

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 15 February 1995

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

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

THE ATTORNEY GENERAL

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

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

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

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

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

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

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

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

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

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

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

THE HONOURABLE MOSES CHENG MO-CHI

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

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, O.B.E., J.P.

DR THE HONOURABLE LAM KUI-CHUN

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

THE HONOURABLE 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 STEVEN POON KWOK-LIM

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

THE HONOURABLE ALFRED TSO SHIU-WAI

THE HONOURABLE LEE CHEUK-YAN

ABSENT

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

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

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

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

IN ATTENDANCE

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

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

MR ANTHONY GORDON EASON, C.B.E., 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 MICHAEL DAVID CARTLAND, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR JOSEPH WONG WING-PING, J.P.
SECRETARY FOR HOME AFFAIRS

MR PETER LAI HING-LING, J.P.
SECRETARY FOR SECURITY

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

THE DEPUTY SECRETARY GENERAL
MR LAW KAM-SANG

PAPERS

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Hospital Authority Ordinance (Amendment of Schedule 2) Order 1995.....	25/95
Places for Post-Mortem Examination (Amendment) Order 1995.....	26/95
Adoption (Amendment) Rules 1995.....	27/95
Employees' Compensation (Amendment) Ordinance 1995 (1 of 1995) (Commencement) Notice 1995	28/95
Waste Disposal (Charges for Disposal of Chemical Waste) Regulation	30/95
Official Languages (Alteration of Text) (Education Ordinance) Order 1995.....	31/95
Kowloon-Canton Railway (Restricted Area) Notice 1995	32/95
Boundary and Election Commission (Nominations Advisory Committee) Regulation.....	33/95
Commodities Trading (Trading Limits and Position Limits) Rules	34/95
Declaration of Change of Titles (University and Polytechnic Grants Committee and Secretary General, University and Polytechnic Grants Committee) Notice 1995	35/95
Specification of Public Office	36/95
Official Languages (Authentic Chinese Text) (Land Development Corporation Ordinance) Order	(C)7/95

Official Languages (Authentic Chinese Text)
 (Gambling Ordinance) Order..... (C)8/95

Official Languages (Authentic Chinese Text)
 (Education Ordinance) Order (C)9/95

Sessional Papers 1994-95

- No. 63 — Regional Council Estimates of Revenue and
 Expenditure for the year ending 31 March 1996
- No. 64 — Report of the Public Accounts Committee on the Report of the
 Director of Audit on the Accounts of the Hong Kong Government for
 the year ended 31 March 1994 and the Results of Value for Money
 Audits (January 1995 — PAC Report No. 23)

OATH

MR LEE CHEUK-YAN took the Legislative Council Oath.

ADDRESSES

Waterworks (Amendment) Regulation 1995

MR FRED LI (in Cantonese): Mr President, thank you for giving me this opportunity to speak on an amended regulation for this year's water charges increases. With effect from 16 February this year, the Government will increase water charges, domestic cash deposits for all new accounts, charges for connection and other miscellaneous services. Regarding measures for water charges increases, I would like to take this opportunity to speak in two different capacities. Firstly, as the Chairman of a subcommittee set up to study the abovementioned regulation, I will state the subcommittee's position. Then I will speak on behalf of the Democratic Party and put forward our views on water charges.

The subcommittee has made two proposals in relation to the proposed increases. Firstly, the existing cross subsidy of non-domestic users by domestic users is found to be unacceptable. At present, water charges for trade purposes have fallen short of the net production cost. The Government proposes to eliminate the cross subsidy in three years' time, that is by 1998-99, with a 3-4% differential rate of increase annually between domestic and non-domestic supply.

Members understood that the proposed 7% increase in domestic water charges together with the changes to the tariff structure would result in an increase of 0.02% in the Consumer Price Index, whereas for the manufacturing sector as a whole, the proposed 10.5% increase in water charges would only increase production cost by 0.02%. We can see that the proposed increases will only exert a very slight pressure on the trade sector. For this reason, the subcommittee considered that the proposed time-frame for eliminating the cross subsidy was too conservative and recommended that it be advanced by two years, that is, to 1996-97.

Subsequent to the meeting, the Administration expressed that it had no objection to this proposal and would recommend it to the Executive Council and the Legislative Council in the next review of the water charges timetable.

Secondly, the present tiered tariff structure for domestic supplies is unfair to those large families housed in small units which tend to have high water consumption but low income. Members urged the Administration to examine how this group can be assisted. The Government has agreed to look for ways to protect such families and will obtain information on such households from the Housing Department for Members' reference.

Since the Government has accepted our first proposal and agreed to consider the second one, the subcommittee has decided not to raise objection to the water charges proposal. However, the subcommittee has reservations about the target return rate of 8% to be achieved in the longer term, and will continue to study this issue.

So far as the Democratic Party is concerned, we consider that the Administration has to differentiate clearly its target consumers when considering water charges increases. To start with, for the general users, water is more a basic necessity than a means of production. Therefore, the Administration should not aim at seeking a commercial return of 8%. At the same time, fees and charges imposed by the Government should be in line with the principle of reallocating resources and narrowing the gap between the rich and the poor. Therefore, the Administration must not seek frequent increases of water charges on the simple ground that the charges represent only a small fraction of household expenditures. It has the responsibility to provide this service even if it is provided on a subsidized basis. Of course, the Democratic Party is not advocating free water supply. What it recommends is only a "reasonable level" of water charges, which will prevent water wastage on the one hand and encourage effective allocation of resources on the other. The "reasonable level" we are referring to is in fact an upper limit to the recoverable operating cost. We believe the newly increased domestic charges should have been able to make up for the operating cost. Therefore, the Government should not impose any additional burden on the public by substantially raising water charges in future.

The Democratic Party holds that as water is conducive to profit-making purpose by the trade sector, the Government should not subsidize these users for such purpose. Presently, these users are charged \$4.14 for every unit of water consumption and even if the charges are increased to \$4.58 per unit, this is still far below the net production cost of \$5.48. The charges are in fact at the lower end and are not reasonable either. The water charges levied on users of the trade sector should be based on cost recovery and a reasonable return rate.

In conclusion, it is the Democratic Party's view that water charges levied on the commercial sector should be calculated on a commercial basis, and that cross subsidy of non-domestic users by domestic users should be eliminated as quickly as possible. Also, any future increases in domestic water charges should be fixed on the basis of not exceeding the operating cost.

Mr President, these are my remarks.

Report of the Public Accounts Committee on the Report of the Director of Audit on the Accounts of the Hong Kong Government for the year ended 31 March 1994 and the Results of Value for Money Audits (January 1995 — PAC Report No. 23)

MR PETER WONG: Mr President, on behalf of the Public Accounts Committee, I have the honour to table the Committee's Report No. 23 today.

This Report takes stock of the actions and responses by the Administration in respect of the recommendations made by the Committee in our previous reports. It also covers the Committee's consideration of the issues raised in the Director of Audit's Report No. 23 on the accounts of the Hong Kong Government for the year ended 31 March 1994 and on the results of the value for money audits. The comments of the Committee and the conclusions reached on the various subjects considered are fully set out in the Report tabled.

I would like to highlight a few issues which are of particular concern to the Committee. On the subject of "Sale of a commercial site in Garden Road" covered in our Report No. 21A, the Committee have noted the Administration's response in the Government Minute tabled in this Council on 12 October 1994. We are, however, extremely concerned with the Administration's conclusion that there is "no evidence to suggest any bad faith on the part of those involved" and that "although the judgement of some of the officers concerned might, with hindsight, be questioned, imperfect judgement does not constitute misconduct warranting disciplinary action". It is our worry that the Administration's conclusion will send out an undesirable message that if there is no evidence of "bad faith", then an officer's wrong doing of whatever degree of blame will always be tolerated and that Government officials will never have to be accountable for their action.

Another general issue which I wish to bring out concerns the papers submitted to the Executive Council and the Legislative Council. In our consideration of the Director of Audit's Report No. 23 concerning the subjects on "Direct subsidy scheme", "Monthly expenses allowances paid to Legislative Council Members" and "Tai Po Sewage Treatment Works Stage IVA — process modification", we notice a common problem of the failure of the controlling officers concerned to provide sufficient information in their papers submitted to the Executive or Legislative Council. We consider it important that the two Councils should be provided with sufficient as well as relevant and pertinent information in order that they could make a fair and accurate assessment on the matters put before them. We also find that this problem with information papers occurred not only in submissions made to the Executive and Legislative Councils, but also those submitted to the Housing Authority. The fact that there is a significant difference between the actual performance and the target performance measures in the implementation of the Batch Payment System in the processing of minor works orders submitted by the Housing Department to the Housing Authority respectively in 1987 and 1988 does cause concern to the Committee. We note that this is not the first time that unrealistic figures were provided to the Housing Authority and we have expressed concern on the same problem in the last PAC report on the subject of "Provision and utilization of space in the Housing Authority Headquarters Building". We urge that such incidents should not happen again in future.

Notwithstanding the above, I would like to put on record the Committee's appreciation of the positive attitude adopted by the Administration towards the recommendations of the Director of Audit and towards the implementation of many of our Committee's recommendations in previous reports. In considering the subject on "The adequacy and quality of financial and performance information provided by the Government to the Legislative Council", the Committee are pleased to note the Secretary for the Treasury's advice that he accepted the many recommendations made by the Director of Audit and that efforts are being made to improve the presentation of financial and performance information to the Legislative Council. We look forward to changes in the right direction.

Finally, I would also like to take this opportunity to inform Members that the Committee has decided to adopt new arrangements in receiving the Director of Audit's report starting from April this year. In the past, PAC Members received advance copies of the Director of Audit's report about three weeks prior to its tabling in the Council, so that we could move quickly and start early preparation of the public hearings which were usually held within days after the tabling of the report. The previous arrangement gave us extra working time but also put us under immense pressure from the media for the report contents to be made public, particularly after partial leakage occurred in the media. To address the problem, we now decide that henceforth all Members of the Council, including PAC members, and the media, will receive the Director of Audit's report on the day of its tabling in the Council. Although this means that

the Committee will have to work under a very tight schedule in future, on balance, we still feel that it is worth adopting the new arrangement.

Thank you, Mr President.

ORAL ANSWERS TO QUESTIONS

Financial Assistance to Mutual Aid Committees

1. MR SZETO WAH asked (in Cantonese): *Mr President, in regard to the financial assistance granted to Mutual Aid Committees (MACs), will the Government inform this Council:*

- (a) *of the amount of financial assistance currently granted to MACs each month;*
- (b) *when this amount was last revised; and*
- (c) *whether there are any plans to increase the amount; if so, when it will be increased?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, financial assistance is given by Government to MACs to help meet the costs of running the MAC offices. It covers such expenditure items as telephone rental, electricity charges, office furniture and equipment and stationery. The current level of subsidy, up to a maximum of \$700 per quarter, was set in 1988. It has been kept under regular review.

We have recently initiated a review on the level of subsidy and aim to complete the exercise as soon as possible.

MR SZETO WAH (in Cantonese): *Mr President, the brevity of the answer given just now seems to have broken the record. Therefore, I will be asking more subsequent questions. Firstly, seven years had lapsed since 1988, why did the Government initiate a review after such a long period of time? The Secretary mentioned in his answer the so-called "regular" review, does it refer to a regular period of seven years? Or is the review conducted on an indefinite basis and the idea of conducting a review only cropped up as a result of my question? Secondly, what is the cumulative inflation rate over the past seven years? Will "reimbursement" be granted as compensation for failure to increase the level of subsidy over the past seven years? Thirdly, can a mechanism be established in future*

PRESIDENT: Mr SZETO Wah, can I suggest you put your questions one by one so that the Secretary can answer them properly.

MR SZETO WAH (in Cantonese): *This is the last question. Thirdly, can a mechanism be established in future to revise the level of subsidy according to the inflation rate once every year?*

PRESIDENT: Secretary, if you want any of the questions repeated, I am sure they will be.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, in regard to the first question put forward by the Honourable SZETO Wah, we did review the level of subsidy since 1988. The latest review was conducted in 1993, the result of which showed that the upper level of subsidy of \$700 per quarter was sufficient to meet most of the needs of MACs. As a matter of fact, according to our record, the result of the said review had been submitted to Members for reference when the 1993-94 Budget was examined.

As regards Mr SZETO Wah's second question, we will of course take into account inflation figures for the recent years in our present review. The change in prices of those items I have mentioned will certainly be taken into account as well. Other factors such as the practical needs of MACs will also be considered. At the same time, of course, we have to bear in mind the problem of resources.

Regarding the third question on whether we will consider establishing a mechanism of review, we will take Mr SZETO Wah's advice and consider the suggestion in detail in the forthcoming review.

MR LEE WING-TAT (in Cantonese): *Mr President, MACs were set up by the Home Affairs Department (HAD) for the residents. MACs are, therefore, like babies of the HAD. Regrettably, these babies are not fed with adequate milk powder and they are being treated like abandoned babies. During my visits to many MACs, I received complaints to the effect that the allowance of \$700 per quarter was a shameful assistance. Let us take Kwai Tsing District Board as an example. Each District Board is granted \$10 million each year, whilst each MAC only \$700 per quarter. Will the Government inform us whether any survey, by way of issuing enquiry letters, has been conducted to see if there is adequate "milk powder" to feed all those "babies"?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, as I have said in my reply to Mr SZETO Wah's questions, we will take into account the practical needs of MACs in the forthcoming review. The conclusion drawn

from the 1993 review was that two-third of the MACs applying for subsidy asked for an amount below the ceiling of \$700. It was on this basis that we arrived at the conclusion in 1993 that the subsidy ceiling was not to be revised for the time being. Nevertheless, as I have just said, we are in the process of initiating a review on the level of subsidy, and we will surely consider the suggestions proposed by MACs.

In the meantime, I would like to point out, if I may, that our subsidy to MACs is not only limited to the quarterly subsidy of \$700. For example, the Government will, on receiving an application, grant a lump sum subsidy of \$700 go to a MAC for setting up its office. At the same time, we also assist the MACs in applying for subsidies from the General Chinese Charities Fund for renovating the offices and from the Sir David Trench Fund for Recreation for organizing sports and recreational activities. And, as Mr LEE just said, we attach great importance to the work of MACs. Therefore, apart from financial assistance, our staff will also offer a lot of assistance and advice to MACs in respect of the setting up, activities and operation of the offices. Of course, individual MAC may apply to the District Boards for funds for organizing activities. What I mainly wish to stress is that the Government attaches importance to MACs and has provided them with financial as well as other forms of assistance in various aspects.

PRESIDENT: Not answered, Mr LEE?

MR LEE WING-TAT (in Cantonese): *Mr President, the Secretary for Home Affairs has not answered my question. My question is whether any survey has been conducted, for example, by issuing enquiry letters to all MACs, to see if the financial assistance in the amount of \$700 per quarter is sufficient? Mr WONG said two-third of the MACs applied for subsidy and one-third did not. The reason for this is that since MACs can only get \$700 each quarter despite all those complicated procedures, they simply do not wish to apply. Will the Government inform us whether any enquiry has been made with MACs to see if the financial assistance in the amount of \$700 per quarter is sufficient?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, we have not made any enquiry in this regard. But as far as we know, a number of MACs in public housing estates do apply to the Government for financial assistance. The figure I just provided referred to the figure of 1993. Now we are proceeding with a review on subsidy for MACs. We will collect relevant data to see how many applications made so far by MACs for subsidy exceeded the existing ceiling of \$700.

MR FREDERICK FUNG (in Cantonese): *Mr President, the Secretary has just mentioned that, apart from the subsidy of \$700, MACs may also apply for funding from the District Boards. As far as public housing estates are concerned, usually one estate consists of several or a dozen blocks of building, which means that there will be several or a dozen MACs altogether. It is not easy for these MACs to apply individually for funds from District Boards every year. The usual practice is to make a joint application. The review mentioned by the Secretary has not touched upon the financial assistance given to MACs for organizing activities for their own block of building. Will the Government consider granting a basic amount of subsidy to MACs in the forthcoming review?*

PRESIDENT: Secretary, have you got all that?

SECRETARY FOR HOME AFFAIRS (in Cantonese): *Mr President, in the present review, we mainly target at the issue on whether the quarterly subsidy of \$700 has to be revised. There were indeed a number of MACs making applications jointly or through an organization to the District Boards for funding activities. It is not our intention, however, to include this aspect in our present review. In fact, MACs are not only of great help to our work — that is also the reason why the Government and the HAD attach great importance to their work — their establishment, organization and operation are also of assistance to the residents to a certain extent. In this regard, apart from applying for funds from the authorities concerned, MACs may also charge a small amount of fees from the residents for organizing activities. We do not think this to be unreasonable.*

MR ALBERT CHAN (in Cantonese): *Mr President, I do not know to what extent the Policy Secretaries understand the actual operation of MACs. As far as the question of financial assistance is concerned, not only is the amount unreasonably low, but the scope is rather narrow. For example, expenditure on stamps and tea leaves are outside the scope of subsidy. Whilst the Government keeps on saying how much it respects MACs and what importance it attaches to them, the amount of financial assistance it offers is terribly low, leaving the MACs like "Oliver Twist". In this review, will the Government take into account the operational needs of MACs in practice, such as the fact that MACs in the estates under the Housing Society are required to pay rent and residents have to raise funds to pay for it? Will the Government also consider the practical operational needs of MACs which act as regional organizations for residents and subsequently tie in with the needs as far as the scope of financial assistance is concerned?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, just then I have listed some of the items which can be included within the scope of financial assistance. In fact, the scope is not that limited. It covers rent, rates, telephone rental, electricity and water charges, stationery, office furniture and equipment, and even photocopy facilities. As to whether tea leaves are included, I have to go back to check with the procedure guidelines. But I think it is not possible for us to include each and every item that we can think of. Sorry, does Mr CHAN have another question?

PRESIDENT: Mr CHAN, would you like to repeat your question please?

MR ALBERT CHAN (in Cantonese): *Mr President, I think the Secretary is not clear about the operation of MACs. Maybe he will have a better idea after going back to make a study. The Secretary just mentioned that rent falls within the scope of subsidy. May I ask how much space in square inches can be rented with a quarterly subsidy of \$700?*

PRESIDENT: I do not think that is a proper question, Mr CHAN. Would you like to put a proper question please?

MR ALBERT CHAN (in Cantonese): *Mr President, I have pointed out in my previous question that the scope of financial assistance is narrow. Will the Secretary consider in more detail the practical operational needs of MACs and then review the scope of assistance according to those needs? I think it will be more meaningful to conduct the review in this manner. Will the Secretary for Home Affairs consider this?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Mr President, Mr CHAN said I do not understand the operation of MACs. I certainly cannot agree with him. Take the rent as an example, of course we know the amount of rent depends on the locations of MAC offices. In the case of public housing estates, only a token rent of \$1 is charged. In the case of Housing Society estates, the rent will range from a few ten to several hundred dollars, depending on the space occupied. The purpose of my spelling out the scope of subsidy was to prove that the scope is not as narrow as Mr CHAN had claimed. Of course, we will conduct a study to see whether the scope has to be widened to include such items as tea leaves. But we have to bear in mind that the subsidy is public resources. In the course of the review, we have to take into account the needs of MACs on the one hand, and on the other hand, we have to avoid being accused of improperly or unjustifiably subsidizing items not directly related to the operation of MACs.

Rooftop Structures

2. DR YEUNG SUM asked (in Cantonese): *Mr President, with regard to rooftop structures, will the Government inform this Council of:*

- (a) *the number of such structures in the territory at present; of these, how many are legal;*
- (b) *the number of illegal rooftop structures assigned through solicitors and registered with the Land Registry in the past five years; and what is the legal justification for the Government permitting such transactions and registration of the assignments;*
- (c) *the number of illegal rooftop structures on which rates are levied; what is the legal justification for levying rates on such structures; and*
- (d) *the rehousing policy for residents of illegal rooftop structures; and whether such policy will be reviewed; if not, why not?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the answers to the nine or 10 parts of this question are as follows:

- (a) The Administration has neither counted the number of rooftop structures in the territory, nor determined how many are legal or illegal.
- (b) Again, the number of rooftop structures, whether legal or illegal, assigned through solicitors and registered with the Land Registry in the past five years have not been counted.

The Land Registration Ordinance obliges the Land Registry to register any document which affects or appears to affect land. Where a transaction affects a piece of land or an undivided share in the land therefore, this is registered, whether or not a structure, legal or illegal, is involved. Registration of a land transaction does not make an illegal structure legal.

- (c) Similarly, the Commissioner of Rating and Valuation does not count the number of illegal rooftop structures which have been assessed to rates. Rates are a tax on the occupation of tenements. Under the Rating Ordinance, a property which can be separately occupied is liable for assessment to rates and its occupants are required to contribute their share of the rates. Whether a structure is legal under the Buildings Ordinance is not relevant; and payment of rates does not bestow legality on it.

- (d) Rehousing assistance is offered to the occupants prior to the demolition of unauthorized rooftop structures. The policy is that no one will be rendered homeless as a result of such action. To qualify for public rental housing or for the Home Ownership Scheme, the occupants are required to prove that:
- (i) they were living in the rooftop structures on or before 1 June 1982;
 - (ii) the majority of their family members have been living in Hong Kong for seven years or more; and
 - (iii) they have not owned any domestic property, not including the concerned rooftop structures, in the last 24 months.

Rooftop occupants who do not meet these criteria are offered rehousing in temporary housing areas. Those who do not satisfy the length of residence requirement but are otherwise eligible may be rehoused in refurbished flats in older estates.

Subject to a recommendation being made by the Social Welfare Department, compassionate rehousing in either public housing or local temporary housing may also be offered on the basis of need.

The existing policy is fair and reasonable and the Government does not see any need for a review. Any change in policy in respect of one group, such as those affected by the demolition of rooftop structures, would be unfair and to the disadvantage of others, such as those in the queue for public housing units. Even the suggestion of a possibility of a policy change would encourage more illegal structures to be built and thereby increase the number of people living in risky conditions. We need to avoid giving encouragement to any action which would make the situation worse.

DR YEUNG SUM (in Cantonese): *Mr President, the Government has just pointed out in paragraph three of its reply that "under the Rating Ordinance, a property which can be separately occupied is liable for assessment to rates and its occupants are required to contribute their share of the rates." Is the property mentioned in the Ordinance basically referring to a legal property? If the Government thinks that some of the rooftop structures are illegal, will it review its policy of levying rates on illegal structures?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think the effect of such a review would result in those who live in legal structures paying rates and those who live in illegal structures not paying. I think there would be considerable inequity in such a solution.

MR LEE CHEUK-YAN (in Cantonese): *Mr President, one of the conditions mentioned by the Secretary for Planning, Environment and Lands for qualifying for public rental housing or for the Home Ownership Scheme is that the occupants must be living in the rooftop structures on or before 1 June 1982. Will the Secretary inform this Council why cases of squatter occupants were treated with flexibility? For example, residents of the Fu Yung Shan squatter area only moved into the area after 1 June 1982 but were granted local rehousing, whereas rooftop occupants have not been treated with the same flexibility and granted local rehousing as their squatter counterparts?*

As regards my second question, the Secretary for Planning, Environment and Lands just said that any action that would aggravate the situation of rooftop structures should not be encouraged. However, it is found that some estate agents are selling rooftop structures. Is there any legislation at present that controls the sale of illegal rooftop structures by these estate agents or groups? If not, will the Government consider enacting legislation to prevent the estate agents or groups from selling illegal rooftop structures?

PRESIDENT: Two questions there, Secretary.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think the answer to the first question is clearly the one that I have already given: Any change in the guidelines affecting eligibility for public rehousing for those cleared from rooftop structures would serve to increase the tendency for people to build and move into such structures, and therefore I do not believe that we should review or change those rules. Should anybody affected not be eligible for public housing, as I have said, they may well be eligible for alternative rehousing in temporary housing areas, so that nobody is rendered homeless, as we have said numerous times.

As regards the second question, I think anybody buying property, whether it is on the first, third, 15th, 20th floor or the rooftop, is well advised to seek confirmation from a legal adviser as to the legality of the property and should that be done, as I believe most purchasers of flats do, then it should not be necessary for anybody to get themselves in the position where they are buying an illegal or unauthorized structure.

PRESIDENT: Not answered, Mr LEE?

MR LEE CHEUK-YAN (in Cantonese): *The Secretary for Planning, Environment and Lands has not answered my question. What I was asking about were not those who bought rooftop structures, but those who sold rooftop structures. In fact, some estate agents are selling rooftop structures. Will the Secretary inform this Council whether there is any Government control on the*

sellers, not the buyers? I think the answer given by the Secretary just now only concerns the buyers. My question is: Is there any legislation that controls the sale of unauthorized rooftop structures by estate agents or groups?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: I will certainly consider that point, Mr President, but I think the point remains that the purchaser needs to be sure that he or she is buying property which has a legal basis, and I think if people were sensible about that, then estate agents of this kind would have no business.

MR LEE WING-TAT (in Cantonese): *I would like to follow up the question asked by the Honourable LEE Cheuk-yan. I am very surprised that Mr EASON has failed to answer the first part of Mr LEE's question. This is because as a member of the Housing Authority, Mr EASON should be aware of the fact that after the squatter huts on the hillsides of Kwai Tsing District in Tsuen Wan were cleared, even residents who moved into the area in April 1983 instead of before June 1982 were entitled to be granted local rehousing into public rental accommodation, and Mr EASON was one of those who approved this policy. The question asked by Mr LEE Cheuk-yan is: Why did the Administration adopt a local rehousing policy for residents of squatter huts on the hillsides of Kwai Tsing District in Tsuen Wan whereas the same policy is not applied to occupants of rooftop structures?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: I think it must be clear, Mr President, that the majority of rooftop structures are situated in districts where there is no immediately available public housing; that is why the eligibility rules are drawn the way they are. And as I have said, our policy on rooftop structures and the clearance of them is clearly established on the basis that nobody is rendered homeless. I do not think there are necessarily direct comparisons to be drawn between those who live on rooftops and those who live in squatter huts.

MRS SELINA CHOW (in Cantonese): *Mr President, a lot of families may face difficulties in finding accommodation as a result of the clearance of rooftop structures. If such clearance is resulted from pressure exerted by owners or tenants of flats below the rooftop rather than for risk reasons, such as the incident of the Kingland Apartment in Mongkok, would the Government, before deciding on the clearance, try its best to reconcile the conflict between those who live on the rooftop and those on the floors below, so that there would be sufficient time to rehouse the rooftop structure occupants whose dwellings have been cleared?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think we have to have a clear regard here to priorities. Those who are at risk are obviously our priority. As for whether there is a need for mediation between rooftop structure occupants and other residents of buildings where there is no risk involved, I think that this is something which could be considered, if necessary. I will consult my colleagues on that point.

MR FREDERICK FUNG (in Cantonese): *Mr President, according to what the Secretary for Planning, Environment and Lands said in the second paragraph of part (b) and part (c) of his reply, the two government departments involved have in fact placed rooftop structures in a grey area, that is to say, without defining whether rooftop structures are legal or illegal. For example, the Land Registry registers land only but not buildings. Also, as pointed out in paragraph (c), the Rating and Valuation Department levies rates on all occupants of tenements, regardless of whether the structures are legal or not. But to members of the public, government departments have direct relationship with them. If they pay the Government for the place they live in, the impression they gain is obviously the place is not unauthorized or illegal. How is the Government going to plug this legal loophole in the minds of the public?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, as I have said, the fact that the Land Registry and the Commissioner for Rating and Valuation operate the way they do is entirely in accordance with the legislation and the purposes of that legislation which they operate. It is however clear that there is a lack of understanding in the public sector as to exactly how these ordinances work and why the situation that people find themselves in exists and it is certainly, within the Administration, our intention to try to explain more widely to the public how these ordinances operate and why the contradictions which people believe exist are in fact not contradictions at all.

Transitees from China

3. MR HOWARD YOUNG asked (in Cantonese): *Mr President, regarding the policy of permitting residents of mainland China to stay in the territory visa-free for a period not exceeding seven days on their way to and from a third country, since its introduction last year will the Administration inform this Council:*

- (a) *since the introduction of this policy, how many residents of mainland China on transit stay in the territory have been found overstaying;*
- (b) *whether the Administration has reviewed this policy; if so, what is the outcome of the review; and*

- (c) *whether, in the light of operational experience, the Administration will consider ways of relaxing the policy, such as increasing the number of days for visa-free transit visits?*

SECRETARY FOR SECURITY: Mr President,

- (a) Since the introduction of the visa-free seven-day transit arrangement for the People's Republic of China (PRC) passport holders on 1 August 1993, the average number of PRC travellers overstaying the seven-day transit period has been 69 per month, or about 1 240 *in toto*.
- (b) We have regularly reviewed the policy since its introduction. The most recent reviews were conducted in June and December 1994. We concluded that the arrangement was generally working well, but there had also been problems. In addition to the issue of overstaying to which the Honourable Member referred, a fair number of PRC transitees have abused the system by, for example, failing to proceed to onward destinations, or engaging in unauthorized work, or using forged travel documents. Consequently, the Immigration Department has stepped up screening efforts at the control points, and will continue to liaise closely with the Chinese side, through the Border Liaison Group, to clamp down on such abuses.
- (c) The introduction of this visa-free arrangement has improved convenience for PRC passport holders travelling through Hong Kong. It has also reduced the workload on the Immigration Department. But in view of the existence of such abuses, I do not believe that the time is right to relax our policy any further at this stage. Nevertheless, we will keep the matter under review from time to time.

MR HOWARD YOUNG (in Cantonese): *Mr President, the number of overstayers is 1 240 per year but as far as I know, the number of PRC citizens visiting Hong Kong is close to 2 million a year. Therefore, the number of overstayers may only account for about 0.06% of the total number of arrivals from China. If people are found to have abused this arrangement, for example by using forged travel documents or taking up employment in Hong Kong, will the Administration consider blacklisting them so that they will not be able to make use of this arrangement to enter Hong Kong again. In doing so, those who come to Hong Kong for bona fide visits will not be affected by this small number of people and the Administration can consequently relax its policy?*

SECRETARY FOR SECURITY: Mr President, the number of overstayers from amongst PRC transitees is not, as the Honourable Member said, a very large number. But as I have referred in my main reply, there are other abuses which we need to be concerned about. Other than overstaying, for example, there is the question of those who did not proceed onward to their destinations. In the past 11 months, an average of 1 200 PRC transitees per month, for example, or about 5% of transit arrivals from China, did not, I repeat did not, proceed to their onward destinations. Please remember of course that the visa-free arrangement that we are discussing is for the purpose of onward transit to another place, but these people do not actually go to another place. Most of them return to China within seven days of their arrival. A small number of them of course become overstayers as well. Although it is possible that some of them may have genuine reasons for not proceeding with their onward journeys, it is also possible that others may never have intended to do so in the first place. Instead, some of them, maybe a fair number of them, may have deliberately abused this system, this facility as a means of entering Hong Kong for a short period of money-making work. For example, on the question of unauthorized work, about 300 PRC transitees were found to be involved in prostitution in 1994 and they were prosecuted for breach of condition of stay.

DR PHILIP WONG: *Thank you, Mr President. I assume the fact that one overstays in Hong Kong would become a permanent record in his personal file. I just wonder whether such information will count against such individuals in their subsequent applications?*

SECRETARY FOR SECURITY: Mr President, for those persons who overstay for a very short time, say two or three days, or for those with compassionate reasons as to why they could not leave Hong Kong within the stated time, for example, they may have fallen sick, these matters are not counted against them. Generally, in fact, those who surface this way simply pass on to their next destination or go back to China. We would only seriously consider removing those who overstay for a very long time and who are unwilling to go. Obviously, those persons who have abused the system and the facility that we make available for them, and especially if they do so repeatedly, are obvious targets for a question mark being put on whether or not the next time they come we should continue to avail them the hospitality of Hong Kong.

MR MARTIN BARROW: *Mr President, I am disappointed that the system is not to be relaxed further as the number who abuse the system is a tiny share of the 1.94 million visitors from the PRC in 1994. The Secretary has revealed that 5% of these visitors in transit return to China, the reason being the long and bureaucratic delays in obtaining a visa. Would the Secretary undertake a complete review of our visitor entry arrangements covering the promised consideration of elimination of visas for those visiting Hong Kong only and the very long delays, due in part to the use of the British Embassy postbox, suffered*

by those visiting to promote economic contacts and relationships between Hong Kong and China?

PRESIDENT: So you are not just confining your question to the so-called transitees, Mr BARROW?

MR MARTIN BARROW: *Mr President, the Secretary has revealed to us that some of the transitees return to China without going elsewhere. I am therefore suggesting if he would consider looking at the whole system to reduce and eliminate this element of the problem.*

SECRETARY FOR SECURITY: Mr President, as I have said, we will keep the issue under review from time to time, but I do not at the present time see a very strong case for "an overall review in terms of a root and branch review". At any time that we look at the question of the control of immigration from China, which is what this issue is part and parcel of, we have to bear in mind two factors.

First of all, there is an enormous pool of people who wish to come to Hong Kong for a variety of reasons, most of which I am sure are legitimate aspirations but some may not be. If we are not careful about the way in which we deal with this question of control of immigration and entrance from China, we may find ourselves in very hot water indeed. Hence, in my view, the correct approach is to improve the current system step by step as we are fairly certain that the next step would not produce unacceptable consequences. This is how we started the scheme of waiving transit visas for PRC passport holders.

Secondly, we have also got to realize that because of the unique position of Hong Kong, any system of controlling entry from China into Hong Kong must also have regard to the policies and practices of the PRC. Indeed we would find it very difficult to control the whole question of entry from China without the co-operation of the Chinese Government. They too have a very different system from any other system that we may have to deal with. They have a two-way entry permit system into Hong Kong, for example, which is not available elsewhere. So I think in any attempt to look at the issue, we must bear those two factors in mind.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, I would like to follow up the question raised by the Honourable Martin BARROW. Since the Hong Kong Government thoroughly understands that many Chinese residents need to come to Hong Kong for sightseeing, visiting relatives or even spending money, does the Government harbour similar doubts as to whether foreign travellers entering Hong Kong in transit will return to their place of domicile? If not, should the Government solve this transit problem as soon as possible by directly*

allowing residents of China to stay in Hong Kong for seven days instead of requiring them to have this arrangement only for transit purpose, in order to clear up the misunderstandings?

SECRETARY FOR SECURITY: Mr President, I am not sure if I have understood the Honourable CHIM Pui-chung's question very thoroughly. Let me just put it this way. Other than those who enter from China for permanent settlement or for specific official or business reasons, there are two kinds of entrants from China. Those who come to Hong Kong for a stay in Hong Kong and then go back. They come to Hong Kong on the strength of a two-way entry permit which is issued by the Chinese authorities. That is the normal and proper method which the Chinese Government uses in deciding who within the population of China may enter Hong Kong for a short visit.

Those who only come to Hong Kong in transit to another place and then go back to China come to Hong Kong under the arrangement of visa-free transit of seven days from China before they go to a third country and also another seven days from a third country before they go back to China. So in other words, the question of transit visa is not something which covers normal entrants to Hong Kong from China for short visits.

Traffic Management on Tuen Mun Road

4. MR ALFRED TSO asked (in Cantonese): *Mr President, the findings of a survey indicate that during rush hours along the Tuen Mun Road, buses account for 11% of the total traffic volume while private cars make up 47%. Also, according to my own on-site observation, over 70% of the private cars carry only one to two passengers, which is not in accordance with the principle of efficient use of roads. Under the bus-only lane pilot scheme which the Transport Department plans to implement during rush hours along the Tuen Mun Road from 11 March this year, one-third of the road space will be reserved for the exclusive use of buses and the remaining two-thirds for other vehicles. This is also likely to result in serious traffic congestion. In the light of this, will the Government inform this Council whether:*

- (a) *it has any specific plan to encourage private car owners living in New Territories West to use their cars more efficiently when they drive to urban districts, such as mounting a publicity campaign to encourage private car owners to "give a lift" to their friends and neighbours;*
- (b) *it will take positive steps to develop "point-to-point" express air-conditioned bus and green minibus services running from various housing/HOS estates in Tuen Mun and Yuen Long to MTR stations in the urban area, as well as to revise existing policies so as to allow public light buses (PLBs) to use the Tuen Mun Road and bus-only*

lanes in order to encourage private car owners to travel by PLBs; and

- (c) *it will provide more funds for the establishment of a permanent traffic management team responsible for the day-to-day management of traffic along the Tuen Mun Road?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) The introduction of more bus priority schemes has been widely supported by the community and by Members of this Council in the context of the Administration's proposals for addressing the traffic congestion problem. In this respect, a trial scheme to provide a bus only lane in Tuen Mun Road is scheduled for implementation on 11 March this year. Details of the scheme are now being finalized and will be publicized. As part of this exercise, the Administration will mount a campaign to persuade commuters to use public transport services rather than to drive cars. I am grateful to the Honourable Alfred TSO for his suggestion that those who continue to drive should be encouraged to give lifts to their friends and neighbours so as to make better use of road space. We will follow this up. But, of course, we must ensure that no private car driver solicits paying passengers as this would be illegal.
- (b) Sixteen air conditioned KMB bus routes have already been introduced with services from housing estates and major transport interchanges in Yuen Long/Tuen Mun to Tsim Sha Tsui as well as various Mass Transit Railway (MTR) stations. On the introduction of the bus only lane, the Kowloon Motor Bus Company (KMB) will provide two additional bus services from Sham Tseng and Siu Lam to the Tsuen Wan MTR Station. Also 11 existing services from Tuen Mun and Yuen Long will be strengthened by the provision of 11 extra buses. In addition, there are 39 residents' coach services connecting particular housing developments with the urban area. The Transport Department will continue to encourage the provision of such services.

Our objective must remain to maximize the use of the available road space by encouraging more people to use mass carriers, that is, franchised buses and residential coaches which will have access to the dedicated bus only lane. At present, green minibuses can only use the Tuen Mun Road between midnight and 6 am. There are no plans to relax this restriction or allow red public light buses to use Tuen Mun Road.

- (c) Over the last year, the police have doubled the deployment of officers to patrol strategic roads in the New Territories, including the Tuen Mun Road. Additionally, extra Transport Department staff have also been provided to implement a Traffic Surveillance and Information System for Tuen Mun Road, the first phase of which will be completed in May this year. This will comprise closed circuit television cameras and variable display signboards so as to advise motorists of road conditions ahead, all of which will help improve the management of traffic along Tuen Mun Road.

MR ALFRED TSO (in Cantonese): *Mr President, I think the Secretary for Transport has not answered part (c) of the main question. Although the police will deploy additional manpower to monitor traffic on the Tuen Mun Road whenever there were serious traffic congestion which would lead to strong criticism, but the additional manpower will be redeployed to other areas afterwards. I am of the view that traffic flow along the Tuen Mun Road can only be improved if the bus-only lanes are more effectively managed by providing funds for the establishment of a specialized traffic management team. Will the Secretary for Transport actively lobby the Finance Branch and the Police Force for support of the establishment of the traffic management team so that residents in western New Territories will not suffer great losses due to frequent traffic congestion?*

SECRETARY FOR TRANSPORT: Mr President, the deployment of police manpower is a matter, of course, for the Commissioner of Police. He does have a regular team of police traffic officers to patrol roads in the New Territories. I have often raised with him the need for additional staff but it must be recognized that the police have many other priorities. During the trial scheme period, which will last for three weeks, the police will certainly deploy additional staff and the Transport Department will also monitor the trial scheme very closely. The need for additional staff will be borne in mind and, if there is a case, I shall certainly attempt to seek additional resources.

MRS MIRIAM LAU (in Cantonese): *Mr President, will the Secretary for Transport inform this Council whether the Administration will discuss with the Hong Kong Ferry (Holdings) Company Limited on strengthening the ferry services between the Gold Coast and Central, particularly by using catamaran vessels which travel at a higher speed and carry more passengers so as to encourage the local residents to use ferries to cross the harbour instead of driving their cars?*

SECRETARY FOR TRANSPORT: Mr President, the Administration will certainly encourage the use of waterborne transport. In fact, over the past two years, there has been some improvements made to ferry services to and from

Tuen Mun. This includes the introduction of three highspeed catamaran vessels which have 428 seats each and, in addition, the deployment of six additional hoverferries on the Tuen Mun ferry routes. We also expect to introduce two more hoverferry services, between Tuen Mun and Wan Chai and one of which has now been implemented between the Gold Coast and Central. As a result of these services, the passenger carrying capacity for ferry services from Tuen Mun has increased from just under 1 000 in the morning peak to over 3 000 now and the present services can cope with the morning rush. The Hong Kong and Yaumati Ferry Company Limited (HYF) have plans to deploy a fourth catamaran vessel on the Tuen Mun/Central run in the near future.

DR TANG SIU-TONG (in Cantonese): *In paragraph (b) of the main reply, it was mentioned that the Transport Department would encourage the provision of "point-to-point" residential coach service in housing estates. Is the Administration aware that there are problems regarding the allocation of interests between the coach companies and mutual aid committees? Besides, the companies providing such "point-to-point" coach service usually have one to two coaches only. If a coach breaks down on the Tuen Mun Road, what measures will be taken to transfer the passengers to the urban area?*

SECRETARY FOR TRANSPORT: Mr President, residential coach services are operated by private management estates; it is a matter for them. The Transport Department continues to encourage this and if it is necessary, the Transport Department will try to resolve any problems which may arise between the management company on the one hand and mutual aid committees on the other. When it comes to breakdowns, because these are private residential coaches, it must be left to the company which operates these services to tackle this. But we shall certainly follow this up.

MR WONG Wai-yin (in Cantonese): *Mr President, apart from the normally heavy traffic flow, traffic accidents also contribute to traffic congestion along the Tuen Mun Road. According to the reply given by the Secretary for Transport, a trial scheme to provide a bus only lane in Tuen Mun Road will be implemented on 11 March. I wish to ask the Secretary for Transport: should a bus break down and block the bus only lane, do the authorities concerned have adequate contingency measures to enable the bus to be towed away from the bus only lane within a very short period of time so that traffic can resume smoothness in the lane as soon as possible? Besides, will the Secretary for Transport consider introducing ferry services between Tuen Mun and Tsuen Wan to relieve traffic congestion along the Tuen Mun Road resulting from the huge number of road-users?*

PRESIDENT: Two questions, Secretary.

SECRETARY FOR TRANSPORT: Thank you, Mr President. Along Tuen Mun Road, there are six additional lay-by's which have been provided since April 1994, making a total of 10; seven on the Kowloon-bound carriageway and three on the New Territories-bound carriageway. This facilitates the towing away of broken down vehicles including buses and the access of emergency vehicles to undertake recovery services. The police have various tow trucks. They have recently secured an additional medium tow truck to improve their vehicle recover capacity and as regards the heavy towing service, a contract has been let by the police so that there are standby arrangements at strategic locations along Tuen Mun Road, for example, at Sham Tseng. If necessary, the KMB can also be contacted to provide their tow truck facilities.

Insofar as ferry services between Tuen Mun and Tsuen Wan is concerned, I shall certainly follow up the Honourable Member's suggestion and see whether the HYF can supplement the existing services.

Overseas Visits by the Governor

5. MR TAM YIU-CHUNG asked (in Cantonese): *Mr President, will the Government inform this Council of:*

- (a) *the number of overseas visits (including duty trips to the United Kingdom) made by the Governor since he assumed office in 1992 and the total amount of public funds involved;*
- (b) *the number of such visits scheduled for 1995 and the anticipated amount of public funds involved; and*
- (c) *the criteria adopted by the Governor in determining whether to accept invitations for overseas visits; and how the Governor evaluates the effectiveness of his previous visits abroad so as to assess whether these visits are cost-effective?*

CHIEF SECRETARY: Mr President,

- (a) The Governor has made 19 overseas visits, including 12 to the United Kingdom, since he assumed office in 1992. This was one fewer visit than Lord WILSON in his last two and a half years as Governor. The total cost to public funds of these visits was \$4,660,328.67.
- (b) As currently planned, in the remainder of 1995, the Governor has accepted an invitation to visit Singapore in March, the costs of which will be borne by his hosts. He will also visit London in October. The cost of that visit is estimated at about \$180,000. The Governor has also received invitations to visit other countries,

including Vietnam, in this and future years, and he is considering these invitations.

- (c) The Governor has one criterion for deciding whether to accept invitations for overseas visits; and that is, will the visit help Hong Kong? Different visits have different purposes. Some aim to promote our trade relations with important trading partners. Other visits have a narrower focus, such as the Governor's visit to Washington in May 1993 to lobby President CLINTON and senior United States officials for Most Favoured Nation (MFN) renewal. All his visits serve to focus attention on Hong Kong abroad and to increase understanding of our affairs amongst our international friends in the crucial run-up to 1997.

Visits to London have a particular purpose. The Prime Minister, the Foreign Secretary and other senior Ministers expect to be kept closely in touch with events in Hong Kong, increasingly so as 1997 approaches. When the Cabinet Committee on Hong Kong meets, the Governor is invited to attend. The Governor also uses his visits to London to keep the opposition parties at Westminster briefed on Hong Kong affairs, and to promote Hong Kong amongst the business community in Britain.

Visits made by the Governor are assessed against the specific purpose they were aimed to achieve, whether it be MFN renewal, promotion of our trade relations or promotion of greater understanding of our affairs. But the obvious yardsticks include the calls made by the Governor, the effectiveness with which the target audience was reached and specific Hong Kong concerns conveyed.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, from paragraph (b) of the main reply, we know that the number of duty trips made by the Governor to the United Kingdom this year will be far fewer than those made in the past two years. Is it because the British Government has recently lost interest in Hong Kong affairs or the Governor has made changes as he realized that the people of Hong Kong are concerned about the frequency of his overseas trips?*

CHIEF SECRETARY: Mr President, I did stress in my reply that the further visit to London, that is, one further planned visit, is current plans. Of course depending on the need, the Governor may need to visit London more than once for the remainder of this year. I might also say that the number of visits certainly does not reflect a lack of interest on the part of the Prime Minister and Cabinet Ministers in Hong Kong affairs. But as I stressed in my main reply, the frequency of visits depends on the need for the Governor to visit London and depends on issues arising during the year.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, the Chief Secretary mentioned in paragraph (a) of her reply that the total costs of the Governor's overseas visits amounted to 4.6 million-odd dollars. Were the costs incurred by the Governor alone or by the Governor together with his accompanying officials? If the costs included the expenses incurred by the accompanying officials as well, then it would not be too extravagant, but if it is only the expenses of one person, it would be quite different. Besides, in paragraph (b) of the reply in the Chinese version, it was mentioned that the Governor would visit Vietnam this year (that is 1995) and in future years (數年). As far as Chinese is concerned, "數年" literally means "a few years". However, there are only one and a half years to go from next year to 30 June 1997. Is it a bit misleading, giving people a wrong impression, that the Governor's term of office will last for a few more years besides this year? In fact, this is impossible. I think there is no problem with the English version of the reply, but there is something wrong with the choice of words in the Chinese version. Can I seek clarification from the Chief Secretary?*

CHIEF SECRETARY: Mr President, the costs that I quoted in my main reply refer to the total costs, that is, the costs not only incurred by the Governor himself but by all accompanying officials. In my main reply, I referred to visits planned for this year. I also referred to the fact that the Governor has received several invitations to visit but without predetermined dates. The Governor is considering these invitations. As to the future visits I refer, of course, they are up to 30 June 1997.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, has the Governor sought to visit the coastal cities of China this year in order to promote Sino-Hong Kong trade?*

CHIEF SECRETARY: Mr President, the Governor has made it clear on numerous occasions that he would be happy to visit China at any time in the same way as we would all be delighted to welcome Chinese officials to visit Hong Kong at any time to discuss important transitional issues.

MR FREDERICK FUNG (in Cantonese): *Mr President, the Chief Secretary just said that the Governor would be happy to visit China. Has the Governor conveyed his wish to the Chinese authorities?*

CHIEF SECRETARY: Mr President, I do not think that the Governor and other senior officials could have made it any clearer their desire to visit China at any time.

Cost of Regulation Compliance to Private Sector

6. MR MARTIN BARROW asked: *It has recently been estimated that in the United Kingdom the direct cost of compliance with various forms of regulation to the private sector amounts to £43 billion (HK\$520 billion), or twice the size of its defence budget. Will the Government inform this Council whether:*

- (a) *it has attempted to calculate the equivalent figure for the territory; if not, why not;*
- (b) *it is concerned that the cost of such compliance to the private sector in the territory may now be at an excessive level; if not, why not;*
- (c) *it will undertake a review of the cost and benefits of the amount and extent of regulation; if not, why not; and*
- (d) *it will take steps to reduce the cost of such compliance and, through deregulation, return the territory to the traditions of positive non-interventionism, which brought so much benefits to the economy of the territory and its people?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the Administration has no reason to believe that Hong Kong is over-regulated or that the cost to the private sector of compliance with regulation is excessive. It has not, therefore, attempted to calculate the cost of compliance to the private sector. Nor does it plan to conduct an overall review of the cost and benefits of the amount and extent of regulation. Indeed, such an exercise would itself be likely to prove costly, complex and hard to justify.

It is noted that the estimate relating to the United Kingdom was produced, not by the Government, but by the Institute of Directors. It is also relevant to note that the level and extent of regulation in Hong Kong is much lower and more limited than that in the United Kingdom. Indeed, Hong Kong has recently been ranked by *Fortune Magazine* as the world's best city in which to do business and by the Heritage Foundation as the freest economy in the world.

It is also relevant to point out that before any new piece of legislation is introduced, the Administration will have to assess its economic impact and that inevitably will involve a general assessment of the cost and benefits involved.

The Administration firmly believes in only intervening where a good case to do so has been made, and its policies and regulatory schemes are a reflection of that philosophy. However, it must be accepted that regulation is sometimes necessary and indeed it can sometimes bring net economic and social benefits.

Hong Kong, as a prosperous community and a world class financial and trade centre, cannot ignore the need for protecting the public and safeguarding its reputation and standing as an international financial and trade centre. The important point is that the Administration is fully aware of the need to ensure that overall, the impact of any regulation is beneficial to Hong Kong.

MR MARTIN BARROW: *Mr President, while noting the Secretary's statement, I would like his reassurance that the Government is not being complacent as there is always room for improvement, given that there are many examples of regulatory steeple-chases ranging from the long delays in licensing restaurants and hotels to additional complexities being proposed in the current Occupational Retirement Schemes (Amendment) Bill and to the need for frequent work visa renewals? Would the Secretary consider setting up a deregulation unit, perhaps under the Efficiency Unit, which could take the lead in promoting effective deregulatory initiatives which cut across departmental boundaries and which fits in well with the excellent work that the Efficiency Unit is doing in other areas?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, I can certainly assure Mr BARROW that the Government is not being complacent. My answer to the main question dealt with the issue of a general review and whether the Government would conduct that on a generic basis right across the board. It was silent on the question of whether we would look at any particular areas on a specific or selective basis. Indeed, it would be apparent that the Administration is already doing that, and just to take an example from my own policy area, there is currently a review going on of the Companies Ordinance. That review was initiated at the Government's own initiative. But it is now under way and will take two years in the initial stage at a cost of \$14.5 million. It will be apparent from that that, looking at only one chapter of the laws among a thousand of them, and doing a little simple arithmetic, to do a comprehensive review and to take a generic approach would cost millions of dollars and take hundreds of years. Clearly that is impractical.

Mr President, what that does illustrate is that the Government is willing and does, in fact, take an active approach at reviewing existing legislation and regulation. It does in fact look at it from the point of view of simplification, the need to remove redundant regulation and to improve procedures. So without wishing to comment on any of the examples that Mr BARROW has mentioned, I do believe that there is indeed a capacity and a willingness to undertake reviews. But equally, there must be a limit on the number of those that can be undertaken at the same time. Too many such reviews would be indigestible and I think it is clear from that that we would have to be very selective in looking at any individual areas. There can be no blanket undertaking that any particular subject that is raised would automatically be looked at.

As to the question of a deregulation unit, that indeed is an approach I note that has been adopted in the United Kingdom, and indeed there is such a unit in

the Department of Trade and Industry. As I indicated in my main answer, it does not automatically follow that what is done in the United Kingdom in reaction to a perceived problem there, should automatically be adopted in Hong Kong. It may well be an appropriate approach for their circumstances, but circumstances here are very different. That said, I note the proposal with regard to the Efficiency Unit and indeed will convey that to the appropriate authorities.

MR PETER WONG: *Mr President, I would like to ask the Secretary what is being done in his particular policy area to make government forms more user friendly and really relevant to the job in hand?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, government forms are indeed looked at from time to time. They are not kept under constant review because obviously it would be impractical to have a running review on all of them, all the time; they run to hundreds and thousands. But there are exercises going on to look at them and recently in this Council, I have introduced resolutions to simplify forms in respect of the office of the Official Receiver; that is an example of what we have been doing.

If Mr WONG would like a more comprehensive answer on the detail of what is going on in that area, I would be happy to provide that to him in writing. (Annex)

MR PETER WONG: *That would be appreciated.*

DR DAVID LI: *Mr President, would the Government inform this Council how our costs of compliance in the financial sector is compared with our regional competitors?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, we have not conducted any detailed comparison of this recently, but I would draw attention to the comparisons that have been done by others and in particular the two that I mentioned in my main answer, that is to say Fortune Magazine and the Heritage Foundation. In those cases, fairly detailed examinations were undertaken of a whole range of factors which included the costs of compliance with regulation and the complexity of regulation, and Hong Kong came out extremely well in those comparisons.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, on 10 February, that is last Friday, the Chief Secretary gave us a detailed introduction on the operation of the Hong Kong Government. Most of the Members in this Council were quite satisfied. But recently, we read from the newspaper that the Securities and*

Futures Commission (SFC) frequently stated that it would investigate into insider dealings, liquidate certain companies and even appeal to the Privy Council in London. The SFC, under such circumstances, is able to meet the expenses from its levy revenues. But its opponent, that is the entire securities sector, has to pay the same price too. Will the Secretary inform this Council whether regular comprehensive reviews on the operation of the SFC are conducted or whether a committee has been set up to do so? Does the Secretary think the SFC has too much money and with adequate power that makes it difficult for its opponent to fight back, so much as that the SFC's authority is thereby established?

SECRETARY FOR FINANCIAL SERVICES: Mr President, there is no plan to establish such a committee.

MR JAMES TO (in Cantonese): *A few Members just pointed out that the regulation might be a bit too excessive. However, can the Government, particularly with reference to the SFC, promise that it will do its utmost to investigate cases in which illegal activities, abuse of power and even crimes and defrauding of small shareholders are involved?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the question of the powers of the Securities and Futures Commission (SFC) is one that has been raised in this Council before, and on each occasion I have pointed out that it is not the view of the Administration that the SFC has excessive powers. We believe that it needs to have the enforcement capacity to back up the regulation that exists and, for example, the events of 1987 certainly prove the need to have a body that is effective and has teeth. The important point though is that there should be checks and balances on it and those checks and balances are indeed built into the system. There is in the first place an Appeal Committee appointed by the Governor that hears appeals against the decisions of the SFC. The SFC is subject to the purview of the Commissioner for Administrative Complaints. The SFC is subject to the purview of the Independent Commission Against Corruption. The appointments to the SFC are made by the Governor, its budget is subject to the approval of the Governor, and under delegated powers, those functions are discharged by the Financial Secretary. There is, therefore, a considerable degree of examination and checks and balance already in place. Not only that, their budget is tabled in the Legislative Council and the Chairman of the SFC appears before the relevant panel to answer questions in relation to it. There is, therefore, ample opportunity to answer for the activities that are going on in the SFC and it is not our view that the degree of power that it exercises is excessive.

DR HUANG CHEN-YA (in Cantonese): *Mr President, we know that insider dealings and major shareholders' deception behaviour are unfair to small investors and they also deal serious blows to Hong Kong as an international financial market. Can the Government tell us definitely it will not give up its determination to combat insider dealings and curb company directors' defrauding of small shareholders?*

PRESIDENT: We are straying far from the original question. I think we had better put a stop there.

WRITTEN ANSWERS TO QUESTIONS

Hawkers in Urban Districts

7. MR ROGER LUK asked: *Will the Government inform this Council whether it is aware that the substantial increase in the number of hawkers in urban districts (including Central and Tsim Sha Tsui) has caused serious obstruction and nuisance to pedestrians; if so, whether any positive measures have been taken to address the problem?*

SECRETARY FOR HOME AFFAIRS: Mr President, records of the Urban Services Department indicate that there has been a decline in both the licensed and unlicensed hawker population in the urban area over the past few years. The number of licensed hawkers has reduced from 12 300 in 1992 to less than 11 000 at the end of 1994, primarily as a result of Urban Council policies designed to reduce the licensed hawker population in the urban area. Informal head counts of unlicensed hawkers in the urban area also indicate a reduction of approximately 1 000 over the same period.

In order to control hawker activity more effectively, the Urban Council and the Urban Services Department have recently put in hand a number of measures. These include the phasing out of the whole category of itinerant hawker licence by 1 April 1996 which will further reduce the licensed hawking population. In addition, a new grade of Hawker Control Officer in the Urban Services Department has been introduced in the middle of 1994 to better manage the urban hawking population. Regional Task Forces of Hawker Control Officers have also been established recently to enhance the capacity of the Department to conduct surprise raids on hawker blackspots and to reinforce district-based hawker control teams. Plans are in hand to expand the two Task Forces later this year.

Location of Methadone Treatment Centres

8. MRS PEGGY LAM asked (in Chinese): *As methadone treatment centres are located in residential areas, they not only pose threats to the environment but also have become crime black spots. In view of this, will the Government inform this Council whether:*

- (a) *crime rates are on an upward trend over the past two years in areas where methadone treatment centres are located; and*
- (b) *the Government has considered relocating such centres into neighbouring medical institutions so that they are away from residential areas; if so, what the progress is; if not, what the reasons are?*

SECRETARY FOR SECURITY: Mr President,

- (a) There is no evidence to suggest that there has been an upward trend in the crime rates in the areas surrounding methadone clinics. Overall the crime rates in such areas have remained stable; occasionally slight increases have been detected at individual clinics at different times. Generally there are slight increases in the crime rates when there is a shortage of supply of heroin on the street.
- (b) The prime objective of the Methadone Treatment Programme is to provide a readily accessible, legal, medically safe and effective alternative to illicit administration of opiate drugs by drug abusers. The success of the programme depends to a large extent on its accessibility to drug abusers. Methadone clinics are thus located in areas which are convenient of access to facilitate attendance by patients. Requests for relocation of methadone clinics are considered having regard to the availability of a suitable site which should be accessible and acceptable to the district board concerned. The main difficulty in relocating methadone clinics lies in the identification of a suitable relocation site.

Used Syringes Strewn in Public Housing Estates

9. MR MICHAEL HO asked (in Chinese): *As used syringes discarded by drug addicts have posed a serious health problem to residents in public housing estates, will the Government inform this council of the immediate strategy and long-term practical measures it will take to improve the situation?*

SECRETARY FOR SECURITY: Mr President, the Government is concerned about the potential health hazard posed by improperly disposed used syringes to residents in public housing estates. Measures are being taken by various departments to tackle the problem.

The Housing Department requires its cleansing contractors to remove immediately any discarded syringes found in the estates and to report to the estate office. Patrol guards and estate staff are instructed to keep a vigilant watch on the situation during their patrols. Estate staff also maintain close liaison with the police to combat the problem and intensify patrol of black spots. On the other hand, notices are put up in estates to draw tenants' attention to the problem. They are encouraged, through regular estate newsletters, to report to the police or estate office any discarded syringes found in the estate.

For the long term, education and training on the proper disposal and collection of used syringes will continue to be the main strategy in tackling the problem. The proper disposal of used syringes is incorporated as part of the health education messages targeted towards drug abusers. The message is disseminated to drug abusers through various channels — leaflets and handouts are distributed, reminders are posted in methadone clinics, and workshops for recovering drug abusers and counselling services provided for methadone patients also emphasize drug abusers' social responsibility in proper disposal of used syringes.

The Working Group on Drug Abuse and AIDS under the Committee on Education and Publicity on AIDS, in collaboration with the Pui Hong Self-Help Association, conducted a "Cleaning-up of Abandoned Syringes Pilot Project" in 1994. One of the objectives is to promote the proper disposal of used syringes. To this end, efforts are made to remove abandoned syringes from "black spots", and to distribute education leaflets to drug abusers in the vicinity.

Student Enrolment in Tertiary Institutions

10. DR SAMUEL WONG asked (in Chinese): *Regarding the intake of students by tertiary institutions funded by the University Grants Committee in 1994-95, will the Government inform this Council:*

- (a) *how does the actual intake of students by various tertiary institutions compare with the planned enrolment capacity; and*
- (b) *what are the minimum matriculation grades required for enrolment by each department of these institutions; and whether the entry requirements have been lowered in order to enrol a sufficient number of students?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Administration's student number target for the enrolment of first-year first-degree (FYFD) students in the seven institutions funded by the University Grants Committee (UGC) in the academic year 1994-95 is 14 500 students in full-time equivalent terms (fte). As at 31 December 1994, the provisional enrolment figures for FYFD students at the seven UGC-funded institutions were 14 146 students, meaning an overall under-enrolment of 2.4%. The under-enrolments in some of the institutions such as the City University of Hong Kong and the Hong Kong Baptist University were deliberate following advice from the UGC to redress the balance after over-enrolments at FYFD level in previous years so that the total undergraduate student numbers of these institutions would adhere to the Government's approved overall student number targets at this level. A breakdown of the approved student targets and the provisional enrolment figures in the seven institutions is at Annex A. The final enrolment figures will not be available until mid-March 1995.
- (b) Each institution has its own institution-wide minimum admission requirements, as summarized at Annex B. Some institutions have also maintained slightly different minimum admission requirements for their different departments or faculties, mainly in the results attained in the Use of English of the Hong Kong Advanced Supplementary (AS) Level Examination. The institutions have not lowered their entry requirements in order to enrol adequate number of students although some institutions have allowed their departments flexibility in considering whether applicants have met the specified language requirements for admission to some courses. For example, the Chinese University of Hong Kong has accepted a few students who have obtained Grade F in AS-Level Use of English but managed to pass the Supplementary English Examination as having fulfilled the English requirement for admission to some of the University's courses. The Hong Kong University of Science and Technology has lowered the admission requirement of Grade D in the AS-Level Use of English to Grade E for some students. These students are nevertheless required to take and pass a non-credit-bearing language enhancement course, failing which they will not be allowed to continue their studies. Furthermore, the City University of Hong Kong has waived the Chinese Language requirement for applicants to its four full-time bachelor's degree courses offered by the Faculty of Science and Technology.

Enrolment of First-year First-degree (FYFD) Students
(as at 31 December 1994)

	<i>Target (fte)</i>	<i>Enrolment# (fte)</i>	<i>Excess (+)/ Shortfall (-) (fte)</i>
CityU	2 359	2 163	-196
HKBU	1 345	1 294	-51
LC	690	705	+15
CUHK	2 913	2 797*	-116
PolyU	2 496	2 511	+15
HKUST	1 920	1 896	-24
HKU	2 777	2 790*	+13
Total	----- 14 500 =====	----- 14 156 =====	----- -344 =====

Note: # These are provisional enrolment figures as the institutions' databases of FYFD numbers have not all yet closed for 31 December 1994. Final enrolment figures will only be available by mid-March 1995.

* The figures exclude the 140 fte students enrolled on BEd(Primary) programmes offered by the two Universities which are funded separately, and not counted within the Government's approved student number targets.

Minimum Entry Requirements for
Admission to UGC-funded Institutions

- CityU -
1. Grade E in 2 A-level subjects or Grade E in 1 A-Level subject and 2 AS-level subjects; and
 2. Grade E in Use of English at AS-level (except for the Faculty of Law which requires Grade D in Use of English at AS-level); and

-
3. Grade E in Chinese Language and Culture at AS level or Grade E in Chinese Literature or Chinese Language and Literature at A-level.
- HKBU - 1. Grade E in 1 A-level subject; and
2. Grade E in two of the following three AS-level subjects:
- (i) Use of English;
- (ii) Chinese Language and Culture; and
- (iii) Liberal Studies;
- and
3. Grade E in one additional AS-level or A-level subject.
- LC - 1. Grade E in 2 A-level subjects or Grade E in 1 A-level subject plus 1 AS-level subject (other than Use of English and Chinese Language and Culture); and
2. Grade E in AS-level Use of English; and
3. Grade E in AS-level Chinese Language and Culture.
- CHUK - 1. Grade E in 3 A-level or AS-level subjects (other than Use of English and Chinese Language and Culture), at least one of which is at A-level for the Faculty of Arts, Business Administration, Education, Medicine, and Anthropology and Journalism and Communication programmes of the Faculty of Social Science, and 2 of which are at A-level for the Faculty of Engineering, other programme of the Social Science Faculty; and
2. Grade E in AS-level Use of English; and
3. Grade E in AS-level Chinese Language and Culture.
- PolyU - 1. Grade E in 2 A-level subjects or 1 A-level and 2 AS-level subjects other than Use of English and Chinese Language and Culture (except for the Faculty of Communication which requires Grade D in 1 A-level subject); and
2. Grade E in AS-level Use of English; and
3. AS-level in Chinese Language and Culture or A-level in Chinese Literature.

- HKUST -
1. Grade E in either 1 A-level subject and either AS-level Chinese Language and Culture or AS-level Liberal Studies, and two AS-level subjects; or
 2. Grade E in 2 A-level subjects plus either AS-Level Chinese Language and Culture, or AS-level Liberal Studies; and
 3. Grade D in AS-level Use of English.
- HKU -
1. Grade E in 2 A-level subjects or Grade E in 1 A-level subject plus 2 AS-level subjects (other than Use of English and Chinese Language and Culture); and
 2. Grade D in AS-level Use of English; and
 3. Grade E in AS-level Chinese Language and Culture.

(Note: 1. A-level means Hong Kong Advanced Level Examination

2. AS-level means Advanced Supplementary Level Examination)

Speed Detection on Roads

11. DR LAM KUI-CHUN asked: *Regarding the effectiveness of using speed detectors in improving traffic safety, will the Administration inform this Council of:*

- (a) *the number of traffic accident "black spots" in the territory; and*
- (b) *the number of locations regularly used for speed detection; and how many of these locations are traffic accident black spots?*

SECRETARY FOR TRANSPORT: Mr President, sites are designated as traffic accident black spots if, within a 12-month period, these have been the locations of several accidents involving injury to passengers or pedestrians.

There are 174 traffic accident black spots designated in the territory: 26 on Hong Kong Island, 122 in Kowloon and 26 in the New Territories.

Speed checks on vehicles are carried out for road safety purposes. Speed detectors are mounted at different spots and different times. In all, there are 248 locations used for this purpose including 165 of the traffic black spots. Speed checks are not mounted at the remaining nine black spot sites because of difficulty in setting up the detection equipment at those locations.

International Conferences on AIDS

12. DR CONRAD LAM asked (in Chinese): *With regard to Hong Kong's participation in international conferences on AIDS, will the Government inform this Council:*

- (a) *of the number of participants from the territory at the International Conference on AIDS organized by the World Health Organization (WHO) in Japan in August 1994, together with the total amount of expenditure incurred by the Government on this occasion and the benefits gained from the conference;*
- (b) *whether delegates from the territory were sent to attend the first AIDS Summit held on 1 December 1994 in Paris; if not, why not; and*
- (c) *of the Government's policy on participation in international conferences/work on AIDS?*

SECRETARY FOR HEALTH AND WELFARE: Mr President,

- (a) As far as we know, a total of 37 persons from Hong Kong participated in the International Conference on AIDS organized by the World Health Organization in Japan in August 1994. Of these, eight were representatives of the Government (from the Health and Welfare Branch, the Department of Health and the Social Welfare Department). The total expenditure incurred by the Government on this occasion was HK\$341,800.00, which includes the cost of setting up an exhibition booth at the conference.

The strong contingent attending the Yokohama Conference was a clear demonstration of Hong Kong's commitment to the fight against AIDS. In addition to the exhibition booth, which was very favourably received, Hong Kong participants made a total of 15 abstract presentations. The Secretary for Health and Welfare addressed a well-attended session of the conference.

The conference also provided an excellent opportunity for participants to make official contacts with international organizations (including the World Health Organization, the World Bank and the United Nations Development Program) and delegates from other countries, thus facilitating networking and co-ordination of efforts in confronting the AIDS problem. It enabled Hong Kong to keep abreast with current developments in AIDS programmes on the international scene.

The Conference also enabled us to share experience with other countries. Reference has been made to the information collected during the conference in the design of AIDS education and care programmes in Hong Kong.

- (b) The AIDS Summit was conceived by the French Government and held on 1 December 1994 in Paris. Its goal was to heighten political commitment in HIV affected countries with the expectation that this would lead to greater efforts to curb the spread of HIV and assist those affected. Heads of government from about 42 countries were invited; Hong Kong was not invited to participate in the event.
- (c) The Government in general supports participation in international AIDS conferences as it is important to keep Hong Kong in the forefront of advances in this fast-moving field. The choice of conference and the selection of participants, however, are made after careful consideration of the benefits that could be derived from such an attendance.

Effective AIDS control calls for co-ordinated international efforts and Hong Kong actively participates in such work. Over the past few years, Hong Kong has taken part in meetings that have brought together officials and representatives from different countries to discuss and exchange views on matters of common concern. The type of collaborative work generated has included scientific research, public health programmes and policy development. In fact, Hong Kong has just participated in the International Consultation for Policy-makers on Women and AIDS in Geneva in preparation for the Beijing Conference later this year.

Registration Fees Exemption for Small Businesses

13. MR ALBERT CHAN asked (in Chinese): *In his Budget Speech for the current financial year presented in March 1994, the Financial Secretary proposed to increase substantially the exemption levels for the business registration fee paid by businesses with a small turnover, so that a business with average monthly sales not exceeding \$15,000 or a business rendering services with average monthly receipts not exceeding \$4,000, would be exempt from the fee. The Business Registration Ordinance was amended on 1 April in the same year to implement this policy. However, it is learnt that some eligible businesses are unaware of this exemption policy and have paid the business registration fee. In this connection, will the Government inform this Council:*

- (a) *what steps the Government has taken to publicize the new policy among small businesses;*

- (b) *whether there are any channels for those small businesses eligible for exemption, who are unaware of the new policy and have paid the business registration fee, to apply for refund of the fee paid; and*
- (c) *whether the staff of the Business Registration Office have a responsibility for advising small businesses of the new policy?*

SECRETARY FOR THE TREASURY: Mr President, in reply to the three questions raised by the Honourable Member:

- (a) Details of the increase in exemption levels (proposed in the 1994 Budget) have been included in publications issued by the Inland Revenue Department, namely:
- *How to Apply for Business Registration; and*
 - *Synopsis of Taxes Administered by the Inland Revenue Department.*

These publications are available in both English and Chinese at all offices of the Inland Revenue Department and at District Offices. In addition, copies of the publication, "*How to Apply for Business Registration*" and a specimen application form (Form 3), "*Claim for exemption from payment of fee and levy under section 9 of the Business Registration Ordinance*" are displayed on notice boards in the public hall of the Business Registration Office, which is situated at the Department's main offices in Revenue Tower.

The Department operates an Enquiry Service Centre for general enquiries and the Business Registration enquiry counter for specific enquiries. Members of the public can obtain information on the current exemption levels from staff stationed at either of these enquiry counters located in the Department's main offices in Revenue Tower. The Department also operates a 24-hour public telephone enquiry system and this service includes details of the current exemption levels.

- (b) An unincorporated business may apply for exemption and where granted after payment of the prescribed business registration fee, the fee paid will be refunded. Applications for exemption (using Form 3) must be submitted no later than one month before the date of expiry of a current business registration certificate, or in the case of a new business, one month after application for the registration of the business. However, the Commissioner of Inland Revenue will normally accept late applications if reasonable grounds are shown.

- (c) Staff of the Business Registration Office and the General Enquiry Service Centre bring to the attention of members of the public, where necessary, details of the current exemption levels for business registration.

Imprisoned Vietnamese Boat People

14. DR TANG SIU-TONG asked (in Chinese): *With regard to the Vietnamese Boat People (VBP) who have been convicted of criminal offences and given prison sentences, will the Government inform this Council:*

- (a) *of the total number of VBP convicted and given prison sentences in the past two years, together with the longest and average prison terms;*
- (b) *whether any VBP are serving prison terms that straddle 30 June 1997; if so, the total number of such VBP and whether they will be repatriated as soon as they have served out their prison terms; and*
- (c) *whether, in regard to those VBP whose prison terms stretch beyond 30 June 1997, the Government has conducted any negotiations with the Vietnamese Government for such VBP to be repatriated after that date so that they can continue to serve the remainder of their prison terms in their own country?*

SECRETARY FOR SECURITY: Mr President,

- (a) In 1993 and 1994, 1 052 Vietnamese migrants were convicted and sentenced to imprisonment. The longest prison term was life imprisonment, and the average was eight months.
- (b) 31 Vietnamese migrants are now serving sentences which will straddle 30 June 1997. The intention is that they should be deported to Vietnam after they have served their sentences.
- (c) The Administration has not conducted any negotiations with the Vietnamese Government on the possibility of Vietnamese migrants who are serving prison sentences in Hong Kong being repatriated to serve the remainder of their sentences in Vietnam.

Green Managers in Private Sector

15. MR MAN SAI-CHEONG asked: *In his 1993 policy address, the Governor stated that the Government would invite the private sector to appoint a "Green Manager" in each of their companies to arouse environmental awareness and conduct environmental audits. In a recent study on this issue prepared by a green group, it is reported that only a fraction of companies have appointed Green Managers for environmental matters. This indicates that the response from the private sector to the Government's appeal has not been keen. In view of this, will the Government inform this Council:*

- (a) *of the present situation regarding the carrying out of environmental audits in the private sector; and*
- (b) *whether the target set by the Government has been achieved; if not, what further action will be taken to improve the present situation, so as to help local industry carry out environmental audits and adopt measures to reduce the consumption of energy, paper and other resources?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Although precise figures are not available, we understand that some 40 commercial and industrial companies have carried out environmental audits or are in the process of doing so. Some companies have also produced or sponsored the production of environmental audit manuals which are available to other organizations.
- (b) We have not set a specific target for environmental audits to be carried out by companies in the private sector. The approach we have adopted is to set a good green example for the private sector to follow and to work in partnership with the private sector to promote a reduction in resource consumption.

To set a good green example, all government departments and branches have appointed Green Managers since January 1994. Two government departments also completed pilot environmental audits in December 1994 and we are now working towards extending the concept of environmental audits and management to other departments and branches.

To provide guidance and advice, the Environmental Protection Department provides technical advice to local companies on the approach to environmental audits and will establish by April 1995 a directory of consultants with appropriate expertise in the field of

environmental audits and management. Specifically on reduction of energy consumption, the Energy Efficiency Advisory Committee has produced advisory notes for the commercial sector and building management companies of residential buildings. It will also make available a guide on energy audit for distribution to companies in the commercial and industrial sector in mid-1995. Furthermore, the Industry Department is co-ordinating a number of initiatives on increasing manufacturers' awareness of the benefits of good environmental practice. Members may wish to refer to the reply provided by the Secretary for Trade and Industry on 25 January 1995.

To work in partnership with the private sector, we liaise with non-government organizations, such as the Hong Kong Productivity Council and the Centre of Environmental Technology, as well as major industrial and commercial associations. We will continue to work closely with these organizations to promote environmental audits and to encourage companies to identify opportunities for reducing resource consumption.

Bigamy Cases

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

- (a) *whether, in handling alleged bigamy cases, there are insurmountable difficulties in law enforcement and evidence adduction if the ceremony of the second marriage was conducted outside the territory; if so, what the difficulties are; and*
- (b) *what was the number of alleged bigamy cases in each of the past three years and how many of such cases resulted in conviction; of the convicted cases, how many involved the penalty of imprisonment and how many involved the penalty of fines; and how many of the alleged bigamy cases involved marriages which took place outside the territory?*

SECRETARY FOR SECURITY: Mr President,

- (a) Under section 45 of the Offences Against the Persons Ordinance (Cap. 212), any individual who, being married, marries another person during the life of the former husband or wife, is liable to imprisonment for a maximum period of seven years. Evidence of the second marriage is essential to prove the offence of bigamy. In order to prosecute for this offence, there must be proof that the individual has been married before he/she registered for marriage

in Hong Kong. There is, however, no jurisdiction for the Hong Kong courts to prosecute an individual, who being married here, registers himself or herself again for marriage outside the territory.

Collection of evidence could be complex where the first marriage is registered outside the territory; the Hong Kong courts have to rely on the foreign jurisdiction to provide the original records or duly certified copies of such records as evidence. An authorized official from that jurisdiction must testify in the Hong Kong courts in the event that the records of marriage are contested. Despite these difficulties, it is possible to adduce evidence for the prosecution of bigamy in Hong Kong courts provided that documentary evidence of registration is available.

- (b) The number of alleged bigamy cases in each of the past three years is as follows:

	<i>1992</i>	<i>1993</i>	<i>1994</i>
Total number of cases	51(48)	36(34)	41(36)
Total number of convictions	23	15	10

Footnote:

Number in brackets represent the number of cases involving marriages which took place outside Hong Kong

Details of the types of sentences are provided as follows:

<i>Type of sentence</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
imprisonment	-	1	-
suspended sentence	-	2	2
fine	21	9	6
fine and suspended sentence	2	3	2
	----	----	----
	23	15	10
	==	==	==

Asia-Pacific Economic Co-operation Agreement

17. DR DAVID LI asked: *At the last meeting of the Asia-Pacific Economic Co-operation (APEC) on 15 November 1994, all members agreed to implement an official timetable to remove all trade and non-trade barriers and to promote "free trade" within the Asian region. However, the definition of "free trade" differs among the APEC members, with some considering that trade liberalization should be on non-discriminatory grounds. Will the Government inform this Council of its own definition of "free trade"?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, the APEC Economic Leaders' Meeting held on 15 November 1994 in Bogor, Indonesia, issued a Declaration of Common Resolve which, among other things, set a goal of free trade in the Asia-Pacific region, to be achieved by 2010 for industrialized economies and by 2020 for developing economies. Detailed proposals to implement this goal, including the definition of free trade, will be considered by officials of APEC member economies this year and then submitted to the APEC Economic Leaders for their decision at their next meeting, to be held in Osaka, Japan, in November 1995.

The Hong Kong Government believes that "free trade", as reflected in the free trade policy practised by Hong Kong, means the complete absence of barriers, whether in the form of customs tariff, quotas or other restrictions, to the free flow of goods and services across borders.

Students' Hostels in Tertiary Institutions

18. MR TIMOTHY HA asked (in Chinese): *Due to a sharp increase in university places in recent years, the supply of student hostels has fallen short of the demand. In view of this, will the Government inform this Council:*

- (a) *of the respective expected numbers of hostel places to be provided by each of the University Grants Committee funded tertiary institutions for its students on bachelor's, master's and doctoral degrees and other courses in the current academic year, together with a breakdown of the actual provision of hostel places in each of these institutions;*
- (b) *whether there is any difference in the proportion of actual provision to expected provision of hostel places among these institutions; if so, what the reasons are; and*
- (c) *whether the Government has formulated any plan to ease the shortage of student hostels; if so, what the details are; if not, why not?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The levels of provision of student hostels at the institutions funded by the University Grants Committee (UGC) are different largely because of historical and locational reasons. The Government does not specify the percentage of hostel places to be provided for students studying at different levels. It is up to the institutions to allocate the hostel places.

Publicly-funded student hostels are not provided for three of the UGC-funded institutions, that is, the Hong Kong Polytechnic University (PolyU), the City University of Hong Kong (CityU) and the Baptist University (HKBU). The existing planning standards for the provision of publicly-funded hostel places at the other four institutions, the University of Hong Kong (HKU), the Chinese University of Hong Kong (CUHK), the Hong Kong University of Science and Technology (HKUST) and the Lingnan College (LC) are:

HKU - up to 25% of the full-time student population

CUHK - up to 50% of the full-time student population

HKUST - up to 30% of the full-time student population

LC - up to 50% of the full-time student population.

The current practice is that these institutions are required to meet at least 25% of the total construction costs of the "approved hostel places" from private donations. At Annex A is a breakdown of the actual number of hostel places provided at the relevant institutions in the current academic year, that is, 1994-95.

- (b) As shown in Annex A, the proportion of actual provision to expected provision of hostel places among the institutions varies. In the case of HKU and CUHK, the numbers of publicly-funded hostel places are lower than the planned maximum levels. However, the two institutions have secured private funds to provide hostel places so that the total numbers of hostel places are about 24% and 37% of their students respectively. As regards HKUST, it has currently hostel places for about 42% of its existing students, which is beyond the level stipulated by the Government. However, when the University's student population reaches the designed capacity, the publicly funded hostel places will accommodate about 30% of the student population. And for Lingnan College, since it has been successful in securing private donations for additional hostel accommodation, 72% of its student population will be provided with

hostel places upon its moving to the new campus in Tuen Mun in September 1995.

- (c) The Government will continue to encourage the UGC-funded institutions to seek private funds to provide more hostel places. Subject to the availability of suitable sites, the Government is prepared to consider granting land at nominal premium to facilitate the construction of student hostels by these institutions. Also, the UGC is now conducting a review of the space and accommodation provided to UGC-funded institutions. The requirement for student hostels is an important element of the review which is expected to be completed by late 1995 or early 1996. The Government will consider whether the existing policy on the provision of student hostels needs to be adjusted in the light of the results of the review.

Annex A

Number of Student Hostel Places provided
in the UGC-Funded Institutions in 1994-95

	<i>Government funded hostel places</i>	<i>Privately Funded hostel places</i>	<i>Total</i>	<i>Planning Standards#</i>
HKU	2 066(19%)	516(5%)	2 582(24%)	25%
CUHK	2 183(20%)	1 799(17%)	3 982(37%)	50%
HKUST	2 078(42%)	-	2 078(42%)	30%

Note

() denotes the number of hostel places as a percentage of the student number (fte) population *

* The actual enrolment figures of full-time students for 1994-95 will not be available until mid-March 1995 and therefore the approved student number targets are used in calculating the number of hostel places as a percentage of the student number population

Number of publicly-funded hostel places as a percentage of the student number (fte) population

Standing Committee on Pressure Groups

19. MS ANNA WU asked: *Regarding the establishment and subsequent activities of the Standing Committee on Pressure Groups (SCOPG) during the 1970s and early 1980s, will the Government inform this Council:*

- (a) *of the date when the SCOPG was established, what its terms of reference were, how many times it was convened, and what its membership was;*
- (b) *which parties SCOPG had singled out for monitoring, and how these parties were selected for surveillance; and*
- (c) *whether there were any reports on the activities of the parties under surveillance by the SCOPG; if so, where such reports were kept; and whether the parties concerned will be granted access to such reports?*

SECRETARY FOR SECURITY: Mr President,

- (a) The Standing Committee on Pressure Groups (SCOPG) was established in 1977 under the chairmanship of the then Home Affairs and Information Services Branch to report to and advise the Government on social and political trends and developments in Hong Kong. It was disbanded in 1982. During its establishment the Committee met twice yearly. Its membership comprised representatives from the Home Affairs and Information Services Branch, Home Affairs Department, Government Information Services and the police.
- (b) The Committee had no executive or operational functions; its role was advisory. It would have made assessments on groups which had a bearing on social and political trends and developments in Hong Kong. I am not aware that it "singled out" any particular group for surveillance.
- (c) All SCOPG files containing assessments and reports have been destroyed.

Non-compliance with Descriptions in Construction of Home Ownership Scheme Flats

20. MR FRED LI asked (in Chinese): *There have been complaints recently from residents of home ownership scheme flats that the standards of quality of their flats were not in conformity with descriptions in the sales brochures. For*

example, in the sales brochure of Phase 15A flats at Tsz On Court and Ko Chun Court, it was stated that mosaic tiles and acrylic paint would be used for the external walls of the buildings. However, acrylic paint was used for most of the external walls of Ko Chun Court while mosaic tiles were used for Tsz On Court. It was unfair to the residents that the authority concerned neither informed them nor made any public announcement about the change. In this connection, will the Government inform this Council why the Housing Department has switched to the use of acrylic paint on the external walls of Ko Chun Court; and what appropriate remedial measures will be taken?

SECRETARY FOR HOUSING: Mr President, owing to the shortage of skilled labour for laying mosaic tiles and technological improvements in the quality of acrylic paint, the Housing Department's current practice is to use fewer mosaic tiles and more acrylic paint on the external walls of domestic blocks.

Both Ko Chun Court and Tsz On Court have a combination of acrylic paint and mosaic tiles on the external walls of their domestic blocks. There is no contradiction with the descriptions in the sales brochures of these blocks.

The Housing Department places emphasis on the quality of its construction work. Members of this Council may rest assured that the domestic blocks in Ko Chun Court, which will be completed later this year, will be built to a satisfactory standard before the flats are handed over to the purchasers.

MOTION

ORGANIZED AND SERIOUS CRIMES ORDINANCE

THE SECRETARY FOR SECURITY moved the following motion:

"That the Code of Practice for the questioning of persons and the production of material under section 3 of the Organized and Serious Crimes Ordinance, be approved."

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

Under section 3(19) of the Organized and Serious Crimes Ordinance, I am required to prepare for approval by this Council a Code of Practice in connection with the exercise of powers and discharge of duties under section 3 of the Ordinance.

The main provisions of the Code of Practice are to set out:

first of all, the questioning procedures for the interviews of persons subject to an order under section 3 of the Ordinance;

secondly, the guidelines for the production of material under section 3 of the Ordinance; and

thirdly, the complaint procedures for persons subject to an order under section 3 of the Ordinance.

Mr President, the draft Code of Practice has been examined carefully by the Legislative Council ad hoc group studying the Organized and Serious Crimes Bill and has its support for which I am grateful.

The motion seeks this Council's approval of the Code of Practice. This is an essential step in enabling the Administration to implement the special investigative powers under section 3 of the Ordinance.

Mr President, I beg to move.

Question on the motion proposed.

MR JAMES TO (in Cantonese): Mr President, firstly, I am very pleased that the Government has tabled this Code of Practice today. As the Organized and Serious Crimes Bill was passed last October, the public very much hope that the police can acquire these powers as soon as possible. However, even if this Code of Practice is approved by this Council today, the Ordinance cannot be invoked yet because we still have to discuss with the Judiciary about issues such as certain court rules. After the Bill was passed, the public has been expecting that the Government can exercise the newly vested investigative powers responsibly, effectively and properly to combat organized and serious crimes. Therefore, I hope the Government can discuss the court rules with the Judiciary without delay so that the police can exercise these powers as soon as possible.

Secondly, the Code of Practice concerns with the safeguarding of the rights of interviewees. In fact, codes of practice should also be drawn up in respect of the procedures for taking statements by the police and other law enforcement authorities. At present, the procedures of taking cautioned statement are also contained in the Judges Rules, but unlike the provisions of the Organized and Serious Crimes Ordinance, the Judges Rules do not provide for the presentation of the statement to the interviewees when exercising the powers of the Ordinance, nor do they provide for an explanation on the rights of an arrested person in simple and clear sentences. At present, an arrested person would only be told, "You are not obliged to say anything." In fact, this sentence is not easy to understand. To put it in clearer terms, he should be told, "You have the right to remain silent, you have the right not to say anything, and this will not constitute any evidence or allegation unfavourable to you."

Thirdly, at present, if any officer breaches the Code of Practice, the Complaints Against Police Office would step in and deal with the complaint so arises. However, as what I have been saying, I hope the Government will continue to consider setting up a Complaints Against Police Branch which is independent of the Royal Hong Kong Police Force so that the increased powers of the police and other departments can be subjected to proper checks and balances.

SECRETARY FOR SECURITY: Mr President, all I would say is that as far as the rules of court to which the Honourable James TO referred, it is of course true that we will also need these rules of court to be made under the Supreme Court Ordinance. My information is that we will be able to make those rules within a matter of weeks and I will hope that we will then be able to enforce the relevant sections of the Ordinance speedily thereafter.

Thank you, Mr President.

Question on the motion put and agreed to.

BILLS

First Reading of Bills

SUPREME COURT (AMENDMENT) BILL 1995

BUILDERS' LIFTS AND TOWER WORKING PLATFORMS (SAFETY) BILL

MERCHANT SHIPPING (LINER CONFERENCES) BILL

NUCLEAR MATERIAL (LIABILITY FOR CARRIAGE) BILL

INSURANCE COMPANIES (AMENDMENT) BILL 1995

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

Second Reading of Bills

SUPREME COURT (AMENDMENT) BILL 1995

THE ATTORNEY GENERAL moved the Second Reading of: "A Bill to amend the Supreme Court Ordinance."

He said: Mr President, I move that the Supreme Court (Amendment) Bill 1995 be read the Second time. The Bill puts forward an amendment to the Supreme Court Ordinance to expand the current eligibility criteria for direct appointment to the Supreme Court to include solicitors who have practised as such in Hong Kong for at least 10 years.

Members will recall that this Council passed, on 6 July last year, the Supreme Court (Amendment) Ordinance 1994 which established a formal system of appointing experienced barristers as recorders of the High Court, who would sit as temporary judges for specific periods. The qualifications for appointment as a recorder are the same as those in respect of permanent appointment to the Supreme Court, as set out in section 9(1) of the Supreme Court Ordinance. A legal practitioner in private practice is eligible for either appointment if he or she is a qualified barrister and has practised for at least 10 years as a barrister or solicitor.

Mr President, before that Ordinance was passed, the question of making solicitors also eligible for appointment as recorders of the High Court was raised by the Bills Committee. Following discussions with the Administration, the Bar Association and the Law Society, the Bills Committee agreed that the qualifications for appointment as recorders should be dealt with separately. It asked the Administration to discuss this issue with the Bar Association and the Law Society in the succeeding few months and then report its conclusion to the panel on Administration of Justice and Legal Services.

After holding a series of discussions with the Bar Association and the Law Society, the Administration reaffirmed its view that the qualifications for appointment as recorders of the High Court should be the same as those for permanent appointments to the Supreme Court. The Administration also reached a preliminary conclusion that solicitors, who have practised as such in Hong Kong for 10 years or more, should be eligible for appointment as both recorders of the High Court and as permanent judges of the Supreme Court. The views of the Bar Association and the Law Society on this preliminary conclusion were sought last November. At the same time, the Administration briefed the Panel on the Administration of Justice and Legal Services. We also took part in the Panel's subsequent discussions with the Bar Association and the Law Society in December.

Mr President, after carefully considering the different views expressed by the Bar Association and the Law Society, the Executive Council agreed on 17 January that solicitors who have practised in Hong Kong for 10 years or more should be made eligible for direct appointment to the Supreme Court and that this Bill should be introduced into this Council to make an appropriate amendment to the current eligibility criteria in section 9(1) of the Supreme Court Ordinance.

The amendment proposed in this Bill will provide a simple and objective test of eligibility, and will ensure that no experienced legal practitioner in Hong Kong will be automatically excluded from applying for appointment to the Supreme Court. This will substantially enlarge the pool of eligible candidates.

Some people, including some Members of this Council, have expressed concern that it may be difficult to assess the suitability of the solicitor who has not appeared as an advocate or does not have the right of audience before the Supreme Court. I do not think that this should pose any insurmountable problem. Apart from Mauritius, Hong Kong appears to be the only common law jurisdiction which no longer provides any avenue by which a solicitor may be directly appointed to the High Court. Other jurisdictions which have introduced these avenues have been able to devise means of assessing the suitability of solicitors for appointment to the Bench. I am sure that Hong Kong can do so too.

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

BUILDERS' LIFTS AND TOWER WORKING PLATFORMS (SAFETY) BILL

THE SECRETARY FOR WORKS moved the Second Reading of: "A Bill to provide for the design, construction, installation and maintenance in safe working order of builders' lifts and tower working platforms, for the examination and testing of such lifts and platforms, and to provide for related matters."

He said: Mr President, I move the Second Reading of the Builders' Lifts and Tower Working Platforms (Safety) Bill. The Bill provides for the introduction of the statutory regulation of the design, construction, installation, examination, operation and the maintenance of builders' lifts and tower working platforms.

The tragic deaths of 12 workers in June 1993 made it clear that existing legislation does not adequately control the use of these installations. Subsequent inspections of builders' lifts revealed a disturbingly low level of maintenance and that there was an urgent need for vigorous action to control all aspects of their use.

The operation, maintenance and examination of builders' lifts (passenger hoists) are now subject to the control of the Construction Sites (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance (Cap. 59) and are under the jurisdiction of the Commissioner for Labour. The current legislation requires the building contractor to employ a competent examiner to examine the builders' lift after erection and at regular intervals of six months. The contractor is also required to employ a competent person to regularly inspect the builders' lift.

To adequately control the use of these installations, it was decided to introduce a completely new Ordinance. This Bill makes provision not only for approval of the design of builders' lifts and to tower working platforms, but includes for the registration of contractors who supply, install, maintain and remove them and for the registration of those who examine and certify fitness for use.

The Bill also sets out the safety requirements to be followed by the owner of the equipment and that of the registered contractor and registered examiner.

The requirements of the Bill will be controlled by the Director of Electrical and Mechanical Services who will examine certificates, test reports and the maintenance log books and be in a position to stop the use of any unsafe installation.

The Bill requires the setting up of a disciplinary tribunal to regulate registered contractors and registered examiners, with an appeal procedure against any decision given by the Director of Electrical and Mechanical Services or the tribunal.

The Builders' Lifts and Tower Working Platforms (Safety) (Fees) Regulation will be produced in due course and made by the Financial Secretary upon enactment of the Bill.

Mr President, this Bill aims to provide a regulatory framework for the control of builders' lifts and tower platforms and is supported in principle by the construction industry. I commend it to members for favourable consideration.

Thank you, Mr President.

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

MERCHANT SHIPPING (LINER CONFERENCES) BILL

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to provide for the implementation of the Convention on a Code of Conduct for Liner Conferences signed at Geneva on 6 April 1974; and for connected purposes."

He said: Mr President, with your permission, I shall move the Second Reading of both the Merchant Shipping (Liner Conferences) Bill and the Nuclear Material (Liability for Carriage) Bill.

Firstly, the Merchant Shipping (Liner Conferences) Bill. The purpose of the Bill is to implement in Hong Kong legislation the Convention on a Code of Conduct for Liner Conferences, which was drawn up in Geneva in 1974 under

the auspices of the United Nations. A liner conference is a group of carriers providing international services for the carriage of cargo on particular routes with an agreement whereby its members operate under uniform or common freight rates and any other agreed conditions. The Code of Conduct establishes rules designed to ensure a balance of interest between suppliers and users of liner shipping services to avoid discrimination against shipowners and shippers of the foreign trade of any country and to ensure transparency of information to interested parties.

This code already applies to Hong Kong and is implemented here by the United Kingdom legislation extended to Hong Kong. It is necessary to enact local legislation, namely the Merchant Shipping (Liner Conferences) Bill, to replace the United Kingdom enactments so that their legal effect will continue after 30 June 1997. This systematic localization of the United Kingdom merchant shipping legislation has been under way for some years and has involved the enactment of primary and subsidiary legislation addressing such issues as marine pollution, shipping safety and the establishment of the Hong Kong Shipping Register.

The continued application in Hong Kong of the Convention will ensure that liner conferences which are based in Hong Kong are governed by uniform rules in accordance with international practices. As merchant shipping activities make a significant contribution to Hong Kong's economy, it is important that we continue to apply internationally recognized rules to our shipping industry and international trade. The Merchant Shipping (Liner Conferences) Bill will help to achieve this aim.

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

NUCLEAR MATERIAL (LIABILITY FOR CARRIAGE) BILL

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to regulate liability in respect of injury or damage caused by the carriage of unclear material in Hong Kong."

He said: I now move the Second Reading of the Nuclear Material (Liability for Carriage) Bill. The purpose of the Bill is to replace through the enactment of local legislation the relevant provisions of the United Kingdom Nuclear Installation Act 1965 as applied to Hong Kong by three Orders-in-Council made between 1972 and 1986. The three Orders-in-Council will cease to have effect in Hong Kong after 30 June 1997.

The Bill provides that operators of certain nuclear installations and other persons responsible for the carriage of nuclear material in Hong Kong have a duty to ensure that no occurrence involving the nuclear material causes injury to any person or damage to any property arising out of the hazardous properties of the material. The Bill also makes provision in regard to compensation payable

for such injury or damage and provides for a 10-year limit on the time for bringing claims.

Mr President, I do not expect any consignment of nuclear material to pass through Hong Kong on its way to or from a nuclear installation in the foreseeable future. I consider, however, that it would be prudent to retain provision in the laws of Hong Kong concerning liability for the safe carriage of any such consignment. I therefore commend the Bill to this Council.

Thank you, Mr President.

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

INSURANCE COMPANIES (AMENDMENT) BILL 1995

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Insurance Companies Ordinance."

He said: Mr President, I move the Second Reading of the Insurance Companies (Amendment) Bill 1995. This Bill seeks to amend the principal Ordinance in a number of areas with a view to promoting efficiency in the Insurance Authority's administration of the insurance industry, and the proposed changes also aim to enhance protection of policy holders' interests.

One of the main purposes of the Bill is to define clearly the functions of the Insurance Authority. The main function of the Insurance Authority is to regulate and supervise the insurance industry for the promotion of its general stability and for the protection of existing and potential policy holders. He is responsible for, amongst other things, supervising an insurer's compliance with the provisions of the Ordinance; promoting prudent business practices amongst the insurers; encouraging proper standards of conduct among insurance intermediaries; reviewing the regulatory system and issuing guidelines to assist in better compliance with the Ordinance. However, the Ordinance does not contain a general description of the Authority's functions. This is unsatisfactory as insurers have occasionally challenged the nature and extent of the Authority's express statutory duties. The proposed amendments describing the Authority's functions and duties, which are no different from those presently exercised by the Authority, will lead insurers to a better understanding of his regulatory role.

The second major proposal in the Bill seeks to allow the beneficial exchange of information between the Insurance Authority and other financial regulators. In view of the international nature of the insurance business and the development of financial conglomerates which offer a variety of financial services, financial regulators should be permitted to exchange information, within prescribed limits, so as to foster co-operation and enhance the effectiveness of their supervision of the relevant markets. The Bill therefore

proposes that the Insurance Authority be allowed to disclose information to other financial regulators, local or overseas, provided that such disclosure will assist the recipient to exercise his statutory functions and is not contrary to the interests of policy holders or the public interest. Similar disclosure is already permissible under the Banking Ordinance and the Securities and Futures Commission Ordinance.

Thirdly, the Bill seeks to allow the Insurance Authority to approve a transfer of general business. Transfer of general business from one insurer to another becomes necessary when an insurer is about to cease business, for example, by reason of its insolvency or intended withdrawal from Hong Kong. Under common law, such a transfer requires the consent of each and every policy holder and is therefore extremely time-consuming and costly, particularly when a large number of policies are involved. It is therefore proposed that the Ordinance be amended to introduce a statutory mechanism for transfer of general business with the approval of the Insurance Authority. This amendment will not only save time and costs for insurers, but will also ensure that policy holders are properly protected under policies issued by another authorized insurer who continues to carry on business in Hong Kong.

In addition, the Bill proposes to make a number of other amendments to the Ordinance to enable the Insurance Authority to perform certain functions for the effective supervision of insurers and to reflect clearly the intention of certain provisions in the Ordinance. The amendments comprise:

Firstly, clarifying section 5(1)(b) of the Ordinance, which requires the Authority to enter in the register of authorized insurers authorization conditions relating to restrictions only on the classes of business. Although it was never the intention that precautionary authorization conditions such as conditions on premium limit be included in the register, the wording of the section is such that any authorization conditions would have to be included. As inclusion of such conditions may be misinterpreted as signifying that the insurer is in trouble, it is necessary to amend the section to reflect clearly the original intention.

Secondly, enabling the Authority to relax requirements of the Valuation Regulation that is being drafted pursuant to section 59(a) of the Ordinance. This section empowers the Governor in Council to make regulations to determine the value of an insurer's general business assets and liabilities. Under certain circumstances, it will prove necessary to modify some requirements of the Regulation, for example, in relation to authorized insurers incorporated outside Hong Kong who are already subject to satisfactory valuation regulations in their home countries. Such modification will however only be approved on a case by case basis and provided that it is not contrary to the interests of policy holders.

Thirdly, limiting to businesses carried on in or from Hong Kong the requirement under section 22(1)(a) for separation of the assets and

liabilities attributable to class G or H of long-term business, that is, retirement schemes business with or without a guarantee. The intention of such separation is to safeguard retirement schemes business carried on in Hong Kong and not elsewhere. However, the section applies inadvertently to overseas insurers, some of whom are not required to separate assets and liabilities attributable to such classes of business in their home countries. The proposed amendment would relieve them of these difficulties.

Fourthly, empowering the Authority to authorize an insurer to combine his Hong Kong long-term business other than classes G and H with his other overseas long-term business including any additional business not defined in the Ordinance. This amendment is necessary as long-term business in overseas jurisdictions may be classified differently from the classifications set forth in the Ordinance. An overseas insurer may have difficulty in fully complying with the separation requirement under section 22(1) of the Ordinance and be required to establish a separate fund purely for his Hong Kong business. As such business may be much smaller, he would not be able to take advantage of broader, risk limiting, investment opportunities, which in turn would not be in the best interest of Hong Kong policy holders.

Fifthly, a proposal to give retrospective effect to the Regulation made by the Governor in Council in July 1994 to exclude trustee operated retirement schemes, which were unintentionally brought within the ambit of the Insurance Companies (Amendment) Ordinance 1993, which introduced classes G and H retirement schemes business. To avoid rendering retirement schemes operated by trustees illegal during the period between commencement of the Amendment Ordinance and the making of the Regulation, the Regulation shall, I propose, be deemed to take effect from commencement of the Amendment Ordinance.

Lastly, a proposal to exempt immediate annuity contracts which provide benefits to retirement scheme beneficiaries from the prohibition to combine a class G or H retirement scheme business with any other long-term business and to give retrospective effect to the exemption from the date of commencement of the prohibition. This would prevent such contracts from being rendered illegal between that date and the enactment of this Bill.

Mr President, as I said at the outset that these proposals are put forward to promote efficiency and the Insurance Authority's administration of the insurance industry and to enhance protection of policy holders' interest, as such, I commend them to Members.

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

EXCHANGE FUND (AMENDMENT) BILL 1994**Resumption of debate on Second Reading which was moved
on 11 January 1995**

Question on Second Reading proposed.

MR JAMES TIEN: Mr President, as Mr Ronald ARCULLI, Chairman of the Bills Committee to study this Bill, is out of town today, I rise to speak on the Bill.

The background and the salient features of the Exchange Fund (Amendment) Bill 1994 have been clearly explained by the Financial Secretary at the Second Reading of the Bill on 11 January 1995. It seeks to provide an up-to-date and more robust legal framework for monetary management and for prudent management of the Exchange Fund.

The Bills Committee has held a meeting with the Administration and representatives from the Hong Kong Monetary Authority to discuss the Bill in detail.

In scrutinizing the Bill, concern has been expressed on the provision to broaden the scope of permissible investments of the Exchange Fund to cover new financial arrangements such as derivatives which are of high market risk. The Monetary Authority has explained to us that this provision, clause 3(a) of the Bill, if enacted, will enable it to use derivatives prudently to minimize risk in Exchange Fund investments, that is, for hedging purposes rather than for the purpose of speculation. It has assured the Bills Committee that it is the existing policy of the Monetary Authority to require the holding of underlying assets in the use of derivatives. Moreover, investment decisions will be subject to the advice of the Exchange Fund Advisory Committee.

A Member of the Bills Committee has raised concern that there should be a mechanism to ensure prior knowledge of this Council of any significant change in investment policy. In response, the Monetary Authority has advised that it will be impracticable to disclose the investment strategy or any change in investment policy because of market sensitiveness. It considers that sufficient checks and balances are in place to ensure the prudent management of the Fund.

The Bills Committee has also noted that to reflect Hong Kong's autonomy in monetary and financial policies and be consistent with Article 113 of the Basic Law, the Bill, if passed, will allow for transfer to the Hong Kong Government certain powers over the control of the Exchange Fund which are presently vested in the Secretary of State in London. We have also noted that the proposals of the Bill have the support of the Chinese Government.

Mr President, as the legal and drafting aspects of the Bill are in order, the Bills Committee supports it intact.

With these remarks, Mr President, I commend the Exchange Fund (Amendment) Bill 1994 to Honourable Members.

DR DAVID LI: Mr President, as a leading international financial centre, Hong Kong must respond to the needs of a constantly changing global economy. Therefore the financial constituency which I represent welcomes the Exchange Fund (Amendment) Bill.

The Bill seeks to update the provision for the management of the Exchange Fund. It aims to refine the mechanism of monetary management and incorporate provision for a new inter-bank payment and settlement system. Members of the financial constituency will continue to work closely with the Hong Kong Monetary Authority to ensure that the highest international standard is maintained in our financial industry. The Exchange Fund (Amendment) Bill is part of the process of necessary change to meet the needs of our industry and our international standing.

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

DR HUANG CHEN-YA (in Cantonese): Mr President, the Democratic Party supports the Exchange Fund (Amendment) Bill.

However, I must point out that one of the consequences of this amendment is that the Exchange Fund may be involved in the trading of derivatives. In a recent debate on the issue of futures, many of my colleagues pointed out that derivatives were high risk products, and substantial loss might be resulted if they were not handled with due care. I believe the painful experience of Orange County of the United States is still fresh in our memory. We agree that the Exchange Fund may be involved in the trading of derivatives for hedging purposes and to minimize risk in Exchange Fund investments. However, we do not think that the Exchange Fund should be invested directly in derivatives.

According to the explanations of the Administration, the present policy of the Exchange Fund is that it will only use derivatives for hedging purposes rather than investing directly in them. Both the Exchange Fund and since its establishment the Monetary Authority have so far maintained good track records. The present policies are sound, but personnel and policies may change. We cannot rule out the possibility that one day when Hong Kong experiences changes in its revenue income, the Administration or the Exchange Fund may change these policies and think that derivatives may be used to generate interest. We should bear in mind that the person in charge of finance in Orange County was once applauded as the most outstanding and successful official for finance in

the history of local governments in the United States. We must learn a lesson from that incident.

Therefore, while we support the Bill, we request the Administration to continue adopting a highly prudent policy towards derivatives. It should take the initiative to report any changes in policy to the Legislative Council at the earliest possible time so that the painful experience of Orange Country will not be repeated in Hong Kong.

The Monetary Authority holds that it is not feasible to disclose changes, if any, in investment policy because this will influence the market. We do not agree with their view because it means that the Monetary Authority will also hold back relevant information from the Legislative Council. This also means that the Exchange Fund will operate in secrecy. How can we ensure that the hard-earned money of our taxpayers will not be totally lost in the game?

Therefore, while the Administration is broadening the scope of authority in the management of the Exchange Fund, it should also set up an accountability system under which the managers of the Exchange Fund will have to take better initiative to report to the Legislative Council so that the sound operation of the Exchange Fund may be monitored by this Council more effectively. If the Administration does not do so, we may enact laws in the form of a private bill to make it mandatory for the Administration to disclose to the Legislative Council details of the operation of the Exchange Fund.

FINANCIAL SECRETARY: Mr President, perhaps I could just respond to the remarks about derivatives and investment policy.

First, I thank Mr TIEN and the Bills Committee for their support for this Bill. I can assure you that we are normally criticized for being too conservative rather than too risky, and in terms of investment policy, and in particular derivatives, it is worth noting that the Monetary Authority of course works under the guidance of the Exchange Fund Advisory Committee. That has on it representatives of the private sector, in particular the banking sector, so that there is an oversight of that very important area.

But I will look further at the question of transparency. I believe the Monetary Authority in fact has made a number of steps already to make its operations more transparent. It has recently produced a number of publications which did not exist before. We have, of course, published the annual accounts, and I will certainly look further at what further steps can be taken in that direction.

Thank you, Mr President.

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

Bill read the Second time.

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

ADMINISTRATION OF JUSTICE (MISCELLANEOUS PROVISIONS) BILL 1994

Resumption of debate on Second Reading which was moved on 11 May 1994

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

Bill read the Second time.

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

WASTE DISPOSAL (AMENDMENT) BILL 1994

Resumption of debate on Second Reading which was moved on 11 January 1995

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

Bill read the Second time.

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

SHIPPING AND PORT CONTROL (AMENDMENT) BILL 1994

Resumption of debate on Second Reading which was moved on 11 January 1995

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

Bill read the Second time.

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

Committee Stage of Bills

Council went into Committee.

EXCHANGE FUND (AMENDMENT) BILL 1994

Clauses 1 to 8 were agreed to.

ADMINISTRATION OF JUSTICE (MISCELLANEOUS PROVISIONS) BILL 1994

Clauses 1, 2, 3, 18, 19, 20, 22 to 50, 52, 53, 55 to 64 and 66 were agreed to.

Clauses 4 to 17, 21, 51, 54 and 65

ATTORNEY GENERAL: Mr Chairman,

Amendments to English and Chinese texts

I move that clauses 51, 54 and 65 of the Bill be amended as set out in the paper circulated to Members.

The amendments to clauses 51 and 54 are drafting changes not affecting the substance of the Bill.

The purpose of clause 65 was to introduce a simple provision dealing with the protection of magistrates, in place of several very complicated provisions. However, the Administration has received representations from the Bar Association and the Law Society in respect of this proposal and accepts that further consideration of it is required. It is therefore proposed that clause 65 be deleted.

Amendments to Chinese text

I further move that clauses 4 to 17 and 21 of the Bill be amended in respect of the Chinese text as set out in the paper circulated to Members.

These amendments are required to reflect the authentic Chinese title and text of the Ordinances referred to in the Bill.

Mr Chairman, I beg to move.

*Proposed amendments***Clause 4**

That clause 4 be amended, in the Chinese text, by deleting the clause and substituting —

"4. 欠缺資格可作反對陪審員人選的理由但並非使審訊無效的理由

《陪審團條例》(第3章)第6條現予修訂，廢除“或雖被傳召出任特別陪審員，卻無出任特別陪審員的資格，”。”。

Clause 5

That clause 5 be amended, in the Chinese text, by deleting the clause and substituting —

"5. 陪審員的臨時名單

第7(3)條現予修訂，廢除兩度出現的“普通”。”。

Clause 6

That clause 6 be amended, in the Chinese text, by deleting the heading of the clause and substituting —

"特別陪審員的臨時名單".

Clause 7

That clause 7 be amended, in the Chinese text, by deleting the clause and substituting —

"7. 陪審員名單的確定

第9條現予修訂 —

- (a) 在第(1)款中，廢除“普通陪審員和特別”；
- (b) 在第(2)款中，廢除“普通陪審員名單或特別陪審員名單（視屬何情況而定）內，或從該等”而代以“陪審員名單內，或從該”；

- (c) 在第(3)款中，廢除兩度出現的“普通”；
- (d) 在第(3A)款中，廢除第一次出現的“任何”；
- (e) 廢除第(4)款；
- (f) 廢除第(5)款而代以 —

“ (5) 即使本條的上述條文已有規定，司法常務官可採用上一年的名單，作為本年的陪審員名單。 ” 。

Clause 8

That clause 8 be amended, in the Chinese text, by deleting the clause and substituting —

"8. 陪審員名單的刊登及生效

第 10 條現予修訂 —

- (a) 在第(1)款中，廢除“普通陪審員名單，以及由總督最後確定的特別”；
- (b) 在第(2)款中，廢除“特別陪審員名單或普通陪審員名單，”而代以“陪審員名單”。

Clause 9

That clause 9 be amended, in the Chinese text, by deleting the clause and substituting —

"9. 對已確定的陪審員名單作出增補的權力

第 11 條現予修訂，廢除所有“普通”。

Clause 10

That clause 10 be amended, in the Chinese text, by deleting the clause and substituting —

"10. 從陪審團名單內剔除的權力

第 12(1)條現予修訂 —

- (a) 在(a)段中，廢除“特別陪審員名單或普通”；
- (b) 廢除(b)段。

Clause 11

That clause 11 be amended, in the Chinese text, by deleting the clause and substituting —

"11. 陪審員小組的組成

第 13(1)條現予修訂，廢除兩度出現的“普通”。

Clause 12

That clause 12 be amended, in the Chinese text, by deleting the heading of the clause and substituting —

"特別陪審員小組".

Clause 13

That clause 13 be amended, in the Chinese text, by deleting the clause and substituting —

"13. 民事訴訟的陪審團

第 15 條現予修訂 —

- (a) 在第(1)款中 —
 - (i) 廢除兩度出現的“特別陪審團或普通”；
 - (ii) 廢除“(視屬何情況而定)”；
- (b) 在第(3)款中，廢除“特別陪審團或普通”。

Clause 14

That clause 14 be amended, in the Chinese text, by deleting the heading of the clause and substituting —

"組成小組時略去某些人的姓名".

Clause 15

That clause 15 be amended, in the Chinese text, by deleting the heading of the clause and substituting —

"刑事案件中的特別陪審團".

Clause 16

That clause 16 be amended, in the Chinese text, by deleting the clause and substituting —

"16. 法院豁免陪審員的權力

第 28(1)(b)條現予修訂，廢除“普通陪審員名單或特別陪審員名單（或兩者）”而代以“陪審員名單”。

Clause 17

That clause 17 be amended, in the Chinese text, by deleting "(or special juror)" and substituting "(或特別陪審員)".

Clause 21

That clause 21 be amended —

(a) in the Chinese text, by deleting -

"《Education Regulations》

21. Forms"

and substituting -

"《教育規例》

21. 表格".

(b) in the Chinese text, by deleting "《Education Regulations》" and substituting "《教育規例》".

(c) in paragraph (a), by deleting "名冊內的" and substituting "名單上所列".

(d) in the Chinese text, by deleting paragraphs (b) and (c) and substituting —

"(b) 在表格 8 的註 3 中，廢除“特別陪審員名單上所列人士、”；

(c) 在表格 10 的註 4 中，廢除“特別陪審員名單上所列人士、”。".

Clause 51

That clause 51 be amended, in the proposed section 3(4) by deleting "bequests" and substituting "bequeaths".

Clause 54

That clause 54 be amended, by deleting "of the Criminal Procedure Ordinance (Cap. 221)".

Clause 65

That clause 65 be amended, by deleting the clause.

Question on the amendments proposed, put and agreed to.

Question on clauses 4 to 17, 21, 51, 54 and 65, as amended, proposed, put and agreed to.

New clause 53A Computation of sentences
 of imprisonment

Clause read the First time and ordered to be set down for Second Reading pursuant to Standing Order 46(6).

ATTORNEY GENERAL: Mr Chairman, I move that new clause 53A as set out in the paper circulated to Members be read the Second time.

New clause 53A amends section 67A of the Criminal Procedure Ordinance, which deals with the computation of sentences of imprisonment. At present, the length of any prison sentence imposed on a person is reduced by any period during which the person was in custody, before his conviction, by reason of a court order made in connection with the proceedings leading to his conviction. No deduction is, however, made in respect of any period of custody before the person was first taken to court. This has given rise to unfairness, particularly in relation to illegal immigrants who may be lawfully detained under Part VII of the Immigration Ordinance without a court order.

Attempts have been made to deal with this problem at the sentencing stage by drawing to the attention of the judge any period of executive detention. However, the Judiciary has called for a legislative amendment and the Administration accepts that this is the better approach.

The amendment being proposed will cover periods of detention not only under Part VII of the Immigration Ordinance but also by the police, Customs and Excise Department and the Independent Commission Against Corruption.

Mr Chairman, I beg to move.

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

Clause read the Second time.

ATTORNEY GENERAL: Mr Chairman, I move that new clause 53A be added to the Bill.

Proposed addition

New clause 53A

That the Bill be amended, by adding before clause 54 —

**"53A. Computation of sentences
of imprisonment**

Section 67A of the Criminal Procedure Ordinance (Cap. 221) is amended —

(a) by adding -

"(1A) The length of any sentence of imprisonment imposed on a

person by a court shall also be treated as reduced by any period during which he was, immediately prior to his first appearance in court in connection with any proceeding relating to the offence for which the sentence of imprisonment was imposed, in custody -

- (a) of the police, Customs and Excise Department or Independent Commission Against Corruption in connection with that offence; or
- (b) under Part VII of the Immigration Ordinance (Cap. 115) in connection with that offence.";

(b) by adding -

"(3A) No period of custody, other than a period which would have been taken into account immediately before the commencement of the amendment to this section effected by the Administration of Justice (Miscellaneous Provisions) Ordinance 1995 (of 1995) for the purpose of reducing a term of imprisonment, shall be taken into account for the like purpose under this section unless it falls after that commencement."."

Question on the addition of the new clause proposed, put and agreed to.

Schedule 1

ATTORNEY GENERAL: Mr Chairman, I move that schedule 1 be amended as set out in the paper circulated to Members.

The amendments to item 8 of Schedule 1 are required to reflect the authentic Chinese text of the Ordinances referred to in the Bill.

Item 13 of Schedule 1 amends the minimum fee payable to the Urban or Regional Council for a licence of a place of public entertainment kept or used by a religious, charitable or educational body. However, the two Councils have recently been given a complete discretion to waive licence fees and item 13 has therefore become redundant and should be deleted.

Mr Chairman, I beg to move.

Proposed amendment

Schedule 1

That schedule 1 be amended, in the Chinese text, in item 8 by deleting paragraphs (a) and (b) and substituting —

- "(a) 在第 7(a)(i)條中，廢除“可動用收入及可動用資產”而代以“財務資源”。
- (b) 在第 7(a)(ii)條中，廢除“可動用資產”而代以“財務資源”。

That schedule 1 be amended, by deleting item 13.

Question on the amendment proposed, put and agreed to.

Question on schedule 1, as amended, proposed, put and agreed to.

Schedule 2 was agreed to.

WASTE DISPOSAL (AMENDMENT) BILL 1994

Clauses 1 to 10 were agreed to.

SHIPPING AND PORT CONTROL (AMENDMENT) BILL 1994

Clauses 1 and 2 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

EXCHANGE FUND (AMENDMENT) BILL 1994**WASTE DISPOSAL (AMENDMENT) BILL 1994 and****SHIPPING AND PORT CONTROL (AMENDMENT) BILL
1994**

had passed through Committee without amendment and the

**ADMINISTRATION OF JUSTICE (MISCELLANEOUS
PROVISIONS) BILL 1994**

had passed through Committee with amendments. He moved the Third Reading of the Bills.

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

Bills read the Third time and passed.

PRIVATE MEMBER'S MOTIONS

PRESIDENT: I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates and Members were informed by circular on 9 February. The movers of the motions will have 15 minutes for their speeches including their replies and another five minutes to reply to proposed amendments. Other Members, including movers of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

MEASURES TO ADDRESS TRAFFIC CONGESTION

MRS MIRIAM LAU moved the following motion:

"That this Council urges the Administration to fully consider the public views expressed on the "Report of the Working Party on Measures to Address Traffic Congestion" and to adopt such measures that are both fair and effective to solve the traffic congestion problem in Hong Kong."

MRS MIRIAM LAU (in Cantonese): Mr President, after a study of almost two years, the Government published at last the *Report of the Working Party on Measures to Address Traffic Congestion* in November 1994 and carried out a public consultation. The Liberal Party welcomes the Government's willingness to conduct the study on traffic congestion. But on the whole, we are disappointed with the recommendations made by the Government experts. Before the Report was published, even the Transport Advisory Committee, the Government's advisor on transport matters, has not had a chance to take a glance at it. What an irony this is.

Of course, I am not saying that this report does not have any merits. Most of the measures, such as expanding public transport services, implementing traffic management schemes, introducing district road improvements, tightening control on road openings, and so on are worth supporting. But the Liberal Party begs to differ on such controversial issues as increasing the First Registration Tax (FRT) and Annual Licence Fee (ALF), quota system for private vehicles, increasing in the passage tax for the Cross Harbour Tunnels, restricting use of the Cross Harbour Tunnels to vehicles with odd or even licence numbers on alternate days, and implementing an Electronic Road Pricing (ERP) system when a feasibility study is yet to be carried out and sufficient supporting transport facilities are yet to be ascertained.

Today, I would like to discuss two aspects of these measures that spark off a lot of public controversies: which are fairness and effectiveness. First of all, it is most unfair that all these punitive measures are levelled at private cars. It is even more unfair that the Government has classified motorcycles as private vehicles. Basically, the growth of motorcycles over the past 10 years is a mere 14%. Although the number of private vehicles is greater and the growth rate is faster, the percentage of road occupancy is far less than that of goods vehicles, and very often the culprits of congestion are not private vehicles. For these reasons, it is absolutely unfair to adopt punitive measures against private vehicles only.

This is not the first time the Government has adopted fiscal measures to curb growth in the number of vehicles. In 1974 and 1982, such measures had been adopted. However, only temporary relief resulted in each case. The Government doubled FRT and increased ALF by three times in 1982, it also raised substantially the fuel tax. In spite of the economic depression and political uncertainty then, these drastic measures were effective for only a few years. By 1987, the number of private vehicles started to rise again.

Time has changed. Now that the economy of Hong Kong is robust, and its political situation is on the whole stable, how effective will it be by adopting the same measures? It is really doubtful. The main reason for most people to "keep a car" is that they have the genuine need, especially those who live in remote areas. Their cars are like their own legs. Even if cars are getting costly and it is becoming more and more expensive to "keep a car", people would rather give up food than giving up their cars simply because they need to use

them to travel about. Under these circumstances, the measures of increasing ALF and FRT will only lower the people's quality of living, thereby casting a far-reaching impact on the community. The Liberal Party is against measures that bring about damage before benefit, and which are unfair and without any practical effect.

In the report, the Government recommends an increase in the passage tax for the tunnels. A strange phenomenon emerged. According to the results of a number of surveys, the number of people supporting and opposing ERP are more or less the same. However, in the same surveys, they oppose strongly any increase in the passage tax. Passage tax or tunnel toll is one form of road pricing, why is ERP more acceptable to the public than an increase in passage tax? The reason is simple. Although the public accept the "user pays" principle, they are unwilling to pay if they are forced to do so without options. The congestion in the two cross harbour tunnels is mainly caused by an insufficient number of passage lanes. Moreover, the Central-Jordan vehicular ferry service, the only form of transport which helps to ease road congestion, has now been closed down, hence aggravating congestion at the tunnels. Therefore, a rise of \$10 in the passage tax may be completely ineffective, given the substantial need of the public to travel across the harbour. Of course, if the toll is to be increased to \$100 per trip, the general public may stop using the tunnels as it is totally beyond their affordability, and using the tunnels will then become a privilege of the rich. As a matter of fact, the Western Harbour Crossing will not be completed until 1997, and it is unlikely that link roads to the Island Eastern Corridor will be completed in the foreseeable future. The delay in these programmes will directly or indirectly cause congestion in the cross harbour tunnels and areas in their vicinity. For this, the Government should shoulder the responsibility.

With robust economic development in the Territory today, frequent travelling between places is essential. Transport policy should always be planned one step ahead of economic or regional development. It is undesirable to adopt an attitude of "confronting whatever is the reality" or "taking stopgap measures" as we do now. If one takes a look at other places in the world which have an earlier economic development than Hong Kong, one can see that their plannings for transport always go ahead of those for the economy. In Hong Kong development in transport infrastructure always lags behind that in economy, and numerous road projects have been delayed time and again. Instead of reflecting upon its fault, the Government simply passed the buck to road users. This is really unfair. Had the Government been sincere, confident, brisk and credible, there would not have been such a strong aversion to the recommendations proposed by it.

Another perplexing recommendation proposed in the report is restricting the use of the cross harbour tunnels to cars with odd or even licence numbers on alternate days. The Liberal Party is of the opinion that such a measure would clearly aggravate the disparity between the rich and the poor. It would also encourage rich people to buy a few more private cars so that they can have use

cars to everyday. Those who are less affluent would then be deprived of such right. Not only is this against the basis and principle of social equity, but this may also lead to a growth in the number of cars. The Liberal Party strongly opposes such a disturbing and unfair proposal.

Another high-handed recommendation proposed in the report is the vehicle quota system, or the Certificate of Entitlement system. While I agree that such a measure may be effective in curbing the growth of private cars, the social problems it brings about may be very serious. In a paper recently submitted to the Legislative Council Transport Panel, the Government admitted that the vehicle quota system would probably make vehicles very expensive, and that it would bring about problems such as "speculation", aging of vehicles and hoarding of old vehicles by speculators. These shortcomings would cause various social problems, leading to a disparity between the rich and the poor and creating social conflicts and unrests. Moreover, once the entitlement system is implemented, car owners will instantly be deprived of their present right to own unlimited number of cars, while car ownership with a time limit will take its place. This is no different from looting and is absolutely unfair to car owners, the number of which have now reached nearly 300 000.

Since the Government knows that the system is so infested with problems, why should it still have recommended the system as an interim measure to ease traffic congestion? According to Government, it is an alternative to raising vehicle tax. The fact that the Government asks the public to choose between the entitlement system and a fiscal measure is tantamount to asking them to choose between cyanide and arsenic. I wonder if the Government really wants the public to drink poison to quench thirst?

Though the system, one which had never been introduced in other countries before, has not aroused strong objection among the public, it is quite obvious that the public is in two minds. On the one hand, people are longing for a solution to the traffic problem that has existed for years, but on the other hand, they are unwilling to pay a "mandatory road toll". If the government sets up fee charging zones, and members of the public are faced with no alternatives, they will be forced to drive into such zones; however, an "extortionary system" such as that of the cross harbour tunnels would never gain acceptance from the public, neither would the relevant measures be definitely effective. If given no choice, many of the car owners could only scrimp on clothing and food expenses in order to continue using the roads. By that time, not only will traffic congestion stay unimproved, but the public will also start grumbling and cursing the government for that. Moreover, once the ERP system is implemented, there will be no way for the Government to "draw in its horns". By then, this policy of the Government will be overly implemented and will be beyond reversion.

The Liberal Party is not saying that it does not support the "user pays" principle, but we feel that before ERP is to be introduced in Hong Kong, the Government must first carry out a comprehensive feasibility study and provide adequate transport facilities such as bypasses or public transport link to cope with the situation, so that motorists who have to enter the ERP zones are given choices, and vehicles just passing by such zones will not be subject to charges.

The Liberal Party is of the view that if a pilot scheme on ERP is to be carried out, Singapore could be an example to follow. A non-electronic mode should first be adopted and successfully tried out before the ERP system is implemented. By doing so, the risk of buying costly equipments could be avoided before the feasibility of the system is ascertained.

Such have been the extensive queries and objections raised by the Liberal Party on the Report, but the Liberal Party is not behaving as if it is going to object with or without reason; instead, we are analyzing the proposals, as regards their merits and demerits, feasibility as well as impact on the community, with our consistent pragmatism, adoption of the truth and negation of falsities. People may ask: we have excluded nearly all of the most effective measures the Government has proposed, so what other means are there that can address the traffic congestion problem? In our view, any measure to be adopted by the Government must be fair and effective. If the measures to be implemented are intrinsically laden with problems, they will only aggravate the situation and bring upon more negative impact to our community. The Government must be very careful about this.

"It takes more than one cold day for the river to freeze three feet deep". The traffic problems confronting us now are in fact the results of the Government's past mistakes in town planning and land use. The Government has migrated a large portion of the population to the New Territories, but most people are still working in urban areas, thus creating a tremendous demand for transport facilities; meanwhile, public transport has been unable to match with regional developments completely, consequently, all these contribute to growth in the number of vehicles and road traffic congestion. It would simply be a fairy tale to have these age-old problems solved instantly by short-term measures.

The Liberal Party is of the view that if the traffic congestion problem in Hong Kong were to be completely solved, the Government must tackle it at its roots and administer remedy to the case. In its response (on the report submitted by the Transport Branch), the Liberal Party has analysed in detail the causes of traffic congestion in Hong Kong and has proposed 20 recommendations to be considered by the Government. Such interim and long-term measures include:

1. Transport issues must be given prime consideration in future area development planning and land use, to ensure, in particular, that adequate public transport services are provided to newly developed areas.
2. The Government should provide as many job opportunities as possible in newly developed areas, so that residents need not travel to and fro the urban areas for work.
3. The Government should develop the New Territories North West (NWNT) Railway and undertake the Route 3 project without delay, in order to solve the congestion problem along Tuen Mun Road and relieve the pressing demand for freight transport.
4. The Government should allocate buffer areas in the neighbourhood of Kwai Chung so as to solve the congestion problem caused by container vehicles in that area.
5. The Government should speed up road projects which it has presently committed to carry out and build more flyovers and bypasses in busy areas.
6. The Government should develop without delay mass transit network on a region-wide basis and consider the provision of aerial railway in appropriate areas, and as far as possible, with carparks encouraging drivers to park their cars and ride on mass transit carriers or other forms of public transport.
7. The Government should build more public carparks and encourage private investment in this aspect. Adequate parking spaces should be provided in new buildings to cater for various kinds of vehicles. It must also be noted that enough parking spaces for goods vehicles should be provided so as to avoid their random parking on the streets.
8. As regards the ERP, the Government should carry out, first of all, a thorough study on its feasibility. Even if the implementation of the policy were decided, it should be effected under the premise that adequate transport facilities are to be provided for the public to choose. There is no need for the Government to introduce an electronic mode road pricing system hastily. If a pilot scheme is to be carried out, the Government should try a non-electronic mode first.

Short-term measures suggested by the Liberal Party to the Government include:

1. Holiday licences to be issued to encourage the public to use their cars only on weekends. But the licence fees must be set a lower rate.
2. Serious and rigorous control should be exercised on road works while such works should be undertaken at night wherever possible so as to minimize the impact on traffic.
3. The policy of kerbside parking should be reviewed and the time for metered parking should be reduced to one hour or half an hour to ensure that parking spaces are used on a short time basis.
4. Enforcement actions against illegal parking and traffic offenders should be stepped up, so as to minimize artificial traffic bottlenecks.
5. During peak hours and on busy roads, loading/unloading activities of goods vehicles and parking/waiting of all vehicles should be prohibited. Heavy goods vehicles should also be banned from entering busy roads during peak hours.
6. The police should give a higher priority to dealing with cases of traffic offences, and the enforcement function of traffic wardens should be upgraded.
7. Quality of public transport services, including minibuses and shuttle buses serving housing estates, should be improved, so as to attract private car owners to switch to using public transport facilities.
8. Assess whether the causes which lead to the frequent breakdown of vehicles on roads should be attributed to an over-relaxed vehicle inspection programme at present. If so, the inspection standard should be tightened up.
9. Step up public education on safe driving and road safety in order to minimize traffic accidents.
10. The Government should take the lead in implementing the flexi-working hours system in government offices and set an example for others to follow.

11. Strengthen ferry services, making use especially of speed vessels, examine the possibilities of opening new routes and reopen temporarily the vehicular ferry service between Hong Kong and Kowloon (preferably extending to Tsuen Wan) until the completion of the Western Harbour Crossing.
12. The Government should actively consider and introduce the car pool concept.

Mr President, despite the seriousness in traffic congestion in Hong Kong, if the Government is genuinely willing to properly address the issue for the sake of the livelihood of its people and the economy, and to undertake its responsibility towards Hong Kong, by tackling the problem with measures which are both fair and effective, the problem will ultimately be solved one day.

Finally, I would like to mention that a few days ago, the Liberal Party has carried out a two-hour signature collection campaign at several spots over the territory, and nearly 8 000 signatures were collected. These people opposed strongly that the Government should adopt fiscal measures the Government adopts in addressing traffic congestion. We hope that their views can be fully considered by the Government.

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

Question on the motion proposed.

MR JIMMY MCGREGOR: Mr President, it is not difficult to agree with this motion. It is worded in such a way that one cannot disagree with it. Every citizen of Hong Kong will undoubtedly agree that we have very substantial traffic problems and traffic congestion in Hong Kong. Every organization with the slightest interest in our economy, our environment and our society is bound to agree with that view.

But I think it is worthwhile to make a few observations to put the present state of affairs and the overall problem in context.

The Government has an excellent track record in the planning of new towns over the past 30 years and in the planning and construction of the economic and social infrastructure necessary to ensure that one of the fastest growing economies in the world has been able to continue to grow at more than 6% per annum over several decades. Not only that, but the Government has also had to contend with a very large proportionate expansion of population, much of it immigrants, during that time. Remember also that Hong Kong is a relatively very small and hilly territory with a very high density of population.

In these circumstances, it was inevitable that an expanding economy would place very great pressure upon the Government to build an efficient road, rail, underground and sea transport system that would allow rapid and massive people movement on a daily basis. The Government has performed this task, in my view, wonderfully well and I will not castigate the Government for failing to take action to provide an even better transport system. We are facing the inevitable problems arising from our great success as a community. Since we are in an election year, I guess it is also inevitable that some Councillors will accuse the Government of various failures to foresee and deal with the problem.

The Hong Kong General Chamber of Commerce and the Hong Kong Democratic Foundation have both considered the Report of the Working Party. Both have submitted papers to the Government and these provide responses in much more detail than I can include in this short speech. But there are common points, important points, that I wish to touch upon.

The first is that both organizations agree with the need for the early introduction of an electronic road pricing (ERP) system which will reduce to some extent the waste of road space at certain times in certain busy districts by vehicles either cruising, like taxis, or without any specific need to be there. A great many people use cars to go to work or at the end of the day to go home. But they can easily take a bus, minibus, or the Mass Transit Railway (MTR).

The concept of ERP was strongly supported by the Chamber when it was first placed on trial many years ago. We were about the only major organization in fact to support ERP. I do not doubt that a great many more will now see that it is inevitable as a traffic reduction and management system. Modern technology makes such a system more than ever viable. It is also clear that the large sums of money obtained from ERP should be specifically ploughed back into expenditure on new roads, improved transport infrastructure and better traffic management.

It is also clear that significant increases in tunnel tolls should be applied, if possible, at certain times of the day to help regulate traffic flow through the busiest tunnels. There is general support, I think, for substantially increased vehicle licence fees. First registration tax should not be heavily increased, however.

Both organizations argue against any form of quota system for the vehicle registrations. Such a system could very quickly become unfair and probably corrupted. It would certainly encourage malpractice, similarly with any bright idea of using odd and even number on alternate days. The Chamber and the Foundation stress the need to provide substantially greater off-street parking facilities than are available at present. There is a strong case for making special sites available to the private sector close to commuter centres to allow high rise car parks to be constructed and to encourage car commuters to switch to the MTR and other public transport. The Government, of course, has gone some way already with such a policy but more is needed.

Wherever possible and practicable, goods vehicles should not be allowed to park and deliver on busy main roads at certain times of the day. ERP will encourage them to deliver goods at less crowded times but there should be specific restrictions on loading and unloading on main roads during peak hours.

Bus lanes are already being increased and this policy should be expanded where possible.

My personal view is that motor cycles should be given fiscal preference over motor cars. They are smaller and much more manoeuvrable.

The Chamber does not agree that company cars should lose their tax benefits. The Foundation thinks they should. In this case I agree with the Foundation. Both organizations agree that traffic management could be substantially improved. Selfish driving in Hong Kong is endemic. We have some of the rudest and most provocative drivers in the world. Frustration and anger at delay leads constantly to bad driving practice. No driver will give an inch. Police control of traffic cannot operate everywhere but a greater police willingness to apply existing laws against illegal stopping, parking, lane switching and so on could greatly improve matters.

Fines for traffic offences should be substantially increased. Where possible they should be subject to immediate payment. There should be an extension of the synchronization of traffic lights to assist traffic flows through bottlenecks. There really must be some better control also over road openings which are a constant source of traffic disruption.

In closing, I must also mention the need for continued long-term traffic planning. Our roads will always have some degree of limitation on expansion. Yet our society is developing rapidly with continually improving per capita income and savings leading to greatly increased car ownership.

Our economy is also expanding very fast and we increasingly make our money from our trade with China, much of it road and rail borne. This trade will continue to increase at a fast rate. Freight transport and especially container traffic is an integral part of the overall traffic problem. Government policy must obviously deal with both the external and internal elements. Overall land planning policies are developed as a concerted whole.

May I finally point to the related problem of vehicle emission pollution. Higher standards must be set and stronger action taken against offenders such as on the spot fines.

The Chamber and the Foundation most appreciate the vigour with which the Government is tackling this issue.

I support the motion.

MR WONG WAI-YIN (in Cantonese): Mr President, members of the public have ranked traffic congestion as the number one problem affecting their daily lives. In the past, the Government all along evaded the issue in its traffic policies. As a result, the overall expansion of our road network has lagged far behind the growth in population and local development, resulting in serious traffic congestion. Over the past few years, I moved, on a number of occasions, motions on traffic problems, urging the Government to give due attention to traffic issues, particularly the external traffic of new towns, and to be more proactive in improving the problem of external traffic in the New Territories. I welcome the Government's move in setting up a working party and preparing this report, showing that it has finally made up its mind to address the problems. However, we are deeply disappointed that the recommendations of the *Report of the Working Party on Measures to Address Traffic Congestion* has failed to identify the problems and prescribe the right remedies.

To begin with, an understanding of the traffic problems in different areas of the territory is essential for formulating a set of comprehensive and efficient traffic measures. The traffic jam we often talk about actually refers to the appearance of excessive vehicles at a certain time on a certain section of a road. The measures must be aimed at this specific problem so that different charges should be levied on different types of vehicles at different time and in different places. The principle is, regardless of what administrative or fiscal measures are taken, no unnecessary burden should be imposed on the motorists who use their cars sparingly or travel only on non-congested roads, as well as the commuters who use public transport.

All the recommendations of the Report have focused only on curbing the growth of the number of private cars, with the sharp increase of private cars made the chief culprit for overloading the road. In saying so, the report has completely ignored the fact that the causes of traffic congestion are related to the way vehicles are used rather than the number of vehicles. Just imagine, if people live in Tai Po and work in Sha Tin, or travel from Tuen Mun to Sheung Shui, would they cause traffic jam even if they use private cars during busy hours? Would there be traffic congestion if private cars were used only on holidays? If we had sufficient parking spaces, would there be traffic jam simply because we wanted to have, additionally, a car parked at the places we live? These examples illustrate that traffic congestion is caused by the mode in which vehicles are use of, that is to say, too many vehicles appearing at a certain time in a certain place. For this reason, merely controlling the number of vehicles will neither tackle the problem nor prescribe the right remedies. Furthermore, for residents living in certain remote areas such as the northwestern part of the New Territories, they must rely on private cars for their daily travel as the

mass transit network is yet to be fully developed. To these people, private cars are more a necessity than a luxury. However, the Report has proposed a substantial increase in the First Registration Taxes and Licence Fees for all private cars and motorcycles, without taking into account the actual needs of the public in this respect.

We have recently come to know that the Transport Branch is studying the idea of issuing different licences in different areas to cater for the needs of the motorists who drive in different modes. I hope the Secretary for Transport will elaborate on this when he delivers his reply later. Nevertheless, the Democratic Party is of the view that targeting the modes of using vehicle is the key to solving the problem of traffic congestion. For this reason, we oppose the introduction of any administrative or fiscal measures, particularly the increase of the First Registration Taxes and Annual Licence Fees, which in fact enables the Government to boost its coffers under the beautiful pretext of alleviating traffic congestion.

Regarding the use of relieving tunnel congestion as an excuse for toll fee increases, the Democratic Party is of the view that this will only increase the Treasury's revenue rather than completely solving or relieving the congestion problem of the cross harbour tunnels. We should note that when the Cross Harbour Tunnel proposed to raise tunnel tolls last time, motorists still have the options of using either the Eastern Harbour Crossing or vehicular ferries to cross the harbour. But it is now proposed that the toll hike will apply to both cross harbour tunnels. As the vehicular ferry service between Jordan Road and Central has been scrapped because of the Central reclamation project, the public has no alternative but to use the two tunnels. Therefore, the \$10 increase will only produce a transient and minimal effect on relieving tunnel congestion, and will eventually bring to the Government additional revenue.

The Democratic Party has great reservations about the proposed introduction of a vehicle quota system. It is undeniable that the system seems to be an effective means to control vehicle growth, because it can directly control the annual vehicle growth. It will, however, also generate a lot of problems. For example, in what way will car ownership certificates be issued? Will balloting induce speculation? If open competitive bidding is adopted, will it create unfairness where only the rich people can own cars? How a balance can be struck between the two? How can the public be prevented from beating the system by purchasing cars before the quota comes into effect? And, after the quota system is introduced, how can the roadworthiness of vehicles be controlled as the average number of years that vehicles stay on the road is bound to increase? It is feared that if the above problems cannot be dealt with properly, with interests of all parties being taken care of, the economic losses incurred may be even greater. Nevertheless, controlling the number of cars is not necessarily related to controlling the modes of vehicle usage. For this reason, the vehicle quota system will not necessarily relieve traffic congestion. Therefore, the Democratic Party has great reservations about the vehicle quota system.

Mr President, the Democratic Party believes that if the increasingly annoying problem of traffic congestion is to be thoroughly resolved, the Administration should improve the efficiency of the mass transit system, encourage the public to give up using private cars and switch to public transport, and further study the feasibility of the ERP Scheme in a bid to alter the motorists' demand for road surface so as to curb congestion. In a while, another member of the Democratic Party the Honourable LEE Wing-tat will talk about the proposals and measures for solving traffic congestion on behalf of the Democratic Party.

Mr President, traffic congestion can in fact be alleviated to a certain extent by some short-term measures such as increasing ferry services, introducing more bus-only lanes, increasing parking spaces, controlling road-openings, installing more traffic signs, strengthening housing estate coach services and so on. The Government should, in fact, carry out these measures as soon as possible. I believe satisfactory results will not be achieved only by resorting to punitive fiscal measures.

Finally, I hope the Administration can adopt a "multi-pronged" approach to solve the traffic congestion problem. With these remarks, I support the motion.

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

MR EDWARD HO: Madam Deputy, I would like to first compliment Mrs Miriam LAU on her very comprehensive, succinct and constructive proposals, all delivered within the allotted 13 minutes. There is not much I would add to that but I will use my seven minutes, nevertheless.

Madam Deputy, there are four truths about traffic congestion problems. The first is that traffic congestion problem is not unique to Hong Kong. It is in fact a problem that has beset all modern cities: one can say that it is a by-product of a prosperous society. But, it is a problem that is more serious in poorly-planned city.

The second truth is that everyone and no one understands how traffic problems can be solved. Traffic engineering consultants based their judgements on informed statistical analysis, which is often proved wrong, as can be seen by the consultants for The Second Comprehensive Transport Study (CTS-2), whose projections for the growth of private cars were wrong by a 100% (projected growth 5%, actual growth 10%). But then, everyone has a solution for the problem because almost everyone is a victim of traffic congestion at one time or another. The Government's solution is often fiscal measures to control the growth of car ownership or use. The solution seems so simple: it might work, and if not, the Government's coffers will be that much richer.

The third truth is that whilst adequate physical infrastructure is essential to keep traffic moving, more roads will encourage more traffic into the congested urban areas, unless there are other solutions. The opening of the Eastern Harbour Crossing has, in a few years' time, increased cross-harbour traffic.

The fourth truth is that fiscal measures to discourage car ownership or car usage will lose its effect very soon, as society becomes more prosperous and when no other attractive options are offered to those who can afford to use the car.

I spoke on this subject when the Green Paper on Transport Policy in Hong Kong was debated in this Council in July 1989. I was most tempted to re-use that speech, as the proposals I made then are still relevant today: circumstances have only changed in that problems of traffic have deteriorated further.

In short, my proposals were:

- (i) land planning for more effective transport strategy by locating business districts in new towns;
- (ii) by imaginative urban planning solutions such as pedestrianization of pockets of commercial areas with large carparks, possibly underground on the fringe;
- (iii) discourage car usage by means of controlled access, fuel tax and area road pricing;
- (iv) alternate modes of transport: efficient, regular and comfortable means of public transport and smooth and better inter-connection between transport modes;
- (v) expand rail services: I urged for the Yuen Long Rail Link in particular; and
- (vi) provide "park-and-ride" to attract car-users to the public transport systems.

Madam Deputy, all that was some six years ago, none of that has happened, and now we are told to consider short-term solutions to tackle a critical problem. This I find hard to accept: The Hong Kong Institute of Planners have argued that traffic issues cannot simply be resolved by a crisis management approach and that forward planning and proactive measures are the real solutions. I cannot agree more.

At this juncture, I would propose the following additional points to be considered:

- (i) more development of water transport. In an area surrounded by water, it is astonishing that public transport over water has hardly been exploited;
- (ii) tighter control of programming of road works — a subject much discussed in the Legislative Council Panels;
- (iii) accelerate construction of trunk roads to connect major destinations and to bypass heavily built-up areas;
- (iv) as the Victoria Harbour will be just a channel or a river after all the reclamation has been done, plans should be in place so that a series of bridges can be constructed across the Harbour. Opportunities will be lost forever if landfall for bridges are not put in the plans now; and
- (v) regulating the hours of use of goods vehicle traffic which is a major road-user should be considered.

Madam Deputy, it is not possible to suggest a comprehensive set of proposals when the maximum time of a speech is seven minutes. The Liberal Party has put forward a most impressive set of proposals to deal with our traffic problems. I fully endorse those proposals and would urge the Administration and all interested parties to fully consider them.

In order to solve our growing traffic congestion problems, much has to be done and much can be done. Punitive financial measures to restrict car ownership can only bring temporary relief. More seriously, it runs against social aspirations. Car usage can be brought under control by effective land planning and most vital of all, car usage can only be reduced when commuters are offered attractive alternatives in the form of efficient, reliable and comfortable public transport systems. That is the key.

With these words, Madam Deputy, I support the motion.

DR SAMUEL WONG (in Cantonese): Madam Deputy, in the *Report of the the Working Group on Measures to Address Traffic Congestion*, the Transport Department stresses that "building new roads alone will not eliminate traffic congestion". I agree with this argument entirely. However, during the four years from 1991 to 1994, the Government has constructed no major roads. As a result, the development of transportation infrastructure has come to a standstill and lagged far behind economic growth. This is one of the major causes of traffic congestion. In order to secure investments in the Airport Core Programme Projects, the Government has earmarked a significant part of its

resources for the purpose, halting other badly needed projects. According to current plans, the earliest possible time to have any new highway completed to ease traffic congestion will be the end of 1996.

Another controversial finding of the report is that to attribute the blame to the excessively high growth rate of private cars, alleging that it is the main cause of traffic congestion. To hold such view is, so to speak, to put the cart before the horse and make private cars the scapegoat. It is too arbitrary. While there is a drastic increase in the number of newly registered vehicles, it does not mean that all registered private cars will use the road at the same time for long durations and become the main road users. Just look at the traffic condition during the Lunar New Year: though private cars are the main user of roads apart from public buses and taxis, people can enjoy a smooth flow of traffic. If we convert the amount of road space occupied by various kinds of vehicles into standardized passenger car units (PCU), we will find that private cars occupy 33% to 35% of the road space in Hong Kong North, 43% in the cross harbour tunnels, and 25% to 38% in Kowloon and the New Territories. These figures show that private cars are in fact not the major road users.

On 1 February, a newspaper reported that a spokesman of the Transport Branch said that nearly 100 submissions from citizens or organizations were received and the introduction of the Electronic Road Pricing (ERP) Scheme as a long-term solution was generally supported. As regards this, I feel that the Government has pulled all the stops out just to promote the ERP Scheme.

The ERP Scheme mainly seeks to prevent a portion of our fleet of vehicles from entering the heart of our busy urban districts. Up to now, the Scheme has not been implemented anywhere. In Singapore, road charges are paid in the form of tickets. It is not a kind of electronic pricing system. In Singapore, the road pricing system is still at a testing stage. Besides, the commercial core district of Singapore which requires the payment of charges, is only 2000 m by 3000 m and motorists can bypass this busy area. However, the situation in Hong Kong is completely different. Hong Kong has an extensive industrial and commercial centre and there is no bypass available at all.

Even though the Hong Kong Government wants to implement the Scheme for traffic management purpose, new transport infrastructure such as the Western Harbour Crossing, Route No. Three, Airport Railway and highways on the West Kowloon Reclamation will be completed prior to the introduction of ERP Scheme. The ERP Scheme may not be able to fit in with the completion of these new facilities. If the Government insists on studying this Scheme, it will only waste public funds again. Should the Government think that this measure must be implemented, it should at least take a careful look at the experience of Singapore beforehand.

Another cause of traffic congestion is the lack of co-ordination among government departments and their mistakes in planning. This has resulted in a general lack of feeder facilities to Mass Transit Railway (MTR) stations, Kowloon-Canton Railway (KCR) stations and public bus terminals to enable motorists to park their cars and continue their journey by mass carriers or public buses, forcing them to drive their private cars into congested urban area. Besides, there is a lack of integrated planning of land usage in new towns. No park-and-ride facilities to public transport are provided to private motorists at major interchange stations of mass transit systems such as the Kowloon Tong station of KCR and MTR, and MTR stations at Choi Hung, Lam Tin, Admiralty and Central. As a result, congestion is further aggravated.

In fact, improvement of public bus services is a short-term measure to alleviate traffic congestion. Paragraph 4 under the heading of "Transport Policy" stated that off-street mass carriers such as KCR and MTR can ease traffic congestion. However, nothing is mentioned in the recommendation about public buses which have a large passenger capacity. During the peak hours every day, buses occupy 10% of the road space of tunnels but carry as many as 77% of the passengers crossing the harbour. Of all the passenger crossing the harbour via the two cross harbour tunnels daily, 62% of them do so on public buses.

During the six years from 1988 to April 1994, there was only an increase of 20% in the franchised bus licences issued by the Government. In fact, during the period from 1988 to 1993, the number of passengers of the Kowloon Motor Bus Company, China Motor Bus Company and Citybus dropped by 7%. This shows that the Government has failed to make good use of buses to provide better public transport services.

I support the further implementation of the public transport priority measures including the introduction of additional bus-only lanes. However, the Government has to be meticulous in the designation of lanes and learn the lesson from the dramatic incident in 1976 when bus-only lane on King's Road was introduced, cancelled and then re-introduced, all in the same week, so as not to make itself an object of ridicule.

All in all, this Report contains quite a number of biased opinions. Obviously, it was prepared by laymen. It just serves as a means to achieve the designated objective, that is, the introduction of the ERP Scheme.

MISS CHRISTINE LOH: Madam Deputy, I believe the Transport Branch's report on measures to ease traffic congestion is too narrowly based. It is a significant and unacceptable omission that the report does not address how the Administration will deal with the ever increasing freight traffic. The Branch view is that freight is a part of Hong Kong's lifeblood, which of course is true. However, it does not mean that that alone means they do not have to address the issue.

The argument is flawed because firstly the increase in the number of private cars is only one of the causes of traffic congestion. The other causes include, for example, growing trade with South China, the lack of back-up land for container terminals, and of course the new town developments in the New Territories. Let me give one example. The Administration estimates that by the year 2011, 250% more freight will move through Hong Kong. Now, much of that will be ferrying container traffic around. How will Hong Kong cope? Is Electronic Road Pricing really the solution?

Secondly, hitting out at private cars without detailed plans to increase and improve public transport will not actually make life any easier for the travelling public. Commuting times will not improve. In addition, a Hong Kong in gridlock also means people will continue to suffer from stress, noise pollution and air pollution. The Report does not indicate how Hong Kong will cope with these problems.

So, my first recommendation to the Secretary for Transport is that his Branch and other Policy Branches should co-ordinate development policies in order to minimize the impact of congestion on economic growth and on the quality of life of the people of Hong Kong.

My second recommendation is for the Administration to give priority of road usage to public transport during rush hours. I believe road usage priority is a more equitable solution than to simply impose financial penalties against private car ownership and usage. It is more equitable because it is not based on how much money you have.

Since roads are built with taxpayers' money, there ought to be equity of road use giving priority to the greatest number. A full busload during rush hour has more than 140 passengers. A private car will at best only carry a few people. The bus should, therefore, have priority during rush hours over private vehicles.

I am pleased that Mr BARMA is willing to experiment with extensive bus only lanes. This must, of course, be accompanied by measures to increase bus frequencies and there must be better co-ordination at interchange points.

Anyway, this way, for those who drive to work every day there is a lack of reliable and comfortable public transport, but if that can be changed, then they can be persuaded to leave their cars at home. However, if they should choose to drive, the penalty will be in terms of road priority and time, and not wealth. It would be incorrect to argue on this point that it is a fact of life that the rich always have more choices. Public roads are for public use. The Administration does not have to choose financial measures above all else to regulate road use.

Some may argue that extensive bus only lanes will only create more traffic congestions by squeezing other vehicles onto fewer lanes. This does not have to be the result. What is needed is good planning. For private commuters, the goal is to persuade them to use public transport and by improving public transport, for business commuters, such as freight carriers, it may be that they can be given priority at other times of the day.

Madam Deputy, my third recommendation is for the Branch to publish district-to-district public transport commuting times, and then to set policy targets to lower them over time. Improved commuting time targets will also have the effect of holding the Branch accountable for improved transport service and to encourage policy innovation.

I would like to mention the Government's spending on road construction. I do not have any problems with it *per se*, but I do not believe the Government has properly examined other transport improvement options. The Administration needs to carry out full economic, social and environmental cost-benefit analyses to make the right decisions. Now, why is that not done?

I believe it is a result of the Administration's existing financial policy. It has traditionally been reluctant to commit public resources to anything in the transport area except building roads because the Administration has a fear of interfering with the free market. Positive non-intervention cannot possibly mean that we exclude doing cost-benefit analyses on other transport options, such as railways, subways and ferries improvements. Surely it can only be clear for policy-makers how they can best allocate resources once they know the costs and benefits of each option. If proper calculations are not done — and they have not been done so far I believe — the Administration is only guessing.

Now, proper planning of this sort is, of course, hard work. Increasing fees for private car ownership and usage is an easy way out for the Transport Branch. But who are we shortchanging in the end?

Another observation I have on the Report is on the various types of traffic-related fees the Secretary hopes to charge in future. I recommend that any such fees that we are likely to agree to in future be put into a revenue-neutral trading fund, and that that fund be used only to improve public transport. The Administration tells us that imposing these fees is not to increase general revenue. Well, let them prove it to us. Let them make sure that those funds are going to be put to improving public transport.

Lastly, Madam Deputy, I would like to recommend that the Administration invite representatives from freight carriers, container terminal operators, property developers, urban planners, public transport operators, green groups, professional organizations and other interested parties to jointly help chart a transport policy for the future where they can all contribute to the process and through which they can better appreciate the needs of each sector.

Thank you. I support the motion.

DR PHILIP WONG (in Cantonese): Madam Deputy, traffic congestion is an issue of great concern to the public in Hong Kong. Upon receipt of the report concerned, the Hong Kong Chinese General Chamber of Commerce specifically set up an ad hoc group to study the report and put forward the following proposals:

1. In order to prevent the recommendations made in the Revised Report of Second Comprehensive Transport Study, which has been published for quite some time, from being out of step with the present trend, the Administration should conduct the Third Comprehensive Transport Study as soon as possible with a view to devising some practical measures to meet the latest needs of society.
2. In order to encourage the public to use public transport, the Administration should endeavour to improve the efficiency and comfortability of the mass transit system to attract motorists. At the same time, the Administration should ensure that the frequency of various means of public transport provided is sufficient to meet the needs of the public in various districts. The department concerned should try to provide car parks at major public transport locations outside the town centres, such as the covered area of the Kowloon-Canton Railway stations or the Mass Transit Railway stations so that motorists may go to the town centres by connecting public transport after parking their vehicles in the outskirt areas.
3. The Administration should enact legislation to the effect that all newly completed buildings must provide enough facilities to ease traffic. For instance, a fixed number of parking lots must be provided so that motorists would not have to circle around and occupy road surface unnecessarily simply because they are unable to find parking spaces.
4. The Administration should build additional flyovers and tunnels at interchanges where traffic is heavy to separate pedestrians from vehicles so as to prevent them from vying with one another for road surface which may result in traffic congestion.
5. Since there are always long queues of vehicles waiting to cross the border at the control points, the Administration should strengthen co-ordination with the Chinese authorities concerned so as to alleviate traffic congestion at the border.

In addition, I have consulted some people from the business sector who express the following views:

1. It has been proved that tunnel toll increases cannot effect a permanent cure to the congestion problem, except for boosting the Government's coffers. In the long run, the Administration should positively explore various transport channels to provide motorists with more choices.
2. The impracticality of the Electronic Road Pricing Scheme has attracted a lot of public criticisms, including the possibility that motorists will make detours, thereby shifting the congested traffic to other toll-free roads.
3. It is feared that if increases in the First Registration Tax and car licence fee are excessively high, the public may think that the Administration intends to turn cars into a commodity exclusively for the rich.

Madam Deputy, these are my remarks.

MR MOSES CHENG (in Cantonese): Madam Deputy, during the public consultation period in respect of the *Report of the Working Party on Measures to Address Traffic Congestion*, the Government's Announcement of Public Interest (API) described the existing traffic congestion problem in the territory as a gridlock. There are undoubtedly various means for putting an end to the gridlock. I would like to focus my discussion today on how we can improve road management and usage, this is a point most easily overlooked and is also the point in the Report that disappoints me most.

To address the problem of traffic congestion in Hong Kong, the Government believes that the problem can be solved once and for all by merely adopting one of the practices in Singapore, that is, to restrict the growth of private cars in a "clear-cut" manner. This practice of "cutting the feet to fit the shoes" is actually putting the cart before the horse. We must be aware that, considering the size of our population, the proportion of private car ownership in Hong Kong is low among Asian countries. In view of the high cost of keeping a car, it is evident that people only buy private cars if they have genuine needs.

Madam Deputy, I have recently visited Singapore. Apart from the measures for curbing the growth of cars, Singapore also has a number of other matching measures to solve the problem of traffic congestion. The most obvious example is that Singapore has a good highway network that does not have the "bottlenecks" commonly found on our highways, nor the road repair works which are constantly in progress here.

I am now holding a copy of the *Sunday Times* of Singapore dated 5 February, which makes a very good point. Now that the consultation period on the Report has expired, opinions of the general public show that the various recommendations of the Government for curbing the growth of private cars are not supported by the majority of the people. The Electronic Road Pricing scheme does not suit the geographical conditions of Hong Kong and "a slow remedy cannot meet an urgency". The Vehicle Quota System by tender or the "Certificate of Entitlement" system may render private cars a plaything of the rich and polarization of the society resulted. The Singaporean newspaper I just mentioned has reported in its headline that the "Certificate of Entitlement" System launched in Singapore has ended up in widespread speculation and the Singaporean Government has to resort to administrative orders to remedy the situation by limiting the percentage of loans for the purchase of private cars. At the same time, the proposals of increasing First Registration Tax and Annual Licence Fee have also been criticized as "money-grabbing" measures. Curbing by fiscal means can only achieve short-term results. The Government has in fact gone along the wrong track at the outset.

Is there not any simple way to end the traffic gridlock in the territory which would gain the support of the public and which can be put into practice within a short time? I think there is such a way, but it depends upon whether our government is willing to commit itself and take the lead in motivating the people of Hong Kong to make more efficient use of our limited road space.

It is undeniable that the limited road space with a large number of vehicles in Hong Kong is the principal cause of traffic congestion. But, the fact is, our limited road space has not been fully and effectively utilized. Similarly, the private cars running on the roads have not been sufficiently seated up to their maximum capacity. Our precious road resources are often wasted as a result of the old-fashioned transport policies adopted by the Government and its out-dated road management ideas. In the Report, the Government has only proposed local transport studies and management schemes, and additional bus-only lanes and so on, but it has failed to break away from conventional approaches and to inject more innovative elements into transport policies in order to adapt to the rapid and drastic changes in the pace of our society.

Madam Deputy, I would like to make three recommendations for improving the management and efficiency in using the local road network. The first recommendation is to encourage car-pooling. Government information reveals that from 1986 to 1992, the number of private cars owned by the residents in the rural New Territories rose by three times from five cars every 100 households to 20 cars every 100 households. As for the residents of new towns, the figure has risen from eight cars every (100) households to 14, an increase of 75%, much higher than the 50% growth rate of private cars in the entire territory during the same period. These figures reflect that quite a number of people who moved to new towns in recent years have to purchase private cars to take them to work due to poor public transport services linking the new towns to the urban area. As long as the public transport system remains

unimproved, there is little chance that these people will give up their private cars merely as a result of the fiscal measures of the Government.

To encourage car-pooling by the public, in particular, by the residents of new towns, the Government can provide some incentives. For example, it can allow private cars carrying three to four people to use Government tunnels free or at half the toll, or even to travel on bus-only lanes. I believe many car owners will be willing to do so. This can reduce the number of private cars running on the roads. At present, private cars account for about 50% of the vehicles running on the road during rush hours. Assuming that 10% of the private car owners form car-pools and that four such private motorists share a car, the number of private cars running on the roads will be instantly reduced by 7.5%.

While promoting car-pooling, the Government should also impose punitive charges on private cars which carry very few passengers. For example, for private cars with only one person on board, their tunnel tolls will be many times the regular one, so as to reduce congestion at tunnels. I have made this suggestion on newspapers at an earlier time, but the Commissioner for Transport thought that it would be even more difficult to implement and monitor than the measure whereby private cars are restricted to use the cross-harbour tunnels on alternate days according to their licence numbers as proposed in the Report. I would like to ask, restricting the use of the cross-harbour tunnels to private cars on alternate days involves the difficulties of locating the inspection points and putting in additional manpower for inspection, is this measure easier or more difficult to implement as compared with what I suggested?

Madam Deputy, there are many other means to improve the management and the efficiency in utilizing roads. For example, the Government and the large businesses may arrange special vehicles to take government officials and the managerial staff of these companies living in the same district to and from work, so that they will give up using private cars, or shared ducts may be laid underground for various public utilities to reduce the disruption to traffic as a result of road openings, and more carparks may be constructed at suitable locations along the Mass Transit Railway and Kowloon-Canton Railway lines so as to encourage the public to take the mass carriers for travelling to and from areas with busy traffic.

Madam Deputy, with these remarks, I support the motion.

MRS PEGGY LAM (in Cantonese): Madam Deputy, to solve the problem of traffic congestion, the Government has to have detailed and overall planning, and there is no short cut. Although the Report of the Working Party has highlighted the bad effects of traffic congestion, the proposed measures to deal with the problem tend to be radical and negative. This is like an impatient and

unloving mother giving sleeping pills to her crying baby when she does not know how to pacify it, placing the health of the baby in grave ultimate jeopardy for a moment of peace.

The Report's finding that the increase in the number of private cars caused traffic congestion is a lopsided and misleading analysis. As the Government has condemned private cars as the principal culprits for the traffic congestion problem, it thinks that the problem can be solved by eliminating this evil. This is a ridiculous kind of logic which is analogous to blaming those who eat rice for causing a shortage of food. In fact, the number of private cars is determined by various market factors, including the demand and financial situation of the public and road conditions. An increase in the number of private cars shows that we have a buoyant economy and the public has an increasing demand for high quality transport services. It is indeed disappointing that instead of seeking to satisfy public expectation, the Government has chosen to suppress their freedom of choosing the means of transport by adopting punitive measures.

If the Government tries to reduce the number of private cars by fiscal measures, ordinary citizens would suffer the damage before traffic congestion can be reduced. Those car owners who need to travel by car because they have moved to remote places along with the development of new towns will be the first group of people to suffer. In addition, measures directed against the existing preferential tax treatment for private cars registered in companies' names may also strike a blow at the economic vitality and the established taxation principles of Hong Kong.

If the Government implements fiscal measures and a quota system for vehicles at the same time, the traffic conditions of Hong Kong would be further twisted. I think whether the Government proposes to issue certificates of entitlement for vehicle ownership by balloting or by tender, syndicated speculation activities cannot be eliminated. Even if the number of private cars on the roads is then controlled, the traffic conditions of Hong Kong would remain problematic. If cars are not available to those who need to drive, speculators will seize this profiteering opportunity. In thinking that a quota system can be adopted as a short-term measure, the Government has indeed underestimated the effects of its intervention in the equilibrium in the market place. In case the Government decides to abolish the quota system, roads big or small would suddenly be filled with drivers who have long been suppressed from driving and it is hard for us to foresee how the situation would be. Besides, what are those who paid a hefty price to successfully bid for a certificate of entitlement to car ownership or buy one in the black market going to do? The Government would then find itself in an embarrassing situation, just like the one it is in today as a result of its policy on taxis.

I think another question which deserves more thoughts by the Government is: why do so many private motorists rather endure the torture of traffic congestion than using public transport? Is it because our public transport services are still not good enough? Hong Kong is a small but densely populated place, it is undoubtedly reasonable to develop a mass transit system as a major means of transport. The Report has also suggested various measures to improve bus services and railway services. However, the improvement in public transport services and the determination of fares, which are the subjects of public concern, have not been mentioned in the Report at all. This has alerted people to the fact that while the Government is pushing the public into using public transport by administrative means, it has not effectively monitored the quality of services and the fares of mass carriers, reducing the public to the meat on a chopping board, ready to be exploited by various public transport providers. The recent fare increase application of the Kowloon Motor Bus and the sale of a depot site by the China Motor Bus are important matters which affect public bus services. Public confidence in public transport services will depend on whether the Government can properly deal with these matters.

In fact, the Report has pointed out that the overall traffic situation of Hong Kong is still tolerable. Over the last eight years, the average traffic speed of vehicles on the Hong Kong Island only dropped slightly from 22 km/h to 20.6 km/h in 1993, and that in Kowloon and the New Territories even rose slightly to 22.7 km/h and 40.5 km/h respectively. This shows that measures to be taken at the present stage to address traffic congestion should be positive and flexible, such as dissuading the public from using private cars by improving the quality of the mass transit services and building a better infrastructure as well as focussing on specific blackspots, like congestion in the tunnels, insufficient urban parking spaces, the loading and unloading of goods and so on. These are relatively more reasonable and effective measures.

Over the years, there have been many creative proposals made by Members of this Council and people from different sectors of society. For example, the park-and-ride concept at railway stations, enhancing ferry services, buffer areas for container trucks, increasing the number of parking spaces in public housing estates and enhancing the housing estate coach services and so on. These proposals are worth consideration by the Government.

In conclusion, we should not adopt punitive measures to restrict people's right to choose their means of transport. This is unfair and will not necessarily help improve traffic conditions. There is no permanent solution to the problem of traffic congestion. I hope the Government will respect the wishes of the public, consider the opinions of people from various sectors of society and will not be bent on adopting measures which are radical but still controversial.

Madam Deputy, with these remarks, I support the motion.

MR SIMON IP: Madam Deputy, the *Working Party's Report on Measures to Address Traffic Congestion* has made many proposals and Members today have already addressed many different areas. I believe we should begin by addressing some of the causes of traffic congestion that we can most immediately do something about.

I speak especially of traffic accidents. Drivers often remain in the lanes for a long time after the accident happens, blocking the traffic behind. For more serious accidents much longer time is required for saving the injured, clearing the wreckage and cleaning up the mess. Apart from human casualties and suffering, traffic accidents also result in major economic losses. Of the billions of dollars of economic loss estimated by the Government as the result of traffic congestion, a significant proportion must be due to traffic accidents.

Madam Deputy, Hong Kong has been getting the jitters because of potential economic losses flowing from a Sino-American trade war. The figures recently mentioned in that context are not dissimilar to the figures mentioned in the traffic congestion context. Yet are we giving the issues equal time and treatment? The answer is a sorry "no". It is time for Hong Kong to realize that traffic congestion is not just an intolerable nuisance, but that it also loses Hong Kong billions of dollars each year.

I therefore welcome the Administration's proposal to introduce the Road Traffic (Amendment) Bill 1995 to crack down on driving while under the influence of alcohol. The police need greater powers to get irresponsible people off the road. Police checkpoints should be set up on roads and highways, especially at weekends when drunken driving is more serious.

Speaking of stricter police enforcement, the problem of speeding, which is another major cause of traffic accidents, should be dealt with more effectively. Besides patrolling the roads with police cars, more unmarked police control vehicles equipped with video cameras should be brought into service as soon as possible. More cameras should be installed at road junctions to deter drivers from driving through red lights. Dangerous, reckless and inconsiderate driving should be severely punished to drive home the point that these activities can and do kill, can and do cause serious injuries, can and do result in vast economic loss to Hong Kong.

Besides traffic accidents, there are other reasons for traffic congestion that so plagues us. One major reason is the illegal parking and stoppage of vehicles. A recent police report shows that the present level of fines is not sufficient to act as a deterrent against illegal parking. Solutions are to further increase the penalties for illegal parking and privatizing the enforcement of parking meter offences.

While I think that many of the proposals in the Report deserve attention and debate, I think a fundamental point should be addressed first. We can have only limited success in limiting the number of cars on the road, short of unpopular and draconian solutions. Proposals that make car ownership more expensive will not likely make a significant dent in the problem. First and foremost, what we need to do is to ensure that those who own cars drive them and park them responsibly. If they do not, they should face a very real threat of losing their driving privileges. Space on our roads is too precious to squander it on those who do not respect that privilege. It is up to the Government and the police to drive this message home.

Madam Deputy, I support the motion.

MR TAM YIU-CHUNG (in Cantonese): Madam Deputy, while I will not challenge the determination of the Hong Kong Government to address the serious congestion on the roads in the territory at present, I am greatly dissatisfied with the responsibility shirking approach as seen in both the Report of the Working Party released by the Transport Branch at the end of last year and an Announcement of Public Interest (API) recently shown on television.

The Report points out at the outset that "the number of private vehicles on the roads is increasing at a rate faster than our infrastructure programmes and traffic improvement and management schemes can ever hope to accommodate". The API on television, on the other hand has only emphasized "building new roads alone will not eliminate traffic congestion". The Hong Kong Government has entirely evaded its responsibilities of having wrongly projected the annual growth rate of motor vehicles at 5%; as a result, the planning and the construction of roads failed to dovetail properly. In addition, the Government also overlooked the fact that there would be such a large number of people who needed to drive. One of the major factor is that errors were made at the time Government planned new towns, such as Tuen Mun, and public transport and road construction cannot fully match with new town development. Certainly, therefore, the Government should not blame private car owners for the plight we are in today.

In order to understand the views of the public on ways to address traffic congestion, the Democratic Alliance for the Betterment of Hong Kong (DAB) conducted in mid-January a territory-wide telephone survey, and successfully interviewed about 300 persons.

It was found that members of the public generally thought that traffic congestion was caused by too many motor vehicles and they agreed that the Government had to check the growth in the number of vehicles (including goods vehicles and private cars). But, they did not support the adoption of fiscal measures by the Government to address the traffic congestion problem.

The *Report of the Working Party on Measures to Address Traffic Congestion* suggested the introduction of a number of fiscal measures to check the growth in motor vehicles. As regards the suggestion to increase the First Registration Tax for private cars to 70% of their net prices, only 25% of the respondents found this reasonable while more than 45% found this unreasonable. Besides, 70% of the respondents found it unacceptable to increase tunnel passage tax as a means to ease the congestion at tunnels. As to the Electronic Road Pricing (EPR) Scheme, about half of the respondents expressed their support whereas 30% opposed. Moreover, the Scheme also had the support of more than 40% of the families that own vehicles.

In fact, apart from strong public opposition to the introduction of measures such as increasing the First Registration Tax for private cars and tunnel passage tax to alleviate traffic congestion, DAB also doubts the effectiveness of these measures.

Firstly, since the termination of the vehicular ferry service, no alternative is available to car owners other than using the cross harbour tunnels. Unless the Government drastically increase the tunnel passage tax to a level beyond the affordability of car owners so as to compel them to switch to public transport, the problem cannot be solved at all, and it will only force car owners to pay more to use the tunnels.

As regards the increase in the First Registration Tax, as estimated by government officials, the effect of this measure will be sustained for only a year or so. As the public would anticipate an increase in the tax, this would only boost the growth in private cars before the actual increase. Moreover, DAB does not agree with the Government's view that car owners are road users which is the reason it proposes to substantially increase the First Registration Tax.

While DAB agrees that traffic congestion is closely related to the number of motor vehicles, we think that it is inappropriate for the Government to check the growth of vehicles by fiscal means. Instead, it should first adopt non-fiscal measures to tackle the traffic congestion problem.

Madam Deputy, at present, many people are actually compelled to drive because they are dissatisfied with public transport services or because public transport has failed to meet their needs.

In order to encourage the public to give up driving and to travel by public transport, the Hong Kong Government must generously use the abundant public funds in its coffers to build additional roads on the one hand and improve public transport services and develop mass transit systems on the other, instead of merely victimizing private car owners while pretending to be generous by saying that the money so obtained would be spend on the construction of roads.

In addition, in order to enhance the management of roads, the Hong Kong Government must realistically address the impact of road opening works on traffic. In the meantime, the Government should also achieve the prompt removal of broken down vehicles to avoid the formation of bottlenecks which cause traffic congestion.

DAB is opposed to other non-fiscal measures, including the use of tunnels by private cars on alternate days and the quota system and so on, as suggested in the Report. While DAB thinks that the quota system can effectively control the number of vehicles, it queries how the related problems, including illegal speculation, can be solved. These suggestions will only make the public feel more confused and inconvenient and will also give rise to difficulties in implementation.

Furthermore, as indicated by the result of the survey conducted by DAB, out of the various fiscal measures suggested in the Report, the ERP Scheme is comparatively more acceptable to the public. But DAB holds that if the Government implements this suggestion, it must first conduct a comprehensive and in-depth survey covering technical feasibility, fairness and the ways to get rid of its adverse effects on residents in the districts where the Scheme is to be implemented. At the present stage, the Government should not act with undue haste.

Madam Deputy, with these remarks, I support the motion.

MR PETER WONG: Madam Deputy, my interest in the "Measures to Address Traffic Congestion" stems from our deteriorating environmental quality attributable to road building and traffic growth. Hong Kong's environmental objectives have partly been thwarted by road building plans, resulting in health-threatening air pollution levels and huge increases in other environmental costs. In this regard, reducing traffic congestion by increasing road capacity to keep traffic moving can only encourage more traffic and exacerbate our environmental problems. There is a need to rethink our end-of-pipe strategies and come up with holistic approaches geared to managing demands.

In the past, transport and land use policies have combined to promote lifestyles which focused on high mobility and intensive use of transport, and in particular, cars. Since Hong Kong's land area is fixed up to 2047, we need to have a land use policy of sustainability for all to work and live in the next 50 years. The importance of integrating transport policy with land use policy cannot be emphasized enough. The traffic problems in Tuen Mun, aggravated by the lack of adequate provision of mass transit, are a glaring example of poor planning. It is therefore surprising to find that no mention of land use was made in the *Report on Measures to Address Traffic Congestion*.

The aim of our future town planning policies must be to reduce the need of moving a large number of people living in new towns and commuting to urban areas for work. We also have to study what motivates people to choose which mode of transport. Our priority in future urban development should be to improve the accessibility of facilities and employment within urban and rural areas by building an efficient public transport system. In so doing, decision-making at all levels of transport policy should be based on the best practicable environmental option. A long-term town planning policy with built-in environmental objectives is, in my view, the fundamental solution to our traffic congestion problem.

In addition to land use policy, a mechanism is also needed to avoid undue pressure put on the planning authorities to grant permission for development which would have undesirable effects in generating additional traffic. At the same time, caution must be taken to halt the loss of land to transport infrastructure in precincts of conservation, cultural, scenic and amenity value in northwest New Territories. Where development is unavoidable, developers should provide an equivalent area of land of comparable amenity.

Let me now turn to the total environmental cost of transport, which again has been omitted from the Report in question. Transport involves large costs, some of which are the result of environmental effects. These costs include the exposure of denizens to high levels of air pollution and road traffic noise, people killed and injured as a result of traffic accidents, and community segregation through severance of areas previously accessible. There is justification for the Government to conduct a qualitative cost-benefit analysis of transport schemes and their alternatives. For example, what is the justification of the Green Island Link? Can residents' transport needs be better served by the provision of a container-freight rail line instead?

The United Kingdom Royal Commission on Environmental Pollution in its Report on "Transport and the Environment" recommended that the Government considers ways of making developers responsible for a charge reflecting external cost of traffic induced. It suggested that where it is not practicable to achieve reduction of noise level, it would be equitable for the householders affected to receive grants towards the cost of sound insulation, hence, my suggestion for the Government to provide subsidies to residents in Kowloon City District affected interminably by aircraft landings. The Commission went on to suggest that householders whose property has lost value since purchase due to increased traffic caused by a road improvement scheme nearby should also be compensated. Similarly, road-hypothecated taxes paid by operators of heavy goods vehicles in the United Kingdom should also fully reflect external and infrastructure costs. The liability to pay grants would add pressure to bodies responsible for road and rail transport to reduce noise.

Madam Deputy, an effective transport system would cater for both the community's economic well-being as well as uplifting people's quality of life. Hence, I would urge the Government to consider setting up a standing committee of green secretaries charged with the responsibility of scrutinizing the environmental implications of government policies. Such a committee will not only give prominence to green thinking in the Government, but will also ensure that a sustainable transport policy will evolve.

With these remarks, Madam Deputy, I support the motion.

THE PRESIDENT resumed the Chair.

DR TANG SIU-TONG (in Cantonese): Mr President, the package of proposals put forward by the *Report of the Working Party on Measures to Address Traffic Congestion* have targetted at private vehicles only, instead of focusing on expanding the road network and building mass transit systems without delay. Here and there, traces can be found that administrative means have been resorted to in bringing about a radical change to the use of road space, viewing the whole situation from the perspective of finance, and it is apparent that a policy of "prohibition by way of heavy taxation" is being adopted. Administrative measures as such are only stopgap measures which offer no substantial help to improving the overall traffic congestion. Therefore, it has led to the speculation that the real motive behind these proposals is to implement a "money-spinning" policy by which the Administrative seeks to "profiteer under the guise of improving traffic".

Paragraph 15 of the Report rightly points out that congestion blackspots are attributed to five factors, which include: the growth in cross border traffic has outstripped the capacity of Tuen Mun Road; the capacity of the Cross Harbour Tunnel has reached saturation; long traffic queues have formed at the approach roads to the tunnel due to the development of the Northeastern New Territories; narrow roads in some areas have led to the shortage of parking spaces and loading/unloading facilities, and there are inadequate back up land in container port. These are by and large the major reasons for the overall congestion problem. However, the proposals put forward by the Report have failed to get to the crux of the problem. Instead, only private cars are being singled out for "action". In doing so, the Government is not only putting the cart before the horse, but also neglecting overall planning for the sake of improvements. It is obvious that none of the proposals prescribes the right remedies for the problem.

An overloaded road network and inadequate public transport are some of the major factors that lead to traffic congestion, but the prime culprit that causes these problems is wrong judgement in town planning. Over the past two decades, more than a million people were relocated from the urban area to the New Territories. It was then intended that the new towns should become self-contained

communities and residents were not expected to travel to other districts to work or to go to school. However, as a result of misjudgment and improper planning, a lot of residents still need to travel to the urban area to work early in the morning and return home late in the evening, thereby creating an enormous traffic demand. Unfortunately, no corresponding public transport has been provided to cater for these needs. In addition, the improper road network and the unidirectional traffic design have made it impossible to disperse vehicles in case of an accident or traffic congestion. Meanwhile, the upsurge in cross-border traffic has further accelerated the saturation of major highways in the New Territories to the extent that the outward road network of the entire New Territories is constantly congested. In view of traffic congestion and inadequate outward public transport, many new town residents live frugally to save money to buy themselves private cars to facilitate travel to and from their work places. As transport service becomes increasingly inadequate as a result of road congestion, the residents become even more keen to use private vehicles. When more private vehicles are used, the more congested the roads become. Consequently, a vicious circle is formed, with the standard of transport services deteriorating even further. Statistics show that within the six years from 1986 to 1992, the number of private cars in Hong Kong has increased by 50%, in the new towns by 75%, and in the outskirts areas of the New Territories by as much as three-fold. This reflects that public transport service in the New Territories is far from adequate. Moreover, this proves that the Administration is neglecting the transport demand of the two million-plus new town residents by failing to provide mass transit systems and additional road networks in Tuen Mun, Tin Shui Wai, Tseung Kwan O and Ma On Shan as early as possible.

It is the Administration's assumption that smooth traffic flow can be resumed by restricting private cars from using the roads. But the problem is, what alternatives are available if the public stop using their private cars? At present, the overall demand for public transport can already be described as "having 10 tea pots but only nine lids". If the public are further forced to stop the use of private cars and switch to public transport, the quantity and quality of public transport will definitely deteriorate further. A director of the bus company concerned has indicated to the media that increased business will mean increasing the frequencies of service, and fare rise may ensue in order to make up for the costs. The attitude of the bus company is strikingly similar to that of the Mass Transit Railway and the Cross Harbour Tunnel, the former resorted to levying surcharges during busy hours and the latter increasing tunnel tolls in a bid to curb usage. Other public transport companies will definitely follow suit in raising the fares to meet this additional flow of passengers. While the Administration is encouraging the use of public transport, public transport companies are making up excuses for fare increases because they are not able to provide adequate services. This contradiction happens to be the largest loophole of the proposals put forward in the Report — in which prime concern is given only to road congestion without formulating an integrated strategy to meet the overall needs of the public. As a result, not only will the public need to pay exorbitant fares in the future, but they will also have to put up with the bad

services of public transport. On the other hand, the right to use roads will be exclusively enjoyed by the rich.

In order to curb the growth of private cars, the Administration is now sparing no efforts to advocate the adoption of the Electronic Road Pricing system and car ownership certificate system. However, the former will violate the principle of fair usage of roads while the latter will turn car ownership certificates into a kind of speculative commodities and lead to speculation, confrontations between the rich and the poor, polarization of the society, deprivation of the public's right to car ownership and, worse of all, intervention of free trade by means of administrative measures. The "piecemeal" measures advocated by the Administration will never thoroughly improve traffic congestion. The real effective solution is to enhance road construction, construct mass transit system and exercise good planning for new towns. A short term measure should be used to strengthen traffic control, particularly in the prevention of traffic accidents, clearance of accident scenes, reduction of the impact of road openings on road networks, and improvement of the quality of public transport. Only this "two-pronged" measure could be the permanent cure for the problem.

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

MR MARTIN BARROW: Mr President, I would like to comment on transport policy from the viewpoint of the tourism industry. The Hong Kong Tourist Association (HKTA) has met with the Transport Department and the Public Omnibus Operators Association on a regular basis to address issues of concern. It values the support from the Government giving priority to tour coaches operation second to public transport. It has been an on-going exercise to improve the parking problem that tour coaches are facing. However, there is still room for further improvement. Repulse Bay, Stubbs Road Lookout and Stanley still have serious parking problems, especially during the summer season. The HKTA will work with the Transport Department and the trade to work out the possibility of scheduling flexi-itineraries to avoid over-crowding at the same time.

Tourism is the second largest earner of foreign exchange, and we must do all we can to protect that valuable sector. If visitors go away with the impression that our roads and tunnels are constantly congested and that tour itineraries are cut short by tour operators to avoid the busy traffic, this will have repercussions on the potential for both business and vacation visitors. The tourism industry is thus in support of the Government's policy to improve the transport infrastructure which is essential to tourism as it gives greater travel freedom to visitors as well as easier access to many tourist destinations.

We believe expanding the provision and improving the quality of public transport will result in less dependence on private car travel, thus easing traffic congestion. Extending the MTR routes would also be a welcome development.

The tourism industry is certainly not recommending any transport policy which will address the needs of the tourism industry at the expense of the public interest. It is thus important to educate the public on the benefits of public transport, as well as encouraging increased use. This will make travelling in Hong Kong less of a nuisance for both local people and visitors.

In conclusion, Mr President, the industry welcomes the Government's transport policy with the aim of providing a system which will efficiently move people and goods, support economic growth and meet the social, commercial and recreational needs of the community.

With these words, I support the motion.

MRS SELINA CHOW (in Cantonese): Mr President, ever since 2 June 1982, I have been firmly opposing the use of fiscal measures to punish private car owners. I said at that time that such measures would aggravate inflation and class discrimination in society. To date, I still hold this view. 30 years ago when Hong Kong's economy had not formally taken off, cars, which signified social status and personal distinction, were luxury items exclusively for the rich and the upper class. But times has changed. With the development of new towns, movement of population, improvement in the standard of living and economic power, private cars have become practical commodities in our daily lives rather than luxury goods. This phenomenon can be fully manifested by the fact that carparks in the housing estates are constantly full. To many middle-class families moved to the newly developed districts, private cars have become popular necessities because of the inadequacy of public transport or specific routing needs. Worse still, the Government is always slow to respond to the need for road infrastructure, which is also a cause of congestion. Instead of getting started to catch up now, the Government has instead chosen to pass the heavy burden to motorists. The consequence is that private cars will invariably be classified as luxury goods again. This would undoubtedly be an regression that go against the rise and improvement of our living standard in Hong Kong.

Mr President, the Government's argument that the proposals are not intended to target against private cars is not convincing. The fact before us is that most of the proposals put forward by the report have singled out private cars for "punitive actions". For example, according to the statistics of vehicle licenses from 1983 to 1993, the number of private cars increased by 62% while the number of lorries as much as 103%, far higher than that of other types of vehicles. But nobody has put forward any proposals to punish lorries. It is because an efficient freight industry, on which our entrepot trade relies heavily, is of prime importance to Hong Kong's economy. To solve the problem of lorries occupying road space, we should start with establishing a cross-border transport network and ties. Similarly, we should not confine ourselves to mandatory and punitive measures against private cars to solve the traffic congestion problem.

Mr President, I objected time and again the increase in tunnel tax and tunnel tolls and this time is no exception. My reasons are as follows:

- (1) Even the Government officials themselves are not convinced that doubling the tunnel tax can effectively reduce the car flow for more than six months.
- (2) Linking the Hong Kong Island with the Kowloon Peninsula as a single entity, the cross harbour tunnels have become the only passages.
- (3) Some experts opined that the increase should be as high as \$40 or \$50 if traffic flow were to be effectively reduced. The Chamber of Commerce represented by Mr Jimmy McGREGOR — regrettably he is not here — has even gone so far as to say that the increase should be \$90 in order to be effective. To businessmen, a toll hike will only mean additional costs, and such costs can be transferred to the market and the consumers. But to the ordinary car owners who pay everything out of their own pockets, the increase will add to their already heavy burdens. On the whole, this will lead to the undesirable consequence of aggravated inflation.
- (4) Other traffic problems will arise as a result of a toll hike and cases such as "touting" or refusing to take fares by taxis will deteriorate again. To resolve the problem in a thorough and positive manner, the Administration may make good reference to the Liberal Party's numerous positive proposals as put forward by Mrs Miriam LAU.

Regarding the Electronic Road Pricing Scheme (ERP), I have strong reservations. I query if the consultancy fees were wisely spent back in the 80s. I am even more opposed to using huge amount of public funds in experimenting this scheme again. \$100 million is not a small sum of money, not to mention the possible cost of installing the needed device by car owners. I hope the Administration and Mr McGREGOR will give active consideration to this, instead of paying a high price to study ERP price. Even if road pricing is to be tried out, consideration must be given to providing other toll-free routes before the experiment is implemented, so that the motorists can have a choice.

Mr President, it has been my belief that a good government should tackle problems in a positive and proactive manner and by positive and proactive means instead of easily resorting to punitive measures. Even if such measures are deemed necessary, the government should consider adopting an carrot and strick approach, that is, to impose punishment and give encouragement at the same time. As the saying goes, rewards and punishments should be meted out properly. This is far more positive and fair than solely resorting to punishment. Even in the countries mentioned earlier like the United States and Singapore, there are so-called "car pool" lanes to encourage private cars to carry more passengers. This is one example of the "carrots" which encourages people

in a positive manner and, at the same time, make economic use of road space. I hope the Administration can give more thought to this kind of measures to give car owners a break instead of stirring up resentment among the people.

Mr President, I strongly demand that the Administration should consider with sincerity the constructive opinions put forward by the Liberal Party and other people. Furthermore, it should try every possible means to co-operate and work out solutions with many more private organizations. In handling these congestion problems that have plagued everyone, the Administration should refrain from adopting its usual self-centred and arrogant attitude.

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

MISS EMILY LAU (in Cantonese): Mr President, I speak in support of Mrs Miriam LAU's motion.

I believe everyone in Hong Kong will agree that the existing traffic congestion in Hong Kong is very serious. I also hope that Hong Kong would not soon become another Bangkok where traffic congestion is so serious that primary school students have to get up at 3 o'clock in the morning to get prepared for school. I believe the situation in Hong Kong is rather serious and we should face up to it.

In fact, Mrs Miriam LAU and Mr Edward HO have just elaborated on many points and I would not repeat them. There is only one point raised by Mrs Miriam LAU which I do not agree. She compares the Government's recommendations to arsenic and potassium cyanide. I think that she has exaggerated the situation. I am sure the Government would not ask the public to "take arsenic". However, I do not like the recommendations of the Government either.

First of all, Mr President, many Members have also pointed out that the traffic congestion problem today is principally brought about by the mistakes in town planning, resulting in insufficient road space, inadequate carparks and inadequate places for passenger boarding and alighting and for goods loading and unloading, and so on. Some government officials responsible for planning told me in private that, in the past, the Government thought that road construction did not bring any economic benefits and that land was to be sold to generate revenue. I believe that this may not exactly be what the Government thought but some officials might say, "The land is right here, it can be sold for several hundred million dollars, it can also be used to construct roads, which do not bring any economic benefits". In any case, I hope the Government can reply honestly, when it responds to Members' comments later on, and tell us why such serious errors in planning were made in the past, which bring about the situation today.

Just like Mr McGREGOR, I support one of the Government's proposals, which is the elimination of tax benefits for the purchase and use of company cars. I hope that the Government will actively consider this and put it into practice.

Mr President, the issue of planning as discussed a while ago is a longer-term one. It takes time to construct roads and to require residential and commercial premises to be provided with carparks. As regards the issue of requiring all future residential, commercial and industrial buildings to have a reasonable number of parking spaces as well as loading and unloading bays, I hope the Government can give a positive reply on this later. How can we solve the traffic congestion problem in the short term then? I believe we are now considering how we can make the best use of our limited road space and many Members have put forward their opinions.

Our roads are not congested 24 hours a day, only during peak hours. How are we going to attract the public to use the roads during off-peak hours instead of during peak hours? Members suggest that the Government should take the initiative to adopt "staggered hours". I totally support this. Can the Financial Secretary consider introducing fiscal measures to attract the private sector to adopt "staggered hours" as well? Then, the public will not have to jostle with each other when they all go to work between 7 am and 10 am. Moreover, Mr President, can the secondary schools adjust their school hours? I understand that this move would necessitate a lot of consequential changes. However, now that we have this big problem, we must look at various methods. For example, can delivery of goods and refuse collection be carried out at night? Some countries have banned delivery trucks from entering downtown areas in daytime. Can we switch such activities to off-peak hours?

Moreover, I agree very much with Mrs Selina CHOW that the Government should give incentives to the public. Can the Government stop increasing prices and start reducing prices instead? Can we pay a lower passage tax for using tunnels during off-peak hours? Has the Government ever considered this and can it respond to my suggestion later? The existing passage tax is \$5, can it be reduced to \$1 to encourage the public not to use the tunnels from 7 am to 10 am? Can some concessions be granted to car owners if their cars are parked at urban carparks before 7 am? In that case, even if their hours of work are not staggered, they still would drive to urban areas before the peak hours. Can the Government consider this suggestion?

Furthermore, I share the views of other Members that the Government should strengthen public transport services. I also support the introduction of bus-only lanes so as to give buses the priority of using roads. Mr Edward HO has mentioned that he hopes the Government can encourage bus companies to introduce comfortable coach services to large residential estates so as to attract private car owners to give up driving and switch to taking these coaches to work in the morning. I agree with this. However, can the Government tell us whether the existing public transport services are really adequate enough, so

that many motorists can switch to buses and the MTR? Is this only idle theorizing and the existing public transport services are hardly enough to meet this additional demand?

Lastly, I would like to talk about my favourite topic: road opening works. I hope that the Government can explain why, in the past 12 years, there has been excavation works on the stretch of Castle Peak Road from 9 M.S. to 11.5 M.S. almost every day? Is it a result of a lack of coordination? Why has the Government not punished the people concerned? The road is re-paved today and opened up again tomorrow!

Mr President, I have made some comments on this topic today with the hope that the Government will put forward to this Council some concrete suggestions in response to the opinions expressed by Members today and the opinions of the public. I believe the problem has to be solved and we do not have much time. Therefore, I hope that the Government can give a reply to this Council within a few weeks.

MR LEE WING-TAT (in Cantonese): Mr President, I do not have a car. Even if I had one, it would not be useful to me because I do not know how to drive. I believe many Members of this Council travel in private cars. They may feel rather deeply about traffic congestion. Grassroot people, packed like sardines on buses which move at a snail's pace, must feel even worse. Moreover, time and economic losses caused by congestion sometimes amount to as much as \$110 billion per year. In the face of such huge losses, people from various sectors have put forward a number of suggestions. Some say we should widen our roads, which is of course a long-term solution and road widening has to be done continuously. Road widening is especially important to traffic connecting new towns to other areas. I must, however, stress that extending road networks requires much land and a great deal of time and money and this cannot be achieved instantly.

In the short-term, I feel that other measures are also needed in order to ease the existing congestion. There is little possibility of further widening roads in extremely congested commercial centres such as Central, Mong Kok, Causeway Bay and so on. Therefore, I think we should work out measures in respect of road management and the improvement in the use of roads.

As far as short-term measures are concerned, the Democratic Party suggests that the Administration must adopt a more positive and bolder approach in improving the existing efficiency of the mass transit system. We understand that during peak hours, a conventional double-deck bus can carry 47% of the total patronage but it only occupies 3% of the roads, while a private car may have a 17% patronage but it occupies as much as 42% of the roads. Taking economic benefits into consideration, we think the Administration must put forward more effective and innovative proposals to raise the efficiency of

the mass transit system and encourage car owners to travel by public transport instead of private cars.

To encourage the public to give up using private cars, we must make the use of public transport more attractive. It must be pointed out that congestion on the roads is so serious at present that a lot of public buses are being trapped and the buses are not able to keep to their scheduled frequency and there is a serious loss of bus trips. Figures given to the Legislative Council Panel on Transport by the Transport Department reveal that last year there was an average daily loss of 1 500 bus trips which greatly increased the waiting time of commuters. The Democratic Party thinks that the Administration has the duty to urge public transport operators to provide comfortable, fast, reliable, convenient, and relatively inexpensive transport services. The Administration should also provide them with assistance and facilitation as far as possible.

Firstly, the Democratic Party recommends that the Administration should give public transport the priority to use roads, such as establishing "bus corridors". "Bus corridors" are different from bus lanes. "Bus corridors" are roads entirely set aside for the exclusive use by buses, just like the section of Des Voeux Road Central from Pedder Street to the section in front of the Legislative Council Building. Private vehicles are prohibited from using this section of the road and buses move along uninterrupted. Therefore, we suggest that the Administration should immediately deliberate about which roads may be designated as "bus corridors". Certainly, where roads cannot be designated as such, the Administration should also deliberate about whether they can be designated as bus lanes to make it more convenient to bus passengers.

Secondly, bus interchanges. The existing bus interchange set up by the Administration at the Shing Mun Tunnel has achieved fairly good results. This set up is intended to reduce the rerouting of buses, to decrease the number of vehicles using the road, increase the patronage of buses, reduce the number of empty vehicles on the roads, and to provide fast and convenient services. In the light of these, the Democratic Party suggests that the Administration should work out long-term plans. The setting up of the bus interchange at Shing Mun Tunnels was only conceived after the operations of the tunnel has started. We suggest that the Administration should set up well-planned bus interchanges in new towns such as Tsueng Kwan O, Tin Shui Wai or even future new towns at Tung Chung, Tai O and so on on Lantau Island so that people may find it more convenient to travel by bus.

In addition, we should try to avoid motorists cruising on roads as a result of their failure to find parking places as this causes congestion. The Administration should consider prohibiting parking, boarding and alighting of passengers during peak hours on a few extremely busy roads. This may, on the one hand, maintain a smooth traffic flow and, on the other hand, encourage the public to travel by the Mass Transit Railway and buses.

Mr President, I fully support public transport and Electronic Road Pricing (ERP). I am not trying to strike a blow at owners of private vehicles. Instead, I am trying to protect over 80% of the public who travel by public transport. Unfortunately, the ERP as proposed by the Administration gives people the impression that it is going to strike a blow at owners of private vehicles, but it fails to let public transport commuters, including myself, find it in any way helpful. Therefore, the Administration should actively make researches and implement measures that can really help public transport commuters.

Lastly, I want to talk about the Administration's transport planning. The Administration's transport plans have been very conservative. As we studied the Second Comprehensive Transport Study, we found that, in deciding the building of trunk routes and railways, the Administration has based these on very conservative estimates and data. As a result, congestion occurs on link routes two to three years after operation has started. As regards the railway peak-hour surcharge has to be considered two to three years after its operation has started. At present, the Administration only deliberates about what kinds of link routes and railways should be built when new towns are fully developed and filled up with residents. How can such practice not make the public feel discontented and aggrieved? Therefore, other than adopting ERP as a means of traffic management in the short run, the Administration must make changes in its standards of traffic planning and conduct a fundamental policy review, such that the future trunk routes and railways can fully satisfy the needs of users of buses and railways in the new towns and that they will find it easier to travel to the urban area.

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

MR ALFRED TSO (in Cantonese): Mr President, for the past two decades we have heard the Government repeatedly assert that it will make every effort to resolve the hard core problem of traffic congestion. But what is the result? Traffic congestion in Hong Kong has deteriorated from "shambles" in the past to the "gridlock" as described by the Government today. Innumerable people throughout the territory suffer from it everyday.

A fundamental solution to the traffic congestion problem calls for proper town and transport planning. In the *Report of the Working Party on Measures to Address Traffic Congestion*, the Government promises to spend \$30 billion on the construction of new roads within the next five years. This commitment passes off as a major effort at first glance. However, with the exception of Route 16 which links up Sha Tin and Cheung Sha Wan and serves a positive purpose in connecting New Territories East with New Territories South, the other initiatives such as Route 3 and Ting Kau Bridge, Hung Hom Bypass and Princess Margaret Road Link are planned only after serious congestion has occurred in the existing roads. Such a policy of "construction after congestion"

has proved once again that the Government is far too passive and short-sighted in transport planning.

The supply of new roads in Hong Kong has always fallen short of traffic demands. New roads are particularly in short supply in urban areas of redevelopment. But in the Report, the Government argues that "building new roads cannot by itself curb traffic congestion" and shirks its responsibility by making private cars the "scapegoat".

The Government's misjudgment in planning is indeed the major contributing cause of traffic congestion. The tremendous increase in freight traffic between China and Hong Kong, as a result of the rapid growth in China-Hong Kong economic activities and the relocation of large number of factories to the north in recent years, has created enormous pressure on Hong Kong's internal transport. At present, goods vehicles account for more than 40% of the traffic flow on Tuen Mun Road and Tolo Highway during the morning peak hours, many of them shuttling between China and Hong Kong everyday. Had the Administration constructed Route 3 and the New Territories Northwest Railway earlier to cater for the China-Hong Kong traffic demands, we would not have to face the frequent traffic gridlock in the two arteries of East and West New Territories today.

In some areas, lorries and container trucks are the culprits of traffic jam, with the Kwai Chung Container Port being a particularly striking example. Owing to congenital planning defect and insufficient road network provision, the rally of large numbers of container trucks awaiting ingress and egress to the Port very often paralyse traffic in the whole Kwai Chung district and even that of neighbouring areas.

Some busy financial and commercial districts are other black spots of traffic congestion. While this could have been avoided by means of urban planning to expand and decentralize the business districts, thus preventing traffic congestion in an over-concentrated area, the Administration took the opposite track in the late eighties by advocating the Metroplan under which commercial development would continue to centre on a hub at both sides of the Victoria Harbour. Such planning will in future only give rise to traffic congestion even worse than what we face today.

Mr President, increasing the First Registration Fee and licence fees on private cars — "prohibition by way of heavy taxation" — has proved to be an ineffective solution to traffic congestion. Similarly, Singapore's experience has also shown that a quota system for vehicles will only turn vehicles into a rare commodity open to speculation, thus creating an inequitable situation.

Among the various government proposals, I think the only truly feasible proposal is the Electronic Road Pricing (ERP) Scheme, a solution which can effectively regulate traffic flow while at the same time conform to the equitable principle of "user pays". When the Government put forward this idea in as

early as 1985, I already voiced my support, but it was scrapped as a result of the failure in resolving the problem of infringing upon privacy. Now that the "Autopass" auto-toll system used by the tunnels has proved the practicability and high efficiency of modern day technology, the Government should expedite its study on the full implementation of this scheme.

Population in the New Territories has now reached about 2.6 million. Within the boundaries of the new towns, no serious traffic congestion has been experienced. To suppress the growth of private cars by way of increase in licence fees and taxes is unfair to the New Territories residents and will push up in particular the costs of industries and commerce. The ERP is an equitable means to regulate traffic flow in the urban area. It can even discourage New Territories residents from driving their own cars to the urban areas, thus indirectly helping to ease the traffic on Tuen Mun Highway and Tolo Highway.

Similarly, by applying the "user pays" principle, I also strongly agree to a substantial increase in the tunnel passage tax for private cars and taxis, but maintaining the tax on lorries and public transport at the current level. While raising the tunnel toll to \$20 will have little effect, the Government may consider raising it substantially to \$50 during peak hours in order to encourage people to cross the harbour by bus or by the MTR, thus negating the effect of over congested cross-harbour tunnels on other transport services.

To reduce the number of private cars on the roads, the Government should improve further the quality of public transport services and enhance publicity and education to encourage people to give up driving their own cars or sharing private cars to go to their places of work.

A concept which prevails in the society today is that the bus is a mode of transport only for the low-income group, the middle class would take the taxi while private car is a status symbol and an enjoyment for the high-income group. This concept has long been out-of-date and should be changed.

The bus, being a higher efficiency mode of transport, is most suited for the Hong Kong environment of having few roads and many cars. Bus services in the future may develop in two directions. On the existing basis of comparatively inexpensive bus services, we can actively develop a new kind of high-quality bus service. More "point-to-point" bus services can be developed with specified routes, in particular, running direct to the centres of business and financial activities. Although charging higher fares, these services will reflect the advantage of being fast, comfortable and convenient, thus expanding its patronage to the middle and upper classes.

There is but one really sound policy to resolve the problem of traffic congestion, that is, to start with long-term transport planning, putting more resources into the construction of mass transport systems and road networks. The middle-to-short-term measure is to enhance the public transport services, to

be complemented by other effective road management. Only then can we be freed from the traffic gridlock into which we are now being caught.

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

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I remember I mentioned during a motion debate in this Council in 1991 that in an economically advanced society, there was bound to be traffic congestion and it was a certainty. Therefore, it is the biggest problem generally encountered by advanced societies at present. With the opening up of China, we can see that the traffic conditions in China are even more appalling than those in Hong Kong. Traffic in other advanced countries also flows smoothly during economic recessions. While we hope for the improvement in our traffic conditions, we should not hope that we have no traffic congestion at all, otherwise, it will be too late for us to feel sorry when cars can move around unhindered.

Mr President, it has been more than 10 years since the Mass Transit Railway (MTR) was constructed. At the time when the construction of MTR or later that of the Light Rail Transit (LRT) was completed, the public very much worried about whether there were so many passengers who would use these railway systems. It has now been proved that the MTR makes money every day. The facts also prove that even if we have the MTR and the LRT, the public still has a great demand for transport services. What are the reasons? There are three main ones, I think, Firstly, we have a large population; secondly, many housewives are able to go to work, leaving behind the household chores to their domestic helpers; thirdly, many people can afford to buy their own cars as they are earning more in the wake of social progress. As a result, some transport service providers may not have adequately estimated the situation or the guidance of the Administration may have failed to cope with the changes in the situation, and traffic congestion is caused.

In any case, things bygone can only be reviewed as historical issues. It is absolutely futile to blame one another and to criticize that the Administration has not done its best. All opinions are only constructive when they focus on the future. Many of my colleagues have just put forward various opinions and the public has also made a lot of suggestions. Some of them are feasible and some are not. I agree with the points just raised by Mr Alfred TSO, including the issues relating to roads and tunnels. In fact, the Administration should hear different views and draw up a list of proposals at once and decide which tasks can be completed tomorrow, next month or next year. This is the most practical way. To criticize others is the easiest task, but only facing up to the future would be the most important thing for our society.

Mr President, I have some suggestions for solving this problem. Not long ago, the Administration said that a ballot system would be adopted to restrict the growth of private cars, I think it is not necessary to do so. It may only provide people in such trade with a chance to make a fortune and it will not do much

help to society. Many Members have just mentioned staggered working hours and I personally think that this measure can be immediately implemented by the Administration. For example, the office hours can begin at 8 am or 7.30 am or the working hours can be reduced to seven hours so that staff can leave the office at 3 pm. Take the United States for instance, her main economic base is in the East while the time in the East is three hours ahead of that in the West. In the East, when work starts at 9 am, it is still 6 am in the West. Therefore, many people in the West have to get up at 5 am and start working at 6 am in order to cope with the work being done in the East. The Administration can also consider itself as in the West of the United States, go to work earlier and leave the office earlier, and by so doing, the Government takes the lead. There are 180 000 civil servants, this, together with other workers who follow suit will represent 10% of all the employed people. We can adopt this system on a trial basis, if the result turns out to be unsatisfactory, we can make modifications. This measure does not involve too much cost. Although a system should not be frequently changed, making beneficial adjustments is a good thing after all.

Concerning the road pricing system, I still support this proposal although I have two private cars. As long as car owners have bought private cars, they should have to bear the relevant expenses. Vehicle owners have to accept the charges set by the Administration. Of course, meanwhile, the most important thing is that the Administration has the duty and obligation to construct a good transport network which should be a mass transit network naturally, with the MTR at the core and supported by other transport facilities, so that it can reach far and wide. If car owners still drive their own cars to show their status, and refuse to use other means of transport, no matter how much the Government charges, they still have to pay. To me, this method is essential in balancing the development of transportation in Hong Kong. The Administration certainly has the responsibility and obligation to provide the necessary facilities. If car owners find the charges too much, they can switch to public transport. At the same time, the way of thinking of the public has to be changed. The image of bus passengers should be enhanced so that the public will not think that only blue collar workers take buses. The bus companies must try its best to promote the image of their passengers and improve their facilities to a specific level. This may also increase the companies' profits and revenue.

As regards licence fees and so on, I think the tolls of the cross harbour tunnels should be increased and the amounts so collected should be used to set up a fund. The best solution is certainly for the Government to build more new roads to ease the traffic. However, we have to consider the actual environment in Hong Kong which renders this quite impossible.

In addition, I have to mention that there are many areas in which traffic condition is poor, such as, the future Kowloon City district. It is a misconception that the land price in Kowloon City will increase after the relocation of the airport. We have to evaluate whether there are adequate roads in the district to ease the traffic and this is a principal factor.

Mr President, I do not usually share all the views of the so-called political parties on livelihood. However, in regard to this problem, I definitely support that the Administration should collect all our opinions when making a review in the future and carry out the constructive suggestions.

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

DR CONRAD LAM (in Cantonese): Mr President, I wish to raise three points with respect to the motion:

The first point relates to the Electronic Road Pricing (ERP) Scheme. In fact, if we look at the effect of the electronic toll system of the Cross Harbour Tunnel in Hung Hom, we will have an idea as to whether ERP can solve the traffic congestion problem. Frequent users of the Cross Harbour Tunnel will find that the electronic toll system only enables the subscribers to proceed and enter the tunnel a little bit faster. But strictly speaking, it has virtually no effect whatsoever in solving the tunnel's congestion problem. In fact, in replying a question I raised concerning the usage of the Cross Harbour Tunnel in Hung Hom several months ago, the Government did not point out clearly that ERP could solve the tunnel's congestion problem.

The second point relates to the electric pedestrian walkway system. The Administration has already built the escalator link connecting the Central and the Mid-Levels. According to reviews conducted in the past, what effect will such a system have on the traffic congestion problem of Central and the Mid-Levels? In fact, we can see that major airports all over the world are equipped with electric pedestrian walkway systems, which help the pedestrians move faster. Is it technically feasible to install pedestrian walkway systems near busy areas of the territory so that the public can get into our central areas without relying on vehicles?

Thirdly, I think the healthiest and most environment-friendly means of transport is our feet. What has the Government actually done as far as the provision of pedestrian walkways is concerned? In fact, it is possible for us to walk from one area to another within a very short time. For example, it really does not take long to walk from Wan Chai to Central. The major problem is we do not have the walkways we need, so that we cannot go on foot even if we want to. Not long ago, I wanted to go to the Ho Man Tin Estate from Waterloo Road on foot, but after walking a while, there was no longer any pedestrian walkway, and I could only see vehicles passing by. Has the Administration considered expanding the walkway network for pedestrians?

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

SECRETARY FOR TRANSPORT: Mr President, I welcome this motion debate. Traffic congestion affects everyone. Traffic speeds are declining. There are signs of gridlock at several major blackspots and in other busy districts delays are becoming more frequent. The Administration is convinced that action needs to be taken now if we are to prevent total traffic chaos in the years ahead. It is therefore imperative that we debate the problem and identify solutions. We have chosen to consult. That is why we released the *Report of the Working Party on Measures to Address Traffic Congestion*.

I have been very encouraged by the reaction from Honourable Members; the views expressed by the political parties and district boards; the submissions by many organizations, including the Motor Traders Association and the Hong Kong Automobile Association, the many letters from individuals and, last but not least, the extensive coverage given by the media. I am grateful. Indeed the response has been overwhelming and vocal.

On a subject such as this, where there are widely different sectorial interests it would be totally unrealistic to expect a complete unanimity of views on the measures to be taken. But a consensus has emerged on several key points: that the congestion problem is real, that it will get much worse if nothing is done and that we must therefore take action now if we are to avoid slipping into traffic gridlock. This has been illustrated by what the Chairman of the Chartered Institute of Transport in Hong Kong has said, and I quote: "Congestion, which is rapidly becoming part of our daily lives, is wasting physical, human and financial resources as well as putting the future prosperity and well-being of Hong Kong at risk". And even the Motor Traders Association, in their publicity blitz, commend the Government for raising this issue and acknowledge that "in a busy, lively city like Hong Kong, traffic must move freely".

The package of proposals put forward by the Administration and the Working Party's Report focuses on the more immediate aspects of traffic congestion. Quite consciously, we have concentrated on the micro aspects of how to tackle this. The Liberal Party, the Honourable Christine LOH, Edward CHEN, Samuel WONG, the Chartered Institute of Transport and other commentators have, not unexpectedly, touched on macro policy and planning issues, and quite rightly so. Let me assure this Council that the Administration has not lost sight of this. The Territorial Development Study is reviewing broad planning parameters to ensure that infrastructural development is properly coordinated. In addition, we shall soon be commissioning the Third Comprehensive Transport Study to deal with broader strategic issues which will include long-term projected traffic growth, environmental concerns and other global aspects.

Some Members have said that the Government wrongly estimated the projected growth in private vehicle numbers. This is not the case. The CTS2 Update gave a target for vehicle growth levels that would allow a freeflow of traffic. The fact that this figure has been exceeded is why we are now

proposing restrictions on growth. Obviously I cannot respond to all the points raised by Members this afternoon, but I wish to assure Honourable Members that I will study and consider the many valid points that have been raised. We are now at the stage of evaluating the outcome of the public consultation and we will take careful note of all the contributions received, including the views expressed in this debate, before deciding on the way forward. Let me now turn to some of the specific proposals and highlight the Administration's thinking.

Electronic Road Pricing

Our ultimate aim is to manage the use of road space rather than deny people the opportunity to own a car, hence the proposal to implement Electronic Road Pricing (ERP). The Administration welcomes the widespread public support for this scheme. Initially, such a scheme needs not apply to private cars only but, if necessary, other types of vehicles can be covered, for example, as a means of encouraging goods vehicles to make deliveries in off-peak hours. Contrary to what some respondents have suggested, it is not a prerequisite for ERP to have alternative routes available to motorists. However, we will need to continue to improve public transport service to provide a transport mode for those who choose not to drive their cars following the introduction of ERP.

It is clear from the results of the consultation exercise that earlier public fears that ERP might intrude into their privacy have now been overcome as a result of the advanced technology now available. There is a broad measure of community support for technical studies for ERP and the introduction of pilot schemes. ERP has not so far been introduced anywhere else in the world, and there is no reason why Hong Kong should not take the lead. But it will take two or three years to develop and implement a full system. This will be given the highest priority. We propose to initiate a technical consultancy within the next few months at a cost of about \$15 million. This will result in the introduction of pilot schemes prior to a full ERP system. The Democratic and Liberal Parties, as well as others, have pointed out that the operational aspects of any ERP scheme have to be carefully drawn up. This will certainly be examined in the consultancy study. But to do nothing in the interim while we wait for ERP would be wholly irresponsible and would affect every member of the community, especially the 90% of the public who rely on public transport for daily travel. If we simply wait for ERP, we can all expect more delays and slower journeys.

Tunnel tolls

Tunnel tolls are a form of road pricing, and I therefore find it difficult to understand why, with such widespread support for the "user pays" principle, there is disagreement over the proposal to increase tunnel tolls. I note what the Honourable Miriam LAU has said, that this may be because there is no alternative choice, but I do not necessarily agree with this. Others have argued that a \$10 increase in tunnel tolls would be ineffective, and indeed there has been support from some quarters that even stiffer increases should be levied.

An increase in tunnel tolls may well encourage car pooling or a switch to public transport. We must, therefore, evaluate this option very carefully. In this respect one view expressed is that the additional revenue from tunnel tolls should also go into the proposed transport fund. The Administration is prepared to consider this.

Annual Licence Fees and First Registration Taxes

Tax increases are never popular and they may be considered a particularly foolhardy proposal in an election year! I am grateful and thankful that at least the Honourable Jimmy McGREGOR has noted this point. And certainly I am not surprised at all that all the political parties have strong reservations and have objected to these proposals. But increases in the Annual Licence Fees (ALF) and First Registration Taxes (FRT) are necessary, not to boost the Government's coffers as some have said, but simply to slow down the growth rate in private car numbers that is leading us relentlessly and inevitably towards traffic gridlock. Let me make one thing clear. The Government is not mounting an attack on the private motorist. We are not attempting to drive cars off the road. Our aim is to contain the rate of growth in the private car fleet at about 2% or 3% a year, a level that our ever-expanding road system can accommodate. The extra funds arising from the increase in the FRT will be used to finance further improvements in the public transport system. The Government is, as I have said, prepared to set up a special fund for this purpose. I hope that this reassures those Members who still remain concerned that FRT increases seek to raise revenue.

The Motor Traders Association, as is to be expected, have come out very strongly against increases in taxes. This is not surprising. After all, their main interest is in selling cars. Although we may have to agree to disagree on our solutions, I nonetheless welcome the campaign since they have highlighted the congestion problem.

The Administration remains fully convinced that fiscal measures will have an immediate impact. As for increases in the FRT, there has been some criticism that the proposed increases for smaller cars is more than that for luxury cars. In percentage terms, yes, but not so in dollar terms since a rise in new car prices would be about \$25,000 at the lower end of the market, and about \$55,000 at the upper end. But I am prepared to balance this by maintaining the existing differential in the sliding scale, if that is deemed to be more acceptable, by proposing to raise the tax from 60% to 90% for luxury cars. The ALF have not been increased for four years and all we are attempting to do is to update these fees to 1995 prices. As for increases in the FRT, our firm intention remains that the extra revenue would be channelled into a special transport fund, and of course, the concept of such a fund has been generally welcomed.

As regards motor cycles, I shall carefully consider whether the tax on them needs to be increased so substantially, if at all.

At this juncture may I acknowledge the "action plans" which have been suggested, not only by the Motor Traders Association but also by other organizations. But I hasten to add that many of the ideas put forward in fact reflect and endorse the action which the Administration has already begun to take, or intends to take. It would be totally misleading to think that the Administration has not had the common sense or the initiative to pursue such measures as more effective road management schemes, the introduction of bus lanes and other priority schemes for public transport, or, as the Honourable Emily LAU worries, recognized the need to tackle road openings more effectively. We will be stepping up our efforts in these directions.

Other ideas such as weekend licensing, car pooling, park-and-ride, increasing down-payments for new cars, have been put forward by Members as alternatives to tax increases, and these will certainly be considered. In particular I shall follow up the Honourable Simon IP's comments on tackling dangerous driving and accidents which indeed do result in traffic delays. However, I have to emphasize to Members that this community must bite the bullet eventually. The reality is that increasing wealth means more cars, and we cannot possibly accommodate unrestrained growth in car numbers in such a small place as Hong Kong. This conclusion is inescapable. If we close our eyes to this then all we can expect is traffic gridlock and worsening air pollution. No road building programme, no matter how ambitious, and no traffic management initiative can alter this conclusion.

Vehicle quota system

One alternative to using tax increases as a means of constraining private vehicle numbers would be to introduce a vehicle quota system to limit the number of new vehicles registered. The recent submission to the Legislative Council Transport Panel was in response to a request by Members for more details on how such a quota system might be implemented. However, as the Transport Panel has noted, such a system would not be without its problems since it would inevitably lead to speculation and, like tax increases, would almost certainly raise considerably the cost of owning a private car. To put this particular proposal on the quota system in perspective, I can perhaps best describe this as being on the back burner.

Road building

Many people have said that we should continue to build more roads. The Liberal Party has argued that the Administration has been far too conservative in its investment in new transport infrastructure. We do have plans for major highways in the New Territories, for example, the Route 3 - Country Park Section is a key project, and of course I am delighted that we now have the go-ahead for this in principle. But the opportunities for new roads in the urban areas is strictly limited. There is simply no space for flyovers. Where would we put the approach roads? And what is more, the environmental impact would be totally unacceptable. A recent editorial in the Sunday Morning Post was, I

think, spot on in warning against the socially unacceptable solutions put forward by the motoring lobby which could result in Hong Kong being turned into a network of flyovers and underpasses with parking underneath.

On this point, may I acknowledge the input from the Friends of the Earth, the Conservancy Association and the Community Action on Air Quality and Health Group for pinpointing, particularly, the need to recognize the impact on the environment and take this into account. I have noted with interest the Honourable Peter WONG's suggestions.

Traffic management

As regards traffic management, our proposals are to implement many new bus priority schemes. We have plans for 30 in the coming year, and this is to give precedence to public transport in the use of road. This measure has attracted widespread support from Members, and indeed also the public during the consultation period, and we will certainly try our best to implement many more such schemes. In this respect, I take note of the Honourable LEE Wing-tat's suggestions which I fully agree with. For example, a trial bus-only lane will be introduced along Tuen Mun Road early next month. But the public must not be misled into believing that bus priority schemes are a wholly painless solution to the problem. They will mean less road space for other essential commercial traffic and will also impose severe physical constraints on private motorists. Those lanes which remain open to private and commercial vehicles will become more congested than they are today.

But, again, we do need to give priority to public transport, and indeed there has been widespread support for tougher enforcement action against those who cause traffic congestion, for example, by parking illegally or loading and unloading goods vehicles in non-designated places. This has the Administration's wholehearted support. The police are stepping up their efforts to tackle such problems and we will be reviewing penalties for these offences. We recognize the need for better traffic management, just as we agree that much more must be done to reduce the number of road openings and their duration.

Some critics have argued that people buy cars because of the inadequacies of our public transport system. This is not the case. No public transport system can be perfect, but ours does extend to virtually all parts of the territory and it is used by 90% of our population. One of the principal problems faced by public transport is road congestion. Unless we address the congestion problem, our efforts to improve bus services will be ineffective. The fact is that many people in Hong Kong, as elsewhere in the world, aspire to private car ownership not because of a lack of alternatives, but because of the greater comfort and convenience of private motoring. Some have said that not enough is being done to upgrade and expand our transport services. Again, I beg to differ. Perhaps we do not give sufficient publicity to the remarkable improvements now taking place in our public transport system. The franchised bus companies will spend \$500 million on new buses in the next 12 months. The railway corporations are

making huge investments in improving their stations and in substantially raising the capacities of their systems by upgrading the signalling equipment. And there will be new major investments in ferry services shortly. And, as I have announced recently, a Rail Development Strategy will provide a tremendous expansion of the territory's rail systems.

With specific reference to the New Territories, while the population of that area has increased by some 63% over the past 10 years, the carrying capacity of the Kowloon-Canton Railway has increased by 129%, and that of the Kowloon Motor Bus Company (KMB) by 104% in the same period. The number of KMB bus routes has grown by 92%. This does not mean we should be complacent, and indeed we will not be so. But I think we should be well pleased with the way in which our public transport system is expanding and continuing to adapt to meet new demands.

Many of the ideas put forward by Honourable Members today deserve and will be given full consideration. For example, we are re-examining the park-and-ride concept by which more car parks would be provided in the vicinity of railways stations. A major study on car parking provision is also nearing completion. And we will consider the idea of different categories of licensing as well as cheaper weekend car licences, although this could result in enforcement problems. But it should be recognized that such licensing schemes will not reduce the number of cars on roads during peak hours. Requiring cars to carry a minimum number of passengers when using cross harbour tunnels will also be looked at, although the difficulties are obvious, especially since an increasing proportion of cross harbour traffic now uses the autotoll lanes. We have tried in the past to encourage the introduction of staggered working hours, but with only moderate success despite, for example, the concessionary off-peak fares offered by the Mass Transit Railway Corporation.

Mr President, as I said earlier, we are now considering the outcome of the public consultation exercise before we decide on the way forward. But one thing is clear. We cannot tackle the traffic congestion problem without the full support of this Council. Any measures we propose will need either legislation or funding. From what has been said today, I sense that Members will be willing to support ERP as well as various traffic management initiatives, but that is not sufficient. If we do nothing to constrain the growth in the vehicle fleet whilst awaiting the introduction of ERP, traffic conditions will deteriorate. The longer hard choices are deferred, the worse the situation will become. The obvious fact is that sooner or later we must control the growth in vehicle numbers. We must face the facts. The one-third increase in the number of private cars experienced in the last three years simply cannot be sustained without very serious consequences. This must be apparent to all of us. Inaction now will affect the economy, raise air pollution to levels where public health is placed in even greater jeopardy and slow public buses to a crawl at a time when most Members of this Council are seeking improved public transport services. We must not allow this to happen. But the choice ultimately rests with the Members of this Council. Should you decide not to support the measures to

constrain growth in the private car fleet in the short term, then the consequences must be accepted by the community.

Mr President, may I conclude by thanking the Liberal Party for their report, the Democratic Party for their views, the Democratic Alliance for the Betterment of Hong Kong for their survey, as well as the district boards, the Motor Traders Association, and all other organizations and individuals who have taken the trouble either to discuss the proposals with the Government or make written submissions. From our analysis so far, it appears that we have sufficient public support to embark on a technical study on ERP, to reduce or eliminate tax benefits for company cars and to improve traffic management, including the introduction of more bus priority schemes and better management of road openings. We also have support for continuing to upgrade and improve our public transport and for investment in the transport infrastructure. In addition, I note the acceptance of the need for stricter enforcement of the law on traffic offences and higher penalties. The three major political parties and indeed the public, however, seem to have tremendous difficulty with our proposals for raising the levels of FRT and ALF and Passage Tax at the cross harbour tunnels. Here I cannot resist commenting that, as the Honourable Emily LAU has also done so, what the Honourable Miriam LAU has said, that the choice is between cyanide or other types of poison, is rather melodramatic.

While it is hardly surprising that fiscal measures are not popular, they are essential in the interim if we are to keep our traffic moving. The Honourable Miriam LAU has urged the Administration to fully consider the views expressed by the public. As I said at the outset, that is precisely our intention and why the Administration has published its package for comment. The motion placed before this Council will, of course, be supported by the Official Members. But I urge Members to face the challenge and provide the support the Administration needs to introduce measures which, although they may not be popular, are ultimately necessary if we are to keep Hong Kong traffic moving.

Thank you, Mr President.

PRESIDENT: Mrs Miriam LAU, you are now entitled to reply and you have one minute 19 seconds out of your original 15 minutes.

MRS MIRIAM LAU (in Cantonese): Mr President, I would like to thank my colleagues for supporting my motion today and for not turning this debate into a political one. I always think that it is best if we can discuss problems in a rational and unemotional manner. Everyone can see from our speeches that we have rather unanimous views in respect of controversial proposals.

Firstly, most Members criticized the Government for directing its measures only against private cars and for adopting punitive measures. I hope that the Government can stop targeting against private cars after hearing the views of Members and the public.

Secondly, the vast majority of the Members are opposed to solving the traffic congestion problem with fiscal measures. The Government has recently consulted 13 district boards and I have examined the related file records. If the Secretary for Transport has also looked up these files, he will be able to see that almost all of these 13 district boards are opposed to the Government employing fiscal measures in solving the traffic congestion problem. They have criticized that these measures are neither fair nor effective. Therefore, I hope that the Government will respect public opinion and give up the fiscal measures.

In respect of the Electronic Road Pricing System, only half but not all of these district boards have supported the idea. The position of the Liberal Party is very clear. The Liberal Party will not support this system if there are no alternative public transportation facilities to go along with it.

Thank you, Mr President.

Question on the motion put and agreed to.

KMB FARE INCREASE AND CMB FRANCHISE

MR WONG WAI-YIN moved the following motion:

"That as the Kowloon Motor Bus Company Limited (KMB) has submitted an application for a fare increase, this Council urges the Government to give primary consideration to public interests and freeze the existing level of bus fares; and that as the China Motor Bus Company (CMB) has all along failed to improve its services substantially and has disregarded public interests by arbitrarily signing a conditional agreement to sell its depot site in Wong Chuk Hang, this Council urges the Government to revoke CMB's franchise upon its expiry in August this year and to open all bus routes on Hong Kong Island for open tender so as to bring in competition."

MR WONG WAI-YIN (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper.

The beginning of 1995 was not celebrated with any good tidings of the Year of the Golden Pig, instead, it was marked by applications made by various public utility companies to raise fares and charges. These include the Hong Kong Electric Holdings Limited, the Hong Kong and China Gas Company and

the taxis and so on. Now the Kowloon Motor Bus (KMB) is also prepared to make a similar application, to be followed by the Kowloon-Canton Railway, the Mass Transit Railway, the China Light and Power Company and the Post Office. Prices are going up and up all the time! Perhaps, many colleagues of the Legislative Council have become indifferent towards debates on price rise of public utility companies. However, I have to point out that, the annual price increase of the public utility companies, especially the public transport companies, has added substantial financial burden to families of the medium or low income brackets. Let us consider the fact that 80% of the public are now travelling to work, to school or to join social functions by public transport. The over four million people who live in Kowloon and the New Territories have to rely on the bus service provided by KMB. Under such circumstances, a responsible government should give full consideration to the public's affordability and acceptability before approving any increase in bus fares.

The Democratic Party is very dissatisfied with the 9.4% fare increase proposed by KMB. The reasons why I move a motion in opposition to KMB's fare increase on this occasion are as follows: Firstly, the increase of 9.4% is still calculated on the basis of the maximum rate of return of 16%, as KMB has all along been doing. It seems that the KMB wishes to make it clear that they would not be satisfied with earning anything less than 16% and would make up for the shortfall by means of fare increases. The Democratic Party is opposed to any guarantee of profit, and Government officials have, on many occasions, made it clear that 16% is only a profit ceiling, not a percentage of guaranteed profit. However, it appears that KMB does not think likewise and wishes to have its profits guaranteed at 16% every year. In addition, it should be noted that KMB's cumulative fare increase from 1988 to 1994 amounts to 73.5% while the cumulative inflation rate for the same period only stands at 65.4%, making a difference of almost 10%. The real increase in KMB fare is already relatively higher than the manufacturing workers' accumulated real wage increase at 7.6%. In other words, over the past few years, the rate of increase in transportation costs for the low income group has already exceeded the annual rate of real wage increase. They have to spend a larger proportion of their income every year in exchange for the same kind of bus services.

Secondly, we certainly understand that KMB has to earn a reasonable level of profits to be accountable to their shareholders. However, our demand to freeze KMB's fare increase this year would not necessarily affect KMB's profits seriously. KMB has earned considerable profits over the past few years. These profits include those from the non-recurrent income, which is on the rise every year. In 1993, KMB's profits amounted to \$350 million while profits for 1994 is estimated to be \$400 million, only \$2 million short to hit the maximum rate of return of 16%. The level of profits made by KMB is outstanding in comparison with other transport companies. If the non-recurrent income is also taken into account, KMB's profits will be even more impressive. For example, the proceeds from land sale last year were as high as \$1.7 billion. We are very dissatisfied that the \$1.7 billion were all distributed among the shareholders and none was ploughed back to subsidize bus fare. The Democratic Party supports

the proposed amendment to the relevant legislation made by the Secretary for Transport to set aside a certain percentage of the proceeds of any future land sales by the bus companies for the "fare stabilization fund". I very much hope that Mr BARMA, the Secretary for Transport can give us an optimistic and positive reply today. Turning back to the \$1.7 billion proceeds from land sale, KMB's shareholders have earned dividends of more than \$2 per share which is the sum of total dividends given by KMB over the past five years. In other words, the proceeds from the sale of land is almost equivalent to the total profits which would be earned by KMB in the next five years. Under these circumstances, we feel that KMB has already done enough to be accountable to its shareholders and therefore it should not and need not make an application for fare increase every year.

Thirdly, the KMB's fare revenue is increasing every year: \$2.81 billion in 1993 and \$3.17 billion in 1994. This shows that the number of KMB passengers is increasing every year. According to figures available, we know that last year KMB had an increase of 30 000 passenger trips per day or over 10 million in a year. It is also estimated that there will be a steady increase this year. Besides, let us look at the figures for 1992. Although KMB did not make any application for fare increase in 1992, it could still obtain a profit of \$340 million under the Profit Control Scheme, which was only about \$3 million less than that of 1991 and some \$10 million more than that of 1993. Since KMB had to carry out large scale fleet maintenance in 1994, its operation costs for that year had increased tremendously. The increase was more than \$100 million in excess of the modest increase of some \$100 million to \$200 million per year in the past. However, according to KMB sources, large scale maintenance will no longer be required this year. Hence, operation costs of more than \$100 million can be saved and that will reduce any pressure for fare increase.

Finally, I would like to make a simple projection of KMB's profits this year on the basis of the limited data it has provided. I have said earlier that there is no need to carry out large scale fleet maintenance and costs saved in this regard would exceed \$100 million. The route rationalization programme would save KMB \$60 million. Furthermore, it is believed that measures like the bus-only lanes and bus priority scheme could help KMB obtain a steady increase in the number of passengers for the coming year. Take last year as an example, even if we exclude the additional income from fare increase, the total income obtained from fares in 1994 was some \$213 million more than that in 1993. It is estimated that the income to be obtained from fares would increase steadily in the year ahead. Hence, even if there is no fare increase, the income obtained from fares would still amount to some \$200 million. Adding the more than \$100 million saved from dispensing with the need to carry out large scale maintenance, KMB's profits for the next year would in fact amount to a very impressive amount of some \$300 million. Since KMB will be making such substantial profits this year and that it has already gained \$1.7 billion from land sale, the Democratic Party is much disgruntled to see yet another application for fare increase of almost 10% by KMB. The Democratic Party therefore proposed to impose a freeze on KMB's application.

Mr President, I will now turn to the issue of China Motor Bus (CMB) franchise. We think CMB is losing interest in running a bus company. In response to the Government's chopping of 26 bus-routes, the CMB sold its depot to make money instead of learning a lesson from this bitter experience and putting extra efforts to improve its services. We have reasons to believe that further hacking of bus-routes will not make CMB work any harder. On the contrary, profits from the provision of bus services would thus be reduced, directly forcing CMB to sell more land to maintain its shareholders. To the shareholders, this may still be a way to make money; but for the public, they will certainly not like to see a bus company just keep on selling land and not improving its services.

CMB's services have all along attracted much criticism and the number of complaints remains high all year round. According to the annual report of the Transport Complaints Unit, the number of complaints for the year 1993-94 has risen to 850 from 718 in 1992-93. In 1992, the Government's decision to remove 26 routes from CMB's island network to be operated by another company was already the most serious warning given to CMB. Very unfortunately, there has not been any apparent improvement of CMB's services thereafter and the problem of frequencies falling behind schedule has even worsened. The rise, instead of drop, in the number of complaints demonstrates public resentment against CMB's services. Later on, Dr the Honourable HUANG Chen-ya of the Democratic Party will speak on the provision of bus services by CMB and its management problems.

The number of complaints lodged against KMB is apparently less than that against the CMB. Besides, KMB has been actively opening up new routes and its proposal to rationalize existing routes is really a novel attempt. In this regard, we can see that KMB has actively racked its brains to improve its services. We have not, however, noticed any positive steps taken by CMB. That clearly shows that CMB does not even bother to consider ways to do more business, not to mention improvement of its bus services.

Frankly speaking, lack of enthusiasm in operating bus services is not a big mistake. What CMB can do is to sell its shares and draw in capital from other sources to run the business jointly. That is most common among modern enterprises. Unfortunately, CMB not only has lost interest in doing business, nor wants to consider ways for improvement, but is also unwilling to draw in capital from other sources to run its bus services as joint ventures. The Government, after cutting 26 CMB routes, had made a number of proposals, including drawing in capital and introducing new management initiatives, in the hope that CMB's services could be improved. However, CMB did not implement the proposals ultimately because it did not wish to see an end to its family operation. Subsequently, an ex-director of CMB accused CMB's Board of Directors as being conservative and that the major shareholders had insisted on having their own ways. It is difficult to understand why CMB is unwilling to open the way for others to join in its bus services when it has lost enthusiasm to run the services itself.

CMB's land sale has become the focus of criticisms recently. The public focused on denouncing CMB's avarice and unscrupulous practice. It should be noted that CMB's income from land sale was far greater than that from bus operation. As at June 1994, CMB's profits amounted to \$258 million, of which more than \$177 million came from half of the proceeds from the sale of land in King's Road to a joint venture. In other words, for every dollar CMB earned in 1994, 65 cents came from land sale. On the other hand, CMB's income from bus services dropped by 1.3% in comparison with that in 1993.

What does that indicate? Firstly, it shows that CMB does not make any effort to develop its bus services. While KMB's income from bus services has been increasing every year, CMB's shows a continuous decline. In fact, persons in the securities business have long ceased to have any expectations for CMB's bus operations. Secondly, and more importantly, the huge income obtained from land sales has made it unnecessary for CMB to improve its bus operations, as it can nevertheless earn a lot of money without making any effort. In recent years, CMB sells on the average almost a piece of land every year. In 1992, by selling its depot in Tsat Tsz Mui Road, CMB obtained \$980 million in cash and in 1993, CMB sold another piece of land in King's Road at over \$370 million. Even if only half of the proceeds went into CMB's pocket, it has still earned a lot of money. Hence, under these circumstances, CMB's operation strategy must be "muddling along in the provision of bus services but positively energetic in the sale of land". Selling all of its property would certainly have the unanimous support of its shareholders. But one must be warned that this is only a temporary relief regardless of consequences, just like drinking poison to quench thirst. Apart from the piece of land in Wong Chuk Hang Road, CMB still has two pieces of land in Heung Yip Road and Chai Wan Road available for sale. Will it sell these lots to "maintain" its shareholders again? Since CMB can sell land, the incentive to improve services is lost. Why should we retain a bus company which does not seek to improve its services but merely engage in land sales?

To be fair, other public utility companies such as the Hong Kong Ferry Company also have plans to develop properties. However, while these companies negotiate with the Government in seeking to make profits, they have ploughed back part of their profits into the society. CMB is nonetheless arrogant and insists on selling land regardless of criticisms. By its defiant attitude, CMB is clearly telling the Government and the general public that it does not intend to be accountable to them because it has strong backings.

Public bus service is a necessity for the general public. Although the Government does not necessarily have the responsibility to provide bus services for the public, it should at least monitor the operation of the bus companies to safeguard public interests. If a government merely considers the interests of the

consortia and their shareholders in the monitoring process, it is not a government which can represent the people and protect their interests.

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

Question on the motion proposed.

PRESIDENT: Mrs Miriam LAU has given notice to move an amendment to the motion. Her amendment has been printed in the Order Paper and circulated to Members. I propose to call on her to speak and to move her amendment now so that Members may debate the motion and the amendment together.

MRS MIRIAM LAU moved the following amendment to Mr WONG Wai-yin's motion:

"To insert "(KMB)" after "Kowloon Motor Bus Company Limited"; to delete "primary consideration to public interests and freeze the existing level of bus fares" and substitute with "serious consideration to such factors as KMB's operating conditions, the extent of rise in operating cost, quality and future development of KMB's services and the acceptability of the increase to the public, and to maintain the fare increase at a reasonable level"; and to delete "to revoke CMB's franchise upon its expiry in August this year and to open all bus routes on Hong Kong Island for open tender so as to bring in competition" and substitute with ", in the best interests of the public, to cancel some of CMB's franchised bus routes when its franchise expires in August this year, and to put them for open tender so as to augment competition with a view to bringing about the best services to the public"."

MRS MIRIAM LAU (in Cantonese): Mr President, when the Kowloon Motor Bus Company Limited (KMB) submitted an application for a fare increase of 19.6% last year, the Honourable LEE Wing-tat proposed a motion in this Council to ask the Administration to keep the fare increase below the inflation rate. I then moved an amendment to Mr LEE's motion to request the Administration to consider various objective factors before determining fare increases. When KMB submitted an application for a fare increase this year, the Honourable WONG Wai-yin originally moved a motion to request the Administration to keep the fare increase below the inflation rate. However, when KMB announced that the average increase applied for was 8.3%, which was very likely to be below the expected inflation rate of between 8.5% and 9%, Mr WONG hastily amended his original motion to the effect that the fare increase should be frozen. On the basis of the Liberal Party's reasonable attitude which it has all along been adopting towards the issue of fare increases, I put forward an amendment to request the Administration to take into consideration KMB's actual situation and practical needs as well as the

acceptability of the increase to the public, and to control the fare increase at a reasonable level.

The debate today has clearly spelt out two points: First, the Liberal Party's attitude towards fare increases is consistent. We insist that any increase must be reasonable and must be weighed against objective factors. The Democratic Party's attitude towards fare increases has not changed either — it will object to any increases. Second, it is wrong to take inflation rate as a yardstick for bus fare increases, because an increase below inflation rate is not necessarily reasonable. By the same token, an increase above inflation rate is not necessarily unacceptable. In other words, all depend on the actual situation.

Mr WONG pointed out that last year KMB reaped \$1.7 billion through land sale and made a profit of nearly \$400 million from the provision of bus services which, when added together, came very near to the permitted level of return of 16%. As a result, he proposed that the bus fare increase should be frozen. Indeed, we already knew last year that KMB would earn the sum of \$1.7 billion in 1994. Nevertheless, the property concerned was bought by KMB in the open market with no preference given by the Government. In addition, there is no legal requirement that KMB has to plough back part of the proceeds from sale of property to subsidize bus fares. Therefore, the idea of making use of these \$1.7 billion is legally unreasonable and such act smacks of squaring accounts with KMB after it has reaped the profit.

As regards the profit amounting to nearly \$400 million, KMB explains that since its operating condition in 1994 have improved and it has succeeded in cutting expenses, the company has performed better than expected. We would of course like to encourage companies to broaden their sources of income and reduce expenditure. This is because when a company is operating well with good growth, pressure on a next fare increase will be lessened. If KMB can make more effort to reap more profits, it will be able to kill two birds with one stone in the sense that both the public and the shareholders will benefit. However, the Administration should also review whether it is too lenient in its scrutiny of KMB's fare increase application.

The Liberal Party thinks that bus fare increase should of course be the smaller the better. But KMB is a commercial organization which, from the business operation angle, requires sufficient financial resources in order to maintain and improve its services as well as to bring about a reasonable return to the shareholders. This is the only way that bus services can be developed in a healthy manner. In recent years, the public have been constantly asking for improvements in the quality of bus services. As the saying goes, "the wool comes from the sheep". If the company does not have sufficient financial resources, how can it improve its services? After all, we cannot "eat the cake and have it". Even if KMB's fare increase is to be frozen this year, I believe it will still not be running at a loss. However, its profit will be reduced dramatically. It will then be very difficult for KMB to improve its services on the one hand and meet the shareholders' expectation on the other.

Although the Liberal Party does not agree to freezing fare increase, it still holds the view that an average increase of 8.3% is too high. Since KMB has refused, on the ground of commercial sensitivity, to disclose the forecast for its operating condition for the coming year and the analysis for the 12.8% increase in cost, we have no alternative but to make the analysis and deduction ourselves. On projection and after considering the factors just mentioned by Mr WONG Wai-yin, namely the annual natural increase in bus fares and the fact that KMB does not have to spend a large sum of money on large-scale maintenance as it did last year, the Liberal Party reckons that KMB's fare increase this year should not exceed 6% on average. Such an increase should be adequate for the company to maintain its services on the one hand and make a reasonable profit on the other. The Liberal Party also suggests that it will be reasonable for those routes which were granted an average fare increase of over 12.9% last year to have a lower fare increase this year. Moreover, KMB should try its best to adjust downwards the fares of air-conditioned buses so as to alleviate public resistance to air-conditioned buses.

As regards CMB's sale of the Wong Chuk Hang depot site, it is very obvious that CMB is trying to evade the Administration's possible monitoring when the current franchise expires in August this year. The Liberal Party is of the view that such move though legal is unreasonable. It is very much ill-disposed that CMB, as a public transport organization serving the community, should make use of legal loopholes to sell the depot. If the franchise of CMB is to be renewed, will the company have enough facilities to maintain normal operation of bus services after the sale of the Wong Chuk Hang depot site? In this respect, CMB is apparently trying to deny the Administration an opportunity to make assessment and has total disregard for the public interests. The Liberal Party deems that such action is terribly selfish.

It is also disappointing to look back at the standard of services. Although the Administration has removed from CMB 26 routes on Hong Kong Island in 1993, improvement has yet to be made. According to the information provided by the Transport Complaints Unit, the number of complaints against CMB in 1993-1994 has increased by nearly 40% over the previous year. This shows that members of the public are still dissatisfied with the services provided by CMB.

Although CMB is abominable, the Liberal Party is still against a hasty revocation of its franchise. It is because once the CMB's franchise is revoked, two to three thousand CMB staff will have to face unemployment immediately. The experience of the taking over of 26 bus routes by the Citybus Limited last time shows that the new operator may not be able to employ all the former CMB staff. In that case, the unemployed staff will encounter difficulties in making their living and this may lead to serious social problems.

On the other hand, if the Administration revokes CMB's franchise, I believe CMB will certainly be acting uncooperatively, and this will make it difficult for the new operator to take over immediately. If as a result bus services have to be suspended and the situation becomes chaotic, members of the public will suffer at the end of the day. Does the Democratic Party wish to see that happen?

There are of course some people who think CMB is not interested in running the bus services any more or else it would not have sold the depot. Nevertheless, even if CMB gives up voluntarily, the Administration still needs to settle such issues as convergence of the new operator and staff arrangement with CMB, in order to ensure a smooth transition without affecting the public and to minimize labour problems.

The Liberal Party thinks that although CMB "does not deserve a death penalty, a severe punishment is inevitable". The Government should penalize CMB for selling its assets without taking into account public interests and failing to make any improvements. For these reasons, the Liberal Party asks the Government to make a big slash on CMB's franchised bus routes and to enhance competition. It is hoped that CMB will sincerely mend its ways when faced with competition. The Liberal Party also requests the Government not to accept any application for fare increases from CMB before the new franchise with CMB is settled.

Mr President, these are my remarks. I shall move the amendment later.

Question on the amendment proposed.

MRS ELSIE TU: Mr President, it would be easy to gain popularity for ourselves by exploiting the frustrations of the travelling public. In fact, the public has good reason to feel frustrated by the empty promises of the bus companies to improve the services, whenever they want to increase the fares.

This has been the situation for more than 40 years of my residence in Hong Kong. No one would agree more than I to using the weapon of cancelling the franchises as proposed in the motion. No one would agree more than I with freezing fares to give the travelling public a break.

However, in planning action against these two companies, we need to ensure that we do not hurt the very people we are trying to help, that is, the travelling public.

If our memories are not short, we will remember that when several bus routes were removed from the franchise of the CMB quite recently, it took the new company some time to adjust its expanded services and some passengers suffered. Cancelling and changing a whole large service like the CMB is not like changing your hairdresser or your dentist. It is an enormous operation that

I am sure cannot be made suddenly and without adequate planning. I am fairly certain that it could not be completed by August this year. I therefore favour the more orderly phasing out as the amendment seems to suggest, in order to give other companies time for planning or to give the CMB a chance to improve its services.

As to the KMB fares, they are rising above the rate of inflation, and I would agree to freezing the fares, provided that it would be for a limited time. I think it is unrealistic to freeze the fares without any time limitation, because the wages of drivers and other staff rise with inflation. I therefore think the proposed amendment is more realistic.

As to the proposed sale of the Wong Chuk Hang depot site, if it is true that buses will have to be parked on the streets, damaging the environment, then I think the sale should be prohibited. If the land is not needed for buses, it should be re-entered by the Government and sold for public revenue.

Mr President, the amended motion seems to be in the better interests of the travelling public and will cause less disruption of services, as well as keeping fares reasonable, I therefore support the amended motion.

MR TAM YIU-CHUNG (in Cantonese): Mr President, it is not my intention to ask the two bus companies to run their business as if they were charitable organizations. However, if what a utility company under franchise cares about is only profit-making, fare increases, scrapping loss-incurring or less lucrative bus routes at the expense of public interests without even bothering to find out the reasons for losing money and make improvement, and frequently resorting to the Profit Control Scheme as its trump card to scare people off, I cannot help from asking: Is this the proper conduct expected of a responsible public service company?

Last week, an office-bearer of KMB said in a threatening manner that the 9.4% rate of increase proposed by KMB was already the company's bottom line. He went on to say that if the Government slashed the percentage or if legislators attempted to freeze its fare increase application, thus preventing the bus company's permitted returns from attaining the level of 16%, KMB would instigate legal proceedings to recover whatever shortfall from the Government. Obviously, KMB is resorting to the issue of permitted returns as a means of exerting pressure on the Government and the Legislative Council because even it itself has realized that its application for fare increase cannot be justified.

In fact, KMB as a business can be compared to a goose that lays golden eggs. Despite its huge profits over the years, it applies for hefty fare increases every year. Moreover, it is the only franchised bus company that is still under the protection of the Profit Control Scheme. KMB excepted, what other businesses can operate with their profits guaranteed?

Its profits over the years aside, just last year alone, KMB made a profit of \$400 million, and on top of that it pocketed \$1.7 billion of land sale proceeds. As confirmed by the KMB office-bearer, since there is an expected 0.6% increase in passenger volume, mainly in air-conditioned buses and tunnel buses that charge higher fares, KMB can still reap a profit of nearly \$100 million even without any fare increases this year. Then, if the \$60 million saved as a result of routes rationalization is also taken into account, we can find absolutely no reason for any fare rises.

The KMB office-bearer repeatedly claimed that the two sites sold early last year were bought in the open market without any concessions whatsoever. He therefore argued that it was entirely groundless to ask KMB to plough back its land sale proceeds for fare stabilization purpose. However, one may also argue that if not because of the community's need for public bus services, KMB would not have been granted franchise by the Government in the first place, let alone various other concessions in land allocation, fuel purchase and licence fee exemption. Hence, the Democratic Alliance for the Betterment of Hong Kong (DAB) considers that the two bus companies should set aside part of their proceeds from land sale for the purpose of setting up a fare stabilization fund. Members of the Executive Council have been quoted as saying that such a move would contradict the principles of free market economy. I must point out that such comments are hardly valid because the concepts of franchise and permitted returns are themselves in contradiction with such principles.

KMB has argued that since tunnel bus fares will not be increased this year, the actual average rate of increase is only 8.3%, which is below the inflation rate. However, the DAB is of the opinion that the inflation rate can at best serve as an indicator for reference only. It should not be regarded as the sole justification for fare increases because the two simply interact with each other. Fare increases by public utility companies are often the main cause of inflation. I therefore hope that other political parties will stop using a level lower than inflation rate as the benchmark for fare increases. And, given KMB's huge profits now, even a below-inflation-rate fare increase can hardly be regarded as any act of benevolence. Therefore, the DAB supports the original motion moved by Mr WONG Wai-yin, which takes its present form after his own modifications, and which calls for freezing the bus fares of KMB at the existing level.

Last year, KMB was able to reduce its operating cost by obtaining low-priced fuel. In view of this, the Government should encourage KMB to earn bigger profits by cost reduction and service improvement rather than by fare increases.

As KMB's existing route network is over-sized and there is development potentials in Kowloon West and Lantau Island, the DAB urges the Government to give serious consideration to the abolition of the Profit Control Scheme and to open some of KMB's bus routes in order to bring in competition. This move can better help KMB improve its services and enhance its competitiveness.

CMB's insistence on selling the Wong Chuk Hang depot site despite Government and public objection is certainly a selfish act. However, DAB does not think that we should act on the spur of the moment and put forward a motion to revoke CMB's franchise at the expense of public interests. I also have some reservations about Mrs Miriam LAU's amendment. The reason is that any drastic curtailment of CMB's bus routes is bound to give CMB exactly what it wants, offering it a good excuse to justify the sale of its depot site. This will affect its bus servicing facilities.

The sale of the CMB depot in question can no doubt be justified as a lawful commercial transaction. However, in the case of CMB, which is not a purely commercial firm, but a franchised utility company, a lawful act may not necessarily be a reasonable act.

The CMB Wong Chuk Hang depot has 40 bus parking spaces and 14 service pits. At present, in order to establish the fact that the depot is useless, CMB frequently parks its buses on streets. After the depot site is sold, while buses can continue to be parked on streets, the service facilities of the depot will be lost. Therefore the safety of the buses will be affected. We will categorically not accept such an irresponsible act.

Finally, I would like to have a few words on my attitude towards the motion. I believe that Mrs Miriam LAU's amendment is well-intentioned, aimed mainly at averting the crisis described just now. But, we must bear in mind that CMB has all along wanted to get rid of its loss-incurring routes. If this Council approves CMB's reduction of bus routes, the bus company would have an excuse for selling its depot site, and the negotiations between the Company and the Government concerning its franchise will also be affected. As a result, I cannot support Mrs Miriam LAU's amendment motion at this stage.

Mr President, these are my remarks. However, as I only support the part in both the original motion and the amendment that urges the Government to freeze the existing level of KMB bus fares, I shall abstain from voting.

DR HUANG CHEN-YA (in Cantonese): Mr President, residents in Southern, Central and Western districts on Hong Kong Island have always relied on the buses of the China Motor Bus Company (CMB) as their chief means of transport. However, CMB has also been the target of their criticisms. Though CMB's franchise is due for renewal in August this year, there are still problem in its bus services and internal management as well as the unreasonable rate of fare increase, and these have caused much dissatisfaction among citizens. Considering the sizes of the various bus fleets, the number of complaints against CMB has always occupied the top place among the bus operators. According to the 1993-94 Annual Report of the Transport Complaints Unit, there were 830 complaints against CMB. The ratio of the number of complaints against CMB to the total number of buses in its fleet is 91.5%. During the same period, the Transport Complaint Unit received 1 363 complaints against KMB. The ratio is

43%. As regards the number of complaints received for every bus on the road, there was 0.71 complaint against CMB whereas the Unit only received 0.27 complaint against KMB. Although the total number of buses in CMB's fleet is only 30% of that of KMB, complaints against CMB about "non-adherence to scheduled frequency" and "conduct of bus drivers" are fewer than those against KMB only by less than 10%. The high rate of complaints as against the small fleet does indicate what CMB's quality of services is. According to a survey conducted by the Democratic Party in Southern, Central and Western districts, residents are most dissatisfied with lost trips and inadequate bus services. To be fair, not all the bus routes of CMB are poorly operated. The services of routes in direct competition with the Citybus Limited (Citybus) have been improved recently. This proves that CMB is not incapable of improvement. However, because of its monopoly over the provision of bus services, CMB simply sees no incentive to improve itself and to provide better services to residents.

With the exception of 1992, there was a fare increase every year during the period from 1989 to 1994. The highest rate of increase was 20% while on the average, it was 12%, which is higher than the inflation rate as well as the actual rate of wage increases in any one year during that period. Since bus is the most basic means of transport, fare increase not only adds to the burden of the passengers, but also puts pressure on other means of transport to increase their fares. As a result, citizens have to spend more on travelling.

Recently, CMB has sold Wong Chuk Hang depot site without due authorization and earned a profit of \$350 million. It ignored the interests of the public. After the depot is sold, many CMB buses will have to resort to roadside parking all over Hong Kong Island every night. One possible reason for CMB to sell its depot site is that CMB has taken the negative view that the Government may not renew its franchise upon expiration and therefore, in preparation for closing down, it sold the site. Another possibility is that CMB attempted to get as much benefit as possible for its shareholders prior to the setting up of a "fare stabilization fund". However, I wonder how CMB can operate its bus services effectively after the depot site has been sold. It is just like killing the chicken to get the eggs, paving the way for CMB to go out of business. As a listed company that should be engaged in the transport business, how could it be possible for CMB to sell the depot without giving any explanation to the shareholders beforehand? CMB did not consult any party, nor did it obtain the approval of the Government before making the pre-emptive deal. Whatever the possibility, such a dishonourable act tells us that CMB only cares for its major shareholders and just ignores its responsibility towards the public. Therefore, the Democratic Party urges the Government to revoke CMB's franchise and further open up the bus routes on Hong Kong Island with a view to improving the quality of bus services on Hong Kong Island through competition.

During the debate on the previous motion, many colleagues pointed out that improvements to and strengthening of public transport is the most essential ingredient of a better transport policy. As we all know, the key to the

betterment of services is to end monopoly and increase the element of competition. Last night, CMB released a statement to the effect that its services had improved in the recent months. This proves that the launching of Citybus service last year has brought competition and stimulated a nerve of CMB. While complaints may fail to push CMB to "change its usual behaviour", "reduced profits" will certainly can.

Some say that many CMB employees will lose their jobs if CMB's existing franchise is revoked. Unless they are saying this to protect the interests of CMB's major shareholders, otherwise they should understand that new bus operators will have to employ staff. Indeed, after commencing its service, Citybus has been unable to recruit sufficient staff, and is facing a chronic problem of understaffing. In fact, it is disgraceful to work in a company which is always complained by residents. By encouraging competition, not only are residents benefited, but the employees will also have more opportunities and can enjoy greater job satisfaction as time goes by.

Moreover, if CMB's existing bus routes are put up for open tender, CMB may also bid for them. If CMB is determined to change for the better, it should be able to succeed in the bid and to continue its operation. The quality of CMB's bus services is deteriorating, yet it is still unwilling to make changes and improvements. This is not only attributable to the faults of its Board of Directors but also to the "over-indulgence" by the Government in maintaining its monopoly in the past, resulting in the arrogance of the Company. Therefore, we have to make CMB understand that it will have to face competition and that there will not be monopoly or any hereditary position anymore. Only in such a way will CMB be pushed to provide better services to the residents.

With these remarks, I support Mr WONG Wai-yin's motion.

DR TANG SIU-TONG (in Cantonese): Mr President, today's motion consists of two parts, namely, to freeze the bus fares of the Kowloon Motor Bus Company (KMB) at the existing level and to revoke the franchise of the China Motor Bus Company (CMB). Both issues are, indeed, worthy of our concern and discussion. But as the two issues have nothing in common, it would certainly be more reasonable and appropriate if the motion could be split into two for separate discussion.

Originally, Mr WONG's motion only sought to contain KMB's fare increase to a level below the inflation rate. Later, as pointed out by the Honourable Mrs Miriam LAU, Mr WONG amended his motion as he learned that the increase was only 9.4%, while the average was 8.3%. When it was recently reported in the press that CMB made a profit from the sale of the Wong Chuk Hang depot site, Mr WONG took the opportunity to combine these two issues for discussion. I do not think it is sensible to have these two issues put together in such an awkward manner. We all know that "Indians like curry", but to draw from it the conclusion that "whoever likes curry is an

Indian" is an absolutely illogical deduction. It is unfortunate that the subject of today's motion smacks of such a flavour. The motion has created a misconception. That is, if one agrees to freeze KMB's fares, one has to support the revocation of CMB's franchise; similarly, if one objects to the revocation CMB's franchise, one cannot but refuses to accept the freezing of KMB's fares. The wording of the motion makes it like "getting a pig bone, or a dog bone, as a bonus in addition to the pork you bought". Can the mover of this motion tell us how to vote if we just agree with one part of the motion but oppose the other? I have no idea at all. Unless the mover of this motion can successfully obtain Mr President's unprecedented approval to take separate votes on the two parts of the motion, the result of the vote may not be able to fully reflect the true attitude of this Council towards these two totally different issues.

Following last year's increase of fares, KMB again submitted application for a fare increase this year. Though the rate of increase that KMB applied for has reduced from last year's 19.6% to 9.4% this year, if approved, the accumulated rate of increase in bus fares for the two years will be 23.5% which exceeds the accumulated inflation rate in the same period by nearly 25%. Every fare increase of KMB is above the inflation rate, but not much improvement has been made in its services. Therefore, it is no surprise that the public should be discontented with KMB when it submitted an application for a fare increase again.

While KMB is a public utilities company, it is, after all, a privately run commercial corporation. It is totally impossible to require a private corporation not to operate according to commercial principles. However, being one of the public transport operators, KMB should adequately substantiate any application for a fare increase. Only then would public resentment not be aroused. Regarding the 9.4% increase in bus fares that KMB has applied for, my opinions are as follows:

- (1) Last year, KMB made a profit of \$395 million, representing a 20% increase over the profit of 1993. The previous year was also the most profitable year of the past five years. The profit of KMB last year was \$114 million higher than the \$282.7 million profit in 1990. During this five-year-period, KMB's profit has increased by over 40%. KMB with a stable growth in profit annually is the envy of many commercial institutions. KMB has the "monopoly" and can increase the fares at any time it wants to maintain its profit at the desired level. The residents have no alternatives but to submit. Now KMB is asking for an increase above the inflation rate solely on the ground that "its profit is below 16%, the target rate of return". It must be seeking to make a big fortune. I just cannot think of any better explanation.
- (2) The profit of \$1.7 billion from the sale of land last year was not counted as part of KMB's operating revenue nor was any part of it allocated to subsidize bus fares. Although profit from the sale of

land is a kind of investment income, which is different from normal operating income, the money used for the investment came from the revenues of bus services operation in the first place. It is unreasonable that KMB should "pursue its own interests at the expense of the general public" by refusing to use the profit gained from the sale of land to subsidize its operation of bus services.

- (3) KMB is going to restructure 13 urban bus routes. Such restructuring will save KMB nearly \$60 million of operating expenses. On the one hand, KMB effects cuts of services in disguise; on the other, it asks for fare increases. This is indeed hardly acceptable.

All in all, the arguments given by KMB and the rate of increase it has applied for are unreasonable. I hope the Government would freeze KMB's application for an increase in its fares. If the Government is not prepared to do so, it should at least reduce the rate of increase to a level below the inflation rate. In addition, the Government should also conduct a review of KMB's Profit Control Scheme as soon as possible so that public interests may be protected.

Despite opposition from the Government and the public, CMB still proceeded to sell its Wong Chuk Hang depot site. This act is obviously an attempt to beat the new legislation to regulate the buying and selling of depot sites the Government intends to propose. Though CMB has legitimate right to sell its depot site, this arrangement is in fact prejudicial to public interests. It seems that CMB is trying to seek private gains for itself through its capacity as a public bus services operator.

It is widely agreed by the public that the quality of CMB's service is not up to standard. If the Government is able to make early preparation and identify a new operator to take over from CMB, I agree to transfer CMB's franchise to the new operator. However, I have reservations about opening up all CMB's franchised routes for open tender as suggested in the original motion. If the franchised bus routes are to be put up for open tender, lucrative routes will certainly attract fierce competition, while routes which incur losses due to a low passenger patronage will surely attract little interest. Under such circumstances, residents who have to travel by buses will be most seriously affected. The idea to "cancel some of CMB's franchised routes" as suggested in the amendment motion is more reasonable than the original motion. Therefore, I think I will support the amendment as regards this issue. Yet, CMB may be forced to voluntarily give up its franchise if the number of bus routes is further reduced. Therefore, the Government should draw up contingency plans in case of this eventuality.

Mr President, the original motion and the amendment motion have their own merits and shortcomings. Therefore I can only give limited support to the original motion as well as the amendment motion.

Mr President, these are my remarks.

PRESIDENT: Mr K K FUNG, I have to interrupt you in three minutes.

MR FREDERICK FUNG (in Cantonese): Mr President, I believe that every member of the public has found it offensive to see routine fare increase applications by the two major public bus companies every year. Despite their substantial profits, the two bus companies still apply for fare increases; this seems to reflect the insatiable avarice of the two companies. The public finds the "purely profiteering" operating tactics of the bus companies unacceptable. The public is even more dissatisfied that no obvious improvement is seen in their services despite the yearly fare increases and the public is not getting bus services of a reasonable standard.

KMB has applied for a fare increase in respect of its non-tunnel routes with effect from 1 April this year and the average rate of increase is 9.4%. I am opposed to this application because KMB does not have sufficient grounds for applying for a fare increase. In view of this, I support Mr WONG Wai-yin's original motion which calls for the Government to freeze the existing level of KMB bus fares.

KMB stated that this rate of increase was mainly based on factors such as wages, inflation and operating costs. As far as I understand, over 60% of KMB's expenditure is on staff costs. The patronage of KMB has shown signs of reduction, but the number of KMB employees has been on the increase, from over 10 600 in 1986 to over 11 000 at present. The number of employees is inversely proportional to the patronage. In fact, KMB can improve the efficiency of its staff and thereby lower the costs. As regards inflation, the average inflation rate in Hong Kong last year was 8.5%. The rate of increase of 9.4% as proposed by KMB is obviously higher than the inflation rate. In a nutshell, the factors considered by KMB are not convincing.

By the end of last year, 13 urban routes were rationalized by KMB to bring down the rate of increase by two percentage points. In fact, after the rationalization of the bus routes in Kowloon, 47 less buses are deployed and KMB can save around \$60 million in expenditure every year. Actually, KMB should not have lodged any more applications for fare increase.

Information from various sources shows that KMB reaps substantial profits. It is really unacceptable that the company still cites various reasons to support its application for fare increases despite such profits. In the last few years, KMB has been enjoying a permitted rate of return of 16%. It had a

profit of \$410 million last year; with the additional proceeds of \$1.7 billion obtained from land sale (the sites at Kwun Tong and Kwai Chung), KMB had a total profit of \$2.11 billion. Nevertheless, KMB "pocketed" the \$1.7 billion and did not make use of any portion of it to set up a fare stabilization fund. This time round, with its considerable returns, KMB is only making excuses for its fare increase application, and naturally, the public is disgusted.

The Transport Branch proposed in November last year that amendments be made to the Public Bus Services Ordinance and suggested that certain portion of the proceeds from land sale by the bus companies be allocated to the fare stabilization fund. I support the Government's constructive proposal. While the words are still ringing in our ears, the Government said the other day that it decided not to proceed with the establishment of a fare stabilization fund in the light of legal and technical difficulties. I am very much dissatisfied with the Government's decision. KMB is now the owner of seven plots of land and substantial profits can be reaped through land sales. The value of KMB's depot sites has also gone up substantially and this is directly related to KMB's business. Therefore, some portion of the proceeds from land sales should be allocated to a fare stabilization fund to benefit the public in reciprocation. Therefore, we insist on establishing a fare stabilization fund and the Government should complete the amendments to the Ordinance as soon as possible in order to prevent the two bus companies from hastily selling off more land for the sake of pocketing all the proceeds before the Ordinance is amended. The unilateral move of CMB in selling its depot site in Wong Chuk Hang is the best example.

8.00 pm

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

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

Question proposed, put and agreed to.

MR FREDERICK FUNG (in Cantonese): Mr President, before the amendment bill put forward by the Transport Branch is passed by the Legislative Council, the Government should shelve the application of KMB for fare increase.

Another topic in the motion concerns CMB. CMB has unilaterally sold its depot site at Wong Chuk Hang before a new franchise agreement is reached and we are extremely concerned about this. Although CMB has not breached the law, it has employed very bad tactics. In view of CMB's failure to substantially improve its services, when its franchise comes up for renewal upon its

expiration in August this year, the Government intends to impose additional conditions, such as the right of the Government to acquire the assets of CMB at reasonable prices to maintain services to the public in case CMB's services are extremely unsatisfactory. This is aimed to press CMB into improving the quality of its services. The public is extremely unhappy with CMB's "pre-emptive" move.

I agree that upon the expiry of CMB's franchise in mid-August this year, the Government should not have it renewed and should instead open all bus routes on Hong Kong Island for public tender. This means completely opening all routes for open tender en bloc to bring in competition through participation by other bus companies rather than a separate tender for individual bus routes as mentioned by a Member. Of course, CMB may also bid for the routes, because any company can submit a tender as long as the quality of its services conforms to the requirements set by the Government, and we should not exclude CMB from such tender.

As regards the suggestion in Mrs Miriam LAU's amendment that the Government should cancel some of the CMB's franchised bus routes as a punishment for CMB's unilateral sale of its depot site in Wong Chuk Hang, I think it is not strong enough a deterrent. Take the example of the Government's taking away 26 franchised bus routes of CMB last year, CMB only regarded the Government as a "toothless tiger" which has nothing to fear or to heed. Therefore, the effectiveness of merely cancelling some of CMB's franchised bus routes is questionable.

As regards Mrs Miriam LAU's suggestion in the amendment that the Government give consideration to factors such as KMB's operating conditions and to maintain the fare increase at a reasonable level when scrutinizing KMB's fare increase application, I think this proposal is rather passive because it still allows KMB to lodge fare increase applications in the face of huge profits. Therefore, I do not support the amendment.

A Member just questioned how we should vote since there are two separate parts in the motion, I do not think this poses any problem since the motion was put forward quite some time ago. If dissatisfied with having to vote on two different parts at the same time, one should have moved amendments at any time to delete a part of the motion or split the motion into two parts, say, A and B, so as to make it easy to vote.

With these remarks, I support Mr WONG Wai-yin's motion.

MR JAMES TO (in Cantonese): Mr President, I just want to speak on two points. Just now, the Honourable Mrs Miriam LAU of the Liberal Party said that since the Kowloon Motor Bus Company (KMB) bought the land at an open market price, it would be unfair to KMB if the residents wanted to benefit from the proceeds of \$1.7 billion arising from the sale of the land. I would like to

clarify this point. Firstly, that piece of land was bought at a land auction for use as a depot. The proceeds of \$1.7 billion is part of the overall operating revenue. Moreover, the money used to bid for the land was in fact profits generated from the fares paid by the public.

Besides, KMB maintains that since it does not need the land, so even if it sells the land, bus services will not be affected. I cannot but point out the actual reason why KMB does not need the piece of land anymore. In fact, the Government has granted some depot sites to KMB under short-term tenancies to replace the land in question. This enables KMB to have some "leeway" to dispose of its original site. If the Government had not regarded KMB as a public bus company, it would not have granted short-term tenancies to it for bus parking and maintenance purposes. Therefore, it is an integrated scheme. It is because of KMB's role as a public bus company that the Government granted short-term tenancies to it which in turn enables it to sell the original depot site. Thus, there is no question of a separate account or a separate investment item which has nothing to do with the operation of bus services. We should not say, therefore, that it is unfair to KMB if people want to benefit from the proceeds from the sale of the land.

The second point I want to raise is about what Dr the Honourable TANG Siu-tong just said. He was worried that if the bus routes of the China Motor Bus Company are defranchised and put to open tender, the result may be that tenders will only be received in respect of profitable bus routes. As for those unprofitable ones, nobody will bother to make a bid. I am not an expert in this respect, but I can tell him that the Government can in fact adopt different methods to deal with this matter. Firstly, just as what the Honourable Frederick FUNG said, the Government can invite tenders for all the bus routes as a whole; and secondly, the Government can also put the profitable and unprofitable routes into economically viable groups for different companies to submit tenders. I believe that even the most stupid government will not invite tenders route by route because it is not feasible in terms of economy or scale of operation and it is not cost-effective at all.

MR STEVEN POON (in Cantonese): Mr President, the issue of bus services has been discussed year after year. However, problems are increasingly emerging, this reflects that the policy of the Government on bus services is very chaotic. Recent statements made by government officials in regard to bus services are contradictory. In the last few weeks, the Government gave the public the impression that the bus companies could not sell their depot sites. However, in accordance with paragraph 18(1) of CMB's Profit Control Scheme, the company may sell any land, depot, buildings or other properties it possessed or owned. The land of CMB is its private property acquired through normal channels in the market. If CMB can prove that it does not need these sites, how can the Government say that CMB cannot sell them? What the government officials have said has actually gone against the basic principle as regards protection of private property in Hong Kong. It is unintelligible that the

Government is considering subsidizing bus fares and setting up a fare stabilization fund with the proceeds which the two bus companies got from the sale of their land. This is a covert act of using private property to provide services to the public. Under section 26 of the Profit Control Scheme under the Public Bus Services Ordinance (Chapter 230), the operating revenue of CMB does not include proceeds from the sale of fixed assets or other assets. It is therefore impossible to require CMB to allocate the proceeds from the sale of land to the fare stabilization fund, either on the basis of legal provision or on the principles of a free economy all along upheld by the Government. It is indeed pitiful that government officials know so little about this.

The amount of permitted return is also another issue of relatively great controversy. The Profit Control Schemes signed between the Government and the two bus companies have not specified that the permitted return is the maximum return. Why is it not specified in the Ordinance if it is the maximum return? If there is such a requirement, why is it that a minimum return is not specified in the Ordinance? In the absence of authoritative legal opinion, the government officials are actually misleading the public or the overseas and local shareholders of the bus companies by saying that the permitted return is the maximum return. The Government should seek a correct legal interpretation on the basis of the Profit Control Scheme. It is rather surprising that after CMB has sold its depot site, the Government proposed to adopt an urgent legislative means to stipulate that the assets of bus companies after the expiration of their franchises shall be taken into temporary possession for public use and shall not be sold. What will our Government be like if it can use legislative means arbitrarily to control private property? If this continues to be the case, is it possible to use legislative means to allocate private residential flats to homeless people, just as the scenario depicted in the story "Doctor Zhivago"?

Mr President, the various unreasonable utterances of the Government fully reflect the absence of an integrated concept as to the supervision of public bus services. We must not forget that the ultimate objectives of privately-run bus companies are to make profits for their shareholders by providing bus services to the public. Perhaps the fact that this year's Chinese Lovers' Day and St. Valentine's Day fall on the same day has overwhelmed many people with romantic thoughts and made them think that the bus companies are charitable organizations which are not after profit or may even sell their assets to subsidize bus fares. This is in fact a beautiful misunderstanding in 1995.

After all, the Government should be aware of the crux of the problem. Firstly, with the continuous development of Hong Kong, there are bound to be some routes in some districts which are not profitable, but the bus companies still have to provide these districts with bus services. The operation of these non-profitable routes should be a social issue; now that this social responsibility is to be borne by the bus companies, the Government should review these policies and incorporate bus services in new towns into the costs of developing new towns until there is sufficient demand for these services. The present approach will only result in repeated bus fare increases.

Secondly, bus services have gradually developed into a political issue, something to consider in winning votes. As a result, the operation of the bus companies cannot be decided from the angle of commercial viability. Last year, we demanded that the rate of increase in bus fares should not be higher than that of inflation; this year is an election year and we request that the bus fares be frozen; next year, we may be asking for hamburgers or movie tickets for bus passengers because we have to elect the Chief Executive of the Special Administrative Region. We have to stop political considerations from interfering with market operation, so as to enable the bus companies to operate in accordance with economic laws.

Thirdly, the Government often takes the lead in increasing fees and charges, continuously pushing up inflation, and a high inflation is ultimately reflected in bus fares. In particular, the Government allows the Mass Transit Railway (MTR) and the Light Rail Transit (LRT) to increase their fares every year in line with the inflation rate, this prompts taxi fares and bus fares to increase, thus creating a vicious cycle. The Government must first stop MTR from increasing its fares and take the initiative to break the myth that MTR may increase its fares every year according to the inflation rate and thereby stop the vicious cycle of public transport fare increases.

Fourthly, the Government often threatens the bus companies with not renewing their franchises. However, we should not assume that the bus companies do not have any bargaining powers. It is very naive of us to think that all the problems can be solved by not renewing their franchises. Of course, we cannot force the bus companies to continue their bus services after the termination of their franchises. Moreover, the Government must not reach new franchise agreements with the bus companies at the expense of public interests. Therefore, the Government should make early arrangements and well prepare itself in case an agreement cannot be reached with the bus companies concerning franchise. The Government should begin negotiations three years before the expiration of the franchises and set down all the terms of the agreements one year before the expiration. If no agreement is reached by that time, the Government will still have time to invite other bus companies to negotiate a takeover. The franchise of CMB will soon expire, the Government should prepare a detailed plan and discuss contingency plans with other bus companies in case CMB discontinues operation.

Mr President, the problem of public bus services is a decades-old issue. The Government should re-examine the problem and formulate a comprehensive policy which can protect public interests on the one hand and allow the bus companies to operate under commercial terms on the other.

Mr President, these are my remarks.

DR YEUNG SUM (in Cantonese): Mr President, before I start, I would like to respond to some of the points raised by the Honourable Steven POON. Just then, Mr POON spoke about private property in relation to the Administration and the bus companies. In fact, if one believes in free economy, one should basically not have too much respect for franchised companies because their operations are monopolistic. If monopoly exists in a free market, it is totally justified for the Government to impose certain conditions on grounds of public interests. Such a measure is something very different from deprivation of private property. If the bus companies consider that the conditions imposed are so draconian as to be unacceptable, they may relinquish their franchise.

Mr President, today's motion debate aims at freezing the bus fares of Kowloon Motor Bus Company Limited (KMB) and urging the Administration to revoke China Motor Bus Company (CMB)'s franchise.

Let us focus first on the aspect of recovery of operating costs. After reviewing its bus network at the beginning of the year, KMB concluded that it should rationalize its network of routes, reduce the number of buses servicing overlapping routes, and streamlining its services to better cater for passenger needs, such as increasing bus frequencies and making full use of high capacity buses. According to KMB information, implementation of the above could achieve saving in costs equivalent, in financial terms, to an 8% increase in bus fares for urban routes in Kowloon. This is going to be a handsome amount that KMB can save this year. In addition, KMB information shows that it may expect a 100 million dollars saving as its fleet of buses do not require large-scale maintenance this year. It is envisaged that these significant savings may greatly relieve the pressure on fare increases.

In fact, Mr President, the reason why we request the Administration to freeze KMB bus fares is that we hope the Administration, in scrutinizing the scale of increase in KMB fares, may take into consideration not only such issues as its operation, increase in costs and salaries, and improvements in service, but also the spending capabilities of the public as a whole. Who will use buses to go to work or to school on a regular basis? Certainly, it is not the rich but those in the middle or low income groups, whose real wage increase stands only at an insignificant 2%. On the other hand, the KMB reaps a good harvest in profits this year. We do not suggest the KMB should act as a charitable organization, but we expect it to strike a balance between the public's livelihood and its commercial operation principles. While KMB manages to reap extremely good profits, the livelihood of the working class has not improved much. Freezing bus fares for this year therefore should be a measure beneficial to the public without causing adverse effects to the interests of shareholders.

I would now talk about the franchise of CMB. Its service is deplorable, yet its fares are high. There are many areas that are in real need of improvement. It has the franchise for 80 bus routes on Hong Kong Island but it provides a bad service, it is the general public who suffer as a result.

The Administration cut 26 bus routes from CMB's network in the year before last. The action was meant to be a punitive measure against CMB for its unsatisfactory service which has caused discontent among passengers. Unfortunately, CMB was impervious to advice and turned a deaf ear to repeated criticisms. Recently, it unexpectedly took the liberty to sell its depot in the absence of any consultation.

The reasons why CMB sold its depot are obvious. The Administration intends to introduce a bill on a fare stabilization fund in April. If the fund is established, the two bus companies will have to allocate a certain percentage from the proceeds of their land sales for the purpose of stabilizing bus fares. Although it is not known yet whether the fund will be established or not, it is a fact that at one of the Council meetings, the Secretary for Transport, Mr BARMA, did verbally promise that there would be such a fund. However, at a meeting of the Panel on Transport on 10 February, I heard that officials from the Transport Branch might think otherwise. I hope that the Secretary for Transport can give us a definite answer on the matter later.

Anyway, CMB has pre-empted the Administration by selling its depot before the establishment of the fare stabilization fund so as to allocate all the profits to its shareholders. Did CMB not recall why it could obtain the Wong Chuk Hang site as its depot? It was granted the site entirely in its capacity as an operator of public transport. Now, it had sold, without any notice, the depot in order to pocket the proceeds of 350 million dollars, regardless of what would become of its bus services.

Mr President, bus services are extremely important to the general public, they are particularly important to the maintenance of an efficient mass transit network. In order to maintain a highly efficient transport system, the Administration encourages the public to use buses as their major means of transport and to give up using private cars. It also requests the bus companies to improve their services so as to attract and cater for more bus commuters. Unfortunately, only KMB and Citybus took the lead in responding to the Administration's plans to alleviate traffic congestion by promising to provide newer buses and making new performance pledges to encourage passengers to switch to buses. CMB, however, has not taken any positive corresponding action. This surely is an indication that CMB is not interested in improving its services to the public, nor is it interested in increasing its passenger volume. So when the passenger volume drops, CMB demands a huge fare increase.

Mr President, the Democratic Party earnestly requests the Transport Branch to give due consideration to whether or not CMB's franchise should be renewed upon its expiry in August this year.

Mr President, these are my remarks.

MR LEE WING-TAT (in Cantonese): Mr President, the Honourable WONG Wai-yin has already given specifically a detailed account of the issues concerning fare increases by the Kowloon Motor Bus Company (KMB) and the franchise of the China Motor Bus Company (CMB). I only wish to add a few points for consideration. The first point relates to the fare stabilization fund. The Secretary for Transport, in reply to my oral question on 23 November last year, pointed out clearly that the Administration intended to set up a fare stabilization fund in order to alleviate or regulate the pressure for fare increases. The Administration had said this with much certainty. However, there is wide coverage in today's newspapers that the Government will abandon this scheme. If the report turns out to be true, the Administration must explain to the public why there is such an about-turn. The two bus companies obviously took a tough stance and even proclaimed that they would go so far as to bring the case to court. As a result, the Administration has "beaten a retreat". The Administration has undertaken preliminary studies before the idea of setting up the fund was announced in November 1994. Nevertheless, in the face of oppositions from the two bus companies, what it just did was to wheel a "U-turn about". How will the public have confidence in such a blockish and cowardly government and believe that it can supervise the fares and services of the bus companies?

Last year, KMB has netted a profit of \$2.1 billion, of which nearly \$400 million were from bus fares, and \$1.7 billion from land proceeds. The \$400 million profit almost represents the average 16% return on the value of its assets. It has been usual practice for the Executive Council and the Administration to "listen to the public's opinion" and reduce the proposed fare rise by a few percentage points every year. But the bus company can miraculously manage to net the maximum profit almost every year. And again every year, the public will be told by the bus company and the Administration afterwards that there are special reasons to account for the bus company's rising profit. For instance, it may be attributed to a blessing from heaven or a reduction in costs resulted from a cut in fuel prices. But what is the real reason behind? It is simply because the Administration and the bus company are "collaborating with each other". While the bus company tries its best to drive a hard bargain to make a profit, the Administration responds by lowering a few percentage points just to fulfil its so-called duty. On the one hand, the bus company "squeezes to the last penny" and on the other, the Administration claims that it has done its part in order to save its face. But how about the general public? After all, while they denounce the bus companies year after year, they still have to put up with the annual fare increases and bear the pressure of the increasingly expensive bus services.

According to the bus company and some Honourable Members, the allocation of part of the KMB's land sale proceeds for setting up a fare stabilization fund is suspected of infringing private property rights. But is this really the case? Such an argument has some justifications only if all of the 14 pieces of land currently held by KMB were brought by the company "with real cash out of its own pocket". But this is not so. Of the 14 pieces of land

currently held by KMB, seven were leased to KMB by the Government in the form of short-term tenancies. The latest one, a vast piece of land located in Tseung Kwan O, was leased to KMB at the end of 1993. I want to ask these Members and KMB if that piece of land located in Tseung Kwan O had not been leased to KMB in 1993 or, if the other six pieces of land leased to KMB under short-term tenancies were, as the Honourable Steven POON suggested, legally recovered after the six-month lease expired, will it be possible for KMB to have land sales twice in 1994 which yielded a profit of \$1.7 billion? The answer is simply that this is out of the question. Therefore, it is basically nonsensical and "ridiculous" for some Members and KMB to say that the lands in question are all private properties. It would have been basically impossible for the bus company to sell the two pieces of land had it not for the direct or indirect assistance rendered by the Administration, or in fact the tax-payers. For this reason, why can the profit thus generated not be used for setting up a fare stabilization fund? I think we have every reason to do this.

The second point, Mr President, is about the Profit Control Scheme. At present, the Scheme allows KMB to have a 16% return on the average value of its assets. This is meant to be a maximum return rather than guaranteed profits. However, KMB manages to reap almost the maximum return every year. This so-called maximum return has turned out to be a guaranteed return. This maximum return provision applies only to KMB and not to CMB, Citybus and Lantao Bus Company. May I ask why the Administration chooses to perpetuate this situation? The Administration has always given the explanation that KMB franchise will only expire in mid-97 and cannot be terminated at present. However, it is written down in the franchise that earlier negotiation is possible subject to mutual consent. Why does the Administration not conduct any negotiation? A negotiation can be started now even though the franchise only terminates in mid-97. Elements of competition can be introduced at suitable opportunities to encourage KMB to provide better services. When I contacted the Transport Branch and the Transport Department, I was told that since KMB has been performing well, there should be no need to bring in new operators. I consider such an idea nonsensical. Why will not the presence of competition will make KMB perform better? Why do we not believe that market force will drive operators to do better in cutting operation costs and attracting more passengers? Why do we not believe in free markets?

Mr President, I do not really want to talk too much about the CMB issues as many of my colleagues have already given their views. But I find today's arguments very odd. We have reached a consensus that CMB's service is unsatisfactory, its land sale is unreasonable, and there is no chance of its services being improved. Despite all these, my colleagues maintain that the number of CMB routes cannot be cut for fear of more troubles. If I were a director of CMB who is sitting here today, I would, after listening to the arguments, just let the bus service deteriorate in such a way that bus routes would refrain from being cut.

Mr President, my last point relates to franchises. The agreements for bus franchises need not be endorsed by the Legislative Council, yet franchises for the Western Harbour Crossing and Route 3 have to be so endorsed. If the Government fails to handle fare hike satisfactorily this time, the Democratic Party will consider proposing that bus franchises be rectified by this Council in future in order to safeguard public interests. My speech today serves to illustrate that I have lost confidence in the bus services under the supervision of the Transport Branch and the Transport Department. Let me conclude my speech in 14 words: "Bus Companies make the money by bullying; Government is incapable and passes the buck".

PRESIDENT: Mr WONG Wai-yin, do you wish to reply to the proposed amendments? You have five minutes for that purpose.

MR WONG WAI-YIN (in Cantonese): First, I shall express my views on the amendment moved by Mrs Miriam LAU. I shall quote her amendment. Referring to the text in Mrs Miriam LAU's amendment which says "serious consideration to such factors as KMB's operating conditions, the extent of rise in operating cost, to maintain the fare increase at a reasonable level", I wish to ask, what is meant by "serious consideration"? Now that KMB has blatantly demanded an annual profit of 16%, does it mean that all other considerations are secondary, and earning the maximum annual profit of 16% is the most important? So what is meant by "serious consideration"? Is it possible that Mrs Miriam LAU has found that KMB did not consider the issue seriously before and would like to urge KMB to make "serious consideration" now?

Second, as regards the information on operation, the rate of increase in costs, the future development of services and so on, it is so far not available to us. As Chairman of the Panel on Transport of the Legislative Council, Mrs Miriam LAU had also long been asking KMB and the government for such information, but the parties concerned have refused to disclose such information on the ground that it involves commercial secrets. Without such information and data, how are we going to assess whether the rate of increase is at a reasonable level? I wish to ask Mrs Miriam LAU, while she has all along found the information insufficient for the purpose of assessing whether the rate of increase is reasonable and has been asking the parties concerned to disclose the information, why is she able to figure out today that 6% is a reasonable rate of increase? This is something I cannot arrive at.

Third, as regards CMB, Mrs LAU said that cancelling some of CMB's franchised bus routes and offering them for open tender would allow the public to enjoy the best services. 26 CMB routes were cut by the Government in 1992, but we can see whether or not the services of the remaining 80 CMB routes have been improved in these two years. The ever increasing number of complaints has proved that no improvement has been made at all and there is not any sign that improvement will be made. Another possible interpretation of the

amendment is that, if some of the routes are taken away from CMB and taken over by other companies, the public may then get the best services. But this does not mean that the services provided by CMB will become better, this only means that the routes taken away from CMB may be operated to provide better services. If this is what is meant by what Mrs Miriam LAU has said, that is, the routes taken away from CMB will see better services, then the public will still have to "suffer from" the poor bus services of the routes which are, unfortunately, not taken away and are still operated by CMB. This is both unfair and unreasonable to the passengers concerned. Who decides that they have to continue to tolerate CMB's poor services? Therefore, I totally disagree with the amendment moved by Mrs Miriam LAU.

In fact, the NGAN family has convened a high-profile press conference and warned that the Government must not in any manner reduce CMB bus routes, otherwise it will only be "forcing a dog into a dead corner". CMB knew itself well enough to call itself a "dog" and dared not call itself a "tiger". If I were put in its place, I would have said "don't force a tiger to jump over the wall", instead of calling myself a dog and saying that the analogy is like "forcing a dog into a dead corner"? However, Mr Horace NGAN also said if "the dog is being forced into a dead corner", it would certainly turn around and bite. Is the one to be "bitten" the Government or the public and the passengers? We should not be so naive as to think that cutting the routes of CMB would force it to improve its services. At present, there are realistic examples which tell us that this is impossible.

Lastly, some of my colleagues have just brought up the point whether CMB staff would lose their jobs immediately. I believe this would certainly not be the case. If the Government takes over such routes, it would put everything in its usual place. If open tender for the bus routes is conducted, it will be beneficial to CMB staff, given their experience and familiarity with the Hong Kong Island. Perhaps the Government may ensure the job security of these workers when discussing the relevant terms of operation with the new operator. Furthermore, as CMB staff have been complaining about the unsatisfactory remuneration offered by CMB, I believe we may take this opportunity to help CMB staff to obtain a better pay package.

I hope Members will support my original motion and oppose Mrs Miriam LAU's amendment.

The digital timer showing 0500

PRESIDENT: Mr WONG, you have to stop, I am afraid.

SECRETARY FOR TRANSPORT: Mr President, one of the pillars of our well-established transport policy is to provide an efficient transport system in Hong Kong which meets the economic, social and recreational needs of our

community. We achieve this goal by continuing to improve the availability and quality of public transport. In this respect, franchised buses play a vital role — they now carry 3.5 million passengers a day or account for 34% of commuter trips.

Our public transport system in Hong Kong ranks amongst the best in the world. We should not be shy to acknowledge this but, at the same time, we cannot afford to be complacent. I am sure Honourable Members will agree that our franchised operators should be encouraged to do their best to provide yet a better service. They have a public responsibility and, on the Administration's part, we must vigilantly exercise our monitoring and regulatory role.

Another basic tenet of our transport policy is that transport services are not subsidized. This policy has served us well. Our bus services are run by private companies, under franchise. They have, over the years, made sizable investments and, as business ventures, they expect to be allowed to make a fair and reasonable return on their investments.

Inflation inevitably means that the operating costs increase and, as a result, bus companies do submit applications for a fare increase. It is much better and less painful to have smaller adjustments annually than to have to face hefty increases over longer periods of time.

Because bus companies provide a public service, it is essential that they are accountable and indeed procedures are regularly reviewed and, when necessary, legislation amended to provide for the necessary checks, balances and safeguards.

In the motion debate in this Council in January last year, on the subject of fare increases, I explained the criteria that the Administration adopts in considering and processing such applications. Let me briefly reiterate what these criteria are. We take into account:

- (a) the increase in operating costs since last year's adjustment;
- (b) efforts made to reduce costs and increase revenue;
- (c) the quantity and quality of service provided having regard to passenger demand and feedback;
- (d) future development plans and service improvement programmes;
- (e) forecast of future costs, revenue and returns; and
- (f) public affordability and acceptability including the impact on livelihood.

Honourable Members will recall that last year KMB submitted an application for a fare increase of 19.6%. The Administration scrutinized its application very carefully, taking into account the factors I have just described. As a result, the percentage increase sought was slashed and we found we could only recommend an increase of 12.9% which was ultimately approved.

KMB has been far more modest in its submission this year. We have yet to process this application and I am not able to say to date what percentage increase the Administration will recommend. We have well-established procedures to deal with application for fare increases. The Transport Panel of this Council is briefed by the company concerned — (indeed KMB has already done this regarding its application this year); the Administration vets the application meticulously and decides on the rate of increase to be recommended. The Transport Advisory Committee is then consulted; and thereafter the recommendations are put to the Executive Council for consideration.

To look at bus fare increases in percentage terms often results in an exaggeration of the real impact. The additional expenditure which passengers actually have to pay in monetary terms, and in perspective what KMB has now sought, works out at an average increase of only 30 cents per trip. And in this respect, it should not be forgotten that almost all wage earners get annual adjustments in their pay.

The impact of public transport fare increases on inflation also needs to be seen in proper perspective. The 8.3% now sought by KMB is expected to result in only a 0.1% increase in the Consumer Price Index.

Some Members have argued that because KMB shareholders pocketed \$1.7 billion from last year's land sale, the Company should not ask for a fare increase this year. It must be emphasized that the sites sold were bought years ago with their shareholders' funds in the open market. The site sold became obsolete and were no longer required for bus operations. The proceeds from land sale is therefore not part of bus operating receipts and under existing law, such proceeds cannot be taken into account in the determination of bus fares. Therefore, it would be improper for the Administration to regard land sale proceeds obtained by bus companies as one of the factors to be considered in the determination of a fare increase application.

Mr President, at this point I would like to inform this Council of the outcome of the Administration's study into the feasibility of setting up a "fare stabilization fund". Following KMB's sale of their depot sites last year, and in connection with their application for a fare increase in 1994, the Governor in Council directed that, in processing future applications for bus fare increases, the Administration should consider taking into account land sale proceeds of franchised bus companies. Indeed, this is what I announced and of course, this is what the Administration has done. Obviously, the setting up of any fund must be subject to there being no insurmountable problems. At the very outset, we recognized that there were complex legal and technical aspects that had to be

addressed. Moreover, wider philosophical and policy considerations have also had to be taken into account. We have now completed this exercise. The Governor in Council has advised that this proposal to set up a fund by pumping in proceeds from the sale of sites owned by bus companies should not be pursued. The reasons for this decision are as follows:

- (a) The proposal is tantamount to expropriation of private property without compensation. This would be against the rule of law;
- (b) A site bought in the open market using shareholders' funds can only be disposed of during a franchise period if the Commissioner for Transport agrees and accepts that the site is no longer required for bus operations. Once such agreement is given, the site then falls outside the ambit of a franchise and, as such, if it is sold, the proceeds have nothing to do with bus operations;
- (c) Past permitted returns on land and buildings are legitimate profits for bus companies under the terms of their franchise and the existing legislation;
- (d) Other bus companies without any land would not be able to compete on a level playing field with those with subsidies from land sales;
- (e) The proposal would be discriminatory against bus companies as other utility companies will not be subject to the same requirement; and
- (f) The whole concept of ploughing back land sale profits is a major departure from Hong Kong's free market principles.

The only way that this particular proposal could have been implemented would have been if the bus companies concerned had signified their agreement. Over the past three months, the Administration has consulted the franchised bus operators. They have vehemently opposed such a move. In short, therefore, given the legal, philosophical and policy considerations this proposal must be a nonstarter. Mr President, I realize that this decision will disappoint some Members of this Council, but I am sure that all Members will agree that on such an important issue, any decision must be beyond reproach. To arbitrarily require bus companies to set aside part of their proceeds from land sales would be fundamentally wrong and difficult to justify either on legal or moral grounds. To do so forcibly would not only destroy the Administration's credibility but also have other far-reaching consequences. So to sum up, given the legal implications and the wider policy implications, it is not in the overall interest of Hong Kong to pursue such a proposal. To do so would seriously undermine investors' confidence and question the Government's commitment to the rule of law.

Mr President, the Administration's fundamental concern is to ensure that public transport services are maintained. Insofar as operations of bus companies are concerned, depot sites are essential and there is no question of the Administration agreeing to the release of any such site unless it is fully satisfied that the depot in question is no longer required for bus services. Certainly the Administration has no intention whatsoever of providing bus companies with alternative sites to facilitate the disposal of other depot sites which that particular bus company may own.

In the KMB case, a short-term tenancy site in Tseung Kwan O was granted because of the need to cater for an expanded fleet to serve the new town. In any case, the cost of keeping these sites is much lower than having the company continuing to use depots which are no longer required and are obsolete.

The Honourable Steven POON criticized the Administration's proposal to take temporary possession of bus company assets. Under existing legislation, the Government already has the power to take temporary possession of bus company assets in the event of an emergency or revocation of franchise. Such power can also be exercised by the Government in the event that the franchise is not renewed. These provisions are necessary to enable the Government to protect the public interest in a situation where a bus company ceases to operate and severe destruction of bus services is likely to occur. We need a realistic period of time so that we can find a replacement operator and thus avoid unnecessary disruption.

Let me now turn to the other aspect of this motion debate, namely, the renewal of CMB's franchise. CMB's current franchise will expire on 31 August 1995. CMB is a major bus operator on Hong Kong Island. It operates some 130 island and cross-harbour routes. It carries 540 000 passengers a day. It employs over 2 500 staff and has some 15 000 sq m of depot space. Admittedly there have been many complaints about CMB and their service. However, we have seen some improvement since the cutting of 26 routes from its network in 1993. For example, in the South District, CMB has provided extra buses to compete with the new Citybus Company.

In his motion, the Honourable WONG Wai-yin has asked that the Administration should not grant CMB a new franchise on the expiry of the current one. This would be a very drastic move which could result in severe disruption of bus services especially on Hong Kong Island. If one is to look at the service provided by CMB in a dispassionate manner, the conclusion must be that while there are shortcomings and there is great scope for improvement, CMB at least obtains an overall pass mark. That is why we are considering the offer of a new franchise to CMB and in the current negotiation with the company, the Administration will do its best to ensure that the network of routes offered to CMB is one which they can effectively fulfil and which will enable them to provide a better service.

As regards CMB's proposal to dispose of its Wong Chuk Hang site, the Administration's position has been spelt out. Notwithstanding the pre-sale deal they have entered into, the Commissioner for Transport has made it crystal clear that he is not prepared to release this site since it is required for bus operations during the current franchise. The Commissioner has also stressed that it is not appropriate for CMB to assume that the Wong Chuk Hang depot will not be required after the expiry of the current franchise. We would certainly not provide CMB with a replacement depot site to enable the company to dispose of its Wong Chuk Hang site.

Mr President, the Administration cannot support the motion proposed by the Honourable WONG Wai-yin. It would be totally wrong to impose a freeze on KMB's application for a fare increase without first evaluating its submission. As I have explained, this is in hand. As regards CMB, we are now in the midst of negotiations on the renewal of their franchise. Their current standard of performance does not justify not renewing the franchise. That apart, the logistics of commissioning new operators require a long lead time.

The amendment to the motion proposed by the Honourable Mrs Miriam LAU reflects how she thinks KMB's application should be processed. She is absolutely right. KMB's application for a fare increase needs to be considered very carefully and indeed the procedures now adopted by the Administration cover the factors mentioned.

As regards CMB's franchise, the approach advocated by the Honourable Mrs Miriam LAU is in fact also what the Administration is now pursuing. An example of this is when 26 of CMB's routes were curtailed in September 1993. These were then put to tender. Mr President, the Administration supports the motion proposed by the Honourable Mrs Miriam LAU and the Official Members will vote in favour of this amendment.

Thank you, Mr President.

PRESIDENT: I have considered the request of Dr TANG Siu-tong to, in effect, split the voting on the present motion which does fall into two separate parts, that is, the KMB fare increase on the one hand and the CMB franchise on the other. There is power in the Speaker in the British House of Commons to do that. I think this is not an inappropriate case in which I should divide the voting on the motion. I will therefore put the question first on the KMB fare increase and the question that I put is this: That the amendment moved by Mrs Miriam LAU be made to Mr WONG Wai-yin's motion as regards the KMB fare increase.

Voice vote taken.

Mr WONG Wai-yin claimed a division.

PRESIDENT: Council will proceed to a division on the proposed amendment to Mr WONG's motion on KMB fare increase.

PRESIDENT: For the benefit of those Members who may have come in after the ringing of the division bell, I have decided to split the vote on the present motion and I shall take the KMB fare increase first and the question that has been put is: That the amendment moved by Mrs LAU be made to Mr WONG's motion as regards the KMB fare increase. Would Members please proceed to vote?

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

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Andrew WONG, Mr Edward HO, Mr Martin BARROW, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr Timothy HA, Mr Simon IP, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the amendment.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin and Dr TANG Siu-tong voted against the amendment.

THE PRESIDENT announced that there were 26 votes in favour of the amendment and 17 votes against it. He therefore declared that the amendment was carried.

PRESIDENT: Mr WONG Wai-yin, you are entitled to reply to the motion as amended as regards the KMB fare increase. You did have a total of one minute 26 seconds for your reply generally. That is still your time limit. So if you want to reply to the second motion, you will have to budget your time.

MR WONG WAI-YIN (in Cantonese): Mr President, it appears that almost all my colleagues in this Council do not support an increase of 9.4%. I wish the Board of Directors of the Kowloon Motor Bus Company Limited (KMB) here

could hear our clear response. As a matter of fact, the profit gained by KMB last year has already exceeded the profit estimated by the Administration and KMB itself. In view of the impressive profit, the Democratic Party and I share the view that KMB should not apply for any fare increase this year. Therefore, the Democratic Party will still vote against the amendment moved by the Honourable Mrs Miriam LAU.

Question on Mr WONG Wai-yin's motion as amended by Mrs Miriam LAU as regards the KMB fare increase put.

Voice vote taken.

THE PRESIDENT said he thought the "Ayes" had it.

Mr WONG Wai-yin claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

MRS MIRIAM LAU: I want to seek clarification. If this amended motion is passed, is there any possibility of moving the second part of my amendment? I think there is some difficulty there because we are actually now agreeing to a motion which accepts the first part of my amendment. But then the part relating to CMB remains in the Honourable WONG Wai-yin's motion unamended.

PRESIDENT: I had intended to put your proposed amendment to that motion as regards CMB's franchise.

MRS MIRIAM LAU: But that has not yet been voted on.

PRESIDENT: I know it has not.

MRS MIRIAM LAU: But if we accept the amended motion, that is, Mr WONG Wai-yin's motion with his first part having been amended by my amendment with the latter part remaining the same, how can I move my amendment to the second part, if I have already said yes to this one?

PRESIDENT: There are two motions now, effectively.

MRS MIRIAM LAU: I see. The CMB part is entirely out of the present. Then I am clear now. Thank you, Mr President.

PRESIDENT: We will take a separate vote on the CMB franchise.

PRESIDENT: We are still one short of the head count. For Members who have registered their wish to vote, we are one short of the head count.

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

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Andrew WONG, Mr Edward HO, Mr Martin BARROW, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr Timothy HA, Mr Simon IP, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the amended motion.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin and Dr TANG Siu-tong voted against the amended motion.

THE PRESIDENT announced that there were 26 votes in favour of the amended motion and 17 votes against it. He therefore declared that the amended motion as to the KMB fare increase was carried.

PRESIDENT: I will now take the vote on the CMB franchise and the question I put to you is this: That the amendment moved by Mrs Miriam LAU be made to Mr WONG Wai-yin's motion as regards the CMB franchise.

Voice vote taken.

THE PRESIDENT said he thought the "Ayes" had it.

MR WONG WAI-YIN: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: We are one short of the head count. Is every Member registered who wants to vote? We are one short of the head count.

PRESIDENT: We are still one short. But are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Edward HO, Mr Martin BARROW, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Mr Howard YOUNG, Dr TANG Siu-tong, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the amendment.

Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the amendment.

Mr Simon IP and Dr Philip WONG abstained.

THE PRESIDENT announced that there were 24 votes in favour of the amendment and 17 votes against it. He therefore declared that the amendment was carried.

PRESIDENT: Mr WONG Wai-yin, do you wish to reply to the amended motion as regards the CMB franchise? You have 45 seconds.

MR WONG WAI-YIN (in Cantonese): Mr President, in his reply just given, the Secretary for Transport mentioned that the service provided by the China Motor Bus Company (CMB) barely obtained an overall pass mark. But on the other hand, he agreed to cutting some routes from the CMB network. I do not know whether the Government is contradicting itself, or is it suffering from schizophrenia. I must emphasize that agreeing to the cutting of CMB routes is in fact tantamount to abetting evil by tolerating it. Although CMB continues to provide bus services at the present moment, it is only awaiting opportunity to sell the remaining sites. After all the sites have been sold, I believe CMB will no longer be willing to continue to provide the bus service. Although the bus service is commercially operated, it is also a form of public utility, and it is crucial that the mentality of serving the public should be cherished.

Lastly, I would like to respond to the Secretary for Transport that the Democratic Party is strongly dissatisfied with the Administration's unwillingness to set up the fare stabilization fund. The Democratic Party will not give up so easily and will not rule out the possibility of proposing corresponding amendments if the related Public Bus Services (Amendment) Bill is submitted to this Council.

Question on Mr WONG Wai-yin's motion as amended by Mrs Miriam LAU as regards the CMB franchise put.

Voice vote taken.

THE PRESIDENT said he thought the "Ayes" had it.

Mr WONG Wai-yin claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

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

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Edward HO, Mr Martin BARROW, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the amended motion.

Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the amended motion.

Mr Simon IP and Dr Philip WONG abstained.

THE PRESIDENT announced that there were 25 votes in favour of the amended motion and 17 votes against it. He therefore declared that the amended motion was carried.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 22 February 1995.

Adjourned accordingly at twelve minutes past Nine o'clock.

Note: The shorts titles of the Bills/motions listed in the Hansard, with the exception of the Organized and Serious Crimes Ordinance, Builders' Lifts and Tower Working Platforms (Safety) Bill, Merchant Shipping (Liner Conferences) Bill, Nuclear Material (Liability for Carriage) Bill, Exchange Fund (Amendment) Bill 1994 and Administration of Justice (Miscellaneous Provisions) Bill 1994, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

WRITTEN ANSWER**Annex****Written answer by the Secretary for Financial Services to Mr Peter WONG's supplementary question to Question 6**

Departments and organizations under the purview of the Financial Services Branch participated in a government-wide review of public forms and documents co-ordinated by the Efficiency Unit in 1993. Since then they have continued with the exercise to ensure that such forms meet changing circumstances and are user-friendly. A summary of the results achieved is as follows:

(a) The Office of the Commissioner of Insurance (OCI) and the Office of the Registrar of Occupational Retirement Schemes (ORORS)

In the 1993 exercise, all the 21 forms used by the OCI were reviewed. As a result, 13 forms were revised to make them more user-friendly; three new forms were created. The Hong Kong Federation of Insurers, the representative body of the insurance industry, is generally satisfied with the forms used by the OCI.

Forms used by ORORS were introduced only about a year ago. They were issued after consultation with the retirement scheme industry and the relevant professional bodies. Guidance notes are available to assist users in completing application forms.

(b) Official Receiver's Officer (ORO)

In the 1993 exercise, all the 179 forms used in the ORO were reviewed. As a result, 21 forms were abolished, two created and 97 simplified. Since 1993, ORO has revised eight forms to render them more user-friendly and created five new forms.

(c) Census and Statistics Department (C&SD)

Most of the forms used in the C&SD are survey questionnaires and related forms. In the 1993 exercise, all the 225 forms used in the C&SD were reviewed. As a result, four were amended and two abolished. Since 1993 these are reviewed periodically with the objective of making changes to data items in response to changing user requirements and to improve format and explanatory notes to facilitate form completion.

WRITTEN ANSWER — *continued***(d) Hong Kong Monetary Authority (HKMA)**

The HKMA also participated in the 1993 exercise and concluded the 33 forms in use then were appropriate. The HKMA, will, later this year, conduct an overall review of returns on banking statistics filed by authorized institutions. One of the objectives of the review is to identify possible improvement, for example, improving accuracy and consistency in reporting by improving form design and providing, where necessary, clear completion instructions.

(e) Companies Registry (CR)

The 1993 exercise concluded that of the 75 forms in use, 38 should be amended and eight simplified. Amendments to non-statutory forms have been implemented but amendments to statutory forms have not been implemented, pending legislative amendments. The CR is conducting a further review of all statutory forms with a view to making them more user-friendly and computer compatible.

