-TAT moved the following motion:

"That this Council urges the Government to fully consult and consider the views of the public on matters concerning the bus services on Hong Kong Island before entering into any agreement with any bus operator on franchised bus operation on the Island after August 1993, so as to ensure that such operators will provide quality services and maintain a satisfactory management system under a reasonable fare structure."

MR LEE WING-TAT (in Cantonese): Mr Deputy President, the franchise of China Motor Bus Company Limited (CMB) is due to expire on 31 August 1993. The questions of whether the Government will renew the franchise and details of the new agreement, among other things, will have serious implications on the quality of bus services to be provided for commuters on Hong Kong Island. That is why I move this debate and urge the Government to examine the details of the franchise before its expiry. During the examination of such details, the Government's most important task is to revise the Scheme of Control. It also needs to consider carefully to which bus company the new franchise should be granted so as to ensure provision of quality services to the passengers at reasonable fare charges and that bus services should be run by an operator adopting a modern and sound system of management.

Before discussing the revision of franchise details, I think we must first review CMB's performance. CMB has provided franchised bus services on the Island for 60 years. Honourable colleagues who are well-versed in business operations certainly know better than I that a company's length of existence does not necessarily have any bearing on its performance, efficiency, management and quality of service. For some companies, the longer they operate, the more efficient and reliable they would become. But some others are quite to the contrary. The longer they exist, the more bad habits they would acquire. If such habits persist, then these companies are doomed to be knocked out. If a company does not have a sound and proper system of administration as well as modernized methods of management, it will surely age and die like any ordinary man does. Society will demand its retirement.

A close look at its performance in recent years, indeed, exposes a doddering CMB with an awful lot of major and minor troubles. In November 1989, workers of CMB, dissatisfied with their company's retirement scheme, staged a major strike which paralysed the traffic in Southern District. It also uncovered CMB's chaotic and backward system of management. The NGAN family held fast to the ownership and management of CMB and had never released its management authority to the lower levels. Each and every issue, whether big or small, had to be decided by the NGANs in the Board. Due attention was not paid to the conditions of service of the staff and they were exploited as far as their conditions of service and benefits were concerned. This had resulted in an acute staff/management conflict. Actually, CMB's backward management and substandard services are closely related to the NGANs' inertia and their short-sighted operating method which only takes care of their family interest. All problems of CMB have adverse effect on the public. In 1984, substandard maintenance of a CMB bus had resulted in a serious accident in Happy Valley. Two years ago, money was stolen from fare boxes by CMB staff. Just like elderly people suffering from physical infirmity, instances of CMB buses not running to schedule occur everyday. While these "geriatric troubles" are just minor problems to major shareholders of CMB, they are really big problems to the Island's commuters. Whenever there is a fare increase, the lowly citizens cannot help saying, "The fare is getting higher but the service is getting worse." As bus services are a primary mode of public transport, are the present fares charged at a reasonable level? Is there any direct link between fare increase and improvement in quality of service?

In the 12 years from 1980 to 1991, CMB has raised its fares eight times. This high frequency reached its peak between 1989 and 1991. During these three years, CMB increased its fares annually with the maximum increase being 20% and the minimum

11%. The average increase was 17%. All these figures were higher than the respective inflation rates and wage increases in real terms in that period. As bus services are a most fundamental mode of public transport, any increase in bus fares would not only add to the burden of its users but also push up fares of other modes of transport, which in turn would increase people's travelling expenses. In the end, the general public have to bear a higher cost of living. The Government often stresses that wage increase is the No. 1 culprit for inflation. But is it not true that wage increase is the result of high cost of living? Indeed, curbing price increase of public utilities is a practical way to relieve inflation. CMB's fare increases, which far exceeded the inflation rate, were not driven by higher operating costs alone. In fact, the increases were pegged to the permitted rate of return under the Scheme of Control governing the franchise granted to CMB by the Government.

The Scheme of Control allows CMB to enjoy a permitted return equivalent to 15% of its net fixed assets. When the operating costs have been deducted from the fare income and the balance still falls short of the permitted level, the company may draw on the CMB Development Fund to make up the difference. If it is still not enough, CMB may request for a fare increase. Generally, the increase not only restores the permitted return to the operator, but also provides an injection to its Development Fund. However, while the passenger figures of CMB have continued to fall since 1986, its net assets have steadily grown over the same period. Naturally, the amount of permitted return has gone up too. As a result, the burden of each and every passenger has become heavier. There are many reasons for the decrease in patronage, the major reason undoubtedly being a decline in quality of service. Nevertheless, the frequencies of MTR, minibuses and estate buses are indeed more reliable and their services are more efficient than those of the buses. At present, the general users travel by bus partly because it provides the only direct service and partly because bus fares are cheaper. After all, bus service is the main choice for the lower income people. In the long term, however, it will only be marginally cheaper than other modes of transport. The frequent increases in bus fares in recent years have indeed narrowed the fare difference between the bus and other modes of transport. I must add that as CMB's accumulative Development Fund is getting smaller and smaller, it would not be possible to rely on the Fund alone to make up the permitted return. So, it is necessary to effect substantial and frequent fare increases. This will cause hardship to those commuters who have to count on bus services.

Is there any direct relationship between fare increases and improvement to the quality of bus service? Under the existing policy, the annual profit of CMB almost

amounts to 15% of its net fixed assets. This has nothing to do with the standard and quality of service provided and the change in patronage. This ridiculous phenomenon is entirely the result of the profits protection clause under the Scheme of Control and the failure of the Government to impose strict and decisive measures in monitoring the public utility companies.

In approving an application for fare increase from CMB, the Administration simply acts in accordance with the Scheme of Control Agreement (SCA). In this connection, quality of service is not a factor that has any effect on the annual permitted return of the company. Unlike the mode of operation in the free market, there is no need for CMB to improve its service, change its obsolete management to boost patronage and enhance efficiency in order to go after maximum profit. As a result, passengers are required to pay a higher fare and yet not provided with a better service in return.

On the other hand, the Administration's supervision over public utility companies has neither been tight nor thorough enough. When there is a crisis, the Administration cannot intervene to protect the interest of the public. Its power to monitor the bus companies is extremely limited. At the policy-making level, the Executive Council may veto any application for fare increase submitted by CMB and the Governor may appoint two government representatives to the company's Board of Directors. Apparently, the power of the Executive Council seems very great in this respect; nevertheless, this power of veto has never been used. As in the latter case, only two out of nine members of the Board are government representatives. Moreover, they have to play two conflicting roles at the same time, that is, to act as CMB directors on the one hand and representatives of the public on the other. Although the OMELCO Standing Panel on Transport, Transport Advisory Committee and Transport Department may offer advice to CMB, they are nonetheless regarded as advisory bodies only by the company. Whether such advice will be taken or implemented is entirely up to CMB to decide. Outside bodies do not have much influence on these internal matters of the company. A most vivid example is the CMB driver strike in 1989. After that incident, the OMELCO Transport Panel and Transport Department successfully pressed CMB to employ the service of a consultant agency to look into the company's management problems accumulated over past years. Regrettably, CMB repeatedly deferred implementing the proposals of the report, including, for example, structural reform of its management, creation of the post of general manager, gradual transfer of power to lower levels and step-by-step detachment from the backward family-style operation. At first the NGAN family carried out a superficial reform in accordance with the consultancy report; yet they resumed day to day management only after a brief

period of time. During the past two years, the Transport Department, OMELCO Transport Panel and Transport Advisory Committee have put in considerable efforts with a view to improving the situation, but to no avail. The most irritating thing is that, despite their awareness of the forthcoming expiry of the CMB franchise, the NGAN family are audacious enough to confront the Government and the public. This situation reflects the Administration's ineffectiveness in monitoring CMB. Under such circumstances, how can the interest of the public be safeguarded? CMB certainly has its trump card -- the fleet of 1 000 buses. Is it because of this that the Government holds back from taking drastic action? If CMB thinks so and thus tries to antagonize the Government and the public, and if the Government gives in and agrees to extend the franchise for CMB under the terms of the 1975 agreement, then I am not at all optimistic about the quality of service and the fare level of CMB in future.

Regarding the management problems of CMB, I consider that it is necessary for me to listen to the views of various parties concerned, including those of the CMB Board of Directors. So I requested to have a meeting with Mr NGAN Shing-kwan but was advised by the Public Relations Manager of the company that Mr NGAN was away from Hong Kong. I then asked to meet other board members from the NGAN family but they turned down my request. This situation can only reflect one thing, that is, in the eyes of the NGAN family, CMB is a "private family business" rather than a service-oriented public utility company.

The Hong Kong economic environment in the 1990s is obviously quite different from that in the 1970s. Today, we need not concern too much about inadequate investment. As a matter of fact, Hong Kong is an international city where businessmen are always rather handsomely awarded for their investments. It is therefore my view that the way of thinking of CMB is extremely naive. I am convinced that with the agreement on bus franchise suitably amended, people on Hong Kong Island could enjoy a better provision of bus services.

Inflation has always been our number one enemy. But on the other hand, with a more and more open system of government and a gradual upsurge of civil rights, we must embody the right of the public to monitor the performance of public utility companies. As such, I believe that the terms and conditions governing the franchise must be amended to facilitate developments in:

- (i) curbing fare increase;

- (ii) establishing a tie between the company's profit margin and its business condition;
- (iii) introducing an element of competition; and
- (iv) enhancing public and government monitoring of the company.

My specific proposals are as follows:

First, regarding the Scheme of Control, consideration could be given to a total deletion of all profit protection clauses in the SCA. Another alternative is to amend the Scheme of Control such that the permitted return (15% of the net fixed assets of the company) is replaced by a reasonable margin with upper and lower limits. The lower limit should be set at a return rate payable as if the shareholder capital is used for no-risk investments. If the annual revenue derived from fare charges reaches the lower limit after deduction from it the profit for operating cost and the reserve for the Development Fund, no fare increase should be allowed. If the profit exceeds the upper limit, then the amount exceeding the limit should go to the Development Fund. This method of calculation could, on the one hand, reduce the rate of fare increase and on the other hand, establish a tie between the profit margin and the company's business condition, encourage shareholder investments, improve operational efficiency, help provide better services, increase patronage and also guarantee a certain profit to the shareholders.

Secondly, I am in favour of introducing an element of competition to end market monopoly by a particular operator. Operational efficiency and provision of better services could be achieved through competition. A more fundamental reform is to divide all franchised bus routes into certain route groups. Each group should comprise some busy and more profitable routes and some less busy and hence less profitable or may be even loss-incurring routes so that the operator may operate under a viable condition. All route groups should be granted through open bidding. There should not be any guarantee on profit, as in the case of the existing franchised bus route 12A to McDonnell Road. If the approach of "introducing competition to end monopolization" is adopted, then the monitoring organization can be more thorough in exercising its power and push the operators to conduct necessary reforms. Let us imagine, if there are already a number of franchised bus companies of considerable size on Hong Kong Island which may readily substitute CMB, can the latter still insist on running contrary to the views of the public?

Thirdly, as CMB has often been complained in recent years (for example, buses not running to schedules), Transport Department has to conduct investigations frequently to monitor the standard of its services. It is quite unreasonable, I should say, that the substantial government resources involved in such monitoring have to be paid from public moneys. Therefore, I suggest that reference should be made to the practice adopted by the Housing Authority in the "Private Sector Participation Scheme", under which the cost of engaging site surveyors is borne by developers. This means that franchised bus companies, under the new franchised agreement, will have to pay an annual levy to the Transport Department to cover expenses incurred from monitoring bus services.

Fourthly, in case the general public are affected as a result of the franchised bus companies' maladministration and their failure to provide services in accordance with the franchise agreement, (for example, the strike in 1989 and CMB's mismanagement of its provident fund scheme) the companies should be penalized. The loophole in the existing legislation is that any fine imposed on a bus company may add to the operating costs of the company; so in the end it will still be the public who are to bear the burden. I suggest that a penalty clause should be included in the agreement, specifically providing for the situations under which franchised bus companies should pay the penalty. As for enforcement, Transport Department may take up the responsibility. Also, the fine should not be included in the operating costs but should be deducted from the profits for shareholders.

Fifthly, to ensure that the public are provided with reliable and better bus services, the Government should carefully and critically select those bus companies that have proper systems of management and modernized methods of operation before entering into any new franchise agreement.

Sixthly, there exists another loophole in the present bus franchise agreement which provides that the Government should not grant any two substantially overlapping routes to different companies. This has limited the capability of the Transport Branch or the Transport Department in inviting more companies to operate a new route, thus denying the public of the quality service which they should have enjoyed in a competitive market. I am therefore of the view that review should be taken in this regard before new agreements are entered into by the Government.

All these are just my initial proposals. I suggest that their feasibility and possible consequences should be examined in detail. Since over 1 million people will

be affected by the bus service on the Island, and despite the expiry date for the bus franchise on the Island being 31 August 1993, we have in fact very little time left because any change or improvement to the franchise agreement has to be made before 31 August 1992.

I hope that the Transport Branch, after consulting this Council and the public, will, as soon as possible, negotiate with the CMB and any other interested companies regarding the provision of franchised bus services on Hong Kong Island. I also hope that this Council and the public will be consulted and their views taken into full account before the Government embarks on the negotiation.

Question on the motion proposed.

MRS SELINA CHOW: Mr Deputy President, ever since the massive strike by China Motor Bus drivers in November 1989, the sound management of that company has been called to question and has come under increasing public scrutiny. As a result, public and media pressure have built up on the Government, represented in person by the Commissioner for Transport on the company's board, to increase its supervision of the running of the company so that the public interest can be adequately protected.

As a member of the OMELCO Transport Panel, I and my colleagues have been regularly briefed on the progress of the company, in particular the management review conducted by Peat Marwick with detailed recommendations as to how the management can be and should be improved in such a way as to bring its service up to a standard in line with public expectations. Up to now I understand that in spite of the fact that some of the recommendations have been adopted, the out-dated and stubborn attitude that has characterized the senior management of the company has remained, and improvements that are long overdue are yet to be realized.

Figures over the last four years on staff shortage, staff per licensed bus, bus defects per bus examination, bus accidents per million vehicle-km, and customer complaints, have consistently illustrated that CMB's performance lags far behind KMB (appendix). My personal view is that in the last few years far too much public resources have been spent on the monitoring of the China Motor Bus Company. In fact efforts spent have strayed beyond simply monitoring. The Administration, the Transport Advisory Committee, and the OMELCO Transport Panel and the district boards of Hong Kong Island have all contributed ideas and suggestions, which they all hope

would help to improve the various unsatisfactory aspects of the company. CMB is a commercial enterprise, albeit with a very wide consumer base, and it is nobody else's business but its own to come up with measures to meet the demands and requirements of its customers within the realms of viability. The problem is that the existing franchise does not offer for the usual market mechanisms to work as check and balance. Its de facto exclusivity has become a shield to protect the operator from competition and comparison, while the Scheme of Control is perceived and criticized as a guarantee of profits against the interest of the passengers.

The expiry of the present franchise in 1993 is the earliest available opportunity that the present situation can be changed, and the public would expect the Administration to use this opportunity well, by taking into consideration all the views that have been put forward by the various channels of consultation available to it so far, and to examine closely the many useful and positive suggestions voiced in this debate before deciding on the policy of bus franchise for Hong Kong Island beyond September 1993.

I believe the solution lies in the introduction of competitive tendering for some of the routes, so that a second operator can be allowed onto the market to pose the competition that is needed to stimulate performance of the existing franchisee. In removing the exclusivity, the need for a Scheme of Control is also removed, and the question of guarantee profit no longer applies. While a lot of thought has to go into how the packages of routes should be designed to enable both operators to make a profit, it is important to ensure that approval of fare increase remains in the hands of the Government. This is consistent with prevailing practice.

In addition, monitoring by the Government must be improved by imposing more of the task of reporting on the franchisees. In other words regulatory supervision on operational matters such as with other forms of public transport operating with non-exclusive franchise has to be done on the initiative and at the cost of the franchisees, and undertaken or audited by a third party that can be relied upon to ensure the accuracy and integrity of the reports. Such arrangement can save considerable public resources which are currently employed to do the job. It could mean quite substantial saving on surveys conducted by the Transport Department, which has been deploying much manpower and resources to this task, particularly in these last few years when public accountability has placed an increasing burden on the responsible officials.

Further, the Administration should take this opportunity to abolish official representation on the boards of these franchised companies so that its authority and responsibility as a monitor of public interest is not seen to be compromised in any way.

Mr Deputy President, I support Mr LEE's motion.

Appendix

CMB and KMB

Some comparisons

CMB		KMB	
Oct - Dec 1990	Jan - Jun 1991	Oct - Dec 1990	Jan - Jun 1991

1. Staff shortage

- drivers	57	68	186	330
(establishment)	(1 450)	(1 450)	(5 762)	(5 920)
- maintenance staff	113	121	23	46
(establishment)	(1 135)	(1 135)	(2 753)	(2 643)
- management staff	14	11	18	28
(establishment)	(195)	(195)	(2 316)	(2 282)

2. Staff per licensed bus

- drivers	1.48	1.51	1.94	1.90
- maintenance staff	1.06	1.10	0.95	0.88
- management staff	0.19	0.20	0.77	0.77

	CMB		KMB				
	Jan - Jun		Jan - Jun				
1988	1989	1990	1991	1988	1989	1990	1991

3. Bus defects

no. of defects per	7.09	5.96	6.28	5.52	5.83	4.56	4.91
5.18							
bus examination							

4. Bus accidents

per million	8.80	7.40	7.50	6.70	4.96	4.69	4.55	4.30
vehicle-km								

5. Customer complaints

no. of complaints	2.34	2.33	1.97	2.03	0.93	1.45	1.25
1.35							
per million passengers							

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, in the old days, businessmen used to talk about "making a small investment to bring a ten-thousand-fold profit". This was particularly true in the case of major public utility companies which were awarded renewable franchise agreements and promised an annual profit by the Government who feared that no one would be interested in operating the utilities. However, time has changed. As Hong Kong's economy flourishes, more and more consortia prepared to bear the risk of investment have emerged. Coupled with heightened public consciousness of consumer rights, "making a small investment to bring a ten-thousand-fold profit" is no longer the order of the day. Taking its place is the principle of "survival of the fittest". If investors are not prepared to be progressive to keep abreast of the development of society, they can hardly evade the fate of elimination.

The above theory is applicable to our motion debate today on the bus franchise for Hong Kong Island. The China Motor Bus Company has been holding the franchise for operating bus service on Hong Kong Island since 1933. It was only in 1975 that the franchise was modified into a route-based one. However, negotiation on the extension of the franchise for the CMB in recent years has given rise to criticisms from the public. It is generally thought that the CMB should not be granted a renewal because the company leaves much to be desired in terms of its operation policies, its attitude towards long-term investments and the quality of service. Had it not been the repeated warnings from the Transport Department and the Transport Advisory

Committee and the unprecedented move by the Government to tender out one of the routes last year, followed by repetitive efforts urging the company to implement the recommendations of the consultants' report, it would be hard to imagine what would have become of the CMB's service today.

Despite marginal improvements, CMB services still fall short of public expectation. According to Transport Department statistics, the Transport Complaints Unit received a total of 664 complaints lodged against the CMB in the year ending 30 September 1991, relating mainly to inadequate runs, impunctuality, time-worn buses, excessive fares and impolite drivers, and so on.

In view of the above, I think the Government can hardly make a good account to the public if it should go ahead with extending the franchise unconditionally for CMB. As a number of consortia have indicated interest in operating bus routes on Hong Kong Island despite the fact that the only tendered out bus route is now operating at a loss, it demonstrates that public utilities do have good business potentials. Therefore, the Government should gradually open up bus routes on Hong Kong Island for tender by interested parties. I believe that competition will bring improvement and reasonable fares and quality service can thus be guaranteed.

Finally, I would like to appeal to the Government to take fully into account the views of the public in formulating policies regarding bus routing and fares because only the end users will know best what they need. The Government should keep bus service under regular review and make available relevant information for public scrutiny to allow the public a role to play in monitoring the bus service.

Mr Deputy President, with these remarks, I support the motion.

MR ANDREW WONG (in Cantonese): Mr Deputy President, a motion debate was held by the Council on 13 November last year on the Profit Control Scheme relating to public utility companies. Earlier on, an adjournment debate was also held on 13 March regarding the franchised public transport services of Hong Kong. Today, I would only reiterate my long standing suggestion, for example, all bus routes should be put up for public tender so that the public can enjoy a cheap and quality bus service.

At present, the Profit Control Scheme relating to bus companies has in fact been reduced to becoming a Profit Guarantee Scheme. With a high level of permitted rate

of return, it can even be said that the scheme is a guarantee of huge profit return. How come the bus companies can enjoy such a "preferential treatment"? We must look back on the past to examine the formulation of the present Ordinance on public bus services in 1975.

When the Bill was then introduced into the Legislative Council, it carried three main features which could be regarded as good ideas. Firstly, regional franchises held by bus companies in the past were to be replaced by a franchise on a route-by-route basis. Secondly, bus routes were to be put up for tender. Lastly and the most important of all, it was originally suggested in the Bill that the Government had the right to levy extra taxes on excess profits. This, in my view, is very important because, under the extra tax arrangement, bus companies will normally plough back the excess profits for improvement of service, and any improvement to the service will eventually benefit the travelling public. Regrettably, the then Legislative Council ad hoc group to study the Bill voted against this proposal which was later replaced by the Profit Control Scheme. The permitted returns for CMB and KMB were fixed respectively at 15% and 16% of the net fixed assets of the company. Such a difference in rates was due to different base year for property valuation. The situation today is caused by this amendment.

It is worthy of mention that the original spirit of the Bill has not been realized since its promulgation in 1975. Although it has been stipulated in the Ordinance that bus routes can be put up for tender, it seems that the Government has reached an understanding, sort of tacit agreement, with the two bus companies to grant them the priority to operate new routes. Thus bus routes or route franchises have in reality become regional franchises. It was not until 29 January last year that the Executive Council decided on a new approach in which certain new routes are to be granted by tendering. Only then can the original spirit of the Ordinance be realized. To be fair, I would say that this change in nature of bus franchise has had different impacts on the two bus companies. In the past ten years or so, a number of new routes have been granted to KMB because of the rapid development of new towns. On the other hand, given the geographical constraints of Hong Kong Island, CMB has been left with no room for development. If the service of CMB is considered to be substandard, that will be, to a certain extent, the result of this change of route franchise to regional franchise.

Mr Deputy President, Mrs Anson CHAN, the Secretary for Economic Services, once pointed out the two main principles in connexion with the operation of the Profit

Control Scheme. Firstly, to ensure that users can obtain effective and reliable services from the service operators at a reasonable fare. Secondly, to ensure that people investing in public utility companies can get reasonable return. In this way, further investments would then be made and the companies would have the necessary funds to meet the incessant demands and improve their services.

However, these two principles are to the liking of neither the operators nor the consumers. Consumers consider the bus fares unreasonable and services unsatisfactory, whereas the bus operators think that their returns are not at a reasonable level. Some public utilities, such as the supply of electricity, are considered to be a natural monopoly, but what about bus services? Should it be considered as a natural monopoly as well? Must we grant them a regional franchise?

Mr Deputy President, the franchise of CMB will expire on 31 August next year. It is high time to review the franchise and conduct a comprehensive review on the relations between bus services and Profit Control Scheme. Should the scheme be retained? Is it appropriate to monitor public utilities by this scheme? If the scheme is to be retained, should the permitted rate of return be fixed in accordance to average net fixed assets or the shareholders' capital or a combination of both factors at a certain ratio? Is the maximum permitted rate of return at 15% or 16% too high?

Mr Deputy President, in my view the Profit Control Scheme need not be retained for the provision of bus services.

Hong Kong is a free economic society. In the long run, all bus routes should be put up for public tender. A number of bus companies should be invited to compete freely and bus routes should be granted to the lowest bidder. In this way, there is no need to have the Profit Control Scheme and the public can benefit from the free competition of bus service. I thus appeal to the Executive and the Legislative Councils to have the courage to make right their wrongs. No longer should the scheme of profit control a condition for the provision of bus services.

Mr Deputy President, with these remarks, I support the motion.

MRS PEGGY LAM (in Cantonese): Mr Deputy President,

A review to be co-ordinated centrally and conducted at the district level

The franchise for China Motor Bus Company (CMB) will expire in August next year. Members of the public are very concerned about whether its franchise will be renewed. For the Government, it is indeed suitable time for conducting a comprehensive review and extensive consultation on the overall service provided by the CMB, including the professional ethics and driving skills of its drivers, bus frequencies and fare policies, so as to come up with an agreement with the company reflecting fully the opinions of the passengers and the interests of the public.

The CMB management said recently that it would install additional telephone hotlines for members of the public to lodge enquiries and express opinions. This is an encouraging development. However, to gauge public opinions on the service fairly, objectively and comprehensively, the Government must attend to the job through independent and effective consultation on a wide basis. Since there are many CMB bus routes covering a large geographical area, the consultation exercise involves much administrative work and local contacts. Therefore, the exercise is best co-ordinated centrally and conducted at the district level.

I therefore propose that the Transport Department be held responsible for the co-ordination work while traffic and transport committees of the four district boards on Hong Kong Island will gauge the views of the residents by conducting consultation on a wide basis. In fact, residents of different districts have their unique transport needs and traffic problems. The traffic and transport committees of district boards are well informed of the traffic condition of their own districts; thus they are in the best position to communicate with and consult the residents and bus passengers concerned. After collation, the district-based opinions can form an effective foundation upon which the Government can make decisions and formulate agreements.

Discontent of the district boards

In fact, the four district boards on Hong Kong Island, namely, Wan Chai, Eastern, Southern and Central and Western District Boards have been very concerned about their local bus service. I will perhaps summarize the discontent the four district boards felt with the Island bus service into three points:

Firstly, buses are not operated according to schedule. There are always lost

journeys, making passengers late in their commitments and creating long queues at bus stops.

Besides, more and more district board members and residents are concerned about the air-conditioned bus service on Hong Kong Island. It was reported that the CMB had acquired a total of 63 air-conditioned buses costing \$85 million. While most of the buses have been deployed to established routes, the rest are serving five trial routes, namely, Braemar Hill to Central, Kennedy Town to Happy Valley, Lei Tung Estate to Central, Ap Lei Chau to Central and Chi Fu to Causeway Bay. Though the replacement of ordinary buses by air-conditioned buses means an improvement of service, the costs of purchasing and operating air-conditioned buses are relatively high. On top of this, the Government rules that bus routes operated by air-conditioned buses must be self-financed, that is, they cannot be cross-subsidized by parallel routes operated by ordinary buses. As such, bus fares of air-conditioned buses are much higher than those of ordinary buses running parallel routes, and most residents do not wish, or cannot afford, to take the former in the long term.

Some district board members opine that the 85% to 100% additional fare imposed by air-conditioned buses is unreasonable. It is especially so in respect of certain routes with most of their passengers being students because it is indeed illogical to make the students pay for such high fares.

Some district board members are also very concerned about whether the air-conditioned buses will affect the schedules of ordinary buses. Since the CMB intends to turn 50% of its fleet into air-conditioned buses which will definitely reduce the frequencies of ordinary buses, passengers will undoubtedly be given no alternatives but have to board the more expensive air-conditioned buses.

Many district board members also criticize the fare policy of the CMB. A case in point is the Southern District Board members who generally feel there is an excessive difference in fares between bus routes serving the Southern District and other districts, which is an injustice to the Southern District residents. The district board members demand that bus fares for the routes serving the Southern District be calculated on the same basis as those serving other districts. That is, bus fares should be levied in proportion to the length of the bus journey in kilometres, rather than differentiating the routes on Hong Kong Island into the Southern District and non-Southern District ones.

Heeding public opinions

I hope the Government will not only consult public opinions on a wide basis but also incorporate the opinions into the final agreement signed with the bus company. Otherwise, passengers will become increasingly discontented and monitoring work will turn increasingly difficult, while the Government will be criticized for failing to fulfil its obligations.

In fact, the Government does encourage public transport organizations to set up passenger consultative groups to collect passenger opinions on a regular basis. While the KMB, KCRC and MTR have heeded the advice of the Government, the CMB is hesitant to follow. I heard that the Government had written to the CMB management recently on the proposal, but to no avail. It is indeed regrettable if the case is true. Though the CMB undertook to set up additional telephone hotlines and deployed its "good-will buses" on several occasions to solicit the views of the public, the gesture is far less effective than the setting up of a passenger consultative group.

Open competition

As the bus service on Hong Kong Island has been much criticized, it is indeed necessary for the Government to review the whole concept of "franchised operation". What worths deliberation is whether the Government is providing excessive protection for the CMB to strip it of the professional spirit of "serving the customers first and foremost". And, will a comparatively commercial setting created by open competition facilitate the operation of bus service on Hong Kong Island?

I firmly believe that introducing competition will effectively improve the bus service. Take the example of our neighbouring Singapore. With open competition, the bus service provided for the public is of a high standard and the public are much contented. At present, the CMB is operating about 120 franchised routes. I think the Government should seriously consider releasing some of the routes for public tender. Perhaps some people think that the daily ridership of buses is on the decrease and it is unrealistic to open the market for competition. However, with social prosperity and economic development in Hong Kong, the overall market for our mass transportation system is expanding. In the five years between 1985 and 1990, there was a total increase of 371 million passenger trips for the transportation system. The bus company yet failed to benefit from this increase. Does it reflect mal-management on the part of the company? In fact, while the MTR has inadequate

capacity to cope with passenger demand during rush hours, many residents prefer to take buses which are cheaper in fares and can penetrate various far away places. Thus with effective management, there is not only ample space for the bus service to operate but also great potential for it to develop. From the market point of view, it is absolutely feasible to release the bus routes for open competition.

For the operators of franchised bus service on Hong Kong Island, the prime issue for them is to strike a proper balance between commercial interests and social responsibilities. That is to say, they are held responsible to the public and the Government in addition to being accountable to their company shareholders.

Mr Deputy President, with these remarks, I support the motion.

MRS MIRIAM LAU (in Cantonese): Mr Deputy President, public bus is the basic form of mass transport. Public buses carry an average of 3.5 million passenger boardings a day, representing a 35% share of total ridership carried by all modes of transport. The quality of bus services is thus closely related to the everyday life of the general public. The Government has all along adopted a franchised bus policy to monitor private bus operators through franchises and Profit Control Scheme. The policy aims at ensuring that consumers can be provided with an adequate and quality bus service at a reasonable price, while bus operators and investors can get a reasonable profit return. Recently, the franchised bus policy and the two franchised bus companies have frequently drawn a lot of criticisms. In the past, the Government always said that the franchise agreement cannot be amended unilaterally and hence its inaction to amend the policy. However, as the franchise of the China Motor Bus Company (CMB) is due to expire in August next year, the Government must face the problem squarely before making a decision on extending the franchise to CMB. It must seriously conduct a comprehensive and critical review on the implementation of the franchised bus policy over the years and practically monitor the bus companies to ensure that the interest of bus passengers, operators and investors can be well served.

As is commonly known, the Profit Control Scheme is that part of the franchised bus policy mostly criticized and queried. The scheme stipulates that the annual profit of the franchised bus company must not exceed a specified percentage of its net fixed assets (15% for CMB). Despite this percentage as an upper limit for the profit of the bus company, for the five years between 1985-90, CMB has managed to obtain the permitted return (before the deduction of interests). In a bid to improve

services, franchised bus companies have recently started to purchase air-conditioned buses. This would increase the company's net fixed assets and in turn, its permitted return. Bus fares will inevitably be on the increase. This will be the case even if the bus company is providing substandard service, though the increase in bus fares does not guarantee a corresponding rise in the standard of service. In this connection, I think it is time for the Government to review the need of pegging the permitted return to the net fixed assets. I understand that the purpose of fixing the permitted return on the basis of assets is to encourage the franchised company to reinvest its profits in its assets so as to improve services. However, the realization of this well-intended motive depends, to a large extent, on whether the franchised bus companies are conscientious enough to put into effect this goal through their management and operation. Are bus companies committed to providing good and worthy services to the public given the guarantee of the Profit Control Scheme?

Regrettably, the performances of franchised bus companies and the Government in implementing the franchised policy are not to the satisfaction of taxpayers. For example, despite the fact that bus fares of CMB has gone up threefold over the past ten years, its services have not been improved. In fact, the services of CMB is inferior to that of KMB. From April 1990 to the end of March 1991, the number of complaints against CMB and KMB stood at 494 and 1 167 respectively. Bearing in mind that the fleet of KMB is about three times as large as that of CMB and the annual ridership of KMB is about 3.5 times more, CMB in fact draws more complaints than KMB. I must point out that the number of complaints against the two bus companies far exceeds that against other major modes of public transport. This phenomenon is worth paying attention to.

Complaints against CMB are mainly on inadequate bus service, non-adherence to scheduled frequency, long waiting time, poor attitudes of bus drivers, ageing of bus fleet and high accident rate, and so on. These are long standing problems of CMB. According to the information provided by CMB to the Transport Department, the number of buses deployed are double that as stipulated. Yet, the public complain of gross underdeployment of buses on certain routes, particularly the ones which incur losses due to low patronage. According to a special survey conducted by the Transport Department in December, the number of buses deployed to run on certain routes is lower than that stipulated. At the annual general meeting of CMB held at the end of last year, the Chairman of the Board, Mr NGAN Shing-kun, said that there was an obvious drop of passengers on the Hong Kong Island. In order to attain the best economic benefits, the company planned to reschedule all bus routes. According to our

understanding, the company would cut the frequency of bus services on routes without an satisfactory increase of passengers.

To cut the frequency of bus services on the pretext of insufficient passenger is unacceptable. As a public utility which has all along enjoyed a franchise, if CMB would like to have its franchise extended in August next year, it should adopt active and positive measures to improve its management and upgrade its services so as to attract more passengers. To respond to falling patronage by cutting administrative cost is a retrogressive business approach which would lead to more public discontent.

In the past, CMB has always been criticized for its outdated management style. At the strong request of the Government, CMB had commissioned a consultant to study the problem. Although some administrative improvements have been made in the past one or two years, the centralized management style still prevails. Hence, the Government must examine critically whether the administrative improvements are superficial or substantial in nature. Furthermore, it is also important to consider if these measures can be sustained and if they can actually bring about better services. As a matter of fact, the OMELCO Panel on Transport has, over the past year, paid close attention to whether or not CMB has actually implemented the recommendations of the consultant. The Panel has noted the slow progress of the improvement and the lack of transparency of CMB's operation. It is still sceptical about the ability of CMB to bring about an actual improvement of its services.

I believe a responsible public transport company should be directly accountable to the public and should communicate with the public to bring about a better service. The company should also take the initiative to strengthen its consultation channel so that the public can have a better understanding of the operation of the company, its development schemes, the policy on charges, the background for fare increases, and so on. This will definitely help to avoid unnecessary confrontations between the public and the company. I am aware that the Administration has urged CMB to set up a Passenger Liaison Group (at present only KCRC and KMB have set up similar organizations), but this suggestion was rejected by CMB. As a window-dressing gesture, CMB set up a good will bus. CMB's obstinacy is indeed disappointing. Furthermore, I understand that in the past, CMB is very unco-operative in sending its staff to attend district board meetings to explain its route development plan. Such an attitude has led to local resentment. I believe CMB ought to review its attitude.

I hope that the Government, in its deliberation of granting the new franchise, should find ways to change its present image of being a passive and ineffective monitoring body. It should instead actively monitor CMB and other franchised transport utilities. Yet, in reality, we can hardly expect the Government to act like a child minder to supervise these organizations all the time. The utilities concerned must consciously operate in a self-perfecting way. This is the best durable solution. How can the utilities concerned be made to operate actively in a self-perfecting way? In my opinion, the Government should consider introducing an element of competition in the bus franchise mechanism. The MacDonnell Road Route is a start. I hope the Government will gradually grant, in package, some profitable and loss-incurring routes to competent bidders so as to stimulate healthy competition among operators to provide better bus services. For those utilities with a history of poor management, the introduction of competition is a punishment as well as a trial. Whether the utility can survive the trial or not depends on the sincerity of the utility to overhaul its management style.

Mr Deputy President, before the expiry of CMB's franchise, the Government has the urgent task to fully consult and consider the public's opinion and comments on the services of CMB. It can then decide whether CMB should be granted the franchise to run all or some of the routes, so as to bring better services to the public during the period covered by the new franchise.

Mr Deputy President, with these remarks, I support the motion.

MR JIMMY MCGREGOR: Mr Deputy President, I have only a few words to say on this subject.

During the 40 years I have worked in Hong Kong, I have listened to continual complaint about the two bus companies under discussion today. During the years of rapid expansion of our population from immigration and natural growth and with an economy always short of funds for improvement of services, there were perhaps good reasons for the failure of these two major bus companies to provide the quality of service at that time that the people deserved. Bad maintenance, an appalling record of breakdowns, the purchase of second-hand buses which had already run their life course in Britain, filthy interiors, poor drivers and an overall lack of concern within the companies for the public they were supposed to serve. These were a few of the complaints. I used the buses a lot in my earlier years and the complaints,

I felt, were justified.

During the last 15 to 20 years however there has been much less justification in answering the litany of complaints directed at both bus companies and particularly at CMB. The needs of the Hong Kong public for transport services are much better known than ever before. Our transport system is under organized scrutiny and both bus companies have had the benefit of continual government co-operation in setting their targets and improving the quality of their service. It is also a fact that both these companies have been consistently profitable and the financial arrangements negotiated by them with the Government ensure that they will enjoy a good level of profitability for many years to come.

The system by which the bus companies buy spare parts may also provide the means for further profit.

That, I think, is part of the trouble. When a company is given a monopoly and a guaranteed return on investment and when it does not have to face competition it may well become complacent, lazy and uncaring about its public obligations. Its management may have little real incentive to improve. In a harsh commercial competitive environment such a company would probably go down. In a protected environment, both bus companies have continued to reward their shareholders handsomely. I cannot say the same for their staff and workers, especially for their drivers. Neither company is noted for the quality of its labour/management relations nor for the generosity of its retirement benefits. The complaints I hear now are almost the same as those I heard many years ago. I feel that the Government has been rather too helpful and generally too soft with these companies in ensuring that they met the highest standards of management efficiency. I am told that the Government does not have the right to interfere with the management of either company. If that is the case then I think the Schemes of Control which apply to these companies should be modified at the earlier opportunity.

Above all, both companies should face the pressures of competition. I have not the slightest doubt that this would bring about a radical improvement in the attitudes of the companies and in the overhaul of their management systems. The public would surely benefit.

The proof is already before us. Citibus and its provision of new high quality services has galvanized CMB into competitive improvement. A company which was

managerially dead has begun to show signs that it can compete or at least that it will try to do so.

Hong Kong is itself a prime example of market driven competition. Our transport systems are essential to our economic livelihood. The best way to keep them efficient is to provide good quality competition.

I therefore propose that the Government, as a matter of policy, opens up as many bus routes as possible and progressively to competition. Citibus, I am sure, is ready and willing to take up the challenge. Other companies may also do so.

I repeat that it is the Hong Kong public that will eventually benefit.

Mr Deputy President, I support the motion.

MR VINCENT CHENG: Mr Deputy President, I only want to make some comments on one highly neglected area in Hong Kong's bus services, which is transport for the disabled. Despite the high level of development of Hong Kong in many areas over the last years, transportation for the disabled has made little progress, especially bus transportation. The United Nations Declaration on the Rights of Disabled Persons makes it clear that disabled persons, whatever the origin, nature and seriousness of their handicaps and disabilities, have the same fundamental rights as their fellow citizens of the same age. And paragraph 8 of the same Declaration stresses that disabled persons are entitled to have their special needs taken into consideration at all stages of economic and social planning.

Mr Deputy President, without proper transportation facilities, the disabled in our community cannot exercise the human rights so clearly expressed in the Declaration. If persons with disabilities cannot travel or can only do so to a limited degree, they will find it difficult to secure and retain employment, cannot enjoy economic and social security nor can they integrate with the community around them. Without transport, they are segregated. It is high time the Hong Kong Government faced up to this problem. At present there are only 34 specially equipped Rehabuses run by a voluntary group which bring 400 handicapped persons daily to and from their places of employment. But there are more than 100 on the waiting list which remains constant despite the increase in the number of Rehabuses. I am sure the latent demand is much higher. With an estimate of Hong Kong people with serious disabilities ranging from

78 000 to over 100 000, it is clear that we are only seeing the tip of the iceberg. It is not always realized that the number of the physically handicapped increases from year to year although we do not have good official statistics.

Last year about 300 people died in traffic accidents and 20 000 were injured and it is estimated that on the average for every one person killed in traffic accident eight will suffer serious injuries. Over the last nine months 60 people died in industrial accidents and over 30 000 were injured. Therefore the number of physically handicapped must be increasing in Hong Kong. It must be obvious that the Rehabus is not and can never be the total solution.

I will go further and say that this problem, which is a question of the basic right of disabled persons, will never be solved until public transport is accessible to people with physical handicaps.

As regards the bus companies, these companies are already operating subsidized routes. I wonder whether it is feasible for them to have specially equipped buses, maybe 24-seaters, which are accessible to the disabled so that they can use public transportation to a greater degree. Would it be possible for the Government to make this a condition for the bus companies' franchises? I do not think it is unreasonable to do so. I together with my friends in the Rehabilitation Society have been operating buses for the physically handicapped for a number of years. I can assure the bus companies that it can be done and we would be very happy to take this idea forward and help the bus companies if they are willing to fulfill their moral obligations.

With these comments, I gladly support Mr LEE Wing-tat's motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, the franchise awarded to China Motor Bus Company Limited (CMB) to operate bus services will expire at the end of 1993. For many years in the past, the services provided by CMB have always been unsatisfactory. Last year, complaints from the public against CMB outnumbered those against the Kowloon Motor Bus Company (KMB). I think both the Government and CMB have to share the blame for this situation. The Government, in order to protect the interests of public utilities, has drawn up the profit control scheme. I think this scheme is outdated, and that the public interest and public demands are not being reasonably safeguarded. The method adopted by many public utilities to increase their profits is to continuously expand the net value of their fixed assets, and then

apply in succession to raise their charges in order to protect their profits. KMB is an obvious example, which went on to purchase new buses and expand its fleet, and the rate of increase of its fares was also astonishing. The KMB fare index rose from 100 in 1980 to 291 in 1988, which far outpaced other modes of public transport. What is more important is that the KMB fares were higher than the nominal wages index for the same period. In other words, the money members of the public spend on bus fares is taking up a greater and greater proportion of their income. And with the profit control scheme, the burden of the public continues to grow.

To CMB, the profit control scheme has brought about a different state of affairs and effect. CMB faces more competition and the population on the Hong Kong Island is declining; yet under the protection of the profit control scheme, CMB does not try to improve its development, but reduces maintenance and refuses to expand its fleet, in order to maintain a balance between its net asset value and return on investment. Consequently, the public have to put up with a declining level of service. Even though the services of CMB have been a subject of public complaints (particularly in respect of services in the Southern District), yet as the public have no other choice, they have to continue to use the services of CMB. One of the reasons for CMB's declining level of service to the public and continuous rise of fares is the Hong Kong Government's policy of applying the profit control scheme. I feel that the Government can hardly avoid the blame.

Furthermore, many problems of CMB cropped up because of external causes or bad internal management; for instance, in the face of strong competition on the north of the Island from Mass Transit Railway, minibuses, trams and taxis, the number of CMB passengers has been dropping. Moreover, as routes capable of development on the Island are limited, CMB has no incentive to expand its fleet. At present, CMB has more money-losing routes than profitable ones. The latest measure of CMB is to reduce the operational frequencies of the money-losing routes and install air conditioning on buses plying some of the popular routes. At the end, it is still the public who have to bear the brunt. On some routes the frequencies are widely spaced and some people have to pay more though not without reluctance; for instance air-conditioned buses run as usual in winter, but their fares are on the average \$1.50 above the ordinary buses. To the general public, CMB's methods are very unfair. The dispute between CMB and its staff which started from December 1989 has compelled CMB to pay pensions, but CMB passes the extra expenditure on to the consumers. Since CMB is not prepared to bear the commitment which it should, I feel that the public are entitled to express their views on the services provided by CMB and force it to improve. When considering the renewal of the franchise for CMB, the Government should carefully

think whether the services provided by CMB are up to the standard, whether the management is sound, and whether the fares are reasonable. The present supervision of CMB by the Government is obviously inadequate, which has made it possible for CMB to disregard the proposals of the Government; for example, CMB has withheld the consultants' report on improving the management of the company, and is reluctant to set up a consultative body to communicate with the public.

On this question, I think the Government should carefully consider again whether the criterion of 15% of the net value of fixed assets is the only feasible one to control profits? I would like to put forward some other points to the Government.

First, the Government should consider the United Kingdom's experience in applying price control instead of profits control. The so-called price control is that when a public bus company applies for a fare increase the range of the increase will be the rate of inflation minus a percentage, so as to limit the fare increase and lessen the impact on the public. This method would encourage the two bus companies to lower their production cost, and compel them to seek ways and means to increase their productivity, thus to raise their own profits.

Secondly, the Government should introduce competition by considering withdrawing the bus franchise and divide the present routes into a number of groupings and put them out to tender to different bus companies. These routes must include both profitable and money-losing routes. The Government should also regularly monitor the services of the bus companies which are awarded the tenders. The Government should be entitled to terminate the contract with companies which provide sub-standard services even before the contract expires. Only in so doing can it be ensured that different bus companies, in mutual competition and under government supervision, will provide satisfactory services at reasonable fares to consumers.

With these proposals, I support Mr LEE Wing-tat's motion.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, economists know well that the abuses likely to arise in operations by franchised institutions are excessive prices, low productivity and low efficiency in the distribution and utilization of resources, which lead to loss of benefit to society. China Motor Bus (CMB) is a gripping and graphic example.

According to the present profit control scheme, CMB's annual permitted profit is 15% of the net value of its fixed assets during the current year. Such a method of calculation of profit has no regard at all to the operating efficiency and quality of service, and therefore does not encourage CMB to improve its management and services. The link between profit and asset value distorts investment intention and encourages the inflation of assets but discourages the efficient utilization of assets.

First let us look at the quality of CMB's service. CMB owns close to 1 000 buses. The average age of the fleet is 12 years, mostly second-hand British vehicles and they have been involved in more traffic accidents than buses of Kowloon Motor Bus (KMB). In 1990-91, there were 375 complaints against CMB's level of service, including employee attitude, vehicle conditions and passenger facilities. If complaints against frequencies and routes were added, the total number of complaints would relate to 51.6% of the vehicles. What a frightening figure this is. No wonder that whilst the number of passengers in Hong Kong increases every year, the number of CMB passengers is dropping every year!

However CMB may remain insensitive to quality of service and management efficiency, because with price control, there is no incentive for franchised institutions with a monopoly to raise their quality of service. Even when mismanagement resulted in large amounts of money being stolen and unsatisfactory retirement arrangements have precipitated the need for large amounts of funds, the consequences could be passed wholly on to the public. Furthermore, if to provide better service would require higher cost, franchised institutions could intentionally maintain low quality of service in order to obtain greater profit, because although this could reduce the number of customers, they could earn higher profits because of lower cost. Also, one important point is that remunerations for the directors are bearing no relationship whatever to the quality of service, management efficiency or even the company's profits. Although CMB makes less profit than KMB and the Cross Harbour Tunnel Company, it pays far more to the directors. Even in 1986, when profits dropped drastically, the directors could still get \$3 million in remuneration, equivalent to 16% of the profit of that year.

Let us look again at the effects of franchises on prices. Bus fares in the Southern District are the highest in Hong Kong, Kowloon and the New Territories. This has been criticized for years by the residents, and also unfair to the senior citizens. Due to the quality of service, CMB suffers a loss in the operation of its routes along

the northern shore of Hong Kong Island where it has to face competition with many other transport modes available. However, since it has been awarded the franchise, CMB could keep raising the fares on cross-harbour and Southern District routes where competition is less keen to such a level as to cause widespread discontent. Also, by introducing air-conditioned buses, it could make use of the insufficient frequencies of ordinary buses to gradually force the public to travel in more expensive air-conditioned buses.

To sum up, CMB is a typical example of franchised institutions charging excessive prices, and showing low productivity and low efficiency in the distribution and utilization of resources, thus increasing the inconvenience and economic burden of the public. Although there are personal problems affecting CMB's Board of Directors, the crux of the matter is the failure of the franchise system. Even though we are debating on CMB and no other today and many colleagues have criticized the shortcomings of CMB, what we have to understand in fact is that, no matter whether it be CMB or other bus companies, their services would never be satisfactory in a situation of monopoly. Therefore apart from the profit control regulations which need changing, for instance, to introduce the "inflation minus X" method as proposed by the Honourable Frederick FUNG, we should consider doing away with the profit control schemes and increasing competition as well as choosing not to let one company to enjoy the franchise as a matter of course. Yet as the number of transport companies is limited, we could only change "oligarchical" monopoly to monopolistic competition, and thus improvement would also be limited. Consequently the Government should consider the following two measures:

1. To lay down quality of service standards against which to examine whether fare increase or the range of increase should be approved.

2. To peg the percentage of directors' remuneration to the profit and quality of service standards mentioned above in order to stimulate the efficiency of the directors and to ensure that their work conforms with the interests of the general public.

Mr Deputy President, with these words, I support Mr LEE Wing-tat's motion.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, when this Council debated the Control Schemes and Franchise Agreements with Public Utility and Public Transport

Companies in November last year, I spoke from a wider perspective in identifying the problems of franchised companies now subjected to schemes of control. Today, I shall concentrate on discussing the quality of the China Motor Bus Company's services as well as the company's relations with the staff. Then I shall give my views on the extension of CMB's franchise.

I believe that members of the public and even the relevant government departments are not satisfied with the quality of CMB bus services. For all these years, not only has there been no major improvement to problems such as the poor physical condition of CMB's fleet of buses with 13 years in service on average, buses not running according to schedule, and unsatisfactory services being provided by its staff, but there are signs that some of the problems, notably the company's fleet of overage buses, are becoming more serious. According to reports released by the Transport Complaints Unit of the Transport Advisory Committee in the past two years, public complaints on KMB's "adequacy of service" (for example, frequency, routes, hours of operation and so on) and those on "standard of service" (for example, overloading, staff conduct and performance, vehicles' physical condition and so on) are roughly similar in proportion whereas in the case of CMB, public complaints concerning "standard of service" are more than two times those targetted at "adequacy of service". It can thus be seen that the public outcry against CMB operations has to a great extent been directed at the quality of service provided, and not quantity alone. To serve as an illustration, there were more complaints against "staff conduct and performance" and "vehicles' physical condition" at CMB than at KMB between April 1990 and March 1991. Considering KMB's larger scale of operation, the severity of the problem pertaining to CMB's quality of service is quite evident.

While members of the community are undoubtedly dissatisfied with CMB services, it is more regrettable that CMB staff have expressed much discontent with the management's handling of staff relations. In fact, many problems relating to unsatisfactory CMB services have stemmed from the poor labour-management relationship now affecting the company. The CMB workers' strike in 1989 has clearly revealed the company's disregard for workers' rights and underlined the impropriety with which labour disputes are being handled. Take pension payment as an example. In 1989, a CMB employee with over 40 years' service would be entitled to pension payment of just \$30,000-plus upon retirement. Following the strike action, the amount of pension payment was increased to some \$95,000 whereas in 1989 a KMB employee with 40 years' service would receive pension payment amounting to \$140,000. Furthermore, the CMB management's delay in processing tax exemption applications has

made an employee who receives pension payment liable to pay tax for no reason at all. As a result, the petty retirement pay is almost cut by half after deducting tax. I wonder whether this company has ever given any thought to staff welfare.

The CMB's lack of consideration for its staff can also be reflected in some other aspects. Since CMB buses have on average been put to service for 13 years, some "overage" buses which have been running for over 20 years are still operating on our roads. Just imagine how an employee can be expected to have a sense of belonging to the company if he has to drive old buses that are in poor condition every day! And will he take pride in his work? Besides, many CMB staff are faced with appalling living conditions in their quarters. Conditions in the CMB staff quarters at North Point are even worse than old-fashioned public housing as no maintenance work has been carried out for many years. Here, I would like to show Honourable Members a photograph depicting the true state of affairs in the CMB staff quarters. As I have been involved in union affairs for many years, I am sure that harmonious labour-management relations on the basis of equality, as well as reasonable treatment for staff can serve as added incentives to work hard. While all sorts of unreasonable practices are being adopted by the CMB management, it is indeed hard to conceive that CMB staff can work with enthusiasm and serve the passengers effectively under these circumstances.

Mismanagement and poor quality of service at CMB have existed for years and it appears that even the relevant government departments can do nothing to help improve the situation. It is only after the Government has awarded some bus routes on Hong Kong Island to Citybus that CMB shows readiness to purchase new air-conditioned buses. In its development plan for the next five years, CMB has proposed to gradually increase the proportion of air-conditioned buses to one-fifth or one-fourth of its entire fleet. However, one point worthy of note is that the new air-conditioned buses will mainly serve profit-making routes while routes with little patronage will continue to be served by old buses. This is unfair to passengers in some districts. Moreover, air-conditioned buses are still charging the usual "high fares" in winter. As it stands, passengers travelling on air-conditioned buses in winter when no air-conditioning is necessary are like "drinking cold water during the cold weather". As it is grossly unfair to ask them to pay 60% to 70% above normal fares, the bus company should reduce the fares for air-conditioned buses during winter.

In view of the foregoing, we cannot but cast a vote of non-confidence on CMB operations. Ironically, owing to the Profits Control Scheme, while a great many

people are pointing accusing fingers at CMB, it can still be assured of profits equivalent to 15% of fixed assets, and all losses incurred as a result of mismanagement are ultimately borne by passengers. In other words, there is absolute guarantee of profit by CMB passengers under any circumstances. In the financial year ending June 1991, CMB has expended its development fund and it is foreseeable that under the existing schemes of control agreements there will be enormous pressure for CMB to increase its fares in the next couple of years or so. That only goes to illustrate the ludicrousness of the existing schemes of control. Therefore, I sincerely urge that the Administration, in examining the renewal of its franchise agreement with CMB or considering entering into such agreements with other companies, should amend present provisions that offer absolute guarantee of profit while ensuring that the company will be effectively monitored by the Government and the public and that consumers get a reliable service at a reasonable price. Meanwhile, between now and the expiry of the agreement in 1993, the Government should endeavour to ensure that CMB will improve its quality of service and refrain from indiscriminate fare increases. At present, CMB's North Point depot is being turned into a commercial/residential development project. With regard to this issue, the Government is duty-bound to secure an undertaking from CMB that proceeds from the development project will help defer and cut down fare increases to such an extent as to benefit the ordinary citizens.

Mr Deputy President, with these remarks, I support the motion.

MR GILBERT LEUNG (in Cantonese): Mr Deputy President, the quality and fare levels of our public transport services have always been the subjects of heated debates among members of the public. Every year the public transport operators would apply for fare increase, and on each occasion it would stimulate different voices of discontent. For a long time, the schemes of control agreed between the Government and various public franchised organizations have been satirized as some profit guarantee schemes which would only assure "reasonable" profits to the public utilities and public transport companies but cannot protect the general public in obtaining reasonable services and fare levels. As regards the services provided by the China Motor Bus Limited (CMB), they have always been under criticism. Now the franchise of the CMB is going to expire soon. I submit that the Government should grasp this opportunity to conduct a comprehensive review on its monitoring policy towards the public utilities. Before coming to any fundamental decisions concerning the future bus services on the Hong Kong Island, the Government should actually consult the public

and fully consider their views.

Public tender to promote competition

In this competitive world, only those who can adapt to the environment will survive. The old rules of competition in the market are the best guarantee for the optimal utilization of resources. I suggest the Government should alter its present policy which tends to discourage competition within the trade. In future, all new routes of public bus services should be granted by public tender. Furthermore, when the present franchise of CMB expires, consideration should also be given to dividing the existing routes for tendering by batches. By applying the ever lasting principle of competitions in the market, inefficient operators will be knocked out by efficient ones. The bus operators will have to reduce their operating costs and improve their services. Last year, the Government put a mid-level franchised bus route to open tender and it was a very good example. I hope the Government will fully introduce competition in a systematic and well-planned manner so as to vitalize the bus services on the Island and provide better bus services to the general public.

Reducing the age of the buses

On the average, CMB buses have already been under service for 13 years, almost double that of the Kowloon Motor Bus of which the figure is only seven years. This has aroused great concern to the safety and quality of the CMB bus services. Furthermore, CMB has indicated in its five-year route development plan submitted lately that it will only acquire 40-odd air-conditioned buses. There is no information given that the CMB will step up measures in reducing the age of its fleet in the next few years. The Government should step up to urge the CMB to replace its buses, or to require CMB to achieve the objective of lowering the age of its fleet. In the mean time, strict control measures should be imposed on the repair work of the CMB to ensure the provision of safe and reliable bus services.

Half fares for children and elderly

On the other hand, the Government should urge the CMB to provide half-fare concession to children and all people over the age of 60. At present the bulk of the CMB routes including the cross harbour routes do provide half-fare concession to children. This concession should be extended to cover the remaining routes. As regards half-fare concession offered to the elderly, I think this practice, which

is already very common in other western countries, is the most practical and simple way to show our respect towards the elderly who have toiled hard for the community of Hong Kong. It was suggested in a proposal put forward in the Legislative Council debate on the care for the elderly last year that the Government could issue some "senior citizen cards" to the elderly by which concessionary fares in public transport or other privileges would be granted to the holders. In my view, this condition or requirement should be included in the negotiation between the bus operators and the Government.

Conclusion

Finally, I believe if improvement is to be made on our public bus services, there should be more competition in the market and the persistent monopolized situation of public bus services should be eliminated. We have to open up bus routes to public tender widely and allow the efficient operators to eliminate the inefficient ones. I am fully aware of the complexities within this community and that government intervention is both unavoidable and necessary. However, any government intervention should be made in line with the principle of enhancing and facilitating market competition. This has been a well tried principle by human society in the recent 200 years and I firmly believe it is the right direction of improving our public bus services in Hong Kong.

Mr Deputy President, with these remarks, I support the motion.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, as a Legislative Councillor elected by the Hong Kong Island East Constituency, I am obliged to reflect the discontents of Eastern District residents towards the China Motor Bus (CMB) service. All along, the CMB has been the major means of transport in the Hong Kong Island East. Even after the advent of the MTR, the importance of CMB as the major means of transport has not been reduced. However, the CMB service is getting worse and every one can bear witness that there has not been any significant improvement. There are grounds and evidence to support this assertion. Between the 15th and the 20th of this month, a telephone survey on randomly selected samples was conducted by my ward office. The Eastern District was roughly divided into ten areas (that is, Chai Wan, Shau Kei Wan, Sai Wan Ho, North Point, Quarry Bay, Causeway Bay, Happy Valley, Tai Hang, Wan Chai, and so on) and 500 telephone numbers were randomly selected for asking the views on the CMB service. 321 questionnaires were completed successfully in the telephone

survey. Can you guess how many out of these 321 persons were satisfied with the CMB service? Six persons. Only six. 127 persons said that they were dissatisfied and 35 persons said that they were extremely dissatisfied. What does this reflect? This reflects the fact that for a long time, the Eastern District residents have generally been discontented with the CMB service. Then, what are their discontents? Let me repeat the discontents voiced by the interviewees. They include unreliable schedules, unduly long waiting time, overcrowded carriages, underprovision of routes in certain areas (for example, Happy Valley), short duration of service in certain areas (for example, Siu Sai Wan), reduced frequencies on holidays, poor attitudes of drivers, unsheltered bus stops, too many old buses, nuisances caused by exhaust fumes and noise, the lack of air-conditioned bus service in some areas, and so on. I cannot help asking why the long-established CMB, which will be celebrating its 60th anniversary, has become the subject of discontents of so many commuters. Is it because the ageing CMB management has been plagued with the infirmities of old age?

In fact, the numerous complaints and discontents are but a tip of the iceberg, which serve to reflect only a small part of the true picture. The problem may actually resemble an iceberg immersed in water and its scale is much larger than the tip we can see. Obviously, one of the main causes for the many problems is poor management. First of all, vitality is lacking in the CMB management. Just look at the composition of the board of directors of the CMB. While the NGAN family occupies four seats, the Government as the monitoring authority occupies only two seats which are taken up by the Deputy Secretary for Transport and the Commissioner for Transport, the other directors are friends of the NGAN family with whom the NGANs have business contact. With this line-up, even the Government has very little say. How can it spur the CMB management for improvement of the service? Meanwhile, the CMB looks upon the franchise and the profit control scheme as its trump cards. With its monopoly in hand, it turns a deaf ear to the complaints of the public. While the public keep on complaining, the CMB continues with its family management style. As such, if the Government does not change the composition of the CMB board of directors through amendment to the Public Omnibus Services Ordinance when the CMB franchise is due for renewal in 1993, in a bid to exercise closer monitoring and improve the service, we may not be able to see substantial improvement of the CMB service.

The lack of initiatives on the part of the CMB management to improve its service is attributed to the problematic structure of the CMB senior management and the protection offered by its franchise. On the other hand, the elasticity of demand of the public is very low. Hence while the CMB failed to improve its service it could

still increase bus fares. Besides, the poor condition of service offered to the CMB staff is also an important factor affecting the service quality. In December 1989, CMB drivers staged a strike in protest of the meagre retirement lumpsum the company provided for them, bringing the traffic on Hong Kong Island nearly to a standstill. Many passengers also complained about the poor manners of the drivers. It was not surprising because many of the drivers worked long hours with little rest and sometimes they were to keep on driving in hunger. Getting low pay, they could only receive a modest lumpsum upon retirement. However, the company was still of the view that the lumpsum should be taxable. It was indeed ludicrous. If the CMB management had offered better condition of service to its employees to foster a better labour relationship, the strike by the CMB drivers which affected the public greatly would not have happened. However, it seems that the CMB management fails to learn any lesson from the incident.

Another serious weakness of the CMB management is its failure to improve the bus service in response to the needs of the commuters. The needs of the public are very obvious and simple. They would like to have a public transport service which saves their time, is comfortable and runs at high frequencies. The CMB management, however, has not responded to such needs because it failed to take the initiative to collect public opinions and, more importantly, its senior management has never travelled by bus. Only after the management people have suffered bumping on board an old CMB bus would they share the experience of the general public who take the buses. From the questionnaire survey I conducted in the Eastern District, a quarter of the interviewees deemed the style of management of the company obsolete and the CMB buses too old, emitting exhaust fumes and causing noise nuisance. These reflected that the company has followed the beaten path perfunctorily. While the average bus age of the CMB fleet is 13 years, do we have to wait until these buses come to the very last day of their usable life so as to have them disposed of? I propose the Secretary for Transport to find out whether the CMB has acquired new buses at a rate in line with its five-year plan submitted for the years between 1987 and 1993. Otherwise, officials of the Transport Branch will have to exercise closer monitoring over the CMB.

All in all, the problematic management and conservative style of the CMB arise mainly from the franchise it possesses. Owing to the lack of competition, the CMB management is not motivated to improve its service. According to the questionnaire survey I conducted in the district, 58.88% of the interviewees supported the idea of introducing another bus company in a bid to improve the bus service through

competition. Last Saturday, on 18 January, the United Democrats of Hong Kong organized a public hearing in Victoria Park when many residents also mentioned this point. With regard to the introduction of a second bus company, we are not instigating vicious competition. Rather, under government supervision and public monitoring, the operation of some bus routes should be opened up immediately to the second bus company, so as to introduce constructive competition for the improvement of the transport system. In case the CMB still sticks to its own ways and refuses to make progress, the Government should consider whether it would renew its contract with the CMB upon expiration of its franchise in 1993 or introduce the second bus company.

With these remarks, I support the Honourable LEE Wing-tat's motion.

8.00 pm

DEPUTY PRESIDENT: It is now 8 o'clock and under Standing Order 8(2) this Council should now adjourn.

ATTORNEY GENERAL: Mr Deputy President, with your consent I now move that Standing Order 8(2) should be suspended so as to allow this Council's business this afternoon to be concluded.

Question proposed, put and agreed to.

MR STEVEN POON (in Cantonese): Mr Deputy President, first I am glad that Mr LEE Wing-tat has raised this motion, and also I thank him for letting me and other Honourable Members have the opportunity to give our views on how best to revise the original wording of his draft motion before it was finally endorsed and co-signed by Mrs Miriam LAU.

We debate today in the Legislative Council the franchised bus services on Hong Kong Island because the franchise of China Motor Bus Company Limited (CMB) will expire in 1993. We have often heard complaints relating to the services of CMB.

In 1991, the average fare of CMB on a journey under 10 km was \$1.80, and in 1981,

it had been \$0.60, a range of increase of 200% in 10 years; during the same period the consumer price index had risen only about 100%. Therefore CMB's range of increase in fares has been much higher than that in consumer prices.

As regards the quality of service, although there is no measurement by a "service satisfaction index", yet from the number of complaints, CMB has been receiving more complaints than Kowloon Motor Bus (KMB). For every 10 000 KMB passengers, there are five complaints. The rate of complaint against CMB is 10 complaints every 10 000 passengers, double that of KMB.

Regarding treatment of staff, many Members have said today that it is a known fact that the CMB staff were not satisfied with the pension system; this fact reflects that CMB's treatment of staff is outmoded.

With regard to profit, CMB can earn on average 17 cents by carrying one passenger which is lower than KMB's 25 cents. For every kilometre travelled, CMB can produce a profit of about 90 cents, which is also lower than the \$1.20 of KMB.

Looking at these figures, we cannot say that CMB is a well managed company providing good service.

Under these circumstances, the Government needs to reconsider its policy on franchised bus services on Hong Kong Island after 1993.

In the present social and economic situation, it is arguable if there exists a basic necessity to allow one bus company to operate under an exclusive franchise bus services on the whole of Hong Kong Island. This form of franchise is in fact quite out of date. I suggest that the Government should consider opening up the market for bus services on the Hong Kong Island. Bus services on the Island should be provided by about three bus companies, and each bus route is to be tendered for by all three companies. This will upgrade competition among bus service operators. Moreover, the bus company which tenders successfully for a bus route should be given the operational right for not more than three years, after which that bus route should be re-tendered for. In this way the quality of bus companies may be constantly maintained at a high level, and fares of bus routes may be adjusted according to the development of the district served.

The motion today is to request the Government to consult the public on bus services

on Hong Kong Island. As a matter of fact, consultation on transport services is now conducted in the Transport Advisory Committee (TAC). Why then, with such a consultative machinery, bus services are still so unsatisfactory? The Government should review this question. We always emphasize the representativeness of advisory bodies, but we often ignore the professionalism that should exist in advisory bodies. Whether the TAC has enough management experts in its membership is an important issue. In a debate last November, I had queried the effectiveness of public utility consultative bodies. Consultative bodies have frequently been the institutions for the Government and public utility companies "to pass the buck" to, giving government officials and responsible officers of the companies the pretext to evade responsibility.

Now, we are emphasizing that the public should be concerned with how public utilities are operated, but the public has no means of access to definite statistics relating to bus services. The contents of the annual reports of CMB are so destitute of material information that even I -- who have had a long service with a public utility company as a manager -- after spending much time scratching my head and burning the midnight oil, felt like no better than a blind man trying to size up an elephant and had to acknowledge failure to find sufficient data from this company's annual reports to understand its operations. We could imagine how the ordinary citizen, like a rat trying to attack a tortoise, would be baffled by it and unable to make any meaningful analysis. The bus company often applied for increase of fares on the ground of high fuel prices or high wages, but the annual report does not list respective figures of these two items. How then could it convince the public? At the same time, there are also no definite figures in the annual report to explain the company's other business activities not covered by the profit control scheme. I urge the Government to ask the two bus companies, as long as it does not affect commercial secrets, to publish as much as possible detailed data of operation in their annual reports.

With these words, I support the motion.

DR YEUNG SUM (in Cantonese): Mr Deputy President, I will focus my remarks on the standard of bus services provided by the China Motor Bus Company, its impacts on people's livelihood, public participation and the degree of transparency operated by the Company. I will be brief in view of the time constraint.

Regarding the public's views on the service of CMB, they are based on the 1990-91

Report of the Transport Complaints Unit and the public hearing held by the United Democrats of Hong Kong in Victoria Park. According to the 1990-91 report, there were 494 complaints against the CMB, accounting for 24.8% of all the complaints for the year. The complaints fell under two main categories: (A) the level of bus services (including frequency of operation, bus routes and so on) and (B) the standard of bus services (including conduct of bus drivers, non-compliance of bus schedules, bus fares and so on). There were also 375 complaints against the standard of services provided by the CMB last year. Of the 43 complaints against inadequacies of bus frequencies and passenger capabilities, 32 were related to the Southern bus routes. As regards bus fares, during the recent public hearing organized by the United Democrats, it was learnt that many people were unhappy about the higher bus fares of routes serving the Southern District. With regard to the condition of buses (for example, cleanliness and age of vehicles), it was pointed out in the report that 51.6% of the complaints were directed against the CMB, which was obviously higher than the 40% against the KMB. To sum up, according to last year's report compiled by the Transport Complaints Unit and the information collated by the United Democrats during the public hearing, the level and standard of services provided by the CMB left much to be desired. Frequencies of operation, routing, manner of service, bus fares and non-compliance of bus schedules were some of the problems identified. It could thus be seen that the CMB was inadequately monitored by the Government. As the CMB was a franchised company and was entitled to the preferential treatment under the Profit Control Scheme, the Government should supervise and monitor the services provided, so as to be accountable to the public.

With regard to the impact on people's livelihood, loopholes of the Profit Control Scheme made it possible for the CMB to obtain the Government's approval to increase its fares so long as its net asset value was on the rise. Standard of services, profits gained or loss incurred were not factors for consideration. At a time when government departments were asked to freeze its fares and charges in the face of a high inflation rate, the CMB can still increase its fares in accordance with the provisions of the Profit Control Scheme. Hence, the increase of fares by public utility companies further fuels inflation and the public is laden with more pressures. More to it, the CMB has neglected the service which caters for those people with special transport needs, for example, the disabled and the elderly. A while ago the Honourable Vincent CHENG expressed his views on the transport service for the disabled. It is regrettable that the CMB still fails to provide half price concessionary fare services to those over 60 years of age. I would suggest that the Government should, as a condition to the renewal of franchise, require CMB to provide concessionary bus

service for the disabled and the elderly.

On the question of public participation, as the CMB still refuses to set up a passenger liaison group, there is no avenue for the consumers to voice their opinions. The fact that the CMB also refused to send representatives to attend the public hearing on bus franchise recently organized by the United Democrats -- which, I think, should provide a good opportunity for CMB to express its views to the public -- reflects that the CMB is operating with a very low degree of transparency. Even small shareholders of the CMB are unhappy with such an arrangement.

Mr Deputy President, to conclude, I think that the Government must conduct a comprehensive review on the franchise of the CMB and the Profit Control Scheme. With these remarks, I support the Honourable LEE Wing-tat's motion.

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, basically, the general public demands two things in respect of bus services: first, quality service, and second, reasonable fares. In order to meet the reasonable demands of the public, we should, when formulating policies, address a few questions with due care. These will include the company's profit, franchise, government supervision and consumers' participation.

In respect of profit, the profit control scheme of China Motor Bus (CMB) was signed in the mid-1970s. The Government permitted CMB's profit at 15% of the net value of its fixed assets. In the 1970s, economic growth in real terms was about 9.3%, in the 1980s, the average growth rate was 7%, and in the 1990s, the estimated growth rate is about 5%. Therefore with the slowing down of the economy, it would be unacceptable that the permitted profit of CMB would still be maintained at a two-digit percentage upon renewal of the franchise. Of course taking the net value of the fixed assets as the basis of calculation also calls for rethinking.

As far as the question of franchise is concerned, there are advantages for bus services to be operated by franchised companies. For instance, this would encourage bus companies to make long-term investments to expand the network of routes, so that some less used and remote routes could still be maintained. However, the franchise system also brings low efficiency and lack of choice for the consumers. Therefore to introduce a limited and reasonable measure of competition would strengthen the quality of service and management efficiency. Yet total opening of the door to

competition could also lead to neglect of passenger service on less used routes. A balance therefore must be struck between franchise and opening of the door to competition. This point should be adequately discussed by the general public and consultation must be conducted, and the choice must be left to the consumers. This is the only reasonable way of going about it and not the imposition of a decision by top officials.

As far as supervision is concerned, the quality of service and management efficiency of CMB have long been the subjects of public criticism. The Hong Kong Government should conduct a thorough review of its supervision not only on CMB, but also on all other public utilities. We understand that most public utilities are run by the private sector, and no excessive interference or restrictions should be imposed. However, not to impose excessive restrictions does not mean imposing no appropriate supervision. When the Government awards a franchise to a public utility, the latter has to pay a price, that is, to accept a certain measure of control. Therefore there is a need for the Government to strengthen the control over CMB and to help this company to raise its operational efficiency. Apart from supervising the quality of service and operational efficiency, the Government has the responsibility to ensure that a franchised company can provide a full spectrum of bus services with long-term development potential in order to satisfy the demands of different people.

In respect of consumer participation, many citizens had given their views to public utility companies or organizations, particularly when these organizations applied for price or fare increases. However, only little information is available to the public, and there is no sufficient transparency of public utility companies or organizations. Therefore the citizens' monitoring function is subject to limitations. Yet, as consumers, the members of the public know best what they need, and are absolutely entitled to safeguard their own interests as consumers. Regrettably, until now there is no channel for the public to participate in the operation of public utilities. We suggest that the Government should establish a statutory organization to enable consumers using bus services to have substantial rights of participation and influence over the making of some decisions.

Mr Deputy President, with these words, and on behalf of several Members in this Council who are from Meeting Point, I support the motion. Thank you.

SECRETARY FOR TRANSPORT: Mr Deputy President, I am most grateful to all Members who have spoken this afternoon for their constructive views and helpful suggestions on franchised bus services on Hong Kong Island. We will consider them most carefully before reaching any new franchise agreement with any bus operators on the Island.

The two-year franchise extension sought by CMB is now under examination. The key factors being considered include:

- (1) CMB's overall performance;
- (2) the public's desire for more efficient and higher quality services;
- (3) CMB's commitment towards further improvement in services;
- (4) future prospects for patronage growth and competition from other modes;
- (5) the benefits that may be derived from more competition; and

(6) the need to strengthen monitoring including more active public participation.

As negotiations on franchise renewals or new franchises must necessarily involve commercially sensitive information, it would not be appropriate or practicable, nor would it be in the public interest, to consult the public. However, on the broad terms and directions of future development of franchised bus services, the Government welcomes and is alive to public views and suggestions.

We need public advice and comments, for example, on some of the following key questions.

(1) Should we continue to promote competition between different modes of public transport, and between different bus operators through the tendering out of selected routes?

(2) What steps should be taken to make the public transport operators more responsive to customer needs and the demand for good quality services?

(3) Whether and how the existing monitoring arrangements should be further

strengthened?

(4) Should the profit control scheme be abolished or changed and if so, how?

(5) Should the franchisees be given some assurance on the rate of return, as an incentive for continued investments commensurate with changing demand?

The debate today provides us with very useful indicators. We hope to consult more fully before the main terms are finalized.

De-regulation

It seems to me, Mr Deputy President, that the majority view supports a franchise system and does not favour radical changes such as de-regulation. For public bus services, our present policy is to stay with the franchise system. The benefits include economies of scale, effective co-ordination by the Government to ensure economic use of our transport infrastructure, and a stable environment for operators to raise capital and to continue with investments necessary for meeting demands without public subsidy. These contribute towards the provision of a balanced network under which more remote areas are also well served by public transport. Without the cross-subsidization made possible by a franchise system, socially needed but loss-making services could not be maintained.

Total de-regulation is simply not practicable in Hong Kong. Given our severe land constraints and high density of population, we cannot allow large numbers of double-deck buses to operate on busy streets like red minibuses without causing traffic chaos. Furthermore, complete de-regulation would inevitably attract all operators to the profitable routes in the urban centre, with no services provided to the loss-making routes in many other areas.

Competition

In many parts of the territory, the franchised transport companies already have to compete with other public transport modes including the railways, trams and public light buses. Franchised companies now carry only about 37% of the public transport trips made each day. CMB's share is only 7.6%. Their exposure to market forces is in fact much wider than commonly assumed.

Having said that, we fully recognize the benefits of more healthy competition between different bus operators. Many residential coach services were added in the past few years. The first franchised bus route awarded through open tender started operation in September 1991. We can see signs of CMB responding to the pressure. It reinforces our belief that wider exposure to market forces would have more sustained positive effect on bus services than closer and more detailed government involvement in managing bus operations. There remains room for further competition. Opportunities for tendering out more bus routes will be pursued.

Service quality

At present, the service development plans of franchised transport companies are the subject of an annual district board consultation. Matters of direct concern to commuters are covered, including the use of more modern and comfortable buses, improved routeing and service frequency.

We are sensitive to the growing aspirations of our people towards more public direct participation in shaping the level and quality of services. To meet these aspirations, the public transport companies have been asked to introduce more consultative machinery which allow face-to-face and active interaction with their customers. Most companies have responded positively but much more can be done to improve customer relations.

On the development of air-conditioned bus services, about which some Members have expressed concern, it is, Mr Deputy President, our policy to maintain a reasonable choice for passengers. Air-conditioned buses now account for only about 6% of CMB's fleet.

Monitoring arrangements

An effective monitoring system helps ensure that commuters' interest, in terms of fares and service quality, will continue to be looked after.

A range of safeguards have been built into the franchising arrangements to protect the public interest. These include control of fares by the Governor in Council, close monitoring of transport services by the Legislative Council and the independent Transport Advisory Committee, active district board involvement in monitoring service provision and route development, the submission of five-year plans for government approval, express legal provisions which require the two government

directors on the boards of bus companies to represent the government interest, and inspections and random checks by the Transport Department.

To strengthen further the monitoring arrangements, we plan to make more transparent the way in which the performance of franchised companies is appraised. Consideration is now being given to releasing, for public information and scrutiny, the results of our regular appraisals covering service availability, safety, service development and general management. Other changes being considered include legislative changes designed to strengthen the penalty provisions against service deficiencies.

Profit control scheme

Before any new franchise agreement is entered into with CMB, we will also review whether the profit control scheme should continue to apply, and if so, in what form. I welcome Members' useful suggestions on the scheme, either on its modification or abolition. We shall pursue these very carefully. But in the final analysis, we must bear in mind that the interests of both the travelling public and the investors should be taken into account.

Concluding remarks

The advice given by Members today has given us very useful indicators for policy formulation. On the further development of bus services on Hong Kong Island, members of the public are welcome to present their opinions to the Government direct or to the Transport Advisory Committee or express them through the district boards and the mass media.

It is of course the established policy for the Transport Advisory Committee to be consulted on all franchises related to public transport. When seeking TAC's advice on the future of CMB's franchise, we will ensure that the Committee is given the full range of public views on the subject. Thank you.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, I shall only make a brief response. In the debate today, comments by my colleagues on the services of China Motor Bus (CMB) are of a high degree of unanimity. I seem to have heard no praise or commendation, but only criticisms, and strong criticisms into the bargain. One point

I would like to add is the question of putting the routes to open tender. According to the present franchise arrangements, if either side (that is, the Government or CMB) wants to revise the franchise, an agreement must be reached one year in advance, that is, before 31 August 1992, which is only seven months away. Work during the seven months will be important and fully packed, because the Transport Branch will not only have to consult different companies or organizations as well as the public, but will also have to endeavour to reach a new agreement or revise the current terms of the agreement with CMB so that other companies may proceed to tender for new bus routes. To my understanding an investor or operator must be given sufficient time to arrange for future development of his business. In other words, if no adequate time is allowed to some well-managed bus companies to tender for the bus routes next year (that is, 1993), then there will be only very limited room for competition. Therefore the Transport Branch will have to consider the submitted views and also to conduct all the work within a very tight timetable. If we cannot arrive at a decision as to the various arrangements for 1993 until the summer holidays of this year, then it would probably lead to the situation where not too many companies would think they have sufficient time to arrange for tendering for bus services under the new franchise agreement.

As regards management reform and supervision which have been mentioned during the debate, many colleagues have given their views. However, the suggestion that the Government is to continuously input resources to supervise a public utility which is basically privately run is, to my way of thinking, something which must be carefully considered. This is because if there is sufficient competition in a market, the competition by itself is already an external force which would ensure that the company concerned would not go against the will and expectation of the consumers. Compared with appointing more officials to the Board of Directors by the Government, this mode of supervision would be more effective; even more effective than opening more channels to collect views. Only with vigorous competition introduced and the ultimate power to terminate the franchise of some badly operated companies in place will the best method of supervision be ensured and excess expenditure on the supervision saved.

I hope the Transport Branch will listen to the various opinions raised today. I am sure Mrs Miriam LAU, as the convener of two traffic panels, will continue to follow up on this matter with colleagues, and I shall also be happy to continue to provide my own views. Thank you, Mr Deputy President.

Question on the motion put and agreed to.

Adjournment and next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 29 January.

Adjourned accordingly at half past Eight o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Pensions (Special Provisions) (Hospital Authority) Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.