

**OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 18 May 1994**

**The Council met at half-past Two o'clock**

**PRESENT**

THE PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

THE HONOURABLE SIR NATHANIEL WILLIAM HAMISH MACLEOD, K.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 MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

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

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

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

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

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

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E., J.P.

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, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN, O.B.E., J.P.

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., 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, O.B.E., J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING, J.P.

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMIL Y LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

THE HONOURABLE ALFRED TSO SHIU-WAI

**ABSENT**

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

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

**IN ATTENDANCE**

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.  
SECRETARY FOR EDUCATION AND MANPOWER

MR MICHAEL SUEN MING-YEUNG, J.P.  
SECRETARY FOR HOME AFFAIRS

MR RONALD JAMES BLAKE, J.P.  
SECRETARY FOR WORKS

MR JAMES SO YIU-CHO, O.B.E., J.P.  
SECRETARY FOR RECREATION AND CULTURE

THE HONOURABLE MICHAEL SZE CHO-CHEUNG, I.S.O., J.P.  
SECRETARY FOR THE CIVIL SERVICE

MR ANTHONY GORDON EASON, J.P.  
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MR DONALD TSANG YAM-KUEN, O.B.E., J.P.  
SECRETARY FOR THE TREASURY

MR NICHOLAS NG WING-FUI, J.P.  
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR KENNETH JOSEPH WOODHOUSE, J.P.  
SECRETARY FOR SECURITY

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR RICKY FUNG CHOI-CHEUNG

THE DEPUTY SECRETARY GENERAL  
MR LAW KAM-SANG

**Papers**

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

*Subject*

Subsidiary Legislation	<i>L.N. No.</i>
Commissioner for Administrative Complaints Ordinance (Amendment of Schedule 1) Order 1994.....	251/94
Merchant Shipping (Fees) (Amendment) Regulation 1994.....	252/94
Shipping and Port Control (Hong Kong — China and Macau Ferry Terminals) (Amendment) Regulation 1994 .....	253/94
Shipping and Port Control (Typhoon Shelters) (Amendment) Regulation 1994 .....	254/94
Telecommunication (Amendment) Regulation 1994.....	255/94
Telecommunication (Control of Interference) (Amendment) Regulation 1994 .....	256/94
Air Pollution Control (Specified Processes) (Amendment) Regulation 1994 .....	257/94
Ferry Services (Amendment) Regulation 1994.....	258/94
Import and Export (Fees) (Amendment) Regulation 1994.....	259/94
Noise Control (Air Compressors) (Amendment) Regulation 1994.....	260/94
Noise Control (General) (Amendment) Regulation 1994.....	261/94
Noise Control (Hand Held Percussive Breakers) (Amendment) Regulation 1994 .....	262/94
Ozone Layer Protection (Fees) (Amendment) Regulation 1994.....	263/94

Road Tunnels (Government) (Amendment) Regulation 1994 .....	264/94
Road Traffic (Parking) (Amendment) (No. 2) Regulation 1994 .....	265/94
Road Traffic (Public Service Vehicles) (Amendment) (No. 3) Regulation 1994.....	266/94
Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2) Regulation 1994.....	267/94
Road Traffic (Village Vehicles) (Amendment) Regulation 1994 .....	268/94
Waste Disposal (Chemical Waste) (General) (Amendment) Regulation 1994 .....	269/94
Waste Disposal (Forms and Fees for Licences) (Amendment) Regulation 1994 .....	270/94
Import and Export (Strategic Commodities) Regulations (Amendment of Schedule 1) Order 1994 .....	271/94
Road Traffic Ordinance (Amendment of Schedule 3) Order 1994.....	272/94
Road Traffic (Amendment of Schedule 10) Order 1994 .....	273/94
Cremation and Gardens of Remembrance (Regional Council) (Amendment) Bylaw 1994.....	274/94
Exhumation (Fees) (Regional Council) (Amendment) Bylaw 1994 .....	275/94
Public Cemeteries (Regional Council) (Amendment) Bylaw 1994 .....	276/94
Declaration of Increase in Pensions Notice.....	277/94

Employees Retraining Ordinance (Amendment of Schedule 2) (No. 5) Notice 1994.....	278/94
Employees Retraining Ordinance (Amendment of Schedule 2) (No. 6) Notice 1994.....	279/94
Widows and Orphans Pension (Increase) Notice .....	280/94
Companies (Amendment) Ordinance 1994 (30 of 1994) (Commencement) Notice 1994.....	281/94
Housing (Traffic Contraventions) (Fixed Penalty) Bylaw (L.N. 157 of 1994) (Commencement) Notice 1994.....	282/94

#### Sessional Papers 1993-94

- No. 82 — Report of Broadcasting Authority September 1992 - August 1993
- No. 83 — Traffic Accident Victims Assistance Fund Annual Report by the Director of Social Welfare Incorporated for the Year from 1 April, 1992 to 31 March, 1993

#### Address

##### Report of Broadcasting Authority September 1992 - August 1993

SECRETARY FOR RECREATION AND CULTURE: Mr President, I have much pleasure in laying the annual report of the Broadcasting Authority for the year ending 31 August 1993 before the Council today.

The year under report marked a milestone in the development of Hong Kong's broadcasting industry. The first subscription television licence in Hong Kong was granted to Wharf Cable Limited on 1 June 1993. As of today, Wharf Cable is providing 10 channels with one more channel to be put on air next Monday. This new TV service is now available to over 600 000 households with some 55 000 households already subscribing to the service.

During the period, the Broadcasting Authority had reviewed and updated the regulatory framework for radio broadcasters to enable them to cope more effectively with the rapidly changing broadcasting environment. The Television (Amendment) Ordinance too was enacted in April 1993 both to update the legal framework for the regulation of commercial broadcasting in general and to provide a legal basis for the licensing of subscription TV in Hong Kong.

An important aspect of the Broadcasting Authority's functions is to regulate the services provided by commercial broadcasters through a well-established mechanism for considering complaints. During this period, the Authority's Complaints Committee dealt with a total of 860 complaints and, arising from these, some 20 warning letters were issued to various broadcasters to remind them of the need to observe more closely the different codes of practice issued. In addition, the Broadcasting Authority imposed on the licensees, on four occasions, financial penalties ranging from \$10,000 to \$50,000 for breaches of the codes of practice.

To keep abreast of changing social needs and attitudes and the fast developing technology in the industry, the authority's Working Group regularly reviews the codes of practice on programme, advertising and technical standards for both television and radio broadcasts. Major revisions to the codes included allowing greater flexibility in the showing of feature films, in repeats of children's programmes and in advertising breaks during live telecast events, and allowing advertising for matrimonial agencies, financial services, properties and publications. In addition, supplementary standards on programme scheduling for selective viewing and late-night viewing were established, and a new set of supplementary standards on programme sponsorship was also introduced. The Broadcasting Authority has also issued codes of practice on programme and home shopping standards to regulate the programmes and home shopping material broadcast on subscription television.

During this period, the Broadcasting Authority also maintained close liaison with overseas regulatory authorities and broadcasting organizations through attendance at international conferences and discussions with overseas visitors.

Having gone through a significant and eventful year, the Authority expects to be even busier in 1994. It is charged with the responsibility of carrying out the mid-term reviews of the commercial television licences held by ATV and TVB, and will be involved in the preparation of an omnibus Broadcasting Bill and discussions on possible relaxations in the regulatory regime for satellite television.

I would like to take this opportunity to thank members of the Broadcasting Authority, in particular the Chairman, Sir Roger LOBO, for their valuable contributions in regulating the fast developing broadcasting industry and for their advice to the Government in the formulation of broadcasting policy to cope with the rapid changes in the industry.

Thank you, Mr President.

## Oral Answers to Questions

### Buildings on the Chek Lap Kok airport platform

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

- (a) *whether all building structures erected on the airport platform at Chek Lap Kok, including the terminal buildings and supporting facilities, would need to go through the usual submission procedures as required by the Buildings Ordinance; if not, why not; and*
- (b) *whether all building designs would be required to conform to the requirements stipulated by the Fire Services Department and the Fire Office Committee in order to achieve high safety standards?*

SECRETARY FOR WORKS: Mr President,

- (a) The usual submission procedures for checking as required by the Buildings Ordinance involve authorized persons or registered structural engineers listed for this purpose by the Buildings Authority.

Government buildings are not subject to the same procedures as those applying under the Ordinance for private buildings. In respect of Government buildings, Architectural Services Department ensures that the provisions of the Ordinance are fully applied but submission for checking is not necessary. This will be the case for some of the building structures on the Chek Lap Kok airport platform, such buildings being designed by Architectural Services Departments, and constructed under their supervision.

The terminal building and supporting facilities are being designed by consultants for the Provisional Airport Authority (PAA). In this case since design commenced in 1992 there have been regular contacts with the Buildings Ordinance Office to ensure that design development complies with the relevant section of the Buildings Ordinance. At the same time the functionality of the terminal has been developed with the close involvement of the airlines and travel industry, as well as the full involvement of those government departments responsible for security, immigration and other activities essential in an international airport.

These ongoing contacts with the Buildings Ordinance Office have replaced the usual submission procedures imposed on a private developer. The PAA is currently discussing with the Director of Buildings appropriate exemptions from the provisions of the Buildings Ordinance. The final design and construction of all

building structures at the airport, including the terminal building, will be such as to ensure that the standards of construction imposed by the Buildings Ordinance can be satisfied.

- (b) In response to the question relating to fire safety, Fire Services Department have been extensively involved in the design development of the terminal building and likewise are consulted by Architectural Services Department as necessary. The Fire Services Department has already adopted for local application the United Kingdom Fire Offices Committee rules, as well as other international standards such as the National Fire Protection Association of the United States. The design and construction of all buildings at the new airport will confirm to these high standards of fire safety.

DR SAMUEL WONG: *Mr President, from the fourth paragraph of the Secretary for Works' reply, it is clear that the new terminal building is not classified as a government building. If so, why is the usual submission procedure for compliance of the Buildings Ordinance not necessary, particularly as the Secretary for Works has already mentioned that the standards of construction imposed by the Buildings Ordinance can be satisfied in any case?*

SECRETARY FOR WORKS: Mr President, as I said in my reply, there have been extensive and ongoing contacts between the PAA, its design consultants and the Buildings Department during the development of design until today. A dedicated team has been set up in the Buildings Department to process submissions relating to the new airport. Eventually, the Buildings Authority will have to give its consent to all the buildings to be constructed on the airport platform. The procedures with regard to submissions which apply to the private sector and those applying to government buildings or buildings which are in the community interests are subject to the Director of Buildings' personal involvement so far as applying procedures which expedite the process are concerned, taking into full account the special purposes for which the terminal building has to be designed and constructed.

DR SAMUEL WONG: *May I ask a follow-up, Mr President?*

PRESIDENT: Yes, Dr WONG?

DR SAMUEL WONG: *The Secretary mentioned about consent to be given by government department. Can we know in what form? Is it an occupation permit or otherwise?*

SECRETARY FOR WORKS: Mr President, the final process of completion will include all of the usual consents for occupation in terms of, among others, fire safety and water supply which apply to any building.

DR PHILIP WONG: *Mr President, energy efficiency has a direct bearing on the operating costs of the building. I wonder if the Government can tell us who will be monitoring the energy efficiency of the building.*

PRESIDENT: Do you have the answer, Secretary?

SECRETARY FOR WORKS: Mr President, I believe I can give an answer which will address the question. During the design process, the energy efficiency of the building has been a major consideration by the consultants. And I am advised that it will be a very energy efficient building, both in terms of the performance so far as heat coming into the building through the external cladding is concerned, and also the performance of the air conditioning systems and other systems which are required to maintain an efficient and comfortable environment for the passengers inside the building.

MR EDWARD HO: *Mr President, as the PAA is not a government department, and it is supposed to be an independent agency, will the Secretary inform this Council whether in such a case buildings constructed by the PAA are considered as government buildings? If the answer is yes, would the same requirements apply to buildings constructed by other agencies, such as the Hospital Authority?*

SECRETARY FOR WORKS: Mr President, all buildings which are intended for community uses, including the terminal building at the airport, can be categorized as a building intended for community uses. Hospitals and the like are indeed dealt with by the Buildings Ordinance Office under the Buildings Ordinance. I would emphasize again that the final result, as far as all buildings constructed in Hong Kong are concerned, is that they do comply fully with the standards set down in the Buildings Ordinance. But the actual procedures by which the Buildings Ordinance Office is satisfied that those standards are being achieved indeed vary. They vary in the private sector. They vary between those buildings which are handled by the Architectural Services Department. And the procedure is indeed varied in relation to the building for a community purpose which is now being handled by the PAA.

MR EDWARD HO: *The Secretary has not answered my question. My question is on the definition of "government building" which is, in his main reply, the first two words in the second paragraph. I want a definition of what*

*government buildings are. Are buildings constructed by independent agencies such as the PAA government buildings?*

SECRETARY FOR WORKS: Mr President, where a building is intended for community purpose, and is being paid for substantially by government money, it must be considered a government building. Therefore the Director of Buildings, in considering the procedures which must be applied for submissions and approvals, will treat it in the same category as a government building being designed solely by the Architectural Services Department. But these matters, as I indicated in my reply, are still under discussion between the PAA and the Director of Buildings.

### **Electors' education**

MR PETER WONG: *Mr President, I would like your indulgence in asking a question as set out in the Order Paper that was not the question originally submitted. However, I do not want to make too fine a point on this, as you will see from the answer that was to be given.*

2. MR PETER WONG asked: *In view of the apparent disinterest of the general public, in particular those within the age group of 18 to 21, towards the lowering of the voting age limit to 18, will the Administration inform this Council what measures will be taken to promote electors' education so as to enhance the turnout of voters for the 1994-95 elections?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I think I should first respond to the preamble of Mr Peter WONG's question which could have two meanings. It could mean that the public have shown little support for lowering the voting age to 18. It could also mean young people between 18 and 21 are not interested in registering as voters. I disagree with both of these assertions.

The public have shown strong and persistent support for allowing young men and women at the age of 18 to have the right to vote. This is clearly indicated by all the relevant public opinion polls conducted during the past year. The proposal was recommended by this Council's Select Committee on Legislative Council Elections and was passed into law by an overwhelming majority of this Council in February this year.

I am also pleased to say that the response of our young people in this age group towards the current voter registration drive has been very encouraging. The Registration and Electoral Office has so far received more than 106 000 applications for registration as new voters, of which over 17 000 or about 16%

are from the newly eligible age group of 18 to 21, although this group makes up only 5% of the total eligible electorate of 3.9 million.

I however entirely agree with Mr Peter WONG that we should keep with all our efforts to promote electors' education. In this connection, promotion of electors' education has been carried out on an on-going basis through civic education programmes both in schools and in the community.

In schools, topics relating to elections are taught particularly in secondary schools through formal subjects such as Social Studies, Government and Public Affairs, and Economic and Public Affairs. Since 1985, the Education Department has issued comprehensive guidelines and teaching materials on civic education which cover elections and the duty of citizens. The Education Department will issue further teaching materials on the coming rounds of elections and will encourage schools to put greater emphasis on explaining to students the meaning and effect of elections.

At the community level, the Committee on the Promotion of Civic Education has adopted the promotion of citizen's rights as the theme of its activities for this year. The right to participate in representative government is a central part of this theme. The committee has launched and will continue to organize civic education programmes such as exhibitions and competitions to enhance voters' awareness about their rights and duties.

For the 1994-95 elections, the Government will launch an extensive publicity campaign to promote voter turnout. At central level, there will be a whole range of publicity activities, such as, Announcements of Public Interest on television and radio, advertisements in the printed media, a variety of posters and pamphlets, and a hotline enquiry service and so on. The City and New Territories Administration will also organize a series of promotional activities in districts to stimulate the interest of residents and to encourage voters to come out to vote on polling day.

Finally, I should add that other than the efforts of the Government, it is also the electors' duty to exercise their right to vote. In this respect, community groups and political parties, through their involvement in the elections, will no doubt play an important role in encouraging voters to participate in the elections.

MR PETER WONG: *Mr President, the 17 000 registered in the 18 to 21 age group is less than 10% of the eligible age group. Is the Administration satisfied with this result? What will be done in the run-up to the 1995 elections to improve on those registrations and has a registration target figure for that age group been adopted?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, the eligible number of voters in this 18 to 21 age group, as Mr Peter WONG has pointed out, is about 200 000. So far we have 17 000 who have come to register.

I may at this stage mention that the various publicity efforts we have organized to direct our efforts at this age group include quite a wide range of programmes. The independent Boundary and Election Commission (BEC) have targeted activities at this group. For instance, they have sent direct appeal letters to school principals and youth organizations. They have organized promotional talks and special registration centres in schools. And they will be launching a voter registration ambassador scheme in schools and youth organizations. Under this scheme students will be appointed as ambassadors. They will help distribute forms and actively encourage their friends and relatives to register as electors.

We do not have a target as such for this age group. Indeed our target must be to enroll each and every person in that age group to be a voter and all our activities are geared towards that end.

PRESIDENT: Not answered, Mr Peter WONG, or supplementary?

MR PETER WONG: *No, he did not answer my first question. Is the Administration satisfied with a less than 10% registration rate?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, we still have quite a long time to run before the voter registration campaign finishes. The deadline for voter registration is 1 July, so we still have quite a few weeks to go, and obviously so far it is only 17 000. But I am sure the figure will increase as we go along.

MR PETER WONG: *Can the Secretary answer whether the Government is satisfied or not with the registration rate?*

PRESIDENT: I think I will pass on.

MR ALLEN LEE: *Mr President, apart from the short-term publicity methods mentioned by the Secretary, what long-term measures are being used to facilitate a high turnout rate amongst this age group in the elections?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I do not think we have different ways or different methods of facilitating different age

groups to turn out for voting. Quite obviously we want each and every voter to come out and vote, and our various activities both at the central and district levels are targeted at all our registered voters. If Mr LEE wishes to know whether there will be specially organized facilities for young people, we have not yet addressed that issue. But, as I said, our objective is to get each and every voter to come out and vote. There may be specialized publicity efforts directed at special targets in our publicity campaign for voter turnout.

MR ERIC LI (in Cantonese): *Mr President, I am glad to hear that the Government has put in considerable efforts in the promotion of voter registration, particularly in view of the fact that most activities are launched for the first time. The campaign has been launched for only a short period, yet the result has been quite good, though some Members think otherwise. The Government is currently trying to encourage young people to come out to vote through the efforts of the Hon Mr Justice WOO who, albeit having done a lot, is not a charismatic figure amongst youngsters. Will the Government consider the idea that some Members of this Council or some political figures may be asked to play some roles on that front?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I am sure the BEC and certainly the Administration would welcome any initiative from any group, be it political groups or other community organizations, to help in the voter registration, as well as in future to encourage young people to come out and vote.

MR TIK CHI-YUEN (in Cantonese): *Mr President, the Education Department has recently distributed to schools a set of teaching kit, giving a profile of 10 major political groups and parties in Hong Kong. May I ask what measures the Government has adopted to ensure that the schools, in employing the teaching kit, will introduce such political parties to their students in a fair and clear manner and whether the Government has ever considered inviting members of political parties to take part in related school activities?*

PRESIDENT: Do you have an answer for this, Secretary?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I do not have an answer to that question. I would find that out from the Education Department and give a reply to the Honourable Member in writing. (Annex I)

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, the slogan for the current voter registration drive is "Make yourself heard". However, when Members of this Council try to make the public's opinions heard (for example,*

*voicing their objection to the rates increase), the Government criticized such move as the starting up of “shears” to “fleece” the Government. Will the Government inform this Council whether it would accept that the public would be disillusioned with these self-contradictory statements and would render the “Make yourself heard” pledge as an empty promise, thereby discouraging the 18 to 21-year-olds to register as voters?*

PRESIDENT: Are you prepared to offer an opinion on this, Secretary?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I have no intention of commenting on that.

MR HOWARD YOUNG (in Cantonese): *Has the Government conducted any in-depth study into the causes for the low voter registration rate in Hong Kong, in particular the turnout rate, which makes a mockery of the public education campaign in this area?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I do not agree with the assertion that our voter registration rate is low. Indeed of the potential 3.9 million eligible voters, we have 1.9 million on our register and we certainly intend to net quite a lot more in the coming voter registration drive. The registration rate is already 50% and we certainly look forward to having more coming forward in the coming registration campaign.

MR ALBERT CHAN (in Cantonese): *Mr President, the Secretary for Constitutional Affairs said that he welcomed members of political parties and Members of this Council to help promote voter registration. Yet at district level, the Housing Society, a wholly public funded institution, prohibits Councillors (including elected Members) from conducting home visits in its housing estates. Under the circumstances, how can Members of this Council extend a helping hand in the Government’s voter registration drive?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, quite obviously whether the owners of a building allow people to call on the residents of the building would be the owners’ prerogative. But I certainly will look into the issue raised by Mr CHAN as regards the Housing Society’s willingness to allow people to register voters.

MRS PEGGY LAM (in Cantonese): *Mr President, given the fact that it has been launching a household voter registration campaign in the recent weeks, will the*

*Government consider making arrangements for students over 18 years of age to register as voters at their schools as the voting age has now been lowered to 18?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, as I mentioned in my supplementary response to a Member's question, there are specific voter registration activities targeted at school children in the age group of 18 to 21. I mentioned about the special voter registration counters in some schools. Mr President, that arrangement is in place in a few schools by way of promotional activities.

DR CONRAD LAM (in Cantonese): *Mr President, I do not think the Administration has furnished a full reply to Mrs Peggy LAM's question. In previous District Board elections, the Administration sent District Office staff to various buildings in their respective districts to do voter registration. In view of the large number of potential voters at schools, why does the Administration not send its staff to schools to organize registration activities? I would also like to receive a definite reply to this question, that is, since it has pledged that it would assist political parties in their own voter registration efforts, will the Administration call on school authorities to allow political parties to help eligible students register as voters at their schools?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President, I did say that the BEC has organized registration activities in schools. But obviously for resource consideration and for practical consideration it is not possible to go to each and every school. We are talking about 200 000 eligible voters (some of them may not necessarily be school children), spread throughout Hong Kong. So for sheer practical considerations and resource considerations, it is not possible to go to each and every school to set up a registration counter. But we do have, as I mentioned, the voter registration ambassador scheme making use of students in schools themselves to encourage their classmates and relatives to register and to vote. It is an effective way of using students and eligible young people themselves to organize voter registration activities. As regards allowing members of political parties to go to schools to encourage voter registration, quite obviously this is something for the school authorities to decide, but we will certainly pass this message and urge school principals to consider and to co-operate.

### **Minimum wage for local workers**

3. DR CONRAD LAM asked (in Cantonese): *As the median monthly wage of local workers in the lower income group is lower than the minimum wage set by the Government for foreign domestic helpers, will the Government inform this Council:*

- (a) *whether consideration will be given to setting a minimum wage for local workers; if not, what are the reasons; and*
- (b) *what specific measures the Government has in hand to improve the quality of living of local workers so that they can share the fruit of Hong Kong's economic success?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, it is incorrect to say that the median wages of local workers are lower than the minimum wage set for foreign domestic helpers. According to statistics provided by the Census and Statistics Department, the findings of the Fourth Quarter 1993 General Household Survey indicated that there were 168 000 employees whose monthly employment earnings were less than \$3,500. However, this survey covered all employed persons, including family workers, underemployed workers who worked less than 35 hours a week, and some 129 000 foreign domestic helpers. The actual number of local workers earning less than \$3,500 a month is quite small.

Against this background, my answers to the questions are as follows:

- (a) One of the fundamental reasons for Hong Kong's economic success is our free and fair market system which is the best guarantee of economic efficiency and prosperity for all. In line with the principle of our free market economy, wage levels in Hong Kong have always been determined by local market forces. The Government has not sought, and will not seek to intervene in the wage market. We firmly believe that the forces of demand and supply in our labour market is a much more efficient guide in setting wage levels than any means of arbitrary determination by the Government. Setting a minimum wage for local workers would introduce a highly undesirable element of rigidity into our market system and would work against the interests not only of our economy but also our workers.

I should point out that the setting of a minimum wage for foreign domestic helpers is a special measure to safeguard the interests of local workers so that their wages would not be depressed by workers from outside Hong Kong, while at the same time ensuring that foreign domestic helpers are not exploited. This practice does not lend argument to the setting of a minimum wage for local workers.

- (b) In the past years, our household incomes have risen in real terms in all income groups, including the lower income group. Between 1981 and 1991, the median household income has increased by 58% in real terms. This is a good indication that the income and quality of life of our local workforce have improved significantly.

Other than real income growth, Hong Kong workers share such benefits as nine years of free education, heavily subsidized housing and health care, good recreation and cultural facilities, and comprehensive social security benefits.

More specifically, labour legislations are constantly reviewed to bring about better protection and benefits for employees. For example, employees now have more leisure due to the improvements in annual leave provisions and the vigorous enforcement of the hours of work legislation. There have been regular improvements to employees benefits as in the case of the increased level of employees compensation, the revised pneumoconiosis compensation scheme, and the proposed legislation on compensation for occupational deafness. There is also the Employees Retraining Scheme which helps displaced workers to better adjust to changes in the economy. In addition, the Employees' Compensation Assistance Scheme and the Protection Of Wages On Insolvency Fund ensure that employees can secure the awards due to them as prescribed under the law. All these measures are aimed at bringing better benefits and protection to our workforce and improving their quality of life.

DR CONRAD LAM (in Cantonese): *Mr President, in paragraph 2(a) of the reply, the Secretary for Education and Manpower said, "(The Government) firmly believes that the forces of demand and supply in our labour market is a much more efficient guide in setting wage levels than any means of arbitrary determination by Government." However, the Government's policy on importation of labour from mainland China has directly intervened in the demand and supply of the labour market. Is this contradictory to what the Government said in the reply that it "has not intervened in the wage market"?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, the answer is negative. As I said in the second sub-paragraph of paragraph (a) of the reply, the spirit of setting a minimum wage for foreign domestic helpers is to safeguard the interests of local workers so that their wages will not be depressed by workers from outside Hong Kong. Therefore, this spirit must be upheld and it is not contradictory to any other policy. I have said earlier that this special measure is to avoid setting workers' wages on a large scale which will violate our free market economy. We must bear in mind that there are no more than some 100 000 workers from outside Hong Kong, representing less than 1% of the total workforce, whereas the labour market of Hong Kong has 2.8 million workers. Therefore, there is insufficient ground to change the existing principle on wages.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, in the third sub-paragraph of paragraph (b) of the main reply, the Secretary said that “labour legislation are constantly reviewed”, but obviously, the protection mentioned is for some special circumstances, such as injury at work, pneumoconiosis, deafness, dismissal and so on. Nobody wants to claim such compensation. Whether the employees are protected and their basic quality of life safeguarded depends very much on the actual amount of their disposable income. Given that at present, the manufacturing industry tends to move northwards into China and every year, more than 100 000 workers are displaced and the current wages are on the low side. For example, the wage of a worker who works in an American style fast food shop in Tuen Mun is \$10 per hour. If he works eight hours a day and six days a week, he can earn only \$2,080 per month. I would like to ask the Secretary: Is this serious exploitation? If more and more workers receive such low wages, what measures will the Government take to improve the situation; or will the Government simply allow the situation to spread?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Mr President, any free labour market, under certain circumstances, needs time to adjust in order to strike a balance. We must take the whole situation into account and not just focus on individual cases. Regarding the whole situation, the principle of free market is that the Government will not intervene in the setting of workers’ wages. If special circumstances which call for protection arise, like in the case of foreign domestic helpers, we will take special measures. However, these are very special measures and not general ones.*

As far as individual trade is concerned, we of course realize that individual trade invariably suffers under certain circumstances in the course of economic restructuring, and this is a fact. However, the Government also notices that in the past few years, we may take the census statistics from 1986 to 1991 as an example, the median household income has increased by 93%, and by 26% in real terms. This is a good indication that the household income of the entire population of Hong Kong, including our labour force, has increased in real terms. In cases where workers of certain trades suffer from wage loss, we will of course give them assistance. The work of the Employees Retraining Board is to help this particular group of workers change their jobs and provide them with a chance to undergo retraining so that they may have a better job opportunity. In view of the current shortage of labour, it can be said that wages are definitely very favourable and there will not be any deliberate depression. In fact, if we do so, we will surely deal a blow to our economy and I am sure nobody wants this to happen.

PRESIDENT: Not answered? Mr LAU, we have two more questions.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, the Secretary does not tell us what measures will be taken to improve the situation if it continues to spread or deteriorates.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, I think hypothetical questions do not warrant hypothetical answers. Everything depends on the situation.

PRESIDENT: It is for me to rule if it is hypothetical. Are you saying the Government has not thought ahead?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, if Mr LAU can be a little more specific, I shall be happy to try to see whether an answer can be provided.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, the Secretary said in the first paragraph of the main reply that there are 168 000 employees earning less than \$3,500 a month. Is this a small number; is this a very mild situation or is this an alarm already? Will the Government take any measures to improve the situation? This surely is not a hypothetical question.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, of the 168 000 employees I referred to in the main reply, over 70% are workers from outside Hong Kong. We can say that there are only very few local workers whose monthly income is less than \$3,500. Actually, the number of workers earning very low wages is, I believe, only about 10 000 or so and this does not mean there is any problem in our situation as a whole.

I have just mentioned that it is necessary to help this particular group of workers who are more vulnerable. I believe the most important thing is to help them undergo retraining so that they can meet the demand of the market and keep abreast of the market needs, which will further sharpen their competitive edges. I think this is the best safeguard for them.

MR HENRY TANG (in Cantonese): *Mr President, will the Secretary tell us whether the Government has any figures to show that there is a downward trend in our workers' wages? No matter whether there are any such figures, is the growth in our workers' wages faster or slower than our neighbouring countries such as Taiwan and Singapore?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, I do not have these figures at the moment but we do have the general impression that wages of our workers are on the increase. As for the comparison with our neighbours, I have to check on the relevant information before furnishing Mr Henry TANG with a written reply. (Annex II)

MR JAMES TIEN (in Cantonese): *Mr President, in the past decade the unemployment rate of Hong Kong has been under 3%. One of the reasons why many foreign countries are setting minimum wages is that they have high unemployment rate which ranges from 6% to 10%. When considering this issue, has the Government considered the fact that in foreign countries where minimum wages are set, a large number of less competent workers have been unable to get a job simply because the companies or employers do not think it worthwhile to employ them even at the minimum wages?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, I think what Mr TIEN said proves precisely that our policy is reasonable and meets the needs of Hong Kong. In other countries, for example, in the United Kingdom, minimum wages had been set before 1985 but was waived since then. The purpose of relaxing this restriction is to increase job opportunities and promote economic development. This proves that it is the correct policy and that we are in the right direction. If we follow the examples of other countries by adopting the minimum wage policy and imposing a rigid regulation on the market, I am sure our economic development will be hampered, and Hong Kong will no longer enjoy the economic prosperity it had in the past.

### **Sexual harassment in the Civil Service**

4. MRS SELINA CHOW asked: *Will the Government inform this Council:*

- (a) whether any complaints of sexual harassment by colleagues or supervisors have been received from female civil servants in the past three years; and*
- (b) of the ways that the Government, as a responsible employer, has taken to deal with these complaints?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, let me say at the outset that we take all staff complaints very seriously. There were 18 cases of sexual harassment complaints (including anonymous ones) received from staff against their colleagues or supervisors in the past three years. All complaints were by females against males. Of these, five cases were found substantiated.

Three officers were charged in court for indecent assault and two were subsequently convicted. All five were also disciplined.

Sexual harassment complaints, and other internal complaints, are dealt with in accordance with departmental complaint procedures drawn up with reference to guidelines issued by my Branch. These procedures are widely promulgated among staff. They set out the steps in making complaints and ensure that the procedures are fair, simple, direct and speedy. Senior officers at directorate level are normally designated as the Staff Complaint Officers in departments. In addition, departments are encouraged to designate more staff complaints officers at differing levels to facilitate and deal with staff complaints. The aim is to facilitate complaints to be made and to enable objective investigations with prompt follow-up actions, including disciplinary proceedings on concerned staff if complaints are substantiated.

We have recently reviewed these procedures, in the context of our Human Resources Management reforms and believe they generally work well. But we recognize that sexual harassment complaints are of a very special and sensitive category and separate guidelines on how to deal with such complaints may be useful. We are pursuing this.

MRS SELINA CHOW: *Mr President, of the 18 cases of sexual harassment complaints, how many are anonymous and given indecent assault is a criminal offence, at what stage are the police called in?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, I do not have the details as to the stage at which the police are called in and I will give detailed replies in writing. (Annex III)

MR SIMON IP: *Mr President, sexual harassment is not a term defined by law. What does the Government regard as sexual harassment and how does it distinguish sexual harassment from persistent and over zealous flirtation?*

PRESIDENT: Are you able to offer an opinion there, Secretary?

SECRETARY FOR THE CIVIL SERVICE: Mr President, sexual harassment includes a range of unsolicited behaviour whether intentionally or not which creates feeling of unease, humiliation, intimidation or discomfort, causes offence, exclusion, withdrawal or threats or appears to threaten job security. Examples are sexual teasing, sexual assault, derogatory behaviour, verbal or physical threats or abuse, offensive manner of communication and so on.

MRS MIRIAM LAU: *Mr President, of the 18 cases of sexual harassment complaints, only five cases were found to be substantiated. Bearing in mind that most of these complaints involve one woman's word against another man, can the Secretary inform this Council whether that is the reason why the substantial majority of the cases were found to be unsubstantiated? And following on from that, can the Secretary also explain what factors must be proven before a case will be found to be substantiated?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, as the cases are dealt with by departments, in the time available between the notification of the question and today, I have not been able to go into the detail of these 18 cases. It is therefore very difficult for me to give detailed answers to those questions.

MRS MIRIAM LAU: *Can I have an answer in writing please?*

SECRETARY FOR THE CIVIL SERVICE: I will be pleased to oblige. (Annex IV)

DR CONRAD LAM (in Cantonese): *Mr President, sexual harassment is indeed a global problem. Even the senior officials of some countries have been complained of sexual harassment. Will the Administration inform this Council of the rank of the highest ranking officer(s) involved in this kind of complaint in Hong Kong; is it a Policy Secretary, head of department or other ordinary rank?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, I am glad to say that none of the complaints are directed at any Policy Secretaries or heads of departments. (*Laughter*)

MISS EMILY LAU (in Cantonese): *Mr President, as the Secretary can offer such a detailed reply to Mr Simon IP's question on what sexual harassment is, can the Administration inform this Council whether it intends to make sexual harassment a criminal offence?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, sexual harassment is a problem not specifically confined to the Civil Service. As can be found in my main reply, within a Civil Service of 180 000 staff we had only 18 cases in three years. So it would not be for me, based on the experience we have had in the Civil Service, to give an opinion as to whether or not sexual harassment should be made a criminal offence. But as far as the Civil Service is concerned, we take a very serious view of it and that is why we have defined sexual harassment

as unbecoming behaviour which we should pursue, should such a complaint be brought to our attention.

MRS SELINA CHOW: *Mr President, in the last paragraph of the Secretary's reply, he said that there had been a recent review of complaint procedures and he believed them to be generally satisfactory. But he then went on to say that they recognized that sexual harassment complaints are of a special and sensitive category. I would like to ask the Secretary whether that realization came during the review or whether it came after this question has been asked? And I would also like to ask when he intends to have these very special guidelines promulgated?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, the existing procedures for dealing with staff complaints are looked at by the Standing Commission on Civil Service Salaries and Conditions of Service, which commented that the existing complaint procedures are quite effective and have largely met the objectives set out by us in that they should be simple, effective and well publicized. And as I have said in my main reply, we have also reviewed the complaint procedures in the context of our current review of Human Resource Management and I think in that context we recognize that perhaps sexual harassment, which has become the flavour of the month, deserves a more detailed examination to see whether further guidelines should be issued. And as I said, we are pursuing this.

### **Display of buntings**

5. MR HOWARD YOUNG asked (in Cantonese): *Mr President, regarding the rejection of an application made by an organization to affix buntings on lamp-posts in Central and Wan Chai during an international event to be held at the Hong Kong Convention and Exhibition Centre in late May 1994, will the Government inform this Council:*

- (a) *of the reasons for the rejection;*
- (b) *of the reasons for not advising the applicant of the specific grounds of refusal, hence barring it from making corresponding adjustments to secure approval; and*
- (c) *whether the application has been treated equally with other applications lodged with the department concerned since the opening of the centre?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, first of all, may I say that it is a great relief to me that I am only here this afternoon dealing with bunting rejection and that my colleague has had to deal with sexual harassment.

- (a) Under the existing guidelines, District Lands Officers only approve non-commercial advertising involving the display of banners and posters related to specific events. The main criterion for approval is whether the event to be publicized is non-commercial and of interest to the general public. Factors such as obstruction to the public and traffic safety are also taken into account.

A commercial organization applied in early January 1994 to mount 30 banners on lamp-posts at various locations in the Central and Wan Chai Districts from 24 to 29 May 1994. The application was rejected primarily because the applicant was a commercial organization rather than a non-profit making body.

- (b) The applicant was advised of the grounds of refusal on 15 February 1994.
- (c) A previous application for a similar event but made by an organization with a different name was approved in May 1992 and I understand that a fresh application for this year's event has now been submitted by a non-profit making body which is one of the organizers. This application is being considered by the District Lands Officer, Hong Kong West. All applications are treated in accordance with the established guidelines.

MR HOWARD YOUNG: *Mr President, I am grateful that the Secretary is in a position to reverse misguided rejections for bunting whereas his colleague is not in a position to encourage reversed sexual harassment.*

*Can the Secretary give an undertaking to review the guidelines for approving or rejecting bunting where the organizers clearly have the official support of organizations like the Hong Kong Tourist Association or Hong Kong Trade Development Council so that these approvals can be given where it is clearly in the public interest and also good for attracting large numbers of tourists to come to Hong Kong for events, such as the International Travel Exposition which has been held for many years?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think it can be said that the relevant guidelines are constantly under review. However, I think I should point out that in the particular district that I am referring to there have been something like 600 applications so far this year. There is a heavy burden of applications to be dealt with and I think it is

fair that we should have reasonably clear guidelines to deal with them. I think the guidelines which have been applied so far stipulate non-commercial applicants, and they have worked reasonably successfully. As far as I am aware, this is the only case in which there has been what you might refer to as an appeal. I am perfectly happy to consider such appeals but I think the guidelines are working well. I think those who apply understand them and I think those who administer the guidelines are also able to deal with the bulk of applications. Should applications be supported by such organizations as the Trade Development Council or the Hong Kong Tourist Association, I am sure that the District Lands Officers will take account of this.

## Written Answers to Questions

### Cancer in Hong Kong

6. DR HUANG CHEN-YA asked (in Chinese): *Given that cancer is a very common illness in Hong Kong and that medical treatment for such patients is quite costly, will the Government inform this Council:*

- (a) *in respect of each of the past three years,*
  - (i) *of the number of deaths caused by this illness, categorized by sex and age;*
  - (ii) *of the number of bed-days, as compared with the total number of bed-days available, occupied by these patients and the average number of bed-days occupied by each patient;*
  - (iii) *of the expenses incurred by the Government in taking preventive measures against this illness;*
  - (iv) *of the expenses incurred by the Government in providing medical treatment for these patients and the average cost for each patient; and*
- (b) *of the estimated number of beds and manpower required for these patients in the coming five years;*
- (c) *whether any study has been conducted to examine the causes of this illness and to formulate measures to lower the number of patients; if so, what the findings are and when the measures will be implemented; if not, whether such study will be conducted in the future; and*
- (d) *whether any policy and target have been formulated for the control of this illness, if so, what they are?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the statistical information on the number of deaths arising from cancer is summarized in the appendix. Data on the number of bed days occupied by individual patient groups is normally not kept.

In the context of disease prevention including cancer, the Department of Health conducts a wide range of specific measures such as providing health education materials and expert advice to schools and voluntary agencies, hepatitis B vaccination, papanicolaou smear screening, dietary advice for heart disease and counselling for smokers to quit. The expenditure incurred for disease prevention in general was \$370.8 million in 1991-92, \$431.4 million in 1992-93 and \$496.9 million in 1993-94.

Since cancer patients receive an integrated spectrum of medical services including general and specialist out-patient services, acute care, extended care and hospice care, it would not be feasible to break down the expenditure by each service. But from the experience of, say, the Institute of Radiology and Oncology at Queen Elizabeth Hospital alone, some 12 800 cancer patients have been treated in the last three years. In view of the increasing demand, the Royal Hong Kong Jockey Club has granted a donation of \$350 million to redevelop the institute with modern facilities and equipment by 1996. At the same time, the Hospital Authority has formulated plans to open an additional 6 000 beds in the next five years, requiring an additional 3 500 healthcare staff for all patient groups.

The Government is committed to improving the general health status of the community. To this end, the Hospital Authority has identified cancer as one of the priority health areas with an aim to reduce the overall mortality arising from cancer and to provide a more holistic type of care.

#### Appendix

##### Number of Death Cases for Cancer Patients

<i>Age group</i>	<i>1991</i>			<i>1992</i>			<i>1993</i>		
	<i>M</i>	<i>F</i>	<i>Total</i>	<i>M</i>	<i>F</i>	<i>Total</i>	<i>M</i>	<i>F</i>	<i>Total</i>
0	2	2	4	1	2	3	1	1	2
1-4	5	5	10	8	5	13	5	6	11
5-9	8	9	17	4	5	9	2	5	7
10-14	10	8	18	4	8	12	9	2	11
15-44	501	326	827	456	309	765	475	329	804
45-64	2 037	891	2 928	2 030	876	2 906	2 034	915	2 949
65+	2 832	2 194	5 026	3 065	2 247	5 312	3 267	2 259	5 526
Unknown	2	0	2	1	0	1	0	1	1
Total	5 397	3 435	8 832	5 569	3 452	9 021	5 793	3 518	9 311

**Reinsurance industry**

7. DR HUANG CHEN-YA asked (in Chinese): *People in the reinsurance industry have stated that previous mistaken commercial strategies and a spate of natural disasters in various parts of the world in recent years have put pressure on the global reinsurance industry to review its premium strategy and insurance coverage, which may eventually lead to a rise in reinsurance premium and diminished scope of insurance coverage in order to reduce the risks borne by the industry. In the light of this, will the Government inform this Council:*

- (a) *of the extent to which the local insurance industry is dependent on reinsurance business; and*
- (b) *whether it has assessed the likely impact of the review by the reinsurance industry on the local insurance industry; if so, what the findings of the assessment are?*

SECRETARY FOR FINANCIAL SERVICES: Mr President,

- (a) Under the Insurance Companies Ordinance, an insurer is required to have adequate reinsurance arrangements in force. The main purpose is to spread risks and contain an insurer's risk exposure to a level compatible with his financial resources. In monitoring the adequacy of an insurer's reinsurance arrangements, the Insurance Authority has regard to, among other things, whether the type of reinsurance treaty, the retention level and treaty limit are appropriate in relation to the nature of business and the financial position of the insurer. As an indication of the extent to which the local insurance industry makes use of reinsurance, some 36% (or \$5,114 million) of the gross premia arising from Hong Kong general insurance business for 1992 was paid to reinsurers in the form of reinsurance premia.
- (b) As a result of adverse underwriting results of reinsurance business in recent years, the international reinsurance market has undergone certain changes. There has been a shrinkage of reinsurance capacity as capital has been withdrawn from the market. Reinsurers remaining in the market have tightened their underwriting policies and controls by, for instance, raising premium levels, reducing the scope of cover and being more selective in risk acceptance.

Given the shrinking reinsurance capacity, it has become more difficult for a direct insurer to secure adequate reinsurance arrangements. The cost of reinsurance is higher and the terms less competitive. A direct insurer may therefore be forced to strengthen his capital base to enable him to retain a higher proportion of risks.

The most significant impact on the local insurance industry is the decision by the Hong Kong Reinsurers Forum, following a review of market conditions, not to provide unlimited liability reinsurance cover for motor (third-party) liability insurance and employees' compensation insurance with effect from 1 January 1995.

In view of the above developments, the Insurance Authority has been closely monitoring the adequacy of insurers' reinsurance arrangements to see whether the proportion of risks retained is supported by a suitable capital base. This will enable the Authority to take timely measures to address any concerns identified.

The decision of the forum not to provide unlimited reinsurance cover for motor (third-party) liability insurance and employees' compensation insurance from 1 January 1995 will seriously affect the financial stability of direct insurers. Direct insurers may not have the necessary financial resources to withstand catastrophic losses, the extent of which can be unlimited. The Accident Insurance Association of Hong Kong (representing direct insurers) are deliberating with the forum how to address this problem. A Working Group has also been set up by the forum and the association to examine options. Its recommendations are expected by mid-June. Options under consideration include capping the common law liabilities of an employer, car owner or driver under the relevant legislation and specifying a minimum level of liability (instead of unlimited liability) which he would be required to insure against.

The unwillingness of reinsurers to provide unlimited liability reinsurance cover for certain types of insurance policy is not unique to Hong Kong. The Authority will have regard to practice in other jurisdictions in considering the best way forward.

### **Interpretation involving languages other than Chinese and English in Court**

8. MR MOSES CHENG asked (in Chinese): *As the number of new immigrants from different parts of China and the number of Filipino, Thai and Vietnamese nationals working in Hong Kong are on the increase in recent years, will the Government inform this Council:*

- (a) *of the cases tried at various levels of courts in 1993, how many required interpreters for languages other than Chinese and English and what is the ratio of such cases to the total number of cases requiring interpretation;*

- (b) *whether there are sufficient court interpreters to cope with the increasing volume of interpretation work involving languages other than Chinese and English; and*
- (c) *of the requirements specified by the Judiciary in the appointment of part-time interpreters for languages other than Chinese and English?*

CHIEF SECRETARY: Mr President,

- (a) Of the 710 345 cases dealt with at various levels of courts and tribunals in 1993, 6 165 cases (0.86%) involved languages other than Chinese and English. A breakdown of these cases into various languages is not readily available.
- (b) At present, 547 freelance interpreters have been registered for employment by the Judiciary to deal with cases involving languages other than Chinese and English. This pool of interpreters is sufficient to cope with the needs of the courts, but the Judiciary is continuing to enlarge the pool by recruiting more qualified interpreters.
- (c) Before a freelance interpreter is accepted for registration for employment by the Judiciary, he/she will be interviewed and will undergo an examination to ensure that he/she is proficient in both English and the other language with which he/she claims to be conversant.

### **Nuisances caused by addicts receiving methadone treatment**

9. MR PANG CHUN-HOI asked (in Chinese): *In view of the complaints frequently lodged by residents in the vicinity of methadone clinics about nuisances caused by drug addicts, will the Government inform this Council of the following:*

- (a) *how the effectiveness of the methadone treatment programmes is assessed;*
- (b) *the number of patients on methadone who achieved detoxification successfully in each of the past three years; and*
- (c) *whether effective measures will be taken to reduce security and environmental nuisances caused to residents in the vicinity of methadone clinics?*

SECRETARY FOR SECURITY: Mr President,

- (a) The effectiveness of the methadone treatment programme can be assessed from several points of view: the benefit to the health of patients, the reduction in drug-associated crime, and the gain to society as a whole.

Narcotic addiction is a chronic relapsing medical condition and the value of the methadone treatment programme is that it enables patients to adopt a normal and economically productive lifestyle and protects them from the health hazards and criminal activity associated with illicit drug use. Quick cash crimes to buy heroin are reduced whenever methadone is taken. This benefits the ordinary citizen, who can have less fear for his life and property, and keeps money out of the hands of drug traffickers. A reduction in the injecting of heroin due to the substitution of oral methadone means less sharing of needles. This slows the spread of blood-borne diseases, including AIDS, which can be passed from drug users to the general population. Less injecting also means fewer syringes discarded in public places and a better environment for everyone.

The effectiveness of the methadone treatment programme is difficult to measure quantitatively. The indicators which we use to assess effectiveness are the extent to which the treatment programme is utilized; the attendance rate of patients registered with the programme; and the actual number of attendances.

- (b) In order to achieve the benefits described above, it is not necessary for patients to be detoxified. Because drug addiction is a chronically relapsing medical condition, the vast majority of methadone patients opt for a maintenance, rather than a detoxification programme; this is a more realistic objective for them given the nature of heroin dependency. In each of the past three years, two patients were detoxified under the methadone treatment programme.
- (c) A three-pronged approach has been adopted to deal with security and environmental nuisances caused to residents in the vicinity of methadone clinics:
  - (i) stepped up vigorous law enforcement action against illegal activities in the vicinity of the clinics;
  - (ii) education of the methadone patients to dispose of used syringes properly, and of street addicts to come in for methadone treatment; and

- (iii) environmental improvements, such as frequent cleansing to remove discarded syringes, better lighting in the area and strengthened building management.

### **Suspected robbery and shoot-out case involving police officers**

10. MISS EMILY LAU asked: *On 28 March several police officers were involved in a suspected robbery and shoot-out in a Yau Ma Tei private club in which one suspect was shot dead and another wounded. In view of public reports alleging that the officers concerned were playing mahjong in the club at the time of the suspected robbery when they should have been on duty, will the Administration inform this Council how the officers concerned came to be in the club at the time of the incident, and if it is found that they were playing mahjong when they should have been at work, what action will be taken against them?*

SECRETARY FOR SECURITY: Mr President, the shooting incident at the private club in Yau Ma Tei on 28 March 1994 was classified as a robbery and a police open fire case. The criminal aspects of the case are under investigation and proceedings in respect of the shooting and robbery have begun. The presence of the officers concerned at the private club at the time is the subject of a separate investigation. Until all aspects of this incident have been resolved, any further comment could be prejudicial.

### **Duties of CEMA and SFS**

11. MISS EMILY LAU asked: *When the Administration created the post of Chief Executive of the Hong Kong Monetary Authority (CEMA) and retitled the Secretary for Monetary Affairs as Secretary for Financial Services (SFS) in March 1993, concern was expressed that the SFS post was superfluous as there might not be sufficient work to justify the creation of an additional policy secretary portfolio. Will the Administration explain to this Council how the SFS has shared out the workload with the CEMA in the past year in order to assure Members that there was enough work for two high ranking officials and there was no overlapping in areas of responsibility and no duplication of efforts?*

FINANCIAL SECRETARY: Mr President, when the creation of the post of Chief Executive, Hong Kong Monetary Authority (CE/HKMA) was considered by the Establishment Subcommittee of the Finance Committee in February 1993, one Member questioned the need for two D8 posts in this area. It was explained that “in establishing the Monetary Authority, two executive arms which had been nominally a part of Monetary Affairs Branch would be combined and operate under a new set-up: the Monetary Authority. They had

always operated as separate entities. The difference in the branch's role was more nominal than real."

The establishment of the HKMA was primarily based on the need for more flexibility in acquiring and retaining manpower and other resources than had previously been possible under a more conventional government organization subject to financial and civil service regulations. Such flexibility was considered of particular importance in the area of staffing where continuity and professionalism in monetary management, reserves management and other related fields were important. This would enable the further enhancement of the system of monetary management to meet the challenges of the rapidly changing conditions in the monetary and financial markets.

The HKMA was established principally by merging two out of the three self-contained executive offices operating under the umbrella of the then Monetary Affairs Branch: the Office of the Exchange Fund (OEF) and the Office of the Commissioner of Banking (OCB). While the OEF and OCB had been nominally part of MAB, they, and for that matter the Office of the Commissioner of Insurance, had always operated as separate entities with specific operational responsibilities. Thus, the separation of these operational arms from the branch did not to any substantial extent change the areas in which the branch held policy responsibility, or reduce the workload of the retitled Financial Services Branch (FSB) in a practical sense.

The HKMA is a separate agency with executive responsibilities in the areas of banking supervision and Exchange Fund management. CE/HKMA is not a Policy Secretary but he does take the lead in the formulation and implementation of monetary policy and is directly responsible to the Financial Secretary. He also has specific statutory responsibility, as Monetary Authority, to promote the general stability and effective working of the banking system under the Banking Ordinance.

FSB continues to be the policy branch responsible for financial services. SFS has a broad policy overview across the whole range of financial services, including banking, company matters, insurance, retirement schemes and securities. An overview of these key areas is important since they are inevitably closely interrelated. Apart from the HKMA, the other bodies to which FSB relates are the Securities and Futures Commission, Office of the Commissioner of Insurance (still technically a part of FSB), Official Receiver's Office, Companies Registry and the Census and Statistics Department.

In practice, SFS maintains a close liaison with HKMA and other such bodies for the purpose of monitoring major policy issues and legislative proposals which fall to be considered by the Executive Council and Legislative Council. He also answers questions in the Legislative Council on financial service subjects.

In addition, SFS has also assumed responsibility in the area of the Government's economic analysis, reporting and advice, after taking over the Economic Analysis Division from the Economic Services Branch in 1993.

There is, therefore, no question of SFS "sharing out the workload" with CE/HKMA. The nature of their work and their respective areas of responsibility are different, even though the subject matter is in some respect closely related. It is probably this close relationship that has given rise to some misconception of overlapping and duplication. Members may also be assured that there is enough work for both officials.

### **Management policies for commercial properties and car parks of HOS and PSPS estates**

12. MRS SELINA CHOW asked: *Will the Government explain to this Council the differences in the management policies for commercial properties and car parks between Home Ownership Scheme and Private Sector Participation Scheme estates and will it take action to remedy the inequity which results from such differences?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS) developments are managed differently: the former by the Housing Authority and the latter by the individual private developers or managers. This accounts for the differences in management arrangements for commercial properties and car parks between the two types of developments. Indeed, because they are individual developments, there are also differences in management arrangements between different PSPS estates.

The only problem which appears to have arisen from the management arrangements for HOS and PSPS developments is that car parks in some PSPS estates have been sold in lots by the developers to single purchases and have later been resold or let for profit. In order to curtail this practice, the Conditions of Sale of new PSPS sites were revised in 1993 to restrict ownership of car parks in future projects to flat owners and to prevent any flat owner from owning more than one parking space.

### **Japanese language courses in subvented tertiary institutions**

13. MR HOWARD YOUNG asked: *Will the Government inform this Council whether there are plans to improve the quality of the staff teaching Japanese language courses in subvented tertiary institutions and to strengthen such courses?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, at present, two of the UPGC-funded institutions, viz. the Chinese University of Hong Kong and University of Hong Kong, have Japanese Departments which offer Japanese language courses. In addition, the Department of Business and Management and Department of Chinese, Translation and Linguistics of the City Polytechnic of Hong Kong also offer Japanese language courses. Maintaining the teaching standard and the quality of their courses is a primary responsibility of the tertiary institutions themselves. The Administration understands that the institutions regularly review all courses and make appropriate changes in the light of changing circumstances and community needs.

### **Funds granted to district boards**

14. MR LEE WING-TAT asked (in Chinese): *Concerning the funds granted to the district boards, will the Government inform this Council:*

- (a) of the measures taken to ensure that the funds are spent on those items for which they are approved;*
- (b) how possible cases of unauthorized use or misappropriation of funds are dealt with; and*
- (c) whether there is any mechanism in place to assess whether the funds are used effectively in accordance with actual needs?*

SECRETARY FOR HOME AFFAIRS: Mr President, the use and disbursement of district board (DB) funds under Head 53 Subhead 215 for the implementation of community involvement and minor environmental improvement projects are governed by CNTA funding guidelines and accounting circular. Proposed projects are decided for implementation by the district board, subject to the project scope being within the ambit of Subhead 215. The district board will also decide on the scale and relative priority of projects.

Stringent control is exercised on the use and disbursement of DB funds to ensure that the funds are expended within the ambit of vote and the expenditure guidelines. The accounting procedures for the disbursement of DB funds are modelled on government accounting, stores, general regulations and other regulations.

Controls involving checks and counter-checks are exercised by district office staff from project inception to project completion to minimize chances of abuse or misappropriation of funds. Disbursement of the fund is made on the production of duly certified supporting receipts, and only after relevant checks have been made by district office staff to ensure that the claims are within the original ambit approved by the district board and that the expenditure is in order. Detailed checks are contained in the CNTA funding guidelines stating

the permissible items of expenditure, and where appropriate the expenditure limits. Where discrepancies from the original approval are identified, the district board will be asked to endorse the discrepancies and to satisfy itself that the expenditure is in order before payments are made. The district office provides a vetting role to ensure funding and accounting procedures are fully observed.

DB funds are spent on specific projects approved by the district board based on the needs of the district. District office staff have and will continue to monitor closely the use of DB funds to ensure that the money is used effectively for the purposes for which they are intended. Assessments are made during project implementation and on project completion to ascertain whether the stated objectives of the project have been met. The Director of Audit will audit the accounts from time to time. In addition, the ICAC has conducted assignments into the funding and accounting procedures for projects carried out with DB funds.

### **Electronic data interchange**

15. MR SIMON IP asked: *With regard to the introduction of electronic data interchange (EDI) technology in the Community Electronic Trading Service, will the Government inform this Council of:*

- (a) the up-to-date position of the development and the level of the Government's involvement in this service;*
- (b) the Government's plans for promoting the use of this technology in other industries; and*
- (c) the Government's plans for using EDI in its own transactions with the public, such as tendering, subventions, and other activities?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, the answers to the Honourable Member's questions are as follows:

- (a) Planning for the implementation of the Community Electronic Trading Service (CETS), a project designed to promote the use of EDI services in international trade, has reached an advanced stage. The initial focus of the CETS is on trade transactions involving the Government, such as the provision of EDI services for applications for Restrained Textiles Export Licence (RTEL) and lodgement of Trade Declarations (TD). The Government and Tradelink Electronic Document Services Limited (Tradelink), the private company which has entered into an agreement with the Government to provide EDI services for the submission of various government documents, are aiming to commence joint testing by January 1995.

Pending the successful completion of this test, EDI services for RTELs and TDs will be launched by Tradelink towards the end of 1995. EDI services for other government transactions, for example, textile quota enquiries, applications for Certificates of Origin, and applications for Dutiable Commodities Permits and so on, will be introduced at a later stage.

The Government is involved in the development of CETS as an investor, promoter and user. As an investor, the Government has been a shareholder of Tradelink since 1992 and has taken up 30% of the shares (representing an investment of \$31.7 million). Under the Government's agreement with Tradelink, the Government's equity holding in Tradelink would go up to 48% if the remaining unallotted shares amounting to 18% are not taken up by private sector investors. As a major shareholder the Government is represented on Tradelink's board of directors. As a promoter of EDI services, the Government has agreed to allow Tradelink to provide services to the Government for the electronic processing, collection and delivery of various government documents relating to the import and export of goods, on an exclusive basis for a period of seven years effective from the commencement of EDI services. As mentioned above, the government documents to be included in Tradelink's exclusive services include applications for RTELs, amendment to and cancellations of RTELs, lodgement of TDs, textile quota enquiries, applications for Certificates of Origin, and applications for Dutiable Commodities Permits and so on. As a major user of Tradelink's services, the Government has established a Joint Implementation Team, comprising representatives from Tradelink, Trade and Industry Branch, Customs and Excise Department, Trade Department, Census and Statistics Department and Information Technology Services Department, to co-ordinate all operational and technical interfaces between the CETS and the relevant government systems.

- (b) The Government has no plans to promote the use of EDI services in specific industries. But the CETS now being jointly implemented by the Government and Tradelink is designed to provide EDI services to up to 120 000 Hong Kong trading companies (compared with an estimated 200 companies in the retail, banking and transportation sectors which are currently using EDI). As such, it is one of the most ambitious EDI projects ever launched. The availability of such a large pool of EDI users should create an attractive market on the basis of which the private sector would be able to launch more EDI services to meet the needs of specific industries.
- (c) The Government has no plans at present to introduce EDI services for the handling of government transactions other than those in the

international trade area mentioned above. Our Efficiency Unit is, however, considering setting up a small project team to identify opportunities for using new technologies, including EDI, to further improve the provision of government services to the community.

### **Woodside site above Kornhill**

16. DR SAMUEL WONG asked: *Regarding the proposed re-zoning of the Woodside site above Kornhill for public housing development, will the Government inform this Council:*

- (a) whether it is aware of any objection to this proposal by the residents living in the vicinity;*
- (b) whether consideration has been given to putting this valuable piece of land for sale for private development in keeping with the environment of the location; and*
- (c) whether the Government has explored the possibility of exchanging this piece of land with developers who hold other land which may be more suitable for public housing?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The Government has earmarked a 2.55 hectare site at Woodside for a Home Ownership Scheme (HOS) project for a design population of 4 500. Most of this site is already zoned “Residential (Group B)” (R(B)) and a small part of it (0.37 hectare) is currently zoned “Government/Institution/Community” (GIC) on the draft Quarry Bay Outline Zoning Plan (OZP). A submission is to be made to the Town Planning Board shortly which will seek its approval to amend the draft OZP to re-zone the “GIC” part of the site also for “R(B)” development. If approved, the amendment to the draft OZP will be published in accordance with the provisions of the Town Planning Ordinance. The Eastern District Board has been consulted on the re-zoning proposal and the Government is not aware of any objection to it having been voiced so far. Publication of the revised draft OZP would provide the opportunity for any such objections to be lodged.
- (b) The proposed HOS development at the Woodside site will be compatible with the neighbouring Kornhill residential development. The site is already earmarked for HOS development and is not intended for disposal by public auction.

- (c) It is not normal policy to invite individual developers to accept HOS sites in exchange for other sites held by them. The Government has not explored the possibility of doing so in this case therefore.

### **Listing requirements for new companies**

17. MR CHIM PUI-CHUNG asked (in Chinese): *In view of the Stock Exchange of Hong Kong Limited's plan to tighten the listing requirements for new companies, will the Government inform this Council:*

- (a) *whether there is any plan to assist smaller companies so that their listing applications will not be rejected because of the new requirements, so as to avoid hindering the development of small and medium-sized companies;*
- (b) *whether consideration will be given to setting up a second stock exchange for the listing of small and medium-sized companies and the trading of their shares; and*
- (c) *whether the Government's non-intervention policy in this connection will result in small and medium-sized companies being discriminated against?*

SECRETARY FOR FINANCIAL SERVICES: Mr President,

- (a) The proposals of the Stock Exchange of Hong Kong Limited (SEHK) to tighten the listing requirements for newly listed companies were released for public consultation and have not yet been finalized. Public comments on the proposals will be taken fully into account by the Listing Committee and the Council of the SEHK, both of which are composed of market practitioners. It should also be noted that any proposed changes to the Listing Rules will require the prior approval of the Securities and Futures Commission (SFC), again consisting of non-executive directors as well as the executives of the SFC, before those changes can come into effect.

Under the proposal, the SEHK would have a discretion to relax the qualifications for listing in the case of deserving smaller companies, for instance, when such companies' operating profits have exceeded \$60 million in the past three years before applying for new listing. This would help to avoid hindering the development of good, wellmanaged small to medium-sized companies.

Subject to the result of the consultation, some changes may be introduced to the listing rules. It is inevitable that under the new rules, some companies might not be qualified for listing. There is,

however, very little the Stock Exchange can do to help companies which cannot satisfy the listing rules from going public.

- (b) The SEHK had previously considered the possibility of setting up a second board with less stringent listing requirements and had consulted the market in 1990. At that time, it was considered inappropriate to pursue that proposal primarily because the costs associated in obtaining a listing in Hong Kong would be prohibitively high for those smaller companies. Similar arrangements in overseas markets had also proved unsuccessful. Furthermore, experience has shown that small company stocks are more prone to market manipulation. The idea was, therefore, not further pursued. In the light of this earlier study, it is most unlikely that a second stock exchange with a different standard of regulation would serve the interests of the investing public or enhance the status of Hong Kong as an international financial centre.
- (c) A line must be drawn between companies which are suitable for listing and those which are not. This is clearly defined in the Stock Exchange's listing rules. The Administration fully supports the Stock Exchange's action to consult the market on important issues from time to time in order to keep pace with market development and balance a whole range of different interests. We can trust the Stock Exchange with the approval of the SFC to take a decision in the general interest of the market. There is no question of the Government discriminating against any particular company or type of companies as long as they are operating legally in Hong Kong.

### **Failure of taxi passengers to testify in court**

18. MR LEE WING-TAT asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the number of cases in the last three years, where taxi passengers who were the complainants and key witnesses in criminal cases against taxi drivers had failed to attend court to testify after having been summoned or notified to do so;*
- (b) *how many of the hearings of such cases had been adjourned because the taxi passengers concerned had failed to attend court to testify as scheduled and what were the reasons for their absence; and*
- (c) *what measures will the Government take to reduce the incidence of such absence so that taxi drivers who have to be away from work to attend court will not suffer financial losses as a result?*

SECRETARY FOR TRANSPORT: Mr President, the police have not kept statistics on the number of cases in which taxi passengers were required to testify in court as witnesses nor on those cases which had to be adjourned, rescheduled or suspended due to the absence of witnesses and the reasons for this. Complaints against taxi malpractices, the majority of which relate to overcharging or refusal of hire, can only be actioned if members of the public are prepared to give statements to the police and, if required, testify as witnesses in court. This has not been a particular problem as evidenced by the number of successful convictions. The conviction rates for the past three years are annexed.

A complainant will receive a formal summons under section 21 of the Magistrates Ordinance (Cap. 227) if he is required to testify in court. Failure to comply with the summons may result in a fine not exceeding \$5,000.

It is for the magistrate to decide whether a taxi driver should be compensated for financial loss. Under section 69 of the Magistrates Ordinance, if the magistrate is satisfied that the proceedings ought not to have been instituted or pursued against the defendant, he may order the award of costs, not exceeding \$5,000.

Annex

Conviction Rate on Taxi Malpractices (1991 to 1993)

<i>Year</i>	<i>No. of taxi offence cases proceeded by summons</i>	<i>Conviction rate of summons cases</i>
1991	164	86.0%
1992	212	62.5%
1993	300	78.2%

Note: These figures do not include prosecution cases where taxi passengers have not been required to appear in court as witnesses.

**Fire safety of daytime child-care centres**

19. MR WONG WAI-YIN asked (in Chinese): *Will the Government inform this Council of the total number of daytime child-care centres; the number of such centres which have not been provided with automatic sprinkler systems and the reasons for this; and what other measures are in place to improve the fire safety of these centres?*

SECRETARY FOR SECURITY: Mr President, there are 340 registered daytime child care centres.

Ninety-three child care centres are provided with automatic sprinkler systems.

247 are exempt from any requirement to install automatic sprinkler systems, because:

- (a) 117 centres were registered before 1987, when automatic sprinkler systems were not a requirement under the then Code of Practice for Minimum Fire Service Installations and Equipment;
- (b) 45 centres are smaller than 230 m<sup>2</sup> in floor area and, under the revised 1987 Code of Practice currently in force, are not required to provide automatic sprinkler systems; and
- (c) 85 centres with a floor area of greater than 230 m<sup>2</sup> are also exempt under the current Code of Practice as the occupants have direct access to open ground or a place of safety or refuge to await rescue.

All child care centres are required to provide portable fire extinguishers, emergency lighting and exit signs. In addition, centres registered after 1987 that have a floor area exceeding 230 m<sup>2</sup> must also install automatic smoke detection systems.

## **Motions**

### **RATING ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion:

“That -

- (a) with effect from 1 April 1994 the percentage prescribed for the purposes of section 18(1) of the Rating Ordinance is in respect of every tenement -
  - (i) in the Urban Council area -
    - (A) general rates 2.7%;
    - (B) Urban Council rates 2.8%;

- (ii) in the Regional Council area -
  - (A) general rates 1.1%;
  - (B) Regional Council rates 4.4%;
- (b) the prescribed percentage for the purposes of section 19(1)(b) of the Rating Ordinance in relation to each of the years beginning on 1 April 1994 and ending on 31 March 1995 and beginning on 1 April 1994 and ending on 31 March 1996 is 20%; and
- (c) with effect from 1 April 1994 the amount prescribed for the purpose of section 36(1)(1) of the Rating Ordinance is \$2,600.”

He said: Mr President, I move the first motion standing in my name on the Order Paper. This and the following two motions seek to implement revenue proposals in the 1994 Budget.

The motion before Members has three purposes. First, it seeks to limit the increase in rates in each of the financial years 1994-95 and 1995-96 to 20%. As a result of the regular, triennial general revaluation, the rateable values of all properties have on average increased by 33%, reflecting the increase in their rental values from 1 July 1990 to 1 July 1993. This percentage happens to be in line with inflation over the past three years, and well below the rise in property prices.

As I mentioned in my Budget speech and my concluding speech at the Second Reading debate on the Appropriation Bill 1994, the objective of the general revaluation is to ensure that the rates burden falls equitably among ratepayers in proportion to the value of their properties. While the rateable values have changed as a result of the revaluation exercise, the overall rates percentage charge remains at 5.5% as in 1993-94.

The proposed 20% cap on rates increase for two years is intended to reduce the immediate impact of the general revaluation on ratepayers. The effect of this measure is that the maximum amount which individual ratepayers will be asked to pay will be no more than 20% above what was paid in 1993-94. Similarly, the maximum payment in 1995-96 will be no more than 20% above the amount payable in 1994-95.

As a result of this rates relief measure, the increase in rates in 1994-95 would be substantially less than cumulative inflation since the last general revaluation and the full impact of any increase in rates payment arising from the latest revaluation exercise will be spread over the next three years. In dollar terms, this translates into an increase of \$53 a month for a small flat in 1994-95.

We estimate that about 80% of properties would benefit from the proposed rates relief cap. Public housing tenants, the largest single group of tenants in Hong Kong, will not be directly affected by the rates increase as their rents will continue to be set on the basis of affordability.

Since the implementation of our proposed rates measures under the Public Revenue Protection (Rating) Order 1994, the Commissioner of Rating and Valuation has received fewer objections to new rateable values than following previous revaluation exercises. This, I believe, is a fair indication that the public at large has accepted the new package on rates.

Some Members in this Council have clearly taken a different view. Indeed they have gone to some lengths to bring about a more generous concession on rates. I would like to make two points in response.

First, we should not view the proposed rates relief measure in isolation from the other Budget proposals as it is but one of a very broad range of concessions in the total package. The whole budget package has been put together after very careful deliberation and consultation with Members, and has taken full account of our financial well-being over the forecast period.

Secondly, the amendments to the present motion which some non-official Members had considered making go to the very fabric of Hong Kong's constitutional arrangements. Given our political framework, it is vital that the Administration should continue to have the authority to control the presentation of expenditure proposals to this Council and that we know what income to expect from lawfully-established revenues arising within Hong Kong over the coming financial years. The amendments which some Members had proposed earlier, if successfully moved, would seriously undermine the principles on which the stability of our political system depends.

The motion before Members also seeks to revise the split of the total rates revenue between general revenue and the two municipal councils in order to ensure that the two councils will get no more and no less than what they will require to carry out their planned programmes of activities in the next three years. We have taken full account of the effect of the proposed rates relief cap in working out the revised percentages for General Rates and Municipal Council Rates for the three years ahead.

Finally, the motion raises the minimum rateable value below which small properties are exempt from assessment from \$2,000 to \$2,600.

Mr President, I beg to move.

*Question on the motion proposed.*

PRESIDENT: Dr HUANG Chen-ya and Mr James TIEN have given notice to move amendments to this motion. I have directed that their amendments be printed in the Order Paper but that they may not be moved without the Governor's authorization under Standing Order 23. In the absence of the Governor's authorization, these amendments cannot be moved.

MR JAMES TIEN (in Cantonese): Mr President, the Financial Secretary mentioned in his Budget speech on 2 March that the Government expected a fiscal surplus of \$7.7 billion this year. The Liberal Party reckons that the Budget this year is very good. On the basis that the Government itself also puts forward the notion of "returning wealth to the people", the Liberal Party proposes that in the present financial year the 20% cap on rates increase be revised to 0.1%. The standpoint of the Liberal Party is to freeze rates increase for a year. If the surplus next year is as plentiful as this year, we will propose another freezing on rates increase; if the fiscal surplus is less, we will support a government move to increase rates. Based on that major premise, we will keep on liaising with the Government. We also carried out some consultation work previously. Many citizens signed their names to support the Liberal Party and the other two parties in the fight to freeze rates increase. The Government just said that the citizens had little concern about rates, and regarded the monthly increase of \$53 as acceptable or basically not a problem. That is an incorrect statement.

In the course of discussion we found, as you, Mr President, already pointed out, that under Standing Order 23 we were barred from moving an amendment. Subsequently, we wrote to the Governor, requesting him to approve the moving of an amendment by us and to meet the three dominant political parties of this Council. To our disappointment, the Governor, after receiving our letter on 11 May, replied on 16 May that we were not allowed to move the amendment. As regards our request to meet him, not a single word was mentioned. We think that he is acting contrary to his stand throughout of having an open and fair government. As regards the criticism levelled by Mr Donald TSANG against Members for fighting for "free lunch", the Liberal Party thinks that it is at variance with facts. Over the years, Councillors from the Liberal Party who represent the industrial and commercial sectors seldom put forward the concept of "free lunch". If the Government considers that whenever a political party proposes any amendment which will affect the revenue of the Treasury, it is then supporting "free lunch", this will be a very big misunderstanding.

The Liberal Party also has some queries about the interpretation of Royal Instruction XXIV. The Instruction prescribes that the Legislative Council shall not make any amendment to the effect that the future government revenue will be less than the present revenue. If our present amendment will cause a lower level of revenue this year than last year, we are of course barred from moving it. However, if our proposed amendment will result in the revenue of next year and the year after next being no less than this year's, why is it still barred?

Since both the Royal Instructions and the Standing Order have provided to this effect, we are at our wits' end.

Eventually, the Governor, in his reply to us, stated that one of the major reasons for not approving our moving the amendment was that he, as Chief Executive and the Governor of Hong Kong, could not allow the Councillors to amend the motion proposed by the Government. Such being the case, the Royal Instruction XXIV is basically nonsense and superfluous, as we do not understand in what circumstances can we move an amendment. Under that Instruction, whatever amendment proposal made by us will be overruled by the Administration led by the Governor. Then to what situation is that Instruction applicable?

We deeply regret this incident. In the motion debate today, the Liberal Party can only consider casting either negative or abstention votes. Nevertheless, I have to explain here why we cannot cast negative votes. If we do, the citizens of the territory as well as occupiers of industrial and commercial premises will have to face a rates increase of 34% instead of 20%. I indeed find it necessary to clarify this point.

Mr President, with these remarks, the Liberal Party will abstain from voting.

DR HUANG CHEN-YA (in Cantonese): Mr President, of late, in the wake of the Secretary for the Treasury's speech about a "lamb", the people of Hong Kong have been busy looking for this lamb. Who then is this lamb? Is it the Hong Kong Government? Is it the Secretary himself? Is it the members of the business community who were listening to his speech? Is it the Legislative Council? Or is it members of the public? I need say no more. I think that commentators on the matter have already drawn their conclusions. But I want to note here that, whoever the lamb may be, the fact is that the fleecer of the lamb is the colonial government which is the embodiment of dictatorial power. On the question of rates, Members including those from the United Democrats of Hong Kong and the Meeting Point, as well as others, have noted that runaway property prices in recent years have led to a sharp 33% increase in rates payment for the average citizen. This is a direct addition to citizens' rates payment burden. The Government now predicts that Hong Kong's economy will continue to flourish and that the Government's financial position will remain quite robust. This being so, we think that the Government can afford to allow a larger rates concession. We think that it is not enough for the Government just to cap this year's rates increase at 20%. This is why we have made a suggestion about moving an amendment to the Government's motion. But what have our three parties heard from the Government in response to our suggestion? In the course of discussion with us, the Government has hinted that, because the suggested amendment would result in a loss of revenue, it would make up for the loss by increasing other taxes, such as the profits tax. This is a threat.

Mr Donald TSANG, Secretary for the Treasury, told the press in April that, if Members insisted on moving the amendment, the Government would consider not tabling the rates motion at the Legislative Council; members of the public would then bear the full burden of the 34% rates increase based on the percentage increase in rateable values.

Mr President, the Secretary's words were akin to a threat and blackmail. He put the interests of members of the public on the bargaining table. Mr President, who is the real fleecer of the lamb?

Subsequently, the Government decided to table the rates motion at this Council after all. Our three parties then met the Legislative Council President by appointment to find out if a motion to amend the Government's motion would be barred under the Standing Orders or under the Royal Instructions. The President, relying on his interpretation of the text, concluded that we could move an amendment subject to the Governor's approval. So, last Wednesday, we wrote to the Governor requesting a face-to-face talk on the issue. But we learnt the Governor's response from the press the day before yesterday. The Governor would not give our three parties a chance to explain why we wanted to move the amendment. He invoked his power under the Royal Instructions and categorically rejected our three parties' suggestion about moving the amendment.

Mr President, let me ask again. Who is the fleecer of the lamb? On whether the rates burden on members of the public should be lightened, the Government has used the following arguments:

First, the Government is of the opinion that, because rates are a broadly based and predictable source of revenue, our suggested motion will weaken the revenue base and greatly hinder the Government's collection of revenues. But the fact is that, according to a government analysis, if rates are not increased this year, the revenue from this source, as a percentage of total revenue, will merely decline from 4% to about 3%. Actually, this ratio was maintained at between 3% and 4% from 1990 to 1991. Nor has it changed significantly in the more recent years. Generally speaking, the ratio has not been significantly affected by the marginal changes in rates percentage charges. No matter how it changed, the revenue from rates has been insignificant compared with the revenue from annual land auctions.

The Government says that a decrease in revenue from rates will mire it in a financial crisis. It is in fact concocting its own crisis. We will not buy its argument.

Second, the Government is of the opinion that rates payment does not constitute a significant burden on members of the public. It stresses again and again that the rates increase in the new fiscal year will add only \$53 to the monthly expenses of an average household. This is its ground for thinking that any impact on members of the public will not be significant. In his response to

Members' letter, the Governor writes that the Rating and Valuation Department has not received many recent complaints from members of the public who find the reassessed rateable rental values excessive. We think that a further rates concession should not become a numbers game. We believe that the question to be answered is whether such a concession is due and whether it will be reasonable.

In each of the past few weeks, many members of the public responded to a signature campaign of the district branches of the United Democrats of Hong Kong. Many, upon receipt of their new rates payment notices, contacted us and wanted us to fight for a further concession. I believe that Members have in recent days heard on the radio many complaints from the public about the size of the rates increase. Is the Government willing to listen to these bleats of the lambs?

The Government is against Members' moving an amendment and the Governor refuses to let this Council discuss the question of rates. In the final analysis, the Government's intention is to show that it is a strong government. It has decided not to let this Council move an amendment on an important issue, for fear that this Council's doing so will hurt its face and undermine its governing power. Let us look at the rest of the world. Wherever a government is elected by the people, its spending and taxation powers are held by the legislature. In the United Kingdom, where taxes can be raised only at the Government's initiative, the House of Commons has the power to cut back on any proposed tax increase. Let us now look back at Hong Kong. We are in a far worse position. No matter how well developed it may be economically, Hong Kong is politically a colony at best. It was so yesterday. It is so today. Nor, I am afraid, will it change much tomorrow. This Council has limited power of review over financial matters, not to mention the fact that our Governor and high-ranking officials do not derive their power from the people. They derive their power from so-called constitutional instruments based on decisions made by the colonial government over 150 years ago. These constitutional instruments not only limit the development of democracy in Hong Kong, but also deny the citizens and the Legislative Council the powers that are enjoyed by the citizens and legislatures of other democratic countries. The Legislative Council is hampered and cannot oppose the Government's unreasonable decision on rates.

The people of Hong Kong must see that the power over the public purse strings is an important power. This Council must be able to supervise the Government's spending programmes so as to ensure that taxpayers' money will not be wasted but will be spent on public services needed by the citizenry. Moreover, this Council must have the power of review over revenue measures so as to ensure that the Government will not impose excessive levies of sundry kinds on the citizenry. This Council should have the power of review over spending programmes and revenue measures and should exercise this power in accordance with the wishes of the citizenry. Such power of the Legislative

Council is all the more important because our so-called “executive-led” government is really an “executive-dictated” despotic government.

Mr President, in the 18th century, Mr William PITT, who was Britain’s Minister of the Army and later Prime Minister, said something in the House of Commons about a stamp duty to be collected from North America, then still a British colony. He said, “We can exercise all the power that we have, but we have no power to take money from their purses without their approval.” Of course, Hong Kong, as a British colony, has long stopped paying tribute to the United Kingdom. But the people of Hong Kong have so far never had power over the public purse strings. Therefore, this Council must from now on strive to win more purse-string power from China and the United Kingdom. In this way, the Legislative Council will be able to protect the citizens’ interests fully.

Mr President, I so submit. All 13 of us from the United Democrats will abstain from voting on this motion.

MR JIMMY MCGREGOR: Mr President, I want to say that I believe that the concerted opposition by political parties represented in this Council to the rates increase is political in nature and most irresponsible when considered in the context of the taxation system in Hong Kong. Every Councillor knows that the Hong Kong taxation system is one of the best and most efficient in the world. The levels of taxation are consistently low and the operation of the system is devoid of sudden changes of policy direction and of sudden sharp increases in specific taxes.

The Hong Kong tax system has been for decades the principal attraction for very large numbers of foreign investors, traders, industrialists and service industry specialists. The stability and continuity of the Hong Kong tax system is a central plank in our highly successful economic and social systems.

Within this system, rates are a stable, easily calculated and understood element, difficult to avoid, broadly progressive in effect, broadly based and operating within an efficient system of calculation and application. Rates are a tax on consumption rather than a tax on endeavour.

I am sure that many will agree with me that it is dangerous to attempt to interfere with a long established system of taxation where the rules of application of increases have been followed by the Government. It is also the case that the Government has taken the necessary action to ensure that no ratepayer will be charged increases that substantially exceed the inflation rate.

Nevertheless, many Councillors have taken an extremely negative view towards the rates proposal. I believe that there is undoubtedly a political element in this general offensive against rates increase. It seems to me that political parties see great advantage in attempting to prevent what many would regard as unexceptional increases in order to curry favour with voters. This is

an item of great interest to everyone in Hong Kong. We would all like to pay less in rates. At the same time we would all like to have better and more efficient services. We complain bitterly that the Government does not do nearly enough in caring for our urban environment. We urge the Government to spend more on the environment, law and order, water and sewage services and so on. When the Government seeks to obtain the money to do so, we act in concert to prevent it.

Some of us will vote to support the rates increase. A large number will not and in doing so will perhaps prepare the way for further future attacks on the Hong Kong tax system not because proposals are unreasonable or radical in nature but because the negative view has a positive political effect with voters. I am sorry to see this development. The Hong Kong Democratic Foundation agrees with this view and I think many businessmen who are not perhaps in this Council will also agree.

MRS ELSIE TU: Mr President, as a member of the Urban Council I need to declare an interest. I would like your ruling as to whether or not I should vote.

MR PRESIDENT: You do not have a direct pecuniary interest in this motion, Mrs TU. So you are entitled to speak and to vote if you wish.

MRS ELSIE TU: Thank you, I will not speak.

MR RONALD ARCULLI: Mr President, the Liberal Party sought, unsuccessfully, to effectively freeze rates at their pre-April 1994 levels. We did so because of buoyant revenues. We did so because we believed then, and indeed we still do, that the Government should take the opportunity of leaving money where it would do most good, namely, in the pockets of ratepayers.

Indeed the Financial Secretary, in opening his Budget for 1994-95, referred to four expectations. The third of those expectations that he outlined is directly relevant to the issue on rates and I will quote the Financial Secretary, and he said this:

“Thirdly, in a year of buoyant revenues, the Government should take this opportunity to leave money where it can do most good, in the pockets of the taxpayers.”

Surely, Mr President, ratepayers are also taxpayers. The sad part about this entire episode is that the Administration knows that we cannot vote against the cap proposed. I say sad because if we vote down the resolution, ratepayers will wind up paying more.

In these circumstances I believe that it is right for Members of this Council to abstain from voting. I believe also that it would be quite an incredible day for us here if the resolution were only passed by the three Official Members and perhaps a fourth or a fifth.

Mr President, I think we should try and send a clear message to ratepayers of the solidarity, if possible, of the non-official Members of this Council. The Liberal Party members will abstain on this motion.

MR FRED LI (in Cantonese): Mr President, amongst the 12 animals representing the 12 Earthly Branches by which the lunar years are designated, I was born in the Year of the Ram. Hence, I think I am most qualified to comment on the article *The Silence of the Lamb* published by Mr Donald TSANG Yam-kuen, Secretary for the Treasury, last Friday. I cannot remain silent any more. Despite the fact that Mr TSANG has said, “my fellow lambs” in the last part of his speech, I do not regard him as my fellow. In fact, he is a tiger in lamb’s clothing.

In these couple of months, the Government has, through the media, through the Governor, through interview with Mr TSANG and through Members of the Executive Council, repeatedly criticized the three political parties for advocating rates relief, I have to ask these questions: who are the silent ones? Who are the ones with so much power? The joint advocacy for reduction in the percentage of rates increase by the three parties (the Meeting Point, the United Democrats of Hong Kong and the Liberal Party) is based on reason and thorough research. We are aware that the Government’s finance is in a healthy state. We do not understand how advocacy for rates relief would in any way cause damage to the executive-led Government and affect the stability and prosperity of Hong Kong. There are criticisms that we are doing it for votes. Mr James TIEN has already said that not many people would believe that the Liberal Party cherishes the idea of “free lunch”. On this occasion, the three parties have not fallen victim to the Government’s divisive tactics but have united throughout to exert pressure on the Government. Unfortunately, we have reached a dead end today. Basically we can move no further, not even one step forward. Who are the real lambs on this occasion? This incident makes us recognize that our power is restrained under Article 2 of Chapter 24 of the Royal Instructions which is also the basis of Standing Order 23 of the Legislative Council. I do not intend to challenge the decision made by the President of this Council. However, the Government has repeatedly said that if any Member moves an amendment motion on the Rating Ordinance, the Government will then withdraw the motion altogether and Legislative Council Members will then have to be responsible for the consequence of full increase of rates brought to bear on the public. Words like these have time and again come from the lips of Mr TSANG, a high-ranking government official. Who really are the lambs?

As all the executive powers are in the hands of the Government, it has the power to decide whether to move the motion in this Council or not. We cannot even move any amendment. Who actually has more power? Legislative Council Members, whether directly or indirectly elected, have the mandate from the public. Government officials, though not elected by the public, can however command abundant resources and forceful weapons. In this incident, Legislative Council Members are very disappointed and we cannot remain silent any more.

We, Members from the Meeting Point and the United Democrats of Hong Kong, will, after we have abstained, leave this Chamber in order to express our strongest discontent and to protest against the Government for not listening to the public on this matter and turning a blind eye to the petition signed by tens of thousands of people. We also express our strong indignation that the Governor refused to meet Members of the three parties to discuss the issue.

MR TAM YIU-CHUNG (in Cantonese): Mr President, initially I did not intend to speak on the issue of the substantial increase in rates because it has already been discussed in the Budget debate and there is no point in discussing it here again. However, the Democratic Alliance for the Betterment of Hong Kong has received a telephone call this morning from a member of the public asking me to reflect the true picture of the public's views to this Council. The caller has remarked that the Governor's statement made a few days ago that the public does not object to the proposed rates increase seems to suggest that the public agrees to the proposal. In fact, the public very much resents the proposal.

The Democratic Alliance for the Betterment of Hong Kong has gathered views from the public over a period of time and found that the public very much resents the idea of a spectacular rise in rates and does not see eye to eye with the Administration. Besides expressing the public's discontent, I would also reiterate that the problem of rates is closely related to property prices, land prices and, in particular, rental values which are the basis on which rates are assessed. High land prices, rising property prices and soaring rental values have been pushing the rates up over a long period of time. Despite occasional adjustments of the rates percentage charge made by the Administration, the public can hardly afford to pay the rates. I have recently related to the Financial Secretary that we hope the Administration will review the rates system so as to avoid disputes on rates increase similar to those which have occurred in recent years and to develop a system which is acceptable to all. Under the present system of rates assessment, the Administration has to deploy considerable manpower. Even with plenty of specialized staff, assessment of rates often takes half a year as rates have to be reassessed every three years. Anyone who is dissatisfied with the assessment can also appeal. The whole process, which consists of a number of procedures, takes up a lot of staff and time. Can the Administration take this opportunity to examine the system with a view to lessening the public's burden and alleviating grievances in future rates increase? I again urge the Administration to review the rates system.

I will abstain on the motion but I will not leave this Chamber. Leaving the Chamber as an expression of protest is rather common and it occurs also when Members have other matters to attend to or when they simply want a break themselves. However, I will abstain. I certainly will not vote against the motion because that will increase the public's burden. The advantage of an abstention is that it can reflect the public's rejection of and resentment against the proposed massive increase in rates.

MR JAMES TO (in Cantonese): Mr President, today is a tragic day because the Government will once again invoke its suppressive colonial laws to suppress the representative base of the Legislative Council where Members possessed with a popular mandate sit. The Financial Secretary said in his speech that the amendments which some Members had proposed earlier, if successfully moved, would undermine the stability and prosperity of Hong Kong, as well as the principles on which the stability of our political system depended. I would like to tell the Financial Secretary that if the power to levy taxes is not granted by the Legislative Council but by the executive branch of government — a colonial government with no popular mandate — then this executive branch's ability to override the Legislative Council, where public opinion is represented, derives from the British armed invasion, followed by possession, of Hong Kong over 100 years ago. If there is any impact on the prosperity and stability of Hong Kong, the responsibility will certainly rest with the present Government because it does not seek to solve problems through a legal system, a parliamentary system rather, but tries to force through a revenue measure and in the process hopes to provoke people to open rebellion. In other words, it is tantamount to saying, "If you people can start a revolution by taking to the street and overthrowing the colonial government, then go ahead and do it!" This will only push the people into a blind alley and this will only undermine the prosperity and stability of Hong Kong.

I would also like to remind Governor PATTEN not to practise verbal democracy. He is indeed not elected by the people of Hong Kong. If there comes a day when Mr PATTEN becomes the British Prime Minister after his return to the United Kingdom, then he can do whatever he likes on the taxation front if he is so authorized by the British people, because he can rely on the support of his party commanding a majority in the Parliament. It is a system based on popular election and on public opinion. But now we are in Hong Kong. I hope Mr PATTEN will not talk tough. It will be to no avail just to appear tough. In fact, it is only tyranny if power does not come from the people. I heard from Mr Jimmy MCGREGOR that Members' opposition to rates increase is only a kind of political posturing. This comment is to me very repugnant. There are political factors in all issues ranging from tax levies, tax increases or tax concessions to amendment proposals raised by the Government or even debates on whatever subject. In a pluralistic society, it is only normal to have a diversity of views and the levying of taxes just happens to be a particularly sensitive subject. If someone says that it is political to oppose any

revenue measure, then I wonder if we should say yes to all proposals by the Government.

Under the existing system, the basis for the division of power is clearly suppressive. We, Members, must, through a concerted effort, lobby the United Kingdom for amendment of this part of the Letters Patent and the Royal Instructions which gives the Administration the power in question. Such amendment will further enhance the democratization of Hong Kong in the latter part of the transition period. If the current system is retained and Hong Kong continues to be led by a government possessed with no mandate from the people, our society will be polarized and the relationship between the Government and the Legislative Council will be directly undermined. Maybe, after today, the basis of co-operation between the two will exist no more.

With these remarks, I will abstain from voting and I express my regrets over the Government's action.

DR YEUNG SUM (in Cantonese): Mr President, the tax system of Hong Kong is basically renowned for its efficiency and its low tax rate. The Honourable Jimmy McGREGOR observed a moment ago that our tax system was a central plank in our successful economic system and that rates were a stable element which was progressive in effect and therefore was difficult to avoid. I agree absolutely with these two points. The levels of taxation in Hong Kong are low and rates are a stable element in our tax system which is difficult to avoid. Having made these two points, we have got to look at the reasons behind the current rates increase proposed by the Government.

Awash with cash and with an ample surplus to the tune of over \$7 billion to boot, the Government seeks to reduce the rate of profits tax payable by the business sector by 1% just because the Government says that the revenue is "sufficient". For those who can afford to take air journeys, the Government not only does not increase the Air Passenger Departure Tax but seeks to cut it down from \$150 to \$50, also because the Government says that the revenue is "sufficient". On the one hand, the Government is awash with cash to the extent that it can afford to collect less tax from those who make profits and those who go on air trips. However, on the other hand, all those who have a roof over their heads, regardless of whether they are rich or worse-off, have to bear a rates increase. This is illogical. The major issue that we have to discuss today is not the nature of rates, nor the nature of the tax system of Hong Kong. We should rather focus upon whether the Government, with a huge fiscal surplus on its hands, should levy more rates on every dweller, with neither exception nor exemption? If our Government is penniless but yet has to commit itself to a lot of social services, I believe the public will not oppose a tax increase under such circumstances. However, this is not the case before us. Even if the Government has an enormous surplus, it will not use that money because the rate of growth of public expenditure basically cannot exceed the economic growth rate of 5%.

Therefore, the Government is bound to furnish an explanation for the rates increase under the favourable condition of having a sizable surplus.

The Secretary for the Treasury has recently made a speech entitled *The Silence of the Lamb*, describing how the Hong Kong Government is miserably being fleeced. Who in fact is the lamb that he is referring to? Facing the general public, the Policy Secretaries should have no reason to worry or to vent their grievances so frequently because the political system or the constitutional structure of Hong Kong is basically safeguarding the interests of Policy Secretaries. Under our Standing Orders, no Member shall move any motion which has a bearing on the Government's revenue or which will increase the Government's public expenditure. This provision has in fact safeguarded the Secretaries in that the Budget is in fact within their control. What we express here in this Chamber has no actual impact on them. Although some remarks may be particularly critical and the words may offend their ears, political power is firmly in their grip. These provisions are spelt out in clear terms in the Standing Orders. In the present case, we three political parties sought to reflect public opinion but the Governor flatly gave his refusal invoking the power conferred upon him by the Letters Patent and the Royal Instructions. The public can therefore see clearly who is in fact controlling Hong Kong. Who is holding the shears fleecing the lambs? Obviously, it is the Government — the Policy Secretaries and the Governor! I would also like to clearly point out that none of them need shoulder any political responsibilities. The Secretary for the Treasury said that the Councillors did not need to shoulder political responsibilities. This is plainly wrong. For any commitment made by the Councillors, the public would count them one by one after four years when they stand for election again. The Councillors do have political risks. They do have political responsibilities. It is the government officials who are basically free from political risks. So long as the Governor does not transfer them from one post to another, they can still hold their positions firmly no matter whether they commit any wrong or not. Even if the Governor himself makes mistakes, he bears no risk. Therefore, under this kind of political system, there is nothing easier than being a government official. How come they still keep on grumbling?

I have one more point to raise. The Governor has set an extremely bad precedent by not giving his authorization for Members to put forward an amendment motion. As our future Chief Executive is not returned by a one-man, one-vote election system, that is, he is not elected democratically, he will repeatedly use such power which is based on this precedent. As this power has been used before, it would be in order if our future revenue-related motions were vetoed the second or even the third time. This is really a regrettable case.

With these remarks, Mr President, I will abstain.

MR FREDERICK FUNG (in Cantonese): Mr President, I have quite a variety of observations on the financial arrangement by the Administration. I think to some extent a social effect is created by paying tax, raising tax or reducing tax. This social effect is of help to people of different levels of income. For example, progressive taxation imposes a higher tax levy on people of higher income. However, if the taxation is of a uniform type, then the way of levying tax will be the same for the poor as for the rich. These two modes of taxation produce dissimilar effects in terms of distribution of social wealth.

I think there are improper adjustments in regard to the revenue proposals of this year, and these adjustments are also what I disagree with. These include profits tax which the Administration is proposing to reduce by 1%. Actually, I fail to see any special circumstances justifying a reduced profits tax to be imposed on the industrial and commercial sector. Reduction of air passenger departure tax is another item that I disagree with, but I will elaborate on it under another agenda item. Usually only people of higher income can afford to take frequent air trips and buy expensive air tickets. But we are seeing a proposed \$100 reduction in the air passenger departure tax from \$150 to \$50. It is obvious that this is a tax concession granted by the Administration to people of higher income.

Now let us turn to rates. Actually, everybody lives in housing accommodation which is property, and rates will be raised with respect to all property. Although the Administration has said that the rates cap of 20% will apply across the board, yet alternatively, I think we can adopt a kind of progressive scale for rates. Whilst I do not subscribe to using a progressive scale that is too complex, I think we can make a simple classification. For instance, there is basically no need to grant any relief to commercial premises as commercial premises are for commercial purposes. It is the cardinal principle of business that “whatever one gets, one pays for it”. That is to say, whatever profits that have been made were already covered in the markup price of the merchandise. Therefore, I do not think it is necessary to grant any rates relief to commercial premises.

The only matter we have to look into is whether there is the need to grant domestic premises varying degrees of rates relief. To my way of thinking, there is no need to grant rates relief to luxury premises, that is, higher-value property. Since the owner of such property can afford to buy it for a few million or even over 10 million dollars, a rates levy of 34% is relatively low, and is “small beer” to them. However, rates of a few hundred dollars a year are rather high for people of low income, especially elderly people who are owners of one flat and who sustain their livelihood with rental income. Concerning rates relief for domestic premises, as it is defined by banks that property valued over \$5 million is classified as luxury property, I am using the same definition. And I propose that property over \$5 million in value should not be granted any relief, but those less than \$5 million in value may be granted relief in that the rates may only be raised by as much as 10%.

I had published such a proposal before, but I knew that I would not have sufficient votes to support it, which was why I had never put the proposal to the Administration. Yet I hope that the Administration will take this into consideration when it works out a rates policy in the future to see if the rates policy ought to incorporate a differentiating or progressive scale of levy.

With these remarks, I will abstain from voting.

DR TANG SIU-TONG (in Cantonese): Mr President, what has aroused the biggest controversy concerning this year's Budget is the issue of rates. In the Budget debate on 23 March, we pointed out that what the Budget said about "returning wealth to the people" was not true because this year's tax reduction could not benefit all and most grassroots people had to suffer from the increase of rates. Members of this Council have requested the Administration to freeze the rates for one year, or reduce the rates percentage charge or cap the increase at a lower level. Our request is in fact a faithful reflection of what the majority of the public wants. However, the Governor has said that the public does not consider the increase of rates unreasonable and the increase is not a matter of concern to the public. This is entirely his personal opinion and is indeed a distortion of the public's views. I definitely cannot accept this kind of sophistry.

Last week, the Secretary for the Treasury, Mr Donald TSANG, put forward a lamb theory .....

PRESIDENT: Dr TANG, I do not think that is part of the motion. But it is out of order to refer to the Governor or any public figure as telling a lie. I hope you will rephrase that part of your remarks.

DR TANG SIU-TONG (in Cantonese): Very well, I withdraw what I have said about the Governor. Let me now continue my speech.

Last week, the Secretary for the Treasury, Mr Donald TSANG, put forward a lamb theory, delivering a scathing criticism that Members' opposition to the increase of taxes and other charges was nothing but the politicians' means of appeasing their voters. He also said that the Administration was like a lamb to be slaughtered. What the Secretary said is in essence self-contradicting and his objective is to maintain the executive-led political structure. The alleged damage to the Administration's credibility is in fact a pretext of the executive dictator. Mr TSANG has compared this Council to a butcher and the Administration to a lamb to be slaughtered. This is obviously a reversal of black and white. The lamb to be slaughtered is not the Administration but the 6 million Hong Kong people. The fleecer with a shearing machine in his left hand and a butcher's knife in his right is not this Council but the executive-led government. The way to good government is to understand the feelings of the people. However, the Governor has taken the distorted public views as the true

sentiments of the people. In so doing, he is destroying the Administration's credibility himself.

Members' request for a revision of rates has not undermined the robust financial position of the Administration. Faced with the fact that this Council is subject to the Royal Instructions as to the limits of the Council's power to review colonial taxation and with the fact that the Council is thus being relegated into a rubber stamp and hand-raising machine, Members really can do nothing other than to admit their helplessness. This incident can clearly reflect that under the strong government led by Governor Chris PATTEN, some Members rallied round the Administration as its shield or fall guy during the Sino-British dispute over the political system; yet when it comes to matters relating to the people's livelihood, the role of this Council is but a rubber stamp.

Mr President, given the Royal Instructions and the Governor's refusal to approve the moving of an amendment, the decision to increase rates is virtually irreversible, and the passage of the motion is only awaiting the ritual of rubber-stamping it. Any in-depth debate and strong opposition will only be useless wailing with absolutely no effect on the outcome. However, I have learned something today. As an independent Member not belonging to any political party, I am by no means inferior to any large political party in this Council. I cannot help saying that I am not at all alone. Just take a look at the Liberal Party which claims to be the largest political party in this Council. What can it do to amend this motion on rates? Even with the support of the future largest political party, that is, the Democratic Party, with whom the Governor makes eyes, the result is still the same. This means that independent Members and Members from political parties are in fact the same because their pleas are equally to no avail. Under the current British government system, what else can the Legislative Council be besides a rubber stamp? I think it is time those Members who considered this Council to be an organ of power and supreme institution work up from their dream.

Today, in order to express my resentment against this motion and the Administration's distortion of the views of the public, I will vote against this motion. I will also challenge the political parties in this Council by asking them if they have the guts to stand out and vote against this motion since they also disagree with it. Finally, I hope that the Administration will accept the views of this Council and move another motion.

MR ANDREW WONG (in Cantonese): Mr President, I would like to say a few words. I have said these words before. I said them at the close of the 1991 elections. I said, "When you hold a combination of two magic swords, you are invincible." Today, somebody is holding a combination of not just two magic swords, but three, four, five or even six of them. The Government can hardly parry the thrusts. The Secretary for the Treasury Mr Donald TSANG says that, if this goes on much longer, the Government will withdraw its motion. Should

that happen, we would not even have a “cap” on rates. Therefore, if the political parties go on playing their games, the whole thing may blow.

I do not want to talk about political or constitutional matters. I just want to express my long-held views on rates. I said in 1992 that rates were the fairest tax, since they were collected according to the ratepayer’s ability to pay. A better-off family lives in a better home, which of course has a higher rateable value. So it pays more in rates. A worse-off family lives in a cheaper home and therefore pays less in rates. So rates are a fair tax. Other taxes are not necessarily fair. Examples are duties on tobacco and alcohol. If you drink, then you pay the same amount of tax whether you are rich or poor. The tax allowance for salary earners will be sharply higher in the new financial year. (This is a good thing.) Far fewer working people will be caught in the tax net. So it is all the more necessary to promote a revenue system which is fair to all. I said so in 1992. I said so again in 1993. I am saying so yet again now.

I have great sympathy for the “silent lamb” mentioned by Secretary TSANG. I do not know who that lamb is. Mr Fred LI was born in the Year of the Ram. He probably does not know that I, too, was born in the Year of the Ram. I am now 50. Mr LI is perhaps 26; he looks that age. The political parties say that the Government is playing a game. They themselves are playing a game in an even bigger way. The Government is probably becoming impatient. The Government used to be a tiger; it is now probably a lamb in a tiger’s clothing. (Mr Fred LI said so a moment ago.) The major political parties are holding shears in their hands. They want to fleece the Government. (Nor will they spare me.) That they should try to fleece me is no big deal. It will expose my true face.

I will say once more. I hope Members will hear and understand. Rates are a fair tax. They are collected from the ratepayers according to their ability to pay. If we say that the Government is rich, we can ask it to cut other taxes. But we must leave rates alone. The rates percentage charge now varies from year to year. It varies between 4.5% and 7%. Why? The reason is that rateable values are not linked to the annual Budget. Under the Rating Ordinance, the Rating and Valuation Department assesses the rateable values of all units of property. But it does not do so every year. It does so every three years. This being the case, after property prices have gone up in the meantime, it is not right to continue collecting rates at 5.5% of the rateable values assessed three years ago. So, after each rateable value reassessment, the Government begins by lowering the rates percentage charge. It then raises the percentage again in the following years, doing so little by little each year until a specific value is reached. This is why the rates percentage charge sometimes rises and sometimes falls.

In 1992, I made a proposal about rates. I do not intend to repeat this proposal, because the Financial Secretary has already said in his latest Budget speech that the Government intends to study the issue. However, I suggest that the Government should each year make a projection. I mean that, pending the

next reassessment by the Rating and Valuation Department, the Government should project the amount of rates to be collected each year and then collect rates according to this projection. If this is done, the rates percentage charge will not have to change each year but may remain fixed at 5%, 5.5%, 6% or whatever. Then, everybody will know what the rates percentage charge is. Nor will the percentage charge sometimes rise and sometimes fall. Rates will rise as property prices go up. I understand that property prices can go up rapidly, faster than inflation. But that is another matter. We should use other methods to hold property prices down. We must not mix apples with oranges.

I quite agree with Mr TAM Yiu-chung, who says that the entire method of collecting rates should be reviewed. Still, the rates percentage charge should not be linked to inflation. I think that there should be a gap between the two. Property prices go up and down. They will decline, for instance, when the supply of property is ample. When property prices have fallen, will you still insist that the rates percentage charge should go up with inflation? Certainly not. So I think that the two concepts should be kept separate.

I have made a lot of suggestions concerning the rates collection system. That, I think, is what we should be thinking about. Whether the Government's financial position is robust or whether taxes should be cut is a separate matter. I think that, even when taxes have to be cut, rates should not. This is because, as I have said earlier, rates are a very fair tax payable by everybody. In the coming year, the tax allowance for salary earners will rise sharply. The Government's revenues from salary tax will decline sharply. In these circumstances, the Government must maintain a sound tax net.

Mr President, the second point that I want to talk about is the constitutional question, that is, the question of procedure. The constitutional question is a question of the separation of powers between the executive and the legislative branches or, in other words, a question of relationship between the two. We know that in the United Kingdom (the example mentioned by Dr HUANG Chen-ya just now), Members of Parliament can amend, with a view to increasing tax or otherwise, revenue measures proposed by the Government. In the United Kingdom, there must be an affirmative resolution for each expenditure item so as to have an approved "vote of funding". The approved "votes" are then consolidated into an Appropriation Bill. Similarly, for every proposal to increase or reduce tax, there must be an affirmative ways and means resolution. The approved "funding votes" under the adopted resolutions are then consolidated into an Appropriation Bill. The Bill is then tabled at Parliament. No Appropriation Bill may be tabled at Parliament except in accordance with such a procedure. But only the Government can introduce a resolution. Members of Parliament cannot.

I am most grateful to Mr James TO. When he criticizes the Hong Kong Government, he also mentions the differences between the United Kingdom and Hong Kong. In the United Kingdom, the party in power always has the majority in Parliament. It therefore can do whatever it wants. But this is not

possible in Hong Kong under the existing system. Nor will there be a different system under the Basic Law after 1997. Therefore, other countries' systems should not be introduced to, and applied rigidly in, Hong Kong. I have studied the purse string powers of over 100 legislatures in the world. I will now cite a few cases for Members' reference.

France is like this. The National Assembly can cut the revenue from a certain source but must compensate by collecting more revenue from another source. The National Assembly has the power to lower the government's revenues but must at the same time cut certain spending programmes. Deputies to the National Assembly can lower the government's revenues only if they can stand the pain of cutting spending programmes. Can we ourselves stand this kind of pain? We must not make a mountain out of a molehill simply because the Governor refuses to let Members move an amendment to a government motion. I think that Members are not behaving like magnanimous leaders or like political parties with class. If we think that there is a constitutional question, then we must come to the point and say how things should be improved. If we want the Legislative Council to have full power over the public purse strings, then this Council will not be exercising supervision or monitoring. It will be exercising control and dictatorship instead. That I will certainly oppose. Such a system will evolve into a super-government in which executive and legislative powers are not separate. The achievements of western countries are due not so much to their democratic elections as to their keeping executive and legislative powers separate. Without the separation of powers, one group of people will monopolize power and that will be very dangerous.

Mr President, I do not intend to deliver a long pedagogic speech today. Nor do I want to take anybody to task. I do not know Members' motives and I do not want to speculate on them. However, I do think that we are dealing with a very solemn issue. We should all think carefully. I agree very much with the comments made a moment ago by Mr Jimmy MCGREGOR. It is a pity that he has joined a political party called "The Democratic Foundation". I hope that he will leave that party and become an independent.

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

MR ERIC LI (in Cantonese): Mr President, I have listened very patiently to the speeches by Members. I am also grateful to Mr Andrew WONG for his having taken us back to the theme of "tax" which is the subject of this debate. What other Members said seems to have something to do with the power of the executive and legislative institutions and to have focused on the way these two institutions vie with each other for power. The debate today sounds more like one on the division of power.

My understanding is that in many democratic countries the budget is subject to parliamentary scrutiny as one whole integral package. Even when the opposition wants to oppose the Budget, the usual course is for them to take to

vote against the entire Budget or to threaten to block its passage. Only then will they have the edge to negotiate with the ruling party. Never will the opposition single out one or two tax items for patching up or, as Mr Jimmy MCGREGOR has put it, for “scoring points”.

We already debated the Budget some time ago. It looked as if many colleagues had accepted or indicated that they would accept the Budget as a whole. However, when it comes to formally endorsing a certain tax item now, they begin to seize on the vulnerable points, and some of the remarks even smack of elevation of the issue to unrealistic and dizzying heights. Whilst the public-spiritedness of Members from the political parties in serving the community is commendable, I cannot help but feel that on this occasion the way political parties make use of the peculiarities or characteristics of Hong Kong’s political system to challenge the authority of the Administration is self-contradictory. The Administration, on the other hand, also makes use of the characteristics of the political system to put up a defence. However, it is obvious that, on this occasion, after crossing swords both sides have come away with injuries.

Members of the public have great expectations of both the Administration and the political parties. In any event, I will absolutely be loath to see today’s debate degenerating into an emotion-venting exercise and war of words after which nobody will ever care how to redress the poor working relationship that we have this year in order to make next year’s Budget more reasonable and thus more acceptable to the public.

MR VINCENT CHENG (in Cantonese): Mr President, I originally was not preparing to speak, but I feel that I must say a few words now. I agree with Mr Eric LI’s views very much, and I also support most of the views of Mr Jimmy MCGREGOR and Mr Andrew WONG. I do not agree with certain part of Mr WONG’s speech because I do not understand it.

I feel that we should examine the Budget as a whole instead of singling one or two tax items out from the others. If the Budget is cut into bits and pieces, it will become an amorphous mass of proposals, and it is difficult to predict what the implications will be.

Secondly, we have already been offered a drastic reduction in salaries tax. Since such a large number of people will be extricated from the taxation net, if we make further reductions in rates, then obviously the major part of the tax burden will fall on the middle-class people. Will such a society be a very fair one?

Thirdly, my personal opinion on rates is that no parties or individual Members have expressed very strong views on the issue beforehand. Although there are complaints from the public (I believe there are complaints from the public whenever there is an increase in any kind of tax), they are not so grave.

However, I have no wish to see today's debate becoming a political one and to see the whole incident being represented as certain Members' attempt to win more votes for themselves. In fact, this is not a proper way to talk. To a certain extent, this will of course pose a little problem for certain members of the lower class of our society, especially some old women or those who rely on rental income. However, whenever taxes are revised, it is always impossible to take into consideration the way each and every member of the public will be affected.

On the other hand, the Governor's refusal to grant authorization, though not unacceptable, smacks a little bit of unfairness. I am not saying that the Governor does not have the right to do so. However, if we say in the Legislative Council we have to develop a parliamentary system of government for Hong Kong on the one hand, but refuse to accept the views of the majority of Members on the other, we can hardly convince people. My personal view is to see how events will unfold if this motion is voted down and to let Hong Kong people decide for themselves who will be responsible for whatever consequences that may ensue. If they do not like what is going on, they will voice their opinions. If we keep saying our opinions are correct and refuse to let Hong Kong people develop Hong Kong for fear they will pay a heavy price, then there must be some problems with Hong Kong.

Mr President, I support the Administration's motion.

MR ALBERT CHAN (in Cantonese): Mr President, just now Mr Vincent CHENG said that he neither supported nor understood part of Mr Andrew WONG's speech. I think he probably was unable to understand 99% of Mr Andrew WONG's speech. Before the commencement of this sitting, Mr LEE Wing-tat and I .....

MR ANDREW WONG: Mr President, point of order.

PRESIDENT: Mr WONG, point of order?

MR ANDREW WONG: I do not think Mr CHAN can say that people do not know certain part of my speech, or 90% of my speech.

PRESIDENT: Sorry, that is not a point of order.

MR ALBERT CHAN (in Cantonese): Mr President, before the commencement of this sitting, Mr LEE Wing-tat and I met Mr Donald TSANG in the Ante-Chamber and we talked about the story of the lamb. Mr LEE Wing-tat and I

are, in fact, the real lambs because both of us were born in the Year of the Ram. The Legislative Council is becoming more and more like a zoo with a growing variety of animals. Now we even have a government which is on the verge of changing from a tiger into a lamb.

As several Members observed just now, the real victims bearing the brunt of the impact of the rates revaluation this time are the general public and particularly the middle class. Although the Government has raised the personal allowances for salaries tax drastically, the middle class will receive little benefit. After the new percentage charge for rates has been put into effect, rates are taking up a larger share of their income. To the general public and the lower class, the increase in rates will definitely add to their burden.

Two days ago, the Governor said that not too many people opposed the rates increase this time. I think his remarks were very questionable. That night a considerable number of citizens called my office saying that they were extremely dissatisfied with the Governor's remarks and they thought he had distorted the facts. We do not know which policy branch official or officials conveyed to the Governor the message that not too many people opposed the rates increase. Neither do we know what their yardstick is. Today the three major political parties in the Legislative Council jointly oppose the rates increase. If the body of public opinion represented by these three parties is not large enough, I do not know which other organization or institution in Hong Kong can command so much popular support.

The Governor said that not too many people opposed the rates increase. I think he does not understand the real situation. When he visited various districts in the past, he could only see the best aspects of the districts because many officials had made full effort to arrange for everything beforehand, which was in a way like laying a red carpet for him. He merely had casual chats with the public and what he did in the districts was nothing more than tasting a cup of Chinese herbal tea or an apple. Can he really see the plight of our people? I do hope very much that he will visit districts such as Tsuen Wan and Kwai Chung in the future. Prior to the visit he should not let the district office concerned make arrangements for him but ask political parties or local bodies to arrange for him some interviews with the public so that he can listen to and understand their heartfelt sentiments. He should not listen to public opinion in a selective manner or he may get some wrong messages and make a wrong decision.

I think the rates increase has basically reflected some changes in the mode of the Government's financial operation. The Government is seeking to pull certain strings to tamper with the tax system and the tax net through changing the rates percentage charge before any comprehensive review of the tax system is carried out. To my way of thinking, it is very obvious that the Financial Secretary aims at making rates a major source of revenue by increasing rates time and again. At the outset, the Government collected rates for funding the police force. Later rates become the major income source of the two municipal councils and now it becomes a main portion of revenue of the central

Government of Hong Kong. The Government has in fact jumped the gun by taking such a measure before reviewing the tax system comprehensively.

I would like to raise another point. Mr PATTEN said the rates payment only constituted around 2% to 2.5% of the average family income and that the impact should not be too great. I think the impact of rates payment on senior government officials, especially Policy Secretaries and Mr PATTEN, is nil because few of them are required to pay rates. If they say the impact is not great, I do hope that 2.5% will be chipped off from the salaries of Mr PATTEN and other senior civil servants when Members examine and endorse the Budget next year, particularly with respect to the part concerning civil servants' pay. It is because these senior officials who have not been required to pay rates have no idea how great the impact of 2.5% of income is on people's livelihood. If we make senior government officials, Mr PATTEN in particular, lose 2.5% of their income, they will feel the plight of paying such high rates. I strongly support the remarks made by Members from the United Democrats of Hong Kong, especially their comments on how the Government has ignored the views of the public and the Legislative Council. On the one hand, the Government keeps advocating democracy, but on the other hand, it just turns a deaf ear to the request of these three parties which represent public opinion. I think what the Government said does not agree with what it did. In respect of such political style and political sleight of hand adopted by Mr PATTEN, I would register my strong protest and regret.

MRS SELINA CHOW (in Cantonese): Mr President, it appears that we have overlooked a basic thing during our discussion, that is, what should be the Legislative Council's function within an executive-led framework? The Legislative Council has the function of exercising check and balance. When the Government is wrong, inconsistent, unreasonable or illogical, the Legislative Council should, first of all, tell the Government and then stop it from behaving that way. For if the Government is bent on having its own way, that will not be in the interests of the public.

I have just listened to a lot of theories to the effect that the Budget proposals form a total package, the measures cannot be considered in isolation from others and should be dealt with in a professional and systematic way. It is a pity that the Honourable Jimmy MCGREGOR is not here in the Chamber. I just want to remind him that some years ago he intended to move a motion in this Council, urging the Government to withdraw its proposal of doubling the tobacco tax. Eventually, he did not move the motion because the then Financial Secretary, Sir Piers JACOBS, took the initiative to withdraw the tax increase proposal at the very last minute. Obviously, that incident contrasts sharply with the Honourable Jimmy MCGREGOR's speech today. In other words, it is right and fitting for the Government to propose amendments but not for the Legislative Council because it will be a trespass upon the Government if it is the Legislative Council which proposes the amendment. The Government does not suffer a loss of face if the Government withdraws its own proposal of raising

tax. I feel that the public must appraise this incident with their eyes wide open. The above example is sufficient proof that the arguments advanced by a number of colleagues just now are unjustifiable. I hope that they will go over the records and take a look at the historical facts to see whether the Government is consistently implementing a taxation system which is in the interests of the public.

Some years ago, there were no directly elected Members in this Council but the then indirectly elected Members joined hands in opposing a drastic increase in tobacco tax. The Honourable Jimmy McGREGOR was the first to take the initiative of moving a motion, urging the Government to withdraw its proposal of raising tax. The Legislative Council has a very important function, that is, to exercise check and balance wherever necessary.

The Liberal Party insists that the revenue of the Government be used to pay for its expenditure. As the Government does not need to increase its revenue now, it should not seek to burden the public with heavier tax. The Government cannot insist on having its own way just by saying that it has a set of hard and fast rules to follow. In fact, the only reason for its action lies in the purported infringement of its power. The Government simply cannot accept the Legislative Council putting requests to it on behalf of the public. The way in which the Government, the Financial Secretary, the Secretary for the Treasury and the Governor handle this case is both regrettable and disappointing. I feel that they show no respect for this Council at all. This again is a cause for regret.

PRESIDENT: Mr WONG?

MR ANDREW WONG: Yes, point of elucidation, Mr President, according to Standing Order 29.

PRESIDENT: You want Mrs CHOW to elucidate. Well, she has already resumed her seat. Do you wish to elucidate anything that you have said, Mrs CHOW?

MRS SELINA CHOW: Yes, I will be happy to.

PRESIDENT: Mr WONG.

MR ANDREW WONG (in Cantonese): Mr President, just now she did not mention my name but only Mr McGREGOR's, so I thought it was not appropriate to interrupt her for elucidation then. In the 1991 debate on

Tobacco Tax, Mr McGREGOR did not withdraw his motion, nor did the then Financial Secretary Sir Piers JOCOBS withdraw his tax increase motion. Two questions were being put in that meeting, one was a 200% increase in taxation, another one was a 100% increase. The Financial Secretary eventually agreed to replace the first one with the second. This was what happened on that day, I hope Mrs CHOW could prove that my memory is correct and hers not.

MRS SELINA CHOW (in Cantonese): Mr President, as far as technical expertise is concerned, Mr Andrew WONG is more professional than any one of us here. Yet I believe that neither the procedure nor the motion is important; the most important point is Government's decision to amend the taxation section of that year's Budget. That is all I want to emphasize.

MR SZETO WAH (in Cantonese): Mr President, I am not sure whether I have misheard some remarks. If I have, I would like colleagues to tell me and I stand to be corrected.

Just now I heard Dr TANG Siu-tong say he would vote against the motion. That really startled me! He said he would challenge all major political parties to do so, but I feel that the challenge, instead of being directed at political parties, is directed at his own common sense. I wonder if he is aware of the implication of voting against the motion. According to my understanding, if this motion is negatived, that will mean that Members want rates to be increased further. If he votes against the motion, Dr TANG must have thought that the level of increase proposed by the Government is too low, and he must have wanted it to be set at a higher level. In this connection, I hope that he would not vote against the motion. He is not in this Chamber at the moment. If he is, I shall be more than willing to make three deep bows to him in the hope that he would not vote against the motion.

MR MARTIN BARROW: Mr President, I agree with Mr Andrew WONG's conclusion, even if I could not follow all his points, and I also agree with Mr Eric LI and Mr Vincent CHENG.

Mr Albert CHAN has just claimed that there are community views on this issue going beyond the major political groups. Although Mr CHAN may accuse me of being out of touch, I see little or no evidence of the concern which he alleges. For example, I gather the public has not gathered in great numbers downstairs to express their views.

Finally, I would like to express my congratulations to Mr Donald TSANG on his excellent speech last Friday. It was exactly the right message and I hope he has the full support of all his colleagues in the Government.

Mr President, I support the motion.

PRESIDENT: Mr James TO, you have already spoken of course.

MR JAMES TO: Yes.

PRESIDENT: Are you seeking to speak twice?

MR JAMES TO: Yes.

PRESIDENT: You cannot do that unless you satisfy me that you have reasons within Standing Orders to speak a second time.

MR JAMES TO (in Cantonese): Mr President, my reason to speak a second time is to respond to Mr Andrew WONG's views about the differences among constitutional structures.

PRESIDENT: It is only if you have been misunderstood and you wish to clarify your position on the misunderstanding you can speak again but not otherwise, Mr TO.

MR JAMES TO (in Cantonese): Mr President, I have just spoken on the division of power and on the constitutional structure. I now speak to clarify my views on these two issues. My main concern lies in the kind of power the Government be vested with, both under the existing institution and relative to the power of the Legislative Council. If Mr Andrew WONG has his own ideas on constitutional structure or on taxation, in particular, the rates, I would certainly lend my ears to him. Why? It is because he is an elected member properly authorized by the public. If, in the future, he is appointed as Secretary for the Treasury or Financial Secretary by a Chief Executive who is returned under the cabinet system or elected under the "one-man-one-vote" system to replace Mr Donald TSANG, I would be more than happy to support him.

PRESIDENT: Please stop. You are going way beyond trying to clarify any misunderstandings.

FINANCIAL SECRETARY: Mr President, if I may take this chance just to respond to some of the points.

Some very strong rhetoric has been used this afternoon — words like "blackmail", although that was only used once I believe, "public suffering", "a

tragic day” and “suppressing of the Legislative Council”. I think anyone in the public gallery who is not familiar with Hong Kong politics might think that we were discussing the withdrawal of medical services, the closing down of schools, the withdrawal of human rights or a declaration of war. The language is totally disproportionate to the subject, in my view, whether in relation to Mr TSANG’s speech or the issue at hand.

The issue at hand, it is worth recalling, is a revaluation of the rates which brings them up to date and does not exceed the cost of living, on average. That is what we are discussing. To have the notion that we are engaged in suppressing the Legislative Council, that democracy is at stake and all the rest of it, frankly, is so far from reality that I find it quite difficult to listen to.

Let us just look at the speech for a moment. There are certain eternal verities which Secretaries for the Treasury and Financial Secretaries have been enunciating, to my memory, ever since John COWPERTHWAIT was Financial Secretary. Those are what Mr TSANG was enunciating again, with rather more punch than perhaps you are used to from a civil servant. If you want us to revert to a bland Civil Service style, then that is probably what you will get, but the substance of what he was saying was absolutely unobjectionable and I stand totally behind it.

We are talking about things like the need for discipline on expenditure; what goes along with low taxation is keeping taxes up to date, keeping fees and charges up to date and so on. These are not the stuff of a constitutional crisis, suffering and suppression. So please let us keep a sense of proportion.

On the rates and on the fact that we are willing now and then to use such powers as we have, that is the system. I mean Members cannot have it both ways, there are rules. There are rules which circumvent our powers and there are rules which circumvent the Legislative Council’s powers. They can be called checks and balances or whatever, they are basically checks and balances.

It is, of course, a gross exaggeration to talk as if Members cannot amend motions, amend Bills and so on. Of course they can. There is only a narrow range of changes which require approval of the Governor and they are very familiar to you, that is, proposing expenditure or reducing revenue.

The tobacco tax issue was mentioned. Tobacco tax was an increase in taxation. It is quite different to the rates issue.

How else, I ask you, would the Government or this system work, if we simply abdicated all the checks and balances which exist? If we did not actually use our powers now and then to stop Members proposing expenditure or reducing revenue, how would it work? I do not think it would have a chance at all of working.

We have been dealing with a routine revaluation of rates. A revaluation which, I must remind Members, I announced to you in the consultations and in public at least a year ago. This is not something which has been sprung on you or on the public. It has been known for at least a year. I must say, I did not receive any strong or numerous, adverse reactions to that advance notice. I gave the advance notice; I listened carefully to suggestions; I implemented many of the suggestions in the budget but a strong adverse reaction to the rates revaluation was not among that reaction which I got.

I would ask that .....

MR JAMES TO: Mr President, point of elucidation.

PRESIDENT: Do you wish to give ground, Financial Secretary?

FINANCIAL SECRETARY: No, I do not. I would ask that we do not get into a frame of mind where we are not willing to approve anything which might be slightly unpopular, even when it is part of a package which is clearly popular.

MR JAMES TO: Mr President, point of elucidation. May I ask the Financial Secretary whether he wishes to elucidate one point?

FINANCIAL SECRETARY: I do not.

PRESIDENT: He does not wish to elucidate at all, Mr TO.

*Question on the motion put.*

*Voice vote taken.*

MR JAMES TIEN: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Andrew WONG, Mr Martin BARROW, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Vincent CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Mr Simon IP, Mr Eric LI, Miss Christine LOH, Mr Roger LUK and Ms Anna WU voted for the motion.

Mr PANG Chun-hoi and Dr TANG Siu-tong voted against the motion.

Mr Allen LEE, Mrs Selina CHOW, Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Peter WONG, Mr Albert CHAN, Mr Moses CHENG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr Steven POON, Mr Henry TANG, Mr TIK Chi-yuen, Mr James TO, Dr Philip WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin and Mr James TIEN abstained.

THE PRESIDENT announced that there were 15 votes in favour of the motion and two votes against it. He therefore declared that the motion was carried.

### **AIR PASSENGER DEPARTURE TAX ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion:

“That with effect from 1 April 1994 the Air Passenger Departure Tax Ordinance be amended in paragraph 1 of the First Schedule by repealing “\$150” and substituting “\$50”.”

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

The purpose of this motion is to reduce the air passenger departure tax from \$150 to \$50. Since we last increased this tax to \$150 per adult passenger in 1991, the tourism industry has made repeated representations to me about the possible adverse effect which the relatively high level of our departure tax would have on tourism and the wider economy. Their argument is a persuasive one.

The proposed tax reduction might also help to reduce the congestion in the transit area of Kai Tak Airport, as more transit passengers would be encouraged to leave Kai Tak temporarily either for sightseeing or shopping. Extra spending by these passengers during their short stay in town would boost

our retail trade and the tourism industry. Local residents who travel by air will, of course, also benefit from the concession.

We estimate that the proposed reduction in the air passenger departure tax will cost \$960 million in 1994-95 and \$4.1 billion up to 1997-98.

Mr President, I beg to move.

*Question on the motion proposed.*

MR FREDERICK FUNG (in Cantonese): Mr President, I think the amendment as moved by the Administration is based on insufficient grounds.

Relief of congestion in the transit area should not be sought by reducing the air passenger departure tax. Instead, the problem should be addressed by enlarging and widening the transit area. The tax reduction, which means \$100 less, cannot guarantee that transit passengers will readily leave the transit area of Kai Tak Airport for sightseeing in Hong Kong. This is not a guarantee.

Furthermore, is the reduction of \$100 attractive enough? This is still uncertain. For this reason, I think it is a mere excuse, which I find unacceptable, to address the congestion problem in the transit area by a reduction of \$100.

In addition, as regards the point that Hong Kong people can save some money, I believe local people who can afford to travel abroad most probably do so for the purpose of sightseeing. If it is sightseeing, the amount of \$100 is insignificant. If it is a business the company concerned. Under trip, the sum of \$100 will even be paid by the present circumstances, I cannot see why we should save \$100 to aid financially or subsidize those people who go on business trips or go sightseeing while the congestion problem in the transit area may remain unsolved. For this reason, I will not support this amendment but will oppose it.

DR HUANG CHEN-YA (in Cantonese): Mr President, I am going to express the various views held by the United Democrats of Hong Kong in respect of the rates issue we have dealt with just now, the air passenger departure tax we are discussing and the profits tax issue to be dealt with later on. I have one point to make. The Secretary for the Treasury said that the political parties sought to give out free lunches by fighting for rates concessions. He is actually pinning labels on us. As a matter of fact, we are merely adopting a different budgetary strategy and attaching different weight to revenue and expenditure. I earnestly hope that the Government will not assign labels to people any more. It should respect other people's standpoints and hold discussions on the basis of such different standpoints.

It was certainly too high to set the air passenger departure tax at \$150 years ago. We, therefore, consider it reasonable to lower the tax. However, we consider it inappropriate to have the air passenger departure tax reduced from \$150 to \$50. The Government stands fast to its position and resists the rates concession request made by the public because, so alleges the Government, it would undermine the stability of our revenue base. But it seems that the Government does not mind getting \$960 million less by reducing the air passenger departure tax. Should the air passenger departure tax be reduced to \$100, the Government would be able to provide \$480 million in rates concession and benefit the public in general. Moreover, a \$100 tax will not cause any dissatisfaction among the passengers. If we did not apply the \$480 million towards supplementing the rates revenue, the money might alternatively be used in improving the tourist facilities and manpower so as to attract more tourists to Hong Kong. It would be of good use to us. Apart from the conventional attractions such as shopping and sightseeing, we may develop cultural and technological facilities as well as audio-visual entertainment to cater for visitors with diversified interests. As a matter of fact, the Hong Kong Government has all along overlooked the potential in this area. If the Government provides more support and injects more capital, it will certainly bring more benefits to the tourist industry than giving every tourist \$50 extra to spend. We, therefore, consider it too low to have the tax reduced to \$50. In doing so, our revenue will suffer unnecessary losses, the resources available to the Government will be reduced and the tourist industry will not be able to obtain extra resources. Furthermore, it sets the Government on a collision course with public opinion on the issue of rates.

In view of this, the United Democrats and the Meeting Point find themselves unable to support the Government's wrong proposal. We are going to abstain from voting.

MR HOWARD YOUNG (in Cantonese): Mr President, since I had originally thought that this simple motion would be endorsed without a hitch in this Council, I did not intend to speak. Yet, just now I heard that the Member from the Association for Democracy and People's Livelihood (ADPL) would vote against the motion and the United Democrats of Hong Kong (UDHK) would abstain from voting. Even if I were not a member of any political party, I, as a representative of the Tourism Functional Constituency, would find it very regrettable.

To oppose the motion means that they object to lowering the air passenger departure tax and insist on maintaining the tax at \$150. As for those who will abstain from voting, Dr Huang Chen-ya indicated in his speech just now their actual intention. They opined that the tax could be reduced to \$100 or, alternatively, the tax of \$50, in force for several months already, could be raised to \$100. I cannot support this proposal.

As both the ADPL and the UDHK take such an attitude, it seems that we have to rely on the Liberal Party and Members not representing any political party to support, endorse and listen to the opinion of the tourism industry voiced over the years. My request for lowering the air passenger departure tax had been clearly made in two Budget debates. This is not the voice of mine alone, nor is it the voice of the Liberal Party alone but the voice of the whole tourism industry! Mr WU Tan, Chairman of the Joint Council of the Travel Industry of Hong Kong, wrote to me saying that the tourism industry had been fighting for the reduction of the air passenger departure tax for many years because the tax, which is among the highest in the world, had extremely undesirable implications for Hong Kong. He further pointed out clearly that the number of transit passengers in Hong Kong each year had amounted to 3.8 million and that it should be very beneficial to Hong Kong if these people were attracted to tour around the urban areas. Frankly speaking, just one night's stay in Hong Kong will enable the Government to collect a hotel accommodation tax of no less than \$50 per tourist. If they shop here, a large number of trades in Hong Kong, including the retailers, can reap the profits.

Such a reduction in the air passenger departure tax actually has been reported extensively all over the world. When I attended a conference at Dubai in the Middle East in late March, I found that given frontage headline coverage in the local newspapers was the news that Hong Kong had slashed its air passenger departure tax in order to promote its tourism industry. Next week the International Travel Expo HK 94 will be held in Wan Chai, Hong Kong. Several thousand foreign travel agencies, quasi-official and official bodies will send groups of representatives to Hong Kong to study our tourism industry. It will indeed be a grand occasion for the tourism industry, which is Hong Kong's second major earner of foreign exchange. If it is reported in tomorrow's newspapers that Hong Kong has done a U-turn and reversed its decision to reduce the tax, I believe this will be a serious setback to the reputation of the tourism industry in Hong Kong. I am not merely representing the tourism industry but also the Liberal Party. I hope the large number of Members representing no political party in this Council will support the motion moved by the Administration which seeks to reduce the air passenger departure tax from \$150 to \$50.

MR MARTIN BARROW: Mr President, I am disappointed that Members have expressed some concern about this proposal. Mr FUNG has said that the Government has not demonstrated the expected benefits. Of course nobody can guarantee the benefit of any change in taxation. What I think I can with great confidence guarantee is that if we would nurture the tourism industry properly over the next few years it will continue to be an enormous contributor to the economy of Hong Kong. Visitors spent over \$60 billion here last year. That figure could double by early into the next century and will continue, I believe, to be if not the largest source of foreign exchange for Hong Kong, certainly the second one. I support the motion.

*Question on the motion put.*

*Voice vote taken.*

MR HOWARD YOUNG: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Andrew WONG, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy MCGREGOR, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr Roger LUK, Ms Anna WU and Mr James TIEN voted for the motion.

Mrs Elsie TU and Mr Frederick FUNG voted against the motion.

Mr SZETO Wah, Mr TAM Yiu-chung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin abstained.

THE PRESIDENT announced that there were 30 votes in favour of the motion and two votes against it. He therefore declared that the motion was carried.

## **BETTING DUTY ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion:

“That with effect from 1 April 1994 the Betting Duty Ordinance be amended -

- (a) in section 3(3)(a), by repealing “83%” and substituting “82.5%”;
- (b) in section 4C(3), by repealing “5%” and substituting “15%”;
- (c) in section 6(1A), by repealing “30%” and substituting “20%”.

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

The motion seeks to increase the share of the lottery proceeds to be allocated to the Lotteries Fund from 5% to 15% and to correspondingly reduce the lottery duty from 30% to 20%. Members will recall that during last year’s debate on the Governor’s policy address, I undertook to review my position on the proposal made by the Welfare Panel of this Council to reduce the Government’s share of lottery proceeds in favour of the Lotteries Fund.

Following the completion of the review, I proposed in my Budget speech to triple the share of lottery proceeds to be allocated to the Lotteries Fund. With this additional source of funding which amounts to about \$1.8 billion over the next four years, the Lotteries Fund will be in a much better position to meet the key targets set out in the White Paper on Social Welfare and the Green Paper on Rehabilitation. It will also be equipped to fulfil the commitments made in the Governor’s policy address last year to build seven nursing homes by 1997 and to provide more care-and-attention places.

The motion before Members also seeks to amend section 3(3)(a) of the Betting Duty Ordinance. The purpose is to reduce the percentage of total proceeds from standard bets to be allocated as prizes from 83% to 82.5%. In 1992, the rate of betting duty on standard bets was increased from 10.5% to 11.5%. The Government has agreed with the Royal Hong Kong Jockey Club that this 1% increase would be shared equally between punters and the club. Accordingly, the percentage of betting proceeds from standard bets for allocation as prizes should be reduced by 0.5%.

Mr President, I beg to move.

*Question on the motion proposed.*

MR ERIC LI (in Cantonese): Mr President, I warmly welcome the motion moved by the Government and it is something which many of my colleagues in this Council have been striving for for years. We have urged the Government to increase the share of the lottery proceeds to be allocated to the Lotteries Fund. However, there is one point I would like the Government to clarify as soon as practicable. While it is our hope that the financial resources allocated to the Lotteries Fund will be channelled into the improvement of our social welfare services, it comes to our knowledge that most of the resources will actually go to building nursing homes (that is, care-and-attention homes for the

elderly) to fulfil the commitments made in this year's policy address. As a matter of fact, the type of service and the construction of such nursing homes have never been raised with any consultative committees. Many of us do not know, or only have some rough idea about, their operations. Although I support the construction of these nursing homes, I would like the Government to provide further information on the operations of these nursing homes to the relevant consultative committees and interested parties as soon as possible.

DR LAM KUI-CHUN: Mr President, when the Lotteries Fund was last debated in this Council I stated that the purpose of a fund was reflected in its expenditure. At that time only 3.5% of the lottery proceeds was allotted to welfare for which purpose the fund was first established. In contrast, 30% of the proceeds or some two-thirds of the non-prize money was siphoned off by the Government. That arrangement was more of a revenue generating measure for the Government than a method to amass a welfare fund.

Mr President, the Liberal Party is in favour of a better deal than the present arrangement for those in Hong Kong who have the misfortune of needing a safety net of social welfare. At the same time, our party wishes to ensure that welfare in Hong Kong avoids the colossal burden of welfare that brings many a foreign state into incapacitating national debts. We believe the logical way to satisfy both requirements for Hong Kong is to utilize the large amounts of voluntary money to augment the funds used for social welfare. So firmly do we believe this that we have written it into our party manifesto. Accordingly, on our party's behalf, I made this request to the Government when the lotteries fund was debated in this Council last year.

This third motion moved today by the Financial Secretary, namely, to increase the percentage of lottery proceeds allotted to welfare by 10% is a step in the right direction.

Mr President, the Liberal Party supports the motion.

DR YUENG SUM (in Cantonese): Mr President, I speak in support of the motion moved by the Government seeking to increase the share of the Lotteries Fund to be allocated to social welfare from 5% to 15%. We have severely criticized the Government just now on the issue of rates. But I wish to praise the Government on this matter provided that it will not spend the increased funds entirely on construction projects but will channel some into the improvement of services because there are many new services which the Government have overlooked in its appropriation of the funds available. Where these grey areas are concerned, it is hoped that the Government would be flexible in its handling of the allocation of the Lotteries Fund and allow it to be used in the improvement of certain newly introduced services or services that have been overlooked by the Government.

PRESIDENT: Financial Secretary, do you wish to reply?

FINANCIAL SECRETARY: Mr President, I would just like to confirm that I have noted the points which have just been made, including the request for consultation about the nursing home's proposal, and we will follow these up.

*Question on the motion put and agreed to.*

## **OFFICIAL LANGUAGES ORDINANCE**

THE ATTORNEY GENERAL moved the following motion:

“That the draft Official Languages (Authentic Chinese Text) (Contracts for Employment Outside Hong Kong Ordinance) Order, proposed to be made by the Governor in Council, be approved.”

He said: Mr President, by way of relief from the heavy financial and constitutional issues that have taxed Members this afternoon, I move the motion standing in my name on the Order Paper.

The authentic Chinese text of the Contracts for Employment Outside Hong Kong Ordinance has been carefully examined by the Bilingual Laws Advisory Committee and the Legislative Council Subcommittee on the Authentic Chinese Texts and has their support. In accordance with subsection (4) of section 4B of the Official Languages Ordinance, a draft authentication order in respect of this text has been prepared and is being put before the Council for approval this afternoon prior to being submitted to the Governor in Council for authentication. Mr President, I now move that the draft Official Languages (Authentic Chinese Text) (Contracts for Employment Outside Hong Kong Ordinance) Order, proposed to be made by the Governor in Council, be approved.

*Question on the motion proposed, put and agreed to.*

## **HOUSING ORDINANCE**

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the following motion:

“That the Housing (Traffic) (Amendment) (No. 2) Bylaw 1994, made by the Housing Authority on 14 April 1994, be approved.”

He said: Mr President, I at last move the motion standing in my name on the Order Paper. This motion seeks to amend the Housing (Traffic) Bylaw to

revise the impounding, removal and storage charges for illegal parking on restricted roads in public housing estates.

The present impounding, removal and storage charges for illegal parking on restricted roads in public housing estates are \$200, \$280 and \$70 respectively and have been in effect since 1 February 1990. It has been the Housing Authority's practice to align the fixed penalty for illegal parking on restricted roads in public housing estates with that applying on public roads. On 23 February 1994, the Legislative Council approved an increase in fixed penalty for illegal parking on public roads from \$200 to \$320 under the Traffic Contraventions (Fixed Penalty) Ordinance (Cap. 237) with effect from 1 June 1994. In this connection, the authority approved an amendment to the Housing (Traffic) Bylaw on 25 March 1994 to increase illegal parking charges on restricted roads in public housing estates by around 60%.

The revised charges will take effect on 1 June 1994 when the Housing Department's Fixed Penalty Ticket System under the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw will be put in place.

Thank you, Mr President.

*Question on the motion proposed.*

MR WONG WAI-YIN (in Cantonese): Mr President, I rise to support the motion. In fact, we have been receiving incessant complaints for a lengthy period of time from residents of public housing estates concerning illegal parking for a lengthy period of time. Many vehicles illegally parked are found to have obstructed pedestrian traffic. There have been occasions when the obstruction leads to traffic accidents involving pedestrians. Moreover, access to the housing estates by ambulances or fire engines may be blocked at night-time.

The problem is stemmed from the serious shortage of parking spaces in public housing estates as a result of the Housing Department's planning, particularly in view of the substantial increase in the number of vehicles in Hong Kong and the rapid growth of freight transport between Hong Kong and China. One must bear in mind that many residents of the public housing estates in the New Territories are drivers of goods vehicles by profession. It seems that the authority concerned has not been facing up to the seriousness of the problem squarely, thus leading to a situation whereby illegal parking in every public housing estate has been beyond toleration. It is not until the situation comes to this stage that the Administration takes action to amend the penalties. I hope that we can strike a balance between the safety of the public and the reasonable treatment of the relevant car owners or drivers. The latter are really unable to find adequate parking spaces in public housing estates. If it is possible, I am sure, they would not park their vehicles illegally. Of course, there are some unscrupulous drivers who would turn to illegal parking to save charges for car parking. However, there are many professional drivers who are

willing to park their vehicles in the car parks, only to find that they fail in the draws for the allocation of parking spaces. I wish to urge the Administration to expedite the overall review on the demand of parking spaces and the drawing up of the necessary rules. I wonder if the Planning, Environment and Lands Branch and the Lands Department can identify some patches of derelict land and turn them into temporary car parks for short-term leasing in favour of the drivers so as to ease the pressure of illegal parking in public housing estates. I would also like to propose that some roads in industrial estates or industrial areas where there are fewer pedestrians at night could be doubled as car parks, after a certain hour of the day, for container trucks or heavy duty vehicles. This arrangement will alleviate the serious shortage of parking space?

PRESIDENT: Do you wish to reply, Secretary?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I would just like to respond briefly to the effect that — I am sure the Housing Authority as it customarily does when matters within its jurisdiction are raised in this Council — will take account of the Honourable Member's remarks and suggestions as will my branch and the Administration. And if there are any opportunities to ameliorate the problem of illegal parking and shortage of parking spaces by some of the measures which he has suggested, then we will certainly try to do so. I do not think that this should in any way detract from the need to penalize those who are in breach of the by-laws or from the need to ensure the penalties are up to date. I also caution against the final idea put forward by the Honourable Member that heavy lorries should park on pavements primarily because of the design of pavements is not adequate for the purpose of allowing heavy vehicles to park. The pavements will therefore be damaged and there will also be cost involved in repairing that damage.

Thank you, Mr President.

*Question on the motion put and agreed to.*

## **CROSS-HARBOUR TUNNEL (PASSAGE TAX) ORDINANCE**

THE SECRETARY FOR THE TREASURY moved the following motion:

“That with effect from 1 April 1994 the Second Schedule to the Cross-Harbour Tunnel (Passage Tax) Ordinance be amended by adding -

“4. A motor vehicle which is -

- (a) being used solely for the conveyance of a disabled person; and
- (b) approved by the Financial Secretary for the purpose of section 4(1) in respect of any such conveyance.”.”

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

Over the years we have obtained this Council's approval to introduce various measures to meet the special transport needs of the disabled. This year, the Financial Secretary has proposed a further concession for those disabled persons who use the dial-a-ride Rehabus service. This service is a personalized transport service provided to disabled persons, particularly those with serious physical disabilities who cannot use ordinary modes of public transport.

At present, the dial-a-ride Rehabus service passes on the tunnel tolls to passengers as a surcharge. The proposed exemption from government tunnel tolls and the Cross Harbour Tunnel Passage Tax will thus directly benefit those who use this service. Members are probably aware that scheduled Rehabus services are already heavily subsidized.

Since 1 April this year, Transport Department has implemented the exemption from government tunnel tolls through administrative means. Permanent exemption from the Cross Harbour Tunnel Passage Tax, however, requires an amendment to the Second Schedule to the Cross Harbour Tunnel (Passage Tax) Ordinance. The motion before Members seeks to allow the Financial Secretary to approve the exemption of any motor vehicle being used for the conveyance of disabled persons from the Cross Harbour Tunnel Passage Tax. Once Members approve this motion, the exemption will apply to the dial-a-ride Rehabus service permanently.

Mr President, I beg to move.

*Question on the motion proposed, put and agreed to.*

### **First Reading of Bills**

**DANGEROUS DRUGS (AMENDMENT) BILL 1994**

**DANGEROUS DRUGS (AMENDMENT) (NO. 2) BILL 1994**

**ACETYLATED SUBSTANCES (CONTROL) (AMENDMENT) BILL 1994**

**ENVIRONMENT AND CONSERVATION FUND BILL**

**ELECTORAL PROVISIONS (MISCELLANEOUS AMENDMENT) (NO. 2) BILL 1994**

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

**Second Reading of Bills****DANGEROUS DRUGS (AMENDMENT) BILL 1994**

THE SECRETARY FOR SECURITY moved the Second Reading of: “A Bill to amend the Dangerous Drugs Ordinance.”

He said: Mr President, I move that the Dangerous Drugs (Amendment) Bill 1994 be read a Second time.

The purpose of the Bill is to amend the Dangerous Drugs Ordinance to bring it into line with new international standards in the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

The Bill proposes to introduce documentation requirements for exports of dangerous drugs; and to provide for a comprehensive list of narcotic drugs and psychotropic substances covered by the convention.

The Bill also introduces amendments to meet our operational need to discharge our responsibilities under the Ordinance. Specifically, the Bill seeks:

- to include cannabis resin as a dangerous drug, separately from cannabis;
- to empower the Government Chemist to cultivate cannabis and synthesize dangerous drugs, where necessary, in discharging his duties;
- to repeal a presumption relating to possession of a dangerous drug which is incompatible with the Bill of Rights;
- to delegate the Governor's power to amend the Second Schedule concerning prescribed hospitals and institutions to the Secretary for Security;
- to limit the power of entry and search without a warrant to situations where it is not reasonably practicable to obtain one, in order to make the provision compatible with the Bill of Rights, and to provide a mechanism for the issuing of warrants; and

- to lower the concentration of codeine in cough preparations to which the Ordinance applies.

Thank you, Mr President.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

### **DANGEROUS DRUGS (AMENDMENT) (NO. 2) BILL 1994**

THE SECRETARY FOR SECURITY moved the Second Reading of: “A Bill to amend the Dangerous Drugs Ordinance.”

He said: Mr President, I move that the Dangerous Drugs (Amendment) (No. 2) Bill 1994 be read a Second time.

The purpose of the Bill is similar to that of the Dangerous Drugs (Amendment) Bill 1994. The Bill proposes to introduce new provisions, in line with the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, to suppress illicit drug traffic by sea. As the provisions will have extraterritorial operation, for legal reasons it is necessary to delay Royal Assent until after the convention is extended to Hong Kong. In order not to delay the other amendments to the Dangerous Drugs Ordinance, these have been placed in this separate Bill.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

### **ACETYLATED SUBSTANCES (CONTROL) (AMENDMENT) BILL 1994**

THE SECRETARY FOR SECURITY moved the Second Reading of: “A Bill to amend the Acetylating Substances (Control) Ordinance.”

He said: Mr President, I move that the Acetylating Substances (Control) (Amendment) Bill 1994 be read a Second time.

The purpose of the Bill is to amend the Acetylating Substances (Control) Ordinance to bring it into line with new international standards in the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Specifically it seeks:

- to extend the existing scope of control to cover an additional 21 chemicals which are specified in the convention;
- to provide for three different levels of control on the specified chemicals;

- to prohibit the possession, manufacture, transport or distribution of specified chemicals, knowing, or having reasonable grounds to believe, that they are to be used in, or for, the illicit production of dangerous drugs;
- to empower the Governor in Council to amend Schedule 3, and the Secretary for Security to amend Schedules 1 and 2; and
- to require that records of dealings in specified chemicals be kept for two years.

The Bill also proposes to repeal a presumption relating to possession of a dangerous drug which is incompatible with the Bill of Rights.

Thank you, Mr President.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **ENVIRONMENT AND CONSERVATION FUND BILL**

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the Second Reading of: “A Bill to establish a trust fund called the Environment and Conservation Fund and to provide for the due administration thereof and for connected matters.”

He said: Mr President, I move the Second Reading of the Environment and Conservation Fund Bill. The Bill seeks to establish a statutory trust fund for providing financial support to educational, research and other projects and activities relating to environmental and conservation matters.

The existing sources and range of funding for environmental education and research activities are uncertain and inadequate and tend to foster *ad hoc* efforts at the expense of long term and more in-depth projects. The Governor therefore proposed in his 1993 policy address to this Council an initial capital injection by the Government of \$50 million to set up an Environment and Conservation Fund to support environmental education and research and other worthwhile environmental projects. We have concluded since then that the best way to set up the fund is by legislation.

The Bill contains several major provisions. First, it creates the Environment and Conservation Fund and defines its objectives.

Second, it provides for the incorporation of the Secretary for Planning, Environment and Lands, who will in the capacity of a corporation sole be the trustee of the Fund.

Third, it provides for the setting up of an Environment and Conservation Fund Committee to advise the trustee on the use of the fund. The Committee will comprise a non-official chairman as well as non-official and official members. In recommending non-official appointments, we intend to include representatives from a broad spectrum of interests including the green groups who will also be among the main targets of financial assistance from the fund.

Fourth, the Bill requires the trustee to table before this Council annually the audited statement of accounts and his report on the administration of the fund.

Finally, as with many other trust funds established for educational or charitable purposes, there is a standard provision to allow the Financial Secretary to charge a supervision fee of not more than 2.5% of the annual income of the fund to recover costs in managing the fund, should these become significant. However, it is not envisaged that there will be significant administrative costs for administering the Environment and Conservation Fund. In this regard, the Bill stipulates that the cost of administering the fund, other than the cost of employing professional advisors, will be charged to the general revenue.

Mr President, the Bill aims to establish a dedicated funding source for educational research and other projects relating to the environment and other conservation matters as well as to prescribe a statutory framework for the administration and control of the Environment and Conservation Fund. I commend the Bill to Members for their favourable consideration.

Thank you, Mr President.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **ELECTORAL PROVISIONS (MISCELLANEOUS AMENDMENT) (NO. 2) BILL 1994**

THE SECRETARY FOR CONSTITUTIONAL AFFAIRS moved the Second Reading of: “A Bill to amend the Electoral Provisions Ordinance, the Regional Council Ordinance, the District Boards Ordinance, the Legislative Council (Electoral Provisions) Ordinance, the Independent Commission Against Corruption Ordinance and the Public Health and Municipal Services Ordinance.”

He said: Mr President, I move that the Electoral Provisions (Miscellaneous Amendments) (No. 2) Bill be read the Second time.

Under the Electoral Provisions (Registration of Electors) Regulations, which had been in force since 1981 until its recent repeal in March, the registration officer might omit a person's name from the voter register to be

compiled in the year if, in the course of an annual vetting exercise, the registration officer had reason to believe that the person had ceased to ordinarily reside in Hong Kong or had changed his address.

Following its establishment in July 1993, the independent Boundary and Election Commission conducted a review on the subsidiary legislation on registration of electors. The Commission came to the view that there was no specific enabling provision in the primary legislation which allowed for the omission of a registered elector from a voter register on the basis that the latter had ceased to ordinarily reside in Hong Kong or had changed his address. In the circumstances, the Commission judged it prudent that, pending suitable amendments to the primary legislation to put the legislative intent beyond doubt, the newly made Boundary and Election Commission (Registration of Electors) (Geographical Constituencies) Regulation should not contain provisions for such omissions to be made.

If the registration officer has no authority to omit a registered elector from the voter register even if it has come to the knowledge of the registration officer that the elector has ceased to ordinarily reside in Hong Kong or has changed his address, the accuracy of the voter register would be greatly affected. Those who have left Hong Kong and those who have moved would all remain on the voter register and continue to be qualified to vote in their old constituencies. Over time, this will undermine the whole basis of geographical constituency elections. There is therefore a need to amend the primary legislation to enable the registration officer to omit such electors from the voter register. It will, of course, be open to any elector so omitted from the register to apply for re-registration provided he has resumed ordinary residence in Hong Kong or is able to provide a new residential address, as the case may be.

The Bill gives the registration officer a proper legal basis to omit, when compiling a new voter register for the year, registered electors whose names appear on the existing voter register and whom the registration officer has reason to believe:

- (a) have ceased to ordinarily reside in Hong Kong; or
- (b) have changed their principal places of residence in Hong Kong.

These amendments, I should emphasize, do not involve any policy change but are only to put beyond doubt a legal point.

We are also taking this opportunity to introduce a few minor technical amendments to various pieces of legislation on election related matters.

I should also like to mention that at the Committee stage I will be moving two minor technical amendments to the Bill. In clause 2 of the Bill, I will propose adding the wording “the registration officer has reason to believe” after “under subsection (1) if”. I will also propose deleting the wording “he has

reason to believe that” from clause 4. These two amendments are to perfect the drafting of the Bill to bring out more clearly the objective we are aiming to achieve.

The Bill is time critical. It must be enacted by early June so that the Boundary and Election Commission can immediately proceed with consequential amendments to the relevant subsidiary legislation to set out the detailed omission procedures. Such consequential amendments must in turn be in place by mid-June to tie in with the compilation of the 1994 provisional voter register which, according to law, has to be compiled no later than 22 June. I therefore appeal to Members to give this Bill their early and favourable consideration.

Thank you, Mr President.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **INLAND REVENUE (AMENDMENT) BILL 1994**

### **Resumption of debate on Second Reading which was moved on 27 April 1994**

*Question on Second Reading proposed.*

DR HUANG CHEN-YA (in Cantonese): Mr President, although the debate a moment ago bordered on a slanging match and we thoroughly resent the Administration's retrogressive style of heading towards executive dictatorship, we are nevertheless reasonable people. What should be criticized we criticize and what should be praised we praise. I hope that the Administration will make amends upon realizing its faults. I believe that the Financial Secretary, the Secretary for the Treasury and the Administration will all be pleased if they know that I want to praise them. It is because the Inland Revenue (Amendment) Bill 1994 has not only raised the personal tax allowance but also introduced new dependent parent and dependent grandparent allowances. This is a great improvement on the part of the Administration that deserves praise from the public.

I would also like to put on record that the increase of personal tax allowance is indeed the target for which the public has been striving for years. In all these years, the public never believed that the Administration would listen to them. So this increase of personal tax allowance can be taken as a good lesson in civic education which makes the public realize that if they persevere in their reasonable demands, their efforts will sooner or later be rewarded.

Although we support the parts mentioned above of the Inland Revenue (Amendment) Bill 1994, we, the United Democrats of Hong Kong (UDHK), would take issue with the part concerning profits tax. Therefore, we request that clause 8 be treated separately.

The 1% reduction in profits tax will mean a reduction of \$1.6 billion in tax revenue and the cumulative loss will amount to \$10 billion in 1997-98. Does the Administration cut the profits tax rate because it has too much surplus? Obviously not, otherwise it would not have opposed this Council in such a diehard manner over the \$1.4 billion in rates revenue. The reason put forward by the Financial Secretary for cutting the profits tax is that the reduction will strengthen Hong Kong's competitiveness as a commercial centre in the Asia Pacific Region. Let us take a look at the facts. According to a survey conducted in 1993 on behalf of overseas companies, the five main factors that have a bearing on Hong Kong's position as a regional centre are, in order of priority, financial and banking facilities, infrastructural facilities, government economic policy, political climate and the sufficiency or otherwise of managerial personnel and general manpower. The problems attracting most complaints are high rents and wages. The profits tax has never been a problem. According to another survey conducted in 1993 on foreign investments in Hong Kong's manufacturing industries, the most influential factors are wages, infrastructural facilities, financial and banking facilities, productivity and political climate. The most criticized aspects are rents and labour costs, political climate and productivity. Profits tax is again not a problem.

A survey conducted in 1992 by the Victoria Jaycees on Hong Kong's manufacturers and manufacturing industries revealed that 57% of the respondents said that any tax increase should be used for improving secondary education; 56% of them said that any tax increase should be used for improving tertiary education; 67% said that any tax increase should be used for improving productivity; and 76% said that the Administration should assist manufacturers in developing new technologies.

In a report entitled *Hong Kong 21* published in 1992 by the Business and Professionals Federation of Hong Kong, it was said that the necessary courses of action and additional investments to enable Hong Kong to continue to develop successfully are: improvement of secondary and tertiary education, strengthening of manpower training, improvement of productivity, and the installation and development of facilities of applied technologies for use by the public. Other information has indicated that what the industrial and commercial sectors are asking for is the enhancement of Hong Kong's competitiveness by improving our manpower, infrastructural and technological developments. So the Administration should invest more in these areas. These two sectors do not have any strong grievances against the profits tax rate. Therefore, the reduction of profits tax is in fact a lazy person's choice, because it can be used as an excuse for the Administration's lack of input in our commercial and industrial developments.

The UDHK consider that the reduction of profits tax is but a tiny benefit of scant help to our commercial and industrial sectors. If we used the \$10 billion in profits tax that would otherwise have been accumulated in the next four years to fund research and development, manpower training, electronic data interchange and infrastructural developments, it would be even

better in economic terms and more efficient in improving our competitiveness. The benefits to the commercial and industrial sectors would be much greater than those brought about by the tax reduction, and the job opportunities and incomes of the public would also improve. Tax reduction is in fact a kind of tax expenditure. Therefore, in respect of the same tax, a comparison must be made between the expenditure benefits derivable from reduction on the one hand and non-reduction on the other. The UDHK consider that the Administration has made a wrong choice which will only result in wastage of resources. So the UDHK are against this proposal.

MRS SELINA CHOW (in Cantonese): Mr President, the Liberal Party's philosophy of taxation is very simple. We support the maintenance of the low taxation system in Hong Kong and we strongly disapprove of any unnecessary tax increase. Our philosophy in this respect is entirely consistent with the approach we have just now adopted during the debate on the question of rates. We think that the arguments put forward by the United Democrats of Hong Kong (UDHK) seem to be self-contradictory. Given the fact that it is generally agreed that rates should be reduced, and there is no need for the Government to increase tax or to obtain more money from the public's pocket, why then do we have to put more money into the Government's coffers? Why? The UDHK's arguments seem to be totally illogical. Hence, we from the Liberal Party throw our weight behind the Government's proposal and do not support this amendment.

MR JAMES TO (in Cantonese): Mr President, I would like to make a brief response to Mrs Selina CHOW's views on us. I am not sure whether Mrs CHOW is now in this Chamber or not. Actually, Dr HUANG Chen-ya has already made it clear just now that the United Democrats of Hong Kong are of the view that profits tax should not be reduced. It is because we think that if profits tax can be more positively and properly used, the competitive edge of Hong Kong can be strengthened for the benefit of the industrial and commercial sectors. It will in turn attract them to continue with their investment and development in Hong Kong, as well as providing them with a better environment to reap profits and to build up the prosperity and stability of the territory. Besides, we also think that the necessary expenditures are fittingly government responsibility — a point which the Government still disagrees to date. Therefore, we have made our overall consideration on this basis and concluded that the profits tax should not be reduced by 1%. We are not saying that the Government should collect tax without any limit and then pocket the tax revenue. This is not our philosophy.

MR FRED LI (in Cantonese): Mr President, when discussing rates a moment ago, the Administration said, "In the several rounds of consultations, neither the political parties nor the Councillors mentioned about rates, but now we run into strong and adverse reactions to the rates revaluation." I think that this statement

is not fair. I would like to ask: In the last consultation on the Budget, how many political parties suggested reducing profits tax? Which political party proposed to reduce profits tax by 1%? Most of the political parties made no proposal of this sort. Some of them even proposed to increase profits tax. How strong was the public opinion in favour of reduction of profits tax by the Government? I would like the Financial Secretary to answer these questions.

I do not think the public will support the profits tax reduction. Indeed the public has not been aware of any press report to the effect that the industrial and commercial sector is taking action to lobby the Government for a reduction of profits tax by 1% from its present low level. The Administration, in its Budget, has also stated clearly that our taxes are almost the lowest in the world. The Administration is all along taking pride in our low taxes, and our simple and efficient tax system. Will a further reduction in profits tax be able to attract more business and more people in the industrial and commercial field to invest in Hong Kong? Has the Administration ever considered not reducing profits tax, but giving more government subsidies towards industrial and commercial development as well as actively improving the training of scientific and technical personnel? What is the point of increasing and reducing the tax within such a simple tax system, and voluntarily reducing the profits tax by 1% without the basis of public views?

Therefore, we have the right to move here that the Administration's proposal be amended. We are also happy that we can, without the Governor's approval, exercise the powers of Legislative Councillors in proposing that the amendment moved by the Administration be withdrawn and the profits tax be maintained at 17.5%.

MR STEVEN POON (in Cantonese): Mr President, I believe that the United Democrats of Hong Kong and the Meeting Point must have some misunderstanding. As a matter of fact, we are not asking for a tax reduction since profits tax was previously set at 16.5%. The proposed adjustment is to bring profits tax back to its previous level because the Financial Secretary had raised it from 16.5% to 17.5%. In fact, many people in the commercial and industrial sector were then opposed to that increase. If the Government finds that things are so tight that it needs to increase tax, surely we will not raise any objection. However, now that the coffers are already awash with surplus, it is unreasonable for the Government to increase tax by putting forward the same old arguments. What the Government proposes now is indeed not a tax reduction. The fact is that the justifications for the previous tax increase are no longer there. Therefore, the arguments about maintaining a high level of tax rate or boosting physical infrastructures simply do not hold water. In fact, the tax increase in the past was not necessary in the first place and the current proposal simply aims at restoring the rate to its past level, so as to narrow the current difference of two percentage points between the rates of profits tax and salaries tax to a more reasonable level.

Since the Financial Secretary raised profits tax to 17.5%, I have all along been opposing that increase. I am not gratified by the Financial Secretary's proposed reduction for we have tolerated the increase for two years before profits tax now is lowered to its original level.

MR ROGER LUK (in Cantonese): Mr President, I just want to add a few words to the Honourable Steven POON's remarks concerning the difference between corporate rate and standard rate. In the Third Report of the Inland Revenue Ordinance Review Committee, reasons are given as to why there is a difference of 1.5%. The main reason lies in the fact that dividends paid by companies are non-taxable and an extra 1.5% is thus factored into profits tax to make up for the loss. As the Honourable Steven POON mentioned earlier, the adjustment of the corporate rate from 16.5% to 17.5% was wholly a matter of generating more revenue through taxation. Now that the Government does not need to resort to that means, we should therefore support the Government's proposal to lower the rate to its previous level.

MR JAMES TIEN (in Cantonese): Mr President, why should a government levy taxes? I believe that taxes are necessary for the provision of various public facilities. Facilities in areas such as housing, medical care, law and order and education provided by the Government are quite sufficient at the moment. Now, even if it may wish to spend substantially in these areas, the Government would find it impossible to do so due to a shortage of manpower (we have a 3% unemployment rate). Meanwhile, is it still necessary to keep on building up the reserves when the coffers are bursting at the seams? Suppose the profits tax rate is reduced by 1% resulting in a \$1.2 billion reduction in revenue, the projected surplus for this year's budget will still amount to \$7.7 billion. Together with the accumulated \$200 billion fiscal reserves, the Government need not worry about a lack of financial resources in the foreseeable future and it is fully capable of providing the necessary facilities to the public.

What about the views of the business and industrial sector? I trust that Members from the United Democrats may not have so much experience as that of the Liberal Party Members in this regard. What the business and industrial sector looks at is the trend, not the 1% tax rate or \$1.2 billion in dollar terms. The most important consideration is to know the trend of the time. Should we send out a wrong message, we may frighten investors away. Stock markets worldwide often see volatile movements in response to certain government measures despite that, for example, even the proposed increase or reduction in taxes has yet to be implemented. People from the business and industrial sector know that the reduction in profits tax rate is a major global trend. Economic recession is commonplace around the world and tax cut is in vogue. Two years ago, profits tax was increased in Hong Kong due to our unfavourable fiscal position. Business and industrial sector understood the situation and accepted the increase. Now we have a surplus. It is necessary for the Government to

lower profits tax to its previous level because this would encourage the business and industrial sector to make long-term investment in Hong Kong.

There is another point that I would like to comment on the views put forward by the United Democrats. As a Member from the Liberal Party, I opines that from the commercial and industrial point of view, the creation of wealth is of prime importance. But it seems that the United Democrats consider the distribution of wealth the most important. We think that on the basis of a 17% plus tax rate, we may certainly raise large amount of tax on profits taxable in the region of \$100 billion. Yet, this amount would be far less than that collected on the basis of a tax rate of 16.5% if the profits taxable amount to \$200 billion, not \$100 billion. Our argument is, therefore, that it is most important for Hong Kong to make more money and the 1% tax reduction is not going to cause any adverse effects on our long-term economic development. The United Democrats may have realized that they are not good at money-making but they could ask for a distribution of wealth in the sense that wealth from the business and industrial sector should be channelled to the grassroots whose interests they represent. As a matter of fact, this sort of thinking is wrong. Why do many European countries have an unemployment rate of 10%? Why is it that businesses in the United Kingdom were wound up one after another and, as a consequence, the Government cannot have much to collect in terms of profits tax? This is because there is not a favourable environment for businesses' future development. If we advise people to invest in the United Kingdom, the first thing that comes to their mind is that there are still other matters to attend to apart from paying taxes. Not much benefit will be left at the end of the day. They therefore would not even bother to give it a thought. Mr President, I hope that the United Democrats will understand that in the long-run, so long as Hong Kong remains prosperous, the one percentage point, or \$1.2 billion, merely accounts for a negligible portion of the \$160 billion-odd expenditure to be spent by the Government this year. In view of this, we should not send out a wrong message to the public.

Mr President, with these remarks, I support the motion moved by the Government.

DR YEUNG SUM (in Cantonese): Mr President, it was a gross exaggeration for one of the Members to have said just now that the United Democrats of Hong Kong wants a "redistribution of wealth". As 1% of the tax revenue amounts to only \$1.2 billion, if we had really aimed at a "redistribution of wealth", we would not have worked at 1%!

Basically, Dr HUANG has already said earlier that low taxation is not the main reason for foreigners to invest in Hong Kong. The most important factor lies not in low taxation for it is only one of the many factors. Nor is it the principal factor. The important factors are many. The open-door policy of China has brought about many economic activities in Hong Kong. Besides, the absence of racial or religious disputes in Hong Kong has contributed to

relatively stable politics. Although more voices have been heard after the introduction of directly elected Members, causing some kind of discomfiture to our government officials, with the lapse of time everyone will get used to this system which will continue to function in such a way in the future. So the factors that have really attracted foreign investments to Hong Kong are our advanced communications infrastructure and steady economic growth. The Financial Secretary said that the proposed 1% reduction in profits tax is intended to attract foreign businessmen to invest in Hong Kong. But generally speaking, profits tax is only one of the many factors attracting foreign investments. It is not the most important one. There are in fact numerous other factors.

MR HENRY TANG (in Cantonese): Mr President, Dr YEUNG Sum said just now that Hong Kong had many attractions for foreign investors who made investment in the territory. I am sure the advantages enjoyed by Hong Kong are likewise enjoyed by other countries, such as South Korea and Taiwan. Countries like Thailand and Singapore, like Hong Kong, are also advanced in telecommunications technology, have a stable political climate and are accessible to the China market.

Why are the investors in favour of Hong Kong then? One of the main reasons (not the only reason) is that Hong Kong has a simple and low tax system. It has taken Hong Kong many years to develop such a simple and low tax system. Now many countries in the West, as Mr James TIEN pointed out just now, find that their relatively high tax policy has backfired as they see their tax revenues fall. And now they are inclined to adopt a low and simple tax system.

We from the Liberal Party support the idea of creation of wealth, and we trust the United Democrats support the idea too. We also support the idea of “storing wealth among the people”. In this connection, we support the Government’s proposal of reducing profits tax by 1%. Mr Fred LI asked a moment ago whether, with the exception of a certain political party, there were any persons who, or political parties which, had made a similar demand for a reduction of the tax by 1%. Actually there are quite a number of such organizations. I can name a few, like the Federation of Hong Kong Industries, the Hong Kong Chinese General Chamber of Commerce, the Hong Kong General Chamber of Commerce and the Business and Professionals Federation of Hong Kong. In their submissions to the Government regarding the 1994-95 Budget, they did propose a reduction of the profits tax by 1%. These five business and industrial bodies, one may say, represent an overwhelming majority of employers. Therefore, in response to the point raised by Mr Fred LI that the Government should listen to the views of the public, I would like to commend the Government this time for taking people’s advice.

MR EDWARD HO (in Cantonese): Mr President, I wish to respond briefly to what Dr HUANG Chen-ya has just now said on the report prepared by the Business and Professionals Federation of Hong Kong (BPF). First of all, it seems to me that we have four BPF members in this Chamber. I am very pleased that some Members have read the report but it seems that they have not read it thoroughly enough. As Mr Henry TANG has said, the BPF supports a 1% reduction in tax but it does not find it justifiable to allow public expenditure to go up unrestrainedly. We only hope that the Government would invest more in education or physical infrastructure so as to improve Hong Kong's competitiveness steadily. We support the Financial Secretary's philosophy of financial management, that is, the growth of our public expenditure should keep pace with the growth of our gross domestic product (GDP). For example, it could be 5% or 5.5% of the GDP growth. It is never our view that more tax is called for because it is necessary to increase expenditure.

DR CONRAD LAM (in Cantonese): Mr President, just now some Members of the Liberal Party have stated clearly their support for the principle of "storing wealth among the people". It is well known that some representatives of the industrial and commercial sector are unwilling to make less profits. But at the same time they are saying that it is necessary to "store wealth among the people". On the other hand, in regard to the charges on medical services, the Liberal Party is pushing the poor patients to follow the "user pays" principle. What kind of spirit is it? I am greatly perplexed by it.

MR HOWARD YOUNG (in Cantonese): Mr President, the position of the Liberal Party in respect of today's several revenue-related motions is clear-cut and thorough and does not drift. We seek to freeze rates because of already buoyant revenues. The Government really does not need so much money. What is the purpose of stashing away all that money? We support, not oppose or abstain from, the reduction of air passenger departure tax for the same reason. We believe in Hong Kong's low taxation system and that the Government is too rich to demand for more money. The third motion is on profits tax. Our position is also very clear-cut and we seek to have the profits tax rate cut. The reason is also that the Government already has buoyant revenues and it is not necessary to collect more. We are not seeking a reduction or a freezing of rates on the one hand but opposing a reduction in the profits tax rate on the other. I find such a behaviour very confusing indeed. I feel that today's issue truly reflects the belief of the Liberal Party, that is, to adopt an economy-led approach in taking care of people's livelihood. It is impossible to take care of people's livelihood if we do not adopt the economy-led approach.

However, I heard just now Dr HUANG Chen-ya of the United Democrats say, "If the profits tax rate is not reduced, the Government may have more money to spend for the good of the business and industrial sector." It sounds very reasonable on the face of it. I am not from the business and industrial sector myself nor is the tourism sector part of the business and industrial sector.

I am an employee. I feel that although I acknowledge that the business and industrial sector may very much wish and welcome the Government doing more for them such as setting up more industrial areas, doing more planning or providing better infrastructures, the Government is capable of doing all these without having to collect more revenues. The Government has a surplus of \$7.7 billion. It has already done something for the business and industrial sector by carrying out infrastructure works and building industrial estates. I hold that the Government should keep up with such good work. But the argument that the Government should collect more revenue for the sake of the business and industrial sector simply cannot stand.

I can think of places that practise such kind of policy, for example, in Mainland China, where there is a 55% enterprise tax. The Government there says it imposes a 55% tax in order to provide services such as planning and the construction of airport facilities, promoting sales and developing markets. This is the so-called socialist economic system. I believe that such a system is getting out-dated even in China because the Chinese Government already know that such a practice is inappropriate. Apart from that, there is a phenomenon in some Chinese regions which are in close proximity to Hong Kong. Many colleagues have mentioned that the 16.5% or 17.5% tax rate in Hong Kong is already very low. However, I would like to point out one thing: our neighbouring regions like the Shenzhen Special Economic Zone and the Zhuhai Special Economic Zone are adopting a 15% profits tax rate. It is indeed lower than our 17.5% or 16.5%. Should one invest in new enterprises, one will enjoy “concessions for three and exemptions for two”. In other words, there is half tax concession and full tax exemption in five years. Although I agree that investors do not merely look at the tax rate in deciding where to put their investment, there are two special economic zones close to Hong Kong which use low tax rates to attract investors. I, of course, hope that foreign and local investors will continue investing in Hong Kong rather than shifting to Mainland China because local workers will encounter difficulties in economic transformation if investors shift to China. In view of this, it is imperative that we should watch our neighbours carefully and support measures which can make investors feel that we have the determination to preserve our good investment environment so as to compete.

The Liberal Party's standpoint today is, therefore, to support the freezing of rates, the reduction of air passenger departure tax and the reduction of the profits tax rate. We are not going to support one, oppose another and abstain from yet another!

FINANCIAL SECRETARY: Mr President, this must be a fairly unusual place in that the executive has trouble not only in increasing taxes but in cutting taxes.

In my concluding speech at the Second Reading debate on the Appropriation Bill 1994, I explained our reasoning in proposing a 1% reduction

in the corporate profits tax rate. To recapitulate, our intention is to maintain Hong Kong's competitiveness as a business and financial centre.

We take pride in our low taxes, which, over the years, have proved to be a key factor contributing to our economic success. Two years ago when I raised profits tax by 1%, I reassured Members that the increase did not indicate the start of an upward trend in our tax on profits. As our fiscal position has improved, I consider it right to restore profits tax to its previous lower level so that Hong Kong will continue to enjoy the best possible business environment.

Despite this significant tax concession, I can reassure you that, given our buoyant business outlook, we expect revenue from profits tax to increase in 1994-95, not only in money terms but also as a proportion of total revenue. This again is a magic of good growth.

The proposed reduction is a timely move in view of growing concerns about the increasing costs of setting up and doing business in Hong Kong. I also expect that the encouragement to investors arising from this concession will ultimately benefit all sectors of the community.

In answer to one Member, I would confirm that there were a number of requests — I have not counted up exactly how many, both from Members of this Council and from outside this Council — to me to reduce profit tax. I have to say here that the survey quoted by Dr HUANG I find completely unpersuasive. It perpetuates the confusion I sought, obviously unsuccessfully, to remove in my speech on the Second Reading of Appropriation Bill 1994 (paragraph 35). It is not the case, if you put a question to someone, "Would you forego a tax reduction if we spend money on X?". The premise is totally wrong. That is not the choice which we face, at least under our present system. If I may just read that one paragraph: "The confusion is well illustrated by one Member's suggestion that the reduction in profits tax had deprived us of much needed resources to expand the range of government services and programmes. I am afraid this is based on a misconception of the way we manage our public finances. It is a common misconception, and one I hope I can correct here. As Members know — not least because I repeat it every year — a key budgetary principle is to keep growth in government expenditure in line with the trend growth of our economy. This sets the limit on how much we can spend in the public sector. A bumper year for profits tax does not therefore translate into a sudden expansion in government services. Nor does a cut in profits tax result in a cut in expenditure....." It went on a bit, after that.

Mr President, I shall oppose the proposed amendment moved by Dr HUANG in the Committee stage.

*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).*

## **GAMBLING (AMENDMENT) BILL 1994**

### **Resumption of debate on Second Reading which was moved on 27 April 1994**

*Question on Second Reading proposed.*

MR JAMES TO (in Cantonese): Mr President, I speak in support of the Second Reading of this Bill, and I would also like to take this opportunity to express my views on this Bill.

First, this amendment is only a technical one. Currently, members of the public can play mahjong in clubhouses if such clubs are lawful organizations approved under the Societies Ordinance and exempted from licensing. Gambling in these places is legal. However, since the amendment of the Societies Ordinance in 1992, societies are no longer required to register with the Commissioner of Police and all that is required is a notification to the Commissioner. It is therefore impossible to as certain as to the legality or otherwise of a particular society. Members of the public like to play mahjong in restaurants as a kind of social activity. But as some restaurants may not satisfy the conditions for exemption under the Societies Ordinance, playing mahjong in these restaurants will thus become illegal gambling. Many members of the public like to play mahjong in some festive gatherings in restaurants. They regard it as a social activity and may unknowingly breach the law as they will unlikely question whether or not the particular restaurant has a licence. As I understand it.....

PRESIDENT: Sorry, Mr TO, what is the relevance of all these to the Gambling (Amendment) Bill?

MR JAMES TO (in Cantonese): Mr President, they are relevant because clause 3 of the Bill has specifically mentioned the provisions for the exemption of restaurants and clubhouses.

Mr President, as I understand it, there is a large restaurant in the Elizabeth House in Causeway Bay which has not had a licence in the past four years. I believe that many wedding banquets have been held there during this period and we can picture how many people have played mahjong in this restaurant.

Moreover, according to a survey conducted by the City and New Territories Administration in 1991, only 23% of clubhouses in Hong Kong could satisfy the conditions under the Societies Ordinance and were therefore exempted from the licensing requirement. In other words, it means that the remaining 77% were unlicensed. If members of the public are unaware of the fact that these clubhouses do not have a licence and gamble there, they will be gambling illegally. So I should advise them .....

PRESIDENT: I still do not see the relevance of these remarks to this Bill. Which clause of the Bill?

MR JAMES TO: Section 3, subsection(4), paragraph a(ii). It is a new paragraph about the introduction of the exception in respect of a club house provided that the conditions under the Clubs (Safety of Premises) Ordinance have been satisfied. It is a new provision. I cite the survey in order to alert the Government that it must implement the policy in a wise and prudent way.

PRESIDENT: We are looking at the Gambling (Amendment) Bill 1992. I do not think that deals with restaurants, clubs or societies at all.

MR JAMES TO (in Cantonese): Mr President, what I have to point out is that according to a survey conducted by the City and New Territories Administration in 1991, only 23% of club houses in Hong Kong were exempted from the licensing requirement. I do not know how many clubhouses are currently exempted under the Clubs (Safety of Premises) Ordinance.

PRESIDENT: But you are not dealing with any clauses of this amendment Bill. You are dealing with something of much wider scope, Mr TO. I am sorry if I am misunderstanding you. Which clause of the Gambling (Amendment) Bill 1992?

MR JAMES TO: Clause 3 of the Bill, Mr President.

PRESIDENT: Which amends.....

MR JAMES TO: Which amends section 3 of the original Ordinance. Subsection 4a(ii). That is clause 3c(i) of the Bill.

PRESIDENT: I apologize to you. A wrong copy has gone in my file. I am sorry. Would you continue?

MR JAMES TO (in Cantonese): Mr President, according to the survey of the City and New Territories Administration, only 23% of the clubhouses were exempted from licensing, with the remaining 77% operating as usual though unlicensed. It is very easy for members of the public to unknowingly breach the law by playing mahjong in these unlicensed clubhouses. I hope that the Administration can conduct a survey after this amendment to see how many restaurants and clubhouses can be exempted under the Clubs (Safety of Premises) Ordinance. Given that mahjong playing is a very common social activity, although I do not encourage gambling, still I do not want to see members of the public getting on the wrong side of the law innocently.

With these remarks, Mr President, I support the motion.

*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).*

## **BUSINESS REGISTRATION (AMENDMENT) BILL 1994**

**Resumption of debate on Second Reading which was moved on 27 April 1994**

*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).*

## **ESTATE DUTY (AMENDMENT) BILL 1994**

**Resumption of debate on Second Reading which was moved on 27 April 1994**

*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).*

## **MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1994**

### **Resumption of debate on Second Reading which was moved on 27 April 1994**

*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).*

## **STAMP DUTY (AMENDMENT) BILL 1994**

### **Resumption of debate on Second Reading which was moved on 27 April 1994**

*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.

## **INLAND REVENUE (AMENDMENT) BILL 1994**

Clauses 1 to 7 and 9 were agreed to.

Clause 8

DR HUANG CHEN-YA: Mr Chairman, I move that clause 8 be deleted from the Bill.

*Proposed amendment*

**Clause 8**

That clause 8 be amended, by deleting the clause.

*Question on the amendment put.*

*Voice vote taken.*

DR HUANG CHEN-YA: I claim a division.

CHAIRMAN: Council will proceed to a division.

CHAIRMAN: Will Members please proceed to vote?

CHAIRMAN: Are there any queries? If not, the result will now be displayed.

Mr SZETO Wah, Mr TAM Yiu-chung, Mrs Elsie TU, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted for the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Andrew WONG, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr Roger LUK, Ms Anna WU and Mr James TIEN voted against the amendment.

THE CHAIRMAN announced that there were 17 votes in favour of the amendment and 29 votes against it. He therefore declared that the amendment was negatived.

*Question on the original clause 8 put and agreed to.*

**GAMBLING (AMENDMENT) BILL 1994**

Clauses 1 to 6 were agreed to.

**BUSINESS REGISTRATION (AMENDMENT) BILL 1994**

Clauses 1 to 8 were agreed to.

**ESTATE DUTY (AMENDMENT) BILL 1994**

Clauses 1 to 8 were agreed to.

**MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1994**

Clauses 1 and 2 were agreed to.

**STAMP DUTY (AMENDMENT) BILL 1994**

Clauses 1 to 3 were agreed to.

Council then resumed.

**Third Reading of Bills**

THE ATTORNEY GENERAL reported that the

**INLAND REVENUE (AMENDMENT) BILL 1994****GAMBLING (AMENDMENT) BILL 1994****BUSINESS REGISTRATION (AMENDMENT) BILL 1994****ESTATE DUTY (AMENDMENT) BILL 1994**

**MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1994**  
and

**STAMP DUTY (AMENDMENT) BILL 1994**

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

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

Bills read the Third time and passed.

### **Member's Motions**

PRESIDENT: I have accepted the recommendations of the House Committee as to time limits on speeches for the motion debates and Members were informed by circular on 14 May. The movers of the motions will have 15 minutes for their speeches including their replies and another five minutes to reply to proposed amendments. Other Members, including the mover of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

### **HOUSING SUPPLY**

MR EDWARD HO moved the following motion:

“That this Council urges the Government to take all necessary measures to ensure that there is adequate supply of public and private housing, including:

- (a) negotiation with China to continue the policy of increasing land supply for the period from 1994 to 1997 for residential use, especially for high density development;
- (b) provision of funds for the construction of necessary infrastructure to generate serviced land; and
- (c) expediting the building development process,

so as to redress the shortage of housing supply which is the fundamental cause of spiralling residential property prices.”

MR EDWARD HO (in Cantonese): Mr President, I rise to move the motion standing in my name on the Order Paper.

The problem of spiralling property prices in Hong Kong covers many sectors of the real estate market; but today, I shall concentrate on the demand for high density residential housing, as the rocketing prices of this category of housing has created a heavy burden on the majority of the public.

Many people, including some of my colleagues in this Council, have put forward proposals that encourage the Government to adopt administrative or

legislative means to control or dampen prices. I cannot agree to those proposals. Hong Kong's success has been due to its being a free market economy. Any government interventions by way of taxation, subsidy or price control would distort the true market price of a commodity and would not solve the problem at source. Let me put it very clearly: the problem we have today in spiralling property prices is caused by demand exceeding supply. In a free market economy, this problem must be corrected by adjusting and increasing supply to meet demand.

Hence, my motion aims at solving the current problem of high property prices by essentially increasing the supply of building land.

Undoubtedly, for a territory of a mere 1 067 sq km with a population of 6 million, land in Hong Kong will always be a scarce commodity. On the other hand, according to the Planning Department, Hong Kong should have adequate land to accommodate the projected growth of population well into the next century.

Whereas raw land may be available, the supply of building land has not been able to meet the demand. Raw land, whatever amount, is not building land. Before that can happen, land must be formed, serviced and supplied with the requisite infrastructure.

#### *Public housing*

As regards public housing, the Government has consistently not been able to meet, in a timely manner, the Housing Authority's demand for land. Understandably, since the formulation of the Long Term Housing Strategy in 1987, potential housing demand has been increasing. Nevertheless, the Government has the responsibility to supply sufficient formed land to the Housing Authority to achieve its objectives under the strategy by 2001. To save time, my colleague, Mrs Selina CHOW, will further address public housing issues later on.

#### *Infrastructure*

The Government's annual land sales programme, already subject to the 50-hectare limit imposed by the Sino-British Joint Declaration, has been further constrained by the availability of suitable building land of the right category and in the right locations. Although there are 200 hectares of land in Tin Shui Wai in northwest New Territories, they cannot be used immediately for construction of public or private housing for development cannot start without the infrastructure. In this case, the completion of the long-awaited northern section of Route 3 is essential.

As to the question of infrastructural development, the Government pointed out that it has embarked on many major infrastructure projects that will

eventually produce more building land: projects such as the West Kowloon Reclamation and a number of reclamations around the Victoria Harbour.

Those projects will contribute to the economic growth of Hong Kong and to improvement of the environment, but their contribution to a net gain of residential land will not be significant, the reason being the Government's Metroplan. The Metroplan aims to keep the population of the Metroplan area at about 4.2 million. Residents in the high density areas will be moved to the newly reclaimed areas. In other words, the major new reclamations serve only to thin out the population of the urban area. They will not solve the problem of shortage of residential land for good.

Although I supported the objectives of the Metroplan and the reclamations, the Government should allocate additional resources to infrastructural development in areas outside the Metroplan area to create more building land. Therefore, the construction of Route 3 and the Northwest New Territories Railway should start as soon as possible. Plans should be in hand also to improve the transport network of the New Territories East in order to ameliorate the deteriorating traffic congestion. Such projects would unlock the potentials of land in the New Territories.

In this connection, I proposed during the motion debate on the Governor's policy address in 1993 that the private sector's resources should be utilized for infrastructural development, so that raw land can be developed as soon as possible. I welcome the Administration's recent announcement that it is studying that possibility, and I await earnestly the outcome of that study.

Before I leave the subject of infrastructure, I would stress that infrastructure does not mean just roads, drainage and utilities. If new communities were to be created, such as in Tin Shui Wai and in Tung Chung, necessary community facilities and employment opportunities must also be created at the same time.

#### *Building development process*

As we all know, buildings are not constructed overnight. Hence, we must not overlook the other more readily available and indeed less costly sources of land supply. I am referring to the change of land use and re-zoning. Most of the vacant land in the New Territories is restricted to agricultural use. For this large land bank to be used, government approval is required for planning and lease modifications.

Historically, this government approval process has been long and tedious and the chance for success is slim. Even if approval is likely to be granted for certain items, it is not uncommon that the process will take 10 years or more to complete.

At the outset, the major obstacle to any development application is obtaining the planning approval. The lack of infrastructure in the area concerned is often cited as the grounds for disapproval, a point which I have already mentioned earlier.

Other common grounds are environmental concerns. In some cases, there are of course genuine concerns for the development project's impact on the environment such as the Wildlife Reserve at Mai Po Marshes. But there are times when the government view is very hidebound, one such example being agricultural land that has been laid to waste is still zoned by the Government for agricultural use and is even zoned as green belt. Unattended to, this kind of land are often littered and derelict, not at all "green" in the smallest sense of the word.

I am particularly disturbed at the questionable planning process of the New Territories. I understand that the Northwest New Territories Development Strategy Study started by the Government in 1990 has still not been completed. Yet, in the meantime Outline Zoning Plans for the whole of the New Territories are scheduled to be completed by July this year. Not only that, the Territorial Development Strategy Review that deals with the future growth of Hong Kong into the next century has only just completed its public consultation at the end of last year. As far as I know, the final strategies have yet to be finalized. Thus, the Outline Zoning Plans which deal with land use planning at district level will have been decided before important strategies for the overall land development of Hong Kong have been formulated.

Such a planning process is indeed putting the cart before the horse. It is therefore not surprising that the process has failed to make the supply of building land meet the growing demand. Moreover, the conservative and often negative position the Government has taken in approving development in the New Territories further aggravates the problem.

As a result, I think that the whole building development approval process should be reviewed at once. The Government should adopt a positive approach to facilitate planning and development. Time required for "milestones" approval must be strictly defined and if possible given statutory periods. Moreover, the whole approval process should be co-ordinated by one single government department given suitable powers to make sure that the other departments concerned must complete their part of the process in time. Duplication of approval requirements should be avoided. For example, if a plan has already been approved by the Town Planning Board, it should not be subject to further approval requirement for the Master Layout Plan and the "Disposition, Design and Height" clause, as in the current system.

#### *Building density*

The number of units to be built on a given piece of land is determined by its plot ratio or such other density restrictions the Government may impose.

Hence, an increase in density will directly increase building land. Determination of our strategy for density should depend on our projection for the future growth of Hong Kong and the consequent overall demand. If “extra high growth” is projected, then we should maintain reasonably high densities for our urban areas. Otherwise, we shall needlessly squander away our invaluable land and infrastructure resources. Seen in this light, the recent reduction in densities in areas covered by the amendments in 16 Outline Zoning Plans for Kowloon is a retrograde step. It is pushing the population to areas outside the urban area on the pretext of the lack of infrastructure, yet lacking at the same time a comprehensive plan to deal with the resident demand. The Financial Secretary reportedly said in London earlier this month that in terms of supply, low density residential area could be converted to higher density. But so far, the Government has been doing just the reverse.

The planning of new towns formulated in the 1960s and the 1970s has arguably dealt successfully with the population growth in the past. Yet it could not have possibly envisaged the dramatic changes that have taken place in Hong Kong and in the Pearl River Delta in recent years or those in the years to come.

It is time that an entirely new approach should be taken to review the building density in new towns. In areas where infrastructure is adequate, the plot ratio should be raised. Where it is not, infrastructure should be upgraded.

#### *Sino-British Land Commission*

The amount of land that can be disposed of by the Government each year is of course limited to 50 hectares as stipulated in the Sino-British Joint Declaration. Any amount higher than the limit must be agreed by the Sino-British Land Commission. Fortunately, over the years, the Land Commission has disposed of land more than the limit, but only mostly for major infrastructure projects such as the container terminals. During this year’s Budget debate in this Council, I urged for more land to be disposed for residential use. Subsequently, I was pleased to learn that the Commission has now agreed to grant 11 hectares more residential commercial land this year. But since most of the additional land is low density, the net gain is insignificant, at about 1 000 units.

Mr President, the subject of land and housing supply is extraordinarily complicated and requires a strategic and comprehensive study. The Government must do some very fundamental thinking on planning cautiously not only to meet the basic demands of our population in future, but also to provide for the needs of our economic growth in the next century and beyond.

With these remarks, Mr President, I beg to move.

*Question on the motion proposed.*

MR ALBERT CHAN (in Cantonese): Mr President, land is a natural resource. It is developed and used basically to satisfy a need of human existence. On such a basis, the relationship between man and land is one of harmony and interdependence. This relationship, in the case of Chinese farmers and the earth, is well described in *The Good Earth*, a book by Pearl S BUCK, Nobel laureate for literature.

But in capitalist Hong Kong, land is a primary commodity monopolized by the Government and a minority group of people. Its existence and distribution are not consonant with the needs of the masses. In a commercial society, such as in Hong Kong, the main social function of land is to provide sites for housing, for shops, for office buildings and for other facilities in support of economic activity; and the distribution of land is based on capitalist values and the capitalist system and on decisions made by bureaucrats, developers, financiers and other wealthy and influential people who have the monopoly of economic and political powers. Under these conditions, the distribution and development of land are often unrelated to the needs of the masses. This is best illustrated by the shortage of housing.

In the post-capitalist era, economic activities having to do with real estate are accounting for 40% of Hong Kong's GDP. A sharp increase in land supply will be a strategy responsive to the housing demand of the people of Hong Kong. But such a move will necessarily rock the vested interests including capitalists, developers and major financial institutions. A sharp increase in land supply will not only regularize resource distribution but also affect the distribution and redistribution of political and economic power in Hong Kong.

We learn from history that the British government in Hong Kong is an administration that protects the political and economic hegemony of capitalists. Any policy that rocks the interests and powers of capitalists is a no-no. A sharp increase in land supply would be one such policy. Going with the trend, many capitalists in Hong Kong are getting under China's umbrella so as to make sure that their interests will be protected by China. With China's support, they can further tighten their control over the supply of land through the Sino-British Land Commission.

My statement is not based on a concoction of concepts. It is a conclusion drawn from an analysis of specific facts. Property prices have kept rising in Hong Kong since 1990. Yet the Government's land sales to provide sites for composite and residential development declined steadily from 1991-92 to 1993-94. In terms of acreage, land sales declined from 21 hectares to near 14 hectares. What apparently happened was that the Government simplistically attributed run-away property prices to rampant speculation, while at the same time it belittled the undersupply of public sector and private sector housing. In this way, the Government sidestepped the need to increase land supply and ran away from its responsibility for making sufficient housing available at reasonable prices.

The Government now plans to sell 16.54 hectares of land in 1994-95 to provide sites for composite and residential development. Even if, on top of this, all of the five hectares of reserve land is approved for residential development, only about 21 hectares of land will be available for composite and residential development. This is going back to the supply level of 1991-92. Property prices are now at unreasonable levels. But the Government is still tightly controlling the supply of land. If this does not serve to protect the interests of major consortia and developers, what other purpose will it serve?

The United Democrats of Hong Kong (UDHK) think that an increase in land supply is the chief method that the Government can now use to hold run-away property prices in check while providing more housing. But problems are often seen in the Government's land administration. The result is that land supply fails to meet demand and, more to it, land is not being supplied according to zoning plans and plans for land sales. The most obvious case in point is the Lands Department's failure to put about 6.75 more hectares of land on the market during the three financial years from 1990-91 to 1992-93, a failure that caused a slippage in land supply.

Many were the causes of the situation described above. The most obvious cause was the shortage of staffs. It is well known that the Lands Department has a heavy backlog of crown land lease modifications and land sales. The Government is not taking a square look at the workload of its staffs. The staffs are unhappy. In the coming year, the Government will be hiring an additional 150 people to do land administration work. This will only provide partial relief; it will serve only to speed up crown land lease modifications and land sales.

UDHK think that the Government should make a realistic assessment of the need for additional staffs to do land development work. It should not cite the traditional constraints on expenditure growth as a reason for failing to come to grips with a need that is real. The suggested assessment should cover the additional staff needs of the Lands Department, the Territory Development Department, the Works Branch and the Planning Department. These departments have a lot of work to do in the areas of land development, land supply and land use approval. UDHK urge the Government to move quickly to hire additional staffs for them. This will end the slippage of land development work due to insufficient staffs. The Finance Branch of the Government Secretariat should come to a real understanding of the problem and appropriate more money to the departments involved, thus enabling them to hire more staffs as are actually needed.

UDHK suggest that the Government should lay down clear medium and long-term land supply plans, in the same way that the works departments are now making five-year plans. If the Government makes a five-year land supply plan, the entire matter of land supply and development planning will improve and there will be less mismatching between supply and demand. As far as I know, the Lands Department has already compiled a report following a study on

a multi-year provisional land supply plan. We ask the Government to work harder on this and to discuss the related problems and suggestions with the concerned select committees of the Legislative Council.

Finally, in dealing with the land problem, the Government should change its concepts about land and about the relationship between Hong Kong's land and Hong Kong's people. Land is not solely a commodity. It must again be regarded as a natural resource to be used in a manner responsive to the needs of the people. The Government must assume this responsibility.

With these remarks, I support the motion.

THE PRESIDENT'S DEPUTY, MRS ELSIE TU, took the Chair.

MR FREDERICK FUNG (in Cantonese): Madam Deputy, only last week, this Council held a debate on a short-term capital gains tax on property. As the motion directly affected the vested interests, it came under fire in this Council. This is understandable. My memory is still fresh. I remember how the Government changed course at the last minute and voted against the motion. The Government does not even want to make a feasibility study of capital gains tax. I have grave doubts about the Government's *bona fide* intention to curb property prices. Today, a Member is moving a motion with more flexible wording. The motion calls for an adequate supply of land for both the public sector and the private sector instead of calling for a greater supply of land for public sector housing than for private sector developments. It will not hurt the vested interests. It will not make things difficult for the Government.

I hope that the Government will support today's motion. But I want to remind the Government that, if it sharply increases the supply of land for the private sector at the expense of public sector housing, only the major consortia will stand to gain. They will be able to hoard a lot of land and, later, a large number of completed housing units. Property prices will then remain beyond the reach of members of the public. Therefore, I support the motion. However, if there is to be a stabilizing effect on property prices, most of the increase in land supply should be for public sector housing.

Noteworthy is the fact that, in the Government's announced land sales plans for 1994-95, there will be 447 000 sq ft of land for high density housing development, a 21% drop compared with the previous year; 491 000 sq ft of land for medium density housing development, a 45% drop compared with the previous year; and 473 000 sq ft of land for low density housing development, an 85% increase compared with the previous year. The Government has tried to justify the increase in the supply of land for low density housing development. It says that multi-national companies are having difficulties in finding suitable housing for their senior staffs. It says that it must supply more land for low-density housing development lest these companies cut back on their

business activities in Hong Kong. The Government also says that the land sales plans cannot be changed because they were made before the announcement of the measures for fighting run-away property prices.

With regard to the Government's first point, we cannot make a judgment in the absence of statistics on multi-national companies trying to find housing for their employees. With regard to the second point, however, we can only say that the Government did not have a long-range strategic vision.

In fact, past years' statistics made it quite clear that property prices were rising much faster than people's ability to afford them. The mass media were monitoring property prices. Residents' groups and political parties, too, never stopped asking the Government to take a square look at rising property prices and to lay down a policy against them. The Government did not accede to their request until only two months ago. The Government's response was in fact in reaction to the pressure that the groups and parties had again and again brought to bear. The Government is reacting to the pressure and will now do something about this livelihood issue. Still, it has made no complementing long-term land sales plan; nor does it intend to change the land sales policy already made for the coming year. This of course shows the inflexibility of the bureaucracy. It probably also shows that the Government has made no change in its principles. It is still putting the interests of consortia before the well-being of the people in the making of policy. I would like to remind the Government that such policy orientation will be very costly in social terms. Social instability is usually caused not by political disputes but by the government's failure to have a proper policy for dealing with livelihood issues.

The Association for Democracy and People's Livelihood (ADPL), of which I am a member, always takes an interest in the housing problem of the people of Hong Kong. In recent years, we saw their burden growing heavier and heavier; they had to save on food and clothing in order to be able to meet mortgage payments. On this present occasion, I express the hope that the Government will adjust both the supply of land for public sector housing and the supply of land for private sector housing. The ratio should favour public sector housing. More people should be attracted to participate in the public sector housing market. This will be effective for stabilizing property prices.

The Government recently announced the ratio of sites for public sector housing to sites for private sector housing in respect of the land that would become available from, one, the redevelopment of the Kai Tak Airport site; two, the Kowloon Bay reclamation; and three, the West Kowloon reclamation. In the first two cases, sites for public sector housing equal only 7.7% of the total acreage, while sites for private sector housing equal 17.7% of same. In the third case, sites for public sector housing equal 4.1% of the total acreage, while sites for private sector housing, also counting sites for composite development, equal 12.95%. The ratio of public sector housing sites to private sector housing sites is one to three. ADPL, including myself, thinks that this is not a proper ratio. The relatively small acreage of public sector housing sites will have the

following effects: Low-income people will have less of a chance to move into rental public housing. Those who are eligible to buy Home Ownership Scheme housing will find that the supply of such housing is limited. They will then lower their expectations. They will want to join the waiting line for rental public housing. Some will be forced to buy private sector housing and pay the high prices asked by speculators.

Today's motion urges the Government to speed up infrastructure projects. This direction is right. But I am afraid that the Government may, in order to speed up infrastructure projects, ask the Housing Authority to undertake some of these projects. In this way, the Government will indirectly take unfair advantage of the Housing Authority and of those living in public sector housing.

The Government recently announced the financial arrangements between itself and the Housing Authority. It suggested that a development fund should be set up and it wanted the Housing Authority to undertake some infrastructure projects and some community development projects. True, these arrangements can speed up the completion of housing estates and make the housing estates ready for occupancy sooner. But the Government has said nothing about whether it will later reimburse the Housing Authority for the costs of the projects undertaken on its behalf. If the Housing Authority is not going to be reimbursed, then its money for undertaking the projects will come from public housing tenants' rent payments and from HOS profits. This will turn the Housing Authority into an agency that primarily builds and manages housing projects. The Government itself will, through such a sleight of hand, save a lot of money for itself. Therefore, the Government should make a public statement in this Council, pledging that it will reimburse the Housing Authority for the costs of infrastructure projects undertaken on the Government's behalf. This will reassure us and those living in public sector housing.

With these remarks, I support the motion.

MRS SELINA CHOW (in Cantonese): Madam Deputy, there are now 3 million people living in public sector housing in Hong Kong, accounting for over one half of the total population. Yet housing remains a headache. As of now, 150 000 people are still on the public housing waiting list. As many as 40 000 public sector housing units are needed each year. As the population grows and as property prices remain high, the public's need for public sector housing is becoming more pressing. The Government really has an obligation to build more public sector housing and make more of it available. A few days ago, the Liberal Party was happy to hear the Housing Authority say that it would make an effort to increase the supply of both new and old types of public sector housing and that it hoped to be able to fulfill its promise of clearing the backlog of applicants on the public housing waiting list by 1997. But whether there will be enough public sector housing units for members of the public depends entirely on the supply of land.

The financial arrangements recently worked out between the Government and the Housing Authority allow the latter to keep its surpluses and use them for land development, which will help to speed up the building of public sector housing. While this is undoubtedly a good thing, it will, let me note here, weaken the Legislative Council's role in monitoring the Housing Authority's surpluses. Under the new arrangements, this Council's Finance Committee will no longer have a say over the appropriation of money for public sector housing-related infrastructure projects. In view of this, the Government must clarify how the money will be used and how public accountability will be fulfilled.

Some say that money is almighty. But the problems created by public sector housing demand show precisely that money is not almighty. Gold cannot substitute for land. Money alone, if not accompanied by land and matching infrastructure projects, will not increase the supply of housing. The crux of the problem in the public sector housing area is the Government's failure to provide enough land to the Housing Authority. It is estimated that an additional 58 hectares of land must be provided as sites for housing construction from now to year 2001 before the public's demand for public sector housing can be met. If the goal of 10 000 more public housing units a year is to be met, the Government must grant more land to the Housing Authority for housing construction and the related projects. While an increase in land supply is the final solution, it is also the long-term solution. For the short term, the Government may wish to consider taking some other measures to relieve the public sector housing demand of the humble citizens. On this matter, the Liberal Party has the following suggestions to make and it is hoped that the Government will consider them carefully.

Firstly, it is hoped that, from now on, the land granted by the Government to the Housing Authority as sites for more public sector housing will not be of a useless kind, such as land on hill sides, dangerously situated land or land of irregular shape. When granting a piece of land, the Government must make a note as to how many public sector housing units can be expected to be built on it. Guided by this note, the Housing Authority can make more accurate plans.

Secondly, if at all possible, the land granted should not be too far away from the urban areas. Exceptions can be made only where there are good external transport links or where there are ample local job opportunities. Bad examples are Tin Shui Wai and Tuen Mun. There are not enough local jobs in these areas for the local people, who therefore have to bear the hardship of long-distance travel to and from the urban areas.

Thirdly, the long lead time is a major cause of insufficient housing production. Construction work is delayed and completion dates are set back. So I urge the Government to streamline the procedure of approving land grants and the procedure of land resumption; to provide more land of an immediately usable type; and to actively redevelop temporary housing areas and squatter areas. These steps will result in higher public sector housing production.

Temporary housing areas are now taking up as much as 102 hectares of land in all of the territory. The population density of these areas is very low. I believe that, if the Government clears the temporary housing areas faster, more land will be made available sooner for the building of public sector housing. Members of the public want to move into public housing estates and in order to fulfill their wish as soon as possible, I urge the Government to streamline the various procedures. What the Government now does is to resume land for itself and then grant the land to the Housing Authority. This should be changed. The Government should directly grant temporary housing areas or squatter sites earmarked for clearance to the Housing Authority. This will eliminate a very complex intermediate step.

Fourthly, the Housing Authority should be allowed to go into partnerships with private developers for the building of public sector housing. It can thus provide more housing to members of the public without having to rely on government land grants.

Fifthly, the Housing Authority should also be allowed to go into partnerships with private owners of land in the New Territories. The land belonging to these owners, which is now vacant, can then be converted to residential use. The Housing Authority can then use it as sites for public sector housing. As of 31 March this year, there were 23 000 vacant units in public housing estates in Hong Kong. More than 10 000 of them are in urban areas. These are included in the Housing Authority's renovation plans. Up to the end of March, the Housing Authority had finished renovating more than 4 000 of these units and leased them to eligible new tenants. I hope that the Government will quickly renovate all the remaining vacant units. The Government should also do its best to shorten the duration of the vacancy of units not undergoing redecoration. During our visits to public housing estates, we talked to people who lived there. They told us that, in many cases, a public housing unit had been left vacant for as long as between six and nine months. They found this to be a waste of resources.

Sixthly, I urge the Government to carry out quickly its housing scheme for the elderly. The Government should set up a service team with full-time responsibility for arranging public housing accommodation for elderly people and for solving the pressing public housing demand of elderly people, particularly elderly singletons. In addition, the Government should take active steps to register all elderly people and make arrangements to rehouse them in their original areas. In the making of these arrangements, the policy of letting elderly people choose their own house-mates should be observed. Administrators' inflexibility has sometimes caused delays in the rehousing of elderly people. This should not happen again. We cannot deny that, in many cases, old areas cannot be quickly redeveloped because many elderly singletons are renters of bedspaces in the buildings there. Expedient implementation of the housing scheme for the elderly will definitely be good for smoother and faster redevelopment.

MR LEE WING-TAT (in Cantonese): Madam Deputy, I am speaking in support of today's motion and I should like to thank Mr Edward HO for accepting my suggestion and incorporating in his motion the words: "negotiation with China to continue the policy of increasing land supply for the period from 1994 to 1997 for residential use, especially for high density development."

Madam Deputy, after the Budget debate, the Government, through the Financial Secretary and the Governor himself, announced that it would, some time between the middle and the end of June, put forth a comprehensive plan for cooling the property market which had been overheating in recent years because of speculation. I hope that this comprehensive plan will achieve two objectives. (1) I hope that it will cause a slow but sustained decline in property prices in the private sector. This slow but sustained decline should not last for just six months, as happened after the 1991 announcement of a stamp duty on property transactions and of a lower mortgage ratio of 70%. On that previous occasion, the property market took off again after a half-year lull. The stability of property prices in the private sector is very important to Hong Kong's economy. We do not want to see it happen in Hong Kong what happened to the property market in Japan during the late 1980s and the early 1990s. I believe that Mr Tony EASON, who returned from Japan only a few days ago, is aware of that country's painful experience. I believe that the stability of property prices is also very important to the vast majority of people in Hong Kong who want to buy homes. (2) I hope that the idea behind the comprehensive plan is to let the public sector provide housing units to those who cannot afford to buy or rent homes in the private sector. These people include the more than 10 000 families now on the public housing waiting list, the tenants of bedspace apartments and those who are paying high rents in the private sector.

My speech today will focus on the new arrangements between the Government and the Housing Authority announced by the Government last Monday. I will take a look to see if these arrangements will help us arrive sooner at the goal of providing homes to all who need them. The Government says that the new financial arrangements will serve two purposes: (1) They will keep the Housing Authority financially sound and autonomous; and (2) They will enable us to sooner and better achieve the goals of the long-term housing strategy.

Madam Deputy, in my opinion, from the look of things, these two purposes probably will not be achieved. I have three points to make in response:

(1) The Government said again and again that the Housing Authority would run up huge surpluses in the next few years and it would have a cash balance of \$9.5 billion in the 1993-94 year. I think that, first of all, this \$9.5 billion in black ink is due to the sharp scaling-down of plans, especially the plan for the period from 1994-95 to 1996-97, for the production of public sector housing. In each of the three years from 1994-95 to 1996-97, the average output of public sector housing will be only about 35 000 units. This is

15 000 units less than the average for the immediately preceding year or for the year 2000, which is between 45 000 and 50 000 units. As Members may be aware, each unit of public sector housing costs roughly between \$300,000 and \$400,000 to build. If we build 15 000 more units, we will have to spend \$6 billion more. Therefore, to say that the Housing Authority has a huge surplus is just smokes and mirrors. The surplus is there because we have under-built and under-spent over the past few years.

(2) The new financial arrangements will not add to the Housing Authority's financial independence, which it needs if it is to carry out its obligations under the Long Term Housing Strategy. Of course, under the Housing Ordinance, the Financial Secretary has absolute power to require the Housing Authority to remit its surplus to the Central Government. The Government now says that it does not want this surplus, which can therefore be kept by the Housing Authority. The Government wants the Housing Authority to set up a development fund with the money. I feel, first of all, that the Government does have the power in question. However, I believe that it will not use this power. The public, the Legislative Council and those who need homes will not allow the Financial Secretary to require the Housing Authority to remit its surplus to the Central Government. Nor, essentially speaking, does the Government need the money. So why should the Housing Authority remit its surplus to the Central Government? Secondly, the new financial arrangements do not actually divest the Financial Secretary of the power in question. If need be, the Financial Secretary still can require the Housing Authority to remit its surplus to the Central Government. I have reservations about the claim that the new arrangements will add to the Housing Authority's financial autonomy. Thirdly, the most important element of the Government's plan is to set up a development fund to help the Housing Authority speed up the building of housing. The details of this development fund are as yet not quite clear. There are many ambiguities. These ambiguities will permit the fund to be used for a wide range of purposes.

This morning, at a meeting of the Housing Authority's Establishment and Finance Committee, I asked the Deputy Secretary for the Treasury, Mr S F TSE, about the purposes for which the Housing Authority's surplus might be used. The answer was unclear as to two points: (1) Can the money be used to pay cash compensation to those affected by clearance actions? Mr TSE said he would not rule that out. This means, in other words, that we will have to use the money to pay compensation if and when the Government grants to the Housing Authority land with sitting tenants who must be rehoused and paid compensation. (2) The purposes for which the money can be used can be expanded to include urban renewal, which is now not within the Housing Authority's scope of responsibility. At present, urban renewal is basically the charge of the Land Development Corporation. It will not be surprising if the Housing Authority's surplus is also used for this purpose. Therefore, the diverse range of purposes for which the development fund may be used may become a bottomless pit.

(3) Finally, there is the question of land supply. The Housing Authority held a debate last week. Afterwards, it asked the Government to approve 15 more hectares of land grants and 10 000 more units in housing production each year. The Government has so far said nothing about whether it will approve 15 more hectares of land grants each year. If the Government does not approve more land grants to the Housing Authority, then the new financial arrangements are nothing more than arrangements about how the money should be split. They will do nothing at all for those who are on the waiting list and who need housing. I hope that the Government will soon make a public and formal announcement that it will grant more land to the Housing Authority and quickly make public housing available to everybody who needs it.

MR WONG WAI-YIN (in Cantonese): Madam Deputy, on 9 June last year, Mr LEE Wing-tat moved a motion at this Council, urging the Government to act expeditiously to increase the supply of land for private sector and public sector housing so that the supply of housing might increase for the benefit of middle and low-income groups. The Secretary for Planning, Environment and Lands said at the end of his response, “urging the Hong Kong Government to produce land is like urging the tide to ebb and flow. Urging it to produce land for, and to ensure the production of, ample supplies of housing is like urging the sun to rise and set ..... since urging that what is required and is already being done in ample measure should be done is unnecessary, the official Members will not support the motion.” But Mr LEE’s motion was carried despite the lack of support from the *ex officio* Members. Today, Mr Edward HO is moving a similar motion. The motion similarly asks the Government for more land for building more private sector and public sector housing. I wonder if Mr Tony EASON will have the nerves to say, in his response, that the Government is already doing enough, for the Financial Secretary says that he understands that supply problems are the cause of the run-away property prices that we see today. Many of the members of the public cannot afford the high rents or the high home prices. Therefore, even the Financial Secretary has to step in and get involved with the private sector’s market operations.

Earlier, the Acting Secretary for Planning, Environment and Lands mentioned a four-point plan. One point of the plan is to put to use soon the 200 hectares of land in Tin Shui Wai that has already been levelled. My speech today will focus on the supply of land, particularly on how to make the 200 hectares of land in Tin Shui Wai available for use. Is it true that increasing land supply for residential development will be enough to hold property prices down? It seems that the answer is “not quite”, if we look at the Tin Shui Wai case. A good deal of private sector housing has already been completed in that area, but not many people have moved in. Members have noted before that there is something odd going on in Hong Kong: On the one hand, there are homes without occupants; on the other hand, there are people without homes. Why is this? The main reason is the lack of a supporting infrastructure, by which I mean chiefly a good transport infrastructure, for the land that has been made available and for the homes that have been built. Without a good

supporting transport infrastructure, land is simply not useful. If land is to be useful as it should be, and if dwellings with a real market value are to be sold to citizens to hold property prices down, then supporting infrastructure projects should be undertaken simultaneously with land development. The main supporting infrastructure projects are of course the transport projects. Other projects are community projects including schools. Local employment opportunities are also important.

Northwest New Territories will be the main location of development. 200 hectares of land in Tin Shui Wai has already been levelled. It should be put to use soon. But the supporting infrastructure is not there. By this I mean drainage systems and roads. But even after drainage systems and roads are built, external transport links will yet have to be improved. I believe that, without good external transport links, not many people can be attracted to live in Tin Shui Wai even after the homes are built on that land. Therefore, it will be a good thing to make a comprehensive development plan for the new town. We will move more people into the new town. At the same time, we must provide these people with a better living environment. They should be able to move about in the new town. What is even more necessary and even more important is that they should be able — and I emphasize this — to travel to and from urban areas via a road system that is not blocked by traffic jams. Transport facilities are important to the new town, particularly external road links, as I have always been emphasizing. First of all, transport projects are the basic prerequisite to, and should have priority in, the development of the new town. Secondly, they provide an important basis for the development of economic activities including industry, commerce and financial services. Only good transport facilities will attract more people to live in the new town.

Let us return to the subject of making use of the 200 hectares of land in Tin Shui Wai. It is known what external transport links will be needed. They include Route 3 and the Northwest New Territories section of the West Corridor Railway. But construction has not yet begun on these projects. First of all, tender submissions in respect of Route 3 closed not so long ago. But discussions must still be held with China before the issue of the operating franchise can be resolved. I am more or less worried that China may delay the resolution of this issue or may say no. Should this happen, would the Government build the project itself, using its own money entirely? If it does, construction can begin on the project early next year and the project will be assured of completion in 1998. I hope that the Financial Secretary will give the matter some thought. Secondly, the Northwest New Territories Railway is still on the drawing board and the project will not be completed until the year 2001. But I am worried that the project may yet remain on the drawing board for some time. We always insist that the Northwest New Territories Railway should be extended to Tuen Mun town centre. We hope that the Government will agree to this.

Madam Deputy, increasing land supply may not be the final solution. In many cases, big-size lots will end up in the hands of big developers. They hoard

land, particularly land for redevelopment. Therefore, the Meeting Point continues to emphasize that the housing strategy must be changed if property prices are to be held down. A new housing strategy should give the dominant role to public sector housing. Private sector housing should no longer be given the dominant role. Property prices can then be held down to the benefit of the citizenry.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam Deputy, as I believe the Council is just about hovering around quorum, I will try to keep my speech sharp and to the point. I am grateful to the Honourable Edward HO for proposing this debate. There is clearly general agreement among us that whatever else may or may not need to be done about recent rapid rises in property prices, increasing and accelerating supply is an essential part of the answer. Today's debate gives me the opportunity to remind Members of the Government's well-established and permanent arrangements for the provision of a substantial and continuous supply of land for public and private housing production and other uses. I just like to remind Members of the record and the work we have done. I start with my series of reminders from Tung Chung, Tin Shui Wai, Tseung Kwan O, Ma Shan, Fanling, Sheung Shui, Yuen Long, Tai Po, Tuen Mun, Sha Tin, Kwai Chung, Tsuen Wan, Kwun Tong, Cheung Sha Wan, Aberdeen, Ap Lei Chau, Chai Wan, and in the pipeline West Kowloon reclamation, Central and Western reclamation, Kai Tai, Hung Hom Bay, Shaueiwan reclamation, Green Island. So we have done something.

#### *Public housing*

I would like now to say something about public housing. I must once again dispel the notion which some Members — despite repeated reassurances — continue to harbour and proclaim that the Government has not provided enough land to enable the Housing Authority to achieve our public housing programme aims. This is not correct.

The level of demand for public housing changes over time because of such factors as population and income growth, redevelopment and clearance programmes, prices and rents of private housing and so on. It is a constantly moving target. However, our aim has always been to provide sufficient land to meet clearly identified public housing demand over a period and this is reviewed regularly. For example: when the Housing Authority adjusted income limits and eligibility criteria in 1992-93, the Government promptly found 49 hectares of extra land to meet the additional demand. Currently, demand is under review yet again and we see good prospects of an additional 30 hectares being made available before 1997 to meet likely new requirements and other possible sites are being examined. But because demand increases and new land has to be provided, it does not mean that the Government has under-provided land for the Housing Authority or intends to do so. Nor does it mean needs have been under-assessed or ignored. It is simply part of an orderly and essential process of assessment and programming; and to suggest otherwise is

unreasonably censorious. In fact between 1988-89 and 1993-94, over 180 hectares of land were allocated for public rental housing and assisted housing, that is, an average of 30.5 hectares per annum. By comparison, an average of 17 hectares per annum were granted for private residential development over the same period.

The Administration continues to work closely with the Housing Authority to identify suitable land to meet demand. However, given that land and the related infrastructure have to be produced in Hong Kong, and the lead times this inevitably involves, it is only reasonable that the Housing Authority should come up with ways of improving output, for example, by getting the best out of the development potential and advancing the development sites wherever possible, in parallel. This is a prudent multi-pronged approach to a difficult problem caused by the special physical circumstances of the territory. It is not shuffling around of responsibility. It is simply a partnership in the production of a solution to a difficult problem.

### *Land production*

So the strident manner in which demands for instant supplies of additional land have been made by some suggests a lack of appreciation of the land development process. Let me explain further.

The process starts with planning. In view of the long lead times involved, which I have already referred to, the planning horizon is normally 10 years. Projected housing demand and other uses is translated into forecasts of land requirements to meet production target over time. The Public Works Programme then has to be adjusted to ensure sufficient serviced land is brought on to meet requirements. Whereas a change in demand can be agreed upon in a matter of hours or days, however, land and infrastructural development programmes cannot be adjusted in the same short time frame. This is especially so given the need to ensure that environmental and other social concerns are fully addressed in the land production process. Such adjustments have to be programmed in over sensible periods. Hence the terminology: Long Term Housing Strategy.

Beyond what can be done within the Public Works Programme, the Financial Secretary assured Members during the Budget debate that, in support of efforts to speed up the supply of more land, he was prepared to set aside extra funds for infrastructural works to be entrusted to private developers so as to bring forward the development of available land. In the same spirit, the proposed financing arrangements between the Government and the Housing Authority envisage the creation of a development fund to finance, among other things, the provision of infrastructure and community facilities which need to be brought forward to service housing developments. This will enable the Housing Authority to complete projects more quickly and without their being affected by priorities of associated infrastructural works which do not fit the same timetable.

*Land disposal*

Turning now to land disposal, the next step following land production, another common misconception which I have to keep correcting is the idea that the 50 hectares of land laid down in Annex III to the Joint Declaration have limited the supply of land and contributed to high land prices. This again is simply not true.

The Land Commission has in fact shown itself to be flexible and sensitive to Hong Kong's need for land to support its social and economic development. The land disposal programme has exceeded 50 hectares in every single year since the Land Commission was established in 1985. For example, the programme agreed for 1994-95 is 117.27 hectares, of which over 62 hectares are for the private commercial and assisted housing categories. The Land Commission has also agreed to set aside an additional 5 hectares for supplementary disposal if necessary. It is likely that we will formulate proposals to draw on this reserve around the middle of this year. Something that we did to the tune of an additional 5.94 hectares in 1991-92. Based on the solid foundation laid over the last decade, I am confident that the Land Commission will continue to take full account of the need for our land disposal programmes to meet the development pressures of Hong Kong.

There has been some comment that actual land disposal in the private commercial category in recent years has fallen short of the amounts agreed by the Land Commission. It is true that, over the last three years, there was a slight shortfall of 3.48 hectares (5.3%) against the agreed amount of 65.61 hectares in that category. Although we would prefer to avoid this sort of situation, there are technical and practical reasons why the disposal of certain sites may slip from one financial year to the next. There really is no magic in the dates 31 March and 1 April. For example, unavoidable delays in land availability and submission of unacceptable tenders for sites offered for sale towards the end of the financial year, which means that the sites cannot be re-offered for sale within the same year. While every effort is made to plan such tenders for earlier dates in the year, it is not always possible to do this because the land may not become available early enough.

Some Members have suggested that more high density sites should be included in the land disposal programme. We are indeed reviewing the density of development planned for some of the sites to be disposed of in the latter part of the year and for future sites, to see whether higher densities can be achieved.

I have to repeat once again — because it is a traditional part of the ritual of debates on this subject — that the Government does not operate a high land price policy. The market determines land prices, the Government does not. Our planning and land supply processes are geared towards providing land in quantities sufficient to meet the projected housing demand to the fullest extent possible. There is absolutely no, and I emphasize no, intention of deliberately withholding land supply in order to jack up prices. The realities of the land

production programming, however, I have already described. We cannot pretend that they do not exist, though we can and will try to plan and produce ahead of demand to a greater extent than hitherto.

### *Redevelopment*

Because of the constraints of time and space, we must to some extent count on redevelopment to unlock existing land which has not been fully developed. From past experience, we can expect flats from redevelopment to make up 60% to 70% of annual flat production. We are therefore looking at ways to facilitate redevelopment projects so as to increase housing supply. This again is only prudent.

### *Development processing*

I now come to the matter of development processing, which includes the town planning, land administration and building control processes. These affect the rate at which land is put to beneficial use.

Our planning and development mechanisms have inevitably become more meticulous over the years. This reflects naturally heightened concern about quality of life and related demands for higher standards of planning and more and better services. The challenge is to meet these aspirations without allowing the systems to become bogged down in bureaucratic debate. The Town Planning Board, the Land and Building Advisory Committee and the departments involved are all aware of the imperatives here.

A number of measures are being introduced to ensure that the processing of development and redevelopment proposals is streamlined as far as possible. Additional resources have been allocated to the Lands Department in 1994-95 to speed up the processing of new land grants, land exchanges and lease modifications. We have also streamlined the processing of development proposals, after discussion with developers and professional bodies in the Land and Building Advisory Committee. New practice notes to guide the preparation and processing of Master Layout Plans and design, disposition and height clause submissions have been introduced, together with new time limits for dealing with them. We will go on seeking ways of improving and expediting our processes but we will not abandon the higher planning and environmental standards our community has come to expect.

In conclusion, Mr President, the motion urges the Government to do what it already has the urge to do and is doing. But we are not complacent. High residential prices are a cause of concern and the Government is addressing this concern urgently and positively. As Members are aware, the task force on land supply and property prices will conclude its work next month. I expect to brief Members on the outcome at an appropriate time.

THE PRESIDENT resumed the Chair.

PRESIDENT: Mr Edward HO, you have 1 minute 56 seconds for your reply.

MR EDWARD HO (in Cantonese): Mr President, first of all I would like to thank Members for speaking in support of this motion. Although we have only a small audience in this Chamber, I know that the general public have a keen interest in this issue. They are either listening to the live broadcast over the radio or waiting to read the press coverage tomorrow. Moreover, this is the second time when all the political parties in this Council manage to arrive at a consensus. I do hope that the Government can attach greater importance to the subject which we have been debating just now.

I would like to respond briefly to several points made by the Secretary for Planning, Environment and Lands. Firstly, he mentioned the achievements made by the Hong Kong Government in the past, and the developments in Sha Tin and Tuen Wan are quoted as examples. No one here would deny that Hong Kong, under British rule, has developed from a piece of barren rock 150 years ago into a city with so much land today, but the fact remains that problems do exist. Hong Kong has been plagued by a shortage of housing supply and persistently high property prices. In recent years, the Government apparently has failed to take into account the territory's economic development, population growth and other factors in its planning. As a result, the supply of housing has fallen far short of the demand. That is why Members today would like the Government to pay more attention to matters in relation to housing and land supply. Secondly, the secretary said it took 10 years to make the necessary planning. However, the great number of solutions we propose today to the many problems take less than 10 years to make an impact. Anyway, I am not going to repeat what I have already said in my opening remarks. I think it is impossible for us in today's motion to come up with solutions to all the relevant problems, but I do hope that in response to our views, the Government will take a judicious approach to the existing problems.

*Question on the motion put and agreed to.*

## **NUCLEAR POWER PLANT**

REV FUNG CHI-WOOD moved the following motion:

“That this Council urges:

- (a) the Hong Kong Government to prepare early a proper contingency plan which should include indoor sheltering measures to deal with nuclear power plant accidents; and

(b) the Chinese Government:

- (i) to promise to inform Hong Kong immediately in the event of any accidents involving radioactive release at the Daya Bay Nuclear Power Plant; and
- (ii) not to build a nuclear power plant at Ning O or in areas close to Hong Kong, having regard to the worries of the people of Hong Kong.”

REV FUNG CHI-WOOD (in Cantonese): Mr President, I move the motion standing in my name in the Order Paper.

The contingency plan, as now drafted by the Government, has yet to be perfected for dealing with all eventualities. For instance, instruments for measuring the level of radioactive contamination of food have not yet been procured, and the needed staffs have not yet been fully recruited. The first generator set of the Daya Bay Nuclear Power Station went into operation one year behind schedule. Even so, it has already been in operation for half a year. But the Government to this day has not come up with a contingency plan for dealing with all eventualities. I am afraid that this amounts to a dereliction of duty. An accident last month required the first generator set to be shut down for seven days. Fortunately, there was no radioactive release. Had there been any, the consequences for Hong Kong would have been unthinkable.

Mr President, indoor shelter is a specific countermeasure. It allows people to stay indoors for a short time in order not to remain in open space where they may be directly exposed to, and contaminated by, a high dose of radiation. In the event of a massive radioactive release from the nuclear power plant, we will have a radioactive plume, which will be wafted by the winds, very probably into Hong Kong.

According to consultant Neil DAVIS's 1987 report to the Government on contingency planning for the Daya Bay Nuclear Power Station, indoor sheltering will enable people to escape between 50% to 90% of the radiation dosage. According to the same report, if the Government sounds the alarm in the event of an accident, people can quickly go indoors and thus escape massive contamination by radiation.

This method is good in that it is easy to follow, inexpensive and very efficacious. The Government should teach members of the public that, in the event of a radioactive release, fleeing outdoors may not be the best method; they should remain indoors. But the Government refuses to consider this countermeasure (to be adopted only within a 20-kilometre radius) on the ground that it will not be necessary. As a result, members of the public will not be as well protected as they might otherwise be in the event of a mishap.

Under the contingency plan as prepared, the Government will only evacuate, or provide indoor sheltering to, people within a 20-kilometre radius of the Daya Bay Nuclear Power Station, meaning the tourists in Mirs Bay and on Ping Chau Island and the people living there. There will be no evacuation plan or indoor sheltering plan for people elsewhere, because the Government says that the plans are unnecessary. The truth is that an evacuation plan is not unnecessary; it is just not feasible under the constraints of Hong Kong's geographical conditions. But I think that an indoor sheltering plan is feasible and arrangements should therefore be made accordingly.

Let us look back at the 1986 Chernobyl accident in what was then the Soviet Union. At the time, everybody living within a 30-kilometre radius of the nuclear power plant was evacuated. People had to leave their homes and stay away for a long time. The authorities then sealed off the area and forbade residents to return. Since people within a 30-kilometre radius of the scene have to be evacuated in the event of a nuclear power plant accident, indoor sheltering, as a countermeasure, must obviously be available within a greater radius.

*The HARWELL Report, Consultancy on the Environmental Aspect of the Daya Bay Nuclear Power Station, Accident Assessment, Phase I*, was completed in January 1986. Chart 4.3 shows clearly that the chance that 100 000 people will require delayed evacuation is just one in seven million. But please note that the chance is not zero; it is one in seven million. There is a one in seven million chance that 100 000 people will require delayed evacuation (that is, evacuation after the first 24 hours).

The same consultancy report discusses the probability that 100 000 people will require delayed evacuation. Contrary to what the Government maintains, the report shows clearly that the area from which there is a chance that people will have to be evacuated extends beyond the 20-kilometre radius. For there are only a few people or only a few dozen people within the 20-kilometre radius.

I am not asking for an evacuation plan, which will simply not be feasible in Hong Kong. Evacuation is bound to lead to chaotic conditions. Indoor sheltering is the second best countermeasure.

In 1984, two British experts, F. FECTOUX and W. CANNELL, published *Accident Will Happen*, a book about the Sizewell B Nuclear Power Station in the United Kingdom. According to this book, indoor sheltering must be available, in the case of Sizewell B, within a radius of more than 75 km; and, under special weather conditions (that is, strong winds), it must be available within a radius of 170 km. I have made photocopies of this information, as well as the other information that I have mentioned earlier, and put them outside the Council Chamber. Members are welcome to read them.

In Hong Kong, more than one million people live within a 40-kilometre radius of the Daya Bay Nuclear Power Station, including those living in Sha

Tin, Tai Po, Fanling, Sheung Shui and Sha Tau Kok. The Government cannot possibly make an evacuation plan for all these people. But it surely can provide indoor sheltering to them as a countermeasure. It will be irresponsible of the Government not to bear the safety of so many people in mind.

I have to point out something else. Chapter Six of the *Report on Contingency Planning* just completed by the Government notes that, in the opinion of international experts, only those living on Ping Chau Island and in Mirs Bay are within a 20-kilometre radius and will have to be evacuated, not those living elsewhere. I would very much like to know the names of these international experts. I very much hope that the Government will tell us which experts are of such an opinion about the needs and the arrangements. I feel that it is irresponsible of them to say that indoor sheltering must be available only within a 20-kilometre radius. I would like to question them.

Mr President, in the event of a nuclear power plant accident, Hong Kong must be notified instantly. My motion does not request that Hong Kong be instantly notified of any accident of whatever magnitude in the nuclear power plant. It requests that Hong Kong be notified instantly of any accident involving radioactive release. Radioactive release may or may not reach beyond the plant's perimeters. Whenever there is radioactive release, there is potential danger to Hong Kong. We must make preparations in good time. The contingency plan calls for concerted actions by more than 30 departments of government. How much time will we need to make the necessary preparations? It is not possible for us to complete all the necessary preparations within a few hours.

Up to now, the Chinese Government has not agreed to notify the Hong Kong Government promptly in the event of an accident in the Daya Bay Nuclear Power Station involving radioactive release. It has agreed to notify the Hong Kong Government only when radioactive release has reached beyond the perimeters of the nuclear power plant. This is not good enough. As we know, when radioactive release reaches beyond the plant's perimeters, it will be wafted into Hong Kong within four or five hours. It will not be possible for Hong Kong to take all the countermeasures within that short time-frame. So we hope to be notified promptly.

My motion says, "inform Hong Kong immediately". This means notifying the Hong Kong Government instantly. Right now, in the event of an accident in the Daya Bay Nuclear Power Station, Hong Kong will not be notified instantly. The people in charge of the nuclear power plant will instantly notify only the Guangdong Provincial Committee on Nuclear Power Plant Accidents and Emergencies. This committee will then notify Hong Kong's Royal Observatory. Such a procedure is flawed. Notification of Hong Kong may be delayed by political considerations and Hong Kong may not be told the whole truth about the accident.

The best way is for the on-site operators of the nuclear power plant to notify Hong Kong directly in the event of an accident. There is no need to go through the Guangdong committee. In addition, I suggest that there should be a direct data link between the radioactivity monitoring instruments of the Daya Bay Nuclear Power Station and those of the Hong Kong Royal Observatory. When there is a radioactive release in the nuclear power plant and when its instruments detect unusual radioactivity, the instruments of the Royal Observatory will show the same readings instantly. The need for human agency or input will thus be obviated.

Such arrangements will not need to involve human agency or input; they will do the work objectively and swiftly. They are absolutely feasible from the technical point of view. Some people say that such a method is unreliable, for Hong Kong may receive wrong signal because of instrument hitches. This problem can be solved if, whenever Hong Kong's instruments show unusual readings, Hong Kong officials will get in touch with the Daya Bay Nuclear Power Station and request confirmation. Any doubt can then be clarified. This, in fact, should be done wherever monitoring instruments are used.

In addition, we urge the Government to hire one or more nuclear power plant experts and send them to work at the Daya Bay Nuclear Power Station on a permanent basis. They will help make sure that the operations of the Daya Bay Nuclear Power Station meet international safety standards.

Mr Peter WONG is of the view that it will be good enough if the Chinese side notifies Hong Kong "as soon as possible". What is "possible"? This is not a good enough guarantee. Hong Kong perhaps will not be notified until the last minute, when it will be too late. Hong Kong perhaps will never be notified of some of the accidents. If there is an arrangement for instant notification, there will be no room for rumour. This is another advantage. Imagine what will happen if the Chinese side does not agree to instant notification. Suppose that it is rumoured that radioactive release has reached beyond the perimeters of the Daya Bay Nuclear Power Station, when in fact it may be confined to the inside of the plant. The Chinese side will then come out with a denial. But will the people of Hong Kong believe the denial? As far as I can tell, many in Hong Kong will not believe the Chinese denial in such a case, since the Chinese side has not agreed to notify us. If the Chinese side is bound by agreement to notify us of any accident involving radioactive release, we will find its denial more believable.

8.00 pm

PRESIDENT: Rev FUNG, I have to interrupt you. I am sorry. It is now eight o'clock and under Standing Order 8(2) the Council should adjourn.

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

*Question proposed, put and agreed to.*

REV FUNG CHI-WOOD (in Cantonese): Mr President, Mr ZHU Senlin, Governor of Guangdong, has disclosed that the province has decided to build another nuclear power plant at Ning O, which is close to Daya Bay, and a third nuclear power plant at Yangjiang in western Guangdong. Ning O is only 55 km from population centres in Hong Kong. China's plan to build another nuclear power plant near Hong Kong at a time when the people of Hong Kong are still having unresolved doubts about the safety of the Daya Bay Nuclear Power Station is clearly a sign of indifference to our worries.

We may recall that 1.04 million Hong Kong people in 1986 joined a signature campaign to a protest against the Daya Bay Nuclear Power Station project. The Chinese Government went ahead any way, ignoring the wishes of the people of Hong Kong. The people of Hong Kong were greatly disappointed.

I hope that the Chinese Government will take an interest in the safety of the people of Hong Kong and in Hong Kong's economic development, take account of the worries of the people of Hong Kong and abandon its plan to build another nuclear power plant at Ning O or anywhere else near Hong Kong.

With these remarks, I move the motion.

*Question on the motion proposed.*

PRESIDENT: Mr Peter WONG has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

MR PETER WONG moved the following amendment to Rev FUNG Chi-wood's motion:

“To delete all the words after “this Council urges” and substitute the following:

“(a) the Hong Kong Government:

- (i) to ensure that Hong Kong gets the earliest possible notification of all incidents involving radioactive release at the Daya Bay Nuclear Power Plant; and

- (ii) to co-ordinate closely with the Guangdong Authority with regard to Hong Kong's contingency plan; and
- (b) the Chinese Government to take full account of the worries of the people of Hong Kong before deciding on any future nuclear power plants in the vicinity of Hong Kong."

MR PETER WONG: Mr President, it is an ordinary day, just like any other day in Hong Kong. Suddenly, news flashes through the radio and television stations across the territory — an accident has happened at the Guangdong Nuclear Power Station (GNPS) at Daya Bay. As GIS can neither confirm nor deny the story, Hong Kong is immediately thrown into a turmoil — people are dashing out of their offices in Central and Tsim Sha Tsui; workers are surging out of the factories in Tsuen Wan and Kwun Tong; housewives are hurrying to the schools to claim back their children; there are traffic jams and road accidents everywhere. In just one moment, panic grips our city and things get totally out of control.

In the absence of timely and accurate public information on nuclear power safety, this scenario could become a reality. Limited public knowledge, confined to the publicity pamphlet published by the Government and distributed on a limited scale, often breeds misconception and pernicious rumour. Stories told about the ominous effects of radioactive release — such as life-time risks of developing fatal cancer, deformities in new born babies and contaminated environment unfit for living, easily give rise to alarm and fear. Hong Kong needs more than just immediate notification of all nuclear accidents at Daya Bay, both on-site and off-site — we need the earliest possible notification so that the Government's contingency plan can be activated in good time. We need to be assured that there will be no cover-up of any inchoative accident at GNPS which can quickly develop into a higher International Nuclear Event Scale (INES) category.

But more importantly, we need better and more extensive dissemination of information to the public well before any nuclear incident strikes. For instance, the public needs to know that the Daya Bay plant, which is a pressurized water reactor (PWR) will not blow up in the same way as the Chernobyl nuclear power plant in Russia. Hong Kong people need to know that GNPS has passed international safety standards, and that our contingency plan is well tested, refined and prudence-guaranteed. Such information should be presented in easily comprehensible format and distributed extensively in public places in order to make people understand that the chances for nuclear accidents are lower than the dangers in their daily lives. Further, the question of mass evacuation, which is on the top of many people's mind, needs to be clarified.

Here, I must say a few words about the amended motion submitted by the Liberal Party. The original motion calls for the preparation of a contingency plan, which has already been mapped out, to include indoor sheltering measures. However, according to a report on contingency planning prepared by the United

Kingdom Atomic Energy Authority in 1987, sheltering should not be necessary in the Hong Kong situation. The Report said, I quote: "It is highly improbable that any plume countermeasures would be required in Hong Kong, following any accident at the Daya Bay plant. At 25 km from the reactor, there is a consensus of international opinion that plans for evacuation, sheltering and issue of stable iodine are not generally considered necessary at this distance." And to put Rev the Honourable FUNG's heart at ease, the Daya Bay Contingency Plan also includes limited sheltering in Ping Chau, which falls within the emergency planning zone, as a precautionary measure in case the islanders cannot be evacuated. The plan also calls for temporary staying indoors, closing windows and shutting off air-conditioners whilst the plume passes. It is a non-issue. The Honourable Edward HO will elaborate on the question of sheltering.

The Liberal Party's amended motion calls for the close co-ordination of emergency arrangements between the Hong Kong Government and the Guangdong authorities. Indeed, the assessment and monitoring of any emergency cannot be carried out without the full co-operation of both sides. An evaluation of the nuclear incident at Three Mile Island in 1978 concluded that there were too many tasks for the reactor crew to perform during the emergency. It recognized the need for improved emergency exercises and for safety reviews to consider a wide range of accidents. While Hong Kong should be privy to the findings of such exercises, the Guangdong Emergency Committee Office should also be kept informed about what cross-border emergency assistance it could get from Hong Kong.

The Daya Bay Contingency Plan still leaves many questions unanswered. Has contingency planning been done in terms of the quantity of assistance needed for radiation levels monitoring, medical treatment, fire-fighting facilities, ambulances and emergency personnel, and helicopter and transport services? Will there be adequate water supply in our reservoirs in case the Monitoring Centres report contaminated and unusable water coming into the territory from China? Will there be adequate immigration control at the border and other checkpoints to cope with an unexpected influx of people crossing over from Guangdong? Are there enough medical staff stationed at the decontamination centres to provide radiological screening for travellers, and to give showers for people hit by radiological fallout? Dr the Honourable LAM Kui-chun will elaborate on gaps in contingency plan of the Government.

At the same time, territory-wide emergency exercises need to be conducted to test the general public's response and vigilance. These exercises will help find out how people react to the Royal Observatory's announcements about a nuclear accident, and whether a quick response can be made to public demand for information.

Finally, the last part of the amended motion urges the Chinese Government to take full account of Hong Kong people's worries before deciding on the site of any future nuclear power station in the vicinity. Nuclear power is a trend for China's energy production and the Honourable Steven POON will

elaborate on this point later. As such, it will be unrealistic to call for a ban of future nuclear power plants to be built near Hong Kong. However, as mentioned earlier, there is an urgent need for more public information and a higher degree of operational transparency of the GNPS; and less continuing secrecy about what security measures are being taken on the other side of the border. To this end, the full consultation of the people of Hong Kong in the selection process of the next nuclear power plant will go a long way towards bridging the communication gaps, allaying unnecessary concern among the public, and making nuclear power production more acceptable to the people of Hong Kong.

Mr President, with these remarks, I moved the amended motion as set out in the Order Paper.

*Question on Mr Peter WONG's amendment proposed.*

MR LAU CHIN-SHEK (in Cantonese): Mr President, I rise to speak against the building of another nuclear power station in the vicinity of the Daya Bay Nuclear Power Plant (DBNPP).

Over the years, the people of Hong Kong have made their objection to the building of the DBNPP very clear. Instances of radioactive release at the nuclear power stations in other countries or the repeated outbreaks of incidents resulting from negligence during the construction process of the DBNPP have given the people of Hong Kong cause for worry as regards nuclear power stations in general and the building of nuclear power plants in the vicinity of Hong Kong in particular. During the first three months after the commissioning of the DBNPP, two incidents happened and the recent one brought production to a halt for seven days, further aggravating the worries of the public. The building of another nuclear power plant at Ning O will only add fuel to the flames.

It is beyond question that China must increase its electricity output in order to develop the economy and to improve the people's livelihood. But I wonder if it is necessary to choose nuclear power which is highly dangerous and is a form of energy which many countries have abandoned. In fact, with its abundant reserves of natural resources and its geographical conditions, China should take advantage of its inherent superiority by devoting its efforts to building thermal power stations and hydro-electricity generation plants.

With respect to thermal energy, there is plentiful reserves of coal in the hinterland of China. These resources can be put to full use if the transportation problems can be effectively solved. In Hainan Province, the reserves of natural gas are so rich that it can be used as fuel for electricity generation. As to hydro-electricity, the vast expanse of the coastal areas of Guangdong Province should pose no difficulty in finding a fit and proper site to build a hydro-electricity generation plant. This will be undoubtedly the most economical way

of generating electricity. And, with the enormous investment from foreign investors in developing power stations in Guangdong Province, the power supply problem in the major cities of Guangdong Province has been eased. In the past six months, the electricity supplied to Mainland China by the China Light and Power Company has recorded a drastic drop of over 80% in comparison with the same period last year. It is thus evident that there is no urgent need to build another power station, in particular nuclear power station, in Guangdong at this stage.

Mr President, I reiterate that taking into full account the worries of the people of Hong Kong and the health and safety of the nearby residents, another nuclear power plant should not be built in the vicinity.

With these remarks, I support the Rev FUNG Chi-wood's motion.

DR LEONG CHE-HUNG: Mr President, despite the fact that the nuclear plant in Daya Bay has been commissioned since February this year, and that it has been surging nuclear generated electricity into Hong Kong homes, we in Hong Kong are no less worried.

The reasons are simple — the two Governments have not done enough to generate confidence in the hearts of Hong Kong people on a potential time bomb at arm's length from our shores. It also shows the negative attitude Hong Kong people have on China in running such a nuclear plant on her own.

The motion before us today calls the Hong Kong and Chinese Governments to take certain actions to allay Hong Kong people's fear. Let us not try to pull wool over our own eyes that what we have called for will be done even though the motion is carried by a great majority.

If today's debate can bring to roost the two reasons I have elucidated why Hong Kong people are still worried and that the two Governments will promise to tackle the root of the matter, then we have achieved a great deal for the people of Hong Kong. It is on this basis the Meeting Point supports the original motion.

Mr President, much has been said by the Government on the comprehensive Daya Bay contingency plan. It is said that 35 000 booklets on such contingency plan have been published for public perusal. Much has also been said that different government departments are in position to react to any sign of danger. Much has also been said that two rehearsals of the contingency plan have also been supervised by international bodies. Much has also been publicized that the two public hospitals in Hong Kong are well equipped both in machinery and manpower to deal with contaminated victims locally and from China.

But the most important element appears to be completely missing.

Mr President, many would know of the inherent danger of an approaching cloud of radiation, or otherwise known as the plume. Yet, how many of our public realize the danger of radiation contamination on food and water? How much does the public know what to do if they hear from the Government (presumably through the radio and television) that there is a nuclear emergency?

Evidence from the nuclear leakage of the Three Mile Island Plant in the United States has shown the possible panic of the public if they are not properly drilled and educated to any information of nuclear disaster. Should I stay where I am inside a building, or should I be rushing home? How much time do I have before I have to get inside a building to be safe? The Honourable Peter WONG has actually elucidated this point in his opening remarks.

Regrettably the Government has dropped the idea of a territory-wide exercise to test our general public response. Such an exercise is vital as it would gauge the extent of psychological impact on the people and other unforeseen elements affecting the effectiveness of any contingency plan.

Similarly, it is regrettable that the Government is not considering any television promotion to educate the public what they should do in the event of a nuclear disaster. It would do the Government well to draw examples for the successful television promotion on fire fighting in Australia and the Japanese mass education on earthquake contingency.

The call by the Rev FUNG to introduce the concept of “indoor sheltering measure” is thus a useful one, but no more than to ensure that people should stay inside any building wherever they are for a few hours for the radiation to disperse.

Mr Peter WONG commented that this is “a non-issue”. Yet, any indoor shelter must be better than none. At least, it would prevent people from falling into a panic when they are at a loss as to what to do. Mr President, up till now the Chinese authorities have only agreed to inform the Hong Kong Government immediately should there be “off site” accidents rated at four to seven on the INES.

Regrettably, there is still no breakthrough in any arrangement for “on site” accidents. Let us not forget that nuclear plant emergencies affect people not only from radiation fallout of the “plume”, but also from radiation leakage into our water, our soil and thus indirectly contaminating the vegetables, the fish and the animals that we ingest. By knowing of any on site accidents, special attention can be put on imported vegetables, meat and water for the ensuing months.

Earlier on, Mr President, I did comment that it is wishful thinking to expect China to give up the building of another nuclear plant in our vicinity, nor should we do so realizing the need for sufficient electricity supply for South China.

The crux of the matter, Mr President, is “the issue of confidence”. Nuclear plant is a new area for China to venture into. With the French experts staying on only for a few more years in Daya Bay, China has yet to provide a track record to convince the world that she is competent to manage such a plant in good order.

The least China can do is to promise to inform Hong Kong immediately in the event of any accident involving radiation release be it on site or off site. It is for the Chinese Government to promise to deliver before the Hong Kong Government can ensure that Hong Kong will get the earliest possible notification. Here, I differ from the original motion and the amendment.

China, Mr President, has a responsibility to ensure that any nuclear plant within her management is safe, not only for Hong Kong but for the people in China within the vicinity. The Chinese authorities have the responsibility to inform all immediately of any nuclear leakage.

China can do no worse than by regaining the confidence of Hong Kong people through realization of her promise not only in the issue of Daya Bay, but also on the agreement reached in the Joint Declaration for Hong Kong’s future.

With these remarks, Mr President, the four Members from the Meeting Point support the original motion.

MR EDWARD HO: Mr President, the people of Hong Kong are understandably concerned about any contingency plan in the event of any nuclear incident at Daya Bay. Therefore a debate on a proper contingency plan is useful and should be supported. However, in debating matters regarding incidents of a nuclear plant, great care must be taken so that members of the public are presented with the right information and that they would not be unduly alarmed as to the extent of the risk that they are exposed to.

Rev FUNG refers to Chernobyl. By all accounts the nuclear plant at Daya Bay is a totally different type of nuclear plant from the one at Chernobyl and people of Hong Kong should not be led to believe that such a frightening accident and after effect of what happened at Chernobyl can happen at Daya Bay.

It is the responsibility of the Government that the public is fully aware of the nature of the nuclear plant. It is even more important for the public to understand what they should do in the case of an emergency involving an incident at the Daya Bay plant. If they were presented with the wrong

information, they would panic and it would be the worst situation that can happen.

I do not understand very clearly what Rev FUNG is trying to say when he referred to sheltering. Is he suggesting that the Hong Kong Government should construct some indoor sheltering facilities? If that is so, it is totally contrary to what the experts of the United Kingdom Atomic Energy Authority advised in their report on contingency planning to the Hong Kong Government. The experts, backed up by an international consensus of opinion, advised that at 25 km from the reactor plans for evacuation and sheltering are not generally considered necessary. We are advised that in case of such an accident the best action would be for the population to stay indoors, close all windows and doors and switch off ventilation and air-conditioning systems until advised that the plume has passed. In fact, Rev FUNG also quoted that passage.

We are also advised that provided that that is carried out in a timely and orderly manner, the introduction of sheltering for a limited period of time is regarded as a highly effective, low risk and low social cost countermeasure.

Secondly, if special indoor shelters are constructed, which would be an enormous physical undertaking in view of Hong Kong's population, it would imply that people would have to be moved to such places for sheltering. Any movement of a great number of people on this kind of occasion is highly undesirable and would be against experts' advice for the best protection of the public.

Mr President, although I support the need of a proper contingency plan, I cannot support Rev FUNG Chi-wood's motion as I am concerned that it will present the wrong kind of information to the public in the case of an emergency. My opinion is that Mr Peter WONG's amendment to Rev FUNG's motion is a more constructive proposal and that should be supported.

MR FREDERICK FUNG (in Cantonese): Mr President, the Daya Bay Nuclear Power Station officially began operating in February this year. 70% of its power output is supplied to Hong Kong. But the majority of the people of Hong Kong do not have full information about its safety and are therefore worried. The Association for Democracy and People's Livelihood, including myself, thinks that the Government should let members of the public know and understand clearly its contingency plan for dealing with accidents in the Daya Bay Nuclear Power Station. Members of the public should be told about countermeasures in the event of an accident. They should be told about indoor sheltering — meaning that they should stay indoors and close all windows. They should also be told about the probability of an accident. Daya Bay's distance from Hong Kong is between 25 km and 80 km. Some parts of Hong Kong, including Ping Chau and some other outlying islands, are closer. Ping Chau is only 12 km away. The more densely populated urban areas, including Tsim Sha Tsui, are 50 km away. The Government should let members of the

public know that, by international safety standards, sheltering should be available within a five-kilometre radius of a nuclear power plant but areas outside of a 15-kilometre radius probably will not be affected significantly. If people have a better idea of the Daya Bay Nuclear Power Station's safety features and of the countermeasures that can be taken, they will probably feel less worried and some of their wrong ideas about nuclear power plants may be corrected.

I care about whether members of the public have a full understanding of the Daya Bay Nuclear Power Station. I also take great interest in the information given to our Government by the Chinese side about the supply of power from the nuclear power plant. At the beginning of this year, China and Hong Kong held discussions on what types of nuclear power plant accidents should be disclosed to the Hong Kong Government. There was quite some argument about this. The first issue was whether the Hong Kong Government should be informed of on-site accidents. The Chinese side insisted that it would inform the Hong Kong Government only of off-site accidents, meaning accidents affecting areas beyond the nuclear power plant's perimeters, including accidents causing serious radioactive contamination of the environment. Foreign experience indicates that serious nuclear power plant accidents can grow out of what are at first minor on-site accidents. Therefore, I think that the Chinese Government, mindful of the safety of the people of Hong Kong and those in the nearby areas, should inform the Hong Kong Government even of on-site accidents. This will enable the Hong Kong Government to receive the necessary information and to monitor developments effectively. Thus, we will be fully prepared, should things take a turn for the worse. The Hong Kong Government now knows that the Chinese Government has agreed in principle to provide information on the safety of the Daya Bay Nuclear Power Station. The Hong Kong Government has also asked the Guangdong Provincial Government to inform it instantly of any emergency. Still, the Chinese side holds the initiative in deciding whether or not to release information.

Another thing is that China and Hong Kong have not yet reached a consensus or specific agreement on the four stages of a nuclear power plant accident. The International Atomic Energy Agency divides a nuclear power plant accident into four stages: (1) The stage of emergency precautions, meaning the stage when precautionary measures have to be taken because plant safety has fallen below acceptable levels. (2) The stage of plant emergency countermeasures, meaning the stage when countermeasures have to be taken to deal with the accident as it involves radioactive release confined to the inside of the plant. (3) The stage of on-site emergency countermeasures, meaning the stage when countermeasures have to be taken to deal with the effects of the accident which are confined to the plant site. (4) The stage of off-site emergency countermeasures, meaning the stage when the effects of the accident have reached beyond the plant site. I hope that China and Hong Kong will reach further agreement soon on the issue. For the sake of the safety of the people of Hong Kong, China should raise the degree of transparency of the Daya Bay Nuclear Power Station as much as possible. The people of Hong Kong should

be taught how dangerous a specific stage of an accident is and what countermeasures to take.

I am deeply worried because Guangdong Province intends to build a second nuclear power plant at Ning O, which is near Daya Bay. To plan to build another nuclear power plant shortly after the first generator set of the Daya Bay Nuclear Power Station went into operation is highly improper. First of all, the Daya Bay Nuclear Power Station has not yet built up a safety track record and a careful review of its equipment has not yet been made. To decide to build another generator set immediately is to make a far-reaching decision before things are fully ready. Besides, the people of Hong Kong are not yet well informed of the basics of nuclear power plants. They do not yet have enough knowledge on the subject. The plan to build another nuclear power plant is sure to add to their worries and feelings of unease. Another thing is that the people of Hong Kong did not participate in the making of this plan to build yet another nuclear power plant. Neither the Hong Kong Government nor those in Hong Kong who are familiar with nuclear power plants can fully monitor the new nuclear power plant. In view of all of the above, I think that now is not the right or proper time to build another nuclear power plant at Ning O near Daya Bay. The plan will only make more Hong Kong people unhappy.

In sum, I urge the Government to conduct a review to find out if it has done enough to teach members of the public as regards nuclear power safety. Meanwhile, the Chinese Government should maintain a higher degree of transparency as far as the Daya Bay Nuclear Power Station is concerned. In the event of any accident, it should instantly notify the Hong Kong Government so that the Hong Kong Government and the people of Hong Kong may know better what has happened with regard to the nuclear power station. Finally, I urge the Chinese Government to shelve its plan to build a new nuclear power plant at Ning O. Unless it does so, even more of the confidence of the people of Hong Kong will erode.

With these remarks, I support the Rev FUNG Chi-wood's motion.

DR LAM KUI-CHUN (in Cantonese): Mr President, the nuclear power plant accident contingency plan prepared by the Government can generally be called detailed but can hardly be described as covering all eventualities. The message so far received by the people of Hong Kong from their Government is that the nuclear power plant is very safe. Regrettably, this message is unrealistic. It is totally out of line with how the people of Hong Kong are likely to react in the event of an accident. The dark shadow over the minds of the people of Hong Kong can hardly be wiped off. I agree that the risk of Hong Kong's urban areas being directly exposed to radiation in the event of an accident at the Daya Bay Nuclear Power Station is minimal. However, I think that, besides direct exposure to radiation, there is the danger of radioactive fallout, which will have extensive and far-reaching repercussions. The people of Hong Kong should on

maximum alert against this. The Daya Bay Nuclear Power Station is now a *fait accompli*. The Government should lay the true facts before the people of Hong Kong and let them do some cool planning about what actions they should each take if the need arises.

From a doctor's point of view, I detect two major omissions in the Government's contingency plan which I will now identify. They are psychological reaction and long-term radiation-induced diseases.

(1) *Psychological reaction*

An accident will probably create panic in Guangdong and Hong Kong. This is most likely to occur after a radioactive release and before the radioactive fallout reaches Hong Kong. Mr Peter WONG has just now described some of the things that may happen. Another thing that may happen is that Hong Kong people will scramble to leave the territory *en masse* or that people from nearby parts of Guangdong will take advantage of the situation and swarm into Hong Kong. Within Hong Kong, people will probably scramble for food and water. If there is not enough food, there will be plundering for food. Our society will be in turmoil.

To picture such panic is not alarmist. One need only look at how the people of Hong Kong reacted to the China Light and Power Company's Castle Peak power plant explosion a year ago and how they reacted to the two minor accidents at the Daya Bay Nuclear Power Station since it began operation. One may have noticed that people were generally more curious than anything else about the Castle Peak power plant explosion, which was a serious accident, but they were deeply worried by the minor malfunctions of the Daya Bay Nuclear Power Station. This difference in psychological reaction should alert the Government to the seriousness of the problem and to the potential for disaster.

Therefore, if the Government wants to be able to keep the situation under control in the event of a nuclear power plant accident, it must take early steps to teach the right things to members of the public. Reactions to a nuclear power plant accident should be balanced. The Government should even hold territory-wide drills so that people will know what to do when the time comes and will therefore not panic. The Government should also co-operate fully with agencies in Guangdong on crowd control so that people from either side will not swarm into the other side's territory *en masse*.

(2) *Threat of radioactive fallout*

Radioactive fallout causes long-term radiation-induced diseases. The reservoirs may become contaminated. The Government's contingency plan fails to address this problem. The Government dismisses the threat of radioactive fallout as insignificant. But our memory of the Chernobyl accident in what was formerly the Soviet Union is still fresh. That accident was detected by western countries only because its radioactive fallout caused serious contamination in

Sweden 1 000 km away. For several months afterwards, the dairy products and farm produce of the Netherlands were unfit for consumption because they were heavily contaminated.

All of Hong Kong's reservoirs are in the food protection zone within 85 km from the Daya Bay Nuclear Power Station. In the event of an accident at the nuclear power plant involving radioactive release, none of these reservoirs will be immune from the radioactive fallout. Land, too, will be contaminated. In the months following an accident, rainwater will wash radioactive dust into the reservoirs. Is the Government sure that, in the months and years to come, it can forget about the contaminated water in the reservoirs and get drinking water for Hong Kong directly from China? Worse yet, the East River, which is now a source of drinking water for Hong Kong, will probably be worse contaminated than Hong Kong's reservoirs. Where then will the people of Hong Kong get their clean potable water from? Taking an even longer-range view, how will the Government decontaminate all the reservoirs and make them serviceable again after they have been full of radiation-contaminated water?

I know that the Government maintains a stockpile of potassium iodide pills for people to take to resist radioactive iodine isotopes. What I am most worried about is that drinking water may contain radioactive strontium isotopes, which have a long half-life. After they are ingested, they enter the bones and can never be excreted. There is no antidote. They emit radiation year after year until the contaminated person dies of blood or bone cancer.

Has the Government talked to the authorities in Guangdong about water supply when such time comes? Will there be an adequate supply of uncontaminated water from uncontaminated reservoirs for Hong Kong?

Another thing is that the Government has set a radioactive plume protection zone at a radius of not more than 20 km. This is unrealistic. The Government is presumably aware that, in the aftermath of the Chernobyl accident, people living 90 km away were exposed to a dose of radiation equal to taking between 150 and 220 X-ray pictures of the chest. This is far more than the accidental exposure level at which the Government thinks that countermeasures must be taken at once.

Mr President, the Daya Bay Nuclear Power Station may have been designed and built very safely. But I know that most of the nuclear accidents in the world were due to human error. I think it is absolutely true that the whole of Hong Kong is at the risk of exposure to radioactive fallout. I implore the Government to take a square look at the matter under debate today.

Because co-operation between Hong Kong and Guangdong on the matter at hand is extremely important, I support Mr Peter WONG's amendment.

MR MAN SAI-CHEONG (in Cantonese): Mr President, the Government's contingency plan pertaining to nuclear power plant accidents should be detailed and comprehensive. As many Councillors have already said, we reckon that under the plan some guidance for action should be worked out as regards every step and detail, while the highest ranking government officials should be involved in the planning. It is because if the news of radioactive release at the Daya Bay Nuclear Power Plant reaches Hong Kong, no matter how low the level of radioactive release may be, this will give rise to public alarm and fear, and may even produce some unnecessary commotions. The Hong Kong Government should maintain a close contact with the other countries like France, the United States and so on with a view to taking reference of the contingency plans of their cities which are close to the nuclear power plants, exchanging views with the local officials and gathering information, so as to make up for the deficiencies of the Daya Bay Contingency Plan with which the people of Hong Kong are still not at ease.

Judging from the geographical environment of Hong Kong that it is at the extremity of a land mass and being surrounded by sea on four sides, the best contingency measure, in the event of any radioactive release, should be to consider negotiating with the Chinese authorities for direct communication to Hong Kong of all the information relating to that plan of the Daya Bay Nuclear Power Plant. Besides, whenever there is any accident, production should be terminated where necessary. Instances of suspension of nuclear power plant production did occur in the United States and the Philippines. Besides, 70% of the electricity generated by the Daya Bay Nuclear Power Plant is for the use of Hong Kong. Hong Kong people have the right to request closing the plant in an emergency, which is a fair and reasonable request. Apart from that, public education is also one of the items essential to the contingency plan, as already mentioned by many Members. It is of vital importance, as far as the overall contingency plan is concerned, to educate the public about the radioactive effects on the human body and the emergency measures.

I agree to the Rev FUNG Chi-wood's motion which urges the Chinese Government not to build a nuclear power plant at Ning O or in areas close to Hong Kong, having regard to the worries of the people of Hong Kong. These worries are not solely Hong Kong people's own worries, but are probably shared by overseas investors in the fast growing economic region of the whole Pearl River Delta. Building an additional nuclear power plant in areas close to Hong Kong means increasing the chances of accidents. As Hong Kong and the Pearl River Delta are the economic lifelines of South China, where the population is dense, if radioactive release ever happens, the consequences will be disastrous. Therefore, this Council should present its case, reflect the worries of the people of Hong Kong and urge the Chinese Government not to build additional nuclear power plants in the vicinity of Hong Kong.

With these remarks, I support the motion of the Rev FUNG Chi-wood.

MR STEVEN POON: Mr President, much of the public anxiety over the Daya Bay nuclear power station was the result of the Chernobyl accident in 1986 in the former Soviet Union, and then there is the concern about the proximity of Daya Bay from Hong Kong.

In discussing these two issues, some basic facts are necessary.

Nuclear power stations use uranium as fuel — so does an atomic bomb. The atomic bomb, however, uses highly concentrated uranium — near 100%, while nuclear power stations use uranium of only about 3% concentration. The fact is nuclear power station is simply not capable of exploding like an atomic bomb even in deliberate sabotage.

What happened in 1986 at Chernobyl was not nuclear explosion. The plant caught fire which was aggravated due to the presence of inflammable graphite in the reactor. The reactor was damaged and a large quantity of radioactive materials was released to the atmosphere. The Russian nuclear power station does not have any containment building similar to the one at Daya Bay. Moreover, Daya Bay does not have graphite — it uses water instead to control the nuclear chain reaction and of course water cannot burn. In short, Chernobyl cannot happen at Daya Bay.

In fact, long before the Chernobyl accident, nuclear experts, including those in the International Nuclear Energy Agency, have warned that the Chernobyl-type of reactor was unsafe in its design.

Daya Bay is so much safer and more advanced than Chernobyl that it is not appropriate to consider Daya Bay contingency plan on the basis of Chernobyl.

Daya Bay is equipped with pressurized water reactor which is the most widely used reactor in the world. The nuclear reactors are manufactured in France, who has 30 years of most successful experience in pressurized water reactors.

Equipment apart, there is also heavy foreign involvement in the operation of Daya Bay. The station manager at Daya Bay is a French nuclear expert with some 30 years of experience. There are altogether 69 foreign experts operating at Daya Bay. The Chinese operators have undergone intensive training both in France and at the plant. The core operators have received qualifications which would have allowed them to work in any French nuclear power station.

The two units at Daya Bay entered into commercial operation early this year. As the former General Manager of China Light and Power, I can testify that the availability figure at Daya Bay so far — average 88% in the past three months — is well above my expectations. In France, the figure was 84% last year. Daya Bay's high availability reflects the great care taken in the construction and management of the plant.

Now let me turn to the question of whether there is a need to extend the sheltering zone in Hong Kong from the current 20 km to 40 km.

Rev FUNG Chi-wood's assertion that since residents living 30 km from Chernobyl were evacuated after the accident, the sheltering zone for Hong Kong should be extended to 40 km to cover presumably Tai Po and Sha Tin. I have already explained why accident of the scale of Chernobyl cannot occur at Daya Bay. France, Canada, Germany and Japan adopt sheltering within 10 km from the plant. The United States has taken 16 km as the sheltering limit and, for a modern nuclear power station of the type used at Daya Bay, nowhere in the world is sheltering required for residents who are more than 20 km away from the plant.

Rev FUNG Chi-wood's call to extend the zone to 40 km can only serve to create unnecessary fear, panic and social unrest.

The only Hong Kong residents who are living within the 20 km zone would be the two inhabitants on Tung Peng Chau Island.

Daya Bay is 50 km away from the centre of Hong Kong. There are many major cities around the world which is closer to a nuclear power plant: New York with 20 million people is 40 km from a nuclear plant, Philadelphia with 5.5 million people is 48 km away, Taipei with more than 2 million people is 25 km away, Hamburg in Germany with 2.5 million people is 30 km away.

Mr President, the shortage of electricity in Guangdong Province, and indeed in the whole of China, is well-known. Guangdong does not have much hydro-electric resources, nor does it have coal or oil reserves. Nuclear energy is a clean form of energy which does not produce greenhouse gases and would help Guangdong in producing the much needed electricity without having to transport coal from the remote provinces in the north of the country.

It must, however, be recognized that the Hong Kong public do have worries over construction of nuclear power stations in the vicinity of the territory. This may be the result of not being well informed, or simply lack of confidence in the management system, openness attitude and safety consciousness in China. These worries must not be ignored, and I urge the Chinese Government to address them seriously and fully and to take account of the views of the people of Hong Kong before a decision is made on any further nuclear power station to be constructed in the vicinity of Hong Kong.

MRS SELINA CHOW (in Cantonese): Mr President, I would like to briefly account for some differences between the original motion and Mr Peter WONG's amendment. These differences are significant enough to render the amendment both acceptable and worth supporting.

The sheltering measures as requested by the Rev FUNG Chi-wood are made on the basis of an assumed safety scale. I believe that safety measures are formulated upon an assumption of probability. From the Rev FUNG's speech as well as the documents placed outside this Chamber, it can be clearly seen that the indoor sheltering he requests is meant to address a risk factor of one in seven million. Of course, it would be best if we could have a hundred-percent-guaranteed safety framework. However, when formulating safety measures, we must take into account the probability of incidents, the actual cost involved and the price to be paid. If a high price is to be paid for an extremely unlikely possibility, it would be both misleading and unfair to the people of Hong Kong.

Another point is about the target at which the motion is directed. It is certain that Hong Kong people are concerned with the Daya Bay Nuclear Power Plant and everyone should be fully prepared in case of an accident. However, when it comes to the issue of notification, the responsibility then rests with the Hong Kong Government which should undertake to obtain information from the Chinese Government in the first possible instance. That is why I conclude that the Rev FUNG Chi-wood has directed his motion at the wrong target.

As to whether another nuclear power plant should be built at Ning O, I believe that the scope covered by the amendment moved by Mr Peter WONG is much wider because he does not pinpoint a specified place, rather he is concerned with whichever location in the proximity. I hold the view that we should always provide room for manoeuvre. We of course have our own worries but the important thing is to let the authorities consider our worries whenever appropriate. We should make sensible requests, instead of limiting the scope to such an extent that we would allow nuclear power plants at a certain location but not at another. If another site is identified in China at which to build another nuclear power plant, shall we move another motion calling for an alternative site? Would it be better if we give an affirmative response in principle by stating that the wishes of the people of Hong Kong have to be taken into full account under whatever circumstances and by confirming that our worries do exist?

On the above grounds, I hope Members will lend their support to Mr Peter WONG's amendment.

PRESIDENT: Rev FUNG, you have 5 minutes to deal with Mr Peter WONG's proposed amendment.

REV FUNG CHI-WOOD (in Cantonese): Mr President, according to the amendment moved by Mr Peter WONG, there is no objection to the building of a nuclear power plant at Ning O. In fact, the Friends of the Earth in all other parts of the world, especially the one in the United Kingdom, are strongly against the building of nuclear power plants. I do not know how active the Friends of the Earth (Hong Kong) is, but I believe its stance is the same as its

counterparts all over the world, which is against the building of nuclear power plants. I therefore found it very strange that Mr Peter WONG, being a member of the Council of the Friends of the Earth, should have no objection to it. That seems to contradict the position of the Friends of the Earth.

I have to point out that the building of a new nuclear power plant at Daya Bay would exacerbate worries of the people of Hong Kong. Certainly fewer experts with overseas experience and a lot more inexperienced local technicians would be employed in the new plant than in the present one. It is also doubtful whether Hong Kong people would have any involvement in the new power plant. If not, there would be even less chance of supervision by the people of Hong Kong. Besides, as the new plant would be solely funded by China without any investment from Hong Kong, the transparency of operation of the plant would certainly be lowered and the ties between the plant and Hong Kong would be more remote. Therefore, I have strong reasons to ask for my colleagues' support in urging the Chinese Government not to build any more nuclear power plant in the vicinity of Daya Bay.

In fact, China should not develop nuclear energy at this stage (at least from an economic point of view). As everyone knows, the amount of investment needed in building a nuclear power plant far exceeds that of a thermal power plant. Take the United Kingdom as an example. By the end of this year, a new nuclear power plant will be completed in the United Kingdom. The plan to build that plant, however, started in the 1980s and there is no plan to build any other power plant nor is there any other plant in commission. The reason is an economic one. It is more expensive to develop nuclear power than thermal power in the United Kingdom. Hence, even excluding safety reasons, China should invest more in the development of facilities other than the nuclear power from an economic point of view.

There are Members who have said that the sheltering distance of the Daya Bay plant is different from that of Chernobyl. I have to point out that although there are differences in the structure of the two plants, many experts agree that in case of an accident, the seriousness and the size of the affected area would be the same for both plants. For example, the HARWELL Report says that there is only a chance of one in 7 million that 100 000 people would have to be evacuated. What the experts have stated is a probability, not an impossibility which would be totally different. Of course, one might ask: how is the chance of one in 7 million calculated? That in fact is not very scientific and so one can say that the chance is minimal. However, if we approach the matter in a rigorously scientific manner, anything which is not an impossibility can happen. I am not asking for evacuation because that would involve too much resources and staff, transport facilities and the like would have to be provided. I am only asking for sheltering. By sheltering, I do not mean building special indoor shelters, as mentioned by Mr Edward HO. We are talking about sheltering (indoor sheltering) in case of a nuclear power plant accident, that is, staying indoors, wherever one is, at home or in an office, for example, to avoid irradiation.

MRS SELINA CHOW: Could I ask a point of clarification?

PRESIDENT: Rev FUNG, do you wish to give way to enable Mrs CHOW to seek elucidation? Do you wish to give ground, Rev FUNG?

REV FUNG CHI-WOOD (in Cantonese): Yes, I have plenty of time.

MRS SELINA CHOW (in Cantonese): Mr President, I would like to ask Rev FUNG whether he was talking about “家居掩護” or “室內掩護”. He used the latter in his motion but the former in his speech delivered right now.

REV FUNG CHI-WOOD (in Cantonese): Mr President, “家居掩護” and “室內掩護” are actually the same. They are merely different versions of translation of the word “sheltering” and one can choose any version as one pleases. The meaning of the term is very clear and all the reports are referring to the same thing. Nobody is asking for any special indoor shelter to be built. We are not talking about that at all. My request is very reasonable and it comes close to requiring no resources at all. My request is merely to tell the public to stay indoors for an appropriate length of time in order to avoid possibly 50-90% of irradiation, as estimated by experts.

Members from the Liberal Party have not spoken much about immediate notice. Mrs Selina CHOW has said that I have identified the wrong target to address my request to. However, what I have said is probably correct because the Hong Kong Government has been asking the Chinese Government for more adequate notice. There has been some progress, though not sufficient .....

*The digital timer showed 0500.*

PRESIDENT: You have to stop, Rev FUNG.

MR PETER WONG: Rev FUNG made certain allegation about my connection with the Friends of the Earth and my views. I would like to state that the Friends of the Earth (the United Kingdom) is not a part of the Friends of the Earth (Hong Kong) of which I am a governor. And I have never said I am either for or against nuclear power station. All I said is that “it will be unrealistic to call for a ban of future nuclear power plants to be built near Hong Kong”. I have never said I was either for or against nuclear power plant.

SECRETARY FOR SECURITY: Mr President, I propose to comment first on the original motion and then on the amended motion.

I would, first of all, like to state that there is no nuclear emergency at Daya Bay in April. The problem leading to the shutdown of Unit One of the plant was in the conventional island. The problem was not classified on the International Nuclear Event Scale. It was not a reportable event and had absolutely no safety significance. We obtained sufficient information to identify the nature of the problem and to conclude that there is no need to take action of any kind. In fact, Mr President, there has been no event since the Guangdong Nuclear Power Station was commissioned which had required the Government to take any response of any description.

In responding to the original motion, I must explain what the Government is already doing and what we have done. The Hong Kong Government's Daya Bay Contingency Plan was prepared in May 1989. Since then, we have conducted two full command post exercises to test and to improve the plan, in November 1990 and in May 1993. On each occasion, we modified and improved our contingency plan in the light of the results of the tests and the advice we received from international experts who observed how the plan worked. In order to ensure that the public are aware of the contingency plan, in August 1993, we published a total of 156 000 copies of a leaflet describing the outline of the plan. In December 1993, 30 000 copies of a booklet were published, describing the plan in more detail. Both the leaflet and the booklet were published in both English and Chinese. A further 120 000 copies of the leaflet and 200 000 copies of the booklet were published in February this year. In total, over half of a million copies of the leaflet and the booklet have been made available to the public to inform them about the Daya Bay Contingency Plan.

In March this year, we, together with the Hong Kong Nuclear Investment Company, made a public presentation on nuclear safety and contingency planning into the media. We displayed much of the portable equipment which would be used in the unlikely event of the plan being activated. Officers from five of the 34 departments involved in the plan were also available to answer detailed questions about their roles in the contingency plan. Later that month, we held a similar presentation for the Environmental Affairs Panel of this Council. The full text of the Daya Bay Contingency Plan was published in April.

We will continue to publish full details of our contingency plan and of nuclear power in general. We wish to make our contingency plan and our arrangements as transparent as possible. In view of the comments of Honourable Members, we clearly have some way to go, but we have the gun. We must increase our efforts. However, Mr President, I can assure Honourable Members that our contingency plan is fundamentally sound.

The original motion calls on the Hong Kong Government to prepare a proper contingency plan. Mr President, we have done so and we have sent copies to this Chamber. Members should be reassured that I do not intend to read from the contingency plan. In the interest of brevity, Mr President, I would like to answer the questions posed by Honourable Members, simply by referring to a few chapters in our plan. These, I think, set out in detail how we would respond to the concerns expressed by Members. In Chapter 3, we did set out in detail the notification and assessment of information concerning the nuclear incident or accident in the Guangdong Nuclear Power Station. In Chapter 4, we describe our radiation monitoring and assessment procedures. In Chapter 5, we deal with how we would explain to the public any events which will take place in the Guangdong Nuclear Power Station. In Chapter 7, we describe how we would monitor people coming across the border and how we would have monitoring sentries and decontamination sentries. In Chapter 8, further border control measures are set out. In Chapter 9, ingestion countermeasures dealing with food and water. In Chapter 10, we deal with disposal of radiologically contaminated waste. In Chapter 14, we deal with cross border and external liaison and assistance. I am pleased that a number of Members have referred to the dangers of ingestion because this represents the most credible possibility which all the experts advise we might face. I am also pleased to report that our contingency plan deals with this risk in considerable detail. We will be able to protect our food supply. We will be able to protect our water supply. We will be able to screen people coming into Hong Kong from contaminated areas. Mr President, all of these details are set out in our contingency plan.

The original motion also refers specifically to indoor sheltering measures. In drafting our contingency plan, we considered very carefully the need for sheltering. This need was first addressed in a 1987 report, prepared for the Hong Kong Government by experts from the United Kingdom's Atomic Energy Authority, on how best our contingency planning should be carried out. The Atomic Energy Authority advised that at 25 km from the reactor there is a consensus of international opinion that there should only exist a need for monitoring and perhaps control of foodstuffs. Plans for evacuation and sheltering are not generally considered necessary at this distance. This report predated our contingency plan and we took its advice into consideration when preparing our Daya Bay Contingency Plan.

The contingency plan takes a cautious approach on sheltering. We have concluded that the need for sheltering, as a precautionary measure, only applies to Ping Chau, which is some 13 km away from the Guangdong Nuclear Power Station. In reaching this decision, we have followed international advice and practice. For example, the Co-ordinator of Emergency Assistance Services for the International Atomic Energy Agency stated publicly in May last year:

“No country has ever seen a need to develop plans or exercise a capability to evacuate or shelter population as a result of a nuclear accident, beyond 16 km.”

More recently, a past president of the International Radiation Protection Association, who was invited to Hong Kong on a privately-sponsored visit, stated after going to Daya Bay:

“We went away satisfied that they followed the IAEA recommendations in their emergency plans. You cannot do any better than that.”

Members may like to know of the sheltering zones in other places. In Canada sheltering is required up to 10 km from the plant. In France it is also 10 km. In Germany, 10 km; Italy, 5 km; Japan, 10 km; Spain, 10 km; Sweden, 15 km; Switzerland, 20 km and the United States, 16 km. In Hong Kong we have adopted a figure of 20 km. According to all international standards, Hong Kong has adopted a prudent and conservative measure.

Members may be aware that, this coming Friday morning, two experts from the United Kingdom's atomic energy authorities will be meeting the Environmental Affairs Panel. They have been brought to Hong Kong specifically to discuss contingency planning and to answer Members' concerns. I am confident that these two experts will again confirm that our actions on sheltering are both prudent and conservative.

Mr President, I would now like to turn to the first part of the amended motion. I can assure Members that we will be notified immediately in the extremely unlikely event of an emergency at Daya Bay which is likely to pose any threat to Hong Kong. By this, I mean off-site emergencies, which are declared when there is a probability of radiological consequences outside the boundary of the nuclear power station. The arrangements for this notification were established and publicized in September last year, following a meeting between myself and my Guangdong counterpart for nuclear accident contingency planning. We made it clear then that we would be notified of all off-site emergencies, whether or not they may affect Hong Kong.

Therefore, Mr President, we already have in place arrangements with the Guangdong authorities to ensure that we are notified immediately of any emergencies which have any consequences for Hong Kong. In addition, we have other avenues for early notification of potential emergencies, most notably our own radiation monitoring network and the requirement under the Electricity Ordinance for the China Light and Power Company to notify the Government of any interruption to its external power supplies, which may be caused by events at the nuclear power station. We are in the process of formalizing arrangements with the Guangdong authorities regarding these emergency situations which do not have off-site consequences. These arrangements will provide an extra level of security once they are concluded. Once notified, Mr President, we will ensure that the public are informed and kept informed of all the implications for them. We accept that information is vital to avoid panic and to prevent concern arising in the Hong Kong public.

So far, I have referred to Hong Kong's contingency planning arrangements in isolation. We have also been liaising very closely with the Guangdong authorities on the arrangements for notification of accidents and for the transfer of information. These arrangements have been developed from standard international practices, suitably modified to the circumstances in hand. Part of our contingency plan specifically addresses cross-border assistance in emergency situations. We have agreed to co-operate and to provide mutual assistance in the unlikely event of a nuclear incident at Daya Bay which would require both sides to activate their contingency plans. We will continue to develop our links with the Guangdong authorities; these will, as a matter of course, include discussions about how we may improve co-ordination of our efforts in contingency planning. However, our existing contingency plan takes into account the arrangements with the Guangdong authorities which, as I mentioned earlier, were concluded last September, and which already include a significant level of co-operation.

Mr President, as regards the second part of the amended motion, we have asked the Chinese Government for more details about the proposed nuclear power stations in the vicinity of Hong Kong. We believe that final decisions to go ahead at particular sites are still subject to the conclusions of feasibility studies that have yet to be completed and accepted. These decisions may, therefore, be some way off. Nevertheless, we share Members' concerns that the worries of the people of Hong Kong should be taken into account: we have reflected these concerns to the Chinese authorities and we will continue to press for further information.

Mr President, I have explained that:

- we do have a contingency plan;
- we do not need to include measures for sheltering in any part of Hong Kong other than in Ping Chau;
- we will be notified immediately of any off-site emergency at the Guangdong Nuclear Power Station that may have consequences for Hong Kong; and
- we have explained to the Chinese authorities the concerns of the people of Hong Kong.

The Official Members will, therefore, abstain from the main motion and vote in favour of the amended motion.

Thank you, Mr President.

*Question on Mr Peter WONG's amendment to Rev FUNG's motion put.*

*Voice vote taken.*

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Edward HO, Mr Ronald ARCULLI, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Dr LAM Kui-chun, Mr Steven POON, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Mr Roger LUK and Mr James TIEN voted for the amendment.

Mr Martin LEE, Mr SZETO Wah, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the amendment.

THE PRESIDENT announced that there were 23 votes in favour of the amendment and 18 votes against it. He therefore declared that the amendment was carried.

PRESIDENT: Rev FUNG Chi-wood, you have a right of a general reply and you have two minutes 19 seconds out of your original 15 minutes.

REV FUNG CHI-WOOD (in Cantonese): Mr President, although my motion has been amended, I will still make the best use of the remaining time to illustrate the rationales behind my motion. Concerning the distance within which indoor sheltering is necessary, last night I had a discussion with Mr Chris WILLBY, who is an expert in this regard from Britain. He told me that in Britain the distance necessitating indoor sheltering is 5 km, which is very short indeed. However, Mr WILLBY also said that 5 km is in fact a basic requirement which can be extended when necessary. Likewise, although the necessitating distances of other countries are within 20 km, they can be extended according to the exigencies of the situation. Why do I request to fix the minimum distance at 40 km? If we take a look at the areas within 20 km from the Daya Bay nuclear plant, we will find that there are only a few people living there. What kind of a plan is then our indoor sheltering plan? Under the plan, no radio broadcasts or special arrangements will be necessary. But the experience from such a plan

can hardly be extended to a densely populated area. Therefore, our proposed indoor sheltering plan which fixes the distance at 40 km from the plant should be appropriate.

Let us look at the experts' information which I have already mentioned at the outset. That is the report entitled *Accident Will Happen* written by the two British experts. One of the publishers of this report is the Friends of the Earth. The two experts consider that the Sizewell B nuclear plant in Britain may require an indoor sheltering distance of over 75 km. Under certain special weather conditions, the distance required may even be as far as 170 km. This is a report compiled by the two experts after detailed studies. Interested Members can have a look at these data which I have photocopied for their reference. For these reasons, I firmly believe that what I am proposing is something necessary.

Mr Peter WONG has said just now that he is neither for nor against the setting up of a nuclear plant at Ning O and that he has not taken any stance. In such circumstances, I am not so worried and there is still a ray of hope, because looking back in 1986 .....

*The digital timer showed 0219*

PRESIDENT: You have to stop, Rev FUNG.

*Question on Rev FUNG Chi-wood's motion as amended by Mr Peter WONG's amendment put.*

*Voice vote taken.*

MR LEE WING-TAT: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Edward HO, Mr Ronald ARCULLI, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Dr LAM Kui-chun, Mr Steven POON, Mr Henry TANG,

Dr Philip WONG, Mr Howard YOUNG, Mr Roger LUK and Mr James TIEN voted for the motion.

Mr Martin LEE, Mr SZETO Wah, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the motion.

THE PRESIDENT announced that there are 23 votes in favour of the motion as amended by Mr Peter WONG and 18 votes against it. He therefore declared that the motion as amended was carried.

### **Adjournment and Next Sitting**

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 25 May 1994.

*Adjourned accordingly at twenty minutes past Nine o'clock.*

*Note:* The short titles of the Bills/motions listed in the Hansard, with the exception of the Environment and Conservation Fund Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

## WRITTEN ANSWERS

### Annex I

#### Written answer by the Secretary for Constitutional Affairs to Mr TIK Chi-yuen's supplementary question to Question 2

The Education Department has provided schools with teaching materials on political parties for their civic education programme. These teaching materials cover the general concept of the role and function of political parties in Hong Kong. Guidance notes on the use of these teaching materials are also provided to teachers so as to ensure that the topic is taught in an open-minded and objective way.

In organizing civic education and other activities, school authorities have the discretion to invite guests (who may also be political party members) to participate. They are expected to be fair and impartial in making such invitations.

### Annex II

#### Written answer by the Secretary for Education and Manpower to Mr Henry TANG's supplementary question to Question 3

The percentage changes in Monthly Real Wage Rates (or Earnings) in Hong Kong and neighbouring countries are as follow:

	<i>Average annual % change 1988-1992</i>
Hong Kong	3.3
Japan	1.0
United Kingdom	1.3
United States	-0.9
Rep of Korea	9.5
Singapore	6.1
Taiwan	8.6
China	2.9*
Thailand	2.0*

\* Average annual % change refers to 1986-1991

**WRITTEN ANSWERS — *Continued*****Annex III****Written answer by the Secretary for the Civil Service to Mrs Selina CHOW's supplementary question to Question 4**

Of the 18 cases of sexual harassment complaints referred to in the main reply, six were anonymous.

At what stage will the police be called in depends on the actual circumstances of each case, such as its nature and gravity and the evidence available. The principle adopted is that as soon as there is evidence of a criminal offence being committed, such as sexual or indecent assault, the matter will be reported to the police.

**Annex IV****Written answer by the Secretary for the Civil Service to Mrs Miriam LAU's supplementary question to Question 4**

“One woman's word against another man” was not the reason why the majority of the cases were found to be unsubstantiated. While all complaints of such nature are examined thoroughly, it is quite often the case that there is insufficient information provided by the complainants, particularly if they remain anonymous, to base an investigation. In other cases, there is a lack of concrete evidence to establish that an act of harassment has been committed after an investigation.

As a general rule, a complaint can only be substantiated if there is clear and concrete evidence of an act of misconduct related to sexual harassment being committed.