

1 HONG KONG LEGISLATIVE COUNCIL -- 29 April 1992

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OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 29 April 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 ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, C.B.E., 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 LAU WONG-FAT, O.B.E., J.P.

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

THE HONOURABLE RONALD JOSEPH ARCULLI, 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

PROF THE HONOURABLE EDWARD CHEN KWAN-YIU

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 STEVEN POON KWOK-LIM

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

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG

THE HONOURABLE ZACHARY WONG WAI-YIN

ABSENT

THE HONOURABLE NG MING-YUM

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

DR THE HONOURABLE PHILIP WONG YU-HONG

IN ATTENDANCE

MR DAVID ALAN CHALLONER NENDICK, C.B.E., J.P.
SECRETARY FOR MONETARY AFFAIRS

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

MRS ANSON CHAN, C.B.E., J.P.

SECRETARY FOR ECONOMIC SERVICES

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.

SECRETARY FOR TRANSPORT

MR JOHN CHAN CHO-CHAK, L.V.O., O.B.E., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

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 JAMES SO YIU-CHO, O.B.E., J.P.

SECRETARY FOR RECREATION AND CULTURE

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.

Marine Fish (Marketing and Exportation)
(Amendment) Regulation 1992.....
93/92

Merchant Shipping (Registration) (Fees and
Charges) (Amendment) Regulation 1992..... 94/92

Public Health and Municipal Services (Public
Pleasure Grounds) (Amendment of Fourth
Schedule) (No. 3) Order 1992.....
95/92

Births and Deaths Registration Ordinance
(Amendment of First Schedule) Order 1992..... 96/92

Banking (Specification of Public Sector Entities in Hong Kong) Notice.....	
97/92	
Electricity Ordinance (Cap. 406) (Commencement) Notice 1992.....	
98/92	
Electricity (Registration) Regulations (Cap. 406 Sub. Leg.) (Commencement) Notice 1992.....	99/92
Electricity (Wiring) Regulations (Cap. 406 Sub. Leg.) (Commencement) Notice 1992.....	100/92
Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2) Regulation 1992.....	101/92
British Nationality (Miscellaneous Provisions) Ordinance (Amendment of Schedule) Order 1992.....	102/92
Immigration (Places of Detention) (Amendment) Order 1992.....	103/92
Immigration (Treatment of Detainees) (Amendment) Order 1992.....	104/92
Immigration (Vietnamese Refugee Centres) (Designation) Order 1992.....	
105/92	
Immigration (Vietnamese Refugee Centres)	

(Departure Centre) (Amendment) Rules 1992..... 106/92

Import and Export (Carriage of Articles)
Regulations (Amendment of Schedule)
Order

1992..... 107/92

Import and Export (General) Regulations

(Amendment of Schedules) Order 1992..... 108/92

Public Health and Municipal Services (Public
Pleasure Grounds) (Amendment of Fourth

Schedule) (No. 4) Order 1992.....
109/92

Public Swimming Pools (Urban Council)

(Amendment) Bylaw 1992.....
110/92

Solicitors (Professional Indemnity) (Amendment)
(No. 2) Rules

1992..... 111/92

Sessional Papers 1991-92

No. 70 -- Report of the Director of Audit on the results of
value for money audits March 1992
Director of Audit's Report No. 18

No. 71 -- Mass Transit Railway Corporation
Annual Report 1991

No. 72 -- Report of the special meetings of the Finance Committee
on the Draft Estimates of Expenditure 1992-93

Address by Member

Mass Transit Railway Corporation Annual Report 1991

FINANCIAL SECRETARY: Mr Deputy President, in accordance with section 16(4) of the Mass Transit Railway Corporation (MTRC) Ordinance, the Annual Report and Accounts of the Mass Transit Railway Corporation for the year ending 31 December 1991 are tabled today.

In 1991, the MTRC carried about 726 million passengers. Total revenue was \$3,553 million, 12% higher than that in 1990. Total operating costs also increased by 12%, owing mainly to rising wages and railway maintenance costs.

I am pleased to report that in 1991 the MTRC registered a net profit even without any contribution from property developments, for the first time. This has been achieved two years earlier than previously forecast. The total net profit for the year was \$67 million, compared with a net loss of \$108 million in 1990.

At the end of 1991, the Corporation's loans and finance liabilities stood at \$18.4 billion. The year-end debt to equity ratio was 2.7 to 1. Despite the tight financing environment worldwide in 1991, the MTRC was able to raise funds in local and overseas markets successfully. This bears testimony to the high reputation the MTRC continues to enjoy in the international financial community.

The Corporation's results in 1991 are consistent with its long-term financial targets. By the turn of the century, it expects to be able to retire all debts on existing loans.

After the signing of the Memorandum of Understanding on the new airport and related projects, the Government entered into negotiations with the MTRC on the financing, construction and operation of the Airport Railway. Apart from providing a fast, efficient and convenient rail link with the new airport, the Airport Railway will also relieve the MTR Nathan Road Corridor which is already operating close to capacity during peak hours.

The financial support we propose for the Airport Railway project should enable the Corporation to borrow on acceptable terms the sums needed to finance the project. The principal credit rating agencies have already indicated that they would maintain the MTRC's existing credit ratings on the basis of the financial support proposed.

Over the next five years, the MTRC has budgeted to spend \$5 billion on major capital projects to upgrade the existing system through the provision of new facilities and application of modern technology. This underlines its commitment to operating and maintaining a first-class railway.

I would like to take this opportunity to thank the Board, management and staff of the MTRC for their achievements in the past year.

Member's motion

STANDING ORDERS OF THE LEGISLATIVE COUNCIL OF HONG KONG

MRS ELSIE TU: Mr Deputy President, may I have your consent to move that Standing Order 11(1) be suspended to enable the motion on the Order Paper standing in my name to be moved before the asking and answering of questions put to the Government?

DEPUTY PRESIDENT: You have my consent.

MRS ELSIE TU: Thank you, Mr Deputy President. There is a motion standing in my name on the Order Paper to amend Standing Order 16(3) relating to the number of questions for oral answer at question time. It has been thoroughly discussed by the working group on Legislative Council procedures and it has the support of Members. The Administration has helpfully co-operated to enable it, if agreed to by Council, to be put into practice for today's question time. I will deal with the details of the amendment when I move the motion. However, Standing Order 11(1) provides that motions are normally dealt with after questions. Therefore it is necessary to suspend Standing Order 11(1) to enable the motion to amend Standing Order 16(3) to be moved before question time so that, if agreed to, the amendment is effective for today's question time.

Mr Deputy President, with these remarks, I beg to move.

Question on the motion proposed, put and agreed to.

MRS ELSIE TU moved the following motion:

"That the Standing Orders of the Legislative Council of Hong Kong be amended in Standing Order No. 16(3) by repealing "three" and substituting "six"."

MRS ELSIE TU: Mr Deputy President, I move the motion standing in my name on the Order Paper.

Standing Order 16(3) provides that where, in the opinion of the President, there will be a debate on a substantive motion, no more than three questions shall require an oral reply. As Members are aware, there will be debates on substantive motions at all regular Legislative Council sittings up to the end of the current Session. If the number of oral questions is limited to three, Members will have to wait for a long time before they can raise an oral question in this Council. In order to remedy the situation, Members of the Legislative Council In-House Meeting agreed that Standing Order 16(3) be suspended at the Legislative Council sittings on 11 March 1992 and 8 April 1992 on a trial basis to allow six oral questions on the Order Paper to be raised. The trial arrangement has proved to be satisfactory, and it is now proposed to amend the Standing Order accordingly.

The proposal was discussed at the Legislative Council In-House Meeting on 24 April 1992 and it was decided that the amendment to Standing Order 16(3) should be moved in the Legislative Council on 29 April 1992, that is today.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

Oral answers to questions

Contingency plan for radiation leakage of Daya Bay nuclear power plant

1. REV FUNG CHI-WOOD asked (in Cantonese): Will the Government inform this Council

what contingency measures are in hand to ensure that Hong Kong will not be affected in the event of a radiation leakage at the Daya Bay Nuclear Power Station and how the Government assesses whether these measures are practicable and effective?

SECRETARY FOR SECURITY: Mr Deputy President, we have prepared a detailed contingency plan to ensure that we have the necessary machinery and resources to cope with any accident resulting in radiation leakage from the Daya Bay Nuclear Power Plant. We have had expert advice from a number of national and international agencies in preparing this contingency plan.

We conducted an exercise in November 1990 to test the adequacy of the plan. Experts from the United Nations International Atomic Energy Agency (IAEA) were fully involved in the exercise and its evaluation. They concluded that the exercise had provided a comprehensive test of all the main features of the plan, and that the plan was basically sound.

Since that time work has continued on revising and improving the plan in the light of experience gained in the exercise and in the light of advice from the IAEA. Close contacts have also been maintained with authorities in the United Kingdom, and with other nuclear regulatory authorities and power companies which have provided information, technical advice and training.

We aim to test the revised contingency plan in a further exercise prior to the commissioning of the Daya Bay Nuclear Power Plant, now scheduled for mid to late 1993; to ensure that the plan meets the highest international standards, we shall once again invite evaluation from the IAEA.

REV FUNG CHI -WOOD (in Cantonese): Mr Deputy President, will the Administration inform this Council of the concrete measures laid down in the contingency plan, and whether the details can be released so that members of the public have a part to play and can make early preparations, if necessary?

SECRETARY FOR SECURITY: Mr Deputy President, the plan covers many measures. Perhaps to start with I should say that we do not envisage any large-scale evacuation in the unlikely event of a leak from the Daya Bay Nuclear Power Plant. The standard normally

adopted is to plan for evacuation only up to 10 miles from the site. The east coast of the New Territories is some 20 miles from the site and the main urban areas of Tai Po and Sha Tin are a considerably further distance than that. The only possible evacuation that we are planning for is for Ping Chau in Mirs Bay which has a normal population of less than 10. But we are planning also for the possibility -- and it is very unlikely that this will be necessary -- of the sheltering of people; and we are also planning for the monitoring of food and water supplies at all points of entry into Hong Kong to ensure that no contaminated supplies reach Hong Kong.

We also, of course, need to plan for providing treatment to any returning Hong Kong residents who may have been working at or near the nuclear plant and may have been affected by any accident. We also, of course, have to plan for regular monitoring of radiation in the atmosphere.

We do not intend to make the details of the operational plan public but we certainly do intend to inform the public and educate the public on the main elements of our contingency plan.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, what did the Administration learn from the exercise conducted in November 1990 and what was the advice the International Atomic Energy Agency gave?

SECRETARY FOR SECURITY: Mr Deputy President, we learnt a number of things from the exercise. Certainly, we learnt of a number of areas in which improvements could be made, in communication and in the dissemination of information. We have taken account of those and are working those into the revised contingency plan. I suppose that the main lesson we learnt was the crucial importance of having expert advice immediately available to the decision makers so that as information came in it could be assessed by experts in a number of disciplines and explained fully to the decision makers who may not be fully conversant with all the technical knowledge necessary to evaluate information coming in.

DR HUANG CHEN-YA: Mr Deputy President, will the Government inform this Council how many nuclear medicine teams are available, what training they have received in dealing with this kind of problems, what decontamination facilities are available, and how many people can be handled by the facilities and teams available?

SECRETARY FOR SECURITY: Mr Deputy President, I do not have the information to answer that question in detail. All I would say is that we have planned for the possible need to treat people returning from China who may have been affected by the accident. We have arranged for decontamination centres, if necessary, and also for the supply of iodine tablets, if necessary.

DR HUANG CHEN-YA: May I have a written reply, please?

DEPUTY PRESIDENT: A written reply, Secretary for Security?

SECRETARY FOR SECURITY: Yes, Mr Deputy President. (Annex I)

MR MARTIN BARROW: Mr Deputy President, could the Secretary be a little more forthcoming about the links with the Chinese authorities -- including the Shenzhen authorities -- on this subject, and also as to the sort of hotline or other procedures that will be in place?

SECRETARY FOR SECURITY: Mr Deputy President, those are matters which we still have to discuss with the Guangdong authorities. We have now arranged to have a liaison meeting to discuss cross-border arrangements and we expect that the first meeting will be held in June.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, does the Administration have any further contingency measure if the water and food supplied as part of the contingency plan are also contaminated? If not, when will this be considered?

SECRETARY FOR SECURITY: Yes, Mr Deputy President, we have planned measures to deal with that problem and, indeed, that was simulated in the exercise we held in November 1990. We have full arrangements for the monitoring of food and water entering Hong Kong from China.

Appointment of Director of Audit

2. MR PETER WONG asked: Will the Government inform this Council of the criteria used in the recent exercise to fill the post of Director of Audit; and in particular how much weight was given to the need for a professionally qualified person to head the Audit Department and to the need to implement the avowed aim of localization of key posts?

SECRETARY FOR THE CIVIL SERVICE: The post of Director of Audit is not included in the civil service establishment. The appointment is made by the Governor, as required by section 3 of the Audit Ordinance, and is not subject to the advice of the Public Service Commission. These procedures are different from those which apply to other heads of department.

The criteria normally used for the appointment of heads of department are to select the best person for the job in terms of ability, knowledge and experience. In this case, it is not necessary for the Director of Audit to be a qualified accountant. The previous Director was not so qualified.

Under the Government's localization policy, preference is given to local candidates at the recruitment level, and in considering whether to renew the contract of an overseas officer. However, in filling posts at promotion level, local and overseas officers are considered on equal terms, since the overriding aim is to select the best person available, irrespective of their terms of appointment.

The Basic Law stipulates that a foreign national may not fill the post of Director of Audit. The appointment now of an expatriate as the Director of Audit will not prevent the appointment of a local director before 1997 so as to satisfy the requirement in the Basic Law. The new Director is a contract officer and will be 57 this year. There will be ample time for a local officer to succeed him when he retires in the normal course in 1995.

MR PETER WONG: Mr Deputy President, I am surprised that in the answer to my question

about the criteria used, nothing was said about the independence or perceived independence of the Director of Audit. Did the Governor consider the fact that the appointee was the Senior Principal Assistant Financial Secretary and probably had a hand in many decisions about allocation and use of resources and that it could be said that any work he may undertake to check such allocation and use could be questioned on a lack of impartiality? I would add that this concern is also shared by the Council of the Hong Kong Society of Accountants.

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, as I indicated in my main answer, the Director of Audit is an appointment made by the Governor. I find it difficult to put myself in the mind of the Governor but I have no reason to doubt that the Governor selected the person who, in his judgment, was the best person available in terms of both ability and experience. In other words, I am sure that the Governor has satisfied himself of the integrity and independence of the individual so appointed. As Mr Peter WONG is aware, the Audit Department operates independently of the Administration and that independence is guaranteed by legislation. The relevant Ordinance allows the Director access to any information he may require, and, above all, it provides that in the performance of his duties and the exercise of his powers the Director shall not be subject to the direction or control of any other person or authority.

As far as conflict of interest is concerned, I must say that the new appointee has unrivalled knowledge of the Government's financial operations. Far from being a conflict, his experience for 18 years in involvement in the government accounts has given him the ability to take over the duties very smoothly.

MR MARVIN CHEUNG: Mr Deputy President, will the Administration advise this Council whether the former Director of Audit made any recommendations as to the choice of his successor and, if so, whether his recommendation was followed?

SECRETARY FOR THE CIVIL SERVICE: Again, I must point out, Mr Deputy President, that this was an appointment by the Governor. I am not myself aware of a recommendation made in that situation.

MR MARTIN LEE: Mr Deputy President, bearing in mind that the Public Accounts Committee of this Council is still examining a report by the former Director of Audit in which he criticized the Government, inter alia, for cost overrun in relation to the construction of the Hong Kong University of Science and Technology, does the Administration not feel that the timing of this appointment and the appointment itself could easily be misunderstood by the public that the Government is trying its best to hamper the independent functioning of the Audit Department?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, the appointment of a new Director was necessitated by the retirement of the incumbent. The timing was out of our hands and in the hands of the then Director. I have already, in an earlier answer, touched on the independence of the Audit Department and the Director of Audit in particular; I might say that in addition to those statutory safeguards, the Director's independence is further protected by his accountability to this Council and, in particular, its Public Accounts Committee.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, in view of the fact that the independence of the Director of Audit is of vital importance and the post was filled through internal promotion in the past, will the Administration inform this Council why the post left vacant with the retirement of the former Director of Audit has to be filled by a senior official from the Finance Branch instead of through internal promotion, thus undermining the morale of the staff in the Audit Department?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, as I indicated in my earlier answer, the overriding aim in making any senior appointment is to select the best person for the job. Often that person might come from within the Department, although there is no fixed rule in that respect. The appointment of someone from outside the Department is no reflection on the expertise and the dedication of staff in the Department. It was, as I say, an appointment decided on the basis of making the best use of the talent available. I can understand that the staff might have felt some disappointment. I can only say, from my own experience, that the Administration often has to take difficult, unpopular decisions in the wider interests.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, the appointment has dealt a blow to the morale of the staff within the Department. Will the Secretary explain the decision to the staff or the staff association concerned?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, the staff were informed once the decision had been taken by the Governor, and I myself have also seen the then Acting Director, now Deputy Director.

MISS EMILY LAU (in Cantonese): Mr Deputy President, I was surprised to learn that the new Director will be 57 this year since I had always thought that 57 is the normal retirement age of overseas officers. Will the Administration inform this Council if overseas officers, including the Chief Secretary who has just turned 57 and is now shaking his head, have to retire when they reach 57? Do we still have any statutory age of retirement within the Civil Service? In addition, will the Administration clarify whether the former Director of Audit had an early retirement and if so, why?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, the answer of course depends on whether the individual concerned is on the Old Pension Scheme or the New Pension Scheme; different arrangements apply. Under the New Pension Scheme an individual can opt to take 60 as his normal retirement age. And 60 is the age which applies throughout the Civil Service, with some exceptions in the disciplined services. However, in addition to the statutory arrangement, we have introduced our own administrative guideline in the light of the provisions in the Basic Law which allow overseas Administrative Officers, in most cases, to retire at around the age of 57. As far as contract officers are concerned, of course that does not apply, but we would nonetheless apply a normal retirement age of 60.

DR YEUNG SUM (in Cantonese): Mr Deputy President, the Administration expresses its concern about the independence of the Audit Department but the point is whether the man in the street would also find it "independent". Now that a senior official from the Treasury is appointed as the Director of Audit, will the Department's image of independence be tarnished as the people may think that the independence of the Department is not maintained as a result of the appointment?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, I believe I have answered much

of that question in my reference to independence and the position under the relevant Ordinance of both the Director and his department. In addition, I might repeat that the monitoring function over the Director and his department and his report lies very clearly within this Council.

MR PETER WONG: Mr Deputy President, the Secretary said in answer to me that the new Director is supremely good at checking his own work. Can he explain to this Council how one can be impartial when checking one's own work or decisions that one has made during a previous posting with another department?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, I do not recall saying that the present incumbent would be checking his own work. I believe they were the words of Mr Peter WONG. As I have said on a number of occasions now, the independence is guaranteed by legislation. In his previous job, the present Director was concerned with controlling the Government's expenditure and with ensuring value for money. The value for money activity is one of the prime activities of the Director of Audit and his department. It seems to me this does not conflict with his role but is complementary to it. I might also add that the responsibility for the use of public funds is vested in Controlling Officers who report to the Finance Committee and the Public Accounts Committee of this Council. The new Director was never a Controlling Officer.

Student suicide

3. MR ERIC LI asked (in Cantonese): Will the Government inform this Council of the following:

(a) the number of student suicide cases in each of the past five years;

(b) the number of cases where the students who committed suicide had already been referred by their teachers to school social workers or the school discipline and guidance office for counselling; and

(c) whether the Education Department has formulated any guidelines on referring students to school social workers, advising on the most opportune time to make such

referrals; if not, what the reasons are and whether such guidelines will be formulated in future?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the number of attempted suicides by students reported by schools to the Education Department in each of the past five school years is as follows. In 1987-88 there were 35 reported cases of which eight were fatal; in 1988-89 there were 25 cases of which two were fatal; in 1989-90 there were 26 cases of which one was fatal; in 1990-91 there were 35 cases of which three were fatal; and so far in 1991-92, that is to say, from the beginning of September 1991 until 31 March 1992, there have been 35 reported cases of which 12 were fatal.

I regret that I do not have complete figures for the five years regarding the number of cases where the students who attempted to commit suicide had already been referred by their teachers to school social workers, school discipline and guidance teachers or student guidance officers for counselling. Our records show that there were 13 such cases in the 1990-91 school year, and 15 such cases so far in the 1991-92 school year.

The Education Department has formulated guidelines on referring students to school social workers. A circular entitled "Guidance Work in Secondary Schools -- A Suggested Guide for Principals and Teachers" was issued in 1986, and another one addressing the up to date situation entitled "How To Help Pupils With Problems" was issued on 1 April 1992. The first of these circulars advised schools how to deploy new guidance staff allocated to them and set up a mechanism to cope with crisis situations amongst students. The second circular gives detailed and practical guidance to teachers on how to develop a more positive and proactive approach to solving students' problems, particularly those that might lead to suicide, before they get out of hand. It also includes specific guidance on when and how to refer students for professional guidance.

MR ERIC LI (in Cantonese): Mr Deputy President, the number of student suicide cases has been increasing rapidly lately, and many members of the public comment on the way parents, principals and the teachers concerned handled the matter, based on what they learnt from news reports. However, nearly all such comments are arguing for the victims, giving a false impression to students and the public that they have no

responsibility to bear and there is no way to help the students in difficulty. Can the Administration inform this Council whether the circular issued recently spelt out the effective measures provided to encourage students to seek help from principals, teachers, social workers or parents when they are in difficulty?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, student suicides are always intensely sad and totally unnecessary. The causes of student suicides are multi-faceted and all parties in society, including the relevant government departments, teachers, parents, voluntary agencies, the media, society at large, can contribute positively to teach children to value their lives. This is something which the Government for its part, and particularly through the Education Department, is addressing. Among the many other steps which are being taken by the Education Department there are plans to produce an educational film entitled "The Philosophy of Life" aimed at inculcating in children the correct attitude towards the value of their existence.

MR VINCENT CHENG: Mr Deputy President, has the Government analysed the reasons behind these tragedies and what action has been taken by the schools to help those who are fortunate enough to remain alive after their attempts to commit suicide?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, various studies have been undertaken by various parties. As I said in my earlier reply, each case has of course its own different background. The problem is basically a societal one and the causes of individual cases can be extremely varied. With regard to action taken by the Government to assist those who have attempted suicide but who are fortunately still alive, the services rendered obviously will have to be tailored to the needs of each individual case; they include counselling, psychological therapy and such professional help as is considered to be best suited to the individual case.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, as can be observed in some of the past cases of student suicide, there is nothing unusual about the students in question both in academic performance and conduct and thus might not have aroused the attention of school social workers. Can the Administration inform this Council whether and how it will promote in schools on a wider basis education on the value

of life, in order to prevent students from committing suicide suddenly when they show no outward sign at all that may arouse attention?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, among the measures which are being taken or planned, as I said earlier in my answer to Mr Eric LI's question, the Education Department is planning to produce a film on "The Philosophy of Life" which will be for widespread screening. There have also been other steps taken such as leaflets issued to parents, educational posters and book-marks which are issued to students with appropriate messages and a number of hotlines which students can approach for assistance when they feel that they have a problem which they cannot solve.

DR LAM KUI-CHUN: Mr Deputy President, as different from adult cases, suicide by children usually is impulsive in nature and an understanding of the precipitating causes of such suicide would lead to timely prevention. Would the Secretary for Education and Manpower inform this Council how many of such suicides in the last five years as he has listed were precipitated by academic reasons, family reasons or other social reasons?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, I am afraid I have not attempted an analysis of the cases which have occurred over the past five years. At the same time I can refer Dr LAM to a recent study which was undertaken by two members of the Hong Kong University. This was a study published in January 1992 which sought to analyse why some students resorted to suicide. The report concludes that triad influences, academic difficulties, parental separation and family breakdown were areas where students felt most helpless.

MR EDWARD HO: Mr Deputy President, I am quite surprised to find from the second paragraph of the reply that the Secretary does not have complete figures for the cases referred by teachers to counsellors. Since apparently no record of such counselling is made, how can the Government be satisfied that counselling has not been done in a half-hearted manner or on an ad hoc basis?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, in my reply I did say that I do not have the complete figures. I am still researching and trying to find out if those figures do exist. If they do, then I should be pleased to supply the figures to this Council in writing. (Annex II)

PROF FELICE LIEH MAK: Mr Deputy President, in cases of suicide, it is the usual practice to conduct what is technically known as a "psycho-social post-mortem" on the case. Was this done by the schools involved in each of the cases and, if yes, were the results made known to the Education Department?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, I think, as far as I understand, in most of these cases the schools themselves have probably not conducted such studies, although they would no doubt have contributed to coroner's inquiries and so forth. There is a Task Force on Student Suicides within the Education Department which conducts detailed studies into the causes of each incident. There is also, within the framework of the Board of Education, an Advisory Committee on School Guidance and Support Services which undertakes such studies.

Gas safety

4. MR EDWARD HO asked: In view of the potential safety hazards posed by gas leakage, will the Government inform this Council what measures are being taken to ensure that gas supply pipes in buildings or under roadways are up to the required standard and are properly installed to prevent leakage?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, gas supply pipes laid underground carry either the gas produced by the Hong Kong and China Gas Company or liquified petroleum gas supplied by the major oil companies. Such installations are controlled under the Gas Safety (Gas Supply) Regulations made under the Gas Safety Ordinance.

The Hong Kong and China Gas Company constructs, tests and maintains its underground piping in accordance with standards approved by the Gas Standards Office of the Electrical and Mechanical Services Department. Surveillance of the system

is carried out by the company using extremely sensitive equipment for detecting leakages. The frequency of surveys is determined in accordance with criteria agreed with the Gas Standards Office but all residential, commercial and industrial areas are surveyed at least twice a year.

The provision of underground piping for liquified petroleum gas is generally restricted to private developments that can provide the necessary storage space and security. Construction, repair and operation of such installations require the prior approval of the Gas Standards Office. The piping is pressure tested every three years by the relevant oil company to ensure that it continues to be leak free.

The gas supply pipework inside buildings includes meters, valves and appliances and is controlled under the Gas Safety (Installation and Use) Regulations. The Gas Safety (Registration of Gas Installers and Contractors) Regulations require that any person who undertakes work on any gas fitting inside a building must be registered as a "gas installer" and be employed by a registered gas contractor. The technical competence of the installers is monitored by the Gas Standards Office. Any unsafe installation detected by a registered gas installer can be made safe or shut off and labelled against use. The rubber tubing used to connect an appliance to the gas supply has to meet requirements more stringent than the relevant British Standards before it may be sold in Hong Kong.

Mr Deputy President, it will be apparent that the Government, in setting up the Gas Standards Office, backed by comprehensive gas safety legislation, and the gas supply companies, in undertaking regular surveys of their piping, take the potential hazards posed by gas leaks very seriously and are taking every practicable measure to safeguard the public against such hazards.

MR EDWARD HO: Mr Deputy President, I am most reassured by the Secretary's reply that the Government is taking every practical measure to safeguard the public against gas leakage hazards. But in view of the recent gas explosion tragedy in Mexico, can the Secretary please advise this Council that similar problems would not occur in Hong Kong?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, I would have thought that the risk of such an explosion would be considerably minimized by the extensive controls

over gas installations and maintenance available under the Gas Safety Ordinance and the subsidiary legislation. I have also, in my principal reply, referred to the need for regular surveys and the fact that sensitive equipment is in use to detect leakages promptly so that the fault can be put right promptly. In addition, the Drainage Services Department also has sensitive checking equipment to detect gas leakage and will respond immediately to complaints. In addition to the Gas Safety Ordinance, there are a number of other Ordinances, for example the Dangerous Goods Ordinance, which also control gas installations and maintenance. And I believe that under the Water Pollution Control Ordinance it is also possible to pick up solvents poured into the drainage system and thereby ensure that the necessary remedial action is taken.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, will the Administration inform this Council whether it will step up its efforts in its surveys of piping in industrial areas like Tsing Yi where underground liquified petroleum gas pipes had been installed, and if so, how the surveys will be carried out?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, we believe that the controls imposed under the Gas Safety Ordinance and its subsidiary legislation are adequate to cope with the installations that Mr LEE referred to.

MR PETER WONG: Mr Deputy President, unlike town gas, LPG is odourless and colourless. Should certain requirements as to tracer gases -- which have a high smell factor only unburnt -- be made necessary so as to make detection of leaks easy?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, I believe that the Gas Standards Office is currently satisfied that the detailed controls and requirements imposed under existing legislation is adequate to control LPG.

MR EDWARD HO: Mr Deputy President, will the Secretary please advise this Council whether there were incidents of gas leakages leading to potential hazards in the past three years, and how soon they were detected and rectified?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, in the past three years, that is 1991, 1990 and 1989, there were no casualties or fatalities involving incidents with underground gas mains. There were however 34 casualties in 1991, 19 in 1990, and 52 in 1989 involving incidents inside buildings. These of course also included accidents caused either by the carelessness of users or by deliberate acts on the part of the users. I am afraid I am not able to respond immediately as to how quickly these incidents were put right, but I believe that they were put right very promptly in view of the dangers involved.

Infrastructural support for polluting industries

5. MR NGAI SHIU-KIT asked: Mr Deputy President, will the Government inform this Council if any concrete steps have been taken by the Government to provide necessary infrastructural support to industries with high water consumption and environmental impacts, such as bleaching, dyeing and other related industries?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, a number of steps have been taken to meet the needs of such industries.

Several sites have been sold to heavy water users in the last few years by the Hong Kong Industrial Estates Corporation, particularly in its second industrial estate in Yuen Long. Provision has also been made for the Corporation's third industrial estate in Tseung Kwan O to have an increased water supply and adequate effluent treatment facilities to allow about 10 to 15 hectares of land to be used by water intensive industries. The first sites in this new estate should be ready for sale in early 1994.

The Government has earmarked 12.5 hectares of land for heavy water users in the new industrial zone to be reclaimed at Tuen Mun adjacent to the Tap Shek Kok power station. We are also considering providing more land for water intensive industries in other new industrial areas.

In addition, the Industry Department has recently commissioned a consultancy study to look at the needs of Hong Kong's industries for infrastructural support in the light of environmental protection measures in Hong Kong. The findings of the study are expected to be available in early 1993.

MR NGAI SHIU-KIT: Mr Deputy President, according to the Secretary's reply, the findings of the study are expected to be available in early 1993. But I understand that the said consultancy study was commissioned in early 1991; so may I ask why it takes so long to complete this study?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, the consultancy study has a very long and complicated set of terms of reference. It would require the consultants to look at all aspects related to the implementation of the White Paper on Pollution in Hong Kong -- A Time to Act which was issued some time ago, and that is why the study will take until early 1993 to complete.

PROF EDWARD CHEN: Mr Deputy President, unless the pollution industries are of extreme importance or generating significant external effects to the economy, otherwise the public should not be subsidizing these industries from general revenue. Would the Secretary advise to what extent and in what way the expenditure on such infrastructural support has been recovered or will be recovered through levies imposed on the industries concerned?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, the industries that we are talking about include paper manufacture, bleaching and dyeing, printing and finishing of fabrics, food and beverages, printed circuit manufacture, electroplating and so on. Some of these industries, especially the textile finishing industry, are of great importance to Hong Kong's economy because these particular industries provide an important linkage for the clothing industry; as we all know, the clothing industry in Hong Kong, because of quotas with our bilateral partners which require them to be manufactured in Hong Kong, cannot be moved offshore out of Hong Kong. And the finishing industry in Hong Kong is in a position to respond rapidly to the demands of the clothing industry and that is one of the reasons for the success of the clothing industry in Hong Kong.

MR HENRY TANG: Mr Deputy President, I understand that we are all very concerned about the environment; so would the Secretary advise whether the sites that are sold to

the water intensive industries are adequately protected against effluent discharge? And also, if the sites are not sold to these water intensive industries, how many jobs would be affected in Hong Kong?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, I cannot provide a precise answer to the last part of Mr TANG's question, but I can say that in 1989, which is the latest year for which I have statistics, the water intensive industries in Hong Kong did provide employment for 46 000 workers in Hong Kong and did contribute close to HK\$18 billion worth of industrial output. As regards the first part of the question, the answer is yes if the industries concerned happen to discharge into waters which have already been declared a water controlled zone.

REV FUNG CHI -WOOD (in Cantonese): Mr Deputy President, will the Administration inform this Council whether there are new effluent treatment facilities in the new industrial zone near Tap Shek Kok? If not, why not?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, the Tap Shek Kok project is a long way from completion; yet it is envisaged that the first phase of this new industrial zone will not be ready until 1995-96. Therefore at present there are no pollution treatment facilities within that area. But I have no reason to believe that when the new industrial zone is ready for occupation there would not be adequate facilities to treat effluents which might pollute.

MR JIMMY MCGREGOR: Mr Deputy President, would the Secretary agree that the dyeing and finishing industries in Hong Kong represent an importance to the economy far beyond their actual employment and output in that they are a link industry between the spinning and weaving industries and the garment industry?

SECRETARY FOR TRADE AND INDUSTRY: Yes, Mr Deputy President, I agree entirely with Mr MCGREGOR that the finishing industry contributes to the economy to an extent far greater than its actual output.

MR PETER WONG: Mr Deputy President, since water is one of our scarcest resources and is mostly imported, should it be the Government's policy to encourage the further setting up of water intensive industries in Hong Kong, especially if they are not linked to existing industries?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, we are not encouraging the setting up of more water intensive or polluting industries. The position remains that the Government does not intervene in decisions made by manufacturers on whether or not to invest in particular industries or whether they should invest in those industries in Hong Kong or outside Hong Kong.

PROF EDWARD CHEN: Mr Deputy President, am I to understand from the Secretary's answer to my last question that no levy will be imposed or has been imposed on such industries to recover part of the cost of infrastructural support? I think that question has not been answered at all.

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, there are at present no plans to do so.

Redevelopment of the Hong Kong Stadium

DEPUTY PRESIDENT: Before we come to the last question, Members ought to be aware of my interest in the question as Deputy Chairman of the Jockey Club. I had thought of stepping down when this question was asked. But under Standing Orders the senior ex officio Member present shall then preside; and as the Government always has an interest in questions, that is not a solution. So I fear I shall have to preside over this question.

At this point Mr Ronald ARCULLI declared interest as a steward of the Jockey Club.

6. MR CHEUNG MAN-KWONG asked (in Cantonese): In view of public concern over the redevelopment of the Hong Kong Stadium, will the Government inform this Council:

(a) whether the stadium's redevelopment costs, including costs incurred as a result of inflation be borne entirely by the Royal Hong Kong Jockey Club, and whether there is a need for the Hong Kong Government to undertake to pay any of the costs;

(b) how the stadium will be used after its redevelopment; and in case of operating losses, which institution will bear the losses incurred?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, the costs for redeveloping the Hong Kong Stadium will be borne solely by the Royal Hong Kong Jockey Club. The Hong Kong Government will not be required to make any contributions.

The new stadium, when it is completed, will be used for sporting and mass entertainment activities that will attract large crowds. The authority responsible for the management of the new stadium will have to bear all operating costs.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, given that the management authority of the new Hong Kong Stadium is not a note issuing authority, will the Administration inform this Council whether taxpayers' money will be used to fund any operating loss if the decision in excluding an athletic track in the design of the new stadium should prove to be wrong and lead to underutilization? Will anyone be held responsible for the inadequate design? Furthermore, since there will not be an athletic track in the redeveloped stadium, can the Administration inform this Council how it will ensure that an up-to-standard venue will be provided for school or joint-school sports events, the latter of which would involve more than 10 000 participants, so that normal school athletic activities will not be affected?

DEPUTY PRESIDENT: Secretary for Recreation and Culture, have you got all the questions?

SECRETARY FOR RECREATION AND CULTURE: Yes, Mr Deputy President. The existing Hong Kong Stadium is, under the Memorandum of Administrative Arrangements entered into between the Government and the Urban Council, managed by the Urban Council, and at present it is suffering a net deficit in its management costs. Under that same

memorandum, the Urban Council will have first call for managing the new redeveloped stadium and my understanding from discussions with the Urban Council is that they would wish to carry on managing the stadium. So I presume the management costs of the new stadium will be totally borne by the Urban Council.

As regards the second part of Mr CHEUNG's question, an arrangement has already been worked out between the Urban Council and the Schools Authority to make available adequate facilities to accommodate the requirements of schools. These arrangements include making available spare capacity at existing Urban Council sports grounds. Also, the Urban Council has agreed to open up the Wan Chai Sports Ground for school use in general and, in addition, the Urban Council has agreed to upgrade the Aberdeen Sports Ground to provide for a seating capacity of 12 000 and also to build an additional sports ground either at Siu Sai Wan or at Tai Hang Tung to accommodate school athletic activities which may require a large capacity.

MR MARVIN CHEUNG: Mr Deputy President, will the Administration confirm to this Council that no government funds out of the General Revenue Account will be involved in funding any operating losses of the stadium, including any additional grants or subsidies which will need to be given to the authority responsible for its management to fund those losses, if for any reason the Urban Council is not given the responsibility to manage the stadium?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I think it is early days yet to make the presumption that the Urban Council would not agree to manage the new stadium. My understanding, as I said earlier, from discussions with the Urban Council, is that they are interested in carrying on the management of the new stadium.

MR HOWARD YOUNG: Mr Deputy President, could the Secretary confirm that the provision of a running track in such stadiums usually has the effect of increasing losses rather than mitigating losses? And also, could he inform us if any studies have shown that the stadium is going to be a loss maker or that it is actually going to return some profits?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, the experience of the Urban

Council in managing the existing stadium has indicated that the inclusion of an athletic track in the stadium is likely to result in added management costs. And because the new stadium will not have an athletic track, it is likely that the total management costs will be significantly reduced.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, the new stadium is designed for mass spectator sports or mass entertainment events which may not be so popular in Hong Kong. Given that the Urban Council relies on rates as its source of revenue, if the Urban Council will have first call for managing the stadium and should there be financial difficulties in the future, it will mean that public money will be used to fund those events or other activities that can hardly relate to the purpose for which the new stadium is built. Has the Administration given thought to who should be responsible for the loss?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I would like to say that the Jockey Club has undertaken a consultancy study on the future viability of the redeveloped stadium based on the fact that it will be used for mass spectator sports and mass entertainment events, and the consultancy study indicates that the management of the stadium will be viable and that there is likely to be a surplus arising out of the management of the stadium. I would also like to point out that, as indicated in an earlier answer to this question, the Urban Council is at present already suffering a loss in its management of the existing stadium and that deficit is being borne by the Urban Council through the rates.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, will the Administration inform this Council in what way the redeveloped stadium can really promote the development of sports in the territory and serve as a venue mostly for athletic events rather than for concerts, which in fact is what the Hong Kong Coliseum and the Queen Elizabeth Stadium have been doing?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I think this is a matter

for the future management authority to promote but the facilities to be provided in the new stadium will clearly make it much more attractive for mass entertainment sports like soccer, rugby, five-a-side football and various other mass spectator sports of that kind to take place.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, will the Administration confirm to this Council that any deficit in management costs each year will be borne by the Jockey Club upon redevelopment of the stadium?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I think I have answered this question earlier. The costs of management of the new stadium will be borne by whichever authority that has accepted the management of the stadium and will not be borne by the Royal Hong Kong Jockey Club.

MISS EMILY LAU (in Cantonese): Mr Deputy President, could the Administration inform this Council of the number of days out of a year the redeveloped stadium will be filled to capacity? I have some reliable source of information which says that, according to estimate, there will only be four days out of a year when rugby is held that we will have full house in the stadium. Could I ask whether this is accurate or does the Administration have other data to substantiate the claim of a higher utilization rate?

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I do not think we have figures to indicate how many days out of a year the new stadium is likely to be filled; it all depends on the usage made of the new stadium by the various sporting associations, like the Hong Kong Football Association, the Hong Kong Rugby Association and other sports bodies. But we have undertaken a consultancy study and that has shown that the number of days to be used for mass spectator sports, together with a sprinkling of mass entertainment events, will ensure that the stadium is going to be a viable concern.

Written answers to questions

Industrial accidents

7. MR LAU CHIN-SHEK asked: With regard to casualty and emergency cases handled by public hospitals, will the Government inform this Council of the following:

(a) the number of cases caused by accidents in each of the three years from 1989 to 1991; and how many of these cases are related to industrial, household and traffic accidents respectively; and

(b) among the cases involving industrial accidents, how many are related to injuries to the eyes, limbs, head and back respectively?

SECRETARY FOR HEALTH AND WELFARE: The following is a breakdown of traumatic Accident and Emergency (A&E) cases handled by public hospitals between 1989 and 1991:

	1989		1990		1991	
Cause	No of A&E attendances	No of In-patients admitted	No of A&E attendances	No of In-patients admitted	No of A&E attendances	No of In-patients admitted
Industrial	106 692	14 241	100 482	11 706	103 649	10 123
Domestic	77 555	12 565	75 226	11 152	79 014	10 074
Traffic	23 725	3 939	22 342	3 190	22 736	2 973
Others*	9 818	6 172	52 979	6 173	49 312	4 706
Total	217 790	36 917	251 029	32 221	254 711	27 876

* Others refer to assault, sport, animal bite, insect bite and other traumatic cases.

Meanwhile, the number of work-related accidents reported to the Employees'

Compensation Division of the Labour Department are 97 450 for 1989, 94 938 for 1990 and 87 827 for 1991.

The following is a further breakdown of traumatic A&E cases involving industrial accidents for 1989 and 1991:

	1989	1990	1991				
Injuries	Total	Total	Total	attendances %	attendances %	attendances %	
Skull	10 809	10.13	9 376	9.33	11 710	11.30	
Face and neck	7 302	6.85	6 141	6.11	6 630	6.40	
Hand	34 722	32.54	32 834	32.68	33 174	32.00	
Arm	10 531	9.87	9 877	9.83	9 414	9.08	
Leg and foot	23 189	21.74	22 118	22.01	23 135	22.32	
Trunk	11 858	11.11	12 334	12.28	12 446	12.01	
Eye	5 174	4.85	4 954	4.93	4 343	4.19	
Others	3 107	2.91	2 848	2.83	2 797	2.70	
Total	106 692	100.00	100 482	100.00	103 649	100.00	

Regular attendance of Branch Secretaries at Legislative Council sittings

8. MR JIMMY MCGREGOR asked: Will the Government inform this Council whether, subject to any necessary amendments to Standing Orders, it will consider arranging, on a regular basis, say, once a year, for Branch Secretaries to attend public sittings of the Council at which Members may discuss matters in the Branch Secretaries's respective policy areas?

CHIEF SECRETARY: Mr Deputy President, arrangements already exist for Branch Secretaries and their senior staff to brief Legislative Councillors regularly on their respective policy areas through meetings of the various OMELCO panels and at special meetings of the Finance Committee to examine the annual Estimates of Expenditure. Moreover, policy matters can be raised at sittings of the Council

during question time and at the debates on the Governor's address and on the Budget. If a majority of Members wished these arrangements to be supplemented or replaced by regular meetings with Branch Secretaries we would be prepared to consider such a proposal.

Reclamation in Central and Wan Chai Districts

9. MR WONG WAI-YIN asked: In view of the reclamation works to be undertaken along Central and Wan Chai Districts, will the Government inform this Council of the following:

- (a) the affected area and commencement date of the reclamation project;
- (b) which ferry piers will be affected or even need to be relocated; and

(c) what measures the Government will take to ensure that the project will not affect sea transport services along Central and Wan Chai Districts?

SECRETARY FOR TRANSPORT: Mr Deputy President,

(a) The contract for Phase 1 of the Central and Wan Chai Reclamation is planned to start in September 1992. The scope of the works is shown in the map at the Annex. The start dates for subsequent phases of the reclamation have yet to be decided.

(b) The Phase 1 reclamation will cut off marine access to the piers now located between Rumsey Street in the west and the General Post Office in the east. They comprise the Government Pier near Harbour Building, the Outlying District Ferry Services Pier, the Central Harbour Ferry Services Pier, the Jubilee Street Ferry Pier and the Blake Pier.

(c) These piers provide berthing points for 13 ferry services. Sufficient replacement piers will be provided on the new waterfront for all existing ferry services to the outlying islands and those inner-harbour services which remain financially viable.

As the Phase 1 reclamation will be done in two stages, the existing piers will remain in use until all the affected ferry services have been relocated either

to the new piers on the first stage of the reclamation or to temporary berths nearby. There will therefore be no break in services.

Departments concerned are working out the detailed phasing of works and transitional traffic arrangements to ensure that the safety and operation of the ferry services is maintained and any inconvenience to passengers minimized.

Annex

Committee on Legislative Priorities

10. MR PETER WONG asked: Will the Government inform this Council of the workings of the Committee on Legislative Priorities and its membership?

CHIEF SECRETARY: Mr Deputy President, the Committee on Legislative Priorities was established in August 1991 with the objective of co-ordinating and determining the Administration's legislative priorities. The Committee's main task is to draw up well in advance of the beginning of each legislative Session a tentative legislative programme for the Session, on the basis of proposals from branches and departments. Thereafter it regularly reviews progress and makes adjustments where appropriate.

The Committee is chaired by me. Its members include the Financial Secretary, the Attorney General, the Law Draftsman, the Director of Administration, the Information Co-ordinator and the Clerk of Councils.

Renewal of driving licences

11. MR TIMOTHY HA asked: Given that full driving licences must be renewed annually or every three years, will the Government inform this Council:

(a) of the number of persons who were:

(i) served with Fixed Penalty tickets, and

(ii) summonsed and convicted for driving with an expired licence in each of the past three years;

(b) of the reason for giving one and three-year renewal options only; and

(c) whether consideration will be given to additional five, seven, ten-year or even life options in order to minimize inconvenience to drivers and to reduce administrative costs; and if not, why not?

SECRETARY FOR TRANSPORT: Mr Deputy President,

(a) The number of persons who were served with Fixed Penalty tickets and summonses for driving with expired driving licences in the past three years are as follows:

Year	Fixed Penalty Tickets	Summons
1989	7 976	828
1990	8 036	806
1991	9 466	562

Figures on convictions are not available, but the number of acquittals is believed

to be small.

(b) The main reason for allowing only one and three-year renewal options is to maintain an up-to-date record of drivers' addresses to facilitate correspondence and serving summonses for traffic offences. It also helps to ensure the prompt payment of fines imposed for traffic offences.

(c) The Government has previously considered the possibility of extending the validity period of driving licences on several occasions, but has concluded that this should not be pursued. The main reasons, which remain valid today, are:

(i) notwithstanding their legal obligation to notify the Transport Department of any change in address, in practice most drivers report changes only when they renew their licences. Extending the validity period of driving licences would mean that the recorded addresses of many drivers would be out of date, thus causing difficulties in serving summonses, and so on; and

(ii) under the Fixed Penalty (Traffic Contraventions) and Fixed Penalty (Criminal Proceedings) Ordinances, the Commissioner for Transport may refuse the renewal of a driving licence until the holder has paid all outstanding fines for traffic offences. An extension of the validity period may lead to a greater accumulation of fines due to the Government.

On the question of administrative costs, if all driving licences were valid for a longer period of say 10 years, the Government would achieve a small saving estimated at \$0.4 million each year. It is likely however that such saving would be more than offset by the loss in unpaid fines. As for convenience to drivers, in 1991, 47% of applications for renewal of a full driving licence were for a period of one year, while the remaining 53% were for three years. This shows that despite the greater convenience of the three year licence, almost half of motorists would still prefer to renew for only one year.

Airport Core Programme projects

12. MR HENRY TANG asked: In view of the recent statement by the Secretary for Economic Services that Kai Tak Airport might not reach saturation in 1993 as earlier predicted, will the Government inform this Council whether consideration will be given to

rescheduling the Airport Core Programme projects in order to reduce the inflationary pressure which will be brought about by these projects when they are all in the course of implementation?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, earlier predictions that Kai Tak might become saturated as early as 1993 were based on the assumption of a continuing trend in growth in air traffic of around 10% per annum. As a result of the Gulf War and a continuing downturn in world economies in 1991, air traffic volumes worldwide slumped in 1991 and Kai Tak recorded an increase of only about 2.5% in air passengers and 3.7% in aircraft movements in that year. As a result, it is safe to assume that the situation at Kai Tak is likely to be less critical in 1993 than previously expected. Nevertheless, it is still likely that, by mid-1994, severe problems will emerge as airlines become unable to find acceptable landing slots at Kai Tak. Problems in this respect are already occurring at Kai Tak; it is only a matter of degree. By mid-1994, the situation is likely to have become so serious that the economy as a whole will begin to suffer significant disbenefits as it becomes impossible to provide airport capacity to meet growing air traffic demands.

It remains our view that even one year of "saturation" at Kai Tak should be avoided if at all possible, let alone the three years now expected. There is, therefore, no case for relaxing the timetable for the implementation of the Airport Core Programme in economic terms.

Every effort will continue to be made to implement the programme of works in a way that eases any inflationary impact they may have. Stringent cost controls and the importation of labour are important measures which will assist in meeting this objective.

Siting of British Consulate in Hong Kong after 1997

13. MR HENRY TANG asked: Will the Government inform this Council whether the land on which Colvin House now stands will be granted to the British Government as the site for her consulate in Hong Kong after 1997, and if so, will it inform this Council of the terms and conditions of such grant?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Hong Kong Government has agreed to grant by private treaty the Colvin House site of about 6 500 sq m for the post-1997 British Consulate-General. The lease will be for a period up to 30 June 2 047 at a premium of \$1,000. Land rent up to 30 June 1997 will be \$1,000 per annum and thereafter at 3% of the rateable value of the lot. The user will be restricted to the British Consulate-General, ancillary accommodation and the British Council.

New immigrants from China

14. DR CONRAD LAM asked: In view of the large number of new immigrants from China to Hong Kong each year, will the Government inform this Council:

(a) of the number of these immigrants, and their age distribution, in the past three years;

(b) what corresponding actions have been taken by the Government to meet the needs of these new immigrants in respect of education, employment and services for the elderly;

(c) what channels are available to the Government to understand the way in which these new immigrants live in Hong Kong; and

(d) to the knowledge of the Government, what the most difficult problems facing these immigrants in integrating into the society are; and what the Government has done to help them overcome these difficulties?

CHIEF SECRETARY: Mr Deputy President,

(a) There are 81 953 new immigrants from China in the past three years. The age distribution is at Annex.

(b) The Government, in planning future provision of education, employment and elderly services, as well as other services and facilities, takes into account the impact of Chinese immigrants on local population projection and demographic profile to ensure that their needs are taken into account in the projected demand for services.

(c) The demographic profile of the immigrants, the types of services and assistance they commonly seek from government departments and voluntary agencies, and statistics collected by voluntary agencies help to provide information about the life and needs of new immigrants from China.

(d) From the demands for services provided by the Social Welfare Department and voluntary agencies, the most common problems faced by new immigrants from China include language, adjustment to the local culture and life style, schooling of children, and employment. To help new Chinese immigrants overcome their difficulties, the Social Welfare Department provides counselling service and other assistance programmes through the 53 government run and subvented families services centres in the territory. Special services directed at new Chinese immigrants are also provided through subvented agencies. For example, the International Social Service offers a comprehensive range of services to new immigrants. These include migration counselling, briefings and film shows to help immigrants integrate into the local community; Cantonese and English classes, and orientation tutorial groups for children of immigrant families; and a Travellers' Aid Service counter at Hung Hom Railway Station to help new arrivals to contact their families and relatives, as well as giving general advice and help.

Annex

Distribution of legal immigrants from China by age and by sex in 1989, 1990 and 1991

Age Group	Sex	1989		1990		1991	
		No.	%	No.	%	No.	%
Under 15	M	4 492	16.48	4 597	16.43	4 143	15.50
	F	3 702	13.58	3 814	13.63	3 442	12.84
15 - 24	M	2 404	8.82	2 439	8.72	2 374	8.88
	F	2 251	8.26	2 106	7.81	2 180	8.20
25 - 34	M	1 603	5.88	1 579	5.64	1 637	6.13
	F	4 598	16.87	4 985	17.83	4 828	18.07

35 - 44	M	1 098	4.03	1 194	4.27	1 099	4.11
	F	3 093	11.35	3 407	12.46	3 369	12.61
45 - 54	M	460	1.69	472	1.69	467	1.75
	F	1 495	5.49	1 404	5.02	1 456	5.45
55+	M	482	1.77	495	1.77	448	1.69
	F	1 562	5.73	1 303	4.66	1 250	4.70
Unknown	M	6	0.02	6	0.02	6	0.02
	F	9	0.03	15	0.05	15	0.05
	M	10 545	38.69	10 782	38.54	10 174	38.08
Total	F	16 710	61.31	17 194	61.46	16 548	61.92
	T	27 255	100.00	27 976	100.00	26 722	100.00

Public housing for civil servants

15. MR GILBERT LEUNG asked: In connection with the public housing quota arrangement for civil servants, will the Government inform this Council:

(a) of the annual quota of public housing units for application by junior civil servants in the past five years; what the eligibility criteria are;

(b) of the number of applications received from civil servants each year for allocation of such units and the length of service normally required for successful allocation;

(c) whether the Administration will increase the quota of such units for applications from civil servants in the foreseeable future; and

(d) whether the Administration is going to offer any assistance to those civil servants who have over ten years of service but are still unsuccessful in getting their housing units after repeated applications so that their housing problem may be solved?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President,

(a) Since 1985-86, the annual quota of public housing units for civil servants has remained at 1 700 units, of which 600 (the Special Quota) are earmarked for the rank and file of the disciplined services who are occupying departmental quarters and are within 10 years of retirement.

Under the General Quota (1 100 units), all civil servants with at least two years of service and whose income does not exceed MPS Pt. 21 (\$14,740 per month) or equivalent may apply. Rank and file officers of the disciplined services who have at least two years of service and are not occupying departmental quarters may also apply under the General Quota. Dependents of officers who died in service whilst occupying departmental quarters are given priority in the allocation of flats.

(b) About 7 000 applications are received each year. The chances of success depend mainly on the length of service of the applicant and the choice of housing estate. The average length of service of successful applicants is nine years, but some officers with five years of service have also been successful in obtaining units in less popular estates.

(c) The Housing Authority is unlikely to provide more public housing units for civil servants in the foreseeable future in view of the overall supply and demand situation.

(d) All civil servants with at least 10 years of pensionable service may apply for a housing loan equivalent to the maximum commuted pension gratuity earned at the time of application. The loan is repayable over a period of ten years with interest at a concessionary rate. Junior civil servants with 20 years of service may also apply for the Home Purchase Scheme which is subject to an annual quota of 1 800 places.

Flood prevention

16. MR LEE WING-TAT asked: With the advent of the rainy season, will the Government inform this Council:

(a) whether preventive measures will be taken to clear all drains, so that in

the event of heavy rain no flooding will occur as a result of blocked drainage; and

(b) whether construction sites will be inspected to ensure that no silt, sawdust and other construction wastes will flow from the sites into the drains causing blockage?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Drainage Services Department operates a preventive maintenance programme to inspect major stormwater drains, culverts, nullahs and blockage blackspots regularly. Any silting and blockage inside the drains is cleared and defects and damage are repaired before the rainy season so as to minimize flooding. In 1991 the Department inspected 300 km of stormwater drains, culverts and nullahs, 90 km of which were subsequently cleared with a total of 75 000 cu m of silt being removed.

Construction sites which involve significant earthworks may cause sand and silt to be washed into the public drainage system during heavy rain. Where government departments are in charge of sites, they are responsible for ensuring that adequate measures are taken to prevent erosion, for constructing temporary drainage systems to intercept surface runoff, and for providing sand traps and vehicle washing facilities to prevent silt and debris from flowing into the public drainage system. Such preventive works are normally carried out by contractors and are supervised and inspected regularly by government staff. A standing instruction is promulgated before every rainy season to remind all resident site staff to ensure that contractors' works are designed and maintained to prevent flooding. As regards private sector construction sites, authorized persons and registered contractors are responsible for similar precautionary measures. A reminder is sent by the Director of Buildings and Lands to all authorized persons and registered contractors before the onset of the rainy season to this effect.

Consultancy studies commissioned by the Economic Services Branch

17. DR SAMUEL WONG asked: Will the Government inform this Council:

(a) what consultancy studies have been commissioned by the Economic Services Branch in the past five years;

(b) what are the purposes, the areas of study, and the cost of each study; and

(c) briefly what action has been taken in the light of the findings of each study?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, over the past five years the Economic Services Branch has commissioned four consultancy studies of which two were related to telecommunications and two on the environmental aspects of the Daya Bay Nuclear Power Plant. Details of each of these studies are as follows:

Consultancy studies on telecommunications

In 1989 Arthur D. Little Asia Pacific was commissioned to undertake a technical and financial evaluation of proposals, received in response to a government invitation issued in 1988, to provide a combined cable TV and competing second local telecommunications network. This evaluation was required to assist the Government in selecting a franchisee to undertake the project concerned. The Government's recommendations were put to the Executive Council in mid-1989 in the context of the cable TV/second television network proposals which subsequently led to the selection of Hong Kong Cable Communications Limited to undertake the project.

A second study in the field of telecommunications policy was conducted in 1991. Further to the work they had carried out in 1988 under a study commissioned by the Post Office, Booz, Allen & Hamilton Inc. was commissioned to provide an economic evaluation of the broad options available for the further development of telecommunications services in Hong Kong. The study encompassed a survey of regulatory trends overseas and an assessment of the implications of technological development for further liberalization of the telecommunications market. Its findings have made an important contribution to the review of telecommunications policy which is now being undertaken by the Economic Services Branch.

Consultancy studies related to the Daya Bay Nuclear Power Station

The United Kingdom Atomic Energy Authority was engaged to conduct two consultancy studies on environmental aspects of the Daya Bay Nuclear Power Station. The purpose of the first study, conducted in 1987, was to provide advice on contingency planning to deal with the potential consequences for Hong Kong of a major nuclear reactor accident at Daya Bay. The study's recommendations have formed the basis for the contingency plan currently being developed by the Secretary for Security.

The purpose of the second study, conducted in 1990, was to assess the risks to Hong Kong from possible accidents at the Daya Bay Nuclear Power Station. The study concluded that the health risks associated with accidents at Daya Bay are much lower, by a very large margin, than others encountered by Hong Kong people in everyday life. The assessment has been noted and taken into account in our contingency planning.

In addition to the above consultancies, the Economic Services Branch has recently also been responsible for steering the airport financial consultancy commissioned by the Finance Branch. Wardley Capital Limited and a Canadian sub-consulting team: Marshall Macklin Monaghan were appointed to conduct this study which commenced in August 1990 and has just been completed. The primary objectives of the study were to provide an analysis of the financial viability of the project and to recommend an appropriate financing strategy. Its results, taken together with the outcome of discussions which have taken place recently between the Government and the Provisional Airport Authority, have provided the basis for the financial plan for the new airport project on which Members of the Legislative Council Ad Hoc Group to Study the Financial Arrangements for the New Airport and Related Projects will be briefed by the Administration shortly.

The total cost of the above consultancy studies, including the one commissioned by the Finance Branch, is of the order of \$18 million.

Signposting for Convention and Exhibition Centre

18. MR HOWARD YOUNG asked: With an increasing number of international conferences and exhibitions being held at the Convention and Exhibition Centre, attended by overseas delegates, will the Government inform this Council what measures are being taken to improve signposting directing visitors to the Centre?

SECRETARY FOR TRANSPORT: Mr Deputy President, ten new directional signs were installed recently to direct pedestrians and visitors to the Convention and Exhibition Centre. These extend from the Wan Chai MTR station to the Centre, and should assist overseas visitors in particular.

Clearance of Temporary Housing Areas

19. MR PANG CHUN-HOI asked: Regarding the clearance of Temporary Housing Areas and the resettlement of residents thereof, will the Government inform this Council:

(a) whether there are plans to clear all Temporary Housing Areas by 1995-96; if so, what the timetable for these clearances is;

(b) which departments are responsible for the environmental hygiene and regular inspection and maintenance of all the facilities in the Temporary Housing Areas yet to be cleared; how often these inspections are conducted; and

(c) whether the Government is currently adopting a policy of "local rehousing" for residents affected by the clearance of Temporary Housing Areas?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Housing Authority started a clearance programme of Temporary Housing Areas (THAs) in 1988 with a view to rehousing an average of about 14 000 residents each year. Under this programme, 39 THAs have been cleared and nearly 40 000 residents rehoused so far. The programme aims to clear about 90% of the present 67 000 THA residents by 1995-96. The remaining few thousand will be rehoused as soon as possible thereafter.

The Housing Department is responsible for the environmental hygiene, cleansing, security and maintenance of THAs. THAs are inspected regularly by the management staff to ensure the structures and facilities are maintained to an acceptable standard.

It is not to be feasible to offer local rehousing to all those affected by THA clearances, particularly in the urban area where the supply of reception accommodation is limited. The current policy is to rehouse those affected by urban clearances in the urban or extended urban areas, such as Sha Tin, Tseung Kwan O, Tsuen Wan and Kwai Tsing.

Effect of cessation of rates relief on CPI

20. MR FRED LI asked: Will the Government inform this Council of the effect of the cessation of the rates relief scheme on the Consumer Price Index (A) and on the annual general revenue in the coming five years?

SECRETARY FOR THE TREASURY: Mr Deputy President, the cessation of the rates relief scheme on 31 March 1992 had no direct impact on the Government's revenue forecasts. This is because it was approved by the Legislative Council in 1991 as a temporary measure only, designed to cushion ratepayers of certain premises from the effect of the revaluation of their properties. It is, of course, likely that future revaluations will be accompanied by similar short-term relief schemes, but, in the long term, all premises must contribute their fair share of the rates burden.

Were the rates "cap" to be extended for one more year, the cost to the revenue would reach nearly \$900 million. This would consist partly of lower rates revenue for the Government, and partly of payments to the Municipal Councils to offset the reduction in their rates revenue. Only about 6% of domestic households would benefit from such an extension.

It is difficult to forecast the hypothetical effects on general revenue of extending the existing rates relief scheme until 1996-97. The forecasts in the Budget documents already assume the cessation of the rates relief scheme.

The effect on the Consumer Price Index (A) of not extending the rates relief scheme would be marginal: a "one-off" impact of less than one-twentieth of one percentage point.

First Reading of Bills

BANKING (AMENDMENT) BILL 1992

OCCUPATIONAL RETIREMENT SCHEMES BILL

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1992

TOYS AND CHILDREN'S PRODUCTS SAFETY BILL

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

Second Reading of Bills

BANKING (AMENDMENT) BILL 1992

THE SECRETARY FOR MONETARY AFFAIRS moved the Second Reading of: "A Bill to amend the Banking Ordinance."

He said: Mr Deputy President, I move that the Banking (Amendment) Bill 1992 be read a Second time. The main purpose of the Bill is to extend the existing system of reporting by external auditors of authorized institutions to enable reports to be made on the internal control systems of the institutions.

The importance of monitoring the quality of the internal control systems of banks has increasingly been recognized by banking supervisors worldwide. The effectiveness of such systems is essential in ensuring prudent management and compliance with various legislative requirements. Participation of auditors in this process will not only enable knowledge and opinion to be pooled, but also avoid unnecessary duplication of work, thereby reducing overall costs.

So that the Commissioner of Banking can require a report on various aspects of an institution's internal controls, clause 4 would amend section 59 of the Ordinance by enabling the Commissioner to require a report on matters pertaining to the exercise of his functions under the Ordinance from an auditor appointed by an authorized institution to be nominated or approved by him. Our intention is that such reports would be commissioned only on a need basis.

Clause 5 would enable the Commissioner to require reports on specific aspects of internal controls under section 63. For instance, whether the controls ensured that an institution compiled its prudential returns correctly and complied with its various duties under the Banking Ordinance. Auditors would also be required to state whether there appeared to have been any material contravention by the institution of its duties under the Ordinance.

The new provisions would take effect only after the Commissioner had published a guideline in consultation with the Hong Kong Society of Accountants and the banking sector on how the mechanism was expected to work.

The Bill also introduces a number of miscellaneous technical amendments to the Ordinance. I shall now identify those of significance.

Clause 3 is intended to streamline the existing arrangements whereby the Commissioner reports a banking crisis to the Governor in Council under section 52(1)(D). A review of the provisions of the Ordinance governing the Commissioner's powers of control over authorized institutions was undertaken following the closure of Bank of Credit and Commerce (Hong Kong) Limited in July last year. This revealed that some improvements could be made to certain procedural matters. As an alternative to the normal seven days' notice to the institution concerned, the new provision would allow the Commissioner to give shorter notice. Such flexibility could prove to be particularly useful when it was necessary to take timely action to preserve the assets of a failing institution. Appropriate safeguards will be available to ensure that such powers are exercised only when necessary.

Clause 8 introduces a new section 92(4A) and provides a defence for persons who have published an advertisement which contained false information in breach of section 95(5)(c). In reviewing the provision, we have concluded that it would be unfair to hold, say, the advertising media responsible for the veracity of the information provided by an overseas deposit-taker when they might not be in any position to check it.

The proposed amendments are part of our on-going efforts to ensure that Hong Kong's system of banking supervision continues to measure up to the highest international standards.

Mr Deputy President, I move that the debate on this motion be now adjourned.

Question on the adjournment proposed, put and agreed to.

OCCUPATIONAL RETIREMENT SCHEMES BILL

THE SECRETARY FOR MONETARY AFFAIRS moved the Second Reading of: "A Bill to establish a registration system for certain occupational retirement schemes, to ensure that such schemes are properly regulated, to make certain matters relating to such schemes whose proper law is not the law of Hong Kong justiciable in the High Court, and to provide for related matters."

He said: Mr Deputy President, I move that the Occupational Retirement Schemes Bill be read a Second time.

Private retirement schemes are not at present subject to any regulation. In the past when some employers have experienced financial difficulties, it has resulted in the employees losing part or all of their accrued benefits. This is unsatisfactory and a regulatory framework is required to ensure that all retirement benefits are paid when they fall due.

The Bill before Members today is a simplified version of the one which was introduced into this Council in May last year. The Legislative Council ad hoc group which was then formed to scrutinize the Bill was supportive of the principles behind it but was concerned about its complexity. The present Bill is the product of a working group comprising government officials and representatives of professional and industry organizations, including the Society of Accountants, the Actuarial Association, the Law Society and the Federation of Insurers. We are most grateful to these bodies for their valuable advice.

The new Bill retains all the basic principles endorsed by the Legislative Council ad hoc group last year, namely:

- separation of retirement scheme assets from the employer's business;
- adequate funding;
- restrictions on self-investment;
- prohibition against loans to the employer and his associates;
- at least one independent trustee;
- independent annual audit;

- disclosure of information to employees and, where appropriate,
- periodic actuarial review.

In redrafting the Bill, we have taken the opportunity to incorporate two new provisions into the Bill in the light of market practice and advice from the professional bodies. These are, respectively, special arrangements for the registration of "pooled" retirement schemes and more flexible funding arrangements for defined benefit schemes.

Let me begin with the "pooled" retirement schemes. In essence, these are schemes covered by a master trust deed or insurance policy, with their assets pooled together for investment and administration purposes. Each individual scheme's share of the asset value of the pool is nonetheless readily identifiable.

There are a considerable number of small establishments in Hong Kong. Where these have retirement benefits for employees they are generally provided through "pooled" retirement schemes. A simplified registration process for "pooled" schemes would therefore be useful. In this connection, the Bill provides that applications for registration of individual participant schemes will only need to be accompanied by a master statement from the solicitor and a master report from the auditor, subject to confirmation by the scheme administrator that the scheme is part of the pooling agreement.

As regards the funding requirements for defined benefit schemes, a more flexible arrangement has been incorporated into the Bill. Actuarial reviews of defined benefit schemes are conducted every three years. If upon review a scheme is found to have a shortfall, it is a general rule that the employer must top up the scheme so that the shortfall is removed within three years from the date of the review. If it were to remain insolvent after the three years, it would be liable to deregistration.

The Actuarial Association has suggested that some flexibility should be provided before the provisions for deregistration are triggered, since there may be factors outside the control of the employer which prevent a scheme from attaining solvency within the three year period. As a result, the Bill now allows a further period of three years where a continuing shortfall arises from factors beyond the control of

the employer. Where, however, any part of this shortfall arises from a failure of the employer to implement the actuary's recommendations the general rule will apply.

Mr Deputy President, I have outlined the two major new features of the Bill. Other improvements include the strengthening of the provisions in respect of the winding up of a scheme. The Bill now includes statutory guidelines for the Court to order the winding up of a scheme domiciled in Hong Kong and give directions on the distribution of its assets.

The provisions regarding preferential claims status of retirement benefits have also been modified to hold the employer responsible only for any unpaid contributions due from him. Any shortfall arising from negligence of scheme managers or other factors will only rank as general claims.

Members will, I believe, find that the Bill is now set out in a way which will help scheme operators to identify the steps they will need to take in order to comply with the statutory requirements. The documents required for registration are set out in the Schedules. Bearing in mind the complexity of the subject matter, we have made every effort to ensure that the Bill is "user-friendly". Before the legislation is put into operation, explanatory pamphlets will also be published to help employers to understand their statutory duties.

My Deputy President, I move that the debate on this motion be now adjourned.

Question on the adjournment proposed, put and agreed to.

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1992

THE SECRETARY FOR TRANSPORT moved the Second Reading of: "A Bill to amend the Road Traffic Ordinance."

He said: Mr Deputy President, I move that the Road Traffic (Amendment) (No. 2) Bill 1992 be read a Second time. The purpose of the Bill is to prohibit the use of vehicles used predominantly for displaying commercial advertising.

At present, the Commissioner for Transport may issue permits authorizing the use of vehicles for advertising purposes, subject to such terms and conditions as he

thinks fit.

At present there are 17 such vehicles operating with permits. They serve no transport purpose. These vehicles are usually adapted from flat bed trucks and carry large billboards. The billboards are colourful and often brightly illuminated by floodlights or spotlights, which may distract the attention of drivers and pedestrians. To achieve maximum advertising effect, they may be parked or driven slowly in densely populated urban areas where traffic is already heavy. They aggravate present road congestion and are also a potential road safety hazard.

Given the increasing level of congestion on our limited road space, it is considered necessary in the public interest to prohibit the use of these vehicles. Any need for mobile commercial advertising is already met by other forms of transport such as buses, taxis and trams. It is proposed, however, that permission may be given for such vehicles to operate in exceptional cases where they may be needed for certain non-commercial purposes, such as election campaigns or approved charity purposes.

Clause 3 of the Bill prohibits the use of an advertising vehicle without a permit or in contravention of the permit conditions. It empowers the Commissioner for Transport to issue a permit only for the display of non-commercial advertising and subject to such conditions as he considers necessary.

Clause 4 provides transitional arrangements for the continued use of permits now in force until their expiry.

The Transport Advisory Committee has considered the proposal and supports it on traffic management grounds. We have also briefed the OMELCO Transport Panel and discussed with the trade. As regards representations made by the trade, the Attorney General's Chambers have confirmed that they are satisfied the legislative proposals in respect of advertising vehicles are consistent with the Bill of Rights.

My Deputy President, I move that the debate on this motion be adjourned.

Question on the adjournment proposed, put and agreed to.

TOYS AND CHILDREN'S PRODUCTS SAFETY BILL

THE SECRETARY FOR TRADE AND INDUSTRY moved the Second Reading of: "A Bill to provide for safety standards for children's toys and safety standards for specified chattels used in association with children, and to provide for other powers to enhance the safety of children."

He said: Mr Deputy President, I move that the Toys and Children's Products Safety Bill be read the Second time.

The purpose of this Bill is to provide for safety requirements for toys and children's products in order to protect children from unsafe toys or children's products. It seeks to do so by making it an offence to manufacture for consumption in Hong Kong, to import into Hong Kong or to supply in Hong Kong toys and children's products which do not meet prescribed safety standards or a general safety requirement. The Bill will be enforced by the Commissioner of Customs and Excise who will act on receipt of complaints.

The Bill is based largely on the recommendations of a working group on toy safety, whose members included representatives from the toy industry, the Consumer Council and relevant government departments.

The working group had compared different sets of safety standards for toys and recommended the adoption of the International Voluntary Toy Safety Standard established by the International Committee of Toy Industries. This standard is comprehensive, internationally accepted and very similar to the safety standards adopted in the United States, the European Economic Community, Japan and South Korea. Clause 3 of the Bill will make this standard applicable to all toys supplied in Hong Kong.

Apart from toys, the working group identified certain products which are used by children and which should also be controlled under the Bill. These products are listed in the Schedule to the Bill. Unlike toys, there are no international safety standards for children's products. The group recommended that standards established by the British Standards Institution be adopted as they are widely used and highly regarded by the international trading community. Clause 5 will make these standards applicable to children's products listed in the Schedule when supplied in Hong Kong.

The Schedule of children's products and the safety standards prescribed in the Bill are by no means exhaustive. Under clause 35, regulations may be made, when the

need arises, to designate a product as a children's product so as to bring it within the scope of the Bill. Under the same clause, additional safety standards applicable to both toys and children's products may be made to cope with changing technology and the emergence of new products.

In addition, clause 8 stipulates a general safety requirement which imposes a duty on suppliers to ensure that their products are reasonably safe. This is to cater for emergency situations where unsafe toys or children's products are found, in respect of which there are no prescribed safety standards, and new safety regulations cannot be made swiftly.

Suppliers of toys and children's products may, to facilitate compliance with the prescribed safety standards, have their products tested by a laboratory approved by the Director-General of Industry. It is intended that approved laboratories will include laboratories accredited under the Hong Kong Laboratory Accreditation Scheme and those overseas laboratories with equivalent standing. Testing results showing that a product complies with the relevant safety standard will create a presumption that the product is safe and may be used by the supplier as a defence of due diligence in court.

We realize that there will be a time gap between the discovery of unsafe toys and children's products and any subsequent conviction in court as prosecution proceedings take time. The Bill provides for remedial measures through a notice system to protect children from toys or children's products which are suspected to be unsafe. It enables the Commissioner of Customs and Excise to issue a "notice to warn", requiring suppliers to publish a warning that a specified toy or children's product may be unsafe unless certain steps are taken; a "prohibition notice" to stop the sale of a toy or children's product; and, in extreme cases, a "recall notice" to recall those products already sold which constitute a significant risk to children. It will be an offence if a person does not comply with any such notices served on him.

Any person aggrieved by decisions made or notices issued by the Commissioner of Customs and Excise may appeal to an appeal board. The appeal board will be chaired by a legal practitioner, with members including a general consumer, a scientist with relevant expertise and a person from the toys or children's products industry. In addition, clause 27 stipulates that if the goods seized or detained by the enforcement authority are subsequently found to be safe, the Government may be liable to compensate the owner of the goods for any loss suffered by him as a result of the

seizure or detention.

To give the industry and trade time to adjust, there will be a grace period of one year before the Bill comes into operation.

Mr Deputy President, I move that debate on this motion be adjourned.

Question on the adjournment proposed, put and agreed to.

SECURITIES AND FUTURES COMMISSION (AMENDMENT) (NO. 2) BILL 1991

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

Question on the Second Reading proposed.

MR PETER WONG: Mr Deputy President, this Bill provides the Securities and Futures Commission with the power to disclose information relating to an auditor to the Hong Kong Society of Accountants for the purpose of any disciplinary proceedings relating to the auditor and to disclose information to an auditor or former auditor in order to enable or assist the Commission to discharge its functions. This is part of the continuing co-operation between the Commission and auditors to effectively monitor and regulate the securities industry.

The Legislative Council ad hoc group studying this Bill is satisfied that such power will enhance the protection of the interests of investors and the preservation of the integrity of the markets and it is of the view therefore that the Bill should be supported without any amendments.

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

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, I am most grateful to Mr Peter WONG and members of the ad hoc group for their careful consideration of, and support for, this Bill and for two related Bills on which I shall be speaking shortly, namely the Commodities Trading (Amendment) (No. 2) Bill and the Securities (Amendment) (No. 3) Bill. I believe that taken together these will improve communication between auditors and the Securities and Futures Commission to the benefit of investors.

Mr Deputy President, I beg to move.

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).

COMMODITIES TRADING (AMENDMENT) (NO. 2) BILL 1991

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

Question on the Second Reading proposed.

MR PETER WONG: Mr Deputy President, the Legislative Council ad hoc group formed to study the Commodities Trading (Amendment) (No.2) Bill 1991 has also been charged with the responsibility to examine the Securities (Amendment) (No.3) Bill 1991 since the intended purpose and the wording of the two Bills are virtually the same. So, what I am going to say will cover both Bills. I will start by briefly reporting the work of the ad hoc group and then explain in more detail how it has arrived at the conclusion that the Bills should be supported subject to some minor amendments to be moved at the Committee stage by the Administration.

Since its formation on 6 December 1991, the ad hoc group has held three meetings, including meetings with the Administration, the Securities and Futures Commission (SFC) and the Stock Exchange of Hong Kong Limited. The group has also considered a total of four submissions received from the Hong Kong Society of Accountants, the Stock Exchange and two non-trading members of the Exchange.

The submissions made by the Stock Exchange and two other individual non-trading members of the Exchange mainly concern the amendments in clause 2 of the Bills which deal with revocation of registration. Their concerns could be broadly categorized into five main areas as follows:

- (a) the intent of the current provisions;

- (b) the draconian consequences of the proposed amendments;
- (c) the deviation from the recommendations of the Securities Review Committee;
- (d) the encroachment on existing private rights; and
- (e) the inconsistency with the treatment of other professions.

I will explain one by one how these five areas of concerns were satisfactorily addressed by the parties concerned.

First, the intent of current provisions.

The current wording of the relevant sections of the Commodities Trading and Securities Ordinances states that the SFC can revoke the registration of a registered person if that person "ceases", I repeat "ceases to carry on business in Hong Kong".

The Stock Exchange alleges that when the legislation was enacted, it was clearly the legislature's original intention that a person who obtained a licence, carried on business for a while and then stopped should be liable to revocation but not a person who never carried on business after obtaining a licence.

In view of the Stock Exchange's submission, the ad hoc group has asked the Administration to check their old files to find out the reasons why the word "cease" was used when the legislation was originally drafted. In response, the Administration confirms that it was merely an oversight at the time when the legislation was drafted that persons who have never commenced business were not also referred to in the relevant provisions.

The Administration's confirmation is accepted by the ad hoc group.

I now turn to the second concern of the Stock Exchange, that is: the draconian consequences of the proposed amendments.

The Stock Exchange points out that the proposed revocation has serious consequences on the 36 non-trading members of the Exchange. Members whose registration is revoked are subject to disciplinary action by the Exchange, and members disciplined are in peril of being expelled from the Exchange. If expelled, a member is not eligible for readmission, and his share may be disposed of by the

Council of the Exchange in any manner it sees fit.

Having carefully considered the Stock Exchange's concern, the ad hoc group notes that there are other avenues open to the Exchange that would preserve the ability of its members whose registration has been revoked to obtain value for their shares and to retain their link with the Exchange.

These avenues are:

(a) the creation of a category of "honorary members", as suggested by the SFC, which would allow non-trading members to retain their shares with no voting rights; and

(b) the amendment to the Stock Exchange's Article of Association so as to allow a member who has been expelled from the Exchange to be re-admitted.

I am glad to report that at a meeting held on 20 January 1992, at the suggestion of the ad hoc group, representatives of the Stock Exchange who include, among others, its chairman, agreed to seriously consider these two measures with a view to reducing the concern of the 36 non-trading members should the Bill eventually be enacted.

The third concern of the Stock Exchange is deviation from the recommendations of the Securities Review Committee (SRC).

The Stock Exchange points out that the proposals, if enacted, would run against the recommendations of the SRC which advocated taking away the voting right but not the Exchange membership of a non-trading member.

The ad hoc group notes that the Exchange's observation is factually correct and has therefore sought clarification from the SFC.

The SFC, while admitting that it has departed from the SRC's recommendation, explains that it did so only after it became clear that it was impossible to implement the changes exactly recommended by the SRC because of the expected resistance from the Stock Exchange. Every effort, however, was made to ensure that the proposed approach would not have the draconian consequences envisaged by the Stock Exchange.

The ad hoc group feels that the two measures that I have just mentioned, that is, the creation of a category of "honorary members" and the amendment to the Stock

Exchange's Article of Association, if adopted by the Exchange, can to some extent address the concern of the Exchange without having to deviate largely from the recommendations of the SRC.

Besides, the ad hoc group has been assured that, if the Bills are enacted, the SFC will give at least nine months notice of any intended revocation of the registration of the non-trading members of the Stock Exchange who have never traded. The person whose dealer's licence has been revoked for non-trading could apply for a dealer licence once they intend to resume business.

The ad hoc group has also been assured that the SFC will continue to honour the undertaking that persons who were registered before 1986 would not be subject to the minimum education and experience requirements for securities dealers if they apply for a licence after having had their licence revoked for non-trading. We look forward to the Secretary for Monetary Affairs' confirmation of this agreement in his reply.

The fourth concern of the Stock Exchange is the encroachment of existing private rights.

The Stock Exchange asserts that the proposed amendments, having regard to the consequential loss of rights and privileges resulting from the exercise by the SFC of their power under the amended provisions, is an unjustifiable encroachment on existing private rights.

In response, the Administration points out that there is nothing in law to prevent the enactment of provisions which directly or indirectly detract from rights and privileges enjoyed under the existing law.

The ad hoc group considers that this response is reasonable in that the question of "existing rights and privileges" must be looked at in the actual context of the situation and the reasons for the proposed changes.

The last but not the least concern of the Stock Exchange is the inconsistency with the treatment of other professions.

The Stock Exchange submits that it is not unusual for there to be members of a professional organization who are authorized or permitted to "trade", and yet do not do so.

A detailed research on the law and practice in respect of other professions has been conducted by the SFC at the ad hoc group's request. The results of the research show that the law and practice varies in different professions: in some professions, such as the law, persons are allowed to hold practising certificates if they do not actually practice; in others, such as accounting, they are not.

Given the differences revealed, the ad hoc group feels that it serves no useful purpose comparing different professions, including the securities dealers.

The ad hoc group decided, however, that it would be useful if comparison with the legislative provisions in other jurisdictions could be made and has accordingly written to overseas securities regulatory authorities.

The replies from the United Kingdom and Singapore authorities indicate that the practices there correspond with the proposed amendment.

In the United Kingdom, if a firm never commenced business, the authority may terminate its registration (and thus the registration of individuals registered with it) 12 months after its election. It is also unlikely that a firm may remain an Exchange member after its registration has been revoked.

In Singapore, the authority can revoke a dealer's licence upon the dealer ceasing business. The authority has not actually revoked any licensee on the basis that the licensee has not commenced business for which he was licensed. The authority advises, however, that should such situation occur, the authority would ask the licensee to return his licence to the authority. It is also confirmed that a dealer whose licence has been revoked cannot remain a member of the Stock Exchange of Singapore.

Having considered the points raised by the Stock Exchange, the responses of the Administration and the SFC, the Stock Exchange's consent to explore ways to preserve its link with non-trading members (should their registration be revoked after the enactment of the Bill) and the practice adopted in other jurisdictions, the ad hoc group feels that clause 2 of the Bills should be supported.

Mr Deputy President, I will now turn to the submission made by the Hong Kong Society of Accountants.

In its submission, the Hong Kong Society raises two points on clauses 4 and 5 of the Bills concerning communication by auditors with the SFC. These two points

are:

(a) in clause 4, it is not clear as to what constitutes an "immediate" notice; and

(b) in clause 5, it is not clear as to what information or opinion was considered relevant to the function of the SFC.

At the ad hoc group's suggestion, the Administration discussed with the Hong Kong Society direct to clarify the points raised by the Society. The ad hoc group has been advised that as a result of the discussion, the Hong Kong Society is content for the Bill to proceed as presently drafted subject to the following:

(a) clause 4 of the Bills to be amended with a view to tightening up the wording so that the notification requirement will arise if and when an auditor decides not to seek re-appointment; and

(b) guidelines be issued by the Hong Kong Society of Accountants to spell out clearly the circumstances under which matters are to be communicated to the SFC. Such guidelines will be issued within six months after the enactment of the Bills.

The ad hoc group is satisfied with the results of the discussion between the Administration and the Hong Kong Society of Accountants and has no objection to the amendments.

Mr Deputy President, the fact that this Bill and also the Securities (Amendment) (No.3) Bill 1991 can resume their Second Reading debates today is a clear indication of the willingness of the Administration, the SFC, the Stock Exchange and the Hong Kong Society of Accountants to listen to one another, to understand and to reach consensus. I am grateful to all parties concerned.

With these remarks, and subject to the Committee stage amendments which will be moved later by the Administration, I support the Bill.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, the Stock Exchange of Hong Kong Limited was formed in 1986 by the merging of four stock exchanges, namely, the Hong Kong Stock Exchange, the Far East Exchange, the Kam Ngan Stock Exchange and the

Kowloon Stock Exchange. The history of these four stock exchanges, if they were in operation up to this point, can be traced back to 20 years to a century. The members of the present Stock Exchange of Hong Kong Limited, apart from those who bought their licences from other securities dealers, have indeed got their membership from these four stock exchanges. In other words, their privileges and memberships are not unconditionally granted by the Administration but a retention of their original privileges. Furthermore, after the formation of the Stock Exchange of Hong Kong Limited, it is obligatory for them to pay a monthly membership fee and to observe all the regulations and rules of the Securities and Futures Commission (SFC) and the Stock Exchange. They have not breached any regulations or rules, only that they have not been engaged in business or have ceased part of their trading. Therefore, the SFC's move of revoking their membership by means of legislation will be utterly unfair to some of the securities dealers who belonged to the four stock exchanges, having regard especially to a free place like Hong Kong.

Being the representative of the financial sector, I have to voice their grievances on their behalf in the hope that the SFC will not make things difficult for the members who have ceased or never commenced trading but now decide to start trading. Also, there should be some recognition for the encouragement and the contribution by those members who have been lending support to the securities business from the times of the four stock exchanges up till the present. The members of the Hong Kong Futures Exchange Limited who have ceased or never commenced trading must have had their own difficulties. As the monitoring authority, the SFC has the obligation to understand their difficulties with a view to helping them resolve their problems, instead of laying an overriding emphasis on controls. I hope that the SFC will examine whether it has acted ultra vires, and the Secretary for Monetary Affairs should especially monitor the SFC in this respect. I must point out that even the Royal Hong Kong Jockey Club has never stipulated that its members must make a bet. What counts most is members of the Stock Exchange should abide by all the laws of Hong Kong. As for the SFC, there are a lot of important matters deserving its attention, for example, the safeguard of the interests of small investors, so the SFC should not become preoccupied with the enactment of such minor provisions against some of the members. Although I support this Bill, I would like to remind the Administration that there are a lot of important matters which warrant the attention of the relevant authority and the enactment of the provisions concerned is only a trivial matter. Thank you, Mr Deputy President.

MR JAMES TO (in Cantonese): Mr Deputy President, the United Democrats of Hong Kong (UDHK) are concerned about the situation as mentioned by Mr CHIM Pui-chung of some securities brokers or futures dealers who have never commenced business. But after a careful study of the Bill, we found that the spirit of the Bill should be supported, because it not only plugs the loopholes of certain ordinances, for example mending some oversight in wording, but also goes further by examining whether the members of the Stock Exchange who have never commenced business should enjoy the same rights as those of the active members in participating in the affairs of the Exchange, especially in the election matters of the Stock Exchange Council. The Securities Review Committee (SRC) has in fact highlighted a very important point in paragraph 4.6 of its report, in which the members of the SRC had already expressed their grave concern about the fact that one-fourth of the voters in the election held by the Stock Exchange were not trading in the market. Given that the aim of the Council of the Stock Exchange is to ensure a healthy and fair market operation, we therefore believe that non-trading members should not be allowed to take part in the election of the Council members. Besides dealing with registration matters, this Amendment Bill now before us can put the development of the Stock Exchange elections, especially the election of its Council, in a more healthy and equitable course, ensuring us a healthy and fair market. Therefore, the UDHK support this Amendment Bill. Thank you.

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, Mr Peter WONG's comments are a clear indication of the care that the ad hoc group has taken in examining the Bill and the Securities (Amendment) (No. 3) Bill and I am most grateful. As Mr WONG has identified, the Society of Accountants, whilst indicating their support in principle for the Bill, did have some reservations in respect of certain provisions. We have discussed these with the Society and we accept that the wording of clause 4 of the Bill should be tightened to give a clearer indication as to when the notification requirements would arise. I shall move during the Committee stage an amendment to accommodate this concern.

I do not feel I need to address specifically the points made by Mr CHIM and Mr TO as I believe they have been adequately addressed by Mr Peter WONG. As far as the revocation of registration for non-trading dealers is concerned, I am pleased to be able to reassure Members that the SFC will continue to honour the undertaking that when people who were registered and ceased to trade and ceased to be registered apply again, they will not be refused application solely on the grounds of lack of minimum education or experience. In other words the SFC will continue to honour the

undertaking they gave in 1986.

It has also been agreed that the circumstances under which an auditor should be encouraged to report to the SFC should be spelt out clearly in guidelines to be issued by the Society for its members.

The Society has also undertaken to liaise closely with the SFC during the preparation of the guidelines so that these can be made available to auditors within six months of enactment.

Mr Deputy President, I beg to move.

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).

SECURITIES (AMENDMENT) (NO. 3) BILL 1991

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

Question on the Second Reading proposed.

MR PETER WONG: Mr Deputy President, for the same reasons I have given during my speech in relation to the Commodities Trading (Amendment) (No. 2) Bill 1991, I also support the Second Reading of this Bill on the same terms that it is subject to the amendments to be moved by the Administration at the Committee stage of this Bill.

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, the provisions of this Bill are almost identical to those contained in the Commodities Trading (Amendment) (No. 2) Bill 1991. As I have already indicated in my speech on that Bill we have accepted a proposal from the Society of Accountants to clarify the circumstances in which notification of the SFC would arise.

I shall move during the Committee stage, an amendment to clause 4 of the Bill

to this effect.

Mr Deputy President, I beg to move.

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).

PEAK TRAMWAY (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 6 November 1991

Question on the Second Reading proposed.

MR RONALD ARCULLI: Mr Deputy President, the Peak Tramway (Amendment) Bill 1991 seeks to amend the Peak Tramway Ordinance to implement changes that are considered to be needed following a review of the Ordinance. The ad hoc group set up to study the Bill was particularly concerned with the provision which empowers the Peak Tramway Company to enter adjoining lands for the purpose of repair and accidental prevention works. Under the new section 7A, the Company should seek the Secretary for Transport's approval and notify the affected landowner of the authorization at least 14 days before any entry is made. In case of emergency, the Company may enter upon adjoining lands without the authority of the Secretary for Transport but should make a report to the Secretary within 24 hours after such entry. The ad hoc group was concerned about this power of entry as well as the level at which the Government and the Company would delegate authority in this respect. The Administration informed the ad hoc group that, within the Government, the power to authorize entry rested with the Secretary for Transport himself and there were at present no plans to delegate further. On the Company's part, the Administration advised that emergency entries were subject to the prior approval of the senior management, such as the General Manager and Engineering Superintendent, or, in his absence, the Operations Manager. Notices as required under section 7A(4) would be issued and the Group Engineering Manager informed.

Another aspect which the ad hoc group considered was the provision under which

the Company could decide by itself whether the land or property it owned was required for the efficient maintenance and working of the tramway and could dispose of it by itself without the approval of the Governor in Council. The ad hoc group was concerned that this power would give the Company an opportunity to make a profit out of the land granted by the Government by selling it at market value for other land use purposes. The Administration explained that the Company's disposal of land was governed by the lease conditions. The lease conditions for the four lots of land currently owned by the Company did not contain any restrictions on the profit derived from the sale of these lots. However, the user clause of the respective leases restricted the lots to purposes related to the operation of the tramway. In order to change the user restriction, a modification of the lease would be required and subject to the payment of a premium to be assessed if approved by the Director of Buildings and Lands in consultation with the Secretary for Transport.

Having received the clarifications and explanations of the Administration, the ad hoc group is satisfied that the Bill can be supported.

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

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).

EMPLOYMENT (AMENDMENT) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

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

Bill read the Second time.

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

EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

Question on the Second Reading proposed.

MR HENRY TANG: Mr Deputy President, the existing Employment Ordinance provides protection against discrimination or dismissal by employers of employees who give evidence in proceedings or information to public officers in connection with the enforcement of the Ordinance. However, since the Employment Ordinance mainly deals with terms and conditions of employment and not safety at work while the Factories and Industrial Undertakings Ordinance dealing with occupational safety only covers premises classified as factories and industrial undertakings, protection against victimization is therefore not available to those employees giving assistance in proceedings against employers in relation to other statutory duties concerning accidents to an employee or safety at work. Since such anomaly in the law should be plugged as soon as possible, this Bill was introduced into the Legislative Council on 19 February 1992 so as to achieve this purpose. Anticipating that great concern would be shown by workers and their representatives on this issue, an ad hoc group was formed to study the Bill.

In the course of examining the Bill, the ad hoc group met with interested parties and organizations. After considering the views expressed, the ad hoc group in general agreed that although the proposal contained in the Bill would be a step forward in the right direction, it failed to offer compensation and/or provide for reinstatement to the employees even after the employers concerned had been convicted of the offence. The Administration acknowledged the need for compensation but considered that forced reinstatement of dismissed workers would not be viable in practical work situation. Therefore, the Secretary for Education and Manpower undertook to seek to extend the scope of the present severance payment to cover those employees who had been victimized and dismissed but not yet eligible to receive long service payment. While Members considered that compensation in one form or another should be provided to the employees so as to encourage them to give information, the early passage of the Bill would also be desirable in order to immediately deter employers from victimizing their employees. Therefore, the ad hoc group agreed that while the Administration proceeded to seek further amendments to the Employment Ordinance with a view to extending the scope of the severance payment, the Employment (Amendment) (No. 2) Bill 1992 should be supported in its present form in order to

facilitate its passage as soon as possible.

As for the proposal made by the interested labour union to legislate against unfair dismissal, the ad hoc group agreed that it would have major policy implications and had referred it to the OMELCO Panel on Manpower for further consideration.

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

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, the Employment (Amendment) (No. 2) Bill 1992 and the Factory and Industrial Undertakings (Amendment) Bill 1992 stipulate that an employer has criminal liability and will be penalized if he/she discriminates or dismisses an employee who has given evidence in proceedings or information to public officers in relation to his/her statutory duties concerning accident to an employee or safety at work. I think the spirit of the Bill is positive and should be supported. However, it is an open question whether the amended legal provisions are quite enough to protect the employee effectively from the vengeful victimization of his or her employer.

I recall that, in 1990, the Labour Department, acting on the request of a union representative, charged an employer with discriminatory dismissal, by means of a piece of anti-union discrimination legislation. It turned out that the case was dismissed for lack of evidence and the labour sector made the point at that time that the anti-union discrimination legislation had no teeth at all. The Amendment Bill which we are looking at now has the same problem with that toothless legislation in that the burden of proof rests entirely with the prosecution. This means that it is almost impossible to sue an employer for unreasonable victimization. We all know that no employer will be so stupid as to express verbally, or commit to writing, his intention to victimize and violate the law. There is no way the employee could comply with the legal requirement in terms of producing valid proof of the employer's intention. It is for this reason that the burden of proof is the first problem which has to be resolved in protecting employees from vengeful victimization. For example, the assumption can be made that the employer has breached the above Ordinance, if his or her employee has been dismissed after carrying out his or her statutory duties in terms of giving evidence or providing information to public officers in relation to an accident to an employee or safety at work, unless adequate proof can be produced that the employee in question has been dismissed for some other misconduct. Mr Deputy President, although I believe that the Ordinance will not give a great deal of

protection to employees, and there is still room for improvement, it represents nevertheless a step in the right direction, though a modest one at that. In that regard, I am prepared to let it pass. However, in the long run, legislation governing unjust dismissals should be drafted in order to protect employees effectively from unreasonable victimization and safeguard the occupational well-being of local workers.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, in recent years, our industrial accidents have reached the 100 000 mark annually, with over 200 cases involving deaths. The severity of our industrial accident problem can be seen if we take into account the fact that, by comparison, Singapore, one of the four "Little Dragons" of Asia, has only 4 000 industrial accidents annually.

Hong Kong has always failed to provide adequate measures for the protection of the worker who reports on breach of industrial safety laws. The Amendment Bill can only be said to be superficial. In order to protect the reporting employee from victimization, an employee compensation clause should be included in the Bill such that the employee in question can opt for either reinstatement or fair compensation, following his dismissal for making a report to the authorities.

The ad hoc group takes the view, after deliberation, that the scope of severance payment should be extended to cover those employees who have been victimized and dismissed but who are not yet eligible for long service payment. I regret, though, that the issue of reinstatement has not been addressed.

Mr Deputy President, we should as a matter of urgency protect employees who report on their employers who have breached the legislation and we should also extend the protection to employees who have been victimized as a result of their involvement in industrial activities. I also urge the Government to amend the laws on severance pay and put in place laws against unjust dismissal. Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, I am grateful to Mr Henry TANG, and the ad hoc group of which he was Convenor, for the thorough and constructive manner in which they have considered this Bill and the other five Bills related to employment and occupational safety matters on which the Second Reading debates are resumed today. I fully support the ad hoc group's conclusion that the early passage

of this Bill, namely, the Employment (Amendment) (No. 2) Bill 1992, is desirable.

Members of the ad hoc group have raised the question of compensation for employees who are dismissed by their employers for giving evidence or information concerning breaches of regulations on work safety. The Administration accepts that there is a case for considering appropriate compensation. The Commissioner for Labour is now examining the question in detail. The views of the Labour Advisory Board will be sought and other consultations conducted as necessary.

I have also taken note of Members' interest in the wider issue of compensation for unfair dismissal. As Mr TANG has rightly pointed out, this issue has major policy implications and further discussions with both the Labour Advisory Board and the OMELCO Panel on Manpower will be needed.

Mr Deputy President, I beg to move.

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).

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

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

Bill read the Second time.

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

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

Question on the Second Reading proposed.

MR HENRY TANG: Mr Deputy President, one of the aims of the current Employment Ordinance is to regulate payment of wages, including deduction from wages. Since the introduction of the labour importation schemes, cases of abuses such as unlawful deduction and underpayment of wages by unscrupulous employers have increased. In order to deter such malpractices, it was considered necessary to significantly increase the maximum penalties for such offences. Therefore, this Bill was introduced into the Legislative Council on 19 February 1992. In view of the public concern on this issue, an ad hoc group was formed to study the Bill.

After detailed examination of the Bill, the ad hoc group fully endorsed its spirit and supported the proposal to increase the maximum penalties by tenfold plus imprisonment for one year. It was also agreed that although there might be merits in the proposal to enable imported workers who were unfairly dismissed and therefore unable to complete their original contract to claim compensation in one form or another from their employers, this should be pursued separately outside the context of the present Bill. Therefore, the ad hoc group considered that the early passage of this Bill was desirable in order to immediately increase the deterrent effect on unscrupulous employers. As regards the protection of imported workers from unfair dismissal, it should be considered in the wider context of the issue of unfair dismissal.

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

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, I recall that, in the last debate on labour importation, I described the mechanism introduced by the Government to forestall exploitation of foreign workers as no better than a self-deceptive ploy. Now, the Employment (Amendment) (No. 3) Bill 1992 has raised the penalty for unlawful deduction and underpayment of wages by raising the fine by 10 times plus imprisonment for one year. Is my earlier description of a self-deceptive ploy also applicable to the present Bill? I will still answer in the affirmative, only that this time the ploy is more meticulously planned.

Indeed, one can easily find out how much deterrent effect the provisions for the protection of foreign workers in the Employment Ordinance have on the employers by taking a look at the sentences handed down by the courts in the past. In 1991, the

Labour Department received a total of 370 cases involving underpayment and unlawful deduction of wages, of which prosecution could be conducted in 48 cases on sufficient evidence, but eventually convictions were secured in 33 cases only. The average fine paid in those 33 cases was a mere \$782, less than 10% of the maximum fine. The sum is regarded as no more than a bad joke by the unionists. It is clear that the fine imposed by the courts on employers for breaching the regulation to import foreign workers has been on the low side. Though the Government has set a maximum fine, with no minimum fine to go with it, one is sceptical about how much deterrence court sentences will have on the unscrupulous employers. What is more, the protection of foreign workers from exploitation does not depend entirely on the severity of penalty under the present legislation. Presently, most of the foreign workers who have been exploited are unable to come forward to testify against their unscrupulous employers. They will be repatriated to their places of origin, if they dare stand up for their rights, and they have no opportunity at all of recovering their deducted wages. It is for this reason that so far only very few have been brave enough to come forward.

If the Government is sincere at all about protecting foreign workers, it should take care of the livelihood and employment of those workers who have to stay in Hong Kong temporarily in connection with their complaint against employers. It should help them in such a way that they can report the unscrupulous employers without fear. And the funds which will be required for this purpose should come from the employers who are bringing in the foreign workers.

Mr Deputy President, although I question the effectiveness of the Amendment Bill, I support the amendments in the hope that they will at least achieve some deterrent effect.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, I am rather disappointed that the Amendment Bill has confined itself to raising the fine of the employer for deducting wages without providing complementary measures to encourage employees to report offending employers. The two issues are actually complementary to each other and quite inseparable.

Mr Deputy President, before discussing the specific provisions, I think we should seriously review why local workers are subject to serious exploitation. It is obvious that, as the labour sector has been saying in these past several years, the labour importation scheme is in fact a disguised attempt to enable some local

employers to secure cheap labour on the one hand, and keep local wages down on the other. I think that it is precisely as a result of the present labour importation policy and its relevant procedural arrangements which have encouraged the unscrupulous employers to import cheap labour. In this regard, insofar as the unscrupulous employers are concerned, the deduction of wages is after all the reason why they wanted to hire foreign workers in the first place.

I therefore would like to urge the authorities again to conduct a comprehensive review on the whole labour importation scheme instead of resorting to making partial rectifications here and there on a piecemeal basis. Even from the perspective of protecting foreign workers from wage deduction, I think that the present Amendment Bill cannot achieve its objective and its protection to foreign workers is still inadequate. The amendment has provided for raising the maximum fine but no amendment has been made to encourage foreign workers to report irregularities and to do so without fear. According to past experience, foreign workers have much reservations about reporting employers on their own initiative for deducting wages and it is even more difficult to get them to serve as witnesses for the prosecution. In that regard, it is difficult to achieve its desired goal, however high the penalty. It is true of course that, under the present circumstances, it is not easy to encourage foreign workers to report on unscrupulous employers, but at least something should be done to alleviate their fear of dismissal and repatriation. Hence, a more viable way is to stipulate that any foreign worker whose wages have been unlawfully deducted and who makes a report to the authorities concerned may obtain as compensation the wages due from the remainder of his contract. In this manner, the foreign worker will have his or her livelihood secured for the length of contract when testifying in court against the wage-deducting employer. I think this measure will enable foreign workers to report without fear and it is only then that the phenomenon of wage deduction will be reduced.

Mr Deputy President, I hope that the authorities concerned will once again make more substantial amendments to make sure that local and foreign workers are duly protected. Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, may I again thank Mr TANG and his ad hoc group for supporting the early passage of the Employment (Amendment) (No. 3) Bill 1992, which should go a long way to ensure that employers of imported workers abide by the rules and conditions of the labour importation scheme.

As requested by the ad hoc group, we shall be looking at the question of protecting imported workers from unfair dismissal in a separate and wider context. May I also take this opportunity to reaffirm that the Labour Department will give every possible assistance in finding alternative employment to those imported workers who are dismissed as a result of laying legitimate complaints or giving evidence against their employers for malpractices.

Mr Deputy President, I beg to move.

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).

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) (NO. 2) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

Question on the Second Reading proposed.

MR HENRY TANG: Mr Deputy President, at present, large container terminals, depots and storage yards in which power driven machinery is used for maintaining and repairing containers are currently within the ambit of the Factories and Industrial Undertakings Ordinance but many small yards which are operating on uneven, barren land in the New Territories solely for the purpose of storage of empty containers are not. Many containers are therefore stacked one over another, often to a considerable height at such small yards while workers working on the roof of such containers generally take no safety precautions at all. In order to ensure that such container handling activities are operating in a safe manner and to provide a clear definition of "container" so as to facilitate the enforcement process, this Bill was introduced into the Legislative Council on 19 February 1992 for that purpose. In anticipation of possible public concern on this issue, an ad hoc group was formed to study the Bill.

In the course of examining the Bill, the ad hoc group met with two relevant labour

groups. The ad hoc group fully understood their concerns as the provisions of the Bill seemed to impose an onerous burden on employees which would be difficult to comply with since the employees usually only acted under instruction of their employers and they were not in a position to assess whether their act would endanger themselves or others. Moreover, it would be unfair to hold employees criminally liable for wrongful conduct of others. However, having considered the clarifications provided by the Administration, the ad hoc group accepted that there were adequate provisions in the Bill to safeguard the employees.

The labour group also suggested that detailed guidelines should be provided in respect of the safe stacking of containers and precautions to prevent the fall off of persons from the top of a container in order that both employers and employees would be aware of their respective standard of care more precisely. The ad hoc group also found this request to be reasonable but agreed with the Administration that it would not be appropriate to include such operational guidelines in the legislation. Therefore, the ad hoc group accepted that the issue of a guide on the safe stacking of containers by the Administration would suffice.

As regards the definition of "container" as proposed in the Bill which followed closely that used in the International Convention for Safe Containers adopted by the International Maritime Organization, the ad hoc group had examined various alternatives in great detail and finally considered the definition as proposed in the Bill to be in order.

Mr Deputy President, since I am not going to speak on the Contracts for Employment Outside Hong Kong (Amendment) Bill 1992 to follow, I would like to take this opportunity to thank, on behalf of the ad hoc group, the Administration for its co-operation during the scrutiny of all six Bills before Council today, as well as its willingness to consider various further improvements to the respective Ordinances as proposed by the ad hoc group.

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

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, the economic prosperity of Hong Kong can hardly be sustained without the contribution from workers of all trades. But it appears that few of us have concern for the safety protection of the broad masses of workers. The container transportation industry, which is the subject of the present Bill, has for years made significant contribution to Hong Kong's

development of import/export and entrepot trade. However, the Government and employers in this industry have provided grossly insufficient safety protection for the workers. Besides, these workers have been facing great difficulties as a result of the long-standing lack of container depots and parking space for container trucks. The Bill, as it stands, is criticized by labour groups to have provided for too low a maximum fine of \$10,000. Since all containers are owned by large shipping companies which make substantial profits, a \$10,000 fine will have little deterrent effect. I hope that the authority concerned will review this provision as soon as possible and propose the necessary amendment. In addition, the Bill has also failed to include safety precautions for the transportation by container of chemicals and dangerous goods. Nor has it made provisions requiring operators of container depots to employ a safety officer to supervise the safety and stacking of containers and to advise on the adoption of safety measures. Therefore, in my opinion, this Bill has yet to achieve the objective of giving sufficient safety protection to employees.

Mr Deputy President, I will support the passage of this Bill today. But I hope that the authority concerned will come up with better proposals to amend the relevant parts of the Ordinance as soon as possible in order that the protection of workers in this industry be further enhanced. Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the purpose of this Bill is to extend safety protection to employees working at small container storage yards operating on barren land in the New Territories in the same way as those employees working in container depots.

Proprietors will be required to ensure that containers are stacked on level and firm ground and that stacking, unstacking, and the handling of containers are carried out in a safe manner and with adequate safety precaution.

No unreasonable or undue burden would be imposed on employees. But reckless operation by any employee that may endanger his own life or those of his fellow employees must be discouraged. I can assure Members that every case will be examined very carefully before any prosecution action is contemplated.

The Labour Department is already preparing detailed operational guidelines for the implementation of the new provisions and will consult the industry before finalizing them.

Mr Deputy President, I beg to move.

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).

CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG (AMENDMENT) BILL 1992

Resumption of debate on Second Reading which was moved on 19 February 1992

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

Bill read the Second time.

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

Committee stage of Bills

Council went into Committee.

SECURITIES AND FUTURES COMMISSION (AMENDMENT) (NO. 2) BILL 1991

Clauses 1 and 2 were agreed to.

COMMODITIES TRADING (AMENDMENT) (NO. 2) BILL 1991

Clauses 1 to 3 and 5 to 6 were agreed to.

Clause 4

SECRETARY FOR MONETARY AFFAIRS: Mr Chairman, I move that clause 4 be amended as set out in the paper circulated to Members.

I have identified, in my speech on the Second Reading, the purpose of this amendment and that of the amendment to clause 4 of the Securities (Amendment) (No. 3) Bill 1991 which I shall be moving shortly.

Mr Chairman, I beg to move.

Proposed amendment

Clause 4

That clause 4(b) be amended, by deleting the proposed section 51(2)(b) and substituting --

"(b) decides not to seek re-appointment; or".

Question on the amendment proposed, put and agreed to.

Question on clause 4, as amended, proposed, put and agreed to.

SECURITIES (AMENDMENT) (NO. 3) BILL 1991

Clauses 1 to 3 and 5 to 6 were agreed to.

Clause 4

SECRETARY FOR MONETARY AFFAIRS: Mr Chairman, I move that clause 4 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 4

That clause 4(b) be amended, by deleting the proposed section 89(2)(b) and substituting --

"(b) decides not to seek re-appointment; or".

Question on the amendment proposed, put and agreed to.

Question on clause 4, as amended, proposed, put and agreed to.

PEAK TRAMWAY (AMENDMENT) BILL 1991

Clauses 1 to 7 were agreed to.

EMPLOYMENT (AMENDMENT) BILL 1992

Clauses 1 to 9 were agreed to.

EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1992

Clauses 1 to 3 were agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) BILL 1992

Clauses 1 and 2 were agreed to.

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1992

Clauses 1 to 7 were agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) (NO. 2) BILL 1992

Clauses 1 and 2 were agreed to.

CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG (AMENDMENT) BILL 1992

Clauses 1 to 15 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

SECURITIES AND FUTURES COMMISSION (AMENDMENT) (NO. 2) BILL 1991

PEAK TRAMWAY (AMENDMENT) BILL 1991

EMPLOYMENT (AMENDMENT) BILL 1992

EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1992

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) BILL 1992

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1992

FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) (NO. 2) BILL 1992 and

CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG (AMENDMENT) BILL 1992

had passed through Committee without amendment and the

COMMODITIES TRADING (AMENDMENT) (NO. 2) BILL 1991 and

SECURITIES (AMENDMENT) (NO. 3) 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.

4.55 pm

DEPUTY PRESIDENT: We shall take a short break and resume at a quarter past five.

5.20 pm

Member's motions

DEPUTY PRESIDENT: We have two Member's motions for debate this afternoon. In accordance with past practice, Members have agreed to place a voluntary restraint upon the length of speeches. I would urge Members to observe the voluntary restraint. And in relation to the first debate this will mean that by 7.15 pm, in two hours' time, I should be in a position to call on the Government for their reply.

BROADCASTING POLICY

MR MAN SAI-CHEONG moved the following motion:

"That this Council requests the Government to expedite the formulation of an overall broadcasting policy based on such principles as freedom of information, media diversification, fair competition and protection of consumer rights, so as to promote the development of the broadcasting industry within Hong Kong's free market economy."

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, I move this motion today chiefly because decision was taken by the Executive Council in December last year to conduct a comprehensive review of the broadcasting policy. Given that the introduction of pay television will significantly change the existing television service, we hope that Members today will be able to express more of their views on this issue.

Today, television has become an indispensable source of information and entertainment for the people of Hong Kong. Indeed, millions of Hong Kong people come under its influence. It is unfortunate, however, that the Government does not have to date an integrated and long-term broadcasting policy. Since the publication of

the Report of the Broadcasting Review Board in 1985, the Government has not formulated any integrated, comprehensive policy regarding the broadcasting/television industry. In the meantime, development has been constantly going on in the technology of television transmission. The long-standing lack of a comprehensive set of principles and policies regarding the broadcasting policy has resulted in the undesirable phenomenon of government policy lagging behind technological development and indeed being led by corporate interests. A good example of this is that it is not until after a consortium has launched a satellite in preparation for the development of satellite television that the Government hastily sets about laying down licensing requirements. The result of this is that the views of the consortium concerned are carrying a great deal of weight and the Government's broadcasting policy has effectively been a product of a corporate battle. It is a political, rather than a social, policy.

The United Democrats take the view that the whole broadcasting policy as an entity should be based on consideration of all aspects, including the division of labour between the various media, the impact of the new medium on free television, ways and means of enabling the various mass media corporations to operate in a better environment, and the manner in which the media may develop in the long run. We are hoping that after this review exercise a comprehensive and more long-term policy may be formulated which will take due account of the above mentioned factors. We also hope that review of this nature will be conducted on a regular basis, for example, at an interval of three to four years, so that the broadcasting policy can be reformulated.

I move my motion today in the hope that the Government in formulating its policy will at least take four principles into account. There are of course many other principles which are equally important, such as local culture and cost effectiveness, but I cannot write all of these principles into my speech in this motion debate. Of all these principles, I would stress, first and foremost, media diversification. With the availability of more media and programmes, more protection will be accorded to freedom of information, fair competition and consumer rights. Free market economy is one factor contributing to the economic prosperity of Hong Kong. And the basic assumption of a free market economy is that diversity of operation will provide more alternatives and give rise to competition which will in turn raise the quality of service and result in better protection of consumer rights. We hope that the media and programme diversification will bring the most inexpensive, high quality, and diversified television programmes for the benefit of the local audience eventually.

The present television industry is to a great extent being led by the Television Broadcasts Limited (TVB), whose ratings in recent years have consistently ranged from 70% to 80%. In other words, TVB takes up 70% of the advertising revenue. But the reality is that television viewership has been steadily declining, from a peak of 2.6 million in 1983 to 2.1 million in 1991. This is an indication, on the one hand, that other forms of entertainment have become more popular and appealing, and on the other, that the locals have begun to show less interest in mass appeal productions and switched to more diversified programmes. We feel that it is very good opportunity for the introduction of other media to better cater to the interests of small audiences. Media diversification will stimulate free television to produce better quality programmes. However, from the perspective of broadcasting policy, it does not necessarily follow that the more television media the better. Although Hong Kong is a free market economy, the proliferation of media companies will only result in cut-throat competition. It is likely that both pay television and the existing free television stations may have to close down for lack of revenue. When that happens, viewers will end up with less choice.

The United Democrats take the view that it would be best if in the next two to three years the two free television stations will continue to operate, in addition to a territory-wide pay television network providing multi-channel television services, while at the same time satellite television is introduced as a regionally based broadcaster. It is important to a certain extent that the two free television stations are maintained because it is the only way local viewers will be able to continue to enjoy the choice of locally produced programmes free of charge. Insofar as pay television is concerned, we propose that only one licence be issued for the time being, but when the time is ripe, more licences can be issued. And in order for local viewers to get access to the broadcasts by regional media companies and in order for Star TV to become a viable competitor, it is important that the language restriction on satellite television be lifted. The United Democrats feel that Star TV should be allowed to bid for pay television, but for the sake of forestalling monopoly and meeting local needs, we also feel that Star TV may not be the best operator of pay television. Mr Albert CHAN will later on offer an analysis of the inter-relationship between the various media, their division of labour and their impact on each other.

The introduction of new media will of course help to break monopoly but the Government needs also to prevent the emergence of a media giant. Heavy investment

is needed in electronic media and this means that only the large consortia will be able to become major players. Given that there are not many local consortia which are interested in the media industry, it is likely that a handful of consortia will end up controlling several media companies, to the detriment of competition. Cross-media ownership should be banned by legislative means. We suggest that the Government should legislate to ban any one consortium from controlling more than one electronic medium, and from holding shares in more than two electronic media companies.

The other important principle is that of freedom of information. Efficient dissemination of information is a key to the success of Hong Kong and the media are the chief institutions which maintain the free flow of information. It is for this reason that we believe that the media policy should in every way uphold the principle of freedom of information, in terms of programme content control, review of programme and advertising guidelines. Because of the time constraint, I am not able to elaborate on how the existing policy or legislation bears on the issue of freedom of information. I will only speak on two problems relating to media operation, namely, the language problem and the problem of advertising guidelines.

From the perspective of freedom of information, satellite television broadcasts should not have any language restrictions. Indeed, I believe there is no country or locality in the world which would not permit a locally run satellite television broadcaster to broadcast in the local language. If no Cantonese programmes are allowed merely on the ground of protecting other broadcasters, then there is no doubt that it is a deprivation of the right of the vast majority of Hong Kong viewers to freedom of information and a violation of the principle of fair competition.

The existing advertising guidelines forbid a variety of legally operating establishments or legally sold merchandise and services, such as foreign real estate and some categories of financial services, from advertising on television. We hope that the Government will review such guidelines in the light of the grand principle that the television advertising of goods and services which are not harmful to society should be allowed. (But regarding the issue of restricting cigarette advertising on television, the United Democrats actually support the continuation of restriction.) It is not exactly fair that while foreign real estate advertisement is allowed at MTR stations it is not allowed on television on the ground that television is a powerful medium. We believe that the Government policy on television advertising should be one of stepping up its monitoring to prevent the public from being misled

rather than one of passive restriction. The lifting of restriction will result in enlarged television advertising revenue and contribute to the survival of free television.

The third principle is that fair competition should be ensured. First of all, we would suggest that the Government should take a neutral stand on the issue of technology. In terms of licensing, the manner of transmission should not be restricted and no broadcaster should be able to benefit solely from its transmission technology. For example, the Government should not restrict the development of Star TV just in order to protect the other broadcasters, neither should it prescribe that pay television should be transmitted by optic fibre. But on the other hand, the other implication of fair competition is that the guidelines regarding programmes and operation should be applicable to all broadcasters in order that every one is able to compete on a fair basis. Although satellite television and pay television are different modes of broadcasting, it is up to the Government, if Star TV is allowed to broadcast in Cantonese which will enable it to provide Cantonese services in much the same way as the free television broadcasters, to consider the guidelines applicable to all broadcasters as a whole, unifying the standards regarding programming and advertising, for example. Presently, restrictions for free television exist in terms of the proportion of advertising time to programme time, current affairs and educational programme time, and operation of services not related to broadcasting. These restrictions do not apply to Star TV. We hope that the Government will review such restrictions if decision is taken to allow Star TV to broadcast in Cantonese, in order that Star TV and free television will be able to compete fairly. We believe the Government should also review the fact that whereas TVB and ATV have to pay royalty amounting to \$200 million Star TV is only liable to a minimal licence fee. The Government should also explore whether the right to manage a housing estate will have a bearing on the installation of Star TV disc antenna and pay television receptor, in order to forestall the scenario of a consortium undermining fair competition through its real estate business.

The fourth principle is that importance should be attached to consumer rights. The introduction of pay television means that television programmes have become some kind of goods and it is for this reason that consumer rights have to be protected. We do not wish to see pay television raising its charges constantly once it has become popular with the viewers. The United Democrats feel that the Government should legislate to make sure that the subscription charges of pay television will be in line with the annual inflation. It is of course true that in this connection the

choice of adequate free television will be an important guarantee for consumers. Another guarantee to consumers is the requirement of surety. The Government should require the pay television licensee to provide a security deposit upon being issued with a licence. The security deposit may be returned as and when pay television starts running and when its operator is able to acquire a given number of subscribers. This will compensate for the loss on the part of the public in the event that pay television is not able to start operation, yet again.

Mr Deputy President, I understand that the broadcasting policy may be based on more than the four above-mentioned principles. I also understand that there are many perspectives from which to view the broadcasting policy. I hope that Members of this Council will be able to engage in a rich and lively discussion later today, going into areas not touched by the four principles. I also hope that the Secretary for Recreation and Culture will in response to our speeches let us know what principles are adhered to in the government policy.

Mr Deputy President, with these remarks, I beg to move.

Question on the motion proposed.

MR STEPHEN CHEONG: Mr Deputy President, the last comprehensive review of the broadcasting industry in Hong Kong was conducted in the mid-1980s through the Broadcasting Review Board. Based on recommendations of the Board new licensing conditions were drawn up and the two television broadcasters renewed their licences in 1988 for 12 years. Four years have since lapsed. The much publicized project of cable television service provided through optical fibres came but was subsequently dropped when the licensee, Hong Kong Cable Communications, withdrew from its obligations to the Government. The advent of new technology together with the far-sighted decision taken by the Administration has enabled Hong Kong to develop into a base for a regional satellite network. There is now talk of another possible attempt to allow cable television to start operation with a slightly inferior and much cheaper technology than optical fibres. What is more, viewers rating on our two local terrestrial broadcasters and their share in Hong Kong's total advertising market seems to be on the decline. Amid all these factors the Administration is right, in my view, to conduct a review on its broadcasting policy in order to keep pace with the rapidly changing operating environment of the industry. Nevertheless, in

conducting the review, the Administration has to bear in mind one very important point, that is, with the rapid development of technology in this field in the world nowadays, there is an increasing interface between telecommunication and broadcasting so much so that one cannot really make meaningful decisions on broadcasting policy without taking into account the effect of our telecommunication policy. For the overall interest of Hong Kong proper priority needs to be established. If telecommunication is found to have a more significant impact on and contribution to the future economy as well as social needs of Hong Kong, then telecommunication policy should take the lead, for it would be illogical to put the cart before the horse. I urge the Government not to lose sight of this important aspect in the process of reaching a decision on broadcasting policies.

I now turn to the current state of the broadcasting industry. I support the notion that royalty arrangements for all broadcasters be reviewed in Hong Kong so as to maintain an environment that is conducive to long-term economic viability of the industry in Hong Kong. This is particularly important to the two terrestrial television broadcasters since any further improvements in their quality of service to the community will entail continuous heavy investment in both technology and programming. Another area which I think the Administration should review is whether some of the existing investment restrictions placed on the two terrestrial broadcasters are too unreasonable. For example, why should TVB or ATV be prevented from taking a minority interest in TV station broadcasting in another territory in Southeast Asia? After all when Hong Kong insists that the majority shareholders of our TV broadcaster must be local interest, it is hardly surprising for other territories to demand majority shareholding to be in the hands of the nationals or citizens of that country. Placing restrictions on our local broadcasters regarding the taking of minority interest in television broadcasting business will deprive our TV industry of opportunities to capitalize on our expertise in both technology and programming. I also urge the Administration to review the existing advertising code of practice for television. There is, in my view, an imbalance between the standard of controlling advertising on television and that of the printed media.

Finally I would like to say a few words on newcomers to the local television industry. I welcome the Administration's intention to invite tenders for subscription TV. As Hong Kong becomes more and more affluent, it is only right for the people here to have more choices to suit their taste. The launching of satellite television, Mr Deputy President, marks a new phase in the development of our broadcasting business. I support the notion that the ban on Cantonese programmes,

be they repeat or original production, should be lifted as soon as possible. After all, Mr Deputy President, the up-linking of satellite television programmes in Hong Kong has successfully propelled Hong Kong into being the regional centre for television industry. So the value of satellite television to the future interest of Hong Kong is only too obvious when it serves as a channel for news broadcast. How can we forget the tremendous impact when people all over the world witnessed firsthand through TV screen most of the crucial and dramatic events unfolded in Russia, Eastern Europe and China over the past few years? I think it is important that unreasonable artificial barriers should be placed as little as possible on the development of satellite broadcasting industry in Hong Kong. In the overall interest of Hong Kong we should try to enhance further the development of this industry rather than to erect obstacles to impede it.

Mr Deputy President, I support the motion.

MRS SELINA CHOW: Mr Deputy President, may I first declare interest as a non-executive director of ATV.

It is well known that the Administration decided to allow itself six months, beginning December last year, to conduct a comprehensive review of the broadcasting industry before it would proceed with the taking of important policy decisions for future development. This has been criticized as yet another demonstration of bureaucratic inertia generally, and regarded by interested operators as an unnecessary and unwarranted impediment to the smooth and efficient progress of a fast-moving industry. It was also reported that some members of the Administration were not particularly pleased with the Executive Council decision for such a review at this time.

As an interested member of the industry in question, I was not party to the decision for the review; however, I do think it was an extremely wise move. Since the renewal of the broadcast licences to TVB and ATV in 1988, a lot has transpired which has brought about, and will continue to cause, dramatic changes to the face of television broadcasting. If not for the abortive attempt in 1989, cable television would have been launched in 1990. As it happened, owing first to what some regarded as the shifting of goal posts by the Government, which resulted in one applicant's abandonment of the project, and later, to internal problems of the final intended awardee of the licence which halted launching plans yet again, cable

television was pre-empted by the launch of satellite TV in 1991. Subsequently, one member of the original cable consortium continued to express serious interest in pressing ahead alone. Others have expressed interest in operating a subscription television service which may be multi-channelled.

If the Government should decide, at the end of the review, to retain its original decision to license cable TV, it is highly likely that by next year Hong Kong will enjoy, apart from the existing domestic free-to-air terrestrial broadcasting channels and the five channels of satellite broadcasts, the additional delivery of 17 channels, a great variety of programmes in both languages through cable. There is the likelihood of even more channels if the decision is taken to allow additional subscription TV by satellite. In other words, for a viewer sitting in front of a TV set, so long as it is suitably technically equipped, he may have, by next year, a choice of 26 channels or more at his fingertips, not counting the programmes that his VCR and laser disc player may offer.

Such a development will certainly advance Hong Kong into a television era on par with all major developed TV markets of the world. The Government has the responsibility to facilitate such a development but at the same time to ensure as far as possible that it succeeds, in terms of viability and quality. As regards viability, the proper framework must be devised by the Government so as to provide a level playing field for all players and to ensure that the different services play a complementary role without any threat of over-competition. It is therefore extremely important that the revenue structure for the different deliveries via satellite, terrestrial or cable, financed by either advertising or subscription or both, is accurately defined so that there is enough room for manoeuvre for all of them.

At the same time, with the rapid growth in viewing choice, the authority that be must examine closely the restrictions placed on licensees and determine whether the highly regulated regime imposed on the terrestrial broadcasters, which might have been warranted before the days of satellite, cable and subscription TV, is still justified. Personally, I believe there is a strong case for a gradual move towards deregulation, allowing more room for creative and imaginative advertising, and more flexible use of air time for commercial purposes.

As for quality, I believe a conscious effort has to be made by the relevant authorities to remove obstacles to good programming. It is therefore imperative that

the programming code applicable to the broadcasters should be suitably amended to ensure that inequity does not occur between the control of these licensees and operators of satellite or cable television. It is also a good opportunity to remove, as far as possible, all arbitrary restrictions in the scheduling, slotting and partitioning of programmes, so as to allow more room for professionals within the broadcasting services to apply their creativity.

The multiplicity of channels will inevitably bring about an astronomical increase in local productions. Experience the world over has shown that a sudden increase in quantity is often achieved at the price of falling quality. The Government must be mindful of such a tendency and should not pressurize the industry into delivering too much too soon. The industry, on the other hand, cannot afford to be over ambitious in this respect. Audience surveys on ratings have become more and more sophisticated over the years and, thanks to this, we are able to rely on the integrity of figures. The entire industry can rely upon these figures which are professionally and scientifically assembled. Unfortunately, no obligation is placed on TV operators to ensure they know how the viewers are reacting to their programmes. I believe there is a need for an annual assessment to be conducted by independent professionals to evaluate public reaction to and comments on specific services, schedules and programmes. Such assessments should be made public and should be taken into account when licences are reviewed for the purpose of renewal, formulation and amendment of licensing conditions, and ruling on complaints.

Before I close, may I draw attention to the fact that we have a reach of Chinese viewing audience of five million, and a reach of English speaking viewing audience of two million. Yet we now have nine channels of which six broadcast in English, two in Cantonese and one in Mandarin. I do not know how many of the subscription channels via cable or satellite will be in English. But given the abundance of English speaking programmes available from the West, a conservative estimate of three channels -- films, news and sports -- appears to be a minimum. This will mean that there will be a total of nine channels broadcasting in English to serve a potential audience of two million. The Government must examine whether it is necessary or economical to maintain two local English channels to be operated by the terrestrial broadcasters in the future.

Mr Deputy President, much controversy surrounds the current review. This is hardly surprising, given the vast interests at stake. At this juncture of the review, I do appeal to the parties concerned to leave room for those who will partake in the

very important decisions to come, and not inundate them with high pressure lobbying. I hope the end of this debate will herald a cooling period to enable the best deliberation to be conducted and the best decision to be taken, which will serve the widest interest of Hong Kong.

MR RONALD ARCULLI: Mr Deputy President, the motion before this Council calls on the Government to expedite the formulation of a broadcasting policy. Clearly, there is little disputing that the development of the broadcasting industry would be much hampered in the absence of a broadcasting policy. However, I believe that it is as important to get the policy right as it is important to decide upon it as quickly as possible. Furthermore it is not that we have a blank sheet of paper so that the government liberation can be wholly uninhibited. We have two terrestrial and one satellite broadcasters in operation today and there are some anomalies that should be revisited and re-examined. However the point in which I want to offer my comments is tied to what has always been described as Hong Kong's foundation: namely our free market economy and I believe that in formulating a broadcasting policy the Government ought to keep that very foundation of Hong Kong success in the forefront.

A number of us have had the benefit of hearing different views from those in the industry and some of it has been, I must confess, a revelation. Did anyone know that viewership has declined 30% over the period 1983 to 1991? There is a saying that we should always try to keep the customers happy. In this context the customers are the viewers and what do they want? I imagine things like reliability, affordability, choice are but some of their expectations. I shall now touch on some points that I believe the Government needs to reconsider and/or take into account:

First there are a number of restrictions we should place on the industry, for example language restrictions. I believe that special permission is needed if our terrestrial broadcasters want to broadcast a programme in a foreign language, whether it be Japanese or Korean or some other language. Another example is that no Cantonese language broadcasting is permitted for satellite TV. There are also restrictions placed on advertising on our two terrestrial broadcasters. Surely in a free market economy this would undoubtedly affect their competitiveness for it would restrict their growth or indeed the growth of advertising revenue which must have a most direct bearing on their business. There are also restrictions on their ability to make investments in related industries not only in Hong Kong but abroad. Have we taken into account that in other countries there might be restrictions against allowing

foreign investors to have a majority or controlling interest in certain industries?

Another restriction is that satellite TV is not allowed to have subscription or pay TV. I imagine that in the absence of a clear broadcasting policy the Administration is keeping open as many options as possible. But is that really necessary? Can Hong Kong support more than one pay TV service? Should we allow free competition in our free market economy or should we introduce some temporary restrictions and indeed would such an approach be in the interests of the viewers and the industry? Is there in fact room for compromise? Should we allow the industry, for instance, to self adjust? I believe that in dealing with the points that I have referred to, we should apply the principles of our free market economy.

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

MRS PEGGY LAM (in Cantonese): Mr Deputy President, Hong Kong is a big international city with a well-developed information network. Although Hong Kong has a population of less than 6 million, there are as many as 64 locally registered newspapers in circulation and the number of periodicals is close to 600. However, in terms of television programmes, Hong Kong people have not been able to enjoy the benefit of a wider choice which should have come with our diversified social development. For a long time now Hong Kong has had only two wireless television broadcasting houses, namely, Television Broadcasts (TVB) and Asia Television (ATV), which provide free, but rather monotonous mass entertainment and information programmes. Star TV, formally launched last year, is geared at servicing the Pan-Asian region. Its target audience is the \$2.7 billion Asians. In this connection, it has very few or no locally produced programmes.

It can be seen from this perspective that what Hong Kong people need most now is the choice of multiple channels of Hong Kong based pay television. Indeed, the Broadcasting Review Board in its 1985 report has particularly urged the Government to encourage the commercial sector to provide, in addition to the existing television services, a pay cable television service. This has yet to become reality even after a lapse of seven years. As such, I hope the Government will implement the recommendation of the Broadcasting Review Board as a matter of priority such that there will be a wider choice of television programmes for different walks of life in society.

Mr Deputy President, I believe that the Government, in formulating its broadcasting policy, will have to ensure, in addition to enabling viewers to have a wider choice of information and entertainment programmes, that the future pay television will be able to positively perform its social function. This new television medium should provide a multi-channel service with a programming set-up which is totally geared to the Hong Kong viewers.

The benefits of pay cable television as a social service medium is that it is geared towards minority viewers. It can divide its channels and design programmes in accordance with the needs of its target audiences. There can be well over 20 channels offering a diversity of programmes. This programming concept, I am sure, will provide a great impetus to the social development of Hong Kong. The following are some examples of how this could happen.

(1) District Administration. Quite some importance was attached to district board affairs and district activities by the two television broadcasters with the implementation of the district administration scheme in 1981 by the Government. The focus admittedly has been shifted to the Legislative Council in recent years. It is in this regard that pay television can actually produce more locally-oriented, indeed district flavoured, news programmes than those of the two existing wireless broadcasters on its news channels. I believe that through its district transmission centres pay television can actually provide more in-depth reports of, and devote wider coverage to, happenings and issues of local concern at district level. This will not only enhance a sense of belonging among residents but also encourage them to actively take part in the administration of their own districts.

(2) Distance Learning. I believe that the educational channel of pay television can, through its vivid audio-visual effects and facility for tutor-learner interaction, make distance learning much more interesting and effective than is the case with correspondence courses currently used as the chief mode of communication. This will greatly boost the learning interest and improve the educational quality.

(3) Minority viewers. Pay television should provide different specialized channels for different sectors of society in order to cater to their long neglected needs for entertainment and information. For example, the provision of, say, a women channel, a children channel, a sports channel, and an expatriate channel, will not only promote diversified social development but will also enrich inter-sector understanding and contribute to social harmony.

Also, according to an independent market survey, our market will not be able to afford in the next several years more than one pay television station. Hong Kong people indeed dread to think a repeat of the closure of Commercial Television in the seventies. The Government should therefore, in considering the issue of licence, first of all consider issuing a non-franchised licence according to the market conditions and shall not decide whether to grant a second licence until after a few years when a thorough review has been conducted and the market shows proven ability to absorb a new station.

Meanwhile, when the choice of television has been widened, the Government should reduce the royalty payable by the two wireless broadcasters and relax the advertising restrictions, allowing them to air advertisements of certain trades and categories of merchandise as well as to operate in a more diversified manner to enable them to tap more revenue sources and to co-exist with the other modes of television operators.

Finally, I hope that the Government will in framing its policy seek to ensure a level playing field for all broadcasters. While we would like to have a wider choice, we have no wish to see any closure, or indeed any station monopolizing the information services market. On the other hand, while maintaining the freedom of information and news reporting, the Government must also see to it that measures be in place to ensure such freedom not being abused as a political propaganda and socially divisive tool.

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

MR ALBERT CHAN (in Cantonese): Mr Deputy President, I would like to speak mainly on the issue of the future division of labour between the various broadcasters and their interaction, and also the issue of conditions of operation of the new medium, with particular reference to television broadcasting. From the perspective of a television viewer, the primary concern is the availability of greater choice of quality television programmes with low or no subscription fee. The United Democrats feel that the best media environment to be expected in the next two or three years is one in which there are two free television stations and one multi-channel pay television station, with Star TV broadcasting in Cantonese in one of its channels. The two free television stations will provide basic television services in Cantonese and English. The multi-channel pay television operator will provide wider choice

for its audiences, in terms of more sports, current affairs and children's programmes whereas satellite television may also offer more region-wide programmes, such as sports programmes and overseas news programmes. People who are not willing to pay for television programmes will be able to continue to watch the two free TV stations. People who are interested in international or Asian regional programmes may opt to install dish antenna to receive Star TV programmes. For those who are willing to pay for still more choice, they may as well choose to be connected to pay television.

In order to arrive at this scenario, we have to be wary of the impact of the new medium on the existing free television stations. There is a view that Star TV will deal a severe blow to the free television stations if it is allowed to broadcast in Cantonese. But we estimate that given that Star TV relies heavily on productions of the two free stations which have been aired before and foreign productions dubbed into Cantonese as its source of programmes, their appeal is unlikely to be greater than the current local programmes produced by the two stations. It is for this reason that Star TV will have lower ratings than the present ATV and the future multi-channel pay television station. The lifting of the language restriction will make Star TV a viable new choice for viewers but it will not have a great impact on the present free television stations.

In comparison, the impact of the multi-channel pay television station on the ratings of the free television stations is likely to be much greater. We understand that the Government is conducting a study on that impact and I hope that the findings of the study will be made known to this Council as soon as possible. However thorough the study, it is difficult to accurately predict the future media environment because there are so many variables involved, such as overall economic growth, the fluidity of the television advertising market and the performance of the various broadcasters. It is for this reason that we urge the Government to conduct a comprehensive review in three to four years following the issue of pay television licence(s) and to closely monitor in the meantime any change in the media environment and the operation of the various broadcasters. If operational difficulties are encountered by the individual broadcasters, contingency measures should be devised and consideration given to the amendment of their licensing conditions as each case merits.

Due to the above mentioned considerations we suggest that the Government exercise prudence in issuing pay television licence. For example, one licence may be issued for the whole territory for the time being. We believe that the 1.5 million strong television viewers in Hong Kong will be able to support more than one pay television

network. But as Mr MAN Sai-cheong was saying just now, greater diversification does not necessarily guarantee better service. If two or more pay television operators will result in neither being able to make a profit in the initial phase and closure eventually, then the only losers will be the Hong Kong viewers. We also fear that more pay television operators will trim the ratings of the two free stations further such that they may not be able to survive at the same time. The United Democrats suggest that the Government issue only one multi-channel pay television licence for the whole territory for the time being, and to ensure its franchised operation for a period of time, and after three to four years, consideration will be given to whether more licences should be issued, depending on the media environment then prevailing.

The issue of advertising is also an issue which deserves careful consideration in terms of pay television. The cable television licence of 1989 provided for pay television station to have half the advertising time as much as the free television stations. But we fear that this will lead to a direct competition between pay television and free television for advertisers and it is inevitable that the free television stations will suffer in terms of reduced overall advertising revenue. Indeed, with the banning of cigarette advertising on television, the advertising revenue for the television industry has actually declined substantially since 1989. It is for this reason that although United Democrats agree in principle that advertising be allowed on pay television, we would also suggest that it would be prudent of the Government to impose a temporary ban of advertising on pay television. The decision whether or not to allow advertising on pay television should be taken in three or four years when the review of the whole television industry has been completed.

On the other hand, from the perspective of division of labour among the operators, the banning of advertising on pay television will enable the operator concerned to better cater to the interests of its audiences and thoroughly explore the subscriber market. And Hong Kong audience will be able to enjoy a completely new mode of television, one in which advertisements are conspicuous by their absence.

In addition to enhancing media diversification through its policy, the Government may also consider relaxing some of its restrictions on the operation of the existing free television stations in order to increase their space of survival. According to the principle of freedom of information championed by the United Democrats, the Government may relax its restrictions on television advertising in order to increase the pool of advertisers. The United Democrats also feel that the royalty imposed

on the two television stations is not exactly fair in that it is based on the size of the advertising revenue. This is tantamount to punishing the more efficiently run station and is also deviating from the principle of encouraging them to make high investment for high return. The United Democrats feel that the more profit a company is able to make the more tax it has to pay, but this should be reflected in the profits tax. And royalty is charged for the use by the operators of the airwave for commercial broadcasting. As such, we believe that the two free television broadcasters should pay royalty of the same amount, irrespective of whether they are able to turn a profit or not.

Lastly, I like to talk about the issue of subscription of Star TV. Star TV indicated a couple of days ago that they were interested in bidding for pay television. The United Democrats agree in principle that Star TV should be allowed to compete with other bidders for the pay television licence, because pay television licensing should not be restricted by transmission technology. If the technology available enables satellite to transmit programmes through scores of channels then Star TV should also be entitled to apply for a multi-channel pay television licence. Admittedly, it is not for this Council to discuss which institution should be issued with a pay television licence, because that does not fall under our aegis, but I wish that the Government could, in considering this issue, take into account also the factors of division of labour and media diversification. We wish to see a station which will be oriented to local tastes, with multiple channels to cater to the diversified local interests. If Star TV is to bid for pay television as a transmitter of regional programmes, then we need to consider whether their programmes will meet the needs of our local audiences and comply with our broadcasting policy. If Star TV is to invest in local productions to cater to local tastes while at the same time maintaining its free regional satellite broadcasts, then the Government should consider whether it is appropriate for the same group to own more than one medium. The United Democrats are opposed to one consortium having control over more than one electronic medium. We hope that the Government will, in considering pay television licensing, take the above points into account.

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

PROF EDWARD CHEN: Mr Deputy President, the broadcasting industry provides an interesting case for economic analysis because the operation of the industry hinges on the most fundamental economic problem of how to efficiently allocate scarce

resources which, in this case, is the limited radio spectrum. The broadcasting industry also illustrates an exception to the rule of a free market economy. Indeed there is prolific economic literature on broadcasting policy. The general consensus is, in the broadcasting industry, free competition does not always guarantee maximum efficiency and laissez-faire does not necessarily ensure the optimal use of resources.

In the first place, the Government has a role in allocating the broadcasting stations on the basis of property rights over a particular spectrum area, and it has to ensure that stations do not interfere with each other's signals. In the second place, the extent of competition in the broadcasting industry is limited by the spectrum and the total amount of advertising revenue that can be generated under the prevailing economic conditions. Conventionally speaking, the viewers do not pay for the cost of broadcasting, but the advertisers do. The objective of each competitor in the broadcasting industry is, therefore, to secure a maximum number of viewers so as to maximize its advertising revenues. Where broadcasters compete in this way for audience, they necessarily aim at the mass market. The result is the production of a high degree of similarity in their programming. Viewers are confronted with what economists call an excessive sameness. Under these circumstances, consumers do not gain from more competitors in the market. What they get is just more of the same. Moreover, excessive competition may mean that each competitor gets a decreasing share of a given advertisement expenditure spent by business firms, and in consequence the quality of programmes may also decline. If this is the case, the Government has an important role in ensuring better-quality and more diversified TV programmes. In the broadcasting industry, some degree of regulation is necessary, and one can only speak of fair competition and not free competition.

One might argue that the tastes and desires of the viewers are represented by the interests of the advertisers. But this is not true because the viewers aim at maximizing the net satisfaction of their programme viewing, while the advertisers aim at maximizing the net benefit they obtain from the response of viewers to the commercials advertising their products. For example, if we assume that more intelligent viewers are less responsive to TV commercials, then most of the TV programmes will only cater for the needs of the not-so-intelligent. In practice, there is no consumer sovereignty in the allocation of resources in the broadcasting industry. For the mass audience, they get pretty similar programmes offered by all competing stations. For the viewers with more specialized interests and tastes, their desires go largely unsatisfied.

What can be done to alleviate these problems? The answer is that the Government should introduce pay TV and support a public-funded station. The disadvantage of pay TV is that some families are deprived of obtaining satisfaction from viewing such programmes despite the fact that supplying them incurs no additional or marginal cost. But, pay TV ensures an optimal allocation of resources to broadcasting and an optimal distribution of such resources among different types of programmes through the market tests. A special channel will be operated if there are sufficient viewers who are willing to pay for it. The interests of the minority audience are then taken care of.

There are, therefore, good reasons for the Government to ensure that pay TV is operated side by side with advertising-supported broadcasting stations. To ensure that a pay TV station can survive and make long-term commitments, it should be protected against excessive competition. In the situation in Hong Kong, I am of the opinion that only one pay TV licence should be awarded in the first instance for, say, three to five years. Inasmuch as satellite TV targets the regional market, the existing term of the satellite TV licence, which does not permit the broadcasting of Cantonese language programmes until November 1993 and only re-run Cantonese language programmes after that time, should not be changed. Again, one must remember that more competitors may not benefit consumers but only result in more of the same. On the other hand, the pay TV operator should not be allowed to generate revenue from advertisements. This is necessary not only for the reason of not diverting advertising revenue from the advertising-supported TV stations in Hong Kong, but, much more importantly, because the very justification for pay TV is precisely to prevent the tastes and desires of consumers from being distorted by advertisers.

There is also a strong justification for the existence of a public-funded station to produce TV programmes to fill the gaps left by advertising-supported and pay TV operators. There are educational and informative programmes which generate social benefits as well as satisfaction to individual viewers. These programmes will be underprovided if supply is based on the private cost and benefit decisions made by individual viewers or advertisers. There may also be highly specialized programmes for the minority audience which even pay TV would not provide. The gap can again be filled by a public-funded station. Such a station should be monitored by an independent body so that it can truly preserve the interests of the general public at large and satisfy the tastes and desires of the minority.

With these remarks, I support the motion.

MISS EMILY LAU (in Cantonese): Towards the end of last October the Secretary for Recreation and Culture made a speech at a luncheon meeting. He said that the Government understood from the experience of the abortive cable television project of 1990 that the cost of laying the network for cable television was enormous and consequently decision was taken to give consideration instead to issuing a licence to pay television rather than cable television. The Government would invite open tender for a second network. He also made the point that the Government was in the final stage of a comprehensive review of the broadcasting industry and that tender could be invited early this year and a licence issued in the summer. He said that in the near future Hong Kong people would return home from work to enjoy a wide choice of television programmes. Like many other citizens, I was very glad about the news, thinking that I would very soon have a great many variety of television programmes to choose from. But, Mr Deputy President, scarcely two months later, the Executive Council ordered the Administration to complete a comprehensive review of the television broadcasting industry in six months. Mr Deputy President, I would like to ask the Government why another review has to be conducted so soon after the completion of a comprehensive review? What are the findings of the first review? I hope that the Secretary for Recreation and Culture could enlighten us on that. What is the problem with the first review? The Executive Council only ordered a new review without making public the findings of the earlier review which had indeed taken months to complete, also bearing in mind that the Secretary for Recreation and Culture told the Rotary Club at the time that it was a very comprehensive review.

In addition, I also like to ask the authorities concerned why we had to wait until 1991, or indeed now, before conducting a review on pay television, or cable television, and its impact on the existing television broadcasters, instead of carrying it out in 1989 when the open tender for cable television was invited for the first time. Why had the Government not known until now about the complexities involved in laying on cable television and a second network, making it necessary for it to change policy? Mr Deputy President, this issue has actually reminded me of the farce involving the corporatization of Radio Television Hong Kong (RTHK). The independence of RTHK was first raised in the Broadcasting Review Report of 1985. The Government subsequently was talking about the corporatization and privatization of RTHK. The whole saga has dragged on for seven years without actually going anywhere. With no blessing from the Chinese side, it is likely to be swept under the carpet.

With policy like that for the broadcasting industry, I am really compelled to ask if the Government has enough manpower to come to grips with the complex issues of the broadcasting industry, let alone the issue of the advanced science and technology involved. I have no wish to take Government officials to task but I must ask these questions. If problems really exist, how is the Government going to get the manpower that it needs?

Mr Deputy President, the Secretary for Recreation and Culture has in talking about the broadcasting policy reiterated time and again that the Government objective is to devise a regulatory mechanism in order that the three different kinds of television medium, namely, satellite television, cable television and broadcast television, will be able to co-exist in a healthy, competitive environment to enable the public to exercise choice and have access to high quality programmes. But I have to stress that co-existence in a healthy, competitive environment does not mean necessarily that we have to go to great lengths to ensure that the television stations, particularly the two existing television stations, can maintain their profit margins. In this connection, I quite agree with this same point mentioned by some Members just a while ago. I see no reason why Star TV should not be allowed to feature Cantonese programmes; I all the more fail to understand why the Government does not allow advertising on pay television. (I learn these from some press reports and wonder if they are true.)

Mr Deputy President, we should not assume that the advertising revenue of the television stations will definitely fall as a result of competition. Indeed, in real free competition, advertising revenue is determined by the quality of television programmes and viewership ratings. What is more, free television broadcasters (that is, TVB and ATV) have already an advantage at this point. I think it is unfair for free television broadcasters to demand Government protection of their franchises for fear of competing with other television operators, while dragging their feet about making more investment to produce better quality programmes, because at the end of the day, only good quality can boost ratings. Meanwhile, Mr Deputy President, I hope that the Government will not take the view that the employment of new television technology means automatically the introduction of good programmes. Without fair competition, the individual stations will only devote themselves to serving different audiences to go after their differently targeted profits; this is just another monopoly situation in disguise. Another six-month review has to be conducted, despite the early efforts made, and Hong Kong viewers may still yet again be able

to watch high quality programmes eventually. This kind of unfair competition is not at all consistent with the healthy competition the Secretary for Recreation and Culture was talking about. I like to talk about other shortcomings of the existing broadcasting policy. I wish to make a point which has in fact been touched upon by some Members. It is that the broadcasting royalty should not be determined by each station's volume of business. This practice will only encourage the stations to refrain from investing in their productions or to strive to cut costs. This will indirectly lower the programming standard. The Government should, in maintaining fair competition between the stations, attach greater importance to ensuring that the viewers have access to high quality television productions. Current affairs programmes, children programmes and women programmes, and other minority viewers programmes mentioned by Members, should be able to run, and be aired by the television stations, in order to meet the needs of different sectors. In this connection, I would support the Government requirement of each station to devote a certain time slot for programmes aimed at minority viewers, to cater to their special needs and interests. On the other hand, the Government should also maintain an environment of fair competition. In order to cater to the public needs, the Government should set up an independent board with enough representativeness to seek the views of the public on the television broadcasting service as well as the content of television programmes on a regular basis and reflect them to the stations. It is only in this way, Mr Deputy President, I think the rights of consumers will be really protected and in fact, programming quality cannot be improved without fair competition and monitoring.

Finally, Mr Deputy President, I like to appeal to the Government, before the review is completed, indeed while it is being conducted, that the interests and rights of consumers should come first. I hope that the eventually formulated government policy will really take care of the public interest instead of just ensuring that each consortium has a share of the market.

With these remarks, I support the motion.

MR GILBERT LEUNG (in Cantonese): Mr Deputy President, the Co-operative Resources Centre (CRC) fully support the content of the motion under debate. Indeed, given the small size and large population of Hong Kong, it is not surprising at all that television has always been the most popular pastime of Hong Kong people. If we can through a good broadcasting policy improve the quality of television programmes in

order that the public have wider and better choice, it would actually be an indirect improvement of the quality of their home living. What is more, good television programmes will make more people stay home during the holidays. This will ease the pressure of the busy traffic and indirectly alleviate some of the other problems encountered by the Government in its administration. It can be seen hence that the broadcasting policy is not only to do with television programmes, but also intimately related to people's overall quality of life.

I think that the ultimate objective of the broadcasting policy must be to protect and promote the rights of consumers. The most basic and very important right of the consumer is the right to choose. And in order to make sure that the consumers are able to exercise this right of choice, the government broadcasting policy must be such formulated that media diversification can be achieved.

Recent development in television and radio broadcasting has been moving towards diversification and enabling viewers to have more choice. This is a welcoming trend. In the area of television broadcasting in particular, the development of a three-tier media system, namely, wireless television, satellite television and pay television, will, I believe, provide Hong Kong people with a wider and richer information network. Free wireless television will continue its broadcasting services to Hong Kong people in the form of high-quality entertainment and information programmes. Hong Kong-based pay television will provide more choice, and more diversified programmes, for different audiences with varied tastes. The satellite television, targetted at the Asian market, will provide Hong Kong people with international and regional programmes to broaden their horizons and enable Hong Kong as a whole to become an international city in the field of information broadcasting.

Mr Deputy President, the Government's broadcasting policy has not been able to keep up with such development. In formulating its policy regarding the two wireless television broadcasters, the Government has always had only one medium of television broadcast in mind and it would seem that television broadcast has been treated as some kind of franchise. Even after satellite television made its debut a few years ago, the Government was only patching up its established policy without taking it upon itself to conduct an overall review of policy. In this connection, the comprehensive policy review now underway is literally a spring which has been late in coming. It is up to the Government to thoroughly reconcile the three roles, of wireless television, satellite television and cable television, in order that an environment of fair competition will be provided for the operation of the various media.

The first thing to address is how the broadcasting royalty is to be fairly assessed. The royalty payable by the two wireless broadcasters is put at 12% of their volumes of business with the actual combined amount this year coming to more than \$220 million. But the Star TV television which uses the same atmospheric radio wave is exempt from the royalty. Star TV is only required to pay a local transmission fee, amounting to a total of \$30 million, over the next 12 years. The inconsistency of royalty levy and the big gap between royalty payments have always come under criticism. The use of the volume of business as a basis for calculating payable royalty effectively means that the station with better corporate results is penalized. Apart from this, one wonders what rationale the Government will use to justify the levy of royalty on pay television which will soon start operation and also make use of the atmospheric radio wave. As such, I believe that the Government should not charge royalty on the basis of the use of atmospheric radio wave. It should instead quite simply subject each and every television operator to a fixed licence fee at a moderate and reasonable level, in order to lessen the burden on the operators who have yet to achieve satisfactory results. Stations which are doing well will contribute to the Government revenue through the profits tax.

In keeping with the principle of media diversification, I think that the Government should permit Star TV to broadcast in Cantonese or replay Cantonese programmes in order that the mainly Cantonese speaking population of Hong Kong will be offered one more choice and that an element of positive competition will be incorporated into television programming. Meanwhile, the Government may also assist in enlarging the pool of advertisers by relaxing the standards and guidelines governing the existing television advertising practice and checking to see if there are regulations which are no longer appropriate under the present circumstances. Rapid development of our society may render some regulations laid down in the past irrelevant nowadays.

Mr Deputy President, there have been recent reports pointing to monopoly of satellite antenna installation. Also, complaints have been lodged concerning the practice of specifying in the contract between housing block and antenna installation company that the housing block shall not install a receptor for any other kind of pay broadcast for the entire contract period. I urge the Government to closely watch developments in that regard so that the consumer's right to choose will not be compromised by unscrupulous means.

Pay television will become a new fad in Hong Kong television broadcasting. I think that in the long term we should not preclude the existence of more than one pay television operator. Indeed, if one takes the view that progress is only possible through competition, the Government should even encourage more investors to participate. But on the other hand, I also subscribe to the principle of evolution and measured progressive change building on stability. The fact is that within the short space of three years or so Hong Kong will have evolved from four channels being run by the two wireless television broadcasters to a total of 9 channels with Star TV coming into the picture, and if we add to that the 15 channels to be run by a pay television station, then Hong Kong will actually end up with 24 channels in total. Such development is phenomenal by any standard. Time is needed to adjust to such development for the television industry, for the public, for the advertisers as well as for the official monitoring authorities. In this connection, in order to better protect the interests of members of the public as consumers, and in order to forestall indigestion, I am in favour of the Government issuing one non-franchise pay television licence initially and conducting a review in three years for a decision to be taken on whether or not to issue new licence and when is the appropriate time to do so.

Mr Deputy President, an open society which values freedom will attach importance also to the right of the consumer to choose. A measure of the sophistication of the television broadcasting industry which is in the forefront of this information era is the extent it affords the viewers to have adequate choice. A good government policy in that regard is one which promotes the diversified development of the television broadcasting services. However, when I talk about encouragement of competition and promotion of diversified service, I am not saying that the Government can give up the regulation of the broadcasting industry. Given the immense social influence of the media, and of television broadcasting in particular, there is no way the Government can refrain from engaging in some form of monitoring. But the principle behind the monitoring should be liberalized to allow more institutions to participate. Competition indeed will result in market self-regulation. The most important task of the Government is to devise a set of fair rules to make sure that the operators can compete fairly with each being able to attract viewers entirely on its own merits. It is on this basis that I would like to make the following proposals. First, the principle of assessment of broadcasting royalty should be revised. Second, a relaxation of the restriction on Star TV with regard to Cantonese broadcasting. Third, the standards and guidelines for television advertising should be reviewed regularly. Fourth, monopoly should be forestalled. Fifth, only one non-franchise pay television licence should be issued initially. Meanwhile, in

keeping with the principles of diversification and forestalling monopoly, the licence should be issued to a new television operator. I firmly believe that if the Government will adhere to my suggestions, then the interests of the general public will be effectively protected.

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

MR ERIC LI (in Cantonese): Mr Deputy President, under free competition it is very easy for the interests and rights of the minority to be sacrificed in favour of the needs of the majority, though a free democratic society is largely measured by the degree to which the interests and rights of the minority are respected and protected. That is a simple but important principle which is frequently forgotten in Hong Kong where intense competition is the order of the day.

I believe that the four principles mentioned in the motion are to a certain extent contradictory to one another. If fair competition is the overriding principle of the broadcasting policy then a commercial broadcaster, in a market of limited means, will frequently for the sake of fighting for a larger share of the market and increasing revenue tend to produce more programmes for mass entertainment in order to boost ratings and attract customers. If we talk about broadcasting media diversification for its own sake, the freer and more competitive the environment, the more intense the scramble for advertisers and the more uniform programming would become. And no diversification can be achieved after all. Programmes which cater to minority audiences will be hit by slipping standards for lack of funds and this may result in the interests and consumer rights of minority groups not being protected. It is generally accepted that the present pool of advertisers is not enough even to sustain the two existing television broadcasters. The Government should, before attempting a liberalization of its broadcasting policy, give more careful consideration to ways and means of ensuring programming diversification and protecting minority consumer rights. Prof Edward CHEN and I tend to draw similar conclusions on this issue, though we have no affiliations to any party or faction.

I wish to illustrate my point by quoting an example relating to youths and the disabled. Paragraph 3g of the draft Youth Charter stipulates that young people should be enabled "to have access to information and material which promote their well-being through the mass media and from a diversify of local and international sources". Presently, there is an acute shortage of television programmes which are

conducive to the healthy development of young people. These programmes, if any, are mainly in the form of cheap foreign cartoon films and educational programmes which have not been adapted to suit the local social development. According to a survey conducted recently by the Commission on Youth, the choice open to young people of television programmes is controlled by their parents who are the major consumers of the market and most of the television productions are mainly tailored to adult taste. In this connection, while programmes produced for young people are few and far between, young people will actually be forced to watch programmes aimed at adult viewers and be unduly influenced even without being aware of it. I therefore hope that, as we conduct this comprehensive review of the broadcasting policy, attention should not only be paid to the requirement that more high quality programmes for young people should be produced but initiative should also be taken to provide public education to remind parents that they should be wary of the sort of television programmes that their children are exposed to and to give them guidance to or even help them make a suitable choice. I hope that not every commercial broadcaster is totally without a sense of mission; I really hope that some of them can become subscribers to the Youth Charter and will live up to its spirit in terms of their television production.

Insofar as disabled persons are concerned, paragraph 12.7 of the Green Paper on Rehabilitation Policies and Services suggests that the media should help them develop positively. However, some of the current programmes have always projected a negative image of disabled persons to achieve dramatic effect. There is a need for the appropriate broadcasting guidelines to be strengthened by incorporating some clauses into them to stop the dissemination of such unjust information about disabled persons. In order that disabled persons will have equal access to information, paragraph 12.9 of the Green Paper says that more captioning should be made available in some of the television programmes. Such suggested measures can be explicitly stated in the licensing requirements for mandatory implementation.

Given the cost consideration, whatever the Government might do in terms of regulation and guidelines, it is going to be very difficult to get the commercial television operators to seriously take care of minority rights and interests and some of the programmes produced are bound to fall short of the ideal standard. It is for this reason that in the context of a comprehensive broadcasting policy there is a need to reaffirm the existential value of Radio Television Hong Kong (RTHK) so that it will not be forgotten in the midst of the arguments for liberalization and free competition.

RTHK has a mission which makes it different from the commercial operators. The mission statement on RTHK contained in the McKinsey Report explicitly says that the station is mainly catering for the interests of minority groups, such as the young people, and that it should, on a non-profit making basis, produce programmes of an assured quality and keep on playing a positive role of a competitor in a commercial market.

But RTHK has to have the following guarantees in order that it will have enough room for manoeuvre in the highly competitive environment of the broadcasting industry.

(1) Regardless of the number of new broadcasting channels which Hong Kong will have eventually, certain time slots must be reserved for airing RTHK productions.

(2) The autonomy and independence of RTHK must be maintained to forestall any interference by outsiders and the Government.

Corporatization is a natural development process which RTHK has to go through if it is to project an independent and autonomous image. There is a trend for official broadcasters to become more liberalized and independent, with education increasingly becoming accessible for all and politics becoming more and more open. According to the April 1992 edition of the Asia Pacific Broadcasting Monthly Journal, the official broadcasting authorities of both Singapore and Malaysia are also in the rapid process of privatization and corporatization.

Corporatization will not only project a public image of increased independence; it also enhances efficiency and competitiveness. For example, RTHK production is prolonged by the frequent need to consult the views of various government departments; its efficiency is also affected by the requirement for it to observe the practice of a government department. There was a story about RTHK involving a ping pong ball. It goes that the production team of a certain programme suddenly needed a ping pong ball but according to the standard procedure a form had to be completed before the prop could be collected from the Government Supplies Department on Hong Kong Island. Given that creativity, inspiration and efficiency are the most important aspects of television production, there is no way every detail can be planned in advance and executed accordingly. A corporatized RTHK could have easily bought the ping pong ball from a neighbourhood store without having to spend \$20 tunnel toll to cross the harbour to collect it, to say nothing of the ill-used time and manpower. This example

illustrates that there are incompatibilities between the energetic culture of programme creation and the prescribed pattern of the management practice of a government department. It is no easy task to maintain RTHK staff morale under these circumstances.

Meanwhile, suppose more broadcasters are coming into the industry with the liberalization of our market, then naturally a head hunt will be touched off with attractive pay offered to the most sought-after talent. It is extremely likely that professionals at RTHK will become easy targets, particularly in view of the fact that civil service pay increase has to be meticulously scrutinized by the Civil Service Branch and will not be implemented unless approval is given by the Finance Committee of the Legislative Council. The slow response will make RTHK lose its competitiveness and its best staff. Unless it is corporatized, there is no way it can respond speedily to market changes and minimize the risk of a brain drain.

Corporatization of RTHK is a decision which should be taken in the appropriate circumstances. I am hoping that in a climate of predominating commercial interests RTHK will be able to maintain its proper role and continue to produce a diverse range of high quality programmes as a healthy stream contributing to the vast ocean of information.

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

PROF FELICE LIEH MAK: Mr Deputy President, since many of my colleagues have already touched on the subject regarding principles for this motion, I shall not really dwell on them again. However, I shall concentrate on consumers.

Regarding principles for broadcasting policy enunciated in this motion, that is to say calls for a careful balancing act between the needs of a free market, fair competition, freedom of information, and the protection of consumer rights, it is generally accepted that the consumers would want a much wider range of choice but given the fact that more than 90% of the population are Chinese, the range of choice is inevitably limited by the language of the programmes. If consumers' rights is the sole consideration, then we shall have to allow all broadcasting facilities to have Chinese programmes, or at the very least, programmes with Chinese sub-titles or voice-overs. If we are to do this, then we have to ensure that broadcasting companies will have a level playing field that will enable fair competition in Hong Kong's free market economy.

The consumers would want something that is affordable. In Hong Kong, affordability is pegged at different levels. Should we have a policy of having every facility affordable to everyone and thus no consumer would be deprived of access, or do we allow different facilities at different prices? In a free market situation we do need the latter; this will allow companies to target the services for various segments of the population. Uniformity in pricing also brings uniformity of programmes and that uniformity is usually mediocrity. This is to be avoided. The service has also got to be reliable, providing good technical reception all over the territory. These three criteria can be fulfilled without substantial government intervention -- free market forces should be allowed to function.

However, for consumer protection there remains an area where government intervention may be necessary. Should the Government allow, for instance, a cable system to operate, the operator must be required to set aside some reasonable amount of its large channel capacity on a common carrier basis, and that is, non-discriminatory access on a first-come-first-served basis with no right of censorship. Secondly, on all other channels except those devoted to the system's own local origination, should the owner of the cable bar the cable operator, we should bar the cable operator from editorial control over individual programmes. A wider and more important area has to do with the problem of content regulation. It has to be defined very carefully so as not to infringe upon the freedom of information. On the one hand, any government action aimed at communicative impact is presumptively at odds with the freedom of information; for if the constitutional guarantee means anything at all, it means that ordinarily at least, the Government has no power to restrict information because of its message, ideas, subject matter or its content. On the other hand, should the Government aim at the non-communicative impact of an act, the correct result of any particular case reflects some balancing on the competing interests.

In some specific areas, like the restriction on false advertising and on libel, there is clearly general support. But if we are to proceed further and to act on guidelines like harm to certain individuals which consists of their coming to have false beliefs as a result of these acts of expression, or harmful consequences of acts performed as a result of these acts of expression where the connection between the acts of expression and the subsequent harmful acts consists merely of the fact that the act of expression led the agents to believe or increased the tendency to believe these acts to be worth performing, we come up with difficulties.

Having banned tobacco advertising on television, do we now proceed to ban alcohol, since alcohol abuse, from a public health point of view, causes more problems? If we ban advertisements, will this be expanded to programme content -- for example programmes that show the hero to be smoking and imparting a macho image while doing so?

In an era where there are political parties, how will government regulations provide equal opportunities for candidates, or indeed ensure fairness for the covering of controversial issues of public importance, when fairness is an important way to raise public awareness and to enable the public to come to an informed decision? We would like to think of Hong Kong as an international city and in doing so we have got to think of ways in which minority groups can be best served. In news programming, do we need to require a proper balance between international and local news coverage? Can the free market provide this and safeguard these interests, or will the Government have to step in? These are issues that need addressing.

Lastly, I would like to turn to the needs of a huge body of consumers who have no representation -- they are children and juveniles. A local survey has reported that young people in Hong Kong spend an average of 21 hours a week watching television, and this is not substantially less than the 27 hours per week reported by the North American survey. The potential impact of television on children is staggering, considering how ubiquitous it is, and how indiscriminate most viewers are. In a fundamental way, television helps to create what children expect of themselves, of others, and what constitutes the standards of a civilized society. With the advent of cable television in North America, children had the opportunity to view sado-masochistic and explicit sexual acts. In a survey done on Music TV it was reported that it featured 18 instances of violent or hostile acts in every hour, 35% of which are of an overt sexual nature.

Although the controversy on the effects of television on children is still unresolved, of the 800 or so scientific publications on this matter, the evidence points to television leading to increased aggressive tendencies, poor control of temper, desensitization towards violence, increased distrust and dishonesty amongst children who watch an inordinate amount of television. In view of these findings, the Government as well as parents will have to seriously find some solutions. An area in which the Government should really take some control is the area of advertising directed towards children. I consider commercials aimed at children as being unfair free market transactions and therefore they should be subject to control.

With these remarks, I support the motion.

MR STEVEN POON (in Cantonese): Mr Deputy President, a family living in the West of the United States can watch free television programmes on more than ten channels through indoor antenna while having access at the same time to scores of television programmes through a pay cable television network. In Taipei, the skyline of the residential area is typically marked by satellite television receptors mounted on most of the rooftops; a variety of satellite television programmes are available to viewers free of charge. But in Hong Kong, viewers are basically able to watch only four television channels. To most Hong Kong Chinese, they have only a choice of two Chinese channels. In this regard, Hong Kong is lagging far behind many places in the world. Although Hong Kong is reputed to be one of the modern cosmopolitan cities in the world, the limitations of local television broadcasting means that we fail to live up to this reputation. In 1987, when Commercial Television closed down, the number of channels available to the viewer's choice was reduced from 5 to 4. In 1990, when the company which had been committed to the operation of pay television withdrew from the project, the introduction of pay television was delayed. The Government has not been able even now, after the two episodes, to work out a long-term television broadcasting policy. The last couple of years have seen the TV ratings take a dip from a peak point. Gross ratings of the two Chinese channels have fallen on average from 1985's 52 points to 1991's 41 points. This is an indication that big improvement has to be made in terms of local television programming in order to meet the needs of audiences nowadays. It also reflects the local viewers' desire for seeking a wider choice of other kinds of television offerings. It is at this juncture that Star Television has come on the scene. But since the Government does not have yet a coherent broadcasting policy which can meet the newly emerged situation, there are still considerable restrictions in terms of the transmission and reception of Star Television. Most Hong Kong people are only able to watch two Chinese channels and two English channels. I think that the liberalization of television broadcasting is a matter which should receive immediate attention given the very long delay by the Government.

Liberalization would of course have a bearing on the interests of the two existing broadcasters and the Government should also protect their legitimate interests. But we should not give up eating for fear of choking, as the Chinese saying goes. We should not straitjacket the development of television broadcasting and in so doing

reduce the choice of the general public. I believe that the Government should expedite the liberalization of television broadcasting and lift the language restriction imposed on Star Television's programmes. The Government should come to a decision on the introduction of cable, wireless or pay satellite television so that tender can go ahead at an early date. I also suggest that the Government should rectify the royalty payable by the two existing broadcasters to take due consideration of the loss they suffer in terms of the introduction of satellite and pay television services. I believe that these suggestions are conducive to healthy competition and will enable Hong Kong people to have free access to, and a wide choice of, up-to-date information.

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

MR HOWARD YOUNG (in Cantonese): Mr Deputy President, the subject of today's discussion is formulation of a broadcasting policy. In formulation of such a policy, it has been suggested that principles of freedom of information, diversification, competition and consumer rights be taken into account. I intend to put forward my views in the area of competition, but before so, I would like to raise the point of the current system of collecting royalties from the two terrestrial television broadcasting stations.

Royalties

The current television stations were awarded franchises on the basis of exclusivity for the usage of airwaves which is seen as a public resource. In return, they had to pay back to the public, in the form of a payment to the Government, a royalty based on actual usage of the airwaves and turnover.

The circumstances have changed dramatically since the awarding of the franchises, to the extent that the holders have legitimately asked whether what is awarded to them is a franchise at all. Initially, there was no satellite TV to provide competition and thereby attract television viewers away from the terrestrial TV broadcasters. Secondly, at the time there was little evidence that another form of television -- pay TV -- would be able to come on the scene quickly, also potentially competing for the channels on each household's television screen.

I hold the view that the real value of this public resource of airwaves has

actually diminished, both from the point of view of the public, and from the standpoint of the users.

Because cable TV will in the long run be able to operate and reach millions of potential television viewers without using public airwaves at all, the pie of access to household television is being shared over a much wider band of contenders. As common sense will say, the spreading out of a closed shop to multiple contenders makes each individual bit less valuable to each competitor.

This argument is not just valid from the operator's point of view, but from the public who are supposed to claim ownership of this public resource. The value of something cannot be dictated arbitrarily: in a free market economy price is determined by what a buyer thinks a resource is worth and what a seller thinks the resource can be sold for. If the two have a great disparity between them, there is no market and there is no sale. The public will not get anything out of an idle public resource, whether it be airwaves, the open sea, or open sky if there are no buyers.

I reckon we must have an overall look at exactly what benefit the viewing public gets out of the airwaves. The argument goes beyond money. Is it only a royalty payment? Or is it the utility of being able to enjoy a wide variety of good quality television programmes free of charge in the comfort of their home? Or even furthermore, does the public, or a substantial part of the public, benefit from a thriving television broadcasting industry which provides employment for thousands of people directly, and many more indirectly for those who are involved in the part of the advertising industry that uses television?

In formulating its broadcasting policy, I call upon the Government to review the rationale of royalty payments based on turnover and consider whether current changed circumstances warrant a change in the system so that such royalties are more equitable to be based on profit, or a combination of a lower base royalty coupled with an element based on profit. This is one way of going about it. In fact the present royalty arrangement was adopted when one of the television stations did not have to pay anything due to nonexistence of profits. Fear of funnelling profits into subsidiaries and thereby avoiding royalties might also have been a consideration. With today's accounting system, could we conduct a review to see if we can prevent this?

Although it is philosophically arguable to say that we are protecting a public

resource and thereby public interest in collecting a royalty for use of airwave frequencies, it is also correct to say that this resource costs the public nothing and its usage also does not impose an environmental burden or social cost on the public.

Market viability

Many legislators have rightly mentioned how important it is to have wide access to information, which in turn is part of the many guarantees we have for our freedom. Therefore, it is in the public's as well as the broadcasters' interest to have a viable broadcasting industry in Hong Kong. It will do our freedom of choice and access to information no good if a dog-eat-dog competitive environment produces a situation where only one operator survives and an actual monopoly is created in the end. On the other hand, a situation where too much competition is introduced to make it only viable for one, or viable for none, is also unsatisfactory.

The viewership of television appears to have dropped in recent years. It is a matter for debate whether it is due to more and better attractions other than being glued to a television set at home, or the pressure of work and life, or a decline in quality and attractiveness. Whichever the reason, the market does not look as if it is growing or being sustained. We must ask ourselves whether, with the historical failure of a third terrestrial television station in the past, it is realistic to allow too much competition to proliferate. If competition is too cut-throat, it could end up in everybody trying to cut corners in fighting for the same market share, resulting in vicious competition and quality being sacrificed.

In this respect, I support the argument that it should not be a no-holds-barred free-for-all, and that in introducing subscription TV, there should be a phasing-in period with one operator given a licence to start with, and a second operator introduced later after we are convinced that the market is large enough to sustain more than one viable local pay TV operator. I do not think it is the legislator's business to pick and choose between the contenders, we can only comment on the broad principles and leave our executive-led government to make the decision.

In considering market viability, whilst all interested parties seem to agree that the size of the market is limited as far as audience is concerned, there are differences of opinion on how much advertising revenue there is available to sustain operations of more than two stations, especially as tobacco advertising which had

a huge revenue potential has been banned, and there might be moves afoot to ban or restrict other items such as hard liquor. This being the case, I personally think that subscription TV should start off as what it is made out to be, that is, pay TV, and approved to operate on a non-advertisement basis. This could be part and parcel of a short-term exclusivity licence. (Although potential bidders dress it up by calling it "one non-exclusive territory-wide pay TV licence for a period of X years", it really amounts to an exclusive licence for a short period of time.)

After a few years of operation, the Government could review the need to license a second pay TV station and at the same time whether it would be feasible to lift the ban on advertising by pay TV.

Competition and consumer choice

Competition is at the heart of a free market economy, but totally free competition does not always bring the best result to all consumers. Given unlimited competition, the majority viewers will have the most choice as all stations vie for their patronage, but minority viewers may suffer. For example, market segments such as ethnic groups, including the Indians, Filipinos, Japanese might not be able to get much programming if they had to sustain the total cost of such programmes. The same goes for minority viewers within the majority ethnic groups, such as lovers of classical music.

We must accept that in order to provide a wide range of products that covers as much of the viewing audience as possible, rather than just the simple majority, some degree of cross subsidization between channels of the same broadcaster will need to take place. Unless the operation is viable, there will be no incentive for the operator to cater for minority groups. In this sense, limited or controlled competition actually widens consumer choice.

The granting of one licence for cable pay TV initially does not mean that there is no competition. The competition is on the TV screen of the household in that the viewer will have a choice between free terrestrial TV, pay cable TV and satellite TV.

Another aspect of competition is access to networks within buildings. Fears have been voiced that some potential broadcasters might sign up arrangements with multi-story buildings or housing estates that may bar competition, thus giving rise to undesirable effects. I accept that private owners of networks inside buildings have the freedom to enter into legal agreements with any broadcaster of their choice,

and that a provider of any certain piece of equipment, such as an attachment to one end of the building network is rightful in asking for protection of his equipment against unauthorized usage by a competitor. On the other hand I do not accept that access should be barred to other operators who wish to lawfully install a parallel cabling system in the same building should the owners so wish. I would guess that in the pursuit of consumer rights and freedom of choice, most owners would like to see free access to both cable and satellite television.

Hong Kong takes great pride in being at the forefront in economic growth, free enterprise. I feel that apart from diversifying our choice of commodities, diversification into culture and broadcasting industry is also possible. I support the motion.

MR WONG WAI-YIN (in Cantonese): Mr Deputy President, it was without doubt appropriate for the Government to propose a review of the broadcasting policy towards the end of last year. A comprehensive and business-like review will enable the broadcasting industry to keep up with the times and this will in turn, in the context of a rapidly changing society, better serve the public and satisfy their needs for information, entertainment and education.

The report of the Broadcasting Review Board of 1985 was an attempt to offer a new point of departure for our broadcasting policy. Since its release, however, developments have run counter to its grand designs. Let us look at some examples. Cable television has not been able to get off the ground. Whether Radio Television Hong Kong (RTHK) is able to assume formal independence is still an open question. The ratings gap between the two commercial TV stations remains as big as ever. It is not only a reflection on the lack of well-thought-out government planning and ineffective implementation but one is also sceptical now of the Government's determination to uphold the principles and practice of broadcasting established then. Those principles stress that it is the Government's responsibility to ensure that the use of broadcasting resources is consistent with overall interest and to enhance the transparency of the broadcasting policy and programming direction, in order to translate into practice the spirit of making the broadcasting industry serve the community. It is for this reason that the broadcasting review this time around should be comprehensive rather than piecemeal; it should take account of the technical aspects at the same time as it reflects on and explores the principles at stake. We understand that the Government is actively engaged in the licensing of pay television

as well as addressing the various policy issues resulting from the introduction of pay television, such as the impact of cable television on free television, the language restriction on satellite television and the licensing conditions of the two existing commercial stations, and so on. However, policy considerations of this sort tend to have too many assumptions for the sake of convenient policy making while evading the key issues which have to be confronted.

Before this debate the various media institutions and consortia concerned were furiously engaged in a heated argument over their own interests. Television Broadcasts Limited (TVB) is complaining about the high royalty it has to pay. Star Television is demanding that they be allowed to broadcast in Cantonese. Some consortia are saying that only one pay television licence should be issued. But the general public are most concerned about what kind of programmes these stations old and new could bring to them, how for example viewers could have more choice through a new line-up of the different television channels, how the enhancement of the freedom of news and information may actually improve quality of life for the community as a whole. Discussion therefore should not be confined to the quantitative issues involving royalty rules, advertising revenue and so forth. Focus should be put first of all on whether the programmes aired are able to meet the rapidly changing social needs and expectations. We believe that advertising revenue is not an invariable factor and that it is rather determined by whether the programming direction can actually meet social needs. It is for this reason that, specifically, policy decision should be premised on the broadcasting content for otherwise we will not be able to see things in perspective.

Secondly, the review has left the issue of the corporatization of RTHK out in the cold. Although its future is still uncertain, pending the negotiation between the Chinese and British sides, RTHK should not be precluded on this issue, particularly given its social role as a public broadcaster. RTHK has come up with a lot of innovations over the past three years. In terms of television programming, it has produced new programmes which are aired in the prime time slot. The experience accumulated over the years is actually conducive to an in-depth discussion of the role of a public broadcaster, for example, whether RTHK has been successful in terms of complementing the private operators, taking care of minority interests, and providing adequate public affairs productions. Meanwhile, we also have to review whether it is fair and justified that RTHK programmes have been aired in a shortened prime time slot as a result of disappointing ratings. That is an innovation by RTHK under the old system and should therefore be treated separately from the

recommendations contained in the Broadcasting Review Board's report. The Broadcasting Review Board proposed years back that a financially and administratively independent RTHK should be able to broadcast its programmes on the two commercial stations in the prime time slot. It is for this reason that the set-back suffered by RTHK under the old system should not be taken as proof that the Broadcasting Review Board's proposal was wrong in the first place. On the contrary, the Government should take it upon itself to review the roles of the public broadcaster to decide the future of the programmes in question.

Apart from conducting a comprehensive review of the broadcasting content to define the role of the public broadcaster, the Government should also act openly and encourage active public participation in formulating its policy. A bona fide consultation exercise should be conducted to produce some substantial consultative documents. Consultancy reports should be made public and members of the public invited to express their views at public hearings. Heads of the media institutions should be invited to state their policies in terms of production and corporate development. Looking at the present review, one has the impression that it is confined to a discussion of pay television and its ramifications; the manner in which the review is conducted is particularly obscure. The present consultation also smacks of a negotiation between the Government and the various consortia. No consultative documents have been issued, nor consultancy reports. It may be the case that the Government has to wait until 1994 before it conducts an interim review of the two commercial stations, in which case the destiny of RTHK would return again to the negotiating table of the Chinese and British Governments. It may be for this reason that decision could be taken only on the issue of pay television. But Meeting Point takes the view that, given the operating difficulties encountered by the two television stations, it will make much sense to conduct a review two years ahead of time together with the consideration of the issue of pay television. Similarly, given the uncertain future of RTHK, it is essential for us to review the role of the public broadcaster, with due consideration given to the views of Hong Kong people in order to obtain a properly deliberated broadcasting policy. In order to make sure that our broadcasting industry will be moving in a clear direction the Government should conduct a comprehensive and thorough policy review.

The following are the problems usually cited in connection with the unsatisfactory business performance of the two television stations.

- (1) Reduced cigarette advertising;

(2) Potential impact of satellite and pay television;

(3) Increase in production costs;

(4) Viewers' changing tastes.

But we can see that the television advertising revenue has not been affected by the loss of cigarette advertising, if we look at the media advertising sales volume of 1991. On the other hand, direct sale format has boosted the advertising revenue of the television stations. It is difficult to assess the potential impact of the other television media at this point in time. In this regard, the Government should not rashly change the practice of requiring the broadcaster to pay its royalty according to its business volume. The most important thing indeed is for the two commercial television stations to streamline their internal administration to achieve greater efficiency. On the issue of pay television, the Government should as a matter of principle relax its licensing conditions instead of allowing only one company to monopolize the market. A review should be conducted in a few years time. While advertising may be allowed on pay television, certain restrictions should also apply. The Government should also devise a code of programming practice for pay television.

Although the broadcasting policy involves a wide variety of problems, Meeting Point takes the view that the basic principles of the broadcasting policy are already very clear enough. First of all, they should aim at offering the public a wider choice of more and diverse programmes; they should be instrumental in enhancing freedom of news and information and quality of life for the community as a whole. Secondly, the Government should also, for the sake of overall societal interest, ensure that the broadcasting resources are effectively utilized and that the programmes produced by the media are in line with the societal needs and public expectations. Thirdly, the broadcasting policy and programming direction should be accountable to members of the public who, in turn, should be given the chance to participate in the formulation of the broadcasting policy. Fourthly, open competition between the media operators should be ensured in public interest, under the joint monitoring of both the Government and the people.

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

DEPUTY PRESIDENT: The two hours voluntary restraint Members have agreed to has now expired. Does any Member still wish to speak? I shall then call on the Secretary

for Recreation and Culture.

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I would first like to thank Mr MAN Sai-cheong and all Members who have spoken in this debate. The views expressed and the valuable opinions forwarded will certainly be given very serious consideration in the current review of television broadcasting policy which my Branch is undertaking. Since Members have concentrated on television broadcasting, I shall confine my comments likewise.

The fact that we are currently undertaking an overall review of the television industry does not mean that we do not have a clear broadcasting policy. To the contrary, the Government's broadcasting policy is clearly set out in the Broadcasting Review Board's Report published in 1985. The cornerstone of this policy is to provide the widest possible choice of quality programmes at reasonable and affordable prices for public information and entertainment, through a number of different forms of broadcasters. The reason we now undertake an overall review is because the entry of new players and the availability of new technology has changed the broadcasting environment in Hong Kong. As a result, we now need to look at the operating environment of the television industry afresh to ensure that the regulatory framework we adopt does provide a level playing field for all existing and potential players to compete fairly and equitably in their different roles within the context of Hong Kong's free market economy.

The review of our TV broadcasting policy is progressing very well. We have examined submissions from both the existing broadcasters -- namely TVB, ATV and Star TV -- as well as from a number of interested parties keen to provide a pay-TV service for Hong Kong. We have also discussed the issues affecting our review with members of the 19 district boards so as to obtain some public feedback. In addition, we have engaged consultants to assist us in making detailed analysis and assessment of the economic and financial implications of some of the key aspects of our review. These include the likely impact on the local TV industry of lifting the restrictions on Cantonese programmes from Star TV, the economic impact on the TV industry brought on by the licensing of a pay-TV service in Hong Kong, the effect our existing royalty system has on the future development of the TV industry, and the ability for Hong Kong to sustain more than one pay-TV operator.

I anticipate that I shall be able to wind-up this review some time in June, when

I shall then be able to make recommendations for consideration by the Executive Council in the summer. Thereafter, I hope to be able to formally invite proposals for the setting up of a pay-TV system in Hong Kong. Members can thus be assured that a revised TV broadcasting policy, taking into account the changing environment in the industry, will be in place soon. This revised policy will have full regard to our broad policy aims of providing more choice of quality programmes at affordable prices for the information and enjoyment of the public and the need to provide a fair and healthy competitive environment for the different types of TV broadcasters to operate.

During the debate, members have raised certain very specific issues on our existing policy, and I would now like to briefly address some of these issues. First, Mr MAN Sai-cheong and many Members have called on the Administration to lift the existing restrictions on Cantonese programmes on Star TV. I would like to state here that I believe the Government is fully justified in imposing these restrictions in December 1990, because it is necessary to protect the existing TV stations.

Further, I would like to stress that these restrictions were willingly accepted by HutchVision at the time of obtaining its licence. I am, however, aware that public concern has been expressed over the nature and effect of these restrictions. I am therefore examining them again in the current review. A decision will be made on this matter once the review is complete.

Another subject which Members have touched on concerns the advertising aspect of our TV broadcasters. We are aware that TV broadcasters are concerned about television's falling share of the total advertising pie available in Hong Kong, particularly since they are unable to tap the revenue from tobacco advertising and sponsorship because of the prohibition imposed in 1990. In the current review, we are looking at ways that may help TV broadcasters to increase their advertising revenues, including relaxing some aspects of the Television Code of Practice on Advertising Standards, which are outdated, in order to allow TV stations access to a much wider source. However, I can assure Members that the protection of the consumer will remain paramount in our consideration of this aspect.

Mrs Selina CHOW and a few other Members have raised concern about the policy and nature of TV programming. I would like to say that we are also concerned about the quality and, to some extent, the nature of the programmes that are being received on our TV sets.

In relation to the question of the requirement for our TV broadcasters to broadcast in English, I think I should say that we are mindful that Hong Kong is an international city and there is a need for English language programmes. However, we are also aware that with the onset of satellite TV there may be a surfeit of such programmes and therefore we will be considering how best to meet the international needs and whether the existing arrangements should be kept. These aspects will certainly be considered in the current review.

In relation to local programming, I would like to say that the question of whether we should impose a requirement for locally originated programming on the future pay-TV service is also an important question that we will be addressing in our current review. There is no doubt that there is a demand for local Cantonese language programmes. All people prefer programmes in their own mother tongue, and dubbed imports will always be regarded as second best.

Further, imports reflect the culture and values of the country of origin, and Hong Kong people have their own separate cultural identity. TV programmes are, however, expensive and it can be argued that local Cantonese programming has prospered in the past because the broadcasting environment has been protected. Bearing in mind the view of the Broadcasting Review Board's Report that TVB and ATV, together with RTHK, should be able to satisfy the basic needs of the local population, I believe that we should not impose any minimum requirement for local programming on our future subscription-TV service. Instead, we should leave it to market forces and the operators' own assessment of what will sell. However, the Government could use the amount and type of local programming as one selection criteria, although we should look also for a balanced mix of programming catering for minority groups as well as special tastes.

Some Members have asked the question whether we should issue one or more pay-TV licences? I believe that we should not prejudice the outcome of the current review by jumping to premature conclusions. This is an area in which our consultant is looking into and will certainly come up with clear economic indications. As I mentioned earlier, the consultants will be using financial and economic techniques to assess the ability of the Hong Kong market to sustain more than one pay-TV operator, and I would like to say: Let us await the outcome of the consultant's analysis before we come to a conclusion.

During the debate, Mr Eric LI and a number of Members have called upon the Administration to come to an early decision on the corporatization of RTHK. In addressing this issue, I would like to state very clearly that the role of RTHK as a public broadcaster providing fair and balanced public affairs programmes for the education and information of the public, will remain unchanged, however RTHK is organized in future. But as stated often in the past few months, the exercise to consider the corporatization of RTHK is being considered by the Administration. However, this is a very complex exercise. Not only does the Government need to decide on the best and most economic model for RTHK to suit its role as a public broadcaster, it also has to work out the detailed arrangements for about 1 000 staff now working in RTHK, either on a full-time or part-time basis. The Government will need to take into account a very wide range of factors before coming to a decision, and I hope we will be able to come to a decision as soon as possible.

Many Members have questioned the need to impose restrictions on cross-media ownership on our TV stations. I would like to state that the basic principle for imposing such restrictions is that a broadcaster should, as far as possible, be a free-standing independent body, with control resting in local hands. It should not be distracted from its primary purpose of broadcasting, and it should not be controlled by persons or companies considered undesirable.

Although in the current exercise we are looking afresh at our ownership and corporate structure restrictions with a view to trying to identify areas where the restrictions may be relaxed or modified to encourage wider investment and fair competition, I believe the general principle on this issue established over the years should stand. Only in this way could our aim of ensuring media diversification be achieved.

Members also have called for a change of the existing royalty scheme on our TV broadcasters. I would like to say that the existing royalties levied on TVB and ATV are based on revenues rather than on profit, because they enjoy the privilege and benefits of being allocated the use of a community resource, namely, the air waves and because they have limited competition. However, this situation has now changed because there are new players in the field. Therefore, in the course of our current review, we shall be looking again at the basic principle to see whether the royalty scheme currently imposed on TVB and ATV should be modified in view of the changing environment.

Finally, Mr Deputy President, may I conclude by saying that in the course of this debate I have sensed much common ground between what Members of this Council want and what we are hoping to achieve in the current review. I hope that by this summer we shall be able to complete our review and be able to announce a revised broadcasting policy, taking into account all the points that have been raised by Members during this debate. And I hope that by the summer, we shall be able to call for formal proposals to set up a pay-TV system in Hong Kong under the regulatory framework for the industry as a whole which fully takes account of the principles of fair competition, freedom of information, media diversification and consumers' interests. Thank you.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, Secretary for Recreation and Culture, Honourable Colleagues, thank you very much indeed for your valuable views expressed on my motion today. Your views are valuable because I feel that since the decision was taken by the Executive Council last year to conduct a review there has been very little public discussion and public participation, and that apart from the views of the consortia, today's debate is, I believe, the occasion on which I have heard the discussion on the issue with the greatest number of participants. The Government has rarely disclosed the information relating to this review. In considering this issue, and the Government policy on it in particular, most of the information which the United Democrats have been able to acquire has in fact come from the relevant consortia instead of the Government. But the broadcasting policy has a very real bearing on millions of viewers; it is really upon us to enable more viewers to express their ideas on what kind of programmes they really need. I hope that today's debate marks only a beginning and later on more non-government bodies will come forward with their views. Meanwhile, the Government should also release more information so as to make it possible for more members of the public to participate in the discussion.

Today's debate is only a start; there are many real problems left untouched in this debate. As a matter of fact, even the scope of the Government review does not include some of the issues which are intimately related to the future development of television. First of all, the impact of radio on the television industry, and the independence of Radio Television Hong Kong (RTHK) in particular. One wonders whether it is because the Government takes the view that RTHK does not have any chance to achieve its independence that the likely impact of an independent RTHK has not been included in the scope of review at all. For example, can RTHK television productions still occupy free television air time in the prime time slot? Also, what

sort of role can a public broadcaster, which is capable of partially engaging in television production, play in the overall context of media diversification? I am hoping that the Government will in due course be able to inform this Council and members of the public of their views in clearer terms.

Another aspect involves the development of the telecommunication industry and the issues surrounding a second television network. What we have been talking about today is mainly how to make use of telecommunication technology to provide television service. We do not have any chance to talk about how to make use of that technology to provide various sorts of services to meet commercial needs and the daily needs of people. Neither did we have the time to talk about the introduction of a second telecommunication network and the relationship which exists between that network and the pay television network. I understand that the Government, in reviewing the broadcasting policy, will review the telecommunication policy as well. I am hoping that the Government will, in formulating its overall broadcasting policy, also give adequate consideration to the development of the telecommunication industry and its impact on the broadcasting industry. I also wish Members of this Council would express their views in a debate on the telecommunication policy in the near future.

Lastly, I like to talk about the role of the Government. The point has been made emphatically by an Honourable Colleague about the importance of a free market economy. While I think most of us would agree with that, I also wish to add that, at this point in time when the telecommunication industry is in its initial stage of taking off, it is the responsibility of the Government to prudently regulate the use of the atmospheric radio wave, which is a scarce public property. The United Democrats take the view that in the long run government regulation of the broadcasting industry should be kept to a minimum. But in the short term, we wish the Government could play an active role in terms of devising a policy which maps out its regulation of the industry at least over the next several years. The objectives of this exercise should be to ensure media diversification, balanced development and fair competition, while at the same time enabling the freedom of information and the protection of consumer rights.

Question on the motion put and agreed to.

FEE CHARGING FOR HOSPITAL AND HEALTH CARE SERVICES

MR PETER WONG moved the following motion:

"In view of immense public concern, this Council urges the Administration to consult the public in the form of a green paper before the end of this year about the Government's basis of funding for hospital and health care services and its fee-charging policy in order to assure members of the public that they will be provided with quality health care at affordable fees and charges."

MR PETER WONG: Mr Deputy President, in Hong Kong, we tend to delude ourselves that public hospitalization is cheap -- \$43 per day. And so, we do not use it sparingly, nor do we stress that medical personnel should minimize unnecessary procedures. However, when we look at the more realistic cost of \$1,956 per day, the whole exercise takes on an entirely new meaning. We should also remind ourselves that the current subvention for the Hospital Authority comes to \$10 billion a year, some 9.7% of our total government budgetted recurrent expenditure of \$103.3 billion for 1992-93.

Some years ago, an X-ray was all that was necessary for a head injury. Advances in medical technology and drugs have lifted service standards and together the costs. A nuclear magnetic imaging machine now costs \$20 million and a course of bone marrow transplant drugs \$200,000. Escalating medical costs are putting pressure on the hard pressed doctor who has to decide whether the usage of those resources is justified. In the end, we legislators have to decide whether the total amount allocated by the Administration for health care is appropriate in view of the other demands for public funds.

Business culture

Out of the \$12.2 billion being spent by the Government on health care, 78.6% is spent on staff, 18% on drugs and 2% on miscellaneous items such as buildings and equipment. It is obvious that with such a high proportion of our health costs being spent on salaries, we must ensure that we have the best trained and managed staff. Not only must they be technically competent, their talents must also be utilized to the optimum and we must ensure that the right people are doing the right jobs at the right time. Regrettably, the old style health management emphasized only more of the same resources and manpower, resulting in ad hoc deployment of underworked staff.

But administrative expertise and management tools alone cannot be our panacea. We still have to inculcate into doctors and nurses a new business culture. We must have team work of the highest order and knowledge of predictable outcome of the

treatment meted out to our patients. We can no longer apply the scare tactic of using camp beds to get more cash. We need to apply logic to the way we bid for resources.

We need to make some basic decisions about our health service based on output indicators. How long should patients queue up at outpatient clinics? What level of "pain" must our patients tolerate before they can get emergency or priority treatment? Who can actually get a bone marrow or organ transplant? How many kidney dialysis machines should there be? And many more. We need then to determine what inputs are needed to achieve those results.

We will have to ask our clinicians to work out pragmatic criteria for each and every operation with non-financial benefits or disbenefits. When combined with the financial data that the new management initiative will bring, we should be able to work out the cost of our health care services. Only when these desired outcomes are matched against the amount of resources put in, can we obtain the other side of the equation -- the amount of fees to be charged.

Who pays?

We are all familiar with the concept of "user pays". The taxpayer pays for the great bulk of our public health care services, and it would be an instructive exercise to see what social benefits he gets in return for the taxes he pays. In reality, many users of our medical services do not pay, although they can afford to do so. At the same time, many non-users have already paid as taxpayers. It is hardly fair to ask them to pay again!

Personally, I would like to regard the taxpayers' contribution to health care as an insurance premium for a basic level of care which everyone can expect to receive whether they have the means or not. But a small fee should be charged to prevent frivolous usage. If someone wants convenience, superior comfort or the luxury of choice of doctors or time of the operation, then he must be prepared to pay a surcharge on top of what he has already contributed by way of taxation. Thus it is fair that a surcharge be paid for first class or the "B" class beds.

The amounts to be charged must be affordable. I would suggest that a simple waiver system be employed whereby each general ward patient needs only to sign a declaration of lack of means to be exempted from payment, which will only be checked in selective samples by medical social workers.

Having established these basic principles, a fee-charging policy can then be formulated. This policy has to be tested against the market conditions, because the level at which fees and charges are set when matched with the standard of service will effectively determine the amount of health care to be provided by the private sector. It will automatically create a competitive environment in which doctors in the private sector must improve their services or adjust their charges. In other words, the government subvention must be pitched at a level to maintain a level playing field with the private sector.

Health policy

Up till now, there has not been any conscious effort made to match outcomes against inputs in the public sector. Effort has been entirely ad hoc, fixing up of imbalances in the system and adapting to new technology. Our health policy must have regard to the changing demographics of Hong Kong and the rising expectations of our increasingly affluent workforce. It must be tempered with economic reality in that we should aim for what is attainable and sustainable even in periods of economic downturn.

In summary, the scheme is a balance between the inputs (government subvention and fees and charges) and the outputs as perceived desirable by the public but tempered by the judgement of medical professionals, recognizing that resources are scarce and limited.

Mr Deputy President, in proposing today's motion, I feel that Hong Kong has a need to come to grips with all the problems of health care, and come up with a comprehensive health policy. Arising out of that, a long-term strategy on hospital and health fees and charges can then be determined and promulgated so that the minds of Hong Kong people can be put at ease. If they have to bear a substantial part of the medical cost in the future, so long as it is equitable, affordable and seen to be reasonable, then they must be given forewarning. No one should lose sight of the fact that we have to face rising medical cost squarely and honestly. Cost must be recovered, whether through taxation or from users. Measures must also be taken so that members of the public can meet those payments whenever they arise.

I welcome my honourable colleagues to set out what they feel are the appropriate steps forward. Indeed, all of Hong Kong must take an active interest in our own health

and welfare as much as we exercise our freedom and political right. This is why I believe that a Green Paper should be issued to collect public opinions. I also wish to acknowledge the co-operation of the Honourable Michael HO, Drs the Honourable Conrad LAM, LAM Kui-chun and LEONG Che-hung in deciding the timing and wording of this motion. I hope that what will be said today is helpful to the Secretary for Health and Welfare because I understand that she is in the process of putting together a Green Paper on a health policy for Hong Kong. It should not be a hotch-potch of all the opinions expressed today and in the next few months; it should be a well researched and reasoned proposal without too many ifs and buts. We should not use the lack of accurate costings as an excuse for not coming up with a viable policy. I also urge that the Green Paper be released before the end of this year if not earlier.

With these words, Mr Deputy President, I commend the motion and do so move.

Question on the motion proposed.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, considering that Hong Kong always has had a low tax policy, the relevant authorities and particularly the medical and health staffs directly engaged in the provision and management of services ought to be proud of the standard of quality that the medical services have reached so far. However, in tandem with rapid economic development, the financial circumstances of the public have generally improved over the past few years. In particular, middle income groups have emerged. They increasingly hope for public medical services of a higher quality, which, in their opinion, will be worth paying higher charges for. On the other hand, because modern medical equipment is very expensive, the Government is unwilling to increase its financial commitment in this area. This has finally given rise to the controversy over what is known as the issue of "pegging charges to costs." What is very clear, though, is that the Government intends to exploit this issue as an opportunity for cutting back on medical spending.

I hold no predetermined position regarding the "cost recovery" policy. But I would like to remind the Government of one point, which is that, regardless of the amount of government subsidy for each medical case, the provision of medical services remains a basic obligation of the Government towards the public. Hence, the establishment of the Hospital Authority and the laying down later on of a policy to peg charges for medical care to costs must serve only as ways to improve efficiency in the use of resources. They should not and must not become means whereby the Government is to cut back on spending.

I have done some preliminary figuring on the basis of several issues of the Hong Kong Annual Report, as well as official information made public over the past few years. I find that the ratio of public medical spending, as a percentage of Hong Kong's gross domestic product, was actually declining from year to year between 1985 and 1989. True, since 1990, there have been signs of a slight rebound. Still, as things stand this year, the ratio is no more than 2%. Compared with other economically developed regions, this shows a difference of between four and six percentage points. Although the comparison does not show that Hong Kong is lagging behind to an alarming degree, the fact remains that the Government's medical spending in Hong Kong is not keeping pace with economic growth. It is no wonder that the quality of services today is disappointing.

It is clear from the above that the problem is not that Hong Kong does not have the wherewithal to provide better services than are currently available. It is that the Government, constrained by certain subjective wishes and factors, such as its desire to complete the new airport project by 1997, is unwilling to make a greater commitment in the area of public medical services. To carry the point one step further, one may say that this Council's debate on the policy of charges for medical care should not be based on the amount of government subsidy for each medical case. One may say so because a policy arising out of such a consideration can only lead to the result of catering to the needs of the middle and higher income groups at the expense of basic safeguards for the lower income groups. I think that the root cause of the problem is insufficient government commitment. This being the major point at issue, I have four important points of principle to raise concerning the policy of charges for medical care. I hope that the relevant working group will give them full consideration.

(1) Hong Kong does not have a sound social security or medical insurance scheme. Therefore, unhappy as they are with the public medical services at present, the public still attach great value to the services that are available to them today at relatively low levels of charges. Therefore, I think that whatever changes to be made in the system of charges for medical care must not give the lowly citizens cause for worry that they may lose the basic safeguards that they have today. I think that, until there is a satisfactory medical insurance system, the authorities should not rashly promote such a new policy or system of charges for medical care.

(2) The idea of cost recovery is closely related to "user pays" or "higher charges

for those who can afford." This being so, many indeed are the members of the community who want to pay higher prices in return for services that are up to a reasonable standard of quality. I think that one perhaps should not close one's mind to the laying down of a reasonable system of charges, provided that the authorities really intend it as an additional option available to a particular segment of society and not as a means of "robbing Peter to pay Paul."

(3) The purpose of having a system of charges for medical care is not to show the cost of services rendered to the user, but to improve efficiency in the use of resources. Therefore, the system of charges for medical care to be laid down later on must be simple and reasonable. Also, the administrative expenses involved should be kept to the minimum. Failing this, the cost will be too high. Then, the result will not only fall short of expectation but even fail to compensate for the inconvenience caused to the public.

(4) The best health policy actually begins with primary health care. In this area, Hong Kong is a late starter. Relatively speaking, the state of health of the lower income groups, particularly the elderly, is the worst of all because primary health care has not been available in the past. This makes them more dependent on public medical services in the future. I think that, before laying down a policy of charges for medical care, the Government must make sure that adequate primary health services are available to the public. Failing this, a system of charges for medical care will turn out to be a policy that makes fools of the lower income groups who are the most in need of help.

Finally, I urge the Government to consider the fact that a policy of charges for medical care is bound to have far-reaching repercussions for other public services commitments such as social welfare. It will particularly affect the direction for the distribution of social resources. Therefore, the working group must by means of a Green Paper invite public comments before deciding on the final draft.

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

MR PANG CHUN-HOI (in Cantonese): Mr Deputy President, the other day, the Secretary for Health and Welfare stated publicly that some inexpensive medical services in Hong Kong are abused by relatively well-off people, so that lower income people, who are really in need of the inexpensive medical services, are deprived of their right. Also,

because the waiting time for a hospital bed in a government hospital is too long, sandwich class and lower income people have to resort to expensive private hospitals.

From the above statement, it appears that the Government has acquired considerable information on the true situation. I hope that the Secretary for Health and Welfare will expeditiously propose in this Council a specific plan for improvement. The purpose of public medical services is to provide basic health and medical facilities and services to the general public. The authorities should carefully uphold such a spirit and function.

The higher charges of government hospitals that came into effect on 1 April represent a roughly 25% increase in the daily charges for all kinds of hospital beds and a roughly 17% increase in out-patient service charges. The authorities' explanation is that the higher charges are for catching up with inflation of the past two years. The Government talks all the time about the need to curb inflation; yet it is taking the lead in increasing charges. Such inconsistency is hard to explain away. I think that, apart from computing costs and taking inflation into account, the Government should consider the ability of members of the lower income groups to pay. Also, the Government must make sure that members of the lower income groups will receive services on a priority basis when they need them.

The Government has an obligation to invite public comments by means of a Green Paper as a basis for reference in the funding of hospitals and health care services and for the setting of a regime of charges.

I stress once more that, according to the Secretary for Health and Welfare, nobody will be denied medical care because of lack of means to pay. I believe her. However, there is one point. I have repeatedly stressed in this Council that lower income people, being also human, should have human dignity. When setting a charging policy, the Government should not cause them to lose their dignity because of their inability to pay for medical care. That would be very tragic.

Mr Deputy President, with these remarks, I support Mr Peter WONG's motion.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, when setting charges for medical care, the Government must base them on Hong Kong's social realities; it should not resort to the use of abstract theories or concepts. Regrettably, the concept of "let those with means pay" or "pegging charges to costs," as actively promoted by the

Government in recent years, is precisely the product of people working in an environment insulated from social realities. Of course, as we all know in our minds, the Government uses such concepts not because they are particularly reasonable and fair; it uses them because it wants to reduce its commitment to the provision of medical services.

Let us turn around and look at the realities in Hong Kong. According to the 1991 census, over 27% of the working population was earning less than \$4,000 in monthly wages and one-fourth of all families in Hong Kong were earning less than \$6,000 in monthly income. To these low-pay and low-income people, Hong Kong provides two major welfare benefits, namely, medical services and housing. These benefits can basically be regarded as society's compensation to them for the unfair treatment they receive in the labour market and to enable them to survive within the community. The Government's withdrawal of medical subsidies will undoubtedly be a heavy blow to them.

There is yet another side to it. Most of the patients of the government hospitals and government clinics are from the lowermost social strata. According to information supplied by a medical insurance study group last year, one-third of all hospital in-patients were elderly people aged 55 or above. Additionally, according to a Hong Kong medical and health services survey conducted by the Department of Social Medicine of the University of Hong Kong, the patients of the general outpatient departments of government hospitals are from low-income families and have below-average education standards. The report also shows that 30% of the patients of government clinics are suffering from chronic illnesses; 20% are elderly people; 20% are children; and 20% are civil servants. Given such a make-up of patients, how many are with the means to pay?

In fact, given the high cost of medical services today, any form of pegging charges to costs will create a heavy burden even for the middle income groups; it will be still less acceptable to the low-income families mentioned above. In fact, the less than satisfactory quality of services available at government clinics and government hospitals today has, inevitably and indirectly, already eliminated from among potential service users those who are able to afford higher charges for medical care. Therefore, it can be said that the "let those with the means pay" principle, as advocated by the Government, is already in practice to a certain extent.

Of course, I absolutely have no intention to defend the low-quality medical services such as are available today. In fact, every patient should by right be

eligible to receive equal medical services. Therefore, improving the present state of government medical services is imperative. However, there is not the slightest doubt that asking the Government to provide high-quality medical services on a universal basis will put the Government under considerable financial strain. Therefore, over the longer term, I am in favour of the establishment of a central medical insurance system, under which an insurance premium equal to a certain percentage of income should be charged. One prerequisite for such a system is that the Government must commit itself to helping the lower income groups with the cost of medical insurance. In fact, a social security system including pension and medical benefits has always been a labour demand. Now that the Government is already studying retirement protection, I suggest that it make medical insurance a part of the same study and then come up with a comprehensive social security scheme.

8.00 pm

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

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

Question proposed, put and agreed to.

MR ANDREW WONG (in Cantonese): Mr Deputy President, this Council on 25 July 1990 passed the Hospital Authority Bill of 1990. The effect of the Bill was to turn the provisional Hospital Authority into a permanent Hospital Authority for centrally managing government hospitals and subvented hospitals. Mr Peter WONG's motion before us is directly related to the Hospital Authority Ordinance. I believe that everybody still remembers that the provisional Hospital Authority in its days put forth a suggestion to set charges for medical care at levels that would enable between 15% and 20% of costs to be recovered. That suggestion gave rise to a major controversy at the time.

Mr Deputy President, during the debate on the Second Reading of that Bill, I

clarified in respect of the question of charges two points that I believed to be quite important. First, the laying down of a policy of charges for medical care is the responsibility of the Government, not the Hospital Authority. Even without the Hospital Authority, the Government would still be able to adopt a policy of recovery of a percentage of the costs or other policies, in other words, to abandon the policy of pegging charges to the cost of meals. Second, the Government at the time did not approve the provisional Hospital Authority's suggestion of setting charges at levels that would enable between 15% and 20% of costs to be recovered. However, then as now, we could see that the Government's clear intention was to review and alter the existing policy of charges for medical care.

At the time, I also pointed out that the Government promised that, when deciding on any new policy at the suggestion of the Hospital Authority, it surely would consider not only the costs of hospital beds but also the principles expressed in clause 4(d) of the Bill concerning arrangements for waiving charges; that it would consider the patients' ability to pay; that it would improve the quality of hospital services and, until such improvement was effected, would not increase charges in any way except to catch up with inflation; and that any increase in charges would be implemented step by step and stage by stage.

Mr Deputy President, at the time, I asked the Government to give a clear assurance that the authorities, should they consider any policy change, would once more hold a full public consultation exercise. My position has not changed. Clearly, I fully support Mr Peter WONG's motion before us. In other words, a Green Paper should be used to invite public comments. Almost two years has elapsed. I believe that the Government has made considerable progress in reviewing its strategy on charges and in making suitable arrangements for the waiving of charges. I urge the Government to prepare a paper expeditiously and consult the public extensively to seek their views.

Mr Deputy President, today's debate has to do with a whole range of things including birth, aging, illness and death. Illness is illness. Child-birth (for both the mother and the baby) is also illness. Aging makes one prone to illness. Illness can cause death. Being ill is sad enough. Being unable to pay for medical treatment is even sadder. Is this something that we all, either as potential patients ourselves or as members of patients' families, would like to see?

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

DR LEONG CHE-HUNG (in Cantonese): Mr Deputy President, why is this Council debating the motion on "fee charging for hospital and health care services" today? The reason, as stated in the motion, is that the public has of late expressed grave concern about the matter. Why has the public suddenly become concerned? The reason, I believe, is that the public is confused; they are worried and disturbed by what they see and hear.

I recall that, when the Hospital Authority was first set up, the Government, as well as the relevant Ordinance, made it clear that it would merely be a management structure and that important policy decisions, including decisions on charges, would remain the Government's functions. These words are still fresh in our memory. Yet last month the Hospital Authority adjusted the charges for hospital beds in government hospitals. The public was very surprised when they learnt this from the television and the press and also when they learnt that even a Secretary-rank official responsible for health services did not have a clear idea about how the figures were arrived at. Inside this Council, we know of course that the Secretary for Health and Welfare was referring to the detailed figures used in computing the size of the adjustment. But outside this Council, it is easy for one to misinterpret these official words to mean that the Government has shed, in favour of the Hospital Authority, its powers and responsibilities for increasing charges. The public's impression is that the Hospital Authority from now on can increase charges at will. The public's feeling is that now they are without protection.

Therefore, it is appropriate that this Council should discuss the fee charging policy for public medical care today. I hope that the Government will later on clarify its relationship with the Hospital Authority with regard to the making of decisions on fee charging and explain how their roles are separate and different.

However, I do not fully agree with the wording of the motion under debate today. Clearly, nobody will oppose the Government's use of a Green Paper to invite public comments. Still less will people take exception to the need for quality in future medical services or the need to limit charges to levels that are affordable to the public. As everybody knows, the Health and Welfare Branch of the Government Secretariat already set up an ad hoc group in February this year to study the question of charges for medical care and will publish a Green Paper in June to invite public comments. As to the principle of setting charges at levels affordable to the public,

it is simply the same principle that was laid down in the 1974 White Paper on medical care policy. The Government has been observing that policy all along. It is nothing new.

Therefore, I think that today's motion is good but imperfect. It is not urging the authorities to make improvements in accordance with a policy that was already laid down by the Government. Nor is it asking the Government to make a specific commitment in the area of medical spending so as to change an out-dated funding policy.

Why do I think that Hong Kong's medical funding policy is out-dated? Let us look at government hospitals' fee charging policy. The mistake lies in the fact that the Government has been playing an impossible role all along. For 20 years, the Government has strained to create a mirage of "ample resources, enough for everybody." Whether a patient is rich or poor, the charges for a Class 3 hospital bed are \$43 per person per day. This amount suffices only to pay for the patient's three daily meals at the most. Even more absurdly, many patients simply do not eat the meals served by the hospitals. Thus, taxpayers not only have to subsidize the patient in respect of his total medical bill but also have to spend a lot of money pointlessly on meals that nobody eats.

Another thing is the fast rise of the cost of medical care. In the past, the cost of penicillin was several cents per tablet. Now, newly invented antibiotics are used; the cost may be more than \$10 per tablet. The cost of X-ray was several tens of dollars per frame. Computer scanning, which is now used instead, costs several thousand dollars per frame. Also, there is the extremely expensive organ transplant surgery, which easily costs millions of dollars per operation. The "harsh" reality is that resources are limited after all. However, the Government has so far failed to educate the public on the very high cost of medical care. Also, no matter how fast resources may increase, they can hardly keep pace with the fast rising cost of medical technology. An even "harsher" reality is that I do not see the possibility of a large increase in public medical funding. Hong Kong's medical spending has always stood at a low 1.2% to 2% of gross domestic product. Private medical spending amounts roughly to another 2%. With this total of 4%, we are still far behind the advanced western countries. In the United Kingdom, the ratio is 6%; in Canada, it is 9%; in the United States, it is more than 12%. Even in Singapore, which is closer to home, the ratio is moving towards the goal of 6%.

DEPUTY PRESIDENT: It has been brought to my notice that we do not have a quorum. I am therefore obliged to adjourn the Council until a quorum is present.

DEPUTY PRESIDENT: We now have a quorum, Dr LEONG.

DR LEONG CHE-HUNG (in Cantonese): In the 1990s, Hong Kong has a much higher level of economic activity, education, health and public awareness than before. The medical care policy of the 1970s, under which a safety net is provided only to those below the poverty line, definitely no longer suffices to cater for the needs of the steadily expanding middle income groups, which are a sandwich class in fact as well as in name. They have a part in paying tax. But they are afraid to stand in long waiting lines and afraid to sleep in canvass beds. So they often pay for their own medical care, until private medicine and private hospitals become more expensive than they can afford, forcing them to use public medical services. In fact, they can afford to pay higher charges; nor do they need to compete with the elderly and the poor for the use of the already tightly stretched public medical resources.

The contradiction is that, if the authorities introduce the suggested "Class B hospital beds" in response to the needs of the sandwich class, that is, hospital beds for which the charges are in the intermediate range, this still may not solve the problem. The toughest problem is to keep receipts and expenses in balance. If the Class B hospital beds are to be rendered attractive in terms of good value for money, the authorities must provide for them an environment that is superior to that for the Class 3 hospital beds. This will clearly raise the operating cost. If the charges are set too low, receipts often will not be able to meet expenses. If they are set too high, the public will not be able to afford them.

Even if the problem of receipts and expenses is resolved, what measures can the authorities take to make sure that the number of Class 3 hospital beds will not be cut so as to release manpower and space for the operation of more Class B hospital beds? I fear that different levels of charges will lead to different kinds of treatment and that, in the end, the richer a patient is, the better will be the service he receives, while the poor will receive only inferior care. This, too, will be contrary to the principle of "equal treatment" that we have all along been observing.

Why am I spending so much time on questioning the feasibility of Class B hospital beds? The answer is that I am afraid that the Government will continue the status

quo and, by making some slight changes such as the introduction of Class B hospital beds, call it a day in the present review of the charging policy. Will that be enough? Will that answer the question of increasing resources for medical care? Will it simply be old wine in a new bottle that will fail as a basic cure for the problem? Will it perhaps give rise to more problems?

Eighteen years have passed since the Government published the 1974 White Paper on the medical care policy. Now is certainly the time for the Government to take a public position, to take the bold step of laying down the baseline of what it can financially afford, and to state clearly that there are limits to government commitment beyond which the public will stop receiving government subsidies but must depend on their own resources or alternative means, such as insurance, to pay the rest of the charges. Without such a government baseline to guide us, any study of how to increase resources will be an utopian exercise that will fail to bear real fruit.

Many advanced countries, such as Germany and New Zealand, and even South Korea, which has taken off economically with us, write into their constitutions the degree to which the government is responsible for and committed to public medical and health care. Countries like the United States and the United Kingdom have statutes that clearly define the scope of the government's commitment to public medical spending and specify which part of the charges are to be paid by the government and which by the patients themselves or their insurance companies.

Therefore, I think that the Government must meet two major objectives in the Green Paper about to be published:

(1) Clearly defining the kind of role that the authorities will play in the next 10 years with regard to public medical care; and

(2) Clearly specifying the degree of medical spending to which the Government is committed, providing the public with a sufficient range of choices without involving the use of government money as subsidies, and making sure that charges will be affordable to the public and also enough to maintain or even raise the quality of services.

Here, I would like to stress that, in making the above suggestion, I am not asking the Government to abandon its traditional obligations towards the elderly and the poor. In the Hong Kong of the future, this will remain the same: nobody is denied

medical treatment simply because he cannot pay for it. However, there is nothing much wrong if charges are to be collected in part or in full from those who can afford.

Mr Deputy President, we must immediately take action to resolve the long-standing matter of the fee charging policy for medical care. If we go on procrastinating, the problem may worsen beyond remedy.

With these remarks, I support the motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, I would like to comment and lay down a baseline today concerning the question of charges for medical care. As to how a "top line" should be drawn, I feel that the Government has many options. With regard to that, many colleagues in this Council have already spoken. Before making my comments, I must stress that our low-charge medical services, by which I mean hospital general wards and out-patient services, are not being abused as is generally alleged. I believe that everybody knows that most users of these services today are low-income people, elderly people and people suffering from chronic illnesses, while young and high-income people normally cannot stand these services but will turn to private doctors and private hospitals for more comfortable and better-quality medical care.

After the provisional Hospital Authority proposed in its report the pegging of charges for medical care to costs, the Health and Welfare Branch of the Government Secretariat in February this year set up a working group to study the policy of charges for medical care and social welfare services. On 1 April this year, the charges for medical care were adjusted by percentages far in excess of the rate of inflation. All kinds of indications make the public and myself doubt the Government's commitment to medical services. What is even more worrisome is that the charges for medical services will go up and up. The lower income groups will then be unable to afford them or will manage to pay them only by saving on food and clothing, with serious effects on the quality of life. In fact, medical services are a basic need of the public. Faced with the high and fast rising cost of medical care, most members of the public by far have neither the ability nor the means to make full payments. I feel that it is only fair that the Government, if it be responsible, should use public money to provide financial assistance. Besides, protecting the health of the public plays a positive role in promoting social stability and productivity.

Here, I am not only asking the Government to honour the promise made last year by the Secretary for Health and Welfare, Mrs Elizabeth WONG, to prepare a Green Paper on a comprehensive medical care policy which will include a regime of charges to be presented to the public for the widest possible consultation, but I also urge the Government to give up the idea of pegging charges for medical care to costs. The rate of inflation has remained at a high level in recent years. In the past few years, the real wage increases of the workers were kept at a low level. Last year, there was a 1.2% negative wage increase. On the other hand, the cost of medical care has kept increasing sharply. If charges are to be pegged to costs, the rate of increase of the charges will surely far exceed the rate of real increase of workers' wages. In other words, medical expenses as a percentage of the everyday expenses of low-income people will keep increasing sharply, with direct adverse effects on their quality of life. In addition, the gap between Hong Kong's rich and poor is widening. As everybody knows, Hong Kong still has 730 000 workers whose monthly income is under \$4,000. Among them are 180 000 workers whose monthly income is only about \$2,000. Industry is undergoing a structural transformation. Manufacturers are moving their factories to China. This is forcing even more low-income workers to face a situation of unemployment or underemployment. Most of them are not eligible to receive public assistance. Right now, the charge for a bed in the general ward of a hospital is \$43 a day. To them, this is already a heavy burden. Another thing is that old people and people suffering from chronic illnesses are frequent users of medical services. I feel that, where charges for medical care are concerned, consideration must be given to this group of people who are particularly needy.

To make sure that the public can receive inexpensive services, and to protect the health of the public, I suggest that the charging policy for medical care must be in line with five principles as follows: First, expand the existing low-charge medical services, such as hospital general ward and out-patient services; provide enough facilities; reduce the public's waiting time for services; ameliorate the congestion of hospital wards. Second, different levels of charges for medical care should not mean different standards of quality in the medical care received by the user; they should only mean different degrees of comfort in the circumstances of hospital wards for in-patients. Third, the annual adjustment of the charges for such low-charge services as hospital general ward and out-patient services should be based on Consumer Price Index A (that is, the rate of inflation) or the rate of increase in the salaries tax personal allowance, whichever is the lower, so as to make sure that charges for medical care will not exceed the public's ability to pay. Fourth, the April 1992 adjustment of charges for medical care exceeded both the rate of

inflation and the rate of increase in the salaries tax personal allowance; it is unreasonable. Fifth, subject to the continued provision of sufficient low-charge services, I feel that some in-patient services may be developed in such a way as to make conditions more comfortable for patients; this is to provide the sandwich class with an option. In addition, the working group studying the charging policy should operate with greater transparency and should expeditiously make public their findings and recommendations. It should prepare a Green Paper to give the public an opportunity to express their views for consideration by the Government.

Basing on the above, I support the motion. Thank you, Mr Deputy President.
MR MICHAEL HO (in Cantonese): Mr Deputy President, my speech will focus on consultation. From the United Democrats of Hong Kong, Dr HUANG Chen-ya will be talking about the policy of funding and Dr Conrad LAM about charging, while Dr YEUNG Sum will be addressing the subject under debate from the angle of sociology and people's livelihood.

I am very glad to note that the words "to consult the public in the form of a Green Paper" have been added to today's motion. That is the point of the greatest concern to me and the United Democrats.

As we know, the public is very much concerned over increases in the charges for medical care. A couple of months or so ago, the Government set up a group to study the reduction and waiving of such charges. The public is apt to think that the recommendations of that working group would probably serve to pave the way for increasing the charges. Let us look at the present state of medical services. It is true that there is some over-crowding and some over-long waiting time. However, the charges we pay are very cheap, easily affordable to the general public. A member of the public falls ill and is hospitalized; no matter what his illness is, and no matter how long the treatment may take, he does not have to worry about paying for the medical care. At the present time, we are committing only a little over 1% of Hong Kong's gross domestic product to medical services, but the efficiency of medical care is in fact already very high.

I am convinced that today's motion will easily win the support of the majority of my colleagues in this Council. This is because the motion's main demand is that consultation be conducted by means of a Green Paper. However, I note that colleagues differ to a very great extent in their views on funding for medical care, charges for medical care, the role of the Government and the ability of the public to pay.

Some will support a higher degree of "cost recovery." Some will support a specific degree of government commitment. Some will be in favour of the Hospital Authority securing higher returns so as to meet expenses. Discussions of these different views however will not reach its heated climax until consultation gets under way.

Charges for medical care do not affect the public's everyday life too directly; nor are they a matter with which the general public is very familiar. At consultation time, I believe that the public's reaction will be relatively slow. They will need relatively more time to understand the substance of the Green Paper. Therefore, we hope that the period of consultation should be a bit longer, perhaps as long as six months, so as to allow individuals and groups ample time for understanding the issues. A new charging policy should be laid down only after they have participated in the discussions and expressed their views.

Concerning the substance of the consultation, I hope that it will include details of the following:

First, the role of the Government in committing itself to public medical services;

Second, the funding policy; and

Third, the policy on reducing or waiving charges.

We hope that one will stop confining oneself to talking about the charges or the reduction or waiver thereof, while being vague about or failing to clarify the role of the Government.

Finally, I ask for bona fides on the part the Government to hold consultation. At the time of public consultation, we would like very much to see an objective attitude and an objective analysis. What we do not want to see is the use of public opinion to support the implementation of policies that have already been set.

Here, I would like to share with you all some examples cited in the report. The report of the provisional Hospital Authority cites a survey conducted by Radio Television Hong Kong. Although the report says that 65% of the survey respondents were in favour of higher charges; yet it is clear that they did not support an increase of the order of 15% to 20% of costs. In other words, they did not support the increase from \$195 a day to \$260 a day. Let us look at another survey. According to it, where

the public again would have to pay 15% of the cost of medical care, which at that time was \$190 a day (and which now is of course higher), the public would be paying an amount equal to only 2.8% of household income. The assumption here is that the household income is \$100,000 a year and that hospitalization does not exceed 14 man-days. In other words, where household income is less than \$100,000 a year or hospitalization exceeds 14 man-days, then the burden will be heavier. Therefore, we hope that the Government will proceed carefully when analysing the views collected through the Green Paper.

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

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, I intend to comment on the sources of medical funding and the principles of funding. I think that medical insurance and cost control are the basic solutions for the funding problem. Asking users to pay on the ground of cost recovery is a step in the wrong direction. As for the finding of ways to reduce or waive charges, this will only add to the cost of administration. First of all, we must understand a basic idea in medical economics. Public hospitals and their out-patient departments are facilities that provide medical care. The Government at present is the main source of funding. There is a difference between the two. Public medical facilities must keep receipts and expenditures in balance; otherwise, the quality of services will decline, patients' waiting time before medical care is received will lengthen, and medical care may have to be rationed, with effects that ultimately victimize the patients. Therefore, it is totally proper and reasonable that hospitals and their out-patient departments should be asked to keep receipts and expenditures in balance.

The problem simply does not lie here. The problem is: Where will the money come from? From whom are the costs of medical care to be recovered? If we agree that the Government or a system of insurance should pay, then the matter becomes simply one between the Government or insurance companies on one side and the medical facilities on the other. It cannot be said that the costs have risen and that the public has to pay the costs. However, if it is thought that the user should pay, then such payment would become a burden on the patients. Of course, nobody is now suggesting that patients should pay all the costs. Therefore, the collection of charges, as suggested, can only be regarded as a form of cost-sharing, or "co-payment." What, then, will be the effect of "co-payment" as a form of cost-sharing? From a survey, Stanford University in the United States found that when out-patient

care changed from being free of charge to requiring a 25% co-payment, the number of out-patient visits declined by 24%. From a different survey, Rand Corporation found that the poor and the seriously ill were the most affected by the co-payment requirement, affected in the sense that their visits to medical facilities became less frequent. From yet another survey, Canada similarly found that, when charges equalled 33% of costs, the poor reduced their visits to medical facilities by between 12% and 18%. Of course, the co-payment requirement can reduce the number of unnecessary visits to medical facilities as well as the number of days of hospitalization. However, excessive charges will affect opportunities of receiving medical care. But we are different from Europe, America and Japan, where such serious abuse and waste of resources takes place. There is simply no evidence whatsoever to show that the public in Hong Kong so abuses public clinics and hospitals that their share of the costs must be sharply increased. Excessive charges will only cause the poor to postpone their visits to medical facilities. Their illness will become worse; the charges will become higher. This will be particularly hard on those who suffer from chronic illnesses and who need constant medical care. Therefore, I think that it is absolutely wrong to shift the burden from the Government to the patients on the ground of cost recovery. To discuss whether charges are set at levels within the public's ability to pay is simply to evade the issue of what should be the basic source of funding. It will give a semblance of legality to a phenomenon that is really like the exploitation of a fire as an opportunity to carry out looting. Illogically, charges are to be collected from people when they are the most in need of help, when they are in the greatest difficulty. Those in favour of the "user pays" principle should take a look at the experience of the United States, which is applying precisely such a principle. The problems in the United States are widely criticized. They have caused the incidence rate and mortality rate of many diseases to rise unnecessarily. There is no solution for the problems. Yet costs keep rising. Let us think. Do we want such problems to arise in Hong Kong? Where will the money come from?

Finally, I feel that what we should consider is this: Should the costs be paid from general revenue or by a system of medical insurance? If we use general revenue to pay the costs, the problem is that taxes cannot keep increasing. The consumers' options are limited. They will not benefit from the public facilities if they do not want to use them. So we must understand that patients want to have choices. They want to be able to choose the doctor, the hospital and when to seek medical care. When the Government seeks to tighten its budget, it usually cuts medical spending, with effects that victimize those who cannot afford private medical care. Therefore,

I think that a system of insurance would be the better option. There are many types of insurance systems. They all have their respective pros and cons. I feel that the details should be gone into one by one at the next debate. But I would like to stress here that, if there is to be a system of medical insurance, this system will merely be a substitute for the Government as the party that directly makes the payments, while the Government should continue to take care of the elderly, the poor and the disabled by paying their insurance premiums for them. This is the Government's inescapable responsibility.

Another point is that we should consider what principles to apply to the funding of medical facilities. Unless we can control costs by making the most efficient use of everything that costs money, money will never be enough. Therefore, we cannot say that medical facilities should be given whatever amounts of money they may ask for. Therefore, we cannot look at problems merely from the cost angle. We should find suitable funding methods for the purpose of controlling costs and achieving the best results. Firstly, we must set up a criterion for evaluating results. Secondly, we must change the method of calculating funding needs; this ultimately means the substitution of a system that encourages disease prevention and considers the cost of maintenance of health for the existing system which considers mainly the cost of treatment of diseases. To begin with, we should set up a system of evaluation that asks the question of what marginal benefit an additional dollar in funding will bring. We should study to find out how long it will take to treat a disease or perform a surgical operation; how many deaths and disabilities could have been prevented; what procedures of treatment are used and what the results are; and how cost-effective medicine is as compared with surgery. When such information for cost control is available, we will know how much waste there is, how many facilities are more efficient and what can be done to reduce waste and conserve resources. When such information is available, we should, through the Hospital Authority, fund each hospital according to its average composite cost based on a given number of patients and a given range of diseases. Thus, hospitals will be given an incentive to improve quality of service and increase cost-effectiveness.

Yet another point is that hospitalization will always cost more than out-patient care and that prevention will always be better than cure. We should expeditiously initiate overall planning that covers the hospitals under the Hospital Authority and the clinics under the Department of Health. When the time comes, we should base funding on what it costs to maintain the health of a given group of people, instead of basing it, as at present, on the cost of each instance of service. In other words,

hospitals and medical staffs will then benefit from the fact that nobody is ill. This will be unlike the present situation, in which they benefit because many are ill. Only thus can we expect costs to decline and medical resources to be put to the best use. Patients are then to be asked to pay the costs of medical care. This will be the more reasonable and more effective solution for the funding problem.

Mr Deputy President, I so make my submission.

DR LAM KUI-CHUN (in Cantonese): Concerning the question of the size of the Government's commitment to Hong Kong's medical services, Mr Peter WONG suggested that its present 2% ratio to gross domestic product should remain unchanged. I would like to cite other statistics to show what profound significance this 2% ratio has. During the last 15 years, the Government's medical spending accounted on a sustained basis for only between 35% and 40% of the combined public and private medical spending. Government medical spending does not include such concealed figures as spending on the maintenance of hospital buildings. If we use the combined total of government spending, private hospital spending and concealed spending figures, then Hong Kong's medical spending accounts roughly for about 6% of GDP. Let us compare Hong Kong with other countries, such as the United Kingdom and Japan, where medical benefits are very good. There, medical spending last year accounted for about 6% and 6.5% respectively of GNP. These percentages are similar to Hong Kong's. The difference is that, in Hong Kong, many people can afford private doctors and do consult them. Let us now look at countries where medical benefits are even better. In Canada, the ratio is about 6%; and in Sweden, about 9%. In these countries, three things have happened which, to Hong Kong, should be a cause for caution.

(1) The abuse of medical benefits is widespread. For instance, in Canada, immigrants from Hong Kong need to prove their physical residence for the purpose of obtaining passports. From time to time, they ask their doctors to debit their accounts. Often, they take physical examinations even though they are not sick.

(2) These countries have often had fiscal deficits in recent years.

(3) These countries have begun in recent years to follow the mainstream global trend. They are limbering up to introduce "user pays" which will partially cover costs. In this way, national medical spending can be reduced, as can the abuse of medical benefits. Even in socialist China, the abuse of medical benefits is quite

widespread. Here is one example. In Guangzhou, an increasing number of units grant only RMB 16 yuan in medical allowance per person per month. If this amount is exceeded, the service user will have to pay the difference himself. Therefore, I feel that, if Hong Kong's medical spending accounts for 6% of GDP, and if this leaves the Government's medical spending at between 2% and 2.5% of GDP after subtracting the between 3% and 4% that is paid voluntarily for private medical care, this can be considered as reasonable enough from a macroscopic point of view. However, concerning this limited amount of medical spending, the United Kingdom has an actual example from which Hong Kong should learn. In the United Kingdom, because of financial stringency, the total number of hospital beds in most hospitals has been reduced by about 45% over the past four or five years. In other words, the total number of hospital beds has been cut by nearly half. At the same time, the number of hospital in-patients has risen by 2%. Nor has the national health index shown any sign of declining. In this example from the United Kingdom, "poverty necessitated a change, and the change worked." A high priority for the Hospital Authority is to make proper use of resources and to improve the efficiency of medical care with the same amount of government spending.

Concerning the "user pays" question, how should one look at it? The cost of medical care has risen more sharply than prices generally, much more sharply than the 4% to 5% annual rate of growth of GDP. If the Government simply maintains its medical spending commitment at 2% of GDP, and if this commitment increases by only between 4% and 5% a year with GDP, a day will finally come when medical spending will decline in real terms. Still, if costs are to be recovered in part from service users, then several factors need to be taken into consideration:

(1) In 1989-90, there were more than 397 000 hospital in-patients. Charges were waived for only 7.3% of them. In other words, 92.6% of the in-patients could afford to pay the charges effective at the time.

(2) The average cost of the hospital beds under the management of the Hospital Authority is \$1,312 per bed per day. However, if we count only the four hospitals that have emergency wards, namely, Queen Mary Hospital, Queen Elizabeth Hospital, Princess Margaret Hospital and Prince of Wales Hospital, then the average cost goes up to \$2,105 per bed per day. This figure does not yet include the cost of surgery and medicine. People who earn less than Hong Kong's median income generally cannot afford to pay such costs.

Another question to consider is whether all service users should pay. I feel that, under the present economic conditions, the majority of the people of Hong Kong basically cannot afford to pay the costs of medical care. This is why the Government must continue the policy of free medical care. However, if the approach is that "every little bit helps," if the Government's position is that any amount received will be helpful, then I feel that the following should be taken into consideration:

(1) In the medical insurance experience of Hong Kong, most policy holders ask to be personally liable to pay only 20% of the medical bills.

(2) Almost all of the medical insurance policy holders willing to pay this 20% are people with jobs and money to spare. If the population of Hong Kong is taken as a whole, I am afraid that fewer than 20% will take out medical insurance policies.

(3) The Government has no statistical information on the cost of each hospital case from the first day of hospitalization to the day of full recovery. However, from information kept by medical insurance companies, I have found that the average estimated cost is between \$8,000 and \$9,000. If only a minority of policy holders pay 20% or less of this amount, it does not appear that the few hundred dollars collected from each of them will really amount to much.

(4) There are those who give false information about their financial situation. They seek free medical care by stating that they cannot afford to pay the bills, while in fact they can afford to pay. The experience of the Social Welfare Department shows that such cases in Hong Kong account for less than 1%. The Hospital Authority may as well waive charges on the basis of information supplied. But there is one thing about the people of Hong Kong, particularly the sick, that cannot be overlooked. It is that they are afraid of the complexity of the application procedure. They are afraid of the trouble and so refrain from applying for waivers.

In view of the above factors, if the Hospital Authority really intends to recover costs from the patients, I suggest that it recover no more than between 15% and 20% of the costs of general ward hospital beds. Secondly, the procedure of application for waivers of charges should be kept simple. Charges for medical care should be fully waived upon application. However, random checks should be made on a few applicants. This will deter false information. However, if charges for medical care are to be sharply increased to cover expenditures, the target should be the Class 1 and Class 2 wards.

Concerning the question of increasing and conserving resources, I feel that there is a special need to increase the number of "B beds" (that is, Class 2 wards) under the management of the Hospital Authority, having regard to the following circumstances of the Hospital Authority. Firstly, there is a greater concentration of equipment and doctors. Resources can be used more efficiently than in the case of private hospitals. Secondly, doctors' charges are set by committee and not by free market forces. Because of these two factors, doctors' charges and surgeons' charges, which must be paid by hospitals, are cheaper in the case of hospitals under the Hospital Authority than in the case of private hospitals. I estimate that, if patients are charged at cost, the "B beds" under the management of the Hospital Authority can save one-fourth of the expenses, compared with private hospitals. So I suggest that the Hospital Authority give serious consideration to two measures:

Firstly, increase the number of "B beds" (that is, Class 2 wards). One purpose of this is to prevent members of the sandwich class from being forced to use general wards at government expense, as they will be if there is a shortage of Class 2 hospital beds. Another purpose is to attract members of the sandwich class to use hospitals under the Hospital Authority. Otherwise, the poorer among them, if they cannot wait long enough for beds in hospitals under the Hospital Authority, will be forced to go to private hospitals and pay higher charges. A third purpose is to introduce an appropriate element of competition for private doctors. They will then not be tempted to keep raising their charges for surgery. This will indirectly benefit those members of the sandwich class who go to private hospitals.

Secondly, I think that the Government should help in the development of medical insurance. This will on one hand make sure that members of the sandwich class will be financially able to afford the "B beds" under the management of the Hospital Authority. The environment and the ambience within the hospitals under the Hospital Authority, as well as visiting times and staff attitudes, will improve and become acceptable by these patients who cherish comparatively higher standards. Then they will not have to go to the more expensive private hospitals. On the other hand, some general ward patients may be upgraded to "B beds." This will increase the Hospital Authority's income and improve its service and be a blessing to the public.

Concerning the qualitative and quantitative demands on medical care, that would probably be a bottomless pit in the sense that the demands would be insatiable. I know that Prof LIEH MAK will be exploring this matter in depth later on.

I so make my submission.

DR CONRAD LAM (in Cantonese): Mr Deputy President, the United Democrats of Hong Kong are opposed to the Government's attempt to use the improvement of services as a pretext for carrying out a policy of "pegging charges to costs" and "user pays" in the matter of charges for medical care. The ground for the opposition is that public medical services are not a luxury but something within the basic right of the public. At this time, the Government does not have a comprehensive policy on charges for medical care.

Government officials in 1990 explained to Legislative Council Members that, when setting charges for medical care, the Government would consider four principles and would waive the charges for those who could not pay.

The four principles are as follows:

(1) Public medical services should receive "substantial financial assistance" from the Government.

(2) Though patients will have to pay part of the cost of medical care, the charges should generally be "affordable" by the public.

(3) Increases in charges for medical care should not become a cause of "social unrest."

(4) Nobody will be denied suitable medical care simply because he has no means to pay.

These principles as well as their spirit deserve our support. However, as principles, they are too general and lack specific details. For instance, does "substantial financial assistance from the Government" mean assistance in the form of shouldering 50% of the cost? 60%? Or perhaps 90%? What does "affordable" refer to? Does it refer to the lower income groups' ability? That of the sandwich class? Or that of the wealthy? What does "social unrest" in the term "the increases should not become a cause of social unrest" refer to? Does it refer to petitions? Protest

marches? Hunger strikes? Or controversies among Legislative Council Members? What does "suitable medical care" mean? We have heard many bureaucratic expressions that are "paradoxical and susceptible of the widest possible interpretations." Therefore, we hope that the Government will lay down more precise definitions in the Green Paper so that the public may more effectively express their views.

Mr Deputy President, about today's motion, the more controversial point is the wording "affordable" by the public. Even among us Legislative Council Members, the ability to pay varies from person to person. But of course the most important is the question of affordability by those members of the public who rely on public medical services. I would now like to cite for your consideration three studies with a bearing on the matter.

(1) A few years ago, a study by the School Medical Service Board showed that the loss of inexpensive medical care would cause about one-third of the students to have difficulty in paying medical charges. (2) A survey conducted by the Sha Tin District Board at the beginning of this year showed that 85% of the respondents would have difficulty in paying hospital charges of \$300 a day. (3) According to a report, received only yesterday, about a survey of the residents of Kowloon Central on the question of charges for medical services, 82.8% of the respondents think that they will have financial difficulty if the charges for hospital beds are raised to \$300. The same report shows that the public is not interested in free lunches. More than half of the respondents say that fees may be charged for the emergency services now provided by the Government free of charge but that the fees must be set at levels comparable to the levels of out-patient charges.

Concerning the question of pegging charges to costs, there is a study of three cases in a hospital under the Hospital Authority. The first case is a patient who was hospitalized for seven days for duodenum ulcer and perforation; the average daily expense was \$920. The second is a patient who was hospitalized for seven days for sclerosis of a cerebral artery; the average daily expense was \$460. The third case is a patient who was hospitalized for three days for a tumour in the breast; the average daily expense was \$275. The particular hospital followed a policy of pegging charges to costs, the self-same policy that the Government is talking about and we are talking about. The more difficult a case is, the more sophisticated and more costly is the medical care it requires.

The cases cited above accentuate three points. Firstly, pegging charges to costs is bound to lead to a doubling of charges for medical care. Secondly, few of those

who now receive public medical care can in fact afford to pay higher charges. Thirdly, most will have difficulty if asked to pay higher charges for medical care. Our Lady of Maryknoll Hospital's 30 years' experience in serving the grassroots citizenry shows that it is necessary to set up some special foundations to help those who really have financial difficulty but who are not eligible for financial assistance from the Government. When the Board of Directors of Our Lady of Maryknoll Hospital decided that the hospital should join the Hospital Authority, the foremost consideration was the hope that the public would thereby be able to receive quality medical care at low charges. However, after the hospital joined the Hospital Authority, it found that the hope looked like a forlorn hope and that some patients still had to pay charges that were more than 20 times as much as the charges that they would have had to pay if they had gone to other hospitals under the Hospital Authority.

Between 1989 and 1992, the charges for ordinary hospital beds in government hospitals increased by 48% from \$29 a day to \$43 a day; the increase in out-patient charges was 40%; and the increase in charges for specialized out-patient care was 50%. If charges are pegged to costs, the increases in charges will reach alarming proportions. A moment ago, Mr Frederick FUNG stated that 730 000 people in Hong Kong are still earning less than \$4,000 a month, including 180 000 whose monthly income is under \$2,000. To them, increases in charges for medical care will be a very heavy burden.

The United Democrats hope that, when inviting public comments, the Government will clearly define the four principles of 1990 concerning charges for medical care. I suggest that the Government should revise the existing procedure of waiver of charges and broaden the existing safety net, thus helping those patients who really have financial difficulty.

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

PROF FELICE LIEH MAK: Mr Deputy President, my assignment for this motion debate is to talk about quality health care. Quality in health care is an elusive entity; in many ways it is like a chameleon whose colour changes with the environment. The quality indicator changes depending on who is talking about it. For most of the public, quality is measured in terms of the hotel-related service; this would include prompt service -- for instance shorter waiting time, a fixed appointment to see the doctor, shorter check-in time, shorter period to obtain medications, a clean

environment, clean bed sheets, privacy, quiet wards, proper beds not camp beds, being treated with courtesy and respect, and fed with well presented food, preferably to be seen by the same doctor over time and to be told details about his or her illness and its treatment. For the specialist, the yardstick is very different. The indicators will have to include state of the art imaging equipment, laboratories, and a wide range of new drugs, surgical and diagnostic instruments. For the doctor in the primary health care and public health facilities, the measure of quality is in terms of low infant mortality rate, longer life expectancy, lower maternal mortality rate, and a low incidence of infectious diseases.

Now if we are to consider the indicators used by our public health colleagues, Hong Kong's achievement is excellent. The quality of health care is very good indeed, even surpassing that of North America in terms of infant mortality rate. It is patently obvious, if you walk into any public hospital, that the hotel-related service is grossly inadequate. This can, however, be addressed with improvement in management and at no significant increase in costs. In regard to the high-tech care, Hong Kong facilities are nowhere near a Stanford -- nor a Harvard, nor a Radcliffe -- but neither is it as bad as a Bangladesh public hospital or one in India, in Bombay. So roughly speaking, we are really in the middle range -- we are not too bad but we have a long way to go, too.

Now the biggest dilemma facing us, and all of the developing countries, is how to fund the escalating health costs brought on by technological advances. No government, however rich, will be able to provide advanced health care at low cost to everyone who needs it -- liver transplant for everyone who needs it, renal dialysis from age one to a hundred, a heart transplant, bypass for everybody -- nobody can do that. If you look at the North American situation where the health-related expenditure increased from \$238 million in 1965 to \$800 billion in 1990, and despite this colossal increase, many Americans do not even have access to basic medical care.

Germany attempted to reform its health service in 1988, but with the recent economic downturn she is finding it increasingly necessary to cut costs. The same applies in the Scandinavian countries. So let us in Hong Kong be realistic and come to some consensus as to what level of health care we can afford, or indeed, are we willing to be taxed or are we willing to contribute to it?

As a doctor, I do not wish to play God. This is the role that has been entrusted to us -- forced upon us, I would rather say -- and we now would like to ask the community

to tell us what to do -- when to say no, and when not to give a high level of care and to whom.

With these comments, I support the motion.

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, Meeting Point agrees that the Government should expeditiously lay down a long-term policy on charges for medical care. Meeting Point basically also agrees that an appropriate portion of the cost of public medical care should be recovered. Through partial cost recovery, medical staffs and service users can be made to appreciate the cost of medical care. With a better awareness of the cost of medical care, the former will provide the services less wastefully, and the latter will abuse them less. However, I would like to stress one point. Agreeing that part of the cost should be recovered is not the same as agreeing that the cost of medical care may ultimately be passed on to the service users. On the contrary, now that there is a gap between the rich and the poor, charges for medical care, which is a social service available to the general public, should be kept at a relatively low level. This will have an effect on the redistribution of social resources. Also, in considering a charging policy, one's purpose must be to improve the present state of medical care and not to find an excuse to reduce the Government's share of the funding for public medical services.

Meeting Point is of the opinion that the following three principles should receive full consideration in the laying down of a long-term charging policy for medical care:

(1) Consider the user's ability to pay. The cost of medical care has been rising steadily. The general public cannot afford to pay a higher percentage of the costs. Take the emergency ward hospital beds for instance. The cost is now close to \$2,000 per bed per day. If the service user is to pay between 15% and 20% of the cost, that will be between \$300 and \$400 a day. Most members of the public will find such a charge to be a heavy burden. Therefore, when the majority of the people are still dependent on public medical services, charges for medical care should continue to be maintained at a relatively low level. In this way, nobody will be denied reasonable medical care simply because he does not have sufficient financial means. Also, the charging policy should include a waiver system, whereby the charges will be waived for the elderly, for those who suffer from chronic illnesses, for those who are incapacitated by illness and for those who receive public assistance. The Government should pay the charges for them.

(2) Control cost to give fee payers their money's worth. In order that charges received for medical care may be properly ploughed back, cost must be effectively controlled to ensure that low efficiency and waste will not be passed on to service users in the form of charges. In the area of public medical care, the centralization of financial management and personnel management is being stressed; costs are being strictly controlled through a macroscopic cost budgeting system. However, not enough is being done as yet in microscopic cost control. Examples of wasteful use of resources are unsound management of medical equipment and the fact that nurses are made to do a great deal of work that does not come under health care. We know that the Hospital Authority is studying methods of cost control and the proper utilization of resources. We hope that these reform efforts will bear fruit.

(3) The Government must make a clear commitment as to funding for medical care. A moment ago, I pointed out that the purpose of the charges is to improve services and not to enable the Government to reduce its commitment. Therefore, when considering the matter of charges, the Government must supply information to show the public how charges will improve the existing services. The Government must supply information concerning future development of medical facilities and equipment, types of illnesses, the effect of inflation on the cost of medical care, staff salaries and so forth. Such information will help us to understand the future growth of medical services and the future budget situation. We hope that the Government, when it responds later on, will provide the information as described.

Mr Deputy President, as we all know, the cost of medical care is rising continuously, while the public's ability to pay charges is limited. There is therefore a need to consider new resources for developing future medical services. More important than a charging policy is a comprehensive reform of the system of funding for medical care. Meeting Point has all along been of the opinion that the best way to solve the shortage of resources for medical care is to adopt a compulsory central medical insurance scheme to which contributions will be made simultaneously by the Government and the public. This will be in the spirit of collective burden-sharing by the community. Because this Council will hold a motion debate later this year on the issue of medical insurance, I will, at that debate, give a detailed account of Meeting Point's specific views concerning a central medical insurance policy.

Mr Deputy President, we stress that, until the system of funding for medical care

has been comprehensively reviewed, it will be inadvisable to change the present levels of charges sharply. In its consideration of the charging policy, the Government must make a clear commitment to medical services. In addition, it must let the public have an explanation of the future development of, and demand on, medical services. Finally, Meeting Point agrees that the Green Paper format should be used to consult the public on the matter of a charging policy for medical care.

Mr Deputy President, with these remarks, I support the motion. I also express support for the motion on behalf of Mr Fred LI and Mr WONG Wai-yin. Thank you.

DR YEUNG SUM (in Cantonese): Mr Deputy President, the Government's annual spending on medical and health services accounts for only 4% of our gross domestic product (GDP). The funding covers public medical care, which takes up only 1% of our GDP, a far cry from the 11% of the United States and the 6% of Japan. However, our success in raising the standards in medical and health services is visible to all. The life expectancy of the population of Hong Kong has now increased to 74 years for men and 80 years for women, whereas in the United States, it is 72 years for men and 78 years for women. Also, Hong Kong's infant mortality rate is only 7.7 per thousand, while that in the United States is 10.1 per thousand. These figures clearly show that Hong Kong's medical and health services are not bad at all. It is believed that these achievements are partly due to our medical care policy and the Government's commitment to medical and health services. Today, the majority of the public basically use and rely on public medical and health services, particularly hospital services. The Government has thus become virtually the most important provider of medical care in Hong Kong.

As the biggest provider of medical care, the public medical and health facilities must not be too inferior in quality. If they are, the Government will find itself under tremendous public opinion pressure. Traditionally, the Government has regarded public medical and health services as one form of social services. Its charging policy has always been based on the principle of nominal fees and no means test. Such a charging policy for medical and health services, which is financially backed up by taxpayers and characterized by its nominal fees and no means test, has come under some criticism from those who think that it encourages abuse and obviates higher charges for people who can afford the charges. However, the United Democrats of Hong Kong think that because Hong Kong does not have sound and effective social security, medical insurance and retirement protection systems, the charging policy with reference to the general wards of the public hospitals should remain unchanged.

Such a policy has the following advantages:

Firstly, a patient, irrespective of whether he is rich or poor, will receive an equal standard of service at a low charge only if he is willing to use the general ward.

Secondly, members of the public do not have to go through a laborious application and means test procedure, which may deny them immediate medical treatment.

Thirdly, this policy can help promote a community spirit, making the public feel that the Government is responsible for taking care of their health and that the treatment they receive will not vary according to their social status.

In view of the above, the United Democrats are opposed to the Government's intention to implement a charging policy of "user pays" and "cost recovery". The grounds for the opposition are as follows:

Firstly, high charges for medical care may cause the public to put off their visits to medical facilities.

Secondly, the authorities will have to employ a lot of manpower and bear substantial administrative expenses to run the means tests and review applications for waivers of charges.

Thirdly, standards of service may be different for members of the public whose financial situations are different.

Fourthly, the community spirit will be weakened.

The Government has been keen in recent years to promote privatization. It follows as a matter of course that the laws and operating principles of the market-place have been applied where the provision of certain services is concerned. The United Democrats stress that medical and health services are in fact social services to which the public are entitled as a civil right. The Government must not apply the entire policy and principle of privatization to the provision of medical and health services without careful consideration. It is for this reason that the United Democrats are opposed to the Government in trying to carry out the charging policy which stresses "user pays" and "cost recovery" for medical and health services.

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

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, it would be wrong to assume that we have no policy on health financing. We do. The policy has stood us in good stead for decades. The Government's commitment that nobody is denied adequate medical treatment simply because he cannot pay for it is enshrined in the law. This, no less, has been and will remain the Government's baseline. And the policy, simply put, is that services should be heavily subsidized. It is a time honoured policy derived from the 1974 White Paper on the Further Development of Medical and Health Services in Hong Kong.

But times have changed.

As many Honourable Members have quite rightly pointed out, our policy may now be at odds with social and economic developments, and with community aspirations. We have an ageing population; Hong Kong is more affluent; people are demanding more -- greater choice, better care; people no longer accept long waiting times; they no longer accept camp beds. High technology beyond our wildest dreams has made possible medical wonders. Just to cite a few, it is possible to apply new technology and develop lithotripsy, magnetic resonance imaging, computerized axial tomography. We now have laparoscopic surgery, bone marrow transplant, liver transplant, and many other technical advances; all this is available now, in Hong Kong -- but the cost is high -- and we need to spread the cost more equitably.

Dr the Honourable LEONG Che-hung has eloquently questioned the basis for calculating our current fees. So have I. Why, for example, are fees set at the cost of catering, when many of our patients do not eat our food? Where is the logic? Is there indeed any logic? The rationale has clearly been lost in the mist -- or shall I say, the mystery -- of time. But as I said before, times have changed, and we accept the challenge of change.

Well before the Hospital Authority was set up -- and I am glad that the Honourable Andrew WONG and Dr the Honourable Conrad LAM remember that I had in fact in this Chamber some two years ago already alerted Members to the need for review of fees and waivers -- certainly I did say, and I reiterate that statement now, that in my view the Hospital Authority should be neither the reason nor an excuse for change. We in Hong Kong must, sooner rather than later, wake up to the realities of life. We in the Administration have long recognized the need for reform, for equitable treatment of the people whom

we serve.

The Honourable Peter WONG has inter alia inculcated a business culture, and amongst our health professionals no less. This is good, I think. Perhaps only in Hong Kong could we so inculcate and take the leadership role. This spells hope for the future. It is with this hope, Mr Deputy President, that my colleagues and I in the Administration have the courage and the strength to work so hard for reform, to tackle this area of complexity which none but the courageous would dare to tread. Or is it a case of fools rushing in where angels fear to tread?

This time last year, experts from a wide spectrum of professional and community-based interests sat with me for long hours at a stretch to consider options for health financing, including various options for medical insurance schemes. Right now, other experts are helping me to devise and develop a fee, and more importantly a waiver, strategy for the long term. Soon we will be putting together ideas and options in a Green Paper for the consideration of the public and for public consultation -- not only, as Honourable Members suggest, to canvass views but also to enhance transparency, to take the Hong Kong population into our confidence, to be on the same wavelength, to share our thoughts and fears and hopes together.

The Honourable Peter WONG's motion today is timely, and Members' debate important. Members' somewhat divergent views that "There ain't no free lunches" and that "We need to look after the sandwich class, let alone the poor, the needy and everyone else" will be ruminated over in the process of preparing the consultative document. In this respect, Members' call for realism, for objectivity, for simplicity and for improving the financing of medical services through a combination of solutions, ranging from better cost control to reasonable cost recovery to other measures will be carefully analysed and balanced, so that we can find a solution most appropriate for Hong Kong, so that we can promote wider choice, better environment to move forward into the next decade. With these remarks, I thank Honourable Members for the debate.

MR PETER WONG: Mr Deputy President, I would like to thank honourable colleagues for their assistance in debating a matter of great concern to Hong Kong people. Since the hour is late, I shall not dwell too long.

The views expressed tonight must be a true cross-section of the hopes and fears of Hong Kong, but I see that we all agree that the Government must demonstrate its

continuing commitment to provide accessible quality health care at affordable fees, with patients being given choice of service. There were very many suggestions on how we will get there, and the Secretary has taken full note of what we have said. The Green Paper will set out the broad framework upon which medical services are to be provided and it must leave everyone in no doubt as to how much of the full cost he is obliged to bear. It must also take into account changes in demographics as well as the expected explosion in new technology. The Green Paper will then be the basis for full consultation and, I trust, a fitting policy can thereafter be adopted which will be fully accepted by Hong Kong people.

I look forward before the end of this year to receiving such a Green Paper on a health policy for Hong Kong in the 21st century.

Question on the motion put and agreed to.

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR RONALD ARCULLI moved the following motion:

"That in relation to the Building (Planning) (Amendment) Regulation 1992 published as Legal Notice No. 79 of 1992 and laid on the table of the Legislative Council on 1 April 1992, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance for amending subsidiary legislation be extended under section 34(4) of that Ordinance until 20 May 1992."

MR RONALD ARCULLI: Mr Deputy President, I move the motion standing in my name on the Order Paper. The purpose of the motion is to extend time so that an ad hoc group may consider the Building (Planning) (Amendment) Regulation 1992.

Question on the motion proposed, 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 6 May 1992.

Adjourned accordingly at twenty-six minutes past Nine o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Occupational Retirement Schemes Bill, Toys and Children's Products Safety Bill and the Securities and Futures Commission (Amendment) (No. 2) Bill 1991, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.