

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 26 October 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 HUI YIN-FAT, O.B.E., J.P.

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

DR THE HONOURABLE DAVID LI KWOK-PO, O.B.E., LL.D., 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 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 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 EMILY 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 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 ALFRED TSO SHIU-WAI

ABSENT

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 RONALD JOSEPH ARCULLI, O.B.E., J.P.

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

THE HONOURABLE STEVEN POON KWOK-LIM

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

IN ATTENDANCE

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

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

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

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

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

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

THE 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 HAIDER HATIM TYEBJEE BARMA, I.S.O., J.P.
SECRETARY FOR TRANSPORT

MR GORDON SIU KWING-CHUE, J.P.
SECRETARY FOR ECONOMIC SERVICES

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

MR MICHAEL DAVID CARTLAND, J.P.
SECRETARY FOR FINANCIAL SERVICES

MRS KATHERINE FOK LO SHIU-CHING, O.B.E., J.P.
SECRETARY FOR HEALTH AND WELFARE

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

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>
Town Planning (Taking Possession and Disposal of Property) Regulation	540/94
Trade Marks (Amendment) Rules 1994	541/94
Employment Agency (Amendment) Regulation 1994.....	542/94
Fire Services Department (Reports and Certificates)(Amendment) Regulation 1994.....	543/94
Port Control (Public Cargo Working Area) Order 1994	544/94
Port Control (Public Water-Front) (No. 2) Order 1994	545/94
Solicitors (Professional Indemnity) (Amendment) (No. 3) Rule 1994.....	546/94
Food Business (Urban Council) (Amendment) (No. 4) Bylaw 1994.....	547/94
Statutes of the Chinese University of Hong Kong (Amendment) (No. 4) Statute 1994	548/94
Buildings (Amendment) Ordinance 1994 (77 of 1994) (Commencement)(No. 2) Notice 1994	549/94
Official Languages (Authentic Chinese Text) (Conveyancing and Property Ordinance) Order	(C)21/94

Sessional Papers 1994-95

- No. 21 — Protection of Wages on Insolvency Fund Board Annual Report for the Year 1 April 1993 to 31 March 1994

- No. 22 — Hong Kong Sports Institute
Annual Report 1993-94
- No. 23 — Hong Kong Sports Development Board
Annual Report 1993-94
- No. 24 — Sewage Services Trading Fund Annual
Report and Accounts for the period
ended 31 March 1994

ADDRESS

Hong Kong Sports Institute Annual Report 1993-94

Hong Kong Sports Development Board Annual Report 1993-94

SECRETARY FOR RECREATION AND CULTURE: Mr President, I am pleased to table before the Council today the annual reports of the Hong Kong Sports Development Board (the Board) and the Hong Kong Sports Institute (the Institute) for the period 1993-94. I shall speak on both reports together as they are closely related.

The main objectives of the Board are to develop sports and physical recreation in Hong Kong, to encourage the knowledge and practice of sport and physical recreation at all levels, to provide opportunities and support for those athletes with talent and dedication to win at the highest level of competition and to enhance Hong Kong's position in the international sports community.

To complement the Board's work, the Institute basically function as a body to identify, nurture, develop and support high performance sports in Hong Kong.

1993-94 was a busy year for the Board. The many commitments initiated by the Board placed a heavy burden on the funds at its disposal. The Board's management was able to meet the challenge through seeking more sponsorship from the private sector and exercising a tighter control over expenditure.

The Institute was equally successful financially. For the second year running, there was no drawdown from the Institute's Trust Fund. This was partially attributable to the Institute's adopting a more commercial approach in managing its facilities.

1993-94 also saw considerable progress in the promotion of sports in the community. With the support of the municipal councils, national sports associations and district sports associations, the Board has up to now established 39 community sports clubs in 11 sports. The Board has also recognized the important role played by schools in providing the encouragement and means by which young people can develop a sustainable interest in sport. The "HongKong Telecom Go!Sport Programme", which was launched last year with the full support of the Education Department, major sponsors and the two school sports associations, has already reached 25% of our schools and will be one of the most comprehensive and exciting junior sports programmes ever launched.

It was also a very fruitful year for our athletes. Outstanding results were achieved in international competitions. Hong Kong won a gold medal in wushu at the East Asian Games and one of our female windsurfers became Hong Kong's first ever World Champion in an Olympic sport. Other athletes also enjoyed significant successes at the Commonwealth Table Tennis Championships, the East Asian Games, the Asian Rowing Championships, the Pan Pacific Swimming Championships and many other international competitions. The coaching and training programmes and the sports science and medical services provided by the Institute no doubt played an important part in these successes as did the dedication and hard work of the athletes.

Whilst on achievements of athletes, the \$100 million grant provided by the Government in May 1993 to prepare our athletes for major international games is beginning to bear fruit. The fact that we have won four bronze medals at the recent Commonwealth Games and five silver and seven bronze medals at the Asian Games is clear evidence that given encouragement and the necessary training and coaching our athletes are capable of attaining very high standards.

The Board and the Institute were amalgamated on 1 April 1994. This provided a central focus and a unified body to better achieve co-ordination and to maximize the utilization of resources to meet the full spectrum of Hong Kong's sports development needs. Under this arrangement, the Institute functions as an autonomous technical arm of the Board. From next year onwards, only one consolidated annual report on the activities of the Board and the Institute will be tabled before this Council although separate audited statements of accounts and financial reports will continue to be presented.

During this period, we finally provided sports in Hong Kong with its own home. The Sports House, a three-storey complex adjacent to the new Hong Kong Stadium, was opened in May 1994 and accommodates the Board, 34 national sports associations and the Hong Kong Sports Press Association all under one roof. This provides for closer liaison and has enabled all parties to maintain good contact with the Hong Kong sporting community.

Close co-operation between the Board, the Institute, the Amateur Sports Federation and Olympic Committee and the national sports associations has brought about positive results for the benefit of local sports. This will continue

to play an important part in the years ahead. The Board is now drawing up a new Strategic Plan so that resources can be put to better use for the development of sports in Hong Kong in the near future.

With these words, Mr President, I commend the reports to the Council.

WRITTEN ANSWERS TO QUESTIONS

Removal of Vietnamese Boat People from Whitehead

1. MISS CHRISTINE LOH asked: *Regarding the removal of Vietnamese Boat People (VBP) from the Whitehead Detention Centre on 7 April 1994, will the Government inform this Council of the following:*

- (a) *how many VBP have lodged complaints about ill-treatment on 7 April 1994;*
- (b) *whether any of the VBP who have lodged complaints have been deported; if so, how many;*
- (c) *in respect of (b) above, whether all the complaints lodged by the VBP had been fully investigated before they were deported; if so, what was the outcome of the investigation into each of the complaints; if not, how many VBP were deported before their complaints had been fully investigated, what was the nature of the complaint in each case, and why was deportation not postponed in each case until the complaint had been investigated; and*
- (d) *whether the Government will give an undertaking that there will henceforth be no deportation of those who have complained about ill-treatment until their complaints have been fully investigated and any consequential criminal or civil actions or internal disciplinary proceedings have been concluded?*

SECRETARY FOR SECURITY: Mr President,

- (a) 125 complaints of assault from 99 Vietnamese migrants and 88 complaints of theft/lost property from 88 Vietnamese migrants in relation to the camp transfer operation in Whitehead Detention Centre on 7 April have been received.

(b and c)

None of the complainants has been deported or repatriated to Vietnam.

- (d) Under the Comprehensive Plan of Action, all Vietnamese migrants who have been determined to be non-refugees must return to Vietnam. The Administration is not willing to give a blanket undertaking which would have the effect of delaying the successful completion of the Plan. However, we would not jeopardize criminal actions before the courts or likely to come before the courts by deporting or repatriating essential witnesses.

Shortage of Information Technology Manpower

2. DR HUANG CHEN-YA asked: *In view of the shortage of information technology manpower in the territory, will the Government inform this Council of the following:*

- (a) *what is the number of trained software engineers in the territory and how does this compare with that in neighbouring countries in the region and Organization for Economic Co-operation and Development (OECD) countries; and*
- (b) *whether there are any plans to ensure that more manpower will be trained in software engineering; if so, what are the details of such plans?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) We do not have statistics on the number of software engineers in Hong Kong and in other countries. However, according to a manpower survey conducted in December 1993 by the Committee on Information Technology Training of the Vocational Training Council (the VTC Survey), there were about 34 940 persons engaged in the information technology (IT) sector, including about 8 880 in application programming, 7 870 in technical support, 5 060 in IT management and 4 400 in hardware support.
- (b) According to the VTC survey, the average annual demand for IT manpower in the short term, at sub-degree and degree levels, is about 3 900 per year. The current supply of such manpower from local post-secondary and tertiary institutions trained specifically in computer science and related disciplines is about 2 450 per year. To match the demand, plans are already in hand to increase the local IT manpower output steadily to about 3 500 in 1998. Other sources of supply include those local graduates trained in related disciplines, such as engineering, who enter the IT profession, plus those graduates trained overseas in computer science or related disciplines returning to Hong Kong.

Two Hong Kong Residents Imprisoned in the Philippines

3. MISS EMILY LAU asked (in Chinese): *Regarding the imprisonment of a local tourist guide and another Hong Kong resident in the Philippines, will the Government inform this Council of the progress of their appeals; and what measures has the British Government taken during this period to facilitate their early release?*

SECRETARY FOR SECURITY: Mr President, since the two Hong Kong residents were convicted and sentenced to life imprisonment on 29 November 1991, the British Government has been pressing the Philippine Government and the Court in Manila for an early hearing and decision on their appeal.

We have recently been informed by the British Embassy in Manila that, in response to their enquiries, the Philippine Solicitor General confirmed that the appeal, which was filed on 13 December 1993, was currently with the Supreme Court. The appellants' attorney intended to file their brief to the Supreme Court before the end of October 1994. However, no date for the hearing has yet been set.

The British Embassy in Manila will continue to press the Philippine authorities for an early hearing of the appeal, and to monitor progress.

Overcharging by Taxi Drivers

4. MR WONG WAI-YIN asked (in Chinese): *With regard to the Secretary for Transport's reply to the question on overcharging by taxi-drivers on 20 October last year, will the Government inform this Council of the following:*

- (a) *the reason for the decreasing trend in the ratio between the number of prosecutions against taxi-drivers for overcharging and the number of actionable complaint cases over the past four years; and*
- (b) *whether, since the introduction of legislation requiring the compulsory display of identity plates by taxi-drivers, there has been any improvement in the prosecution of offending taxi-drivers, such as in the identification of the taxi-drivers concerned; if so, how the situation has improved?*

SECRETARY FOR TRANSPORT: Mr President, complaints against overcharging by taxi drivers cover two broad categories, namely cheating (including short-changing) and taxi-meter offences (including taxi-meters running fast).

The numbers of prosecutions for cheating offences have remained constant in the past few years. However, the numbers of prosecutions for taxi-meter offences have dropped significantly because of successful police operations in early 1992 against syndicates tampering with the electronic taxi-meters. In addition, in October 1992, the Transport Department laid down specific guidelines on how to seal taxi-meters and now check these during periodic inspections of taxis.

Following these measures, the police have only found sufficient *prima facie* evidence to prosecute 26 cases in respect of taxi-meter offences in 1993 as compared to 204 in 1990; 192 in 1991; and 169 in 1992. Notwithstanding this, the public continue to perceive taxi-meter offences as a common malpractice. This explains why the number of complaints against overcharging has remained high. A breakdown of these figures is annexed.

The legislative requirement for the compulsory display of identity plates by taxi drivers came into effect in July. Between July and September 1994, only 12 complaints against taxi drivers failing to display identity plates were received. This indicates the requirement has generally been complied with. Successful prosecutions are subject to a number of factors including passengers' willingness to give evidence, the quality of such evidence and the identification of the offending taxi drivers. It is not possible to attribute any one single factor to the success or otherwise of a prosecution. Nonetheless the introduction of identity plates has generally assisted the police in verifying the identity of offending taxi drivers.

Annex

Complaints Received and Prosecutions Against Overcharging
by Taxi Drivers (1990 - 1994)

<i>Year</i>	<i>Complaints received by TCU</i>	<i>TCU complaints referred to the police</i>	<i>Complaints received by police direct</i>	<i>Prosecutions*</i>
1990	408	214	199	230
1991	455	222	205	222
1992	1 168	561	201	214
1993	1 084	543	241	79
1994 (Jan-Sep)	917	567	158	55

*Breakdown of Prosecutions

<i>Year</i>	<i>(a) Cheating</i>	<i>(b) Taxi-meter offences</i>	<i>Total (a) + (b)</i>
1990	26	204	230
1991	30	192	222
1992	45	169	214
1993	53	26	79
1994 (Jan-Sep)	27	28	55

School Private Light Bus Accidents

5. MRS SELINA CHOW asked (in Chinese): *Recently there have been repeated accidents involving school private light buses. There have also been reports on the problems of these vehicles such as overloading and modification of seats to increase seating capacity. The number of prosecutions taken by the Administration against the offenders in the first half of this year has increased by 40% when compared with the figure for the same period last year. In view of this, will the Government inform this Council:*

- (a) of the frequency of inspections conducted by the enforcement departments concerned to check the overloading of school private light buses;*
- (b) whether consideration will be given to stepping up measures to monitor the safety of these vehicles, such as introducing legislation requiring each passenger to wear a seat belt; and*
- (c) whether any review will be conducted to ascertain, inter alia, if the penalties imposed on offenders are too light?*

SECRETARY FOR TRANSPORT: Mr President, school private light buses, or "nanny vans" as they are sometimes called, have seating capacity for between eight and 16 students. Applicants for licences require appointment letters from the schools to be served before the licences can be granted by the Transport Department. To date, 1 931 such vehicles have been licensed.

The number of prosecutions for offences arising from the overloading of school private light buses rose from 24 in the first six months of last year to 34 in the same period this year (that is an increase of about 40%).

Answers to the three specific questions are:

(a) *Frequency of inspections*

From May to September 1994, the police mounted 24 operations to check on school service vehicles, including school private light buses and school buses. Each operation was targeted at a particular geographical area, and many buses were inspected. In addition, such vehicles are checked from time to time as part of normal police patrol duties. Separate statistics on the numbers of inspections were not maintained by the police prior to May this year.

(b) *Stepping up safety measures*

We are taking steps to improve the safe operation of school service vehicles. This includes a proposal to amend road traffic legislation to require the installation of warning devices so that the driver is alerted by a buzzer and a red light on the dashboard, if the vehicle's emergency door is opened or not properly closed. In anticipation of the legislation being enacted, the relevant trade associations are advising their members to install this equipment now. In addition, the Director of Education issues circulars to schools advising them of the importance of supervising students using school buses.

There are technical difficulties in fitting seat belts in buses because of the absence of proper anchor points for the normal three-point seat belts. Vehicles are all imported and we will monitor future developments in bus safety technology.

(c) *Penalties*

At present, drivers convicted of overloading a school service vehicle are liable on first conviction to a fine of \$5,000 and imprisonment for three months, and on second or subsequent conviction to a fine of \$10,000 and imprisonment for six months. Carrying excess passengers is also a fixed penalty offence, with a fine of \$450. For the time being there is no evidence to suggest that the present level of penalties provides an insufficient deterrent, but the situation is being monitored closely and the penalties will be reviewed if necessary.

Landslide in Castle Peak Road

6. MR ALBERT CHAN asked (in Chinese): *A landslide occurred at 14 1/2 Miles (Tsing Lung Tau) of Castle Peak Road on 7 August 1994. Staff of the Geotechnical Engineering Office had subsequently disclosed that the failed slope was not included in the Government's Catalogue of Slopes. Later on,*

when the Highways Department and the Geotechnical Engineering Office carried out a full-scale inspection of the slopes along Castle Peak Road from Tsing Lung Tau to Tsuen Wan, approximately 40 slopes were found to be in need of repairs or stabilization work. These incidents indicate the gravity of the problems posed by slopes along Castle Peak Road. In view of this, will the Government inform this Council:

- (a) whether similar inspections have been carried out of the slopes along highways other than Castle Peak Road; if so, what the findings are; and*
- (b) how it can ensure that similar accidents will not occur in the future?*

SECRETARY FOR WORKS: Mr President,

- (a) Many of the slopes along highways are included in the Catalogue prepared by Geotechnical Engineering Office (GEO) in 1977-78. These slopes, like other slopes in the Catalogue, are inspected by the Government to ascertain their stability, in order of their priority ranking, a ranking which has been assessed based on the stability conditions as well as the failure consequences of the slope. In addition to the stability inspections, maintenance inspections, such as at Castle Peak Road, are also carried out for slopes along highways. This is done by Highways Department personnel at technical and professional level, and at frequencies specified by the GEO. These inspections are part of the Department's comprehensive maintenance system, a system which helps to prevent deterioration of the slopes, and thus to minimize the risk of landslips. These inspections take place before and after any necessary and appropriate upgrading works carried out under the long-term Landslip Preventive Measures Programme operated by the GEO.
- (b) Routine maintenance inspections serve to reduce the risk of slope failure. The GEO has also initiated a major study to re-catalogue all slopes in the territory and this exercise, when completed by mid-1997, will cover all slopes of major concern, including those along highways which are not included in the current Catalogue. Stability inspections will be extended to all slopes under the new Catalogue, to determine what, if anything, needs to be done to protect against the possibility of slope failure.

Forms I and IV Places

7. MR TIK CHI-YUEN asked (in Chinese): *Will the Government inform this Council of the estimated provision and demand in respect of Form I and Form IV places in various districts of the territory for the coming year?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, the existing policy on the provision of secondary school places is on a territory-wide basis. Deficit in one district is being met by surpluses in neighbouring districts. Secondary I places are allocated as far as possible on a school net basis, and Secondary IV places on a territory-wide basis.

As at 17 October 1994, the total supply of and demand for Secondary I places in September 1995 are estimated to be 83 600 and 84 100 respectively. A breakdown by school net is annexed.

Supply of and demand for Secondary IV places in September 1995 are estimated to be 64 600 and 77 500 respectively. There is no breakdown by school net for the reason given in the first paragraph above.

Annex

Secondary School Places Allocation (SSPA) 1995
Estimated Supply and Demand of Secondary I Places By District
(As at 17 October 1994)

<i>District</i>	<i>School Net</i>	<i>Demand</i>		<i>Supply</i>	
		<i>No. entered for SSPA</i>	<i>Provision of SI places</i>	<i>Surplus/deficit</i>	
Central and Western	HK1	3 220	2 769	-451	
Wan Chai	HK2	2 971	4 054	1 083	
Eastern	HK3	5 534	4 569	-965	
Southern	HK4	2 905	2 806	-99	
Hong Kong Total		14 630	14 198	-432	

<i>District</i>	<i>School net</i>	<i>Demand</i>		<i>Supply</i>	
		<i>No. entered for SSPA</i>	<i>Provision of SI places</i>	<i>Surplus/deficit</i>	
Yau Tsim Mongkok	K1	4 084	3 039	-1 045	
Shamshuipo	K3	4 363	4 936	573	
Kowloon City	K4	6 783	7 389	606	
Wong Tai Sin	K5	4 491	4 438	-53	
Kwun Tong	K6	6 658	6 864	206	
Kowloon Total		26 379	26 666	287	
Kwai Tsing	NT1	5 584	6 719	1 135	
Tsuen Wan	NT2	3 348	2 777	-571	
Tuen Mun	NT3	8 309	7 903	-406	
Yuen Long	NT4	5 142	5 540	398	
North	NT5	4 160	3 996	-164	
Tai Po	NT6	5 110	4 469	-641	
Sha Tin	NT7	8 352	8 413	61	
Sai Kung	NT8	2 449	2 244	-205	
Islands	NT9	664	702	38	
New Territories Total		43 118	42 763	-355	
Total		84 127	83 627	-500	

* Taking previous trends into account, there is a drop-out rate of about 500 pupils at the time of actual allocation of Secondary I places. Additional classes will be provided if necessary.

Traffic Light Failure

8. MR TIMOTHY HA asked (in Chinese): *Regarding the problem of traffic light failure, will the Government inform this Council:*

- (a) *what is the total number of incidents in the past three years;*
- (b) *what are the existing standard procedures for the inspection and repair of out-of-order traffic lights and how such work is carried out; and*
- (c) *whether any plan has been drawn up to reduce the incidence of traffic light failure; if so, what the details are; if not, why not?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) The numbers of traffic light failures were as follows:

1991	:	3 546
1992	:	4 561
1993	:	4 883

Notwithstanding these figures, the problem is not serious since most of the faults were very minor, for example, caused by faulty bulbs and cables. What is particularly significant is that our target of maintaining 99% availability for all traffic lights has been achieved in each of the past three years.

- (b) For those traffic lights which are controlled by the centralized Area Traffic Control (ATC) systems, signal failures are identified immediately by computers located in the control centres. For those traffic lights which are not linked to the ATC system, failures are reported by the police or the public. Repairs are carried out by the Electrical and Mechanical Services Department or government contractors. There are standby teams and, often, repairs can be effected within 30 minutes.
- (c) All traffic lights are inspected annually and preventive maintenance works carried out. In addition, we have a programme to replace older equipment, including the signal cables. For example, we are also replacing the whole of the Kowloon ATC system, which was installed 17 years ago. Work on this will be completed by February next year, and will result in improved reliability.

Accumulation of Waste

9. MISS EMILY LAU asked (in Chinese): *In view of the worsening of the problem of rubbish accumulating on land and at sea in the territory which causes environmental pollution and blemishes the appearance of the city, will the Government inform this Council whether consideration will be given to increasing substantially the penalties imposed on individuals and organizations for illegal dumping of rubbish, as well as stepping up prosecution, so as to warn those who are not civic-minded?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the illegal dumping of waste is controlled under a number of ordinances. Under the Public Cleansing and Prevention of Nuisances By-laws of the two municipal councils, dumping in public places attracts a maximum penalty of \$10,000 and imprisonment for six months. Under the Summary Offences Ordinance, a similar maximum penalty is stipulated for marine littering. The Attorney General's Chambers are currently reviewing these penalties.

Under the recently amended Waste Disposal Ordinance, a much higher maximum fine of \$200,000, as well as six months' imprisonment can be imposed on first offenders for fly-tipping. For subsequent offences, the maximum fine is \$500,000.

As regards enforcement, apart from normal monitoring, blitz operations are carried out at dumping or litter black spots. A new inter-departmental working group has recently stepped up action against marine littering. A separate working group has been set up to ensure that the new controls on fly-tipping under the Waste Disposal Ordinance are properly enforced.

Curriculum Development

10. MR CHEUNG MAN-KWONG asked (in Chinese): *In response to a Member's question during the Governor's Question Session on 7 July 1994, the Governor said that those who gave advice on the development of curricula had taken the general view that incidents of the last 20 years should not feature as history. Will the Government inform this Council:*

- (a) *who those people are and when they gave the advice;*
- (b) *whether the authority concerned will continue to consult the education professionals regarding the advice given by the above-mentioned people and whether their advice will subsequently become the guideline for revising the curricula for History courses; and*

- (c) *if no one has ever given such advice, whether the Governor will consider withdrawing that remark; and whether the Government will investigate its source and pursue the question of whether the people concerned should bear any responsibility?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Chinese History Syllabuses for Secondary IV to VII drawn up by the Curriculum Development Council in 1990 and 1991 specify that events up to 1976 should be taught. This forms the basis of the Governor's remark.
- (b) In July this year, the Education Department requested the Curriculum Development Council's Chinese History Subject Committee (comprising mainly educational professionals) to consider again whether a timeframe should be set for historical events to be taught and whether there should be a timeframe for the Chinese History Syllabus for Secondary I to III. The recommendations of the Chinese History Subject Committee and the Secondary Co-ordinating Committee will be considered by the Curriculum Development Council. The conclusions will eventually serve as the basis for considering future syllabus revision.
- (c) The hypothesis is not correct.

School Drop-Outs

11. MR CHEUNG MAN-KWONG asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the breakdown by month in the 1993-94 academic year showing the number of complaints received by the Education Department (ED) concerning students expelled from or advised to leave school, and the follow-up action taken by the ED in each case;*
- (b) *of the figures and reasons reported to the ED in the 1993-94 academic year about students leaving or dropping out of school, their distribution by district in which their schools are located, the classes in which they were studying before leaving school and their whereabouts after leaving school; and*
- (c) *whether the ED will consider adopting any measures to improve the situation concerning school drop-outs, including setting up a student exchange network under the central co-ordination of the ED?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) Complaint cases concerning the expulsion of pupils are mostly received after the final school examinations each year. Six such complaints involving primary school pupils and 382 complaints involving secondary school pupils were received by the Education Department between mid-July and the end of August 1994. Details are given in Annexes I and II. In all these cases, the District Education Offices assisted pupils to resume schooling either in their original schools or in other schools as appropriate. A breakdown of the number of complaints by month is not available.
- (b) In the 1993-94 academic year, there were 2 832 non-attendance cases within the compulsory school age: 583 on Hong Kong Island, 893 in Kowloon and 1 356 in the New Territories. A detailed breakdown is in Annex III. These pupils dropped out of school for various reasons. Most of them experienced difficulties in meeting academic standards, and lacked motivation in study. Many lacked parental support and had behavioural or family problems. Of these 2 832 pupils, 557 were Primary One to Six pupils and 2 275 were Secondary I to III pupils. The follow-up action taken by the Education Department is given in Annex IV.
- (c) The Education Department and the Social Welfare Department together have taken various preventive and remedial measures concerning drop-out students, including the identification of youths at risk and amendment of the Codes of Aid for primary and secondary schools to give the Director of Education clear authority to direct schools to admit pupils.

The suggestion of setting up a pupil exchange network would have the effect of formalizing the existing arrangements among school principals in particular districts. The Education Department has consulted its Advisory Committee on the Placement of Drop-out Pupils regarding this. The Education Department agrees with the Committee's view that the present informal arrangements are effective and it is not necessary to make them compulsory or to extend them on a territory-wide basis.

Annex I

Complaint Cases on Expulsion of Pupils

from 14.7.94 to 31.8.94

(Primary Schools)

District	No. of School	No. of pupils under each type of expulsion						Total	Explanatory note on type of expulsion
		(a)	(b)	(c)	(d)	(e)	(f)		
Central & Western	0	0	0	0	0	0	0	0	(a) Following the procedures provided in Appendix 1 of the Codes of Aid, with proper warning and notice to parents and prior approval of the Director of Education
Eastern	1	0	0	2	0	0	0	2	
Southern	0	0	0	0	0	0	0	0	
Wan Chai	0	0	0	0	0	0	0	0	
Kowloon City	0	0	0	0	0	0	0	0	(b) Advising parents/pupils to write to school to withdraw voluntarily
Kwun Tong	0	0	0	0	0	0	0	0	
Mong Kok	0	0	0	0	0	0	0	0	
Sham Shui Po	1	0	0	0	0	3	0	3	
Yau Tsim	1	0	0	1	0	0	0	1	(c) Advising pupils verbally to leave school as drop-outs
Wong Tai Sin	0	0	0	0	0	0	0	0	
Kwai Tsing	0	0	0	0	0	0	0	0	(d) Advising pupils in writing to leave school by letters to parents or through pupils' school reports
Sai Kung	0	0	0	0	0	0	0	0	
Island	0	0	0	0	0	0	0	0	
Sha Tin	0	0	0	0	0	0	0	0	
Tuen Mun	0	0	0	0	0	0	0	0	(e) Advising pupils implicitly to leave school by leaving no remarks on promotion/repetition in pupils' school reports in the hope that parents would find school places elsewhere
Tai Po	0	0	0	0	0	0	0	0	
North	0	0	0	0	0	0	0	0	
Tsuen Wan	0	0	0	0	0	0	0	0	
Yuen Long	0	0	0	0	0	0	0	0	
TOTAL	3	0	0	3	0	3	0	6	(f) Exchanging problem pupils with other schools

Complaint Cases on Expulsion of Pupils

from 14.7.94 to 31.8.94

(Secondary Schools)

District	No. of School	No. of pupils under each type of expulsion						Total	Explanatory note on type of expulsion
		(a)	(b)	(c)	(d)	(e)	(f)		
Central & Western	0	0	0	0	0	0	0	0	(a) Following the procedures provided in Appendix 1 of the Codes of Aid, with proper warning and notice to parents and prior approval of the Director of Education
Eastern	10	0	0	8	0	5	0	13	
Southern	8	0	0	0	0	30	0	30	
Wan Chai	5	0	0	20	0	19	0	39	
Kowloon City	5	0	4	1	0	4	0	9	(b) Advising parents/pupils to write to school to withdraw voluntarily
Kwun Tong	0	0	0	0	0	0	0	0	
Mong Kok	1	0	0	0	0	1	0	1	
Sham Shui Po	10	0	0	1	19	25	1	46	(c) Advising pupils verbally to leave school as drop-outs
Yau Tsim	4	0	0	1	2	6	0	9	
Wong Tai Sin	12	0	7	21	0	76	3	107	
Kwai Tsing	6	0	6	5	1	11	0	23	
Sai Kung	3	0	0	5	0	1	0	6	(d) Advising pupils in writing to leave school by letters to parents or through pupils' school reports
Island	1	0	0	0	1	1	0	2	
Sha Tin	5	0	0	7	0	11	0	18	
Tuen Mun	3	0	0	0	0	5	1	6	(e) Advising pupils implicitly to leave school by leaving no remarks on promotion/repetition in pupils' school reports in the hope that parents would find school places elsewhere
Tai Po	5	0	0	8	0	1	0	9	
North	0	0	0	0	0	0	0	0	
Tsuen Wan	0	0	0	0	0	0	0	0	
Yuen Long	10	0	1	16	8	4	2	31	
Prevocational	6	0	0	22	0	6	5	33	
TOTAL	94	0	18	115	31	206	12	382	(f) Exchanging problem pupils with other schools

Education Department
October 1994

Annex III

Breakdown of Dropout Cases by Districts
in the 1993-94 school year

Hong Kong Island	Central & Western	85
	Wanchai	95
	Hong Kong East	184
	Southern	219
Sub-Total		583
Kowloon	Yau Tsim	37
	Kwun Tong	272
	Wong Tai Sin	120
	Mong Kok	55
	Shamshuipo	232
	Kowloon City	177
Sub-Total		893
New Territories	Tai Po	124
	Sha Tin	236
	Sai Kung	50
	Islands	46
	Tsuen Wan	89
	Kwai Chung & Tsing Yi	215
	Yuen Long	277
	Tuen Mun	216
	North	103
Sub-Total		1356
Total		2832

Education Department
20.10.94

Follow-up action taken by the Education Department
on Dropout Cases in the 1993-94 School Year

Every suspected dropout case was investigated. Every effort will be made to assist the suspected dropout to overcome difficulties which prevented the pupil from attending school, and, where necessary, assistance from educational counsellors/psychologists or social workers will be sought.

Breakdown of Dropout Cases

486	Resumed schooling after counselling. They were further counselled by Student Guidance Officers/Teachers in primary schools or School Social Workers in secondary schools.
129	Undertook apprenticeship course.
947	Students reached 15 shortly after their non-attendance and majority chose to take up open employment or attend vocational/commercial courses.
711	Either in the process of counselling, attending evening/short courses, pending school placement or temporarily left Hong Kong.
559	Untraceable cases because of incomplete/inaccurate addresses as reported by schools.
Total 2832	

Education Department
20.10.94

Death of Corals

12. MR SIMON IP asked: *In view of the death of corals in Sai Kung and Mirs Bay earlier this year, will the Government inform this Council whether:*

- (a) *any investigation into the cause has been conducted; and*
- (b) *any measures have been taken to prevent this from happening again in the future?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The consultants carrying out routine marine surveys for the Civil Engineering Department (CED) discovered this summer that marine life over a substantial area of Mirs Bay was dying. After consultation with the Agriculture and Fisheries Department (AFD) and the Environmental Protection Department, the CED instructed their consultants to undertake a special survey to determine the cause and the extent of the effect. The survey was undertaken during the first week of September.

Based on the survey findings, the consultants and the AFD concluded that the seabed kill was a result of exceptionally low levels of dissolved oxygen. This phenomenon, known as hypoxia, is natural and occurs every year, though to a much less serious degree. Hypoxia is a result of stratification of the water column which has two distinct layers — an upper, warmer layer of lower salinity and a lower, colder layer of higher salinity. Lack of mixing between the layers causes a reduction in dissolved oxygen in the lower layer. This year, the stratification was enhanced — apparently because of a lack of high winds from typhoons and the exceptionally high levels of rainfall in Hong Kong and Guangdong — with the dramatic results observed. The survey showed that by early September, most marine organisms, including corals, worms, crabs, echinoderms and anemones had either been killed or severely affected up to a level of -2mPD over an area of approximately 100 square kilometres.

- (b) The phenomenon is a natural one and no practical measures can be taken to prevent a recurrence. However, rainfall statistics and the age of the corals found in Mirs Bay indicate that this is probably a 1-in-100 year event.

Ventilation in Bus Terminals

13. MR WONG WAI-YIN asked (in Chinese): *In his reply to a written question on the ventilation systems in bus terminals located on the ground floor of commercial/residential buildings in November 1993, the Secretary for Planning, Environment and Lands disclosed that a study on the design and operational requirements for ventilation systems in these facilities commissioned by the Environmental Protection Department would be completed in May this year. In view of this, will the Government inform this Council of the following:*

- (a) *the progress of the study;*
- (b) *whether the Government will specify that mechanical ventilation systems must be installed in bus terminals located on the ground floor of commercial/residential buildings which are not yet equipped with such systems; and*
- (c) *whether, in respect of bus terminals which have already been equipped with such systems but the air quality in those terminals still fails to meet the air quality objectives of the territory, the Government has taken any remedial measures to improve the situation; and if so, what the effects are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The study commissioned by the Environmental Protection Department (EPD) to examine the design and operational considerations for covered transport interchanges was indeed completed in May 1994. It concluded that the mechanical ventilation systems in most covered bus interchanges were unable to provide sufficient fresh air to waiting passengers, even when operated at maximum capacity; and that, to improve the situation, enclosed queuing platforms may need to be provided. Preliminary calculations indicate that, in engineering terms, it would be feasible to enclose queuing platforms. Subject to the availability of funds in 1995, the EPD will carry out a further study of the practical aspects of the idea by means of a demonstration project. The findings would then be incorporated into a guidance note on ventilation systems at enclosed transport interchanges.
- (b) Air quality standards for transport interchanges are being formulated and the means by which they might be attained are also being considered. Consultation on these matters will be conducted in 1995.

- (c) As a short-term measure, the EPD has advised transport fleet operators and managers of transport interchanges;
 - (i) to minimize emissions by avoiding unnecessary idling of engines; and
 - (ii) to improve ventilation during peak hours by operating ventilation systems more effectively.

Direct Sale of Fish

14. MR FREDERICK FUNG asked (in Chinese): *Regarding the policy of direct sale of fish introduced by the Agriculture and Fisheries Department, will the Government inform this Council of the following:*

- (a) *the purpose of introducing the direct sale policy;*
- (b) *the monthly turnover figures since the implementation of the policy;*
- (c) *what explanation can be given regarding the fish traders' remark that the policy has dealt a direct blow to their livelihood;*
- (d) *whether the Agriculture and Fisheries Department will gradually withdraw from the markets opened up through the direct sale policy (for example, large supermarkets), and let fish traders take up the role of sales agent; and*
- (e) *in regard to the Agriculture and Fisheries Department's earlier intimation that it will consider undertaking a review of the "double levy of tax" phenomenon in the fish market, what the progress of such review is?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, the Fish Marketing Organization decided in May 1994 that it would be beneficial to competition in its wholesale fish markets for its employees to participate in the markets as agents to buy fish for customers, with the objective of developing a wider range of retail outlets for fresh fish — such as supermarkets — and promoting market acceptance of fish species unfamiliar to the public.

The amount of fish handled by the Organization in pursuing this policy is less than 1% of its total throughput, whether by weight or by value, as indicated in the table at the end of this reply. At such a level, the Organization's decision to participate as a buyer poses no threat to the livelihood of any fish traders. If the Organization is successful in its objective of opening up new marketing opportunities, fish traders will in fact benefit. The Organization currently has

no plans to withdraw from participation in its markets but will keep the matter under regular review.

The Organization has reviewed the arrangements referred to in part (e) of the question, which relate to the payment of the Organization's commission on fish sold at its markets. It has been agreed after consultation with fish traders that the market management will waive the charging of commission in respect of fish ascertained by market staff as being unsold. This arrangement is to ensure that commission is not charged twice in respect of unsold fish removed from one market and subsequently sold in another.

The monthly turnover since the Organization's policy was implemented is follows:

	<i>Total FMO throughput</i>		<i>Fish bought by FMO as a percentage of total throughput</i>			
	<i>Weight (tonnes)</i>	<i>Value \$ million</i>	<i>Weight (tonnes)</i>		<i>Value \$ million</i>	
May 1994	5 281	49.7	1.2 (0.02%)	0.018 (0.04%)		
June	4 594	41.9	3.8 (0.08%)	0.070 (0.17%)		
July	4 988	45.1	15.1 (0.30%)	0.359 (0.80%)		
Aug	5 042	47.0	10.3 (0.20%)	0.315 (0.67%)		
Sept	5 151	48.6	12.4 (0.24%)	0.402 (0.83%)		

Works of Stage I of the Shenzhen River Training Project

15. MR TIK CHI-YUEN asked (in Chinese): *In view of the imminent commencement of the works of Stage I of the Shenzhen River Training Project, will the Government inform this Council whether such works will include the training of the tributaries of Shenzhen River (such as Ng Tung Ho and Sheung Yue Ho); if so, what are the specific work plans; if not, when will the training works for the tributaries commence, and what are the work schedules and expected dates of completion?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Ng Tung Ho (River Indus) and Sheung Yue Ho (River Beas) lie entirely within the territory of Hong Kong and are not part of the Shenzhen River Regulation Project.

The training of these two rivers and their tributaries is scheduled to begin towards the end of 1995 and to be completed by 2000. The work will be carried out by the Territory Development Department under Public Works Programme items 53CD and 87CL at an estimated cost of about \$1 billion. For

the section of Ng Tung Ho within Areas 30B and 33 of Sheung Shui, detailed planning and preliminary design of the training works are already in progress; while consultants will be appointed early next year to implement the remaining section.

A programme for the flood control projects affecting the northern New Territories is attached for Members' reference.

Appendix I

Summary of Major Flood Control Projects
North New Territories
(Situation as at 30.9.1994)

<i>PWP No.</i>	<i>Title</i>	<i>Estimated construction cost (\$M)</i>	<i>Start date</i>	<i>Completion date</i>
87CL/A	Shek Wu Hui Development Package 4 - Engineering Works - River Training in Area 30B and Area 33 (part), Sheung Shui	297	10/96	9/00
53CD/B	Main Drainage Channels for Fanling, Sheung Shui and Hinterland - Sutlej River Training Stage 2 (Tai Tau Leng/Tsung Pak Long Village Flood Protection Scheme)	54	9/95	2/98
53CD/B	Main Drainage Channels for Fanling, Sheung Shui and Hinterland - Indus River Training Stage 1	411	6/97	12/00
53CD/B	Main Drainage Channels for Fanling, Sheung Shui and Hinterland - Indus River Training Stage 2 Phase 2	151	7/98	12/00
64CD/B	Rural Drainage and rehabilitation Scheme - Indus and Ganges Basins	239	12/96	7/00

Unemployment among Construction Workers

16. MR HENRY TANG asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the current rate of unemployment among construction workers and the actual number of construction workers who are currently unemployed;*
- (b) *of the quota of 294 allocated to the construction industry under the 1994 General Scheme on the Importation of Labour, what the number in respect of construction worker category is; and*
- (c) *bearing in mind the principle of safeguarding the employment opportunity of local workers, how the Government assesses and determines the number of imported workers, and how it monitors individual companies to find out if there is any abuse of imported labour?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The average unemployment rate of workers in the construction industry is 2.8% for the first half of 1994. About 6 400 persons in the industry were unemployed. These figures cover all employees in the construction industry, including those who are not working in construction sites.
- (b) In allocating quotas to employers who apply for more than one type of workers, Government provides flexibility to employers to decide the number of each type of workers to be imported. As a result, the Government does not know the number of each type of workers to be imported until the visa application stage when employers supply detailed information of workers they intend to bring in. To prevent abuse of the system, there is a requirement that the number of workers of each type to be imported by an employer must not exceed the number that he requested in the first place.
- (c) In setting the ceiling of quota for imported labour, the Government has taken into account the levels set under previous labour importation schemes, the employment situation, the state of the economy, and community acceptance.

To safeguard the employment opportunities of local workers, employers have to prove that they have offered jobs to local workers first before they are allowed to import workers. The Labour Department has special enforcement teams which carry out inspections at places of employment and accommodation to check

the employment conditions of imported labour. Employers found to have contravened labour laws will be prosecuted.

Prevention of Mass Importation of Foreign Labour

17. MR TAM YIU-CHUNG asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the number of persons from the mainland whose applications to come to work in Hong Kong for training purposes had been approved in the past three years; and*
- (b) *whether any measures will be taken to prevent mass importation of foreign labour by local organizations under such pretext?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The numbers of People's Republic of China nationals coming to Hong Kong for training in the last three years are as follows:

<i>Year</i>	<i>Number of persons</i>
1991	1 803
1992	3 433
1993	4 437

- (b) Under the existing policy, a person may be allowed to enter and stay in Hong Kong up to a maximum of 12 months to acquire special skills or knowledge not available at his place of domicile. To prevent abuse of the policy, the Immigration Department, in vetting the applications, requires the sponsoring companies to produce training programmes and justifications for such training in Hong Kong and its duration. The Department also examines the background of the companies to see whether they are indeed able and competent to provide such training. There is therefore no question of mass labour importation under the pretext of training.

Crash of Hercules Transport Plane

18. DR TANG SIU-TONG asked (in Chinese): *Regarding the tragedy on 23 September of this year in which a Hercules transport plane crashed, killing six crew members, while departing from Hong Kong after an operation to*

repatriate Vietnamese boat people (VBP), will the Government inform this Council whether:

- (a) the Government has taken out extra insurance coverage on behalf of those civil servants who are responsible for escorting VBP back to Vietnam and whether such civil servants have been granted the dangerous duties allowance; if not, what the reasons are;*
- (b) the Government holds a different view from that of a disciplined service which claimed that escorting VBP is outside their scope of responsibility; and*
- (c) any civil servants have resisted performing the duty of escorting VBP as a result of the tragedy; if so, what measures the Government has taken or will take to pacify them?*

SECRETARY FOR SECURITY: Mr President,

- (a) The Government does not provide extra insurance cover or any special allowances for civil servants in such circumstances.
- (b) and (c)

It is the practice to call for volunteers to perform escort duties on Orderly Repatriation Programme flights. This arrangement has been accepted by the disciplined services and will continue.

Average Waiting Time for Public Rental Flats

19. MR FREDERICK FUNG asked (in Chinese): *Regarding the pledge made in the Policy Commitments of the Governor's policy address that the average waiting time for a public rental flat for applicants on the Waiting List will be reduced from seven years to five years, will the Government inform this Council of the following:*

- (a) the number of additional public rental flats which will be provided annually from 1994-95 to 2000-01; of these, how many will be allocated to applicants on the Waiting List, clearerees affected by redevelopment projects and applicants of other categories respectively;*
- (b) how many families on the Waiting List are not eligible for public rental housing as the Housing Department has indicated that not all the 150 000 families on the Waiting List are eligible;*

- (c) *what the number of new migrant families on the Waiting List is;*
- (d) *what the number of ineligible families on the Waiting List whose household income has exceeded the income limit is; and*
- (e) *what the respective figures on the potential demand, effective demand, supply and shortage in public rental housing from 1993-94 to 2000-01 are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

About 160 000 new rental flats are programmed for completion between 1994-95 and 2000-01. In addition, about 130 000 vacated flats will be available for allocation within this period. The quota of allocation of these flats to various rehousing categories, for example, Waiting List, redevelopment, Temporary Housing Areas (THA) clearance and trawling, squatter clearance, and so on, is determined by the Management and Operation Committee of the Housing Authority annually, having regard to policy objectives and competing claims. Barring unforeseen circumstances, we expect to be able to allocate more housing resources for Waiting List applicants after 1997-98 by which time we will have substantially discharged our clearance commitments. On this basis, we envisage that it should be possible for the average waiting time to be reduced to five years by 2001.

The eligibility of a Waiting List applicant for public housing is assessed when his turn in his preferred district is due. It is therefore difficult to estimate precisely how many of the 150 000 Waiting List applicants will be eligible for rental housing. Some applicants are squatters and THA residents who will be rehoused as a result of squatter clearances or THA clearances and trawling exercises. They do not need to go through the Waiting List route. Some applicants will be rejected for failing to fulfil the eligibility criteria. By discounting these families, it is estimated that some 75 000 applicants constitute the effective demand for rehousing through the Waiting List.

We do not have the precise statistics. However, about 6 100 Waiting List applications cannot be processed further because they have yet to meet the seven-year residence rule.

We do not have the precise estimate, but in 1993-94, about 2 300 Waiting List applications were rejected because their incomes exceeded the limit.

Demand for public rental housing is reviewed each year having regard to changes to parameters and statistical information. As a result of the Task Force report recommendations, a new Working Group on Housing Demand, chaired by the Deputy Director of Planning, has commenced work on assessing and

updating housing demand. The Working Group is expected to produce fresh estimates by late 1994 or early 1995.

Exempted Banks

20. DR HUANG CHEN-YA asked: *Will the Government inform this Council:*

- (a) *what is the number of banks in Hong Kong which are exempted from the regulation of the Securities and Futures Commission to trade in securities or derivatives related to securities;*
- (b) *what is the total transaction volume of such trade in the last financial year;*
- (c) *what is the proportion of the volume of trade in new listings, securities or security-related derivatives carried out by these exempted banks and other non-regulated bodies as compared with that carried out by bodies under the regulation of the Securities and Futures Commission; and*
- (d) *what measures will the Government take to ensure that the risks to these exempted banks and the financial system as a whole will be properly controlled?*

SECRETARY FOR FINANCIAL SERVICES: Mr President,

- (a) As at end of September 1994, there were 155 authorized institutions and one representative office under the Banking Ordinance which qualified as exempt dealers under the Securities Ordinance.
- (b) There is no breakdown of statistics regarding the trading volume of securities and securities-related derivative products conducted by exempt dealers which are authorized institutions under the Banking Ordinance. However, a survey on authorized institutions' exposure to market risks conducted by the Monetary Authority in 1993 indicated that, in general, authorized institutions were not heavily involved in derivative business.
- (c) The exemption from registration with the Securities and Futures Commission means that exempt dealers are not required to file regular returns with the Commission as regards the volume of their activities. There are therefore no readily available statistics indicating the proportion of trade carried out by exempt dealers compared with that carried out by the regulated sector.

- (d) In line with the recommendations of the Basle Committee on Banking Supervision which the Monetary Authority has adopted, the existing capital adequacy regime for authorized institutions includes an allowance for securities and derivative business. While it is principally the credit risk arising from such activities that is covered, the Basle Committee is currently considering proposals to introduce explicit capital requirements for the market risk in respect of securities and derivative trading. The Monetary Authority is keeping closely in touch with developments in Basle and is likely to bring forward proposals for capital requirements in relation to market risk during the course of 1995.

The Basle Committee has, at the same time, made it clear that adherence to capital standards is not sufficient to ensure the safe operation of banks involved in derivative trading. It is perhaps of greater importance that banks should have sound risk management and control systems. The Committee has therefore recently issued to supervisors worldwide guidelines on the sound risk management of derivatives. Similar guidelines have also been issued to securities regulators by the International Organization of Securities Commissions. The Monetary Authority has consulted the industry associations and intends to turn the Basle guidelines into a formal guideline of its own in the near future. It further proposes to issue to authorized institutions more detailed guidance on derivative activities and also to conduct a market survey on the subject.

There are regular contacts between the Securities and Futures Commission and the Monetary Authority regarding the regulation of institutions which fall within their respective areas of responsibility. Ad hoc meetings are also held as and when necessary to discuss specific problems in respect of particular institutions. The two regulators have agreed that they need to co-ordinate their regulation in respect of authorized institutions involved in securities business. A working party has been formed with the objective of mapping out a memorandum of understanding covering the mechanics of co-operation between the two bodies. The memorandum will set out the respective roles of the two regulators in overseeing the operations of exempt dealers.

MOTION

PRIVATE BILLS ORDINANCE

SECRETARY FOR THE TREASURY moved the following motion:

"That the Schedule to the Private Bills Ordinance be amended -

- (a) in item 1, by repealing "25,000" and substituting "33,500";
- (b) in item 2, by repealing "50,000" and substituting "67,000".

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

Let me first make it clear that a Private Bill is not a Private Member's Bill. A Private Bill does not deal with a government measure and Private Member's Bill normally does. A Private Bill provides primarily for a particular interest or benefit of an individual, association or body corporate.

Under section 3 of the Private Bills Ordinance, a promoter of a private bill is required to pay a fee as specified in the Schedule to the Ordinance for presenting any such bill to the Legislative Council. The Chief Secretary may, however, waive any such fee upon application by the promoter if she is satisfied that the bill is for a charitable purpose or facilitates a government measure.

We last reviewed the fees in 1991. To reflect the increases in costs since then, we propose to revise the fee for presenting a private bill amending an existing ordinance from \$25,000 to \$33,500 and the fee for presenting a private bill for a principal ordinance from \$50,000 to \$67,000.

Question on the motion proposed, put and agreed to.

BILLS

First Reading of Bills

EMPLOYEES' COMPENSATION (AMENDMENT) (NO. 2) BILL 1994

SEX DISCRIMINATION BILL

SECURITIES AND FUTURES COMMISSION (AMENDMENT) (NO. 2) BILL 1994

LEVERAGED FOREIGN EXCHANGE TRADING (AMENDMENT) 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

EMPLOYEES' COMPENSATION (AMENDMENT) (NO. 2) BILL 1994

THE SECRETARY FOR EDUCATION AND MANPOWER moved the Second Reading of: "A Bill to amend the Employees' Compensation Ordinance."

He said: Mr President, I move the Second Reading of the Employees' Compensation (Amendment) (No. 2) Bill 1994.

Members may recall that the Employees' Compensation (Amendment) Bill 1994 was introduced into this Council in May this year. At the Committee stage, Members gave full support to the early enactment of the provision regarding compensation for employees injured on their way to or from work within the duration of a gale warning or a rainstorm warning. However, it was felt at the time that more time was needed to study the other provisions of the Bill. At the request of the Bills Committee, I subsequently moved Committee stage amendments to delete all the provisions in the Bill with the view to re-introducing them in the 1994-95 Legislative Council Session. The proposals now before Members in this Bill are those deleted provisions.

The Bill seeks to rectify a number of inadequacies in the Employees' Compensation Ordinance and improve certain provisions relating to the entitlement of compensation of injured employees.

At present, an employee who sustains injury while travelling as a passenger to or from his place of work by any means of transport provided or arranged by his employer and not being a part of public transport service is entitled to compensation. As the scope of protection is rather limited, we propose to improve the existing provisions by providing for compensation to an employee who suffers injury by accident:

- (a) while driving or operating any means of transport provided by his employer between his home and his place of work for the purpose of attending to or after attending to his duties; and
- (b) while travelling between Hong Kong and his place of work abroad by any means of transport agreed by his employer.

We also propose that the definition of "medical expenses" be expanded to enable the Commissioner for Labour to process a claim from an employee injured at work outside Hong Kong for medical expenses incurred outside Hong Kong.

Another area of improvement is that the Bill would enhance the interest of an injured employee who has been on prolonged sick leave. Under the existing provisions, the earnings of an employee for the month immediately

preceding the date of his accident or his average monthly earnings during the previous 12 months are used as the basis for calculating periodical payments and compensation for death or permanent incapacity. This method of computation does not cater for any wage increase which the employee might have been entitled to receive had it not been for the accident.

We now propose that for the purpose of calculating the compensation payable to an employee at the end of a 12-month or 24-month period following his accident, his earnings should be suitably adjusted with reference to the average rate of wage increase of other persons employed by his employer in similar employment, or where no other persons are employed by his employer in similar employment, the rate of inflation, for the preceding 12 months or 24 months be used as appropriate.

We also propose that the court be provided with a discretionary power to extend the maximum period of 24 months of temporary incapacity by up to 12 months in deserving cases. This extension allows more time for the condition of the injured employee to stabilize and be ready for assessment of permanent incapacity.

At present, an employee who suffers permanent total incapacity and who requires the constant attention of another person is entitled to claim compensation for the cost of such arrangements. However, such requirement is considered unduly restrictive as an employee who suffers serious rather than total permanent incapacity may also require the care and attention of another person. We therefore propose to amend the existing provision to allow the court to award compensation to meet the cost of attending to an employee who suffers serious permanent incapacity and to remove the requirement for such attention to be "constant".

Finally, the other amendments proposed in the Bill are intended to clarify provisions and streamline procedures.

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

SEX DISCRIMINATION BILL

THE SECRETARY FOR HOME AFFAIRS moved the Second Reading of: "A Bill to render unlawful certain kinds of sex discrimination, discrimination on the ground of marital status or pregnancy, and sexual harassment; to provide for the establishment of a Commission with the functions of working towards the elimination of such discrimination and harassment and promoting equality of opportunity between men and women generally; and to provide for matters incidental thereto or connected therewith."

He said (in Cantonese): Mr President, I move that the Sex Discrimination Bill be read a Second time.

The Government is firmly committed to promoting gender equality in Hong Kong and accepts that the development of our society and community has reached the point where it is now appropriate to develop measures to achieve this. Towards this end, we published in August 1993 a Green Paper on Equal Opportunities for Women and Men to solicit public views on the measures which could be taken to enhance equal opportunities between the sexes. To legislate against sex discrimination was one of the proposals put forward in the Green Paper. Members of the public responded very positively and we received 1 100 written submissions on the Green Paper, the overwhelming majority of which supported the legislative option. In response to this clear community demand, we announced in June this year the decision to develop legislation against sex discrimination.

The Sex Discrimination Bill is the product of 14 months of thorough research, wide consultation and in-depth analysis. This Bill has been prepared after careful thought; it takes into account the diverse views expressed by various sectors of our community. It reflects community aspirations on how we should proceed to achieve equal opportunities between the sexes in a measured and appropriate manner.

The Bill renders unlawful sex discrimination and sexual harassment in specified areas of activity. These include employment, education, provision of goods and services, and the disposal and management of premises. In addition, the Bill also makes it unlawful to discriminate against a person on the ground of marital status or pregnancy in the employment field. The Bill also renders unlawful discrimination by way of victimization. This may occur, for example, where an employee who has asserted his or her rights under the Bill is subsequently subject to unfavourable treatment by her employer as a direct consequence of the action taken under the Bill.

To oversee the implementation of the sex discrimination legislation, the Bill provides for the establishment of an Equal Opportunities Commission. There are four main functions of the Commission: first, to work towards the elimination of sex discrimination and sexual harassment; secondly, to promote equality of opportunity between men and women; thirdly, to investigate upon complaint, any act alleged to be unlawful by virtue of the Bill and endeavouring, by conciliation, to effect a settlement of the matter in dispute; and fourthly, to keep under review the working of the sex discrimination legislation and where necessary, submit recommendations to the Governor for amending the legislation.

In line with its responsibility to promote gender equality, the Commission will carry out public education programmes to promote equality of opportunities between the sexes and conduct research into gender related issues. The Commission is also empowered under the Bill to develop and issue codes of

practice, in consultation with relevant organizations. These codes will contain practical guidance to assist members of the community to comply with the legislation.

The Commission will have a strong conciliation role. The Bill empowers the Commission to investigate into complaints and it can make rules to require parties related to a complaint to attend conferences with a view to resolving the matter. Where conciliation fails, the Commission may provide assistance in respect of legal proceedings. Nonetheless, I expect that a majority of the complaints will be resolved in the course of conciliation without the need for resorting to the court.

The Bill also empowers the Commission to conduct formal investigations on its own initiative or upon the request of the Chief Secretary, for any purpose connected with the carrying out of its functions. The Commission will prepare and publish or make available for public inspection a report on any formal investigation it initiates. Furthermore, the Bill empowers the Commission to issue enforcement notices against persons where, in the course of any formal investigation, the Commission is satisfied that such persons have contravened the Bill. Where a person persistently contravenes the Bill, the Commission is empowered to apply to the District Court for an injunction to restrain such persistent discriminatory practices or sexual harassment.

As regards enforcement, the Bill vests the power to hear all sex discrimination and sexual harassment cases with the District Court. To enhance the accessibility of the District Court, the Judiciary proposes to designate a court at the District Court level to hear all sex discrimination and sexual harassment cases arising from the Bill. The court may also allow persons who are neither legally qualified nor parties to the proceedings to address it. Furthermore, the use of Chinese language in the court will also be allowed. Consideration will also be given for the District Court to make orders for costs exercisable only in exceptional circumstances. Taken together, these innovative measures enshrined in the Bill would provide an efficient and accessible avenue of redress for the aggrieved.

While it is important that sex discrimination legislation should be most effective, we recognize that such legislation should not unreasonably restrict individual freedom or impose undue financial burdens. After careful consideration, we have therefore provided exceptions to the discrimination rendered unlawful by the Bill. In relation to employment matters, exceptions are provided to allow for situations where being a particular sex is a genuine occupational qualification. Such situations arise from the nature of the job, considerations of decency or privacy, the nature of the establishment at which duties are performed, and the need for welfare, educational or personal services to be provided by persons of a particular sex. With regard to discrimination on the ground of marital status, the Bill provides that it will not be unlawful for an employer to provide different levels of specified benefits or allowances for employees with different marital status. By virtue of this exception, an

employer is allowed to provide, for example, a higher level of housing allowance to employees who are married.

During the Green Paper consultation exercise, small employers have expressed concerns about the various possible problems arising from frivolous complaints in complying with the legislation. To address these legitimate concerns, we have proposed in the Bill a grace period of five years as a transitional measure to allow small business establishments with not more than five employees to comply with the legislation. We believe that this arrangement will give small employers the time to better understand the operation of the Bill and we indeed hope to see employer associations working together with the Equal Opportunities Commission to promote understanding of the Bill among small employers.

In line with our decision to seek to enter a reservation to the Convention on the Elimination of All Forms of Discrimination Against Women in respect of the small house policy, the Bill also provides an exception for this policy. This exception allows us to reserve the right to continue with the small house policy.

The Sex Discrimination Bill is a major step in the development of an environment conducive to free competition in Hong Kong. We have not moved hastily, we have not tried to go beyond the levels which the community at large want us to go; we have approached this issue carefully, aware of the high emotions which such sensitive issues can raise. We have drafted legislation which is suitable for Hong Kong and, more importantly, have gone beyond legislation to ensure that there will be an effective independent agency set up to ensure the implementation of the sex-discrimination legislation and to fulfil the function of public education which is crucial to the success of measures introduced to eliminate discrimination.

The enactment of the Bill will provide the means by which members of the community will be able to make the most of their potential to participate fully in all areas of activity. Moreover, it will ensure that the people of Hong Kong enjoy a high level of legal protection as their counterparts in other advanced societies in respect of equal opportunities between women and men. We are convinced that this Bill, which is our response to demonstrated public demand, will serve Hong Kong's needs well.

As regards the provisions of the Bill, Part I of the Bill defines the terms used in the Bill and provides that the Bill binds the Government.

Part II specifies the various kinds of discrimination to which the Bill applies. These are sex discrimination against women, sex discrimination against men, discrimination on the ground of marital status or pregnancy in the employment field and discrimination by way of victimization.

Part III relates to discrimination and sexual harassment in the employment field. Clause 10 makes it unlawful for a person to discriminate against prospective or existing employees, both in respect of the terms on which employment is offered and in respect of access to opportunities for promotion, transfer or training. Clause 11 specifies the cases where clause 10 does not apply because a particular sex is a genuine occupational qualification for the job concerned.

Part IV relates to discrimination and sexual harassment in other fields. These other fields include education (clauses 22 to 24) and the provision of goods, facilities, services and premises (clauses 25 to 30).

Part V relates to other unlawful acts relating to discrimination and sexual harassment, in particular where persons engage in practices which result, or may result, in unlawful discrimination (mainly clauses 37 and 38). It is also unlawful for certain persons to instruct, or exercise pressure on, another person to do an act which is unlawful under the Bill.

Part VI provides for general exceptions from the Bill.

Part VII and Schedule 5 relate to the establishment of the Commission and its functions and powers. Clause 61 empowers the Commission to issue codes of practices; and clauses 62 to 66 empower it to conduct formal investigations.

Part VIII relates to the enforcement of the provisions of the Bill, and in this respect, clause 68 confers jurisdiction on the District Court to entertain claims of unlawful discrimination or sexual harassment in like manner as any other claim in tort. Clause 69 empowers the Commission to issue enforcement notices; and clauses 75, 76 and 77 confer the right on it to assist claimants and potential claimants.

Part IX contains miscellaneous provisions, in particular in relation to the validity of discriminatory contracts (clause 79).

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

SECURITIES AND FUTURES COMMISSION (AMENDMENT) (NO. 2) BILL 1994

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Securities and Futures Commission Ordinance."

He said: Mr President, I move the Second Reading of the Securities and Futures Commission (Amendment) (No. 2) Bill 1994.

The Bill seeks to enable the Securities and Futures Commission (SFC) to provide reciprocal investigatory assistance to overseas regulators and company

inspectors. This is one of the items included in the Legislative Programme which forms part of the Governor's policy address delivered on 5 October 1994.

At present, subject to public interest considerations, the SFC can disclose to overseas regulators, pursuant to the Securities and Futures Commission Ordinance, non-public information that is already in its possession. However, it cannot entertain requests from overseas authorities for investigatory assistance unless the case also involves a breach of relevant Hong Kong laws. With the gradual internationalization of the local securities and futures markets, it has become increasingly important for the SFC to be able to provide such assistance on a reciprocal basis. The international regulatory community is giving increasing emphasis to cross-border regulatory co-operation.

Most notably, in 1991 the International Organization of Securities Commissions (IOSCO) adopted 10 principles for concluding a bilateral or multilateral memorandum of understanding among regulators in different jurisdictions. The first principle urges regulators who are not able to provide investigatory assistance to their overseas counterparts to consider recommending appropriate legislative amendments to enable such assistance to be given. This year, the Technical Committee of IOSCO has called for self-evaluation reports from members regarding their ability to provide mutual assistance to foreign securities and futures regulators.

Elsewhere in the world, the legislation in major international markets already allows their regulators to provide investigatory assistance to their overseas counterparts who are able to reciprocate, and Hong Kong is likely to lose the benefit of co-operation from such jurisdictions if our regulators are not likewise empowered to consider their requests for assistance. This Bill will amend the Securities and Futures Commission Ordinance to enable such assistance to be given.

In amending the legislation, the Administration is mindful of the need to circumscribe the new provisions. Firstly, it will not be an obligation for the SFC to provide the assistance automatically on request. The Commission will have to consider individual cases on their own merits and against the background of certain criteria, including requirements that the functions of the requesting party should be similar to those of the Hong Kong regulatory authority, that is to say the SFC, and that the requesting party should be bound by adequate secrecy provisions. In addition, the cases should involve circumstances that would meet thresholds similar to those required for the SFC to invoke its powers for its own investigations locally. The underlying principle is that it must be in the interests of the public or the investing public locally for the SFC to provide the assistance. When considering individual requests, the SFC will also take into account the ability of the requesting party to reciprocate and to reimburse the costs likely to be incurred.

As a further measure of protection, the Bill also provides that the SFC shall not provide to overseas regulators evidence of self-incriminating answers given by persons investigated where such evidence may be used in criminal proceedings in the overseas jurisdiction.

The proposed amendments will fill a gap in the existing regulatory framework and ensure that the regulatory regime in Hong Kong remains consistent with those in other major international markets. In practical terms, the ability of regulators to help each other in this way is mutually beneficial. The SFC has in the past received considerable assistance from overseas authorities and it cannot afford to lose this facility in future.

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

LEVERAGED FOREIGN EXCHANGE TRADING (AMENDMENT) BILL 1994

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Leveraged Foreign Exchange Trading Ordinance."

He said: Mr President, I move the Second Reading of the Leveraged Foreign Exchange Trading (Amendment) Bill 1994.

The Bill serves the same purpose as the Securities and Futures Commission (Amendment) (No. 2) Bill 1994, the Second Reading of which I have just moved. It seeks to enable the SFC to provide reciprocal investigatory assistance to overseas regulators and company inspectors in respect of transactions involving leveraged foreign exchange contracts.

The Leveraged Foreign Exchange Trading Ordinance was enacted on 22 June 1994 and brought into effect on 1 September 1994. Under the Ordinance, companies offering leveraged foreign exchange contracts to investors, and representatives of such companies, have to be licensed by the SFC. The Ordinance contains provisions similar to those in the Securities and Futures Commission Ordinance to allow the SFC to disclose to overseas regulators non-public information in its possession subject to public interest considerations. Again, the SFC at present may not entertain requests from overseas authorities for investigatory assistance unless the case also involves a breach of relevant Hong Kong laws.

For the reasons I have explained when moving the Second Reading of the Securities and Futures Commission (Amendment) (No. 2) Bill 1994, the Leveraged Foreign Exchange Trading Ordinance should also be amended to enable the SFC to provide investigatory assistance to overseas authorities on a reciprocal basis. The changes contemplated under this Bill are identical in nature to those under the earlier Bill. They aim to keep Hong Kong in line with

other major international markets and to maintain the integrity of our regulatory framework.

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

PRIVATE MEMBER'S MOTIONS

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR ANDREW WONG moved the following motion:

"That section 7(3) of the Plugs and Adaptors (Safety) Regulation, published as Legal Notice No. 503 of 1994 and laid on the table of the Legislative Council on 5 October 1994, be amended by repealing "須."

MR ANDREW WONG: Mr President, I move the motion standing in my name on the Order Paper.

This motion is moved under section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) of the Laws of Hong Kong which empowers this Council to amend by resolution subsidiary legislation made under delegated authority and laid on the table of the Legislative Council.

The amendment proposed to section 7(3) is to achieve consistency in meaning between the Chinese and English texts of the Regulation.

The Administration has agreed to the amendment proposed in the motion.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

MOTION OF THANKS

Resumption of debate on motion which was moved on 19 October 1994

PRESIDENT: Council will now resume the debate on the Motion of Thanks.

CHIEF SECRETARY: Mr President, as Honourable Members know, I was away from Hong Kong during the debate last week. It was therefore through the press cuttings and summaries sent to me in the United States that I first learnt of Honourable Members' responses to the Governor's policy address. They made depressing enough reading. On arrival back in Hong Kong last weekend, I had

the opportunity of reading Members' speeches for myself. I must confess that they did little to lift my spirits.

It is perhaps not every day that I find myself in agreement with Miss Emily Lau and Mr Andrew WONG, nor indeed that they find themselves in agreement with each other. But I entirely endorse the general remarks that they made about the Governor's policy address at the beginning of their speeches. Indeed, I would go further. Anyone sitting through the two long days of debate last week would have found it difficult to believe that the generally unconstructive criticisms that they heard for so much of the time related in any way to the address that we listened to three weeks ago. Many Members criticized the Governor's address as lacking ideas and vision. I can only say that that criticism seems best directed elsewhere in this debate.

Mr President, I know that most Members of this Council find it easier and more comfortable to see themselves in the role of opposition to the Administration. That is of course their right. But I do not think that it necessarily follows that they must devote their entire time to criticizing the Government. It is surely far more statesmanlike to acknowledge, if only occasionally, that the Administration is capable of doing something right. As my colleagues will demonstrate this afternoon, the Governor's policy address did put forward clear and long-term social policies, it did address the concerns that Members of this Council have expressed in the past and it did make positive proposals for improving co-operation with the Chinese side. And the full range of government policies were set out in detail in the Policy Commitments, a point acknowledged by very few Members. I commend the Policy Commitments to those Honourable Members who have not yet had the opportunity to read them.

I make these remarks more in sorrow than in anger. But I make them for two particular reasons. As I have said, I was in the United States when the debate took place last week. I was there to promote Hong Kong together with other colleagues and leading members of the Hong Kong business community. We all put in our best efforts. Many people, particularly those who know little about Hong Kong, have doubts about our ability to continue to prosper as we have done in the past. But I have to say that our task was not made any easier by the barrage of criticisms that Members aimed at the Governor's policy address. I do not dispute for one moment Members' right to criticize the Administration. But I hope Members will always remember how important confidence is to the future of this small and vulnerable territory. That confidence cannot be taken for granted.

My second concern is the impact that debates of this kind have on the Civil Service. This is a point that was raised by Mr Jimmy MCGREGOR, Mr Eric LI, Mr Martin BARROW, Mr Marvin CHEUNG and Mr Vincent CHENG, and I am grateful to them for making it. I am sure that most, perhaps all, Members of this Council recognize the importance of maintaining a stable Civil Service during the years ahead. But I do not think many Members realize the damage that they can do by constant criticism. Our civil servants work very

hard to run services for members of our community; they work very hard to develop and promote proposals for new and improved services. I know that many of them wonder whether their efforts are worthwhile when Members of this Council seem to use every available public opportunity to criticize and belittle them. Mr President, there is difference between monitoring the work of the Government and undermining the morale of its officials. I hope that in carrying out the former, as is their duty, Honourable Members will be sensitive to the danger of the latter.

Relations between the executive and the legislature

Many Members commented on the role of this Council and its relationship with the executive. The views expressed were, perhaps inevitably, varied, but a number of Members complained that the Administration ignored Members' view and did not allow this Council to carry out its monitoring role. I can only say that it looks very different indeed from the other side of the fence! I do not think any neutral observer, and certainly no civil servant, would deny that the impact that Members of this Council have on the Administration through their monitoring and questioning of Administration policies is far greater than it was 10, or even five, years ago. Dr YEUNG Sum's suggestion that we practise "colonial dictatorship" seems to me extraordinary and far removed from the truth. In fact, of the 121 motions debated in this Council since 1991, in only 15 cases has the Administration found itself unable to accept the Council's views.

It is no secret that the Administration believes in executive-led government. But this Council nevertheless has great powers, and makes use of them. Members can, and do, amend, or even reject, the Administration's legislative proposals. Members can, and do, refuse to accept the Administration's expenditure proposals. Members can, and do, set up select committees of inquiries into aspects of the Administration's activities that they are not satisfied with. Members can, and do, raise almost any subject for debate. The Administration does not always like it when you exercise these powers, but we accept that you have the right to do this. We do not, however, accept that it is right for you to take over the powers of the executive. And we reserve the right not always to agree with your views, just as you reserve the right not always to agree with ours.

Some Members complained that there is no real partnership between the executive and the legislature. Dr LEONG said that there was no machinery to improve the relationship between the two, and suggested as one remedy cross-membership between the Executive and Legislative Councils, a view shared by Ms Anna WU. I am sure that Honourable Members will recall that the Governor spelt out in his 1992 policy address why he had decided that common membership between the two Councils would be wrong at that time. He has since made it clear that he will review the situation next year. In his 1992 address, he also suggested that any consequent communication gap could be filled by the creation of a Government-Legislative Council Committee.

However, Members of this Council did not accept that idea. It is still on the table if you should change your minds. But even without that, senior government officials have made, and continue to make, considerable efforts to discuss issues with Members of this Council and to seek their views on government proposals. We would like to see a more productive partnership. We see no benefit in disharmony and dispute. But a successful partnership requires efforts from both sides. It means co-operation, not trying to score points off each other. If any Member of this Council has specific suggestions for ways of improving our relationship, I can assure you that we are always happy to consider them.

Ms Anna WU made a number of proposals in this area, as well as a number of complaints. I cannot really believe that she thinks that this Council is a rubber stamp, nor that Private Member's Bills are supposed to be the constitutional remedy to executive inertia and unresponsiveness. But even if she does, I can assure her that her bills have resulted in a great deal of activity and responsiveness in the Administration. My own view of Private Member's Bills is very different. I believe that it is the job of the Administration, the executive, to put forward proposals for legislation on public issues. This is by no means a unique interpretation. Indeed, despite the impression given by several Honourable Members, Hong Kong is unusual in the lack of limits that we place on the introduction of Private Member's Bills. In the United Kingdom, for example, these bills may be introduced only at specified times, and even then they can be prevented from proceeding by a single vote being cast against them.

The Administration takes great care over the development of policy and the preparation of legislation to support it. Apart from the diversion of time and resources necessary to study Private Member's Bills, we run the considerable risk of serious distortions to a balanced legislative programme which, in turn, disturbs carefully thought out priorities and calculations as to the allocation of resources.

Ms WU also argued that more resources should be allocated to the Legislative Council and that the Governor should only appoint policy secretaries after consultation with the Legislative Council. We are always prepared to consider the question of resources with an open mind. But I must make the point that proposals to give additional resources to the Council must receive the same degree of careful scrutiny as do proposals from government branches and departments. I am sure that Honourable Members would not wish it to be otherwise. And I can assure you that every branch and department feels hard done by every year, and that none get everything that they ask for. I have more difficulty with Ms WU's suggestion about the appointment of policy secretaries. We pride ourselves on having an apolitical Civil Service, free of political interference. If the Civil Service is to remain efficient and clean, it is imperative that it stays politically neutral with all management functions including the right of appointment, promotion, discipline and retirement, vested strictly in the Administration. It is widely accepted that the Civil Service as

presently administered is one of the keys to Hong Kong's continued stability and prosperity and we tamper with it at our peril.

Sino-British co-operation

In the course of this debate, many Members referred to the need to improve co-operation with our future sovereign power, China, for the good of Hong Kong. We fervently agree.

The objective of maintaining Hong Kong's prosperity and stability underlies the Joint Declaration. Both Britain and China have pledged to work together to achieve this. Let us not forget, therefore, that co-operation is a responsibility of both sides.

Our relationship with China during the past 10 years has not been easy. There have been disagreements, but there have also been many more successes when the two sides were able to build on the firm foundation laid down by the Joint Declaration, and on the shared interest of a smooth transition. The Governor, in his policy address, outlined the breadth of our relationship with China, and underscored the many impressive achievements in the Joint Liaison Group. I shall not repeat them here. But there is a myth around town that the last two years have seen nothing but the sound and fury of arguments. That could not be further from the truth. Let me illustrate:

We have been able to reach agreement on a range of long-term, major contracts and franchises straddling 1997 that ensure for Hong Kong continued and stable power supplies, major landfills to dispose safely of our solid wastes, and enhancement of our television broadcasting services;

We have achieved agreement on increasing the quota of one-way permit entrants from China, so as to facilitate the earlier reunification of families with wives and children in China;

We have enhanced co-operation over the combating of cross-border crime and smuggling, so as to improve our impressive record of making Hong Kong safe for our citizens; and

We have jointly established training arrangements in the Qinghua University, so that our senior civil servants can be better equipped to work with their Chinese counterparts in the future.

All of these were achieved in the last two years. All of these are beneficial in preserving Hong Kong's prosperity and stability, and a smooth transition. They are good examples of what we can achieve jointly, if we roll up our sleeves and get down to the serious business of working for a better, brighter future for Hong Kong.

I am entirely confident that in the next 980 days or so we will see a great many more successes in working together with our future sovereign power. The Governor has already outlined, in his policy address, the board agenda of our search for co-operation with China in preparing for the transfer of government and finances, and in strengthening cross-border co-operation on infrastructure planning. These ideas are already being pursued with the Chinese Government, and I look forward to further and substantive progress in the months ahead. I also look forward to the day, which cannot be far away, when our discussions with the Chinese side over the financing of the Airport and the Airport Railway bear fruit. There is little that stands between us and an agreement; nor should there be any doubt about our commitment to make a success of the Airport.

Infrastructure co-ordination

Several members referred in the debate to the need for co-ordination with China on planning infrastructural developments which have cross-border implications. I agree with that sentiment. We already have a considerable network of cross-border contacts with Guangdong that we intend to maintain and develop. Through this network we are working closely with our neighbours in Guangdong on a wide range of issues, including rail and road traffic, water supplies, environmental protection and so on. A great deal of infrastructure planning information is therefore being exchanged all the time.

However, as the Governor made clear in his policy address, we are responding positively to valuable suggestions from Chinese officials on improving arrangements for strengthening cross-border co-operation on infrastructure. We are discussing with the Chinese side how we can work together on this; I hope we will be able to agree an approach soon. It is vital that we have fruitful discussions on practical issues quickly, so that the impressive development plans we have outlined in our Policy Commitments can proceed smoothly.

The Preliminary Working Committee

A great deal has been said in this Council, and indeed outside, about civil servants' contacts with the Preliminary Working Committee (PWC). Much that was said was, I regret, based on a misunderstanding about the Hong Kong Government's position. So let me clarify this, once again:

First, there is no ban — I repeat, no ban — on civil servants' contacts with members of the PWC, nor do we seek to deter such contacts. Indeed, through such contacts we have offered information to PWC members on questions such as the financing of the Airport, the localization and adaptation of laws, the importance of the stability of the Civil Service through the transition, and so on. I hope that these contact have been useful for PWC members. We are perfectly happy for them to continue.

But, secondly, it is important that our civil servants should not be put into a position where they face a confusion of roles. They are responsible to Hong Kong people, and as part of the Administration they are accountable to the Legislative Council. Many of them also play their part in official channels, such as the Joint Liaison Group, for discussing transitional issues with the Chinese side. They have their proper duties, which they must carry out faithfully. It would be quite wrong to put our hard-pressed civil servants in the invidious position of having to answer to a variety of bodies.

Thirdly, there is nothing in our position which detracts from the trade union rights, which are protected by law, of civil service staff associations. If they wish to put forward their legitimate views to the PWC in support of the aims of their association, they can do so.

We have no wish to make it difficult for the PWC to tender sound advice to the Chinese Government which is in the interest of Hong Kong people. If PWC members wish to know more about the Hong Kong Government's policy and practices, they only have to ask. When they have done so in the past in a genuine desire to equip themselves for their work, we have responded positively and without fanfare. And we will continue to do so. But it is in nobody's interest, least of all the interest of the people of Hong Kong, to politicize this issue and blow it out of all proportion. We are not interested in point scoring.

Mr President and Honourable Members, ours is an open society tolerant of differences of views and perception. The realization of "one country, two systems" is never going to be easy. But we owe it to ourselves and to the community at large to hold fast to this pledge. We can make progress by putting aside our differences, and maximizing our common ground. That, plus an unshakable faith in the ultimate success of our joint enterprise, and Hong Kong's tried and tested blend of aspiration and pragmatism will prevail in the end. Of that I have no doubt.

Mr President, I support the motion.

ATTORNEY GENERAL: Mr President, in response to comments made by Members of this Council last week, I propose to discuss four matters today, the rule of law, issues confronting the Judiciary, legal issues arising during the transition, and press freedom.

Rule of law

The maintenance of the rule of law in Hong Kong is of crucial concern not only to lawyers and legislators but, I believe, to the community at large. It is so much a part of our way of life that one rarely stops to ask what "the rule of law" actually means.

There are several vital principles under the principle of the rule of law. One is that laws operate separately from the political system; they are published and are accessible; and they provide a degree of certainty and predictability as to how disputes are to be resolved. A second principle is that everyone, no matter how high, is subject to the law, and that a person can only be punished for conduct that is a breach of the law. A third principle is that of equality before the law: no one gets better or worse treatment under the law because of his or her status, wealth, race and so on. A fourth principle is that the settlement of disputes is in the hands of judges who are independent of the executive and may not be subject to pressure from any source in carrying out their duties.

One specific comment about the rule of law was made by Mr Martin BARROW, who said that effective sanctions should be imposed on offenders. He considered that some fines are too low. This comment gives me an opportunity to explain the way in which the rule of law operates in respect of sentencing.

What can the executive do, if the community considers that sentences imposed for a particular offence are too low? Firstly, it can consider whether the maximum penalty is adequate. It may be, for example, that inflation has eroded the value of the prescribed maximum fine. Or changing perceptions of the seriousness of the offence may mean that a revision of the penalty is called for. Secondly, the Attorney General can, in appropriate cases, apply to the Court of Appeal for a review of the sentences imposed. But what the executive cannot do, is simply direct the judges to impose heavier sentences. This would be contrary to the rule of law. Judges, when imposing sentences, must do so in accordance with the law and sentencing guidelines laid down by the Court of Appeal. In so doing, they must be and are free from any control or influence by the executive.

The Judiciary

I now turn to issues confronting the Judiciary. Concerns were expressed over the number of vacancies likely to arise in the High Court through retirement and the creation of new posts in the next two to three years. As part of the Judiciary's manpower planning, vacancies through retirement are known well in advance and plans are already in hand to fill vacancies arising within the next 12 months. Similarly tentative plans have also been drawn up to fill vacancies arising in the longer term. The Judiciary is not in a crisis situation nor does it require the intensive care as Mr Simon IP suggested.

The Chief Justice and the Judicial Service Commission are, of course, alive to the need to make judicial appointments more attractive. As pointed out by Mr IP, making solicitors eligible for direct appointment to the High Court is one means of enlarging the pool of candidates for appointment. The profession has conflicting views on this issue. The Administration is nevertheless giving

serious consideration to the possibility of making solicitors with a certain level of experience eligible for such appointments.

Mr IP's proposal of relaxing the restriction on judges to return to private practice is another subject hotly debated from time to time. The requirement for such an undertaking is prompted by a number of concerns. It is, of course, essential that justice must not only be done, but must be seen to be done. If judges were free to return to private practice, there could be a perception that judicial decisions may have been influenced by ulterior motives. And if many experienced judges did return to private practice this could undermine public confidence in the maintenance of the rule of law when it is most needed. Movements backwards and forwards between the Bench and the profession would tend to lower the public estimation of the Judiciary. I would add that, a recent study by the English Bar's Working Party on the Position of Judges and the Bar came down in favour of maintaining the convention against return to practice.

I am grateful to Mr Moses CHENG for his encouraging remarks on the progress of administrative reform within the Judiciary. Much, indeed, has been achieved over the past few months on taking forward what the Chief Justice describes as the "quiet management revolution" of the Judiciary. The Judiciary will keep the momentum up. These improvements will include the increased use of modern computer technology, both in respect of the management of the Judiciary and in respect of proceedings in court. I would add that my own department has also started to implement its wide-ranging proposals in respect of information technology.

Some Members raised the subject of the Court of Final Appeal. We need to establish a Court of Final Appeal in Hong Kong as soon as possible to replace the Judicial Committee of the Privy Council as Hong Kong's highest appellate court. As appeals to the Judicial Committee can take up a year to be heard, it is important that our Court of Final Appeal should be operating at the latest by mid-1996.

As Members well know, an agreement was reached with the Chinese side on the early establishment of the Court at the Joint Liaison Group (JLG) meetings in September 1991. We have drafted a bill on the basis of this agreement and with due regard to the relevant provisions of the Joint Declaration and the Basic Law. This draft bill has been handed to the Chinese side, and we have answered the eight questions that they raised at the recent JLG meeting. We hope to receive a positive response from the Chinese side very soon.

The Administration is serious in its efforts to establish the Court in 1996. It is committed to seeking comments on the draft bill from the legal profession before introducing it into this Council. This we will begin to do very soon. We will then aim to introduce the draft bill into this Council early in 1995, with a view to its being enacted by the end of this Session. I know that some Members

remain opposed to the 1991 JLG agreement. To them, I would say that we now have a very clear and stark choice: to set up a Court of Final Appeal before 1997 on the basis of the 1991 agreement, or not to have one until after 1997. I am in no doubt which of these would be more in Hong Kong's interests. The 1991 agreement may not be perfect, but no one can be sure that we will get a better one after 1997.

The lack of any final avenue of appeal for perhaps two years would have serious consequences. Parties to proceedings would be unable to challenge decisions of the Court of Appeal, even if they may have suffered a grave injustice or if a question of great public importance was involved. The legal system would be deprived of decisions of the highest judicial authority; decisions that are vital to the evolution of jurisprudence for Hong Kong. This jurisprudence, I would add, Mr President, is not a matter of academic interest. In recent years, the Privy Council has established principles of great public importance concerning the effect of the Bill of Rights Ordinance on existing criminal laws; the extent to which a public servant's ill-gotten gains can be recovered; and the ability of a foreign state to extradite a person for a conspiracy that took place outside the jurisdiction of that state. The absence of a court to develop our laws in such an authoritative way would undermine public confidence in our legal system at a time when it is most needed.

Two Members raised the question of the use of Chinese in our courts. Clearly we must ensure that the Chinese language can be used in all courts as soon as possible. The provision in the Basic Law that "in addition to Chinese, English may also be used," must of course be complied with by 1 July 1997. However, I believe Mr Simon IP was reading too much into that provision when he said last week that this confers a constitutional right on litigants at their election to use Chinese or English or both during legal proceedings.

It should be possible to use the Chinese language in all courts not only in order to comply with the Basic Law but also because we are a community in which the majority of people speak Chinese as a first language. We therefore intend to introduce in this Session legislative amendments which will seek to allow the use of Chinese language in higher courts. Once these amendments have been enacted, the Chief Justice intends to implement the use of Chinese in courts on a phased basis according to realistic timetables worked out by a steering committee. This committee includes representatives of the legal profession and other concerned parties, and will advise the Chief Justice on the overall implementation of the use of Chinese, in addition to English, in the District Court and above. We are fully aware of the difficulties and complexity of the task before us as our legal system is based on the common law, which is founded on the English language. We will therefore be taking a pragmatic, step-by-step approach.

The Chief Justice's steering committee has set up a study group to look into the feasibility of introducing a system of simultaneous interpretation in our courts. Such a system has been proposed by the Bar Association and will be

given serious and careful consideration. It is too early, at this stage, to say whether it is a practicable solution. However, I wish to reassure Mr IP and other Members that while we recognize the desirability and inevitability of using Chinese in the courts, there is no intention that this should be done at the expense of the administration of justice. What we are seeking to achieve is to provide litigants with the option of using Chinese in the higher courts. The process of achieving this goal will be greatly assisted by the growing volume of authentic Chinese texts of ordinances, and by the production in March next year of the first of a series of glossaries of bilingual legal terminology.

The transition

This discussion of the use of Chinese leads me to my next topic, namely, arrangements needed during the transition period to ensure that our legal system operates smoothly after the transfer of sovereignty.

The progress of the localization and adaptation of laws programmes was discussed by some Members. It is vitally important that local legislation be enacted to replace relevant British laws applicable to Hong Kong through Acts of Parliament or Orders in Council which cannot survive 1997. It is also important that existing Hong Kong laws which do not conform to the Basic Law be adapted. This is essential for maintaining the legal structure of Hong Kong and to prevent gaps in the laws arising after 30 June 1997. My colleague, the Secretary for Constitutional Affairs, will speak later on the work of the JLG. Suffice it for me to say that the Legal Department will ensure that all the necessary legal paper work will be completed in good time. I have increased the number of professional staff engaged in this work from two to six. So far, our work is on schedule. I am confident that the task can be completed before 1 July 1997.

Mr Simon IP raised the issue of juridical assistance and legal links between Hong Kong and China. It is true that there is no extradition treaty between the United Kingdom and China, and there are no arrangements in place for the surrender of fugitive offenders between Hong Kong and China. We recognize that there is advantage in putting in place arrangements between Hong Kong and our neighbours on the surrender of fugitive criminals which contain all the safeguards of a civil society. We are currently examining how this might be achieved.

As regards mutual legal assistance, there is at present close liaison and co-operation between the Hong Kong Police and the Chinese Public Security Bureau, through the Interpol channel, in tackling cross-border crime. Information and intelligence may be provided administratively on matters such as the whereabouts or movements of suspects, or the tracing of stolen property. Apart from this, Hong Kong currently has no arrangements with China relating to any type of legal assistance in criminal matters. We are currently considering what our approach to this should be. It would be desirable if

possible to try to put in place before 1997 some practical and workable arrangements that would continue to be effective after that date.

On the question of legal and procedural arrangements between China and Hong Kong in civil and commercial matters, the subject has been studied in detail by specialized legal experts. Their recommendations in the various areas of importance to Hong Kong have been accepted by the Government, and we have put them to the Chinese side of the JLG. We hope that practical solutions can be worked out with the Chinese side on these important matters. Certainly the Chinese side is aware of the importance we attach to good solutions being found.

Mr President, concern has been expressed by some Members in respect of the reporting obligation under the two international covenants on human rights after the transfer of sovereignty in 1997. The legal position as we see it is clear.

The Sino-British Joint Declaration is an international agreement between the United Kingdom and China registered with the United Nations Secretariat under Article 102 of the United Nations Charter. The fourth paragraph of Section XIII of Annex I to the Joint Declaration provides expressly that "the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong shall remain in force" after the transfer of sovereignty. This obligation is also clearly set out in Article 39 of the Basic Law which again provides expressly that the provisions of the International Covenants "shall remain in force in Hong Kong and shall be implemented through the laws of the Hong Kong Special Administrative Region." The Basic Law, which will enter into force on 1 July 1997, is a Chinese law that gives effect to Chinese obligations under the Joint Declaration.

The Chinese Government has been fully briefed on the ways in which the Covenants are now applied in Hong Kong. One of the key provisions is the obligation of the United Kingdom, as the sovereign power, to report on Hong Kong to the relevant treaty monitoring bodies. The United Kingdom Government has made clear its view that to meet its obligation under the Joint Declaration, the future sovereign power will have to continue to fulfill this reporting obligation. We will continue to make our views known to the Chinese side.

Press freedom

I turn now to the question of press freedom.

The Administration's commitment to the principle of press freedom is firm and unshakable. It intends to take whatever practical measures are necessary to preserve and reinforce this important aspect of our way of life. This commitment is well-demonstrated by our programme to identify

provisions in our laws that could have an adverse impact on the operations of the press and to remove them as soon as our legislative programme allows. To date, 27 ordinances have been reviewed, including 17 cited by the Hong Kong Journalists Association.

Amendments have already been made to three of these ordinances, and proposals to amend two other ordinances have been brought forward to this Council in the Public Order (Amendment) Bill.

Work is in hand on the amendment of five more ordinances. These include amendments to the subsidiary legislation under the Registration of Local Newspapers Ordinance and the Prisons Ordinance, amendments to laws on broadcasting and public entertainment, and the repeal of provisions relating to the publication of defamatory libels and to restrictions on the reporting of court proceedings.

In respect of seven other ordinances, including the Official Secrets Acts, the Crimes Ordinance, the Emergency Regulations and the Police Force Ordinance, consideration is being given to the best way to proceed with the complex issues involved.

Regarding the remaining provisions, we are satisfied that there is no incompatibility between them and the Bill of Rights Ordinance, as they exist to protect the individual's right to privacy or the public interest.

This review of legislation affecting press freedom has been a far reaching and comprehensive exercise. It is not yet finished, but we firmly intend to push it ahead as quickly as possible.

Another aspect of press freedom is the law of contempt of court. As I explained to this Council in January of last year, the Administration doubts that codification of the law of contempt is either necessary or desirable. However, I am aware that the media may have practical difficulties in knowing whether, in commenting upon pending proceedings, they risk facing proceedings for contempt of court. This is an evolving area of the law in which freedom of the press has to be balanced against the need to ensure that there is a fair trial. In order to give the media a better understanding of their position, I propose, in the near future, to issue guidelines in respect of the institution of such proceedings. The guidelines will not amount to rules of law but are designed to help members of the media resolve the practical problems they face.

Mr Albert CHAN raised the question of the autonomy of choice of programmes in broadcasting. He said the Government should review its policy to ensure broadcasting freedom and greater public participation.

As the Secretary for Recreation and Culture can testify, our broadcasting policy is to provide as wide a possible choice of programming to the public as the broadcasting industry can bear. We believe that this provides a valuable

safeguard to freedom of information and expression in the broadcasting media. The choice of programming has grown significantly in the past few years. The number of television channels have increased from four in 1991 to 23 at present, and more will be offered in the months ahead.

In addition, we have in place a very open, fair and efficient regulatory system — one which aims to allow maximum freedom of expression and choice within the bounds of protecting the public interest against unacceptable programming. As a condition of their franchise, television stations are required to broadcast certain Radio Television Hong Kong programmes, educational material and Announcements in the Public Interest required by the Broadcasting Authority. But Apart from this, it is generally a matter for the licensees to decide the programmes they acquire, make, commission and broadcast. We do not pre-censor what broadcasters show. Members will recall that this power was specifically removed from the Broadcasting Authority last year with the enactment of the Television (Amendment) Bill 1993. Now only the High Court has the power to ban programmes, and would only do so in very exceptional cases. Instead, we rely on a system of post-broadcast controls, driven by a high degree of public participation. An efficient complaints procedure under the Broadcasting Authority and its Complaints Committee ensures that programming found unacceptable by viewers can be objectively examined and a determination made, according to a set of standards set out in freely available codes of practice, whether post-broadcast sanctions should be imposed. The standards are carefully pitched to conform to prevailing social morales and attitudes. The public participate actively in monitoring these standards and in keeping the codes up to date.

Mr President, I hope that what I said today will assure Members of this Council of this Administration's unswerving commitment to the maintenance of the rule of law, which is truly the bedrock on which our society is founded, and that the concerns expressed in respect of our legal system are being properly addressed by the Administration.

Mr President, I support the motion.

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President,

Sino-British co-operation and the Joint Liaison Group

In this debate, many Members have referred to the work of the Joint Liaison Group (JLG) and voiced their concern about the apparent lack of progress in some key areas. We share such a concern. I wish to stress that the British side are committed to the full and faithful implementation of the Joint Declaration. The Chinese side have also repeatedly assured us of their intention to do so. We therefore expect China to live up to the expectations of Hong Kong people and the international community by implementing all the provisions in the Joint Declaration and the Basic Law to bring to fruition the

concept of "one country, two systems" and a high degree of autonomy for the Hong Kong Special Administrative Region.

In a motion debate in this Council in May this year, I referred to the significant achievements we made in the last 10 years in implementing the Joint Declaration. It would be worthwhile to recall some of these points in brief.

First, notably, we have attained agreement on Hong Kong's continued participation in 29 international organizations, including the General Agreement on Tariffs and Trade, the International Maritime Organization, the International Monetary Fund and other bodies which are instrumental in making it possible for Hong Kong to keep abreast of and to take part in developments in the trade, shipping and monetary fields, which are the lifeblood of our economic prosperity.

Second, agreements on the continued application of 161 international rights and obligations to Hong Kong have been achieved, and work on the remaining 30 or so agreements is continuing.

Third, to maintain our status as an international centre of shipping, we have established our own shipping register.

Fourth, in June, we concluded an agreement on defence lands which governs the transfer of the military estate and under which 25 sites will be returned to civilian use for other developments.

I could go on. But this clearly demonstrates that notwithstanding the ebbs and flows of Sino-British relations, steady and measured progress has been made to prepare for the transition.

We recognize fully that with only 32 months left before the change of sovereignty, we have to re-double our efforts to complete our work on the JLG agenda. In this regard, we have recently made various proposals to the Chinese side to expedite progress, for example, by holding more plenary sessions and expert groups. The Chinese side have told us that they, too, would like to speed up the work of the JLG, and we expect to be able to discuss further our detailed ideas, and any other suggestion from the Chinese side, with their new Senior Representative on the JLG.

From time to time, suggestions have been made that if we were unable to attain consensus in the JLG, we should take action of our own. Let me say that this is not a cost-free option. It would not, for example, give us the degree of certainty and continuity of our systems that we all desire. Surely a much better way of managing the transition is to secure agreement and to work on the basis of mutual co-operation. Bearing in mind the substantive progress we have already achieved in the JLG, that should not be an unattainable objective, and it would only be right that we should continue to work towards that. If the best is not unattainable, why settle for something less?

Localization and adaptation of laws

Several Members have commented on the need to step up progress on the localization and adaptation of laws. The continuity of the legal system is a key feature of the Joint Declaration. To this end, we have been addressing in detail the localization of United Kingdom enactments applicable to Hong Kong, and the adaptation of Hong Kong laws for compatibility with the Basic Law so as to ensure their continuity after 1997.

On localization, we have made considerable progress. Of the 300 or so United Kingdom enactments applied to Hong Kong, about half of these could be allowed to lapse. Work on localizing the remainder is well in hand. To complete the localization programme, our current plan is to enact a total of 32 bills. Of these:

- eight bills have already been enacted and two are under consideration by this Council, namely the Merchant Shipping (Carriage of Goods by Sea) Bill and the Protection of Trading Interests Bill;
- three other bills have been agreed by the JLG. These are, the Merchant Shipping (Seafarers) Bill, the Dumping at Sea Bill and the Prevention of Terrorism Bill. These will be introduced into the Council early during the current Session;
- proposals in respect of 14 bills are under consideration in the JLG; and
- the Administration is working on proposals relating to a few remaining bills.

Obviously, the proposals will have to be refined in the light of discussions in the JLG, and the detailed drafting of legislation for some of these can be quite technical. But on the whole, while the landscape we need to cover is broad, the survey has been done and a route map leading to our destination is already available. With co-operation from the Chinese side, it should be possible to complete the localization programme before 1997.

On adaptation of laws, we have to work through almost 600 ordinances and 100 pieces of subsidiary legislation. The Legal Department, in consultation with the Policy Branches concerned, has already done a preliminary review of these enactments with a view to preparing detailed proposals for their adaptation. Indeed, we have handed over to the Chinese side detailed proposals in respect of 47 ordinances.

The Chinese side have recently indicated that the adaptation of laws programme raises the question of sovereignty and is a matter for them, although the modalities of how the matter should be resolved have not been made known.

But whatever the solution to the question of modality, there is still the need to work out precisely what changes should be made to the entire body of Hong Kong's laws so as to make them compatible with the Basic Law. This is important, not only to lawyers but also to businessmen and indeed our community as a whole. We thus remain of the view that it is important to resolve these important issues as soon as possible to ensure the certainty and the continuity of our laws beyond 1997. We have an agreement in the JLG that the two sides should discuss this matter. On our part, we will continue to engage the Chinese side on the adaptation of laws programme and we hope to make progress.

The electoral system

I would now like to turn to our electoral system. In June, this Council approved the legislation to provide for the 1994-95 electoral arrangements. On 18 September we successfully conducted the district board elections under the new arrangements. Judging from the record number of candidates nominated and the record number of electors who came out to vote in such elections, we dare say that what Members approved did have considerable public support. Our next task is to ensure that the elections to the municipal councils in March 1995 and the Legislative Council in September 1995 will be open and fair, and command the respect of the community.

The Boundary and Election Commission is now focusing on the preparations of these two sets of elections. There are two particular issues, the nine functional constituencies and the accuracy of the voter register, which have attracted considerable public attention and I would like to say a few words on them.

The nine new functional constituencies

First, on the nine functional constituencies, there still appears to be some confusion about the basis for the delineation of the nine new functional constituencies and a reminder of the basic principles, as approved by this Council, is called for.

Delineation of the nine new functional constituencies will be based on the broad industrial sectors under the Hong Kong Standard Industrial Classification. This classification is derived from internationally accepted system for classifying economic activities. Our workforce will be grouped according to the major activities of the establishments in which they work. A working person's post or occupation in the work organization is not the determining factor. For example, a driver who works for a manufacturing factory should register in the Manufacturing functional constituencies. Similarly, a driver who works in an import/export firm should register with the Import and Export functional constituency. The driver will not be registered under the Transport and Communication functional constituency in these two examples. The choice

of a particular functional constituencies for an employee is therefore dependent on the main line of business of his employer.

To facilitate the registration of this potential pool of 2.5 million voters for the nine new functional constituencies, the Boundary and Election Commission intends to ask all employers to provide information on their employees. The registration arrangements will also be made as simple as possible and there will be widespread publicity on the registration exercise which will take place during the first half of 1995.

Accuracy of the voter register

Some concern has been expressed about the accuracy of the existing General Electoral Roll and there have been a few sensational examples of inaccuracies. No voter register can be 100% accurate all the time, particularly for Hong Kong where people have high mobility. However, the General Electoral Roll cannot be as inaccurate as some reports claimed. Only 90 000 or some 3.6% of the official election mail in the last district board elections were returned undelivered. Even allowing for cases of persons who did not bother to return the wrongly addressed election mail, our estimate is that inaccuracies in the current voter register should be no more than 10%.

The Registration and Electoral Officer does indeed take great pain to ensure the accuracy of the electoral roll. It undertakes annual vetting exercises under which formal inquiries are sent out to electors whose particulars are suspected to be inaccurate. The Registration and Electoral Officer also undertakes special matching exercises to cross-check electors' particulars against records kept by the Housing Department and the Housing Society, the Registration of Persons' Office, the Transport Department and the Post Office. In major voting registration drives, updated information about current voters is obtained and their particulars are updated accordingly. For instance, in the 1994 Voter Registration Drive, some 320 000 records of existing electors were updated.

For the 1995 Legislative Council elections, the Registration and Electoral Officer has adopted the following five-point proactive plan to make the General Electoral Roll even more accurate:

First, more intensive publicity to encourage and remind electors to report changes of particulars;

Second, intensive follow-up on information about changes in electors' particulars obtained from the last district board elections;

Third, more focused and targeted approach in the special matching exercise against records kept by government departments;

Fourth, updating through the major voter registration drive for the nine new Legislative Council functional constituencies; and

Fifth, introducing a single cut-off date for the compilation of the Provisional and Final voter register. This would allow for a more meaningful public scrutiny of the Provisional Register and give the Registration and Electoral Officer more time to effect amendments for the production of a more accurate register.

Ultimately, our voter register can only be as accurate as our voters want it to be. It is our civic duty to register as a voter and it is our obligation to inform the Registration and Electoral Officer of any changes once we have registered.

Thank you, Mr President.

SECRETARY FOR THE CIVIL SERVICE: Mr President, many Members have spoken eloquently of the importance of the Civil Service as an efficient and stable institution, particularly at this time in Hong Kong's development. I am grateful for these remarks, and my colleagues in the Civil Service will draw encouragement from them.

Mr CHEUNG Man-kwong remarked on the difficulties and challenges faced by the Civil Service. Mr Martin BARROW praised its dedication. Mr Marvin CHEUNG cautioned Members not to go "overboard" in questioning civil servants appearing before them and rightly reminded us that the community expects us to work together. And I am specially grateful to Mr Jimmy McGREGOR for articulating so cogently the problems faced by senior civil servants in their dealings with the legislature. He has reflected the situation well and I particularly wish to endorse his position that we are Members' colleagues and not their adversaries.

The Civil Service is indeed a strong and important institution. Mr Eric LI referred to it as Hong Kong's most valuable asset and Mr Martin BARROW called it the envy of many. It has served this community well through the years of rapid social and economic change. No large institution is without its faults and inefficiencies. But we are committed to improving constantly, upgrading our services to the public while containing costs. Individual civil servants are prone to the uncertainties which affect the community at large, but the record shows that we have not let this affect our performance. We have maintained the momentum of raising our standards of service, and are meeting the community's expectations.

In the Civil Service we know that despite criticisms — sometimes, dare I say undeserved, as recognized by Messrs Marvin CHEUNG and Jimmy McGREGOR — there is, nevertheless, a broad consensus in the community, as

reflected indeed in many Member's speeches, that the Civil Service is doing a good job and deserves support. We treasure that support.

We also treasure that consensus and are naturally concerned when civil service issues become politicized, a concern echoed by Mr Ronald ARCULLI. I would like to assure Members that, despite the problems facing the Civil Service, and those of us who manage it, we are determined to ensure that it will not be politicized. Politics should not and will not have a role in the administration of the Civil Service — appointments and promotions for example — and indeed in the way we implement the decisions of this Council.

The Civil Service faces many difficult tasks in the years ahead. We must face them squarely. And I can assure Members we have the determination to do so. But we need the support of this Council, and of the community, which we now enjoy. It will be of enormous help and encouragement in the times ahead as we face these challenges. I say challenges as these difficulties often present opportunities.

Localization is one of them. It is a subject in danger of getting out of proportion. It is an area in which much progress has already been made. Almost 99% of the Civil Service and nearly 70% of the directorate are now local. Indeed the Governor has committed in his policy address that all Secretary posts will be filled by local officers by the end of next year. We should not forget the tremendous contribution which overseas officers, including many on agreement terms have made to the development of Hong Kong. By entering into contracts with them, we have been able to bring in expertise essential to achieving so much, in so many areas of government activity in so short a time.

But a contract is a contract and I want to assure Members that we are not going back on localization. We believe that, with the help of this Council, we have now found an equitable means of balancing the interests of local and overseas officers by opening up agreements to competition.

There are suggestions that, in the context of such competition, overseas officers transferring to local terms should be required to show some proficiency in Chinese. We have indeed imposed such a requirement where the need exists. And we have some sympathy with the argument that, in seeking to associate themselves more closely with the local community they should be encouraged to learn its language. However we must resist the political temptation to make proficiency in Chinese a prerequisite to further employment, regardless of posts to be filled.

Another task ahead is to ensure that all departments are staffed at all levels, especially the directorate, by officers with appropriate experience, training and ability. Succession planning has always been a priority but is becoming more so as we approach the last stages of the transition. It is natural that some officers in the final phase of their career may decide for a variety of

reasons to retire a bit early. It is equally natural that they should wish to keep their options open for as long as possible. We know that in some departments this could cause difficulties, but in all departments it will offer opportunities — opportunities for renewal, for advancement of younger and highly capable officers. Hong Kong is fortunate to have a well-established, stable Civil Service with a sound structure providing strength in depth. I have raised these issues, not to cause alarm but to make sure that Members of this Council and the community at large are aware of them, and understand and support the steps we are taking to address them.

Members know we have invested heavily in training in the past and will be investing more in the future. My Policy Commitments refer to various aspects of training and, in particular, highlights the considerable expansion planned for China-related training.

We have considerable training resources already. The Civil Service Training Centre runs excellent courses on a wide range of subjects, from negotiating skills to Chinese typewriting, from China studies to computer training. Since 1984, the Senior Staff Course Centre has run full-time management courses for officers preparing to serve in the directorate. These courses are popular and serve us well. Many departments also run successful training programmes to meet their specific needs. We augment all these in-house training with carefully targeted management courses both locally and overseas.

Given the increasing demands for training and the changes and challenges we face I consider that it is now time for us to undertake a root and branch review of all our training. The review will examine whether we are getting the best value for money and whether it meets not only today's needs but also those of the future. I am confident that this review will help to ensure that we continue to have well-trained, forward-looking civil servants that live up to the increasing expectations of this Council and the community they serve.

Many of my colleagues find the combative nature of some of their encounters with this Council difficult and are concerned by the amount of time they have to devote to its business. I am encouraged that many Members are sympathetic to these difficulties and have suggested improvements. My colleagues and I look forward to the result. In return, I would like to reassure Members that my colleagues and I recognize our accountability to this Council and the obligations that come with it. On the basis of this mutual understanding I do hope that despite the inevitable differences of opinion we can work together as colleagues, serving our common constituents — the people of Hong Kong.

SECRETARY FOR HEALTH AND WELFARE: Mr President, for the third year in a row our health and welfare programmes will receive the lion's share of new money available. It is not surprising, therefore, that these programmes should have provoked some lively debate among Members. My intention today

is to respond as succinctly but as comprehensively as I can to most of the points which Members have raised.

First, welfare.

Elderly services

Some Members have expressed concern about the lack of a long-term plan for the development of services for elderly people. The White Paper entitled "Social Welfare into the 1990s and Beyond" sets out our policy for the care of elderly persons. In short, it is to assist an elderly person to live in his own community with dignity. We already have a wide range of residential care and community support services for our elderly people. This is a good and solid foundation on which to build in developing our policies and services for the future.

In view of the demographic challenges facing Hong Kong, the Governor appointed a special working group to review existing policies and services for elderly people. We have just done that.

The working group report is an in-depth review of medical, health and social welfare needs of our elderly people. In fact, it contains 71 recommendations to improve the quality of life and to enable our elderly people to enjoy a comfortable, dignified and secure old age. In my Policy Commitments I have pledged to implement all 71 recommendations of the working group. We will be spending a total of \$535 million in recurrent expenditure between 1995 and the year 2000, and another \$327 million in capital costs in improving services for our elderly people.

Central to the development of our strategy on care for elderly people is the establishment of the Elderly Services Division in the Health and Welfare Branch to assist me in overseeing policy matters related to medical, health and welfare services for elderly people. It will serve as a focal point for liaising with other government departments and policy branches, to co-ordinate and encourage programmes and policies for elderly people. The Division will also consult the relevant advisory committees, as well as non-governmental organizations.

I welcome the considerable interest shown in the Elderly Services Development Fund. This innovative proposal further develops a concept set out in the 1991 Social Welfare White Paper that non-governmental organizations should be encouraged to introduce new services on a fee-charging and self-financing basis for those who are able and prepared to pay for services. This Fund will give the non-governmental organizations the confidence to initiate such new projects. These projects will provide better-off families with an additional option in caring for their elderly members. It will also ensure that priority for admission into subvented homes is given to those who need subsidized services.

As regards the capital financial assistance scheme for private residential homes, let me clarify a few points. The subsidy is a one-off grant to be given only to existing self-financing and private homes, to assist them to meet safety requirements under the Residential Care Homes (Elderly Persons) Ordinance. The Assistance Scheme was the result of careful deliberations by the Working Group on Care for the Elderly. Working Group members considered it a practical scheme. Our assistance is limited to a maximum of 60% of the approved cost. Each case will be considered on merit. The main aim of this scheme is to facilitate the implementation of the new control requirements and to ensure that no elderly resident will be displaced as a result.

Comprehensive Social Security Assistance

Mr President, some Members asked that the Comprehensive Social Security Assistance (CSSA) payment for elderly persons be increased to \$2,300 a month. The fact is that we are now already paying these elderly clients an average of \$2,400 a month. This is because CSSA payment comprises not only the standard rate but also special grants to meet the basic and special needs of those in our community who, unfortunately, are unable to provide for themselves.

The cash assistance provided under the CSSA Scheme constitutes an integral part of the "safety net" we have put in place for those who are financially vulnerable. This "safety net" covers a comprehensive range of social services for CSSA clients, including cash assistance, free medical care, compassionate rehousing and other free programmes organized by the Social Welfare Department and non-governmental organizations.

The CSSA benefits are kept under review to ensure that they meet the needs of disadvantaged individuals and their families. To assess how well they are meeting the needs of our clients, we are getting more statistical information on the spending patterns of different types of households, including those on CSSA, through the 1994-95 Household Expenditure Survey. We are now also reviewing the administration of special grants to ensure that those who have special needs know and get what they are entitled to.

A number of Members have commented on the introduction of the special supplement for single parents who are on CSSA. The supplement is about one fifth of the standard rate to which these single parents are now entitled. It is to help them to join support groups and establish more contacts with friends and relatives. This would provide them with the emotional and psychological support in bringing up a family without the support of a spouse.

Some Members have indicated that this supplement is not enough to solve their problems. I agree with this observation, but for entirely different reasons. Cash payment is important, but should not be seen in isolation. Of equal importance are the services we provide. Contrary to some of the views expressed, we do have a well-defined family welfare policy which embraces the

needs of single-parent families. This policy aims to assist families to cope with their social and financial problems, such as housing, employment, child care and financial maintenance through a comprehensive network of services and assistance rendered by different Government departments and our non-governmental organizations. We will spend about \$930 million this year on family welfare services, which is 22% more than last year. Next year, spending will be increased further to about \$1,050 million. Improvement to our family welfare services will benefit all families.

Rehabilitation

Turning now to rehabilitation services, I am grateful to the Honourable Vincent CHENG for his encouraging remarks about our efforts in enhancing employment opportunities for people with a disability. We will continue to do more. The Director of Social Welfare has set up a Working Party on Training and Employment for People with a Disability to identify further ways to improve our services in these two important areas.

The other important element in the process of integration is access to buildings. The Secretary for Planning, Environment and Lands will soon set up a steering committee to review the design manual on access for the disabled. Additionally the issue of accessibility, among others, will be tackled by the proposed Disability Discrimination legislation which we intend to introduce into this Council early next year.

To improve the quality of life of people with a disability, we are working very hard on the implementation of the key targets of the Green Paper on Rehabilitation by 1997. These relate to about 7 700 extra day service and residential places for people with various disabilities. By the end of this financial year, we will have provided just over one third of the additional places required. We still have a lot of work to do, for example, in identifying suitable premises, to ensure that we achieve our targets on schedule.

Let me assure Members that the White Paper on Rehabilitation will be published soon. I intend to do so by the end of 1994. This document will set out the Government's policy decisions on the further development of rehabilitation services over the next decade and beyond.

Commitments

Some Members expressed concern that some of the government's undertakings in the welfare field are behind schedule. The provision of some welfare facilities has, in fact, been delayed because of difficulties in finding sufficient premises. The main problem is a lack of suitable accommodation, particularly in the older urban areas where there are no public housing estates. Some purpose-built facilities will probably slip because of construction delays caused by design problems and difficult site conditions. Some projects have also been held up by the resistance of local residents.

We are taking vigorous steps to rectify this situation. With the assistance of the Housing Authority, the Land Development Corporation, the Government Property Agency, the Urban Council and the Regional Council, we are looking for new premises both inside and outside public housing estates, and furthermore we are considering renting or buying private premises. To overcome local opposition and to ensure local residents' rights to information, we are informing them of rehabilitation projects in their neighbourhood as early as possible, with a view to encouraging a more positive attitude to people with disabilities.

We have been able to achieve most of the key targets in the Green Paper on Rehabilitation and the White Paper on Social Welfare on schedule. Of the 111 premises required to achieve these targets in 1994-95 we have already secured 99. It is still possible to meet all the targets on schedule if we can resolve the problem of premises. We are determined that we should do so.

Turning now to health.

Prevention of disease

Several Members have spoken on the need to provide more emphasis on the prevention of disease.

I can assure them that prevention of disease is a priority item on the health agenda. The Government's role is increasingly to encourage and enable people to help themselves to avoid disease and disability, and to develop lifestyles that support positive health. This is a central theme in my Policy Commitments.

There are clear examples of how we are moving towards a people-based and disease prevention approach. These are:

- our continuing and progressive restrictions on the promotion and use of tobacco products;
- the opening of woman health centres and elderly health centres;
- the introduction of a new student health service to promote the health of school children through regular screening, physical examinations and health education; and
- the introduction of patient support groups and patient resource centres to provide psycho-social support to the chronically ill.

Some of these new services will eventually become integrated into the activities of all our Government out-patient clinics. In this way a new culture of disease prevention and the promotion of healthy lifestyles will develop.

We will not stop there. Together with the Director of Health, the Hospital Authority and in consultation with our expert advisory bodies, we will continue to develop more new initiatives that will address in particular the problems caused by the three major killer diseases, that is, cancer, heart disease and stroke.

AIDS

Two Members have proposed that an independent, high-level council or committee be set up to formulate a policy on AIDS.

The Advisory Council on AIDS, which was restructured in 1993, has worked extremely hard and has given much sound advice. I consider that it would be premature to dismantle such an effective body. However, I welcome suggestions on the future role and structure of the Advisory Council, but in the meantime we shall continue to give the Council our full support.

Tseung Kwan O Hospital

Costing \$1.2 billion in capital expenditure and about \$500 million in annual recurrent expenditure, the Tseung Kwan O Hospital is a major policy commitment by any standard. Our decision to go ahead with this construction has been welcomed by many Honourable Members of this Council, notably Dr Conrad LAM, Dr LEONG Chi-hung and Mr Andrew WONG. The clear need for this new project was identified through a comprehensive survey conducted by the Hospital Authority and subsequently reinforced by widespread public support. The suggestion that this project is the outcome of political bargaining is, therefore, completely unfounded.

Some Members have asked whether it is possible to implement this project on the timing proposed, particularly in respect of manpower availability. I can assure them that this project is being tackled by the Administration as a priority task.

Quality improvement of services

We are aware of the need to achieve continual quality improvement in our medical and health services. This is a complex task involving the training of staff, establishment of benchmarks, formulation of operational guidelines and the development of monitoring mechanisms. To this end, the Hospital Authority is already promulgating outcome indicators in all clinical specialities and has laid down a basic framework for quality assurance. But to achieve our aim, we need the full support and continued dedication of our health care professionals and the community. Considerable resources have been devoted in the coming year towards the enhancement of personnel training and development.

Health care reform

We are also aware of the need for health care reform. Since Members debated and voted in favour of health care reform last year, we have been busy finalizing and implementing the supported options in the consultation document *Towards Better Health*. This document clearly spells out the principles behind our health care policy and the rationale for our reform proposals.

Reform is a long and difficult process. If we are to keep improving services to meet the needs of patients in the face of rising costs, increasing demand and advances in medical technology, changes must be made to the existing system. I am sure that Members who have called for health care reform appreciate this point and that they will lend their support to such changes.

Apart from these issues, we will keep under review other significant areas of concern such as patients' rights, the proposals to separate prescribing from drug dispensing, and the setting of targets for the prevention of diseases.

In closing, Mr President, I hope that Members will find time to refer again to my Policy Commitments. This is an important document which identifies immediate and long-term steps to meet demands for more and even better services at a cost which the community can afford. We shall continue to work with our dedicated social workers, health care professionals and with our partners in the non-governmental organizations to meet these objectives.

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, before I respond to specific points, I have to take issue with the view expressed by some Members that not much is "new" in my Policy Commitments. I make no apology for that. In an administration system as open as ours, policy formulation takes a laborious process of consultations which are often publicized. Decisions on major issues, therefore, seldom come as surprises.

But I would further argue that good administration is not simply making new suggestions every time. Good administration is building improvements on achievements. Good administration is ensuring that declared commitments are implemented efficiently and effectively. It is a continuous process of upgrading.

In the education and manpower programmes, we have announced 34 undertakings in the last two policy addresses. Fourteen have been achieved in full. The rest are being completed on time. We have just put forward another 16 new commitments this year.

On top of that, we are developing new policies on language proficiency, school funding and educational standards; we are undertaking a comprehensive review and consultation on the Old Age Pension Scheme; and we are

formulating higher education policies for the next century. These are just some of the main items on our policy agenda.

Put these against the background of our achievements in implementing over 100 recommendations in the Education Commission Reports No. 4 and 5, in bringing about higher education to one quarter of our young people in age group, in setting up four tertiary institutions in the last 10 years, in maintaining harmonious labour relations and introducing steady improvements to labour welfare, I wonder how seriously those critics take of their so-called "sunset government" rhetoric.

I now turn to particular points.

Education expenditure

Hong Kong's social progress and economic prosperity is founded on its human assets. Education has rightly claimed one fifth of the Government's recurrent spending, the single largest item for many years. It has grown in the last four years at an average rate of 16%. The slightly lower increase for next year must therefore be viewed against this steady long and strong growth, and against the background that our school population has in fact been dropping since 1992.

Kindergarten education

A number of Members have urged the Government to adopt the twin approach of providing additional training opportunities for kindergarten teachers and subsidizing kindergartens in order to upgrade the quality of kindergarten education. We agree in principle to this approach. But to ensure that there is adequate supply of trained teachers to meet the specified requirements, and having regard to resources available, first priority must be given to training. And that is what we have proposed.

A valid argument advanced by some Members for implementing the subsidy scheme earlier is that without the subsidy scheme, many kindergartens would have to raise fees to retain trained teachers, thus resulting in increased financial burden for parents. We accept the logic of this argument. But the scale of subsidy payable and its impact on individual kindergarten fees must be carefully assessed. It is to minimize any adverse impact of fee increases on parents and to ensure that these subsidies would not be turned into additional profits. These important technical and financial problems are now being examined in detail urgently so that an appropriate scheme can be devised for final approval. Provided that the necessary approval and funding can be secured, I hope to introduce this direct subsidy scheme in the coming academic year starting September 1995. This means that we will be advancing the subsidy scheme 12 months ahead of my Policy Commitments. This should, I hope, be welcome to Members and those in the kindergarten sector.

Medium of instruction

Concern has been expressed about the adequacy of measures in encouraging schools to adopt Chinese as the medium of instruction. Members are fully aware of the many positive measures we have introduced, including the provision of extra English teachers. Parental attitude remains the major problem. To overcome this and to assist schools further, the Education Department will intensify its publicity education efforts, check the teaching programmes adopted by schools as compared with those by the Department; and give firm guidance to all schools in September 1997 on the appropriate teaching medium to adopt as from September 1998.

Target Oriented Curriculum

The decision to introduce the Target Oriented Curriculum in Primary I classes in 70 primary schools in September 1995 and all Primary I classes in 1996 has been taken after a most careful evaluation of three pilot projects conducted in 1992 to 1994 and the results of an in-depth study in 1993. Participating schools will be given every support and assistance. A certain body will be set up soon to monitor the scheme, to introduce remedial measures where necessary, and to guide its further development.

Review of the school curriculum

Some Members have called for a review of the school curriculum. Our school curriculum never stays static. Topics such as the Joint Declaration, the Basic Law and Know More about China have already been included in school subjects. It is being extended to cater for the needs of the less motivated and the low achievers. In September 1995, it will undergo a major transformation with the introduction of the Target Oriented Curriculum. Nevertheless, I have no doubt that the Curriculum Development Council is alive to the concerns expressed by Members and will continue to update and modify our school curriculum to meet the wider community needs.

Raising teachers' status

I cannot agree with the observation that what we have been doing in the important task of raising teachers' status is superficial. The establishment of the Hong Kong Institute of Education and the Council on Professional Conduct in Education are concrete steps in this direction. The continued upgrading of teaching posts in schools is another. We will continue with our efforts to promote the image of teachers. Teachers themselves can, of course, help by raising their own professionalism.

Tertiary education

A couple of Members have expressed concern on tertiary education fees. This subject has been discussed at length in the last debate in this Council in

June. I shall not therefore repeat the details here, suffice it to say that once again that it is reasonable to expect those parents who can afford it to pay for a small share, at 18% maximum, of the cost for educating their children. After all, university education does represent a good investment not just for society, but also for the parents and the students and their families.

One Members expressed concern on the quality of our tertiary education. This is indeed an important subject. The quality of our tertiary education is of concern not only to academic institutions, but also to professional organizations and employers. For Hong Kong to maintain its international competitiveness and to uphold its reputation in producing quality graduates and professionals, it is essential that we maintain an accreditation and quality control system that has credibility at the international level.

In this respect, we share a Member's reservations about blanket approvals of academic qualifications regardless of applicability. We should continue to leave it to the judgement and knowledge of our professional bodies and academic institutions, which have done a good job over the past years, to look after the quality and reputation of our professional standards and academic qualifications.

Old Age Pension Scheme

Twenty-one Members have spoken on the Old Age Pension Scheme. This important subject rightly deserves so much attention. Since there will be a motion debate on it very soon, my response will be brief.

We shall not look back on the case for compulsory provident funds, be they privately-run or central, because provident funds provide no relief to those outside the workforce. Nor can it meet the needs of the ageing population soon enough. And because provident funds, even after decades, only provide meagre protection to those with low income.

The Old Age Pension Scheme is founded on the rationale that, as a caring and affluent society, Hong Kong should no longer risk an increasing proportion of our elderly slipping into poverty. The aim is to enhance the quality of life, through income protection, for that large group of elderly people who have lost their earning capacity. While they may not be entirely without means, many are living at the margins of low income and constantly face the pressure of financial hardship. We accept that the modest level of provision proposed in the Scheme will not provide relief for all, but it will help to ease economic hardship for many.

The Scheme will not bankrupt our economy, because total provision pension payment amounts to less than 1.5% of GDP, because pension payment will be iron-linked to contribution income thus preventing indiscriminate increases in benefits, and because an estimate average contribution of \$180 per month is an extremely modest price for the working community to pay.

Labour importation and retraining

Quite a large number of Members have commented on our labour importation policy. Those from the labour constituency called for the scheme to be scrapped. Those in the business sector asked for its immediate expansion. This is in itself a reflection of the difficult balance that the Government has to strike.

The fact is that the labour market remains tight. At 2.3% unemployment, we shall continue to require a reasonable amount of labour to be imported. But the long-term solution to labour shortage must lie with productivity increase. We therefore call on employers to continue to improve their production process, to adopt efficient management practices, and to better train their own employees in order to cope with the given constraint.

On our part, we shall continue to promote employees' retraining vigorously, through the Employees Retraining Board, so that those workers who have been displaced may rejoin the workforce as quickly as possible. The Board has done a remarkable job in putting 32 000 people through the training courses in 18 months. Exit surveys have also indicated that, for those who are actively seeking jobs, about 70% have succeeded. The Board will shortly provide follow up services for retrainees who are not able to find jobs after completing retraining. A pilot scheme is already under way.

Some Members have criticized us as being unfair in the allocation of quotas to the manufacturing and hotel industries under the General Labour Importation Scheme. This is not so. Our quota allocation is made according to a published formula which takes into account four key parameters: vacancies, labour utilization, wages and economic contributions. The logic behind the formula is to make sure that the quotas are assigned to those sectors most in need and are able to make the best economic use of them. The allocation results have so far matched this aim broadly.

Nevertheless, we shall undertake a review of the quota allocation system to see whether and how we can do even better in optimizing the economic benefits of our quotas within the established ceiling.

I cannot leave this subject without correcting a point made by a Member who claimed that our unemployment statistics are faulted because "Government has classified a large number of potential employees as being outside the labour force". With respect, this is an uninformed view. The method by which Hong Kong's unemployment rate is compiled conforms with internationally accepted statistical approach standards and is consistently done throughout the years. No one is being excluded arbitrarily from the labour force in the compilation process.

Industrial safety

Finally, my speech will not be complete without referring to a Member's suggestions to enhance industrial safety. We will give these suggestions full and careful consideration. Industrial safety is an area where we need to do substantially more, and where we need full co-operation from both employers and employees. We shall be undertaking a major review on industrial safety practices, labour, legislation, and practices and will announce our recommendations for comments by the autumn of 1995.

SECRETARY FOR SECURITY: Mr President, I should like to respond to the points made by Members on policing, law and order and immigration and nationality matters.

First, the establishment and strength of the Police Force. Present manpower requirements cannot be related sensibly to historic establishment levels. Manpower is increasingly expensive and must be used efficiently. To this end, we must not become hidebound by past practice. We need to take a fundamental look at whether existing tasks need to be performed by trained policemen, or indeed at all; and, if so, whether there are more efficient and less manpower intensive ways of doing the job, for example, by the application of modern technology.

In recent years, the police have shed a number of responsibilities, for example, the service of summonses, the escort of prisoners, and many duties in the Special Branch. All these have resulted in substantial savings in manpower resources, which the police have been able to redeploy to mainstream constabulary duties. We are also investing in a large scale computerization programme, costing over \$460 million, which will release some 420 police officers from administrative work to frontline operational duties. The Commissioner of Police has been able to deploy more men and women to fighting crime on the street. This has undoubtedly contributed to the fall in crime we have seen in recent years and are continuing to experience — a drop of 5% in violent crime for the first nine months of this year as compared with the same period last year, a drop of 11% in car theft, and of 37% in armed robberies.

In other words, the Police Force has become more effective and more efficient. It is achieving more with the same resources. I make no apologies for this. The measure of success is results achieved, not resources used. This was precisely the purpose of the Police Management Review, which examined all the formations of the Force, and produced 42 detailed reports. We shall finalize our conclusions on all these reports within the next month or so. But many of the recommendations have already been prioritized for implementation. Resources totalling more than \$145 million have been earmarked to fund some of the recommendations in the coming year. For example, we will be deploying an extra 400 police officers on the street; an

additional 80 officers will be provided to combat triads and drug related crimes; and we will set up a Central Witness Protection Unit.

I note the concern expressed by Mr James TO about the need to preserve experience and continuity in the Police Force. In fact, the police no longer have a significant wastage problem, for the first time in 10 years, the strength of the Police Force is very close to its full establishment. Premature wastage has decreased in recent years by more than 35%, from 120 per month in 1990 to 75 per month this year. In a force of over 27 000 men and women, this figure is low, probably as low as can reasonably be expected. The drop in wastage is due in large part to the improvement in the pay and conditions of service of junior police officers. We awarded a special pay increase to Junior Police Officers in 1991. We are providing additional quarters to meet the demand of all entitled police officers; we are also upgrading the standards of old quarters. With the planned completion of 400 married police quarters in Wong Tai Sin by mid-1996 and another 800 quarters in Chai Wan and Ngau Chi Wan by early 1997, we will have virtually eliminated the present shortfall.

I do not pretend that the law and order situation is perfect, nor deny that there are problem areas which we need to tackle more effectively. Some aspects warrant particular concern; one is juvenile crime. The juvenile offender rate has increased by nearly 10% in the first nine months of this year, as compared with the same period last year. The rise is attributable to more juveniles being arrested for shop theft, miscellaneous theft and offences relating to unlawful societies. We will have to devote more effort towards preventing our young people from becoming involved in crime and from falling under the influence of triads and gangs. In 1992, the Fight Crime Committee commissioned a study into the social causes of juvenile crime, which is expected to be completed by the end of this year. It should point to new initiatives which we should take to tackle the problem of juvenile crime. But the police are already taking vigorous action against this problem of juvenile involvement with triads. They have set up school support teams to visit schools on a regular basis to disseminate anti-triad information, to investigate reports relating to triad activities in schools, to identify, and if possible, arrest triad recruiters. The police have also deployed more officers in the vicinity of schools and other places frequented by students; they are liaising closely with the Education Department, parent-teacher associations and youth organizations.

Another area of particular concern is drug abuse by adolescents. In the first half of 1994, the Central Registry of Drug Abuse received reports on nearly 2 500 drug abusers aged under 21. This represents an increase of 44% over the number of reports received during the same period last year.

Although only a very small proportion of our young people are involved with drugs — 3.8 young drug abusers per 1 000 of the population aged under 21 — the increase is worrying. We are taking measures to tackle it. Amendments to the Dangerous Drugs Ordinance were brought into operation on 1 October this year to introduce further controls on the importation of codeine.

Law enforcement action against the illegal sale of drugs by retail premises has been stepped up. Additional manpower has been provided for the Department of Health to increase the frequency of inspections and test purchases; the number of test purchases conducted in the first half of 1994 was more than double that in the same period last year. A number of initiatives have also been taken to enhance drug education in schools: a working group has been set up to review and improve the drug education talks to secondary school students; more training is now provided to teachers on drug education; and talks for parents are organized with the assistance of parent-teacher associations. Increased emphasis is being given to the treatment of young drug abusers, and a pilot project for a treatment centre for young abusers is being planned.

More generally, we have taken a number of measures to enlist public support in the prevention and detection of crime. There are many channels for reporting crime: including the 999 emergency hotline, the triad hotline, and Crime Information Forms, which are widely available in some 700 convenience stores and retail outlets. Our publicity, which covers public exhibitions, TV and radio APIs, Police TV programmes, Education TV series, community seminars, schools visits, posters, leaflets and video presentations, encourages victims and witnesses to report criminal activities. We will be conducting a large scale crime victimization survey in January 1995, with the help of the Census and Statistics Department; a pre-test survey was carried out in July this year.

I agree with Mr James TO that there is an increasing need for co-operation to combat the growth of international crime. We wish to ensure that Hong Kong continues to play its full part in this area. It was for this reason that we put to the Chinese side of the Joint Liaison Group (JLG) a proposal that Hong Kong should establish a network of bilateral agreements in the areas of mutual assistance in criminal matters, to remain in force beyond 30 June 1997. At JLG XXX in September this year, the Chinese formally agreed to Hong Kong starting a programme of negotiations on the basis of an agreed model text.

Let me now turn to immigration and nationality issues. Some Members have pointed out that an early conclusion to the discussions on right of abode, Hong Kong Special Administrative Region (SAR) travel documents and Visa Abolition Agreements at the JLG is necessary in order to inspire greater confidence in the future. I agree entirely. If Hong Kong is to make the best possible start as a SAR on 1 July 1997, then uncertainties about rights of residence and about travel documents must be removed. As Members are aware, we have put comprehensive proposals to the Chinese side on all of these issues and have already had some informal discussions. I look forward to more progress being made on these very important subjects in the coming year.

I do not, however, agree with Mr Howard YOUNG that it is necessary or desirable to establish an independent agency to issue SAR passports before 1997. Our view is that SAR travel documents, including the SAR passport, should be issued by the Immigration Department; the pre-1997 preparation work should also be done by the Immigration Department. I do not see that any benefit

would be gained for a smooth transition by giving this responsibility to another organization. In fact, the reverse. The Immigration Department has the experience, the expertise, and the records necessary for the task. It has a very good reputation with foreign immigration authorities in respect of the security of the travel documents it issues, and the professionalism with which it handles immigration and nationality matters. We should build on these strengths, not bypass them.

Mrs Elsie TU has expressed concern about our policy regarding illegal immigrants and children born to them in Hong Kong. I should like to make it clear that it is not our policy to punish children born to illegal immigrants. Our policy allows a child born in Hong Kong to an illegal immigrant mother to stay, if the father is a legal resident in Hong Kong. This is in line with international immigration practice. It is for the family to decide whether it is better for the child to remain in Hong Kong or to return to China. We are anxious to facilitate family reunion, but it must be done in a controlled and phased way, with which our social services can cope, not through uncontrolled illegal immigration, which will inevitably result in a degradation of the services available to the whole community. As I have said in my Policy Commitments, we are now considering whether Hong Kong is capable of increasing further the one-way permit immigration quota from China for spouses and children of Hong Kong residents.

Thank you, Mr President.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I shall begin with housing and property matters, on which several Members, understandably, have comments; then I will cover environmental issues; and finally I will deal with planning and land use.

Land supply for public housing

Some Members reiterated their concern about the supply of land for public housing. Let me once again reassure Members that the Government's policy is to supply enough land to meet the housing needs of the community. We have provided sufficient land to the Housing Authority and the Housing Society to build 430 000 public housing flats between 1991 and 2001. In 1994-95 alone, we will dispose of 8 hectares for public rental housing and 28 hectares for subsidized home ownership housing. On top of this, we are proposing to dispose of an additional 8 hectares for public housing this year. There remains a strong demand for public housing and we will do all we can to increase land supply to match demand. The Task Force recommended granting an extra 30 hectares of land for public housing before 1997-98. Subject to the findings of the comprehensive review on housing demand we are undertaking, we are prepared to identify and allocate more sites to enable the Housing Authority to produce more rental flats and flats-for-sale. We will build up a reserve of immediately disposable land over time so that we can respond more quickly to

changes in demand. The Housing Project Action Team which is now operating will play a more active role to monitor progress, co-ordinate action and resolve problems relating to public housing sites.

Meeting public rental housing commitments

A matter of concern to some Members is whether the Housing Authority will be able to make adequate housing resources available in the next few years to meet its extensive rehousing commitments. Noting the recent efforts of some Members themselves in the field of household formation, I can understand their concern. In fact, the Government and the Housing Authority are making complementary efforts to increase public rental supply. By adjusting the green form quota for sale of Home Ownership Scheme flats from 50% to 67% and through the work of special investigation teams set up to deal with tenancy abuses, the Authority is able to augment public rental supply by a few thousand additional flats a year. With the additional supply, I am confident that the Authority will be able to achieve its rehousing targets; that is, to make reasonable rehousing offers to all Temporary Housing Areas tenants who have been resident since August 1993 and to actually rehouse at least three quarters of them by 1997; to clear all urban squatters on government land by 1996; and to clear substantially the outstanding demand for public rental housing from Waiting List applicants within the period of the Long Term Housing Strategy.

Home ownership in the public sector

Some Members expressed the firm view that the home-ownership rate in the public sector should be increased. This is also one of the Government's and the Housing Authority's housing policy objectives. The Authority previously devised proposals on the sale of flats to sitting tenants which could not in the event be implemented. While the possibility of relaunching the scheme is still being explored, the Authority should be able to offer some rental flats for sale to tenants or prospective tenants under a revised Option to Rent or Buy Scheme next year.

Other Members have different views on priorities: preferring more emphasis on rental supply. It has always been the policy to maintain a reasonable balance in the supply of rental and sale flats. While efforts are made to encourage home ownership, therefore, we will not lose sight of the importance of maintaining a healthy rental stock for the benefit of those who cannot afford to buy even at subsidized prices.

Housing management

As regards housing management, the Housing Authority's long-standing policy is to decentralize management responsibilities, to privatize the provision of services where possible, and to encourage tenant participation in the day-to-day management of housing estates. I understand that the Authority is giving

fresh consideration to possible measures to help achieve these objectives better in the near future.

Statistics show that crime rates in public housing estates are generally better than in other residential areas in Hong Kong, contrary to the misconception that some have that it is the other way round. Nevertheless, the Housing Authority's initiative to introduce improved security measures in all public housing blocks within a period of three years at a total cost of \$650 million is to be welcomed. I am confident that these moves will help give tenants a greater sense of security as they go about their daily activities.

Property prices

Property prices continued to feature in this year's debate. Since we announced our package of measures to increase housing supply and dampen speculation earlier this year, there has been an observable moderation in prices and a noticeable retreat in speculation. We remain of the view that the most effective way of stabilizing property prices is to increase the supply of flats to match demand more closely. This will be our priority measure.

The Government is determined to meet the housing needs and aspirations of the community and to seek to maintain the stability of the property market. Before April 2001, we will help the private sector to produce 195 000 flats by accelerating the formation of sites and the development of infrastructure, help an additional 180 000 families to buy their own homes by providing subsidized housing or financial assistance, and produce at least 310 000 new flats in the public sector. These programmes will go a long way towards providing more families with access to decent and affordable housing.

We shall continue to monitor the residential property market closely and, if necessary, introduce further measures to ensure that it does not head skywards once again.

Environment

I am interpreting the coverage Members have accorded the environment in this year's debate as an indication that the comprehensive environmental programmes we have embarked on and the choices we have made in priorities within these programmes are the correct ones. It is also no doubt a reflection of growing understanding of environmental matters in the community and due in part to the increased effort and resources we have put into environmental education.

It is therefore perfectly understandable that the agenda of some Members has moved on to encompass calls for more "preventive" policy making and the quest for "sustainability". The development of such policies will be no easier nor more difficult for us than for the many other communities grappling with the same issues worldwide. But a thorough re-reading of the Second Review of

the 1989 White Paper on the Environment, published last December, will show that we do indeed have programmes which will take us towards such goals. For example:

- the Waste Reduction Study, the final report of which is due shortly, will provide the foundation for a comprehensive waste reduction strategy to build upon our existing enviable rates of recycling and contribute to the reduced reliance on landfills one Member called for.
- the Environmental Assessment Bill, to be put to this Council in the spring, will be one of the most comprehensive pieces of "preventive environmental legislation" so far conceived. I therefore look forward to Members' support for it. It will not, as one Member suggested, overlap or conflict with the Town Planning Ordinance.
- the Energy Efficiency Advisory Committee is, contrary to one Member's less well-informed opinion, doing excellent work in furthering our understanding of energy usage in Hong Kong, a prerequisite for any more far-reaching programme such as energy labelling.

We will have made substantial progress, and be well ahead of most of the world, if our developed thinking "on sustainability" can be set out in the Third Review of the 1989 White Paper on the Environment to be produced in 1995. But let me describe some of the steps already in hand:

- One: we are putting in place the essential environmental infrastructure, the green foundations without which no community can aim for a sustainable future.
- Two: we are also committed to key components of the Rio Declaration aimed at sustainability — the Polluter Pays Principle (about which I will say more later); the Environmental Impact Assessment legislation; and active promotion of an open, non-discriminatory and equitable multilateral trading system.
- Three: we are conducting a review of the Territorial Development Strategy, a primary goal of which is "to establish a broad, long-term land use-transport-environmental planning framework".
- Four: we are extending in the community understanding of the need for greater care and sympathy for the environment. An additional \$100 million is being made available this year for this purpose: \$50 million from the Government and \$50 million from the private sector. This partnership bodes well

for future co-operation and meets one Member's demand for a "bigger budget for environmental education". And the Government is learning more itself, through the Green Manager programme, a report on which will be released in mid-1995.

Five: we are examining some quite radical measures, such as banning diesel engines in some vehicle categories, and the viability of electric vehicles. Members will recall the exemption from first registration tax of electric vehicles, announced in this year's Budget.

Six: we are opening up the agenda of the Advisory Council on the Environment to cover environmental issues on a wider scale than ever before.

As one Member noted, vehicle noise is a problem. We therefore introduce the Noise Control (Motor Vehicle) Regulation in mid-1995 to tackle vehicle noise at source. But we will also need to continue with careful planning of new developments to minimize the impact of traffic noise on residential buildings. These standards, and our other environmental standards, very much reflect our own circumstances and are not, as suggested, derived from unreasonably high standards applied elsewhere.

Returning now to the Polluters Pay Principle, I must once again exhort Members to grasp the nettle as well as the principle. Time and again we are seeing selectivity — something to do, as one Honourable Member himself has recently suggested in the press, with interest groups and vote perhaps — selectivity which colours the otherwise supportive views of responsible Members. Perhaps the best example of the obvious difficulty Members have with this is the Member who simultaneously this year has proposed full cost recovery in one instance, exemptions in another, and finally an equitable system overall. This will not lead us into the green pastures and beside the still waters of sustainability, I fear.

I am sure Members do not need reminding that a bill to provide for sewage charges is before this Council. But I might remind Members of the facts I put to them in the motion debate on sewage charges on 1 December 1993. Yes, it does all take time:

- our modest charging scheme aims to recover only operating costs — the \$12 billion dollar capital programme will be met by the Government;
- 17% of domestic households will pay no sewage charge at all;

- 60% of households will pay less than \$15 per month; and
- 98% will pay less than \$30 per month.

Many other modern communities pay sewage charges. I must ask, why not us?

Mr President, the time has come to abate pollution rather than debate it. I commend that slogan to all Members of this Council. Our environment, our children, our international image require nothing less.

Planning and land use

Finally, in the area of planning and land use, I wish to respond briefly on a number of points. First, urban renewal, a matter on which a number of Members spoke. This is not the time or place for a full discussion of this very complex subject, but I would like to make one key point. Any policy on urban renewal has to take account of two aspects which to some extent are conflicting and need careful reconciliation. The first aspect is the need to make reasonable arrangements for people who have to move to make way for redevelopment. This means fair compensation for owners and tenants and sensible provision for the removal of both domestic residents and businesses. Redevelopment must not be so to the disadvantage of the residents of the areas affected as to be unacceptable to the community as a whole. The second aspect is that it needs great care to ensure that private sector involvement in redevelopment projects does not diminish to the extent that the quantity of upgraded flats and other types of improved property is drastically reduced. Redevelopment is an important source of new buildings and new land alone will not provide for all the development we need. Nor can we contemplate simply leaving obsolete buildings to decay. We have to try to ensure market mechanisms continue to achieve redevelopment.

We are working on proposals which will strike a balance between our two objectives by improving the relocation package for those affected by urban renewal schemes and facilitating the involvement of private developers in redevelopment projects. We aim to brief Members on these proposals soon.

Secondly, building safety. The tragic incidents in Aberdeen and Yau Ma Tei in recent months rightly focused attention, both among Members and the community at large, on questions of building safety. Ensuring the safety of buildings, whether during construction, alteration and demolition or during their ordinary use is the responsibility of all those involved, the authorized persons who control construction and demolition, the structural engineers and contractors and, not least, building owners themselves. The Government also has an important supervisory role to play, and we are reviewing our arrangements to ensure adequate monitoring of those involved and accountability in cases where things go wrong. We will be seeking additional resources to increase levels of supervision and the frequency of site inspections.

Thirdly, flooding in the New Territories. Perhaps by now the Honourable Member most concerned will have seen that in my Policy Commitments I made special mention of flooding in the New Territories as being one of the immediate issues to be tackled. I do not intend to repeat the extensive undertakings I set out in the Commitments, but I can say that drainage improvement works are now being carried out and that, following the severe flooding experienced in July and August this year, the Director of Drainage Services carried out a case by case review of the areas where flooding was serious. He is now implementing a series of short-term measures which should help reduce the serious effects of any future flooding pending completion of more long-term measures now under way or being planned. I must say, however, that we are unlikely to eradicate flooding in the New Territories totally having regard to the topography of the area. It would be wrong to give rise to false expectations.

Finally, our planning system. One Member has suggested that it should be subject to more consultation with the public and to more statutory control. May I point out that the Town Planning Ordinance already lays down clearly the objectives of our planning system, the procedures under which development proposals are processed, how objections to draft plans published and decisions made by the Town Planning Board can be lodged or appealed against as the case may be. Territorial development plans, strategic in nature, should remain non-statutory. But that does not mean the public cannot be consulted on them and one such consultation was in fact undertaken towards the end of last year. Improvements to existing statutory planning procedures are being considered in the context of the comprehensive review of the Town Planning Ordinance, for which a White Bill is being drawn up for further public consultation early next year. Publication of the White Bill should indicate that we do take public participation and public consultation seriously in our planning processes.

Thank you, Mr President.

SECRETARY FOR TRANSPORT: Mr President, several Members have commented that the policy address contains little on transport, and nothing that is new. I question the accuracy of such statements. The address must, of course, be read in conjunction with the Progress Report and our Policy Commitments Statement, which describe both what has been achieved and the range of initiatives and proposed action in the transport field. Even though I do not necessarily agree with some of the views expressed by the Honourable Mrs Miriam LAU and the Honourable WONG Wai-yin, the Chairperson and Vice-Chairman of the Legislative Council Transport Panel, or the comments made by other Members, I do gratefully acknowledge the concern they have all shown by speaking on transport matters.

Some Members have made their own suggestions for easing congestion, mostly involving a greater investment in fly-overs, roads and railways. Let me say from the outset that we are committed to maintaining a high level of

investment in transport infrastructure. Spending \$30 billion on new roads over the next five years is no mean achievement, but I must emphasize, and Members may well hear me repeating this often in the coming week, that we simply cannot build our way out of congestion.

Consider the facts. We have already more vehicles per kilometre of road than any other place. Remarkably, and thanks to the efforts of our traffic engineers and traffic police, traffic in Hong Kong still flows relatively smoothly except at the several well-known black spots. As an inevitable consequence of economic growth and increasing personal wealth, the recent rise in private car ownership has been phenomenal. A one-third increase in numbers of private vehicles in the last three years, continued growth at the rate of 10% per annum or 68 additional cars on the roads each day. Let me repeat. No road-building programme and no sophisticated traffic management system could ever cope with growth on this scale.

We are not alone in facing this problem. Many major cities are beginning to re-think their policies on private vehicle ownership and usage. The blighting of city centres and the countryside to accommodate ever more vehicles is being seriously questioned, and there is worldwide concern about the impact of increasing vehicle numbers on the environment. Indeed, it is very doubtful whether any city can accommodate unrestrained growth in the number of private vehicles indefinitely. Certainly we cannot in Hong Kong, given our limited land area and the obvious physical constraints on new road building, particularly in the older, urban areas.

If we do nothing, we can expect a gradual slide into total traffic gridlock. The implications are horrendous for the travelling public, for the economy and for the environment. Giving even more road space for use by private vehicles would mean less road space for the 90% of the population who use public transport, including taxis. If nothing is done then the average citizen can expect longer travel times, consequently higher fares and much more air pollution.

It is because we are so concerned about this emerging situation that I have convened my working group. There has been substantial media speculation in the past few weeks over the likely findings. Indeed, the working group has deliberated and studied the three main options — fiscal measures, quotas and road pricing — as possible ways to curb car growth. I am not in a position today to reveal precisely what the Administration's recommendations will be, but my approach will be to consult widely and I expect a lively exchange of views. I shall fully brief the Legislative Council Transport Panel and we shall have the opportunity to discuss the subject in depth. Dare I say I look forward to a motion debate on the subject? There will be no easy options. Tough decisions will have to be made, and the support of the Legislative Council is essential since, *inter alia*, legislation will ultimately be required to enable the Administration to implement the decisions that are to be taken.

Some Members have criticized our road building programme and have alleged delays in building projects proposed some years ago. Priorities change. The decision to build the new airport has meant that roads such as the Western Harbour Crossing and the West Kowloon Expressway, which were in any event needed to relieve cross-harbour traffic congestion, were accelerated. Others have necessarily assumed a lower priority.

Let me elaborate on the five major road schemes on which we are embarking. We will award the franchise for Route 3 (Country Park Section) within the next few months. This dual three-lane expressway will relieve congestion between the northwest New Territories and the urban area, and will improve transport links between the border and the container port. The Ting Kau Bridge will connect Tuen Mun Road and the southern end of Route 3, thus allowing traffic to avoid the congested Kwai Chung container port area. We are planning a new road tunnel to connect Sha Tin and Cheung Sha Wan. This will relieve congestion in the Lion Rock Tunnel and Tate's Cairn Tunnel. We will build the Hung Hom Bypass on the reclamation, together with a northerly link to Princess Margaret Road, which will ease traffic congestions in the notoriously congested Hung Hom area, and we have plans to widen Tolo Highway between Sha Tin and Tai Po. To say that too little is being, or has been done, defies the evidence before our eyes. Many overseas experts have commented that Hong Kong's public transport system stands out as a model for the rest of the world, providing a variety of services, without public subsidy and at affordable fares, and our transport infrastructure achievements are remarkable, to say the least.

I share Members' concerns about the continued delay in building the duplicate Ching Yi South Bridge. We planned for this bridge to be built as part of the Container Terminal No. 9 project because we believed that this would be the fastest way forward. Now that Container Terminal No. 9 has been delayed, we have already started to fully review what can be done to build the new bridge in the quickest timeframe possible.

In Hong Kong's crowded environment, I envisage an expanding role for railways as a means of moving large numbers of people quickly, efficiently and in comfort. As I said in this Chamber on 12 October, our railway development strategy is fast nearing completion, and the next step will be to discuss it with the Chinese side, since most of the expenditure straddles 1997. I can assure Members that the Northwest New Territories Railway, with a spur line to Tuen Mun North, will be a high priority in this strategy. We still plan for it, and the MTR extension to Tseung Kwan O, to be built by the year 2001. The delay in announcing the strategy by a few months will not affect our target dates for completion.

As for the Airport Railway, we are committed to building this railway under the Memorandum of Understanding. Regarding the suggestion that we first build the section between Lai King and Central so as to relieve the MTR and Nathan Road corridor, we have explained on several occasions that such a

link would not be viable on a stand-alone basis, but the Airport Railway will be built, and indeed we are taking practical steps to achieve this. For example, the Mass Transit Railway Corporation is ready to let many contracts, and funds have already been voted by this Council to allow the immersed tube section to proceed.

Some Members have commented that we should encourage greater private sector investment in transport infrastructure. Our record here is second to none. Under franchise agreements, the private sector has been involved in the Cross Harbour Tunnel, the Eastern Harbour Crossing and Tate's Cairn Tunnel. A private consortium is now building the Western Harbour Crossing, and we are adopting the same approach for the Route 3 (Country Park Section).

Some Members have called on the Government to improve traffic conditions in Tuen Mun Road. We recognize this as a major black spot. We are very conscious of the difficulties faced by those who commute from the northwest New Territories to the urban area. Ferry services have been enhanced between Tuen Mun and the urban area. Further improvements will be made. Better recovery services have been provided for in Tuen Mun Road to reduce traffic disruption caused by traffic accidents and vehicle breakdowns. Climbing lanes are being built, and the Commissioner of Transport has re-convened his working group, which includes Legislative Council and district board Members, to explore other possible measures, including a bus-only lane, or tidal flow traffic arrangements.

Efforts are also continuing to upgrade public transport services. More than \$500 million will be spent on new buses in the next 12 months, and in the same period 14 new bus routes will be introduced and there will be improvements in the service frequencies on 62 routes. We also expect to put some 50 proposals on the rationalization of bus services to district boards for consideration.

I was surprised by the comment that little has been achieved in terms of co-operation with the Chinese side over cross-border transport. In the past year a great deal has been achieved. In addition to our quarterly meetings with Shenzhen officials, we now have regular sessions with Guangzhou officials, and most recently we have established a quarterly tri-partite meeting composing officials from Shenzhen and Hong Kong and representatives of lorry drivers and lorry owners. This provides a new forum for discussion on matters of mutual concern, and should help to reduce the incidence of disputes, which have in the past disrupted cross-border traffic. The Chief Secretary has stressed that we are keen and ready to strengthen the channels for dialogue and co-ordination.

To conclude, Mr President, may I say that the Administration remains firmly committed to the further development of our transport infrastructure and to enhancing the quality and quantity of public transport services. But we are faced with a real threat in the form of congestion which, if unchecked, could

paralyse our whole transport system. We need to tackle this problem together, boldly and courageously.

Thank you, Mr President.

SECRETARY FOR ECONOMIC SERVICES: Mr President, I would like to respond to the points raised by Honourable Members related to the importance of continuing to develop Hong Kong's economic infrastructure. The fundamental goal of the Government's policy for economic services is to ensure that Hong Kong has the economic infrastructure to interact efficiently and effectively with the rest of the world. Some Members drew attention to the potentially serious consequences for our economy of delays in the opening of our much needed port and airport facilities. I fully share these concerns; but I believe we must not allow them to obscure the impressive progress being made on many key projects.

Take the port for example, CT8 is now almost fully operational and 22 hectares of new land to support container handling operations will become available by the end of this year. We are also at an advanced stage of planning for a first dedicated terminal, at Tuen Mun, to serve the rapidly growing trade from the Pearl River Delta.

It is true that CT9 has been delayed. This delay will cost us dearly as the port becomes more and more congested and business has to be turned away. Some Members have called on us to expedite a solution to the CT9 problem; others have argued that it should be quietly shelved.

As I made clear in this Council on 12 October, we have no intention of shelving CT9. First we cannot afford to turn our backs on such a potentially valuable asset. This container terminal to be built in deepwater adjacent to the rest of Kwai Chung port, is designed to take full advantage of CTs 1 to 8. In addition it will enable us to make up many of the shortfalls in space for parking and for container storage which have plagued CTs 1 to 8 for many years now.

Secondly, we cannot afford to abandon the sound economic principles which led to the decision to offer the development of CT9 to two consortia, each of which includes one or more of the world's leading container terminal operators. Our aim, in taking that decision, was to ensure that:

- the development could proceed quickly — hence the involvement of developers of recent terminals;
- the terminals could be operated efficiently — hence the involvement of the world's leading operators; and
- we could introduce competition — hence the introduction of new players.

It is with these aims in view that we have reached full agreement with both consortia.

Some have asked: why not retender CT9? Retendering would rule out our intention to introduce greater competitiveness in container terminal operations in Hong Kong. Indeed, now that we have reached full agreement with the two consortia, any change in the rules of the game would run counter to what we have been trying to achieve in Hong Kong in terms of offering a level playing field, of enhancing business confidence, and so on. And do not forget: of the eight existing terminals, half were awarded on the same basis as CT9 — indeed, two have been awarded on this basis since the signing of the Joint Declaration and the establishment of the Sino-British Land Commission. So the negotiated private treaty grant method is well used and well tested.

I would like to assure Members, however, that although CT9 may be hanging fire, we are not just sitting back. We are addressing vigorously ways of improving efficiency in existing port operations — both at the terminals and in mid-stream — and we are moving forward with planning for the first container berths on Lantau to ensure that they open as soon as physically possible. A dedicated team will shortly be established within the Works Branch to oversee the planning and engineering aspects of the Lantau port.

Mr Steven POON has called on us to expand the ambit of the Port Development Board and suggested that the Board should study how port development in Hong Kong and southern China could complement each other. The Board actually carries out these studies on a regular basis and I am satisfied that the Board's already wide terms of reference enable it to cover this aspect adequately. In practice, the Board takes a keen interest in developments in southern China. It also conducts careful assessment of the contribution of neighbouring ports to meet overall demand. I will make sure that Mr POON is sent full details of the Board's recent work in this area.

Turning to airport services, my Policy Commitments underline the Government's determination to keep Kai Tak Airport functioning at maximum efficiency, while pressing ahead with the development of our new airport at Chek Lap Kok. On the works side, seeing is believing! Over 850 hectares — or some 70% of the total airport island has now been formed. Work on the foundations of the Passenger Terminal Building is underway and superstructure works are scheduled to commence early next year.

On non-works aspects, the Provisional Airport Authority is pressing ahead with the franchise award process for major support services including air cargo, aircraft maintenance, air catering and aviation fuel. We are keeping the Chinese side closely informed of progress and will be consulting them on the award of individual franchises.

On the Airport Bill, we are currently considering revisions to the White Bill in the light of the comments received from the Chinese side and from the

public during the consultation exercise held at the beginning of this year. We aim to introduce the Blue Bill into the Council before the end of this year with a view to early enactment. In this regard, I am grateful to Mr Martin BARROW for highlighting the need to give high priority to the Airport Bill in the Council's legislative programme this year.

Dr HUANG Chen-ya and Dr Samuel WONG touched on issues related to the development of Hong Kong's telecommunications infrastructure. Let us be clear: while the Government is totally committed to fostering the development of the widest range of telecommunications services at competitive prices, we are not in the business of directly providing the infrastructure for such services. This is a task which is carried out much more efficiently and cost-effectively by the private sector.

Dr HUANG is concerned that Hong Kong may be lagging behind other regional economies in the development of the so-called "information superhighways". There is no cause for such concerns. Hong Kong already has one of the most comprehensive broadband optical fibre networks of any city in the world. In addition, all our telephone exchanges are fully digitalized, thus enabling telephone companies to offer a wide range of advanced communication services. Some 300 commercial buildings are already directly connected to the Hong Kong Telephone Company's optical fibre network, with the result that their tenants can conveniently access broadband capability. With the added impetus of competition in fixed network services, I have no doubt that the next few years will see a rapid move towards bringing the benefits of optical fibre technology into individual homes.

As regards competition in our telecommunications market, we published in January this year a government position paper which reviewed developments since the major policy announcements of 1992 and mapped out, amongst other things, the regulatory principles which will guide the introduction of competitive fixed network services. The paper referred, in particular, to such issues as interconnection, customer access and measures to prevent anti-competitive behaviour by a dominant operator. In sum, our intention is to promote the free play of market forces while ensuring that our regulator have the powers they need to step in, if necessary, to ensure fair play.

As made clear in my Policy Commitments we will also be pressing ahead with:

- the licensing of three more operators to provide local fixed network services in competition with the Hong Kong Telephone Company;
- the granting of more public mobile telephone licences;
- the introduction of portable and personal telephone numbers; and

- the licensing of companies and organizations to provide their own external circuits for intra-corporate telecommunications.

Mr President, finally, I would like to say a few words about one of Hong Kong's most important service industries: tourism and, in particular, to respond to concerns raised by Mr Howard YOUNG that current restrictions on the development of sites for hotel use may lead to a shortage of hotel accommodation.

As I said in my briefing to Members, the Government fully recognizes the significant contribution which the tourism industry makes to Hong Kong's economy. We will continue to support the Hong Kong Tourist Association and the inbound travel industry in their efforts to maintain Hong Kong's position as Asia's most popular travel destination.

As Mr YOUNG will be aware, the Hong Kong Tourist Association has commissioned a consultancy study to identify a comprehensive strategy for the long-term development of the tourism industry. Among other things, the consultants are undertaking a detailed assessment of the hotel accommodation situation and will make recommendations on whether they consider there is a need for action by the Government and others to ensure that forecast demand is met. The study will also review the overall institutional framework and linkages between the Association and the various Branches in the Government, responsible for dealing with issues of concern to the inbound travel industry. The consultant's report is due to be completed early next year and the Administration will give careful consideration to the suggestions made.

Members may wish to note also that I intend to brief the Economic Services Panel of this Council on the subject of tourism policy in early December. This will provide me with the opportunity to set out, in greater detail, the Government's policy objectives with respect to tourism and address any further comments which Members may have on this important area of economic activity.

Thank you, Mr President.

SECRETARY FOR WORKS: Mr President, I would like to reply to points made by Honourable Members with respect to three specific areas, namely,

- progress with major infrastructural projects;
- slope investigation and maintenance; and
- construction site safety.

On infrastructure, several Honourable Members, Mr Albert CHAN, Mr Vicent CHENG, Mr Edward HO and Mr Eric LI, have expressed concern at

the perceived lack of progress with major public sector infrastructural projects in Hong Kong, in particular those related to new port and airport facilities. I confess on the evidence of my own eyes I find it difficult to share any notion that Hong Kong's infrastructural development might be somehow slowing down.

I regularly receive overseas visitors who take an interest in Hong Kong's infrastructural development. The visitors are invariably impressed with the overall scale, the speed and the quality of Hong Kong's public sector development. For those Members who remain unconvinced that we are making significant progress in this area, I would be happy to arrange a first-hand inspection of some of our major ongoing public works both Airport Core Programme and non-ACP. I assure you there is plenty to see now, and with some \$105 billion expenditure planned for the next five years to 1999 on non-ACP works, there will be plenty to see in the future. I also remain confident that the five-year target to 1997 on non-ACP capital works, \$78 billion pledged in the 1992 policy address, is still an achievable target.

Hong Kong's programme of infrastructural development is ever more demanding and ambitious. We are constantly required to improve and update our capacity for delivering the public works, to match the achievements expected by the community. In this regard, may I acknowledge Honourable Members' support for the new systems which we are introducing to help ensure the smooth running of the delivery process. With this support, for example, we are developing a Computerized Public Works Management System which, in the hands of dedicated project and management teams in the Works Group, is to provide the essential tool for us to continue to keep our public works on programme.

We have also introduced special procedures for other major public sector projects, such as the Convention and Exhibition Centre extension, the North District Hospital and the Tseung Kwan O Industrial Estate. Members will, I am sure, be aware that the implementation of these special projects likewise is proceeding at extremely fast rates of progress, with our budget and quality objectives firmly under control.

This month we are issuing to Honourable Members of the Finance Committee the first of what will be regular quarterly progress reports on the ACP. This report clearly shows the progress on the ground has been sustained despite the need to reach agreement on aspects of the project issues, and six transport related projects under the ACP Programme which are essential for the new airport and port related development, remain well on track for completion by mid-1997. Similarly the Western Harbour Crossing and the Tung Chung Phase I works for our ninth new town. As to the Airport and Airport Railway projects under the Programme, the implementation of those works on the ground is also fully in accord with our obligations under the Memorandum of Understanding. May I thank the Honourable Members for their continuing support given by way of Finance Committee approving the commitment of

funding and the essential plank in the infrastructure breach which we are building to a successful future for Hong Kong.

Our regular reports to Members on the Public Works Programme and the Sewage Strategy Disposal Scheme High Priority Programme, also contain good news on the progress being achieved and the budget controls that have been put into place.

Turning to slope management, the tragedy this year at Kwun Lung Lau and the Castle Peak Road incident, have again focused Members' attention on the problems of slope safety management. These tragedies remind us that, despite all our achievements in the field of infrastructural development, we cannot be complacent in even the slightest degree when dealing with the forces of nature.

Professor MORGENSTERN is in Hong Kong at this time to receive the current finding from the investigation team. His independent report on the landslip at Kwun Lung Lau, will be available to Members, including his expert views on lessons to be learnt and any ways in which similar disasters can be prevented in future. Separately we are conducting our own internal review of resources and systems dedicated to slope safety, and the different responsibilities for public and private slopes. I shall report back to Honourable Members in December on the outcome of these parallel activities, with our recommended action for your consideration and support.

Let me re-emphasize that the means to impose safe design and construction on those responsible for new slopes, that is, those formed since the establishment of the Geotechnical Engineering Office in the late 1970s, have been vigorously enforced with good results. It is old slopes, those existing before the 1970s, that are the major cause of concern. In this regard our preventive measures programme has been thorough and well-managed. But in response to this year's slope failures, we anticipate seeking a heavier resource commitment to the identification and repair of slopes, whose failure might have potential serious consequences. Honourable Members of this Council will be asked to consider and support any resulting increase in the resources necessary to accelerate our work on landslip prevention.

One depressing truth however must not be forgotten. It is impossible to guarantee 100% slope safety. Prolonged heavy rain will lead to slope failure somewhere. This is inevitable. Our task, with the support of this Council, is to take all practical steps possible to ensure that the public is protected to the maximum extent possible from such failures.

Turning to construction site safety, I thank the Honourable Ronald ARCULLI for his useful suggestions aimed at improving construction site safety. Whilst my colleague, the Secretary for Education and Manpower, is to deal with this question in more detail, I would like to emphasize two points of concern to me.

First, on sites where the Government is the employer, we are taking a very firm line on safety. We are training some 1 500 government officers and site staff in safety techniques and have set up a special unit within the Works Branch to push through safety initiatives. To show government contractors that we are very concerned about this problem, we will penalize contractors with poor safety records, to the extent that in extreme cases they will be struck off the list of government-approved contractors. At the same time, we will work closely with the Hong Kong Construction Association and others to develop proactive approach to site safety.

The second point is that there is need for the community to give its full support in initiatives to improve safety in the workplace. A steering group on industrial safety to be established under the aegis of the Education and Manpower Branch, has my assurance that it will receive my full personal support to ensure that the Secretary for Education and Manpower and his steering group are able to carry the works forward quickly and effectively. I am confident that concerned Members of this Council and the construction industry at large will also support this initiative. I am also confident that the Construction Advisory Board which was formed last year, bringing together developers, the professional institutions, the universities, and the concerned government departments, will play an increasingly important role in bringing safety onto our construction sites.

On the final general point, Mr President, may I refer to the various points from Honourable Members on Hong Kong's relationships, particularly in terms of infrastructural links, with China. Several Honourable Members have commented on the need for close co-ordination and liaison with the authorities responsible for capital works in the People's Republic of China. Such an approach is sensible, and we look forward to continuing developing relationships and understanding with our Chinese counterparts using formal and informal contacts.

Under the theme visit programme the Works Group plans to visit Beijing, and possibly other cities, in early 1995; I will lead with senior officers from the Works Group of departments. Our objective will be to forge stronger links and promote deeper understanding of our infrastructure development programme, especially our means of ensuring cost-effective delivery, with fair and equitable competition, at all stages of the delivery process.

Mr President, with these remarks, I end my response to the points made by Members.

SECRETARY FOR TRADE AND INDUSTRY: Mr President, several Members have drawn attention to issues arising from the restructuring of our economy over the last 10 years, including the growing significance of the service sector, the migration of low value-added industries to China, and the need for the

manufacturing sector to focus on high value-added activities, including applied research and development.

We are very much alive to these developments, as the Governor's policy address and my own Policy Commitments have made clear. The measures we have taken and those we are planning demonstrate our continuing commitment to building the technological infrastructure needed by advanced manufacturing and manufacturing-related industries.

The third industrial estate which opened last month will produce 70 hectares of land for higher technology industries by 1996, and we are already searching for a suitable site for the fourth industrial estate. Earlier this month, the Industrial Technology Centre took over its new and purpose-built premises in Kowloon Tong, which will provide 20 000 sq m of space for technology-based businesses. This year we are disbursing \$180 million for projects to boost industrial technology.

Next year, we shall establish the Applied Research Centre, with initial funding of \$50 million and with more to be made available through the Industry and Technology Council in the years to come. We shall continue to invest large sums in industrial development and applied research and development through the Industry and Technology Development Council and the Applied R&D Fund. All this comes on top of continuing support for facilities and services such as those provided by the Hong Kong Productivity Council and the Standards and Calibration Laboratory, which have a vital role to play in industrial upgrading.

The Financial Secretary will speak on the service sector later on, and so I will make only one point now on this sector. I was surprised that Dr HUANG Chen-ya felt that inadequate manpower had been allocated by the Government to deal with the Uruguay Round negotiations on trade in services. Nothing could be further from the truth. Hong Kong was a very active participant in those negotiations and our negotiators were extremely effective in promoting and defending Hong Kong's interests. Dr HUANG has my unqualified assurance that our negotiators will continue to do so in the unfinished negotiations on financial services and other areas of trade in services.

Certain Members have criticized us for not responding to their suggestion that there should be a China-Hong Kong Economic Co-operation Committee. Such a criticism is completely misguided. Given the absence of a centrally-planned or command economy in Hong Kong, and given the Government's philosophy and policy of minimum intervention in the economy and of letting businessmen make their own business decisions, it is clearly not the function of the Government to set up such bilateral economic or business co-operation committees. It is up to the private sector or autonomous non-government bodies, such as the Hong Kong Trade Development Council (TDC) and chambers of commerce, to take the initiative to set up such a committee between Hong Kong and China, if they feel that it is a good idea to do so.

The most well-known among such unofficial bilateral committees are the Hong Kong-Japan Business Co-operation Committee and the Hong Kong-United States Economic Co-operation Committee. In both cases, the body which set them up was the TDC, and they are both serviced solely by the TDC. The Hong Kong Government's only involvement in these two committees is the membership of the Secretary for Trade and Industry, whose involvement is, in my view, anachronistic and not very appropriate — anachronistic because the Secretary for Trade and Industry's membership is a relic from bygone days when the presence of a high official was regarded as lending prestige or "face" to these committees. It is not very appropriate because of the Government's philosophy and policy to which I referred earlier, and especially because there are no Japanese or United States Government representatives on the counterpart committee in either Japan or the United States. The third and latest such committee involving the TDC is the Hong Kong-Korea Business Round Table, which was set up entirely on the initiative of the TDC and its counterpart in South Korea, and quite rightly does not include government officials on either the Hong Kong or the Korean side.

Turning to consumer protection, some Members have expressed concern about the sector-specific studies on competition conducted by the Consumer Council. I have to point out that the Consumer Council is an autonomous statutory body. We have no wish to interfere with its day-to-day operation. In appointing members to the Council, we are mindful of the need to ensure a broadly based membership which does not represent any particular sectoral interests.

The Consumer Council, in selecting consultants to conduct sector-specific competition studies, does take into account the expertise required. It is unfair to discredit these studies simply on the grounds that practitioners in the relevant sectors are not directly involved in the consultancies. The Consumer Council has given and will continue to give practitioners in the relevant sectors plenty of opportunity to express their views before the studies are finalized.

The proposed establishment of a Trade Practices Division in the Consumer Council will further strengthen the Council's capability to undertake these competition studies. The new division will have a dedicated team of economists with expertise in conducting research. It will be charged with the responsibility to examine the practices of different trades and to promote the development of codes of practice by professional and trade bodies.

As regards Mr Fred LI's criticism that the Government has failed to formulate a clear policy on competition, I must stress once again that our commitment to promoting competition is strong and clear. The Government is fully committed to promoting competition as one of the best ways of improving economic efficiency and enhancing consumer welfare. Our totally open economy, which exposes our traders and producers to acute international competition, is a good illustration of this policy. The absence of competition laws such as anti-trust laws, and competition agencies such as mergers and

acquisitions commissions *per se* should not be taken simplistically to mean the absence of a policy to promote competition. The opposite is true. It is the Government's policy to promote as much competition as possible in Hong Kong's economic activities. This is illustrated by the Government's policy to introduce greater competition in telecommunications, broadcasting and public transport, and by our latest efforts in legislating for consumer rights in respect of the sale of goods and supply of services, and against unconscionable contracts. These are examples of our determination to remove unfair trade practices. In the years to come, we shall continue to work with the Consumer Council to identify areas for the further promotion of competition and fair trade practices.

Thank you, Mr President.

FINANCIAL SECRETARY: Mr President, I have listened carefully to the views of Honourable Members, and particularly to remarks about the economy. Let me begin by assuring this Council that we remain firmly committed to maintaining Hong Kong's status as a competitive business centre. Indeed, our open market and free economy give us little choice but to remain competitive. We shall do all we can to preserve and promote the prosperity of Hong Kong. This is no empty slogan. It is a firm commitment and our basic philosophy. But Members were right to remind us of a number of challenges which we continue to face, and of certain policies which need to be pursued with vigour if we are to continue to succeed.

Investment in infrastructure

To pick up some of the major themes in Members' speeches, first, infrastructure. I entirely agree with Members that, to remain competitive, we must have the necessary infrastructure to support our growth. I would submit that our record on infrastructure investment is pretty good. Over the next five years, for example, we will provide some \$200 billion for infrastructure improvements by:

- spending \$105 billion on non-Airport Core Programme (ACP) capital works;
- spending nearly \$35 billion on government ACP projects, many of which have a dual purpose, particularly improving transport links in general; and
- injecting \$60 billion into the Airport Corporation and the MTRC.

This major investment is of course complemented by substantial private sector spending on infrastructure — telecommunications, power, and the Western Harbour Crossing would be good examples.

But for those who still have doubts, I can assure you we continue to place a very high priority on continuously upgrading our infrastructure, and hence in removing economic bottlenecks, so helping to improve efficiency and indirectly to lower inflationary pressures. We thereby also provide the springboard for the private sector to go on to create still greater wealth for the community as a whole to share in future.

Airport and container port development

A few words on the airport and container port in particular. It is a sad fact that CT 9 has been delayed for more than 18 months. This delay will cause a significant loss in our economy. While a solution has yet to be found, our planning work for CTs 10 and 11 will continue, and we shall do all we can to recover momentum in the vital task of container port expansion.

There has been progress on the airport financing talks. I am sure that we all hope that an agreement will be reached soon, to avoid as far as possible any delays or cost increases.

The economy and inflation

Members rightly devoted considerable attention to inflation, which like investment in infrastructure, is relevant to the question of maintaining Hong Kong's competitive edge. Our economy is growing steadily at a respectable rate of around 5% or so. Some Members lamented that this was a lower growth than in a number of our competitors. But surely it must be clear that higher growth rates than at present would run up even harder against our capacity constraints, strain our resources, and contribute to higher inflation. We cannot have it both ways. It does not make a lot of sense to urge me in one breath to go for higher growth, and with the next breath to berate me for not reducing inflation, particularly when the one measure that might make such an apparently impossible combination work — namely labour importation on a larger scale — is very much constrained.

But nor must we exaggerate the problem of our relatively lower growth rate. By most standards it is pretty good. More importantly, at the current rate of growth, and despite the uncomfortably high inflation, we are able to meet the aspirations for a progressively higher standard of living, and at the same time, to channel resources to help the needy and invest in our future.

Our inflation problem, as I have pointed out before, arises basically from the shortage of labour and land supply to cope with demand. Recently, our labour supply has been helped considerably by a greater number of former emigrants returning to Hong Kong. This is a welcome development. To help cope with our tight labour market, I see the need to be flexible in our importation of labour, particularly in areas where we face an acute labour shortage and where the expertise is demonstrated to be lacking. However, the interest of our own workforce will not be ignored. Promoting productivity is

another task on which considerable effort is expended, and I am grateful for the efforts of the Hong Kong Productivity Council and many other organizations in this important area.

Land and property is the other resource area where we currently face constraints. Measures devised by our Task Force, as explained by the Secretary for Planning, Environment and Lands, have succeeded so far in stabilizing the residential property market. We are not complacent. We recognize that prices are still high against affordability. We will continue our efforts to ensure a greater supply of flats in the medium and longer term. We are also studying the commercial property market closely, to see the extent of any problem, and what measures may be needed.

So far as the Consumer Price Index (A) is concerned, it has thankfully moderated to 8.6% in September, and it seems we are on target this year for our forecast of 8.5%.

Promotion of the service sector

I am grateful to some Members for highlighting the question of co-ordinating our efforts in the promotion of the service sector. We have come to the same conclusion that this merits serious thought. The diversity amongst the different service industries probably militates against any simple across-the-board approach. Nevertheless, we shall continue to explore ways in which we can enhance Hong Kong's established position as a regional service centre. To this end, the Secretary for Trade and Industry will chair a committee to steer a rapid study on what promotional support the service sector needs, how we can help, and what our priorities should be. The committee will draw on the expertise from both the Trade Development Council and the private sector, as well as relevant government departments. I expect to say something more definite on the subject early next year.

Management of public finances

My speech would not be complete without mention of the management of public finances. On this topic, some rather surprising things were said, though reassuringly only by a few Members. But it is important to correct any misapprehensions which exist.

First, then, one Member claimed we did not have a long-term policy on public finance. I think what he actually meant was that he did not agree with our policy, for policy we certainly have — it is set out (in some would say tedious detail) in every Budget speech. And I believe it is so well-known that if I nudged a drowsy Member, or drowsy civil service colleague, and muttered the words "First rule of public finance?" into his ears, he would respond immediately, in a conditioned reflex, with the phrase "Keep government public expenditure within the trend growth rate of the economy".

Secondly, in the face of all the evidence, a few Members alleged that we had dramatically increased government expenditure thus creating a financial burden for the Special Administrative Region (SAR). It is depressing that this myth can go on being trotted out despite the facts which show the contrary. But let me try to convert those lonely sceptics. The general reassurance is of course the fact I mentioned earlier — both for the Budget year, and for the years beyond that which are covered by the Medium Range Forecast, we apply the principle that expenditure must increase no faster than economic growth. This fact, coupled with our buoyant revenue, ensures we live within our means — in fact, as Members well know from our published forecasts, the SAR Government will inherit very healthy finances.

But let us look also at specific examples. Take sewage. Have we arranged the High Priority Programme of the Sewage Strategy in such a way as to put an added burden on the SAR Government? No, quite the contrary. It will be built and paid for in the period up to 1997. And the recurrent expenditure is proposed to be recovered through charges to the user.

Or take the Old Age Pension Scheme. Again, whether you like the proposal or not, you surely have to admit that the package does not produce a burden for the SAR. The outgoings are balanced by the contributions. If instead, as some have suggested, we had gone for increasing old age allowances paid for out of public revenue — from taxation — then indeed it could be argued we were putting a large new recurrent commitment on the SAR. But this is not what we have done. Please look at the facts, not at preconceptions.

Another version of this criticism made by one Member was that delays caused by the Sino-British disagreement, such as that to CT9, could cost the SAR Government billions of dollars in extra expenditure or lost revenue, perhaps even leaving it penniless, with the fiscal reserves totally spoken for. This is indeed a fertile and pessimistic mind. But let me reassure the Honourable Member that his extrapolations are not well founded — basically, they seem to rest on a confusion between economic costs to the community and costs to the public finances — but these are two quite different things.

The third surprising point made by a Member — I am glad to say only one — was to express doubt about the wisdom of linking growth of government expenditure to economic growth, and about our simple taxation policy, and to ask for a review of the taxation system. I commend this Member for consistency and persistence, but have to say very frankly that I am not persuaded by any of these points. And specifically I do not think now is the time to review our simple and low tax system; to sow any doubts about our commitment to that system, one of our great attractions to investors and residents alike, would not be helpful.

Nor can a convincing case be made for increasing expenditure beyond our guideline. You only have to think of the effect on our already tight labour market, and on inflation. More positively, the fact is that our present system is

delivering the goods. Most places in the world would think real increases in expenditure of 5% per annum were already extremely generous. And the fact is that by prioritizing, often to reflect Members' own preferences, we have increased recurrent spending in key areas by much more than the average. For example, while over the last five years total recurrent spending has grown by 32% in real terms, we have increased recurrent spending:

On Health	by 70%
On Social Welfare	by 53%
On Education	by 36%
On Environment	by 72%.

All in real terms.

Fees and charges

Some Members had views on the extent to which fees and charges should be kept up-to-date. The vast majority are set at levels which simply recover the full cost of providing the service. Thus they follow inflation, not lead it. Even in respect of those few charges which are tax-loaded, we are very mindful of the possible impact on inflation when considering adjustment.

Of course no one likes to pay fees and charges. And the temptation to subsidize services will no doubt be strong. But it should continue to be resisted. Let us be clear: a decision not to recover full costs for a particular service is a decision that the community at large should subsidize the users of that service. Making good the shortfall from general taxation.

Our public finance policy also makes a modest contribution to tackling the insidious problem of inflation:

First, by prudent management of public finances. By keeping the public sector small, by deliberately prioritizing, we exercise the self-restraint necessary to free up resources so they can be put to best and most economically efficient use in the private sector.

Secondly, by investing heavily in infrastructure. While still keeping within our expenditure guidelines, we have set aside huge sums to remove bottlenecks and improve facilities. By unclogging the arteries of our economic body, we keep the patient healthy.

Thirdly, by implementing a careful policy on fees and charges that does not add to inflation. Yet by achieving full cost recovery, the system ensures that people make the most economically efficient choices.

Conclusion

In conclusion, we shall energetically carry out the policies described in the Governor's policy address. We will also look very carefully at areas where Members have made suggestions for improvement or change. The end result of our joint endeavours will, I am sure, be a Hong Kong that goes from strength to strength — competitive and efficient, and willing to plough back into the community some of the fruits of our success in order to help the less fortunate.

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

6.17 pm

PRESIDENT: A number of Members wish to have a short break before I put the question on the motion. I will therefore suspend the sitting for 15 minutes.

6.32 pm

PRESIDENT: Council will now resume.

Question on the motion put.

Voice vote taken.

DR LEONG CHE-HUNG: 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 Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Martin BARROW, Mrs Peggy LAM, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mr Albert CHAN, Mr Vincent CHENG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Timothy HA, Mr Michael HO, Dr

HUANG Chen-ya, Mr Simon Ip, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr Samuel WONG, Dr YEUNG Sum, Mr WONG Wai-yin, Dr TANG Siu-tong, Mr Roger LUK and Ms Anna WU voted for the motion.

Mr Edward HO, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Frederick FUNG, Dr LAM Kui-chun, Mr Henry TANG and Mr Howard YOUNG voted against the motion.

THE PRESIDENT announced that there were 35 votes in favour of the motion and nine votes against it. He therefore declared that the motion was carried.

PRIVATE MEMBER'S BILL

First Reading of Bill

THE CHRISTIAN AND MISSIONARY ALLIANCE (TRANSFER OF HONG KONG IMMOVABLE PROPERTY) BILL

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

Second Reading of Bill

THE CHRISTIAN AND MISSIONARY ALLIANCE (TRANSFER OF HONG KONG IMMOVABLE PROPERTY) BILL

MR JAMES TO moved the Second Reading of: "A Bill to provide for the deemed transfer to and vesting in The Christian and Missionary Alliance, a Colorado corporation, of all immovable property in Hong Kong of The Christian and Missionary Alliance, a New York corporation; and for other related purposes."

MR JAMES TO: Mr President, I move that the Christian and Missionary Alliance (Transfer of Hong Kong Immovable Property) Bill be read the Second time.

The purpose of this Private Member's Bill is to provide for the deemed transfer to and vesting in the Christian and Missionary Alliance, a Colorado corporation of all immovable property in Hong Kong of the Christian and Missionary Alliance, a New York corporation; and for other related purposes.

The Christian and Missionary Alliance was prior to the merger hereinafter mentioned a non-profit making religious corporation organized under the Laws of New York having its national office in New York, the United State of America. The missions of this corporation included, *inter alia*, the establishing of churches in various places over the world for the purpose of preaching the Christian faith and belief. Their missionaries first came to Hong Kong in about 1949 and occasionally they purchased and acquired immovable properties for local believers to use for worshipping, preaching, bible studying and other religious purposes.

During the past 40 years or more, the pioneering work of this corporation has proliferated the establishment in Hong Kong of over 70 local churches, one bible seminary, one publisher, five child care centres, six elderly centres and 12 study centres, and so on through either their own effort or the effort of local churches and believers.

However, for a variety of reasons, a decision was made by the Christian and Missionary Alliance to move their national office from New York to Colorado by re-incorporating the corporation in Colorado through the operation of the relevant Laws of the State of Colorado. To effectuate the re-incorporation of The Christian and Missionary Alliance in Colorado, the corporation in New York was merged into a newly formed Colorado corporation, effective 5 May 1992 with the name of the Colorado corporation simultaneously changed into the same name as the New York corporation, that is, The Christian and Missionary Alliance. This operation insofar as the Laws of the State of Colorado are concerned automatically transfers all assets rights and liabilities of the New York corporation to the Colorado corporation.

Although the relevant laws in Colorado were good enough for the re-incorporation purpose, this legal exercise in New York and Colorado, however, had left the immovable properties of the New York corporation in Hong Kong entirely intact, as such properties will not automatically follow the Laws of Colorado for such similar transfer. It is now therefore necessary for the corporation to enact a private law in Hong Kong in order to deal with the transfer and vesting of such immovable properties previously held in the name of the New York corporation in the Colorado corporation.

The Bill therefore provides for the deemed transfer to and vesting in the Colorado corporation of all immovable property in Hong Kong previously held by the New York corporation with effect back to 5 May 1992, the date when the Colorado corporation was re-incorporated.

Following the provision for such deemed transfer and vesting of immovable property, the Bill further provides that the deemed transfer and the vesting do apply regardless of the circumstances and capacity in which any such immovable property may be held. Supplementary provisions are made that reference made in any instrument relating to the immovable property to anything or any person of the New York corporation shall be deemed reference

to the same things or the same person of the Colorado corporation. Insofar as evidence and evidential documents are concerned, provisions are made in the Bill to the effect that anything which was "for" or "against" the New York corporation shall be likewise "for" or "against" the Colorado corporation. Having said so much on what the deemed vesting is, provisions were also made to state what it is not. Finally, there is also a saving provisions restricting the effect of the Bill to only those who are mentioned in the Bill and nobody else will be affected.

As such, I do finally propose that Members of this Council would find that there are very obvious and valid grounds to support this Bill, they being:

- Firstly that following the merger and re-incorporation of the Colorado corporation, they do need a statutory device to transfer and vest the immovable property in Hong Kong from the outgoing corporation to the incoming one, which transfer was never envisaged or dealt with by the relevant Laws of Colorado. We can see that nothing apart from a statutory device can serve the purpose of this Bill;
- Secondly, despite having a technical change of identity in law, there has actually been no change in the identity of corporation either in substance or in practice throughout the merger and re-incorporation;
- Thirdly, no mortgagee or chargee, such as banks or other financial institutions will be involved or affected by the Bill, as none of the immovable property is subject to any mortgage or charge;
- Fourthly, I understand that the Government has no subsisting objection to the Bill in that both the Registrar of Companies and the Commissioner of Inland Revenue had no objection to our Bill. The Land Registrar has given the corporation some comments on the Bill, which have been dealt with by their solicitors and legal counsel; and
- Finally and most importantly, I wish to stress that no public interest or member of the public will be involved or affected by the Bill.

The Bill genuinely serves only to deal with the internal matter of the corporation itself.

Mr President, I beg to move.

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

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 2 November 1994.

Adjourned accordingly at eighteen minutes to Seven o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Private Bills Ordinance, Sex Discrimination Bill, Securities and Futures Commission (Amendment)(No. 2) Bill 1994, Leveraged Foreign Exchange Trading (Amendment) Bill 1994 and Interpretation and General Clauses Ordinance, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

