

# OFFICIAL RECORD OF PROCEEDINGS

**Wednesday, 8 December 1999**

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

## **MEMBERS PRESENT:**

THE PRESIDENT

THE HONOURABLE MRS RITA FAN, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE HO SAI-CHU, S.B.S., J.P.

THE HONOURABLE CYD HO SAU-LAN

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE MICHAEL HO MUN-KA

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, J.P.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LEE CHEUK-YAN

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

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

THE HONOURABLE LEE KAI-MING, S.B.S., J.P.

DR THE HONOURABLE DAVID LI KWOK-PO, J.P.

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

THE HONOURABLE MARGARET NG

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE AMBROSE CHEUNG WING-SUM, J.P.

THE HONOURABLE HUI CHEUNG-CHING

THE HONOURABLE CHRISTINE LOH

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN KAM-LAM

DR THE HONOURABLE LEONG CHE-HUNG, J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, J.P.

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE GARY CHENG KAI-NAM, J.P.

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE JASPER TSANG YOK-SING, J.P.

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

THE HONOURABLE LAU WONG-FAT, G.B.S., J.P.

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

THE HONOURABLE AMBROSE LAU HON-CHUEN, J.P.

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

THE HONOURABLE TIMOTHY FOK TSUN-TING, S.B.S., J.P.

THE HONOURABLE LAW CHI-KWONG, J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

THE HONOURABLE FUNG CHI-KIN

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

### **PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE DONALD TSANG YAM-KUEN, J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, J.P.

THE SECRETARY FOR JUSTICE

MR MICHAEL SUEN MING-YEUNG, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR NICHOLAS NG WING-FUI, J.P.

SECRETARY FOR TRANSPORT

MR RAFAEL HUI SI-YAN, G.B.S., J.P.

SECRETARY FOR FINANCIAL SERVICES

MR JOSEPH WONG WING-PING, G.B.S., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

MR KWONG KI-CHI, G.B.S., J.P.  
SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING

MR LAM WOON-KWONG, J.P.  
SECRETARY FOR THE CIVIL SERVICE

MR DAVID LAN HONG-TSUNG, J.P.  
SECRETARY FOR HOME AFFAIRS

DR YEOH ENG-KIONG, J.P.  
SECRETARY FOR HEALTH AND WELFARE

MRS REGINA IP LAU SUK-YEE, J.P.  
SECRETARY FOR SECURITY

MR PATRICK LAU LAI-CHIU, J.P.  
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MISS YVONNE CHOI YING-PIK, J.P.  
SECRETARY FOR TRADE AND INDUSTRY

### **CLERKS IN ATTENDANCE:**

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

MR LAW KAM-SANG, J.P., DEPUTY SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

**TABLING OF PAPERS**

The following papers were laid on the table pursuant to Rule 21(2) of the Rules of Procedure:

Subsidiary Legislation	<i>L.N. No.</i>
Ancillary Dental Workers (Dental Hygienists) (Amendment) Regulation 1999 .....	299/99
Midwives (Registration and Disciplinary Procedure) Regulation .....	300/99
Midwives Registration (Miscellaneous Provisions) Regulation .....	301/99
Child Abduction and Custody (Parties to Convention) (Amendment) (No. 2) Order 1999.....	302/99
Public Health and Municipal Services Ordinance (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 8) Order 1999 .....	303/99
Trainee Solicitors (Amendment) (No. 2) Rules 1999 .....	304/99
Tax Reserve Certificates (Rate of Interest) (No. 8) Notice 1999 .....	305/99

**Other Papers**

- No. 40 — Report by the Commissioner of Police on the Police Children's Education Trust and the Police Education and Welfare Trust for the period 1 April 1998 to 31 March 1999
- No. 41 — Ocean Park Corporation  
Annual Report 1998-1999

- No. 42 — Report of the Public Accounts Committee on Report No. 33A of the Director of Audit on the Results of Value for Money Audits and Supplemental Report on Report No. 32 of the Director of Audit on the Results of Value for Money Audits  
(December 1999 - P.A.C. Report No. 33A)

## ADDRESSES

**PRESIDENT** (in Cantonese): Addresses. Mr Ronald ARCULLI will address the Council on Ocean Park Corporation Annual Report 1998-1999.

### **Ocean Park Corporation Annual Report 1998-1999**

**MR RONALD ARCULLI:** Madam President, tabled before the Council today is the 1998-99 annual report of the Ocean Park Corporation.

In the financial year ended 30 June 1999, the Ocean Park received 3.1 million visitors, up 4% from the previous year. Operating surplus for the year was registered at \$63.2 million. The result was satisfactory given that during the year, Hong Kong came under the full force of an economic recession, which invariably affected the retail and tourism sectors.

The highlight for the year under review at the Ocean Park, as well as for the Hong Kong community, was undoubtedly the arrival of a pair of giant pandas — An An and Jia Jia from Sichuan as a gift from the Central Government to the people of Hong Kong. Under the professional care on the Ocean Park's veterinary and animal husbandry staff with assistance from two giant panda experts from Wolong Nature Reserve, both animals settled into their new homes at the Ocean Park in no time.

We were most honoured to have State Councillor, Madam WU Yi, and the Chief Executive, Mr TUNG Chee-hwa, to officiate the opening ceremony of the Hong Kong Jockey Club Giant Panda Habitat in May. We are indebted to the kindness of the Hong Kong Jockey Club Charities Trust for its generous donation of \$40 million towards the project. The fact that the Ocean Park has been trusted with the care and custodianship of these two precious animals is a vote of

confidence in and recognition of the conservation advancement of the Ocean Park throughout all these years. We would not take this responsibility lightly and will continue our efforts in promoting animal conservation.

As such, the Ocean Park has taken the initiative to set up the Hong Kong Society for Panda Conservation, the mission of which is to support panda conservation in regions where giant pandas exist in the wild. We are most honoured that the Financial Secretary, Mr Donald TSANG, has agreed to be the Society's Patron. You will also be pleased to know that since the Habitat opened in May, more than one million people have visited An An and Jia Jia already. We are most excited by the overwhelming enthusiasm. We hope that many more will come and learn about the plight of this endangered species so that everyone will contribute to ensure their survival.

As we saw the opening of the Hong Kong Jockey Club Giant Panda Habitat, we also bade farewell to an old friend — our Water World facility. The closure is to make way for the redevelopment of the site into a brand new attraction called "Adventure Bay". It will comprise three anchor facilities: the Marine Encounter, the Wild Voyage and the Seaport Village. By the time it opens in 2002-03, we forecast tourist visit to the Park will increase to 1.4 million annually, who will spend some \$2.7 billion. We remain fully committed to contributing to an even greater success for tourism in Hong Kong.

Adventure Bay represents a first step in realizing our vision for the new millennium, which is to provide "A Unique Ocean World of Adventure" to our guests. The new vision was drawn up after a strategic review into the foundations upon which the success of the Ocean Park has been built and in arriving at a clear new direction forward. The review was most timely. As Hong Kong strives to remain competitive regionally and worldwide, so must the Ocean Park in facing the challenge lying ahead.

With this new vision, we are confident that the Ocean Park will move with Hong Kong into the 21st century with even greater success.

We are grateful for the \$500 million loan provided by the Government and also wish to thank this Council for its support by approving the loan thus enabling the early completion of this development.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Mr Eric LI will address the Council on Report of the Public Accounts Committee on Report No. 33A of the Director of Audit on the Results of Value for Money Audits and Supplemental Report on Report No. 32 of the Director of Audit on the Results of Value for Money Audits.

**Report of the Public Accounts Committee on Report No. 33A of the Director of Audit on the Results of Value for Money Audits and Supplemental Report on Report No. 32 of the Director of Audit on the Results of Value for Money Audits**

**MR ERIC LI:** Madam President, on behalf of the Public Accounts Committee (PAC), I have the honour to table our Report No. 33A today.

According to the paper tabled in the Provisional Legislative Council on 11 February 1998 on the Scope of Government Audit in the Hong Kong Special Administrative Region — "Value for Money Audits", the Director of Audit's Report No. 33A was submitted to the President on 29 September 1999 and tabled in the Legislative Council on 13 October 1999.

The PAC's Report tabled today contains two parts:

- (a) the conclusions reached by the PAC on Chapter 5 of the Director of Audit's Report No. 32 tabled in this Council on 21 April 1999; and
- (b) the conclusions reached by the PAC on the Director of Audit's Report No. 33A tabled in this Council on 13 October 1999.

The PAC has studied in detail Report No. 33A, that is, the Director of Audit's follow-up review of the year 2000 (Y2K) problem. The PAC has also noted that, in view of the importance of the Y2K issue, the various panels of the Council have been closely monitoring the Y2K compliance position of government departments and non-governmental organizations falling within their purview. The PAC has, therefore, decided that it is not necessary to hold any public hearing on the subject. The Report tabled today covers the PAC's internal deliberations on the Director of Audit's observations and findings, and the written response from the Administration to the concerns that we have raised.

The PAC has noted the assurance given by the Secretary for Information Technology and Broadcasting that the overall Y2K compliance position is

satisfactory for government and non-governmental organizations providing essential services, and that the Administration has made reference to international standards and recommended practices on independent quality assurance reviews such as the ISO standards and guidelines issued by the professional organizations or institutions, where appropriate. We have also noted that efforts are being made to improve the Y2K contingency planning at all levels (that is, the organization, sector and territory levels) and the assurance that the various outstanding issues in individual organizations and sectors raised in the Audit Report are being dealt with satisfactorily.

While noting the progress made so far, the PAC may wish to reiterate our concern, raised in the PAC Report No. 30, that if the Y2K problem is not handled properly, there may be catastrophic impact on the community. With this in mind, we urge the Administration to remain vigilant in the remaining days before the rollover to the new millennium and to make continued effort to ensure that comprehensive and workable contingency plans at all levels are firmly in place to meet the challenges ahead.

Madam President, at the time when the PAC Report No. 32 was finalized, the PAC was continuing with its deliberations on Chapter 5 of the Director of Audit's Report No. 32. A full report on this chapter was therefore deferred. The PAC has now concluded members' deliberations and has the honour to also table the supplemental report on this chapter.

Since the PAC commenced the study on the Director of Audit's Report on the Government's monitoring of electricity supply companies, the issue has attracted considerable public attention. It is only natural that the community is concerned about the manner in which a monopolistic right given to a public utility company has been exercised and monitored, and whether public interest has been well served. Throughout the three public hearings which we conducted between May and October 1999, the various issues in the Director of Audit's Report were thoroughly examined. The Administration, the Director of Audit and the two electricity supply companies were given ample opportunities to present their respective views. On this issue, as on any other issues, the position of the PAC is clear. Our duty, first and foremost, is to examine whether the Government has discharged its duty fully and effectively in furthering the policy objectives of monitoring the performance of the electricity supply companies and assessing effectively their development plans and financial plans, to ensure that the public gets a reliable power supply at a reasonable price.

I wish to highlight some of the key facts and observations in the supplemental report. The PAC has grave concern about the substantial variance between the forecast and actual electricity demand. Even the Administration accepts that it is an indisputable fact that the electricity demand forecasts which supported the China Light and Power Hong Kong Limited's (CLP's) 1992 development and financial plans were inaccurate. This resulted in the CLP's significant excess power generation capacity, as reflected in its persistently high reserve margin since 1990. The PAC is dismayed that the Administration had failed to pay sufficient regard to the structural economic changes taking place in the 1980s and early 1990s when reviewing the CLP's forecast electricity demand or to foresee the growing trend of Hong Kong's manufacturing sector moving into the Mainland. This is one of the key factors contributing to the excess power generation capacity which is still with us this very day.

At the request of the PAC, Audit has made a comparison of the actual electricity demand with the forecast demand in different scenarios (that is, hypothetical, "best-fit line", low-growth and main-growth) during the period 1992 to 1998. It was apparent that three scenarios (that is, low, main and high growth) were known to the Administration at the time. The results, as set out in Appendices 25 and 26, show that in all cases, the actual maximum demand was persistently lower than the forecast maximum demand, which means that there is excess power generation capacity in each of the different scenarios. Under the Scheme of Control Agreements with the electricity supply companies, the costs of acquiring power generation capacity are fully passed on to consumers through electricity tariffs. In such circumstances, the PAC has expressed grave concern about the financial consequences that the CLP's customers must have borne because of the company's excessive investment in power generation facilities. However, the PAC acknowledges that due to the limited relevant data made available and the long time lapsed, there are inherent risks of inaccuracy in any after-the-event attempt to estimate the additional costs that may have been borne by the CLP's customers.

The PAC accepts that the CLP's development and financial plans were approved through the process stipulated in the Scheme of Control Agreement. Notwithstanding the due process being followed, we also note that the Secretary for Economic Services had stated at the Legislative Council debate on 19 March 1997 that the CLP, as a responsible public utility company, should definitely shoulder the responsibility to society for the commercial decision it had made and to take appropriate measures to protect the interests of its customers.

However, we were disappointed that at the public hearing on 4 October 1999, after a lapse of two and a half years, the Secretary for Economic Services had not further explained what action he had taken since 19 March 1997 to advance this position. The PAC firmly considers that it is the duty of the Administration, in pursuance of its stated policy of ensuring electricity supply at a reasonable price, to immediately explore with the CLP the various means through which it can redress the additional financial burden the CLP's customers have borne because of the latter's excessive investment in power generation facilities.

Another issue which has caused the PAC serious concern relates to the documentation of the decision-making process and the provision of information to the Executive Council. It was apparent that the Administration's submission to the Executive Council did not contain sufficient information on the risk of excess power generation due to the adoption of the Modified Gas Option and in the event of a low-growth scenario occurring. The PAC is appalled that on a matter of such major significance, there is no full record of the Administration's internal discussions and considerations which led to its recommendations which resulted in the Executive Council making the decision to approve the CLP's development plan. We find it incredible, from the correspondence provided after the public hearing, that there are only scanty documents which are far from adequate in giving a full account of these deliberations. In the circumstances, despite what the Administration claimed at the public hearings and in the subsequent correspondence, the PAC remains unconvinced that both the Economic Services Branch, as the policy branch with the overall responsibility for monitoring the performance of the electricity supply companies, and the Economic Analysis Division, as the professional department responsible for appraising the demand forecasts, had taken adequate action to critically and rigorously vet and cross-check the CLP's forecasts which, in the event, have proved to be substantially inaccurate.

The various issues raised in this case have revealed the inadequacies in the Scheme of Control Agreements. The arrangement that new power generation units were approved *en bloc* rather than on an individual basis had limited the flexibility in the Government's approval. The linking of the permitted return to the value of fixed assets had encouraged over-investment in power generation facilities. The PAC welcomes the fact that these defects have now been put right by the Supplemental Agreements signed with the electricity supply companies recently. We note that in future, the Government will approve the installation of new power generation units on a unit-by-unit basis, taking into

account the latest demand forecasts and that excess power generation capacity will be excluded from the average net fixed assets for calculating the permitted return. The Government really owes the Hong Kong public the duty to implement the Supplemental Agreements effectively and prudently, to safeguard the interests of consumers.

The PAC takes some comfort in the various assurances given by the Administration, for example:

- (a) it will discuss with the CLP the possibility of deferring further the commissioning of units 7 and 8 of the Black Point Project by two more years;
- (b) it will ensure that internal assessments and discussions relating to the vetting of development plans and financial plans are fully documented; and
- (c) it will ensure that, when seeking the Executive Council's approval of the future development plan and financial plan of an electricity supply company, it will include sufficient relevant information in its submission to the Executive Council in order that the Executive Council can make informed decisions.

Madam President, the PAC has made a valiant attempt to get to the bottom of this difficult issue which has presented the PAC with a real challenge. In defending the public's right to reasonable utility charges and to the responsible exercising of a monopolistic franchise, we also have to ensure that any observations and conclusions we draw are fully based on facts and facts alone. We are mindful that we are not a court of law nor an arbitrator to apportion blames over this particular episode. By and large, we accept that the Administration made the policy decision on this issue on the basis of collective responsibility. However, where there is clear evidence which pinpoints a particular responsibility to an identifiable party including government officials, bureaux or departments, we would not have any hesitation to state clearly that view in our conclusions.

We believe that the Supplemental Report placed before the Council today represents a fair and balanced account of what the PAC has been able to assess on the basis of the information which the Administration and the CLP have made available to us in response to our request. We are critical of the wastage caused by the excess power generation capacity. We are dissatisfied that the CLP's

customers have had to bear the resultant financial burden. But most of all, we are most disappointed that whilst the Administration has not convinced us that it has performed its monitoring role effectively, it has not advanced any solution to remedy the unsatisfactory consequences of the excess power generation capacity. In the final analysis, it falls on the Government's shoulders to account for its decisions to the public and to redress the problems caused by its failings.

Looking forward, the PAC has asked the Administration to keep this Council informed of its discussion with the CLP regarding the further deferral of the commissioning of units 7 and 8 of the Black Point Project and any other means to redress the financial burden on the public. We have also asked to be kept informed of the consultancy study on the interlink between the two electricity supply companies and the promotion of competition in this sector.

Madam President, I would take this opportunity to express my appreciation of the dedication and perseverance of members of the PAC in our examination of this very complex subject. Our appreciation also goes to the representatives of the Administration and the two electricity supply companies for their co-operative responses throughout the process. We are equally grateful to the Director of Audit and his colleagues, and staff of the Legislative Council Secretariat for their unflinching support and hardwork.

Madam President, we put forth our Report in good faith and hope that the conclusions and recommendations therein will reveal some lessons to be learned and attract some constructive response and positive actions from the Administration and the CLP.

Thank you, Madam President.

## **ORAL ANSWERS TO QUESTIONS**

**PRESIDENT** (in Cantonese): Questions. First question.

### **Employment Prospects of Medical Graduates**

1. **DR LEONG CHE-HUNG** (in Cantonese): *Madam President, in recent years, fresh graduates from local medical schools have experienced difficulties in finding jobs and training posts in public medical institutions. In this connection, will the Government inform this Council:*

- (a) *of the respective annual numbers of registration of local and overseas graduates as general medical practitioners in the past three years and of the respective numbers of local medical students expected to graduate in this and each of the next three academic years;*
- (b) *of the respective annual costs of training a local medical student and the fees paid by the student, in each of the past three years; and*
- (c) *when it will assess Hong Kong's need for medical practitioners and adjust the future intake of medical students by the local universities?*

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese):  
Madam President,

- (a) The number of local and non-local graduates registered as general medical practitioners in the past three years and as at November this year together with the projected number of local medical graduates in each of the coming three academic years are listed in Table 1.
- (b) For the three academic years from 1996-97 to 1998-99, the annual average unit cost of a medical student was more than \$500,000. The tuition fee of a medical student is the same as that of all other undergraduates. The tuition fee for the 1996-97 academic year was \$37,350 while that for the academic years of 1997-98 and 1998-99 was \$42,100. The figures are detailed in Table 2.
- (c) The Government regularly reviews the demand of public and private medical institutions for medical practitioners as well as the employment situation of fresh medical graduates. Based on these reviews, the Government will discuss with the University Grants Committee (UGC) on whether it is necessary to adjust the student number of medical programmes. For example, the UGC and the two medical schools have slightly reduced the intake of medical students in the current academic year. The Government and the UGC are now planning for the development of the UGC-funded institutions in the 2001-02 to 2003-04 triennium. In determining the intake of medical students, the Government and the UGC will

carefully consider various factors that may affect the demand for medical practitioners in the coming 10 years, and will take a decision within next year.

Table 1

	<i>Year</i>	<i>Number of local graduates</i>	<i>Number of Non-local graduates</i>	<i>Total</i>
The annual number of graduates registered as general medical practitioners	1996	268	258	526
	1997	307	83	390
	1998	282	109	391
	1999*	316	83	399
The projected number of graduates completing the undergraduate courses and the one-year internship	2000	300	Not Applicable	Not Applicable
	2001	352	Not Applicable	Not Applicable
	2002	336	Not Applicable	Not Applicable
	2003	325	Not Applicable	Not Applicable

\* As at November 1999

Table 2

Annual average unit cost and tuition fee of local medical students (undergraduates)

	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
Annual average unit cost	\$528,000	\$566,000	\$553,000
Annual tuition fee	\$37,350	\$42,100	\$42,100

**DR LEONG CHE-HUNG** (in Cantonese): *Madam President, would the Government inform this Council whether or not it has any implicit criteria on the ratio of medical practitioners against population size for the purpose of planning in respect of medical services and the training of medical personnel can be planned? Would the Government inform this Council in brief as to whether the territory is presently experiencing an over-supply or shortage of medical*

*practitioners? In addition, what kinds of medical services and specialties are experiencing an over-supply or shortage of medical practitioners?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, the ratio of medical practitioners against population in Hong Kong is about 1.2 medical practitioners to 1 000 persons. When compared with other advanced countries, the ratio in Singapore is 1.5 medical practitioners to 1 000 persons; the ratio for Japan is 1.9 medical practitioners to 1 000 persons; and the ratio for the United States is 2.78 medical practitioners to 1 000 persons. There appears to be a great diversity among these ratios. As to the question of whether or not there are enough medical practitioners in Hong Kong, it depends on the mode of practice of these medical practitioners. For the Government, we will base our estimates on the demand for public health care services. It will be easier to work out the estimates because we have to look only at the wastage rates of medical practitioners over the past few years and the kinds of medical services we plan to increase. That will make quite a reliable comparison. However, it would be quite difficult to make such comparisons among medical practitioners engaging in private practice because, as I have said, it depends on the mode of practice of these medical practitioners which will have a great impact on the demand for medical practitioners in the private sector. At present, we would like to develop the training of family doctors in the hope that they can do more counselling work for their clients, or to enhance health education. To achieve these goals, the time which medical practitioners will spend on consultation will be increased and the ratio between medical practitioners and patients should be increased accordingly.

**MR CHAN KWOK-KEUNG** (in Cantonese): *Madam President, as it is difficult for fresh medical graduates to find jobs, would the Government inform this Council whether there are any active measures to help them find jobs in public hospitals?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, as a matter of fact, the Department of Health and the Hospital Authority (HA) have been providing many training opportunities to fresh graduates from medical schools. The HA changed its contract system three years ago so that more medical graduates can receive training before they serve

the public. Under this contract system, the specialist training for medical practitioners usually takes six years and after that they can obtain the relevant specialist qualification, then they can practise in the private sector.

**MR MA FUNG-KWOK** (in Cantonese): *Madam President, would the Government inform this Council whether it has any figures of migrant medical practitioners returning to Hong Kong? What is the difference between the number of returnee medical practitioners and that of new-arrival medical practitioners? Does the number have any impact on the estimates of the number of medical practitioners?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Every year the Medical Council receives fresh applications for registration as medical practitioners. Over the past three years, some 300 graduates from local medical schools were registered. For those who graduated from overseas medical schools and returning to Hong Kong for registration, there are 80 to 90 such people each year. However, as early as three or four years ago, that is, before 1996, about 200 to 300 graduates from overseas schools returned to Hong Kong and registered as medical practitioners each year. It can be said that the number of returnees has levelled off. About 20% of the medical practitioners we have are overseas graduates and about 80% are local graduates.

**MR MICHAEL HO** (in Cantonese): *Madam President, the main question states that in recent years, fresh graduates from local medical schools have experienced difficulties in finding jobs and training posts in public medical institutions, and it went on to ask the intake of medical students by local universities. Of course there exists some sort of relationship between the two, but with regard to manpower planning, does the Government have any policy in place? For example, has it laid down any ratio between medical practitioners in public hospitals and private hospitals? As for training posts, has any ratio been laid down to specify the number of specialist and non-specialist medical practitioners required? Are such data available in our manpower planning policies?*

**PRESIDENT** (in Cantonese): Which Policy Secretary would like to make a reply?

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese): Madam President, I would like to answer the question concerning manpower planning in general. If the Secretary for Health and Welfare should have anything to add, I hope you would give him the chance to do so.

First of all, insofar as manpower planning is concerned, we are very concerned about the expensive unit cost of training a university student. The reason is that 80% of the costs would be subsidized by the Government. In regard to medical students, as I have mentioned in the main reply, the annual average unit cost is more than \$500,000. If the two sets of numbers are added together, the cost of training a medical student is well over \$2 million. Therefore, we must keep a close eye on their employment situation, especially that of the specialists. For medical graduates, the experience we have over the past few years is that most of the fresh graduates work in public medical institutions. According to the information available, not many fresh medical graduates are employed in the private medical institutions. Therefore, the number of medical students in the coming three academic years will depend on the demand for medical practitioners. But that will also depend on our health care and financing policies. In the future, as Chinese medicine practitioners will also be included in our medical system, we shall need to examine whether or not a ratio between medical practitioners in the public and private medical institutions can be worked out in the light of the Government's medical policy. I hope the Secretary for Health and Welfare will supplement this later. However, I can say that from the perspective of manpower planning in general, we are deeply concerned about their employment prospects. If we find that there are good employment prospects and the demand is substantial, we will train more medical practitioners. But if the demand is low and employment prospects bad in the future, then we may have to make adjustments as appropriate.

**MR MICHAEL HO** (in Cantonese): *Madam President, I saw it very clearly that.....*

**PRESIDENT** (in Cantonese): Mr Michael HO, please ask your follow-up question as soon as possible.

**MR MICHAEL HO** (in Cantonese): *It is because I saw the Secretary for Health and Welfare wish to stand up and answer.*

**PRESIDENT** (in Cantonese): Dr YEOH, would you like to answer Mr HO's follow-up question?

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, just now..... said that he would like me to add to the point on specialist and non-specialist medical practitioners.

**PRESIDENT** (in Cantonese): Dr YEOH, would you please sit down first. Mr HO, is the question on specialist and non-specialist medical practitioners part of the supplementary question which you have just asked?

**MR MICHAEL HO** (in Cantonese): *Yes, Madam President, my earlier supplementary was about whether or not the Education and Manpower Bureau has any ratio in mind on specialist and non-specialist medical practitioners when it undertakes manpower planning, and whether it has set any ratio on medical practitioners in public medical institutions and private institutions?*

**PRESIDENT** (in Cantonese): Mr HO, please sit down first. Secretary for Health and Welfare.

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, maybe I should add a little point here. Presently the HKAM and the Medical Council are considering and discussing the issue of specialist and non-specialist medical practitioners. As for the way forward, I think the HKAM and the Medical Council both expect to train most of the medical practitioners to be specialists. For apart from some very specialized fields, we will call many

kinds of specialists simply as general practitioners. Our goal for the future is to turn specialists into family physicians, and this I believe is the present trend. In the future — I am not saying that this will become a reality overnight, I mean 10 to 20 years later — most of the medical practitioners will have to be specialists, or undergoing training as specialists. But at present, both the HKAM and the Medical Council are unable to provide us with any information on this ratio.

As for a comparison of the medical practitioners in the private and public sectors, I have tried to make an explanation just now. We can make a reasonable estimate for the public sector merely by looking at the future mode of service delivery, the expansion of services, and the new kinds of services to be delivered, together with the wastage rate. As for practitioners in private practice, we need to look at their mode of private practice. In the long run, if we move in the direction of family physicians, the number of medical practitioners will need to be increased.

**MR ERIC LI** (in Cantonese): *Madam President, I wish to raise a supplementary question which is quite similar to the one raised by Mr Michael HO, but I wish to put it from another perspective.*

*It is easier to talk about figures. Does the Government really have any plans to ensure that medical practitioners will have enough training posts so that they will not be unemployed? If medical practitioners have no jobs and no training posts, would the Government tell us what other kinds of jobs they can do? How will the Government deal with this group of people who have received such professional training? How will the Government solve their problems?*

**PRESIDENT** (in Cantonese): Which Policy Secretary would like to answer this question?

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, I think the employment problem of medical practitioners is a rather unusual one. For apart from employment by the HA, the Department of Health and private hospitals, they may also start a private practice. I think the Medical Council and the HKAM are presently looking into the feasibility of allowing these medical practitioners to start their own practice after receiving one year's

training at the hospitals as an interim measure. In theory they can start a private practice after their housemanship. But in these few years, the HA and the Department of Health have offered quite a large number of training opportunities and there will be more opportunities with the conversion into contract terms. When the contracts of serving staff expire, we can employ other people for training.

**DR LUI MING-WAH** (in Cantonese): *Madam President, apparently, the ratio of medical practitioners against the population is on the low side, but the cost of training a medical student is more than double that of training an engineering student. Would the Government consider importing medical practitioners from other places such as the Mainland?*

**PRESIDENT** (in Cantonese): Which Policy Secretary will answer this question?

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, it is true that our present ratio of medical practitioners against the population is lower than that in Japan and Britain. But as I am aware, medical practitioners in private practice do not have enough patients. I have explained this just now. This may be due to the fact that the mode of private practice in Hong Kong is different from that in Japan and Britain. In the past we did not train family physicians and that is why the ratio is higher in Britain. It is because the mode of family physicians is practised in Britain. Each British citizen must have a family physician, so the number of medical practitioners there is certainly higher. At present, we have just started the training of family physicians. The people of Hong Kong are not used to having a family physician and they are not used to maintaining a close relationship with family physicians. Therefore, I believe the work in health education or counselling is not sufficient. As to whether we should import medical practitioners from abroad, the Medical Council permits a number of foreign medical practitioners to practise in Hong Kong every year, provided that they meet the requirements of the Medical Council and pass the relevant qualifying examinations.

**PRESIDENT** (in Cantonese): Last supplementary question.

**DR TANG SIU-TONG** (in Cantonese): *Madam President, it has been reported that medical graduates have been facing employment problems in recent years, therefore, the local medical schools find it difficult to attract students of a high calibre. A friend of mine whose son applied to a medical school but in the end decided not to take up the offer. The university concerned telephoned him and asked him to enrol in the medical school. The reason given was if the medical school was unable to admit a sufficient number of students, its resources might be cut. Will the Government confirm if this is true? If so, how can we ensure that the standard of medical services will not drop in future? Will the Government inform this Council what were the admission standards of medical students to the two local universities over the past two years?*

**SECRETARY FOR EDUCATION AND WELFARE** (in Cantonese): Madam President, in the financial arrangements we have with the UGC, once we have set the number of places over a triennium, we will allocate the resources according to this number and the universities may make their own decisions in a flexible manner. That is to say, if for some reasons they feel that in a certain year they would not like to admit so many students, then they may reduce the intake. On the other hand, they may take in some more students if it does not entail additional government resources. Under these two circumstances, the Government will make no change to the resources already set. In other words, if the universities admit less than the number of students specified, just as I said in the main reply that the universities have admitted about 12 less students this year, we will not cut their resources.

As to whether or not the admission standards of the two local medical schools have dropped in recent years, as far as I know, the admission standards of the two local medical schools are still rather high. I would like to see whether any information on that is available after the meeting and I will give Dr TANG Siu-tong a written supplementary reply later. (Annex I)

**PRESIDENT** (in Cantonese): Honourable Members, we have spent more than 19 minutes on this question, but there are seven other Honourable Members still waiting for their turn to ask questions. Obviously Members are keenly interested in this question. May I suggest Members to follow up this question through other channels.

**China's Accession to the World Trade Organization**

2. **MR HUI CHEUNG-CHUNG** (in Cantonese): *Madam President, in view of China's imminent accession to the World Trade Organization (WTO), will the Government inform this Council:*

- (a) *of the current progress of work undertaken by the group set up to study the economic opportunities as well as implications brought about by the accession of China to the WTO and the opening up of its market;*
- (b) *whether it has assessed if Hong Kong's role as an intermediary for the trading activities across the strait will be weakened once Taiwan joins the WTO; and*
- (c) *of the specific plans to promote Hong Kong as an ideal business base with a view to encouraging mainland and overseas enterprises to form partnership with local enterprises in developing the mainland market?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President,

- (a) The WTO talks on China's accession have made remarkable progress recently. This is indeed very good news for Hong Kong. An interdepartmental working group chaired by the Financial Secretary of the Hong Kong Special Administrative Region (SAR) has been monitoring closely the progress of the talks. It has also actively pursued the following courses of action:
  - (i) Under the guidance of the interdepartmental group, relevant bureaux and departments have been proactively consulting with various major business organizations and professional bodies to better understand the present situation of how Hong Kong businessmen/professionals operate in the Mainland, problems/difficulties they are facing, and how they see the

prospects of the mainland market. We have also been informing and updating the trade about the direction, pace and areas regarding the further opening up of the mainland market, so as to enable local traders to appreciate better the trend of market development following the Mainland's entry into the WTO and grasp business opportunities arising from it.

- (ii) The Financial Secretary and the interdepartmental group have been maintaining close contacts with the Central People's Government to keep abreast of the latest progress of the talks on China's accession to the WTO and to assess its possible impact on Hong Kong. For instance, the Financial Secretary and key members of the interdepartmental group met with the Vice-Minister of the Ministry of Foreign Trade and Economic Co-operation (MOFTEC), Mr LONG Yongtu, in Beijing in June to exchange views on the WTO talks, as well as the challenges and opportunities that might be present to Hong Kong. Also, with the assistance of the MOFTEC, we have reflected to the relevant authorities of the Central People's Government the views of Hong Kong businessmen on investing and doing business in the Mainland. Through such discussions, we have gained a better understanding of mainland rules governing investments in the sectors concerned and the latest developments of the mainland policies on the opening up of its market. Following China's recent conclusion of bilateral talks with the United States and Canada, we are actively gathering information for conducting a more in-depth internal assessment.
- (iii) Based on the information available, the interdepartmental group has conducted studies to examine and assess the impact and potential opportunities for Hong Kong following the accession of China to the WTO. We are of the view that the opening up of the mainland market will create more business, trade and investment opportunities. Market liberalizations will inevitably also bring about more competition. The Hong Kong business community, with its wealth of

experience gained through years of participation in the Mainland's economic developments as well as its edge in providing high value-added services, will without doubt turn such external competition into forces for improvement, exploiting for the SAR more extensive trade and investment opportunities.

Hong Kong businessmen will have great potential expanding further into the retail, distribution and other consumption related trades in the provinces neighbouring Hong Kong, such as the Guangdong Province, which are among the richest in the Mainland. The ongoing economic developments in the Mainland require huge fund raising, quality asset management as well as other financial services. Hong Kong's financial sector and related professions are best positioned to provide diversified services in these areas. Rapid growth in the mainland telecommunication market will also mean more development opportunities for the telecommunication industries in Hong Kong. Besides, given its experience in operating in the Mainland, the Hong Kong tourism sector stands well to develop travel-related businesses in the Mainland. The increase in demand for transportation services as a result of the prospective increase in mainland trade will also benefit the Hong Kong cargo transport industry. Overall speaking, China joining the WTO will help it maintain more stable trading relationships with its trading partners. Since the Mainland is our number one trading partner, Hong Kong's economic developments will gain much from it.

Through the efforts of the interdepartmental group, we hope that the Hong Kong business community, in particular the small and medium enterprises (SMEs), can prepare themselves early for tapping further the mainland market. However, it must be pointed out that the group does not seek to dictate the market. Rather, it seeks to provide the necessary information to Hong Kong businessmen so that they

can make their own judgment and business decisions to their best advantage. We believe that following the further opening up of the mainland economy, Hong Kong businessmen will continue to sharpen their competitiveness to provide high quality services, thus gaining more trading opportunities from the fast-development mainland market and reinforcing Hong Kong's status as the Mainland's major trading and investment partner.

- (b) At the moment, it is difficult to predict the trading scene between the Mainland and Taiwan after the accession of the latter to the WTO. However, given their geographical proximity and complementary economic structures, there appears to be considerable room for increasing trade between the two places after their respective accession to the WTO. Hence, the trade diversionary effect may well be more than offset by the trade creation effect on Hong Kong. As a matter of fact, as the Mainland carried on with its economic reform and the further opening-up of its market over the past two decades or so, Hong Kong's role as an intermediary has, instead of being weakened, become increasingly important. With our unique attributes, including an internationally oriented financial and commercial system, a sound legal system and first-class air and cargo facilities, the Hong Kong business sector should have a more active role to play in the process of cross-strait market liberalization, provided that it can continue to adjust and adapt itself in providing high quality and high value-added services with a view to capitalizing on the business opportunities available.
- (c) The SAR Government has been very conscious that our proximity to the Mainland is a paramount and unique advantage of Hong Kong's business environment. Therefore, in promoting inward investment, we put great emphasis on that fact that: Locating at the doorstep of the Mainland, Hong Kong commands geographical advantage in being an ideal base for foreign businessmen to launch mainland businesses and; being pioneers in developing the mainland market, Hong Kong businessmen are well versed with the mainland business environment/system and extensive business networks in the

Mainland make them ideal partners to jointly develop the mainland market.

This indeed has featured prominently in the SAR's public relation campaigns and trade promotional activities. In the course of following up on individual cases of inward investment, the Industry Department helps match foreign investors with Hong Kong entrepreneurs with a view to encouraging joint venture projects, including projects to use Hong Kong as a base for entering the mainland market. The inward investment tours organized by the Department each year will also provide opportunities for foreign investors to visit the Mainland, thus gaining first-hand knowledge of the mainland market. This help arouse investors' interests in tapping the mainland market via Hong Kong. In addition, the Hong Kong Trade Development Council (TDC), in collaboration with both central and local authorities in the Mainland, regularly conducts symposiums on the Mainland's investment policies and trade, and organizes high-level trade missions to explore business opportunities in the Mainland.

Through the above-mentioned activities, we have, over the past few years, successfully encouraged a number of foreign enterprises to launch their base in Hong Kong and develop their mainland businesses either as sole proprietors or in the form of joint ventures. The SAR will strengthen its work in this regard following China's accession to the WTO.

It is also worth mentioning that the first meeting of the Mainland/HKSAR Joint Commission on Commerce and Trade held in November, the Trade and Industry Bureau and the MOFTEC discussed extensively the issue of how to step up investment promotional work in the two places. Both parties agreed that the MOFTEC and Hong Kong's Industry Department would strengthen their co-operation, and exchange experience in attracting foreign investment. In addition, the TDC would display in its BusinessInfo Centre and website information on investment projects and policies, and include the information in the "Trade Portal" to be launched by the TDC in early 2000.

**PRESIDENT** (in Cantonese): The Secretary has spent approximately nine minutes on giving the main reply and now we have 11 Members waiting to raise supplementary questions. Under such circumstances, I will slightly extend the time allowed for this question. However, Members must co-operate by making their supplementaries as concise as possible.

**MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, in paragraph (iii) of part (a) of the main reply, the Secretary expressed the hope that the Hong Kong business community, in particular SMEs, can prepare themselves early for tapping further the mainland market. But the problem is SMEs have only limited resources. As such, how will the Government help SMEs make preparations?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, the Government is aware that SMEs have only limited resources. But according to our past experience, SMEs in Hong Kong have been able to operate successfully in the Mainland. In this respect, the Government will, through the interdepartmental group led by the Financial Secretary, provide the information obtained with respect to the Mainland's opening up of its market expeditiously to the business community, including SMEs, so that they can consider how to make preparations.

**MR AMBROSE LAU** (in Cantonese): *Madam President, in paragraph (i) of part (a) of the main reply, the Secretary stated that the Government had been proactively consulting with various major business organizations, professionals and professional bodies to better understand the problems they encountered in the Mainland and how they saw the prospects of the mainland market. Will the Government inform this Council of the major problems reflected by these professionals or professional bodies?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, different bureaux and departments are in frequent contacts with different trade organizations, groups and professionals. However, the scope involved is extensive and the problems faced by various trades are different too. Generally speaking, certain trades have expressed the hope that the doorsteps

leading to the mainland market in such aspects as distribution or import and export be lowered. It has been reflected also that implementation of mainland policies is far from clear. They hope they can obtain clearer information in areas related to enforcement or approval criteria.

**DR PHILIP WONG** (in Cantonese): *Madam President, has the Government conducted or have the intention to conduct the following survey: the demands for domestic and commercial premises in Hong Kong if, upon China's accession to the WTO, overseas firms come to Hong Kong to make investment or enter China via Hong Kong for investment?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, let me answer Dr WONG's question briefly. For the time being, the Government has not made any assessments in this area. We believe, however, if more foreign businessmen come to Hong Kong and use it as a base to enter the mainland market and subsequently push up the demands for commercial and domestic premises in Hong Kong, developers will take note of that and take action accordingly.

**MR FUNG CHI-KIN** (in Cantonese): Madam President, in paragraph (iii) of part (a) of the main reply, the Secretary stated that further economic developments particularly require huge fund raising, quality asset management as well as other financial services. Will the Secretary inform this Council whether the study conducted by the interdepartmental group has taken into account the stricter requirements with respect to operating financial business in the Mainland and whether the Government will allow small and medium financial institutions to engage in such business as issue and dealing of securities and to expand business related to the accumulation and distribution of renminbi?

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, the interdepartmental group led by the Financial Secretary has studied and assessed the questions in this area. The Government has also consulted with the relevant authorities and organizations of the Central People's Government to examine the feasibility of giving SMEs or financial institutions more opportunities to take part in financial affairs. As mentioned by the

Honourable Member earlier, the Mainland has very strict requirements in this area. In spite of this, we have always demonstrated the flexibility of our SMEs or financial institutions in the hope that SMEs can be given opportunities of participation when the Mainland opens up its market. The Government has indeed presented these views to the Central People's Government for consideration.

**MR CHAN KAM-LAM** (in Cantonese): *Madam President, it is only a matter of time for China to join the WTO. It is estimated that the issue will be sorted out in spring or perhaps between March and April next year. Has the Government considered taking some effective measures, such as setting up additional trade offices in the Mainland, to help Hong Kong businessmen resolve the difficulties they encounter in the Mainland in investment or other areas?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, the Government has considered this issue already. As far as we understand it, the TDC has already set up 10 offices of this nature in the Mainland. These offices have been playing a very active role in collecting information on commerce and trade policies in respect of operating business in the Mainland. Should Hong Kong businessmen run into any problems in the Mainland, these offices will also play an active role as an intermediary to refer the problems to the relevant mainland authorities for follow-up action or provide them with relevant information. Members should be aware that the Government has already set up an office in Beijing. The office will pay close attention to the commerce and trade developments in the Mainland and changes in mainland policies. If the SAR Government considers there is a need to reflect certain issues to the Central People's Government, it can do so through the office. For the time being, we consider it unnecessary to set up additional offices of this nature in the Mainland for the office stationed in Beijing and the TDC offices have been playing this role already.

**MR TAM YIU-CHUNG** (in Cantonese): *Madam President, has the interdepartmental group conducted a special study on the implications of China's accession to the WTO on the local labour market, particularly local workers over 40 years of age and with educational standard below Secondary Three?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, the interdepartmental group has not conducted an in-depth assessment in this area for the time being. This is because its major duties are to collect information on such issues as the business opportunities possibly arising as a result of the Mainland's accession to the WTO, its pace of liberalization and so on. China should be able to bring Hong Kong businessmen a lot of business opportunities if it becomes a WTO member. The Government is also of the view that this will have positive impact on our labour market.

**MR JAMES TIEN** (in Cantonese): *Madam President, most complaints received by the Hong Kong General Chamber of Commerce from SMEs concern the failure of Hong Kong businessmen operating business in the Mainland to adapt to frequent changes of state legislation or promulgation of new provisions and the rapid changes of such measures as taxation. Following China's accession to the WTO, there will definitely be promulgation of new legislation and related notices. In this connection, will the Secretary inform this Council whether the interdepartmental group can acquire such information from Beijing expeditiously and forward it to SMEs in Hong Kong to save those Hong Kong businessmen who plan to invest in several dozens of regions in China the trouble of enquiring with different regions for information?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, China will need to abide by the provisions laid down by the WTO when it becomes a WTO member. One of the provisions is to enhance the transparency of the policies of the Chinese Government. As such, China will need to inform other WTO members expeditiously of any new policies or changes in its existing policies in the trade and commerce areas.

Furthermore, the SAR Government has recently set up a Joint Commission on Commerce and Trade for Hong Kong and China in collaboration with the MOFTEC and has put forward the relevant views at the first meeting. It was agreed between both parties that the mainland authorities will inform the SAR Government expeditiously of any changes in mainland policies on commerce and trade so that the information can be forwarded to the business sector or business organizations immediately for reference. Hong Kong businessmen can also follow this channel to reflect their views, if any, to the Central People's Government.

**PRESIDENT** (in Cantonese): Last supplementary question.

**MR SIN CHUNG-KAI** (in Cantonese): *Madam President, will the interdepartmental group led by the Financial Secretary consider conducting more serious studies on some issues regularly and publishing reports afterwards? It seems to me that it is quite difficult for the Government to give concrete replies to the numerous questions raised by Members. I can also put forward many supplementary questions, such as what new opportunities will there be, what specific opportunities are available to SMEs and so on .....*

**PRESIDENT** (in Cantonese): Mr SIN, please come to your supplementary question direct.

**MR SIN CHUNG-KAI** (in Cantonese): *My question is: Will some more serious study reports be published on a regular basis?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Cantonese): Madam President, to start with, the interdepartmental group led by the Financial Secretary is not an ad hoc group. It will not conduct a study on a certain topic and then publish a report. This is because the main duties of the group is to collect information on China's accession to the WTO and provide Hong Kong businessmen with relevant information expeditiously to enable them to assess the situation and make preparations accordingly. This is an ongoing exercise. Upon receiving new information in this area, the Government will pass the information to the business community for reference. Therefore, the assessment work is ongoing in nature.

Moreover, the bilateral negotiations on China's accession to the WTO have in fact not concluded completely. China will need to conduct bilateral talks with 36 WTO members. Although it has already concluded talks with its major trading partners such as the United States and Canada, it has yet to hold talks with 20 or so WTO members. Therefore, the relevant work has to be updated and carried on.

### **Personal Freedom of Hong Kong Residents Outside Hong Kong**

3. **MR LEE CHEUK-YAN** (in Cantonese): *Madam President, it is learnt that in June this year, a Hong Kong permanent resident holding a British National (Overseas) (BN(O)) passport was arrested in Thailand while visiting the country and deported to mainland China, allegedly without going through any extradition proceedings, and he is now being detained at the Kemulang Detention Centre in Guangzhou. In this connection, will the Government inform this Council:*

- (a) *whether it has approached the relevant Thai authorities to find out the legal authority and procedure based on which the Hong Kong resident was arrested and deported to the Mainland; and*
- (b) *of the measures in place to ensure that the personal freedom of Hong Kong residents outside Hong Kong is suitably protected by the relevant law?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, I would first reply to the first part of Mr LEE Cheuk-yan's main question.

Newspapers reported in June this year that WU Man, a permanent resident of the Hong Kong Special Administrative Region (SAR), was arrested in Thailand and sent to mainland China. The SAR Government was very concerned about the reported incident and immediately contacted the Thai Consulate and the mainland Public Security Bureau for information. In response to our request, the Thai Consulate made inquiries with the relevant authorities in Thailand. After repeated liaison with the Thai Consulate, the Security Bureau received last week detailed explanation from the Thai authorities on the arrest of WU Man and his transfer to the Mainland.

The Thai authorities confirmed that they had, in response to the request from the People's Republic of China, provided assistance to the latter to arrest WU Man to stand trial in mainland China. During investigation, WU Man confessed that he was of Chinese nationality and was born in China. He voluntarily agreed to return to mainland China to face trial. The Thai authorities took actions in accordance with the Thai immigration laws and regulations. Section 12(7) of the Immigration Act B.E. 2522 (1979) excludes

aliens who are under warrant of arrest by competent officials of foreign governments from entering into Thailand. Having learnt that WU Man was under a warrant of arrest of the competent Chinese authority, Thai immigration authorities revoked the permission for WU to stay in Thailand and deported him to mainland China in accordance with sections 36, 54 and 55 of the Immigration Act. Section 55 of Thailand's Immigration Act provides that alien being deported by the Act shall be sent back by any conveyance or route as the competent official may consider appropriate.

The Thai authorities also stressed that the deportation of WU Man to mainland China was not a case of "abduction" as reported, but a case of co-operation between the Chinese and Thai authorities to suppress crimes. Besides, the person concerned was also transferred to the country of his nationality. The action taken was done in strict accordance with the relevant laws and regulations and also with the agreement of the person concerned. The explanation of the Thai authorities is consistent with the statement issued by the Guangdong Public Security Bureau on 19 November. That statement pointed out that WU was arrested in Thailand through Interpol assistance, and that he had agreed to return to the Mainland to face judicial proceedings in accordance with the law. The mainland authority also emphasized in the statement that the Guangdong Police have handled the case in strict accordance with the law.

Regarding the second part of Mr LEE Cheuk-yan's main question, the SAR Government attaches importance to the protection of Hong Kong residents in accordance with the provisions of the law whilst they are outside Hong Kong. We would also remind our people to abide by the laws of the place of their visit when they are outside Hong Kong. If Hong Kong residents encounter difficulties while they are outside Hong Kong, including unlawful threats to their personal freedom, they could seek assistance from the Chinese Embassy or Chinese Consulate at that place, in accordance with the established arrangements of consular protection. Any Hong Kong resident who is a non-Chinese citizen can seek assistance from the Embassy or Consulate of the country of his nationality.

**MR LEE CHEUK-YAN** (in Cantonese): *Madam President, I have found the fifth paragraph of the main reply rather ridiculous, seeing that it advises the public to seek assistance from the Chinese Embassy or Chinese Consulate at the places concerned whilst the issue before us is that a Hong Kong resident was*

*deported to mainland China after being tracked down by the mainland authorities. Actually, the thrust of my main question is to ask the SAR Government to explain its stance and to comment on the propriety of the arrangements concerned. With regard to the direct deportation of a Hong Kong resident arrested overseas to mainland China, the Secretary has pointed out in the fourth paragraph of the main reply that the person concerned was transferred to the country of his nationality. Since the Hong Kong resident concerned was of Chinese nationality, he was therefore transferred to mainland China, the country of his nationality. However, given that China is a vast country and the principle of "one country, two systems", should he not be sent back to Hong Kong instead? Would the Government consider it more appropriate to send the arrested Hong Kong resident back to Hong Kong directly, bearing in mind that Hong Kong residents are entitled to the right of abode in Hong Kong, which is a special administrative region established under the principle of "one country, two systems"?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, with respect to Mr LEE's supplementary, what the fifth paragraph of the main reply has referred to is of course the established arrangements for Hong Kong residents to seek assistance while they are outside Hong Kong. In accordance with the principle of consular protection, naturally Hong Kong residents should seek assistance from the Chinese Embassy or Chinese Consulate concerned as the representatives of the SAR Government overseas are but its trade offices. Actually, we have been adhering to this arrangement all along. Even if Hong Kong residents should encounter difficulties while they are in the Philippines, Turkey or other countries, they should still seek assistance from the Chinese Embassy or Chinese Consulate there. This is the established practice.

As regards the question of how the people of Hong Kong could be protected by the SAR Government, we have been holding fast to the principle that if Hong Kong residents should encounter difficulties while they are outside Hong Kong, say, being arrested or detained, we would definitely request the host governments to handle the case in strict accordance with their relevant laws in a lawful and humanitarian manner. With regard to the case in question, both the Thai authorities and the mainland Public Security Bureau have emphasized that they had handled the case in strict accordance with the law. Mr LEE has also asked, with reference to WU's case, about the place where the person concerned should be deported to. I believe it all depends on the relevant provisions of the

country concerned, since different countries would have different laws and procedures. According to the information provided by the Thai authorities, they are empowered by the Thai immigration laws and regulations to make the necessary decisions. Let me read out the relevant provision to Honourable Members. Under section 55 of Thailand's Immigration Act B.E. 2522, "Alien being deported by this Act shall be sent back by any conveyance or route as the competent official may consider appropriate". So, it is totally up to the Thai authorities to determine the place where the person concerned should be deported to and the conveyance by which he should be sent back.

**MISS EMILY LAU** (in Cantonese): *Madam President, the Secretary has mentioned twice in the main reply that according to both the mainland authorities and the Thai authorities, WU Man had voluntarily agreed to be transferred to mainland China. In this connection, Madam President, my ward office received in mid-November a letter which was allegedly sent to me by WU Man. In the letter, which I had subsequently passed on to the Secretary, WU did not mention whether he had agreed voluntarily to return to mainland China. Of course we do not know if this letter was really from WU Man, but could the Secretary inform this Council whether the Government has ever tried to verify it? So far WU Man has not been heard in open court, nor has he spoken anything in public. All along, it was only the authorities of the two countries concerned which kept saying that WU had agreed "voluntarily" to return to mainland China. Since WU is a permanent resident of Hong Kong, could the Secretary inform this Council if any attempts were made to find out whether WU had really agreed voluntarily to return to the Mainland? If it should turn out that WU did not agree voluntarily, things would become very complicated because it might involve the possibility that the authorities concerned have not handled the deportation in strict accordance with the relevant laws and regulation. Could the Secretary inform this Council whether the Government has followed up the case, or it has simply accepted everything said by the authorities of the two countries?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, perhaps I could supplement one point regarding the response of the two countries concerned. Apart from written explanations, we have also arranged meetings with mainland Public Security Bureau officials and with the Thai Consul General in Hong Kong to seek further information on the case. During the meetings, we

have inquired of the details of the case, including the sequence of events, the laws and regulations invoked, the circumstances under which Mr WU was deported to mainland China and so on. The authorities of the two countries emphasized in the meetings and their statements that Mr WU had voluntarily agreed to return to mainland China.

Is there anything the SAR Government can do to verify the story? I should like to explain to Members that Mr WU is being detained in the Mainland on criminal charges. According to the criminal procedure law in force in mainland China, Mr WU is entitled to be legally represented; however, before the criminal proceedings against him commences, his family would not be allowed to visit him, and the only person he could contact is his legal representative. Other governments, including governments of other countries and the SAR Government, do not have any right in law to summons Mr WU for inquiry into the question as to whether he had voluntarily agreed to be deported. I should like to add one more point here. Upon learning that Mr WU had been deported from Thailand, we immediately contacted the relevant mainland authorities for information. In July, the Guangdong Public Security Bureau informed us in reply that Mr WU had been involved in a kidnapping offence and was being detained at the Kemulang Detention Centre on criminal charges. We subsequently related the message to Mr WU's family in the same month, but so far no requests for assistance or verification have been received from his family.

**MR HO SAI-CHU** (in Cantonese): *Madam President, the allusion to the BN(O) passport in the main question was not mentioned in the main reply. I consider this an appropriate approach, since it should be the responsibility of the British Government to handle issues in this respect. However, may I ask the Secretary whether the question should be raised with the British Government instead of the Hong Kong Government?*

**SECRETARY FOR SECURITY** (in Cantonese): Yes, Madam President, we do not wish to comment on the consular protection that BN(O) passport holders are entitled to, which should be the business of the British Government. What I should like to point out is that the mainland authorities have reminded us of the Explanations of Some Questions Concerning the Implementation of the Nationality Law in the Hong Kong Special Administrative Region passed by the Standing Committee of the National People's Congress on 15 May 1996. The

following points have been set out clearly under the Explanations: First, Hong Kong residents who are of Chinese descent and were born within the Chinese territory (including Hong Kong), as well as those who meet the qualifying criteria for Chinese nationality set out under the Nationality Law of the People's Republic of China, are Chinese nationals; second, all Hong Kong Chinese compatriots, regardless of whether they are holders of the British Dependent Territories Citizen passport or the BN(O) passport, are Chinese nationals. With effect from 1 July 1997, the aforementioned Chinese nationals are permitted to continue to use valid travel documents issued by the British Government for the purpose of travelling to other states and regions. However, they will not be entitled to British consular protection in the SAR and other parts of the People's Republic of China on account of their holding the above-mentioned British travel documents.

**MISS CYD HO** (in Cantonese): *Madam President, the SAR and the Mainland certainly have two distinct sets of laws, and that is exactly what "one country, two systems" means. However, the Secretary mentioned in the main reply that it is up to the country concerned to determine the destination to which the alien being deported will be sent back. In this connection, has the SAR Government taken any initiative to request the Thai authorities to send the person concerned back to Hong Kong on the ground that we have two set of laws? If similar cases should occur in the future, would the Government consider it necessary to make its best effort to protect the people of Hong Kong?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, as I have already explained in my reply to Mr LEE's main question, while different countries and regions may have different deportation procedures, they will all handle such cases in strict accordance with their laws. For example, if Thailand should need to deport any person, the Thai authorities will handle the deportation in accordance with their relevant laws and regulations, which empower them to determine the destination the deportee to be sent back to and the conveyance by which he will be deported. This is totally unrelated to the fact that the principle of "one country, two systems" are being upheld in Hong Kong and in the Mainland. We cannot request the Thai authorities to send back the persons concerned to Hong Kong on the ground that Hong Kong and the Mainland are practising two different set of laws. The Thai authorities are entitled to exercising their discretion in this connection.

**PRESIDENT** (in Cantonese): Miss Cyd HO, which part of your supplementary has not been answered?

**MISS CYD HO** (in Cantonese): *Madam President, my supplementary was whether the SAR Government has taken any initiative to explain to the country concerned. Could I take the reply given by the Secretary just now as her admission that the Government has not taken any action in this respect at all?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, I have in fact answered the Honourable Member's supplementary. With regard to Mr WU's case, in addition to seeking written explanations from both the Thai authorities and the mainland authorities, we have also contacted the relevant officials for information. As explained by the Thai authorities, they are empowered by their relevant laws and regulations to exclude aliens who are under warrant of arrest by competent officials of foreign governments from entering Thailand and to revoke the entry permission granted to the person concerned. In addition, they are also authorized to deport the person concerned to a destination they consider appropriate.

**MR ALBERT HO** (in Cantonese): *Madam President, I was really surprised to hear the Secretary citing the Thai laws and regulations in her explanation. In my understanding, the provisions she quoted just now actually mean that the Thai authorities are empowered to determine the conveyance or route by which the person concerned shall be sent back, including deportation by land, by sea or by air. However, it does not follow that the Thai authorities could deport the person concerned to wherever they consider appropriate without regard for the international law on extradition, instead of abiding by the legal provisions relating to extradition arrangements. My supplementary is: Do the replies given by the Secretary so far imply that in the event of a Hong Kong resident being deported from a certain country, so long as the authorities concerned claim that they have legal grounds for the deportation, the Hong Kong Government will not consider taking any actions regardless of where the person concerned will be deported to — including the Mainland, Africa, South America and so on — and disregarding whether he will be put on political trial or sentenced to death? Is that what the Secretary means?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, actually I have already explained that in my main reply. The Thai authorities explained that it was not an extradition case, but a case of breach of entry conditions. Upon receiving a request for assistance made by the Chinese authorities through the Interpol, the Thai authorities learnt that Mr WU was under a warrant of arrest for criminal offence of the competent Chinese authority. Hence, in accordance with the Thai laws and regulations, they revoked the permission for Mr WU to stay in Thailand and deported him as an undesirable alien under Thai legislation. Having regard to Mr WU's Chinese nationality and the fact that he was born in China, they then took action in strict accordance with Thai immigration laws and regulations. As referred to by the Thai authorities, the most important point in this case was that Mr WU had voluntarily agreed to return to mainland China. Just now Mr HO also asked whether it would follow that Hong Kong residents outside the territory might be deported, without regard for the international law on extradition, to other countries to face criminal proceedings. I think that depends very much on the relevant laws and regulations of the countries concerned. I have here a notice issued by the Federal Government of the United States. Although the United States considers it very important to handle matters relating to the surrender of fugitive offenders by way of bilateral extradition agreements, it also holds that under certain circumstances extradition proceedings could be instituted without making any agreement. In 1996, for example, relevant federal laws were amended by the United States Congress to enable the country to deport certain persons without making any extradition agreements. Under what circumstances would such provisions apply? In the event of an alien being charged for murdering any American nationals outside the United States, the competent American authorities could then invoke the provisions and deport the person concerned without going through any extradition proceedings. So, whether or not a deportee will be sent back in accordance with the extradition legislation concerned would indeed depend very much on the relevant laws and regulations of different countries.

**MR JAMES TO** (in Cantonese): *Madam President, having listened to the reply given by the Secretary, I am so disappointed by the attitude of the SAR Government towards this issue that I do not wish to raise any supplementaries relating to this main question. However, I do wish to know whether WU Man was visiting Thailand from Hong Kong. Would it be possible that the mainland authorities were able to take this action simply because the SAR Government had informed them of WU's visit to Thailand?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, to my understanding, WU was visiting Thailand from Hong Kong. However, I can assure Mr James TO that we did not disclose the whereabouts of Mr WU to the mainland authorities to facilitate the arrest. What Mr TO has suggested is in fact a very serious accusation.

**PRESIDENT** (in Cantonese): Mr James TO, which part of your supplementary has not been answered?

**MR JAMES TO** (in Cantonese): *Madam President, I should like to ask the Secretary whether she has conducted any thorough investigation before making this reply.*

**PRESIDENT** (in Cantonese): Please sit down first, Mr James TO. Your follow-up question must be related to the supplementary raised by you just now. However, I think the Secretary has already answered your supplementary in very clear terms.

**MISS MARGARET NG** (in Cantonese): *Madam President, what people dread most when going on a journey is that they can never return home. If one day we should be deported by other countries as undesirable aliens, we, as residents of Hong Kong, would naturally wish very much that we could return to our homes here instead of the Mainland, which is not our place of residence. In this connection, could the Secretary inform this Council whether the Government has taken any action to ensure that any Hong Kong residents being deported from other countries will certainly be sent back to Hong Kong and not any other destinations? As far as I know, any persons being deported from Hong Kong on court order may not necessarily be sent back to the place of their preference, however, it is a general practice that the persons concerned will be sent back to the last point of departure. Could the Secretary inform this Council whether the SAR Government and the mainland authorities have jointly explained to other countries that if any residents of Hong Kong should be deported from their territories, they should be sent back to Hong Kong instead of the Mainland?*

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, we are very much concerned with the returnability of Hong Kong residents. For this reason, over the past 10-odd years, as the Sino-British Joint Liaison Group met to discuss the arrangements for BN(O) passports, or when the SAR Government and other foreign authorities discussed the acceptability of SAR passports, we have all along stressed that permanent residents of Hong Kong are entitled to the right of abode in Hong Kong, and they are welcomed to return from overseas at any time. As regards the question of whether any actions could be taken to ensure that persons being deported from overseas will be sent back to Hong Kong, I believe that would depend very much on the laws and regulations of the countries concerned. In the event of any Hong Kong resident being deported to places where he does not wish to go or places which call for grave public concern, if our attention should be called to the case before the deportation is effected, we would certainly make clear to the foreign authorities concerned that we are willing to receive that person, or that we wish they could send that person back to Hong Kong on humanitarian grounds. At any rate, however, we do not have any authority to force other countries not to abide by their laws and regulations. For our part, before deporting any person out of Hong Kong, we would normally give consideration to the countries that are willing to receive the deportee concerned, his place of residence, the country of his nationality and so on. And our final decision may not necessarily be made according to the wishes of the deportee.

**MISS MARGARET NG** (in Cantonese): *Madam President, the Secretary has not answered the part of my supplementary asking whether the SAR Government has made any joint effort with the mainland authorities to explain the situation to other countries, given that foreign affairs relating to the SAR shall be the responsibility of the Central Authorities.*

**PRESIDENT** (in Cantonese): Secretary, do you have anything to add?

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, I have actually answered that part of the supplementary. We have reached a consensus with the mainland authorities that the re-entry right of the people of Hong Kong must be ensured, and that the SAR Government shall undertake to receive them all.

**PRESIDENT** (in Cantonese): This Council has already spent more than 21 minutes on this question. Although a number of Members are still waiting for their turn to raise supplementaries, I believe they could follow up the question through other channels.

### **Proposed Alliance for Trading of Certain Financial Products**

4. **MR FUNG CHI-KIN** (in Cantonese): *Madam President, it was reported that the Chairman of the preparatory board of the Hong Kong Exchanges and Clearing Limited (HKEC) was negotiating with the European Exchange (Eurex) and the Chicago Board of Trade (CBOT) on a proposed alliance between the two exchanges and the new HKEC, which will come into operation early next year, for the trading of certain financial products. In this connection, will the Government inform this Council whether:*

- (a) *it knows the progress of the negotiations and the types of financial products involved;*
- (b) *it has assessed the merits and demerits of the formation of such an alliance for the development of the financial markets in Hong Kong; and*
- (c) *it has assessed if the new HKEC has to make large investments in the trading system in order to facilitate the formation of the alliance; and if the systems (such as the electronic order matching system for the trading of Hang Seng Index futures and options contracts) currently used and being developed by the Stock Exchange of Hong Kong and the Hong Kong Futures Exchange have to be replaced?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President,

- (a) The Administration notes that the newly established HKEC is presently in discussion with a number of major overseas exchanges including the Eurex and the CBOT on the feasibility of establishing some form of co-operation or alliances. To our understanding, the negotiation is still underway and so far focuses on the principle and

feasibility of such co-operation and alliance. A conclusion has yet to be reached.

- (b) Globalization of financial markets and the rapid advancement in technology have brought substantial challenges to traditional trading systems. It has been an international trend for exchanges in different time zones to establish different forms of alliances to strengthen their respective competitiveness. Hong Kong, as an international financial centre, must consider seriously and carefully such global trend. It will be equally important for the HKEC to look for opportunities for co-operation and alliance plans with overseas exchanges which may be beneficial to the further development of the HKEC itself and Hong Kong at large. Generally speaking, it is anticipated that alliances with overseas exchanges would benefit a domestic market in various aspects, including the expansion of investor and product bases, increase in market liquidity and depth, enhancement of technology standards and cost-effectiveness of market development, facilitation of the further improvement of market infrastructure, and escalation of the status of the domestic market in the global and regional markets.

Meanwhile, the co-operation and alliance with overseas exchanges will also bring new challenges to the local market. For instance, prudential market regulation may have to be modified to cope with regulatory needs; investor protection has to be upheld; and local intermediaries may have to face increasing competition. The Securities and Futures Commission (SFC) and HKEC, in collaboration with the two existing exchanges, are carefully examining the above-mentioned issues. As the commercial negotiation between the HKEC and the overseas exchanges is still underway and the details are yet to be finalized, it will be difficult to provide an assessment on the implications for the local financial market in specific terms.

- (c) As noted above, the commercial negotiation between the HKEC and the relevant exchanges is still underway and it is premature to speculate whether the existing trading systems of the two exchanges will have to be changed. Indeed, the Government of the Hong Kong Special Administrative Region (SAR) has always encouraged

the application of technology on the financial systems so as to further enhance the efficiency and reduce the cost and risks of our trading and clearing systems, and thereby strengthen our status as an international financial centre. We believe, irrespective of whether there is overseas alliance or not, the HKEC will keep closely in view the latest development in the technological front and keep its trading systems in pace with the demand of the market and investors. While it is difficult to assess specifically the implications of the overseas alliances for the existing trading systems of Stock Exchange of Hong Kong and Hong Kong Futures Exchange at this stage, we believe the HKEC will definitely take this into account and have regard to the long-term interests of and benefits to the HKEC when deciding the feasibility of such an alliance.

**MR FUNG CHI KIN** (in Cantonese): *Madam President, the Secretary is actually playing a dual role, both as the Secretary for Financial Services and as one of the Directors of the newly established HKEC, but he is so tongue-tight today. One of the conditions under which members of the two exchanges agree to the merger is the "cash option". But in the future, if the new HKEC needs huge sums of money, as much as billions of dollars perhaps, to develop these latest technologies, will the Government provide sufficient financing, or will it simply become a shareholder of the new HKEC?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, I do not think that there will be any need for the Government to provide any financing at all. The new HKEC will have to hold itself accountable to its shareholders and conduct its business in accordance with prudent commercial principles. For this reason, when it comes to any investments necessitated by its alliances with other exchanges, it must conduct assessments from the two perspectives I have mentioned. Specifically, it must take account of its own ability and must not plunge its own finances into any possible dangers, because this is against sound commercial principles and the interests of its shareholders. Hence, I would think that this problem is theoretically possible, but is very much unlikely to occur in reality.

**MR AMBROSE CHEUNG** (in Cantonese): *Madam President, from market perspectives, the formation of alliances and co-operation with international exchanges are unavoidable trends. But from the perspective of market supervision, may I ask the Secretary how we can possibly strike a proper balance? Whenever two exchanges form an alliance, they will usually try to draw up some more or less uniform practices in terms of market supervision. But the capital market of Hong Kong and its transaction volume are smaller than those of other international markets. For this reason, the market of Hong Kong is more susceptible to manipulation. May I therefore ask the Secretary whether he has any specific ideas in mind which can strike a balance in terms of market supervision?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, market supervision is a very big issue, and market manipulation is quite another matter. I believe that Mr Ambrose CHEUNG should be referring to the latter. So, let me just try to answer his question from this perspective.

Firstly, and naturally as well, it all depends on the scope of the alliance in question. If the products concerned are simply not the products of the Hong Kong market, I do not think that we will sustain any big impacts anyway. Secondly, Mr CHEUNG was indeed right in pointing out the problems with the Hong Kong market. Actually, the financial turmoil has taught us a very bitter lesson. That is why over the past two years, we have been trying to enhance our systems and risks management as far as permissible under the principle of keeping Hong Kong an open financial centre in the world. And, whenever proposals on such co-operation or alliances are put forward, the SFC should be duty-bound to consider them from various angles. First, the SFC has to ascertain whether there will be any risks in terms of systems management. If yes, it must then assess whether such risks are acceptable. If such risks are not acceptable at all, the proposals will simply not be approved, because they must be approved by the SFC. And, the soundness of the product is of course one of the deciding factors. If the product is intended for overseas listing in the future ..... or if it is just a local product ..... There will be lots of factors to consider, such as the listing procedures and regulations as well as transparency. All these are the factors which the future regulatory body, that is, the SFC, and the new HKEC must consider. To sum up, we do take market manipulation seriously, and we will not lose guard because of any such business prospects, because our experience over the past two years has taught us a good lesson.

**MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, it is stated in part (a) of the Secretary's main reply that the formation of the alliance was still at the stage of negotiation. Since the formation of the alliance will surely lead to increased transaction volume, may I ask the Government whether it has ever considered what changes the new HKEC must introduce to its clearing system?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, regarding this question on the clearing system, I can give two answers. First, the general answer. Actually, I am sure that with or without this type of alliances and co-operation with overseas exchanges, our exchanges are already prompted by market development and the resultant needs to review regularly whether there is any need to upgrade their clearing systems. So, with or without any alliance, our exchanges will still need to consider such a problem. And, of course, if there are going to be any alliances and co-operation, the problem of co-ordination must be considered. At this stage, however, I cannot possibly say whether co-ordination should involve an immediate need for common clearing systems. I know that many exchanges all over the world are discussing this matter, but the problem of clearing has hitherto remained unsolved. In fact, this problem simply cannot be solved by a uniform, global clearing system. The reason is that many other problems must also be tackled, some examples being currency risks, time differences and even differences in transaction time. So, what we are now looking into is simply not the problem of clearing, but the possibility of introducing co-ordination among different transaction systems. In this connection, I can say that co-ordination is actually technologically possible, but all will have to depend on the extent of co-operation. We have not yet come to such concrete issues now, which is why we are unable to tell what will actually happen in the future.

**MR AMBROSE LAU** (in Cantonese): *Madam President, does the formation of the alliance mean that Hong Kong will provide 24-hour transaction services? If yes, are our market participants, in particular agents, suitably prepared for the provision of 24-hour transaction services?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, an extension of transaction hours is probably one of the incentives underlying any discussions on co-operation or alliances with overseas exchanges,

particularly those in other time zones. But this does not necessarily mean that we have to extend the transaction hours of our own market. When the new HKEC considers whether to do so in the future, it will certainly consider the capacity of local intermediaries. However, it must also be pointed out that intermediaries will not be forced to do so. The reason is that some intermediaries may be uninterested, because their local business may have taken up the bulk of their time. But if their clients need products offered by overseas markets, and if they think they can cope, then I think the dedicated intermediaries in Hong Kong will certainly consider doing so, because this can enhance their competitiveness and help them catch up with the trend of globalization. I do not think that the problem in question will occur. And, I think that the new HKEC will certainly give thoughts to it.

**DR PHILIP WONG** (in Cantonese): *Madam President, I would like to ask the Government this question: When it holds discussions with overseas exchanges on the formation of alliances or on co-operation, will it also explore with them a common set of measures which can prevent Hong Kong or the overseas exchanges concerned from being attacked by any financial turmoil again? If prevention cannot be possible, will the Government join hands with these exchanges to work out some remedial measures?*

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, on this question, I think that all of us should have realized that financial crises are not the sole concern of any single place; they are actually the concern of many places and regions, and even the whole world. So, I do not think that this problem can be solved at the level of exchanges, or at the level of their dealings with one another. The most that an exchange can do is to play a monitoring role. This means that when it sets down the rules of transaction, it can take account of factors relating to risks management, such as position limit and transparency. But there is always a limit to what an exchange can do. The real solution to this type of global problems, the only effective solution, will be international co-operation, something which the SAR Government, in particular the Financial Secretary, has been advocating vigorously on international occasions and in international conferences over the past two years. We have not yet achieved very great progress so far, but we will not give up and will certainly work in this direction in the future.

**PRESIDENT** (in Cantonese): This Council has already spent 15 minutes on this question. The fifth question.

### **Modifying the Electoral Systems**

5. **MISS EMILY LAU** (in Cantonese): *Madam President, will the executive authorities inform this Council whether it has assessed if the International Covenant on Civil and Political Rights (ICCPR) has primacy over the Basic Law; if so, when and how changes will be made to the electoral systems of the Hong Kong Special Administrative Region (SAR) to achieve full compliance with the Covenant?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the answer to the first part of the question is: Yes, the Administration has considered whether the ICCPR has primacy over the Basic Law. The position is as follows.

As a result of the Joint Declaration [JD 156] and the Basic Law [Article 39], the provisions of the ICCPR as applied to the SAR remain in force, subject to a number of exceptions and reservations. The Administration accepts that the domestic law in Hong Kong should comply with the ICCPR as so applied. The Administration does not, however, accept that our domestic law must comply with those aspects of the ICCPR that are covered by exceptions or reservations.

The second part of the question is based on an assumption, which the Administration does not accept. The assumption is that the electoral systems set out in the Basic Law do not fully comply with the ICCPR as applied to Hong Kong. Since they do, in fact, fully comply with that instrument as so applied, the question of primacy and the need for changes do not arise.

The provision in the ICCPR dealing with elections is Article 25, the relevant part of which reads as follows.

"Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in Article 2 and without unreasonable restrictions:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;"

There are two electoral systems provided for in the Basic Law: Those for the elections of Members of this Council, and those for the selection of the Chief Executive.

So far as this Council is concerned, a reservation entered into by the United Kingdom continues to apply. That reservation provides that:

"The Government of the United Kingdom reserve the right not to apply sub-paragraph (b) of Article 25 in so far as it may require the establishment of an elected Executive or Legislative Council in Hong Kong ....."

As a result, the Administration does not accept that the electoral system for this Council is inconsistent with the provisions of the ICCPR as applied to Hong Kong. I would add that Article 68 of the Basic Law provides that the ultimate aim is the election of all the Members of the Legislative Council by universal suffrage.

So far as the selection of the Chief Executive is concerned, Article 44 of the Basic Law provides that:

"The Chief Executive of the Hong Kong Special Administrative Region shall be a Chinese citizen of not less than 40 years of age who is a permanent resident of the Region with no right of abode in any foreign country and has ordinarily resided in Hong Kong for a continuous period of not less than 20 years."

Article 45 of the Basic Law provides that the Chief Executive shall be selected by election or through consultations held locally, and shall be appointed by the Central People's Government. It also provides that the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.

Annex I to the Basic Law provides for a broadly representative Election Committee composed of 800 members from specified sectors. The Administration considers that the system for selecting the Chief Executive set out in the Basic Law is consistent with the ICCPR as applied to Hong Kong.

In conclusion, no changes are needed to the two electoral systems to make them consistent with the ICCPR as applied to Hong Kong.

**MISS EMILY LAU** (in Cantonese): *In her main reply, the Secretary mentioned sub-paragraph (b) of Article 25 of the ICCPR, particularly the right of the people of Hong Kong to universal and equal suffrage in elections. She further mentioned Annex I to the Basic Law which provided for the selection of the Chief Executive by an 800-member coterie. She also mentioned the reservations with regard to the Legislative Council and Executive Council. Apparently, the reservations made no reference to the election of the Chief Executive.*

*Madam President, you may recall that in her reply to my oral question at the meeting on 24 November, the Secretary said that the ICCPR is not binding on the election of the Chief Executive. Today, she may have changed her position by saying that this election is in compliance with the provisions of the ICCPR. Can the Secretary further explain to us how we can be convinced that an election by an 800-member coterie is an election by universal and equal suffrage since this election is not covered by the reservations?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, given that the ICCPR is not binding on this election, it does not involve the question of reservations precisely because the ICCPR does not apply to the election of the Chief Executive. Article 25 of the ICCPR does not require the executive authority to be returned by election. So long as the executive is accountable to an elected and representative body, that is, the executive being accountable to the legislature, it is already consistent with Article 25 of the ICCPR. The reservations with regard to the ICCPR do not require the executive authority to be returned by election.

As I said earlier, Article 44 of the Basic Law provides for the eligibility of the Chief Executive. Any person who is eligible has the right to contest the election. Article 45 of the Basic Law also stipulates that the Chief Executive shall be selected by election or through consultations, and shall be appointed by the Central People's Government. It further provides that the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.

While the last Governor of Hong Kong was appointed by the Queen, Miss Emily LAU did not query the compliance of this appointment with the ICCPR because such appointment did not violate the Covenant. By the same token, the appointment of the Chief Executive by the Central People's Government does not violate the ICCPR.

**MR ANDREW WONG** (in Cantonese): *Madam President, as far as I understand it, with regard to the reservations on Article 25 of the ICCPR, the Government of the United Kingdom, on signing the ICCPR in 1976, reserved the right not to apply that Article in Hong Kong. Yet, it does not mean that the Article will not be implemented in Hong Kong. It only reserved the right not to apply it if it may require the establishment of an elected Executive or Legislative Council in Hong Kong. But this does not mean that we are deprived of the authority to apply the relevant provisions of Article 25. Therefore, in other words, be it under the Basic Law currently in force or the reforms initiated by Governor Chris PATTEN previously, the seats for functional constituencies .....*

**PRESIDENT** (in Cantonese): Mr WONG, please come to your supplementary question direct. If you go on like this, those Members who are waiting in line may not ask their questions.

**MR ANDREW WONG** (in Cantonese): *May I ask for your forbearance, Madam President? This question is actually very complicated.*

*The seats for functional constituencies cannot be regarded as a means for the public to take part in the Legislative Council through freely chosen representatives. Freely chosen representatives should be returned at genuine*

*periodic elections in which citizens have the right to vote and be elected on the basis of universal and equal suffrage. For this reason, the seats for functional constituencies basically do not conform to the principle of universal and equal suffrage. I wonder if the Secretary agrees with me.*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the reservations made at that time ..... I beg your pardon, Madam President, I need some time.

The reservations made at that time clearly provided that the United Kingdom reserved the right not to apply sub-paragraph (b) of Article 25 insofar as it may require the establishment of an elected Executive or Legislative Council in Hong Kong. In this connection, I agree with Mr WONG that this does not preclude us from applying the Article. But we do not have the responsibility or the obligation to conduct elections by universal suffrage, that is, to hold popular elections using the "one person, one vote" system, whether it be the Legislative Council election or other elections.

As for Mr WONG's concern on electoral matters, in 1995 the Court of Appeal heard the case of *Lee Miu Ling vs Attorney General*, in which the Court of Appeal ruled that the electoral system for functional constituencies constitutes no violation of the Letters Patent. Given that the ICCPR is entrenched in the laws of Hong Kong by the Letters Patent, so it does not contravene the ICCPR either.

**PRESIDENT** (in Cantonese): Mr WONG, which part of your supplementary question has not been answered by the Secretary?

**MR ANDREW WONG** (in Cantonese): *Madam President, I cannot say that the Secretary failed to answer my question. Indeed, the question got into a muddle and so did the answer. Please put me at the back of the queue. (Laughter)*

**MR LEUNG YIU-CHUNG** (in Cantonese): *Madam President, just now the Secretary mentioned Article 25 of the ICCPR which provides for, among other things, universal and equal suffrage; and Article 68 of the Basic Law also*

*provides that the ultimate aim is the election of all Members of the Legislative Council by universal suffrage. May I ask the Secretary what the relationship is between the aim of a fully-elected Legislative Council by universal suffrage and universal and equal suffrage? At present, the election of the Legislative Council is not by universal suffrage and some of the seats are returned by functional constituencies. Is this really tantamount to universal and equal suffrage? If so, why does the Basic Law separately provide for the ultimate aim of an election by universal suffrage? Is this ultimate aim meant to be the icing on the cake? If so, why is there a reservation to "reserve the right not to apply this Article"? According to the Secretary's reply to other supplementary questions just now, the reservation so made does not preclude us from applying the Article in Hong Kong. If it is the icing on the cake, why do we not realize it right now, but have to put it on hold indefinitely?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, first of all, I must say that since there is such a reservation, the SAR is not obliged to make its electoral law in conformity to the provisions of sub-paragraph (b) of Article 25.

As regards the ultimate aim of election by universal suffrage under the Basic Law, the Basic Law also provides for a gradual and orderly progress for democratic development. Under the circumstances, it is our objective to have half of the seats returned by functional constituencies and the other half by geographical constituency elections by 2007. At that time, we will further review the situation and decide if all Members shall be returned by direct elections using the "one person, one vote" system. Given that we have no obligation to apply sub-paragraph (b) of Article 25 of the ICCPR, the provisions of the Basic Law are in full compliance with the ICCPR.

As for the ultimate aim, our approach is to work for it gradually so that it can be eventually realized over time in accordance with the established procedures. This is not inconsistent with the ICCPR and the Basic Law.

**PRESIDENT** (in Cantonese): Sorry, Miss Cyd HO. Please wait and let Mr LEUNG Yiu-chung ask his follow-up question first. Mr LEUNG Yiu-chung, which part of your supplementary question has not been answered by the Secretary?

**MR LEUNG YIU-CHUNG** (in Cantonese): *Madam President, I just want to ask what the relationship between the ultimate aim and universal and equal suffrage is. As I said just now, why do we not realize the aim now if universal and equal suffrage is already in place? The Secretary did not explain to us what the relationship is with the ultimate aim.*

**PRESIDENT** (in Cantonese): Secretary for Justice, do you have anything to add?

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, since there is no obligation to apply the Article, there is no relationship between them.

**MISS CYD HO** (in Cantonese): *Madam President, this reservation was made by the Government of the United Kingdom which defeated China with its powerful ships and armament and which seized Hong Kong in pursuit of proceeds from trading in opium. Now that we are no longer under its colonial rule. Why does the SAR Government have to retain this reservation which is grossly shameful?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the Basic Law provides for the long-term policies of the Central Authorities on Hong Kong and one of the policies is that democracy must develop in a gradual and orderly manner. Therefore, we will work in accordance with the existing provisions of the Basic Law before there is the need to repeal this reservation.

**MR LEE WING-TAT** (in Cantonese): *Madam President, in the main reply the Secretary said that under Article 45 of the Basic Law, the ultimate aim is the selection of the Chief Executive by universal suffrage, but there is a broadly representative nominating committee. May I ask the Secretary whether or not there will be a reservation in the end? That is, will there still be a reservation upon the implementation of Article 45 of the Basic Law when the Chief Executive is selected by universal suffrage on nomination by a broadly representative nominating committee?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the Basic Law sets out the method for the selection of the Chief Executive, so we will work in accordance with the Basic Law subject to amendments made to its provisions. Article 45 provides that the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures. As I said just now that the selection of the Chief Executive has no relationship with sub-paragraph (b) of Article 25 of the ICCPR, these are two separate matters.

**MR LEE WING-TAT** (in Cantonese): *Madam President, my question is actually short and clear, that is, when the Government has really worked in a gradual and orderly manner all the way to the ultimate aim as provided for in Article 45, just as the Secretary has said, is it still necessary for our Government or the Central People's Government to retain a reservation confining the application of sub-paragraph (b) of Article 25? This is the thrust of my question.*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, given that sub-paragraph (b) of Article 25 does not apply to the election of the Chief Executive, there is no relationship between them.

**MR LEE CHEUK-YAN** (in Cantonese): *Madam President, I find it very confusing. It is because the main reply stated that the two electoral systems are consistent with the ICCPR as applied to Hong Kong, but the Secretary said just now that compliance is not required of the election of the Chief Executive. So, does it actually comply with or not comply with the Covenant? In the past, the Governors were all appointed and since they were appointed, there was no election so it follows that compliance was not required. If the Chief Executive is selected through consultations and not by election, compliance is also not required. But so long as the Chief Executive is returned by election, the election must comply with the provision of universal and equal suffrage. As far as I understand it, the election of the Chief Executive must comply with Article 25 of the ICCPR with no reservation attached. I wonder if the Secretary agrees with me that the selection of the Chief Executive must comply with the provisions of the ICCPR, and it is not the case that the existing selection process is already in compliance with the Covenant, just as she has said?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the main question asked about the status of the ICCPR vis-à-vis the Basic Law. It also asked what we will do to ensure compliance of the electoral systems with the ICCPR if the ICCPR has primacy over the Basic Law. In affirming their compliance, I mean that the two existing systems are not inconsistent with the provisions of the ICCPR. But it does not mean that the selection of the Chief Executive is bound by the ICCPR, particularly as sub-paragraph (b) of Article 25 does not apply to the selection of the Chief Executive.

**PRESIDENT** (in Cantonese): Mr LEE, which part of your supplementary question has not been answered by the Secretary?

**MR LEE CHEUK-YAN** (in Cantonese): *Madam President, the Secretary has not answered my question because although she said the electoral system is in compliance with the Covenant, she did not provide justifications for it. In what way does the election of the Chief Executive comply with the ICCPR? While she said that compliance is not required, the electoral system is still regarded as consistent with the ICCPR. What is the justification for its compliance?*

**PRESIDENT** (in Cantonese): Secretary for Justice, do you have anything to add?

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, given that it is not inconsistent with the ICCPR, there is no question of its compliance with the ICCPR or otherwise. As it is not inconsistent with the ICCPR, it is, therefore, in compliance with the Covenant.

**PRESIDENT** (in Cantonese): Last supplementary question.

**MR ALBERT HO** (in Cantonese): *Madam President, while the Secretary and other government officials consistently hold the position that the election of the Legislative Council is not bound by the ICCPR for a reservation has been made, I believe that the Secretary is aware of the concluding observations recently issued by the United Nations Human Rights Committee (UNHRC) which expressly stated that the SAR Government had violated Article 25 of the ICCPR insofar as the Legislative Council election is concerned. At the meeting that we also attended, we heard very clearly that it was because those reservations were no longer applicable when the election was introduced in Hong Kong. In other words, the Government cannot use the reservations to justify its stance that compliance with Article 25 is not required. This is precisely the reason why the UNHRC said that the SAR Government had violated Article 25. My question is: Is the Government telling us now that the UNHRC misunderstood the ICCPR and that only the interpretation of the Hong Kong Government is correct?*

**SECRETARY FOR JUSTICE** (in Cantonese): *Madam President, while we highly respect the observations of the UNHRC, we disagree that the existing electoral systems contravene sub-paragraph (b) of Article 25 of the ICCPR. Given that a reservation has been made, there is no question of violation. While the UNHRC has expressed its concern, but an expression of concern is different from an allegation of a breach of the Covenant. In this connection, I also wish to point out that the UNGRC made similar comments on the report submitted by Hong Kong back in 1995, but the British Government clearly responded that our electoral systems, including the functional constituency elections, did not contravene the ICCPR because reservations had been made.*

**MR ANDREW WONG** (in Cantonese): *Madam President, just now I said I would queue up again to ask a question. I know that time is .....*

**PRESIDENT** (in Cantonese): *Mr Andrew WONG, please sit down. I know that you wish to ask a question, and there are also many Members waiting to ask their questions. In fact, Members can follow up this issue through other channels. Members have discussed this issue at meetings of the Legislative Council Panel on Constitutional Affairs. I believe that you will continue with the discussion. The sixth question.*

**MR ANDREW WONG** (in Cantonese): *Madam President, may I request the presence of the Secretary in the discussions of the Panel on Constitutional Affairs because the Secretary appears to be reluctant to attend meetings of the Panel on Constitutional Affairs?*

**PRESIDENT** (in Cantonese): Mr Andrew WONG, the Question Time is not meant for this sort of discussion. You should be well aware of this.

Members, the Rules of Procedure have been agreed and approved by you and I am only enforcing them. If you wish to effect changes so that the Rules of Procedure shall serve other purposes, you may choose to do so, but doing this now is not in line with the Rules of Procedure. In fact, you have many opportunities to do what you wish to do, but here, I hope Members can observe the Rules of Procedure as far as possible.

The sixth question.

### **Transfer of the Former Director of Broadcasting**

6. **MR MICHAEL HO** (in Cantonese): *Madam President, the recent transfer of the former Director of Broadcasting, a departmental grade officer, to the post of Principal Hong Kong Economic and Trade Representative, Tokyo, has caused some members of the public to worry that the principle of the Radio Television Hong Kong (RTHK)'s editorial independence and autonomy may change. In this connection, will the Government inform this Council:*

- (a) *of the policy on the transfer of departmental grade officers to posts of non-departmental grades (including the circumstances under which such transfers will be considered, and whether it is stipulated that such transfers are confined to departmental grade officers of certain ranks or above); and of the differences between this transfer policy and that applicable to general grade officers;*

- (b) *of the circumstances under which departmental grade officers who have been transferred to posts of non-departmental grades will switch to the general grades; and*
- (c) *in order to avoid similar transfers in the future causing public concern again, whether it will consider ways to further ensure the editorial autonomy of the RTHK, including reconsidering the corporatization of the RTHK?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, I would like to respond to the three questions raised by Mr Michael HO in *seriatim*.

- (a) The Government's appointment policy has always allowed the transfer of civil servants from one civil service grade to another. This includes the transfer of a departmental officer to a general grade (by general grade, we mean a grade with posts distributed among different bureaux and departments). To the management, the arrangements for internal transfer not only increase the flexibility for manpower deployment, but also widen the pool of candidates for filling the vacancies in the relevant grades. Furthermore, transfers could broaden the opportunities for staff development and advancement within the Civil Service.

Generally speaking, departmental staff may be transferred to general grade posts through the following four avenues, the first of which involves temporary secondments and the rest permanent transfers:

- (i) In the light of service or training need, departmental management and the management of general grades may arrange between themselves the temporary secondment of suitable departmental officers to fill general grade posts, for example, the secondment of a Building Surveyor to the Home Affairs Bureau to fill an Assistant Secretary post ranked at Senior Administrative Officer;

- (ii) Individual departmental officers who are interested to transfer to a general grade on a permanent basis may apply to join the general grade through open recruitment/in-service recruitment. Applicants will have to go through the same selection process and compete with other eligible candidates, for example, departmental officers in various departments may apply for appointment as an Administrative Officer through open recruitment;
- (iii) For the purpose of meeting service need or the career aspirations of promising departmental officers, individual departmental management and the management of a general grade may work out between themselves a standing mechanism for eligible departmental officers to be transferred permanently to a specific general grade for career advancement, for example, the Trade Officer grade and the Administrative Officer grade has a cross-posting scheme whereby eligible Principal Trade Officers are posted to fill positions at the Senior Administrative Officer rank;
- (iv) The fourth avenue generally applies to senior directorate positions in the Administrative Officer grade. When considering the filling of vacancies at these senior positions, the management will consider not only the suitability of officers in the Administrative Officer grade, but also the suitability of departmental officers with comparable rank and ability to undertake the work of Administrative Officer grade, for example, the appointment of former Land Registrar Mr Kenneth PANG as Commissioner, United States of America. The recent appointment of Miss CHEUNG Man-yee as Permanent Representative, Tokyo, also falls under this category.

In arranging the secondment or permanent transfer of individual departmental officers to the general grades, the management has to take into account not only the appropriate work ability of the officers concerned, but also the officers' personal preference. In

other words, the officers can decide to accept or not the secondment or transfer arrangement, which is different from general grade officers who are required to take up different postings on a regular basis.

- (b) The Honourable Member in his second question asked about the circumstances under which departmental officers who have transferred to general grade posts would be substantively appointed as members of general grades. If the transfer is only meant to be a temporary secondment as per the first avenue described above, there is obviously no question of substantive appointment as a general grade officer. For transfers under the remaining three avenues, normally the transferring departmental officers would have to go through a trial or acting period. Their substantive appointments as general grade officers would be subject to their satisfactory performance and willingness during the period.
- (c) As regards the third question raised by the Honourable Member, let me state once again it is the SAR Government's established policy to maintain and uphold the editorial independence of the RTHK which will remain unchanged despite the transfer of personnel. The policy is clearly stipulated in the Framework Agreement between the Information Technology and Broadcasting Bureau and the RTHK.

The RTHK has a well-established editorial system to ensure editorial independence. Last year, the RTHK promulgated the Producers' Guideline to codify and institutionalize the established editorial practice.

There is no causal relationship between the policy of editorial independence and the RTHK's status as a government department. That the RTHK enjoys editorial independence is an established policy which has been fully implemented. We consider it inappropriate to associate the question of corporatization of the RTHK with the policy of editorial independence.

**MR MICHAEL HO** (in Cantonese): *Madam President, the Secretary for the Civil Service said in his main reply that there is no causal relationship between the policy of editorial independence and the RTHK's status as a government department, and it is inappropriate to associate the question of corporatization of the RTHK with the policy of editorial independence. But evidently, although the Government insists that editorial independence has not been and will not be affected, this incident shows that the public does have worries. Why did the Government evade answering my question about corporatization? I asked the Government if it would reconsider corporatization. Why did it not answer my question? What conditions will the Government consider before deciding whether corporatization will be carried out?*

**SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING** (in Cantonese): Madam President, the Government has not evaded answering this question and we have given a very explicit reply. The RTHK's policy of editorial independence is supported by the whole structure, including specific rules and the professional integrity of the professionals of the RTHK. Therefore, we think that the question of corporatization of the RTHK is not related to the policy of editorial independence at all. If we say that the transfer of Director CHEUNG Man-yeek makes some people worry whether the RTHK will maintain its policy of editorial independence, senior government officials have actually indicated clearly that this policy will continue. We hope that the public and Legislative Council Members can take some time to consider whether the RTHK can continue to conscientiously implement this fair and impartial policy of editorial independence under the leadership of the new Director.

**MR CHEUNG MAN-KWONG** (in Cantonese): *Madam President, the Framework Agreement and the Producers' Guideline of the RTHK are only policy documents and guidelines without legal effect. Can the Government inform this Council whether it will consider enacting a Radio Television Hong Kong Ordinance in the light of the public's concern and worries about the editorial independence of the RTHK, or entrench the Framework Agreement in legislation to avoid the gradual intervention in the editorial independence of the RTHK by any person, organization or the Government in future?*

**SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING** (in Cantonese): Madam President, I totally disagree with Mr CHEUNG's implication that the Government may gradually intervene in the policy of editorial independence of the RTHK. What the Government has been doing and the policies it has made public sufficiently guarantee that this policy of editorial independence will continue.

**DR YEUNG SUM** (in Cantonese): *Madam President, the Secretary has said that the policy of editorial independence of the RTHK has been expressly stipulated in the Framework Agreement between the Information Technology and Broadcasting Bureau and the RTHK. I learnt that the Framework Agreement was worked out by the Government to enhance efficiency but not particularly for editorial independence. Such being the case, and as the Government also emphasizes editorial independence, is the introduction of legislation for this purpose a better solution?*

**SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING** (in Cantonese): Madam President, I do not agree with this view.

**MR NG LEUNG-SING** (in Cantonese): *Madam President, according to the Government's main reply, the secondment or permanent transfer of individual departmental officers to the general grades must meet two conditions, namely work ability and the officers' personal preference. Has this become an established mechanism and are these two conditions equally important or is one of them more important?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, in line with our policies, we would certainly consider if the relevant officer has the suitable work ability for the transfer first. If we think that he has the ability, we would then consider his personal preference. If he is a specialist departmental grade officer, he does not have to accept the casual arrangement for his transfer to another grade.

**MR ANDREW WONG** (in Cantonese): *Madam President, as this question is obviously about a specific person, the main reply has directly mentioned Miss CHEUNG Man-ye by name. This issue was discussed at a meeting of the Panel on Public Service and I would like to tell Members that Miss CHEUNG has been transferred to the Administration Officer grade and is now on probation. As she has taken up a more senior post, she is in fact on acting appointment. If there is such an arrangement, and if she fails to pass the probation, that is, her acting appointment is unsuccessful, what post can she be transferred back to?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, as Miss CHEUNG Man-ye is now on probation for her new job, we would not speculate too early on what will happen in future.

**MR AMBROSE CHEUNG** (in Cantonese): *Madam President, as the Secretary has said in his main reply that the transfer of the Director of Broadcasting is one of the usual practices or avenues under the existing policies of the Government, may I ask the Secretary why the Director of Broadcasting has not been transferred before? Was this a common phenomenon among directorate grade officers of government departments in the past? Is it true that avenues (i) to (iv) in part (a) of the main reply have not been followed in the past 10 years?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, as I have just said, when we consider the transfer of a departmental grade officer, we will first consider if he has the work ability of work types other than his own grade. Miss CHEUNG Man-ye demonstrated she had this ability long ago. In fact, she was seconded to the then Information Services Department for a fairly long time in the mid-1980s, and she was promoted to Acting Director of Information within a few years. As there was a vacancy in the leadership of the RTHK later, she was transferred back to the RTHK, and that was why she went back. Therefore, in Miss CHEUNG's case, she was identified as having sufficient work ability to take up other work types outside the RTHK long ago.

**MISS EMILY LAU** (in Cantonese): *Madam President, would the two Secretaries confirm when Miss CHEUNG Man-yee finally accepted the transfer she had set out two conditions for acceptance by the Administration before she would agree to the transfer? What were the terms, and were they accepted?*

**PRESIDENT** (in Cantonese): Which of the Secretaries will answer the question?

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, regarding the transfer arrangement, I explained very clearly when I answered Mr Michael HO's question that staff to be transferred could definitely not offered terms for the decision is entirely that of the management.

**MR LEE WING-TAT** (in Cantonese): *Madam President, Director CHEUNG Man-yee was transferred to the post of Principal Hong Kong Economic and Trade Representative, Tokyo. Did Miss CHEUNG Man-yee ask for the transfer from a specialist departmental grade to the Administrative Officer grade or did the Government propose the transfer?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, as I have explained in my main reply, under our mechanism, when there is a vacancy in the Administrative Officer grade, we will consider if there are suitable candidates in and outside the Administrative Officer grade and then consider the personal preference of these candidates. For example, if he is not an Administrative Officer grade officer, is he willing to take up the post? As for overseas appointment, we regard this as a special case and according to our general policies, regardless of whether the candidate is an Administrative Officer grade officer. We will not force him to take up an overseas appointment if he is not willing. Throughout the entire process, the management identifies the need and then a suitable candidate, and they will ask the suitable candidate if he is willing before making a final decision. Yet, individual officer cannot ask for a transfer.

**MR LEE WING-TAT** (in Cantonese): *Madam President, the Secretary has given a lengthy reply. My supplementary is actually very simple: Did Director CHEUNG Man-ye or the Government propose the transfer? Mr LAM Woon-kwong has spoken at great length and I have to guess the answer, but I do not want to make a guess for I am afraid that I may be wrong. Does this mean that the Government proposed for the transfer?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): *Madam President, I have actually answered Mr LEE's supplementary in great detail. The management takes the initiative in the relevant process.*

**MR ANDREW WONG** (in Cantonese): *Madam President, I want to elucidate my earlier supplementary. I did not ask a question about a case, but I asked a question about the system, citing this case as an example. When a senior officer is transferred to another grade and act up a more senior post, if the Government is not satisfied with his acting performance while his original post has been taken up by another person, which post can he be transferred back to? I do not mean Miss CHEUNG Man-ye, therefore, the Secretary cannot evade answering my supplementary under the pretext that this case has not happened or is hypothetical. The Government must have some arrangements system-wise.*

**PRESIDENT** (in Cantonese): *Mr WONG, are you making an elucidation?*

**MR ANDREW WONG** (in Cantonese): *Madam President, I elucidated my supplementary. I think that the Secretary cannot say that this is a hypothetical question and decline answering it.*

**PRESIDENT** (in Cantonese): *Mr WONG, I think the Secretary has answered your question. The Question Time shall stop here.*

**WRITTEN ANSWERS TO QUESTIONS****Import of Less-polluting Vehicles**

7. **MR EDWARD HO** (in Chinese): *Madam President, will the Government inform this Council whether it has discussed with vehicle dealers the importation of vehicles running on less-polluting fuels; if so, of the vehicle manufacturing countries and the vehicle manufacturers which are the subject of the discussion; and whether it will consider introducing an incentive scheme to encourage vehicle dealers to import such vehicles?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS** (in Chinese): Madam President, the Administration is monitoring closely the worldwide development of environmentally-friendly vehicle technology. A number of overseas countries are studying and developing alternative fuels for vehicles including compressed natural gas, liquefied natural gas, methanol, ethanol, electricity, dimethyl ether and hydrogen. New engine technologies such as hybrid systems and fuel cells are also being developed, along with cleaner versions of traditional petrol and diesel engines. We have been actively discussing with members of the Motor Traders Association, which represents most of the overseas major vehicle manufacturers, to seek to introduce less polluting vehicles to Hong Kong once they are technically feasible and commercially available. A list of the members of the Motor Traders Association including the vehicle manufacturers they represent is at Annex.

We have a standing policy to encourage the introduction of less polluting vehicles to Hong Kong. While we believe that the ultimate incentive for vehicle manufacturers to import such vehicles to Hong Kong rests on their technical and commercial viability, in particular the local market demand, we have been adopting measures which would help the introduction of such vehicles. For example, we have since 1994 exempted electric vehicles from the First Registration Tax. We have also announced various incentive proposals to encourage the introduction of liquefied petroleum gas taxis to Hong Kong. We will continue to closely monitor the development of clean vehicle technologies and look into ways that can help facilitate the introduction of less polluting vehicles to Hong Kong.

**Membership List of Motor Traders Association**

<i>Name of Company</i>	<i>Franchise Represented</i>	<i>Country of the Vehicle Manufacturer</i>
Daihatsu Motor (HK) Limited	Daihatsu	Japan
Jebsen Motors	Porsche	Germany
	Renault (passenger car)	France
MD Motors	Rolls-Royce	United Kingdom
	Bentley	United Kingdom
Reliance Motors Limited	Honda	Japan
	Acura	Japan
	Nissan Diesel	Japan
Triangle Motors Limited	Isuzu trucks	Japan
Zung Fu Co Limited	Mercedes-Benz	Germany
Swedish Motors Limited	Saab	Sweden
Lion Motors	Peugeot	France
Crown Motors Limited	Toyota	Japan
	Hino	Japan
Fortune Dragon Motors Limited	Renault (truck)	France
Jaguar Hong Kong	Jaguar	United Kingdom
	Daimler	United Kingdom
	Aston Martin	United Kingdom
Rover Hong Kong	Rover	United Kingdom
	MG	United Kingdom
	Land Rover	United Kingdom
Motor Image (HK) Limited	Subaru	Japan

<i>Name of Company</i>	<i>Franchise Represented</i>	<i>Country of the Vehicle Manufacturer</i>
Italian Motors (Sales and Service) Limited	Ferrari Lancia Fiat Maserati	Italy Italy Italy Italy
Forefront International (HK) Limited	Scania	Sweden
KIA Motors (Hong Kong) Limited	KIA	Korea
Volvo Bus Hong Kong Limited	Volvo Bus	Sweden
Taikoo Motors Limited	Volvo Passenger Car	Sweden
B M W Concessionaires	B.M.W.	Germany
Mazda Motors (Hong Kong) Limited	Mazda Vehicles	Japan
Honest Motors Limited	Nissan	Japan
Island Motors Limited	Suzuki	Japan
Milan Motors Limited	Alfa Romeo	Italy
Regal Motors Limited	M.A.N.	Germany
Universal Cars Limited	Mitsubishi	Japan
Wallace Harper & Company, Limited	Ford	United Kingdom
Confidence Motors Limited	DAF LDV Leyland	Netherlands United Kingdom United Kingdom
Harmony Motors Limited	Volkswagen	Germany
Premium Motors Limited	Audi	Germany

**Testing of Sulphur Content of Motor Vehicle Diesel**

8. **MRS MIRIAM LAU** (in Chinese): *Madam President, will the Government inform this Council whether it conducts regular sample tests on the motor vehicle diesel imported to Hong Kong to ascertain if its sulphur content has exceeded the statutory maximum allowable sulphur content of 0.05%; if it conducts such tests, of the highest, lowest, average and medium sulphur contents in the samples tested in the past year?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS** (in Chinese): Madam President, the Environmental Protection Department (EPD), on a quarterly basis, takes random sample of motor diesel fuel from one filling station of each of the seven oil companies in Hong Kong to check their compliance with the statutory requirements for motor diesel fuel (including sulphur content) under the Air Pollution Control (Motor Vehicle Fuel) Regulation.

In the past 12 months, the EPD collected 28 motor vehicle diesel samples and found that they were all in compliance with the statutory limit of 0.05% sulphur content. The highest, lowest, average and medium sulphur contents found in the samples taken were 0.047%, 0.020%, 0.033% and 0.033% respectively.

**Statistics on Taxpayers**

9. **MR BERNARD CHAN**: *Madam President, will the Government inform this Council of the respective numbers of persons:*

- (a) *who paid salaries tax at the standard rate of 15% in each of the past four financial years; and*
- (b) *who paid salaries tax and were granted tax allowances or deductions in the 1998-99 financial year, together with a breakdown by the types of allowances and deductions claimed?*

**SECRETARY FOR THE TREASURY:** President,

- (a) The number of taxpayers who paid salaries tax at the standard rate of 15% in the past four financial years is as follows:

<i>Financial Year</i>	<i>Year of Assessment</i>	<i>Number of Taxpayers</i>	<i>% of standard rate taxpayers against the total number of taxpayers</i>
1995-96	1994-95	71 570	5.25%
1996-97	1995-96	77 129	5.53%
1997-98	1996-97	78 002	5.77%
1998-99	1997-98	66 565	5.01%

The number of standard rate taxpayers for the 1998-99 Year of Assessment is not available since the Inland Revenue Department has yet to receive all the tax assessment forms for that year.

- (b) There were around 1.3 million salaries taxpayers in the 1997-98 Year of Assessment. We have no statistics on the number of taxpayers who were granted a particular type of allowance or deduction. We only record the number of claims allowed against each category of allowance or deduction. A breakdown of the number of claims allowed in respect of each allowance or deduction in the 1997-98 Year of Assessment is appended below.

*Child Allowance*

No. of marginal taxpayers (that is, non-standard rate taxpayers) with claims for

- 1 child	155 496 ( 52.4% )
- 2 children	119 860 ( 40.4% )
- 3 or more children	21 320 ( 7.2% )
Total	296 676 ( 100% )

*Dependent Parent Allowance (including additional allowance)\**

No. of parents claimed		
- NOT residing with the taxpayer	126 563	( 29.9% )
- Residing with the taxpayer	297 175	( 70.1% )
Total	423 738	( 100% )

*Dependent Grandparent Allowance (including additional allowance)#*

No. of grandparents claimed		
- NOT residing with the taxpayer	9 168	( 39.3% )
- Residing with the taxpayer	14 175	( 60.7% )
Total	23 343	( 100% )

*Disabled Dependent Allowance*

No. of spouse/child/parent/grandparent/brother/sister claimed		
- spouse	245	( 1.9% )
- child	1 740	( 13.4% )
- parent	7 789	( 60.2% )
- grandparent	642	( 5.0% )
- brother/sister	2 517	( 19.5% )
Total	12 933	( 100% )

*Single Parent Allowance*

No. of claims allowed 7 949

*Dependent Brother/Sister Allowance*

No. of claims allowed 34 712

*Self-education Expenses Deduction*

No. of claims allowed 137 404

In the 1998-99 Year of Assessment, two additional deductions are introduced, namely, the elderly residential care expense and home loan interest deductions. The number of claims allowed for these two deductions for the 1998-99 Year of Assessment will only be available after 31 March 2000.

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\* Additional allowance refers to a further allowance of \$30,000 if the parent is residing with the claimant. This is given on top of the basic allowance of \$30,000 to the claimant who maintains the parent.

# Additional allowance refers to a further allowance of \$30,000 if the grandparent is residing with the claimant. This is given on top of the basic allowance of \$30,000 to the claimant who maintains the grandparent.

## **Arrangements during Construction Works of Pok Oi Hospital Extension Project**

10. **DR TANG SIU-TONG** (in Chinese): *Madam President, it is learnt that Phase One construction works of the Pok Oi Hospital Extension Project will begin next year. During the construction period, the Accident and Emergency Department (A&ED) of the hospital has to be closed temporarily and patients will need to attend its newly established 24-hour clinic and the A&EDs of Tuen Mun Hospital (TMH) and North District Hospital (NDH). In this connection, will the Government inform this Council, in respect of the arrangements for the following during the construction period, whether it knows:*

- (a) apart from those deployed to the newly established 24-hour clinic and the A&EDs of the TMH and NDH, the specific job arrangements for the other medical staff in the present establishment of the A&ED of the hospital;*
- (b) whether the Rehabilitation Services Department of the hospital will receive rehabilitating patients not residing in Yuen Long district who are referred by the A&EDs of the TMH and NDH;*
- (c) other than deploying the medical staff from the A&ED of Pok Oi Hospital (POH) to the TMH and NDH, whether the Hospital Authority (HA) has plans to further increase the medical staff in the A&EDs of these two hospitals; if so, of the departments from which the additional medical staff will come; if not, whether the HA has assessed if the queuing times for consultation in respect of various triage categories of A&ED attenders will be longer than those at present; if it has made such assessment, of the results;*
- (d) of the respective target queuing times for consultation set for A&ED attenders who belong to the triage categories 4 and 5 attending the 24-hour clinic in future; and*
- (e) whether it has assessed if the need for emergency ambulance service in Northwest New Territories will increase; if the need will increase, of the details and whether the numbers of emergency ambulances and ambulancemen will be increased for this reason?*

**SECRETARY FOR HEALTH AND WELFARE** (in Chinese): Madam President,

- (a) There are 37 medical staff (14 doctors and 23 nurses) in the present establishment of the A&ED of the POH. According to its latest tentative plan, the POH will redeploy eight doctors and 17 nurses to its 24-hour clinic during the redevelopment of POH. Another three doctors and four nurses will be redeployed to the A&EDs of the TMH and NDH. Of the remaining medical staff, two doctors and two nurses will be redeployed to other hospitals, while one doctor will be retiring shortly.
- (b) Under the prevailing policy of the HA, hospitals, in general, make referral arrangements for convalescent/rehabilitation patients on a cluster basis. In accordance with this policy, the POH will continue to admit convalescent/rehabilitation patients referred from the TMH and NDH who may not be residents of the Yuen Long district.
- (c) During the redevelopment of the POH, the A&EDs of the TMH and NDH will be strengthened by the staff redeployed from the POH as mentioned in paragraph (a) above. Any increase in the A&E attendance at either the TMH or the NDH would likely be catered for by these additional staff. With the set up of the 24-hour clinic at the POH, which can cater for semi-urgent and non-urgent patients who currently account for about 80% of all A&E attendance at the POH, the number of semi-urgent and non-urgent attendances in the TMH and NDH should not increase substantially. In the light of the above, the HA considers that the respective waiting times for A&E consultation at the TMH and NDH in respect of various triage categories will not be much different from those at present. The HA will closely monitor the A&E attendances at the TMH and NDH during the redevelopment of the POH and will provide additional resources to the TMH and NDH, depending on operational needs.

- (d) To ensure that patients with more urgent clinical conditions will be accorded priority attention, the future 24-hour clinic of the POH will adopt a triage system similar to the one used in the A&ED. The existing target waiting times for A&E triage categories 4 and 5 patients is 90 minutes and 180 minutes respectively. Although these target waiting times will apply equally to the 24-hour clinic, it is envisaged that shorter waiting time can be achieved at the clinic.
- (e) According to the assessment of the Fire Services Department (FSD), the temporary closure of the A&ED at the POH would not increase patients' demand for emergency ambulance service. During the closure period, patients from the hospital catchment area will be diverted to the TMH and NDH as appropriate. The FSD will closely monitor the call distribution and demand profile of emergency ambulance service in the region and redeploy its ambulance resources, if necessary.

### **Handling of Complaints Received by Complaints Against Police Office**

11. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, it was reported that a senior police inspector took an exhibit in a criminal case home as a souvenir without authority, and in a sale of flat case, another police inspector refused to pay the commission to the estate agent and produced his warrant card to warn the agent against lodging a complaint. However, the police did not report the two complaints to the Independent Police Complaints Council (IPCC) upon receiving the complaints. In this connection, will the Government inform this Council of:*

- (a) *the findings of the investigation in regard to the two complaints;*
- (b) *the number of complaints received in the past three years by the Complaints Against Police Office (CAPO) categorized as cases which did not require the submission of investigation reports to the IPCC; and*
- (c) *the criteria it has adopted for determining the complaint cases received by the CAPO which do not require the submission of investigation reports to the IPCC; and the measures in place to ensure strict compliance with these criteria by the CAPO?*

**SECRETARY FOR SECURITY** (in Chinese): Madam President,

- (a) The complaint against a police officer for taking home an exhibit in a criminal case as a souvenir without authority was "substantiated" after investigation. Disciplinary proceedings were taken against the officer. He was convicted on 18 March 1999 and dismissed. He is appealing against both the conviction and the dismissal.

The other incident mentioned in the question occurred in August 1997. Investigation revealed that an off-duty police officer met with two property agents on the street after signing a sales and purchase agreement at a solicitor's firm. The latter physically blocked the officer from leaving and asked him to settle an outstanding commission of \$18,200. Two uniform police officers passed by. The officer identified himself and complained of being harassed. One of the agents later made a complaint against the officer of "misconduct" for not paying the commission and of "unnecessary use of authority" for producing the warrant card to confirm his identity when seeking assistance from the two uniform officers. Although the complaint was later withdrawn, a full investigation was conducted. The allegation of "misconduct" was "not fully substantiated" and the other allegation was "unsubstantiated". The officer was advised by his senior officer to pay attention to his conduct in future even if he was off duty.

- (b) The number of complaints received by the CAPO in the past three years that were categorized as cases in respect of which investigation reports were not required to be submitted to the IPCC is as follows:

1997	1998	1999(up to October 1999)
49	52	55

- (c) Under the existing police complaints system, the CAPO will investigate and report to the IPCC all complaints against police officers or civilian employees of the Police Force who exercise, or purport to exercise, police or government authority, whether on or off duty. However, for matters that are of an internal nature, such as when a police officer complains against another police officer, and/or when the officer being complained against was off duty and no constabulary power had been exercised, the investigation will be

conducted by the respective police formations under the supervision of the CAPO. In view of their nature, these cases will be classified as "non-reportable" complaints and investigation reports will not be submitted to the IPCC for endorsement.

The distinction between these "non-reportable" cases and other complaints against the police is set out in the Force Procedures Manual which all police officers have to follow. In addition, at the conclusion of an investigation, the Senior Superintendent overseeing the CAPO will personally examine each case to see whether it falls within the above-mentioned criteria. If not, the investigation report will be submitted to the IPCC for scrutiny.

With effect from September 1999, the CAPO also submits a monthly report to the IPCC outlining the nature and progress of investigation into each and every "non-reportable case received by the CAPO. More details will be passed to the IPCC if it is interested in any of the cases.

### **Full Cost Recovery from Insurance Companies for Medical Services**

12. **MR LAW CHI-KWONG** (in Chinese): *Madam President, will the Government inform this Council if it knows:*

- (a) *the respective numbers of persons injured in traffic accidents and in industrial accidents who were treated in hospitals under the Hospital Authority (HA) in the past year; the public expenditure involved in treating such persons; and the estimated respective numbers of persons among these two types of injured persons who were entitled to claim medical expenses from insurance companies; and*
- (b) *whether the HA has estimated the additional amount of revenue that will be generated annually if the medical costs are fully recovered from the injured persons treated in its hospitals who are entitled to claim back the medical expenses from insurance companies, and the administrative costs involved if the HA claims, on behalf of all such injured persons, the medical insurance compensation equivalent to the full medical costs from the insurance companies?*

**SECRETARY FOR HEALTH AND WELFARE** (in Chinese): Madam President,

- (a) According to the HA's information, 4 291 and 7 630 patients were admitted to the HA hospitals in 1998 due to traffic and industrial accidents respectively, occupying a total of 93 566 bed-days. In addition, there were 25 674 and 112 746 attendances seeking treatment at the Accident and Emergency (A&E) Departments of HA hospitals due to traffic and industrial accidents respectively. Based on the HA's average per bed-day cost of \$3,632 and average cost per A&E attendance of \$605 (1998-99 price level), the estimated cost of the medical services provided to traffic and industrial accident victims was about \$424 million in 1998.
- (b) The HA does not have information on the number of traffic or industrial accident victims who are entitled to claim medical expenses from insurance companies. Hence, it is unable to assess how much additional revenue could be recovered from the injured persons through insurance claims. At present, the HA charges all entitled in-patients alike (that is, \$68 per day for admission into public ward), irrespective of whether they have insurance coverage or not. It is current industry practice for patients with insurance coverage to lodge a claim to their insurance companies to recover the fees charged by the hospitals. As the HA does not have contractual agreements with insurance companies or patients to recover medical cost from the insurance companies on behalf of the patients, the HA does not have a basis to assess the amount of administrative costs involved, which would depend on how any such scheme is operated.

### **Management of the Hong Kong Convention and Exhibition Centre**

13. **DR LUI MING-WAH** (in Chinese): *Madam President, the Hong Kong Trade Development Council (TDC) signed a contract with a private developer in 1984 for the construction of the Hong Kong Convention and Exhibition Centre (HKCEC) and supporting facilities, including two hotels and a 33-storey office/trade mart tower. In this connection, will the Government inform this Council:*

- (a) *whether it knows*
- (i) *the reasons for the TDC's entrusting the management of the HKCEC to an operator which is a subsidiary of the developer, and stipulating in the management contract that the operator shall have the management right for a period as long as 40 years;*
  - (ii) *the method for calculating the annual fee payable to the TDC by the operator, and the amount of annual fee paid in each of the past five years; and*
  - (iii) *if the TDC has a right to effect early termination of the management contract, and whether it will consider doing so; if it will not consider, of the reasons for that; and*
- (b) *whether it has assessed the causes of the rental charges for the convention and exhibition areas in the HKCEC being on average higher (approaching four times in an extreme case) than those of comparable venues in Singapore, Taipei, Bangkok and Melbourne, and whether the higher rentals are attributable to handing over the management of the HKCEC to a private operator?*

**SECRETARY FOR TRADE AND INDUSTRY** (in Chinese): Madam President,

- (a) (i) When the TDC invited tenders for the HKCEC development project in 1984, the successful bid included agreement to operate and manage the HKCEC as well as to pay an annual fee to the TDC. Later, the TDC signed an operation and management agreement with a subsidiary of the successful tenderer, agreeing that the term of the agreement should be 40 years (starting from November 1988). The management agreement provided, among other things, that the management company had to reach the services standards prescribed therein. If not, the TDC could, after giving notice, terminate the agreement.

At the time when the TDC invited tenders, the long-term demand for offices, hotels and exhibition venues was rather

uncertain. Also, the exhibition and convention trade was not a flourishing business then. There was considerable risk in developing the HKCEC. On the other hand, the TDC required the developer to bear the substantial construction cost, and to accept the following conditions:

- to ensure that the construction works and materials meet the highest international standards;
- to equip the HKCEC with necessary facilities; and
- to engage a firm or corporation that has appropriate qualifications and management expertise to manage and operate the HKCEC.

Against the above background and the stringent conditions, the TDC considered it acceptable that the tenderer asked for a longer term contract to operate and manage the HKCEC.

According to the new operation and management agreement signed between the TDC and the management company after the completion of the HKCEC Extension, the agreement term for the Extension is 20 years (starting from June 1997).

- (ii) The management company is required to pay the TDC an annual fee calculated at the following percentage of the gross revenue from the operations of the HKCEC:

1 July 1997 - 30 June 2000	6.211%
1 July 2000 - 30 June 2001	6.817%
1 July 2001 - 30 June 2002	7.423%
1 July 2002 - 30 June 2003	8.028%
1 July 2003 - each subsequent year	8.634%

The fees paid by the management company to the TDC in the past five years are as follows:

1 July 1994 - 30 June 1995	\$20,889,374
1 July 1995 - 30 June 1996	\$21,568,295
1 July 1996 - 30 June 1997	\$24,815,756

*Since the completion of the Extension*

1 July 1997 - 30 June 1998	\$42,628,543
1 July 1998 - 30 June 1999	\$40,282,387

- (iii) The new agreement signed in 1997 stipulates that if the management company's performance in operating and managing the HKCEC fails to meet the stringent requirements, the TDC has a right to terminate the agreement by giving 90 days' notice.

The TDC considers that the services provided by the management company in operating and managing the HKCEC and the Extension since end of 1998 and mid-1997 respectively have been satisfactory. Therefore, the TDC is not considering terminating the management agreement before the term expires.

- (b) Generally speaking, the HKCEC's charges are higher than those charged in Singapore, Taipei, Bangkok and Melbourne. There are, however, various reasons contributing to the differences, including the cost of living in the city concerned, market demand and supply, location of the facilities, transport and other ancillary facilities, standard of the services, size of patronage and availability of government subvention.

Neither the Government nor the TDC subsidizes the operating cost of the HKCEC. The management company assumes responsibility for its profits and losses and pays an annual fee to the TDC. This arrangement makes it necessary for the management company to be sensitive to the market conditions and to set the HKCEC's rental charges at a competitive level. In fact, in view of the recent economic situation, the management company announced at the beginning of this year that it would freeze venue rental charges for year 2000 and offer various rental discount packages in order to boost the utilization of the HKCEC.

In addition, according to information provided by the TDC, the rental charges for the HKCEC's convention facilities are lower than comparable facilities in most first class hotels in Hong Kong.

**First Issue of Units of Tracker Fund of Hong Kong**

14. **MISS EMILY LAU** (in Chinese): *Madam President, last month, the Government offered a portion of the local shares it had bought in August last year for public subscription in the form of the Tracker Fund of Hong Kong (TraHK), and members of the public were keen to apply for the purchase of the TraHK units. In this connection, will the executive authorities inform this Council:*

- (a) whether they know the number of first-time share buyers among the local retail investors who applied to purchase the TraHK units;*
- (b) how they will make the public aware that the unit prices of the TraHK may fall as well as rise, and that the Government will not use taxpayers' money to compensate investors for any losses incurred by investing in the TraHK; and*
- (c) of the government officials who are not permitted to buy the TraHK units and the reasons for it?*

**SECRETARY FOR FINANCIAL SERVICES** (in Chinese): Madam President,

- (a) The Initial Offer of TraHK received a very positive response from both local investors and investors in Asia, Europe and North America. A total of 184 314 applications were received in the Retail Offer, involving a total demand of approximately \$28 billion. While we do not have information on the profile of these retail applicants, we believe, on the basis of informal feedback from the retail brokers who participated in the offer, that a significant number of retail investors in the TraHK are first-time investors who have sought to diversify their savings into investments in the equity market.
- (b) The Prospectus for TraHK clearly states that the performance and the net asset value of the TraHK are not guaranteed by the Hong Kong Special Administrative Region Government and that investors may lose money by investing in the TraHK. Further, all publicity materials used for the launch of the TraHK including the leaflets, TV and press advertisement also clearly state that the price of the TraHK units may fall as well as rise. Throughout the marketing

campaign, the retail syndicate managers have been repeatedly asked to remind investors of the risk of investing in the TraHK (and the equity market).

- (c) Government officers should avoid investing in the TraHK where the investment may lead to conflict of interest with their official duties. In particular, the Financial Secretary, Secretary for Financial Services, the Chief Executive and a number of senior staff members of the Hong Kong Monetary Authority, and the directors and staff of Exchange Fund Investment limited were not allowed to subscribe to the Initial Public Offering of TraHK as they were involved in the pricing decisions for the offer.

### **Measures to Reduce Non-emergency Calls to 999 Emergency Hotline**

15. **DR DAVID LI:** *Madam President, it was reported that of the 2.46 million calls to the 999 emergency hotline received by the Police Regional Command and Control Centres (RCCCs) during the period from January to October this year, 72% were not calls that required emergency assistance. In this connection, will the Government inform this Council of the measures it will adopt to reduce these non-emergency calls?*

**SECRETARY FOR SECURITY:** Madam President, a situation is described as an emergency only where there are crimes in progress, medical emergencies or other incidents involving people or property at risk. According to the statistics of the police, the three RCCCs received a total of 2 465 542 calls from January to October 1999, of which, 1 781 329 or 72% were nuisance calls. Of the 684 213 genuine calls, only 72 125 or 10.5 % were emergency calls which required police assistance. Other genuine calls which did not require police response were those that required action from the Fire Services Department or the ambulance service.

The police take a very serious view of abuse of the 999 emergency hotline as nuisance or non-emergency calls will unnecessarily engage the attention of operators of the RCCCs, who should be handling emergency calls. Any abuse of the 999 service can be dangerous and will result in waste of time and resources. More importantly, efficiency in providing help to those who are faced with a genuine emergency or whose lives and property are at risk will be impaired.

The police have adopted and will continue to adopt the following measures to reduce the number of nuisance or non-emergency calls:

- (a) Installing caller number display system in the three RCCCs in December 1997. The system will allow operators to identify incoming calls quickly. When it is established that the 999 service has been abused, prosecution may be instigated. Offenders can be charged under the provisions below:
  - (i) section 20 of the Summary Offences Ordinance (Cap. 228) for "making nuisance telephone calls",
  - (ii) section 64(a) and section 64(b) of the Police Force Ordinance (Cap. 232) for "making a false report to police" and "misleading a police officer by giving false information" respectively, and
  - (iii) section 91(2) of the Criminal Procedure Ordinance (Cap. 221) for "causing wasteful employment of police".
- (b) Launching an extensive publicity campaign to educate the public to use the 999 service only in genuine emergency cases and to phone local police stations in non-emergency cases. For example, with effect from September 1999, a monthly press release is issued by the Police Public Relations Branch to appeal to the public not to make false 999 calls. Similar appeals are also made through other channels such as radio programmes, Police TV programme "Police Magazine" and various Chinese and English newspapers. The police will continue with their efforts in this regard as we believe that public education through publicity and other means is a very important tool to discourage the abuse.
- (c) Launching education campaigns targetted at children. As children are responsible for over 10% of the nuisance calls, two campaigns aimed at reducing these nuisance calls, each lasting two weeks, were launched in March and August 1999. RCCC personnel were deployed in each shift to return calls to telephone numbers which were confirmed to be the source of nuisance calls made by children. Their parents were advised to exercise appropriate supervision over their children. Warnings were given if such calls continued. The police will regularly review the situation and launch similar campaigns when necessary.

- (d) Encouraging the public to contact their local police stations for non-emergency cases by publishing a Police Contact Card in June 1999. A total of 500 000 copies containing the telephone and facsimile numbers of all police stations and other police hotlines were produced for distribution to the public at various police stations and district offices.

Although a considerable number of nuisance or non-emergency calls have been received, the efficiency of the police in handling emergency calls has not been adversely affected. In the first 10 months of 1999, all 999 calls were answered within an average of 2.7 seconds and responded to within 5 minutes 18 seconds. The police will continue to consider and implement measures which might help to reduce the number of nuisance and non-emergency calls.

### **Development of Geographical Information Systems**

16. **MR SIN CHUNG-KAI:** *Madam President, regarding the development and application of geographical information systems (GIS) in Hong Kong, will the Government inform this Council:*

- (a) *whether it knows the current application of GIS in government departments and subvented organizations;*
- (b) *whether it has plans to integrate the spatial data assets held by individual departments and to interconnect the GIS of government departments, so as to fully exploit the full potential of GIS in improving the provision of services; if so, of the details and timetable; if not, of the reasons for that;*
- (c) *of the efforts it has made to incorporate GIS in government departments in the Electronic Services Delivery initiatives; and*
- (d) *of the policies and plans to promote the development of a shared spatial data infrastructure and the broader application of GIS within and between government departments as well as between the Government and the private sector?*

**SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING:** Madam President,

- (a) A number of government departments have adopted the GIS technology for land administration, town planning and development and other purposes. For example, the Land Information Centre of the Lands Department has converted the entire set of Hong Kong maps (about 3 000 sheets in total) into digital form and has been supplying the digital mapping data to users both within the Government and in the private sector. The Planning Department has also made use of GIS technology to prepare different types of town plans, including the statutory outline zoning plans. In early 1998, the Planning Department established a Planning Register System using GIS to provide information on planning applications, gazetted statutory outline zoning plans, and so on to the public. In addition, the Census and Statistics Department has been disseminating the results of population census and by-census to the public by making use of GIS applications.

There are a number of projects in the pipeline within Government which make use of GIS applications to improve plan production for town planning purposes, to facilitate the maintenance of building information, to develop an integrated land data bank for land and property valuation, and to monitor red tide.

As regards subvented organizations, we understand that a number of local universities have courses in geography, planning and land surveying which make use of GIS data for teaching and research purposes.

- (b) There are two initiatives within Government to integrate the spatial data assets held by them so as to exploit the full potential of their GIS applications in improving the provision of services. The Planning, Environment and Lands Bureau, the Works Bureau and the Planning Department are considering the conduct of a consultancy study to examine the sharing and exchange among concerned government departments of geographical data collated for land, planning, development and other purposes. The Highways Department, in conjunction with the Drainage Services Department, the Water Supplies Department, and five major utility undertakers, are carrying out a joint study for developing the technical

infrastructure for exchanging underground utilities information electronically and automatically. More specific plans will be considered after the completion of these studies.

- (c) The Electronic Service Delivery (ESD) scheme is able to accommodate GIS applications so as to broaden public access to GIS data maintained by Government. For instance, the "Community Map on the Internet" project recently launched by the Lands Department will be linked to the ESD system as part of the first phase services to be provided under the ESD. Under the "Community Map on the Internet" project, the Lands Department supplies up-to-date digitized mapping information to its business partners which use the information as the base to provide value-added mapping information for dissemination to users via the Internet. We shall, in consultation with other concerned departments, consider linking up their spatial database with the ESD system to facilitate the dissemination of such data to the community if this is considered desirable.
- (d) We encourage the development of shared spatial data and broader application of GIS within Government as well as between Government and the private sector. The studies referred to in (b) above will help us to plan the way forward on possible integrations.

### **Election Forums**

17. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, it was reported that during the publicity campaign for the first District Council elections, several election forums organized by the Home Affairs Department were cancelled because the relevant candidates refused to attend. In this connection, will the Government inform this Council:*

- (a) *of the number of election forums organized by the Administration*
  - (i) *that were cancelled owing to the candidates' refusal to attend;*  
*and*
  - (ii) *held as scheduled; and of the average attendance by members of the public;*

- (b) of the average public expenses incurred by each election forum;*
- (c) whether it has reviewed the effectiveness of election forums in enhancing voters' understanding of the candidates' platforms; and*
- (d) whether it will consider using other forms of activities to replace election forums in future District Council elections?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): Madam President,

- (a) A total of 314 election forums were originally planned to be held in all contested constituencies by the Home Affairs Department in connection with the 1999 District Councils election, of which 45 were cancelled owing to the candidates' refusal to attend, and the rest, totaling 269, were held as scheduled. The average attendance by members of the public for each forum was estimated to be some 60;
- (b) The average expenditure incurred is around \$4,000 for each election forum; and
- (c) and (d)

The objective of holding election forums at the district level is to provide an opportunity for voters to meet face-to-face with the candidates for an interactive exchange of views in order to enhance their understanding of the past performance and platforms of the candidates running in their constituencies. We will review the arrangements for election forums organized for the 1999 District Councils Election, including the timing, location and publicity for the forums and evaluate the effectiveness of such forums, with a view to making improvements to these activities. In the process, we will also consider whether alternatives to election forums are feasible for future District Councils elections.

**Eco-label Programme**

18. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, it is learnt that many advanced countries have implemented the Eco-Label Programme and there are several thousand kinds of products conforming to the environmental standards (green products) which have been allowed to use the eco-label. In this connection, will the Government inform this Council whether:*

- (a) it has plans to implement the eco-label programme in Hong Kong; if there is no such plan, of the reasons for that;*
- (b) it knows, with regard to government departments and subvented organizations at present:*
  - (i) the respective proportions of the values of green products and recycled products in the total value of their procurement; and*
  - (ii) the respective proportions of the values of non-green products (which can be substituted with green products) in the total value of their procurement;*
- (c) it has laid down guidelines requiring government departments and subvented organizations to give priority to procure green products as far as practicable; if it has, of the details of the guidelines; if not, of the reasons for that; and*
- (d) it has compiled statistics on the ratio of imported green products to the total value of imports; if it has, of the ratio; if not, whether it plans to compile the statistics; if it does, of the details of the plan?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS** (in Chinese): *Madam President, eco-labelling schemes are voluntary accreditation systems which give a product an indicator of improved environmental performance. An eco-label informs consumers about a product's environmental merits compared to other products of the same type.*

About 30 countries (including Canada, the United States, Japan, Germany, and the Nordic countries) have introduced eco-labelling schemes for a variety of products. However, there is not yet an internationally accepted standard for establishing eco-labelling criteria. The different types of eco-label schemes that exist are summarized in the Annex.

Experience overseas has shown that there are many difficulties involved. Nonetheless eco-labelling schemes can work effectively under certain conditions, including:

- Where environmental awareness among consumers is such that they give preference towards environmentally-friendly products over comparable products without eco-labels;
  - Where manufacturers are prepared to support and use eco-labels in advertising their products; and
  - Where a credible independent accreditation system is established.
- (a) We do not plan to implement a general eco-labelling scheme in Hong Kong at present. We have, however, already introduced the Energy Efficiency Labelling Scheme for electrical household appliances. The Administration is prepared to develop a broader eco-labelling scheme, but considers the necessary conditions are not yet in place. This is because
- (i) there is not yet in place an internationally accepted model that we could adopt;
  - (ii) Hong Kong exports most of what it manufactures and imports most of what it consumes. A new system developed just for Hong Kong would confuse customers and be largely ignored by manufacturers;
  - (iii) There are not sufficient indications of support from industry.
- (b) We do not have comprehensive information on the values and proportions of "green products" or recycled products purchased by government or subvented organizations as there is no generally accepted definition of "green products".

- (c) At present, the Government Supplies Department purchases common-user items for departments and arranges on their behalf contracts for specialized items. Departments may purchase low-value items to suit their needs. The Administration has not drawn up a definitive list of "green" or recycled products.

There are, at present, no guidelines that require government departments and subvented organizations to give priority to buy "green" products. However, departments are encouraged to adopt "green purchasing" policies as far as practicable. As an example, purchases of paper by the Government Printer in 1998-99 included about 57% of environmentally-friendly or recycled paper by value (or 80% by volume). Starting from the 2000-01 financial year, Controlling Officers are required to publish annual environmental reports. This is likely to provide a strong incentive for government departments to buy more "green" products and adopt other measures and policies to improve the environment.

Moreover, the Waste Reduction Task Force for Government under the Waste Reduction Committee is, *inter alia*, examining the tender specifications of regularly purchased items to identify and, if possible, avoid products that present problems of waste disposal and environmental damage.

- (d) Import statistics in Hong Kong are compiled on the basis of the Harmonized System of commodity classification in conformity with the World Customs Organization recommendations. This system, which is widely practised internationally, does not categorize products into "green" or "non-green" types.

Annex

#### Note on Major Types of Eco-labelling Systems

Currently, there are about 30 different types of eco-labels being used overseas to promote green consumerism. There are few agreed standards and insufficient mutual acceptance of eco-labelling schemes has been achieved. Work is being carried out by the International Organization for Standardization (ISO), which promulgates three main types of ecolabels:

- Seal of Approval (ISO Type I): This is a third-party scheme where a manufacturer is licensed to use a mark or logo owned by an independent body. The logo can be used on the products which pass a specific test(s).
- Self Declaration Environmental Claims (ISO Type II): Claims may be made by manufacturers, importers, distributors, retailers or anyone else likely to benefit from such claims. For example, claims may take the form of statements, symbols or graphics on product or package labels, product literature, technical bulletins, advertising, publicity, telemarketing, and so on. This kind of "first-party" claim does not carry the objectivity of independent third-party (Type I) assessment.
- Sharing Environmental Information (ISO Type III): This type of scheme is also run by an independent third-party body but is different from Type I labelling in that there are no fixed criteria a product must meet to use the label. The label simply shows how the product performs against other similar products in terms of key environmental aspects, such as emissions to water and air.

The "Seal of Approval" (ISO Type I) is most commonly used for eco-labelling schemes, whereas the "Sharing Environmental Information" (ISO Type III) approach is more commonly adopted for "green purchasing".

### **Supervision of Kindergartens**

19. **MISS CHRISTINE LOH:** *Madam President, the Ombudsman's Investigation Report on Registration and Inspection of Kindergartens made 12 recommendations for strengthening the supervision of kindergartens with a view to preventing malpractices such as the operation of unregistered kindergartens, over-enrolment of pupils, over-charging of school fees and admission of underaged pupils by kindergartens. In this connection, will the Administration inform this Council:*

- (a) *of the specific timetable and detailed steps for implementing the Ombudsman's recommendations; and*

- (b) *among the 10 cases of over-charging of fees by kindergartens in the last three school years, of the number of kindergartens which have refunded parents all the over-charged fees; and the assistance it has offered to those parents who have not been refunded the over-charged fees?*

**SECRETARY FOR EDUCATION AND MANPOWER:** Madam President,

- (a) The Administration welcomes the 12 recommendations in the Ombudsman's Report on the registration and inspection of kindergartens. The Administration takes a serious view of cases of kindergartens operating without registration, over-enrolling, over-charging and admitting under-aged pupils in breach of regulations. Indeed, even before the publication of the Ombudsman's Report, the Education Department (ED) has already put in place various measures as set out at the Annex to streamline the registration procedures and to strengthen the monitoring of kindergartens. These measures coincide with some of the recommendations of the Ombudsman. In addition to these measures, the ED will undertake further measures in pursuance of the recommendations of the Ombudsman. These are also detailed at the Annex.
- (b) In the last three school years, there were cases of kindergartens over-charging school fees, and eight cases of kindergartens charging fees for optional services (for example, refreshments and interest group activities) without informing parents clearly of the voluntary nature of participation. The ED has investigated all 10 cases and issued warnings to the operators. In response to the ED's warning, the former two kindergartens had refunded the over-charged fees to parents. Of the latter eight kindergartens, seven had already delivered the services and no refund was made. The eighth cancelled the service and refunded parents. All eight kindergartens had been warned to observe forthwith the requirements and that when levying fees for optional services, parents should be informed of the voluntary nature of the services.

Recommendations in the Ombudsman's Report  
on the Registration and Inspection of Kindergartens

*Measures adopted/to be adopted*

*The Ombudsman's Recommendations    Measures already in place    Measures to be taken*

(a) *Registration of Kindergartens*

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|--|---|---|
| (i) The ED to continue to hold inter departmental meetings on registration of schools with a view to further streamlining registration procedures and reviewing compliance with the performance pledges of the departments concerned in the registration process | The ED has held inter-departmental meetings with the Fire Services Department and the Buildings Department to streamline the school registration procedures. As from May 1999, applicants can submit their applications for safety certificates direct to the two departments without having to route through the ED. | Inter departmental meetings will continue further streamlining registration procedures.                 |
| (ii) The ED to assume a real co-ordinating role in registration process, in particular, to tighten the monitoring mechanism and, in appropriate cases of slow progress, to co-ordinate the issue of periodic reminders to applicants                             | - The ED has issued guidelines and organized workshops on school registration for applicants to ensure that they are fully aware of the procedures and requirements.  | The ED has started to assume the role of a co-ordinator to monitor the progress of school registration. |

*Measures adopted/to be adopted*

*The Ombudsman's Recommendations*    *Measures already in place*    *Measures to be taken*

- The ED is closely monitoring the progress of registration of kindergartens under application, keeping close contacts with the applicants and reminding them not to start operation before registration.

(b) *Inspection of Kindergartens*

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|---|--|---|
| <p>(iii) The ED to review the frequency and manpower for inspections to kindergartens, and to consider adopting a uniform approach in regulating all kindergartens and in seeking prosecution for breaches of the Education Ordinance and Regulations</p> | <ul style="list-style-type: none"> <li>- All kindergartens are subject to the same set of monitoring mechanism as provided under the Education Ordinance and Regulations and other standing instructions.</li> </ul> | <p>The ED will review the arrangements on inspections of kindergartens in relation to the new role of DEOs in the context of its overall organizational review.</p> |
|   | <ul style="list-style-type: none"> <li>- The inter departmental working group between the ED and the police is reviewing the prosecution procedures.</li> </ul>  |   |

*Measures adopted/to be adopted*

*The Ombudsman's Recommendations*    *Measures already in place*    *Measures to be taken*

- (iv) The ED to refine existing inspection guidelines and draw up a list of criteria for determining the follow-up actions to be taken against malpractices by kindergartens
- The ED is reviewing the internal inspection guidelines with a view to incorporating necessary measures and criteria in early 2000 having regard to this year's experience and views of different parties.
- (v) The ED to consider asking DEOs to undertake, during inspections to kindergartens, extensive perusal of correspondence to parents on the charging of school fees and other miscellaneous fees, and extra-curricular activities
- Under the existing practice, documents relating to fees and charges are checked by DEOs.
- Extensive perusal of documents relating to fees and charges will be carried out during school inspections to kindergartens with previous records of over-charging of fees.
  - The ED will revise the fee increase procedure so that kindergarten operators and parents can be informed of the new inclusive fees earlier. The target implementation date

*Measures adopted/to be adopted*

*The Ombudsman's Recommendations    Measures already in place    Measures to be taken*

- is the 2000 fee increase exercise.
- (vi) For early detection and control of the admission of under-aged pupils, the ED to consider requiring kindergartens to provide the DEO concerned with the enrolment position and particulars of new pupils in the nursery class before commencement of the school year
- All kindergartens are required to submit monthly enrolment returns.
  - Kindergartens are required to provide the class structure and estimated enrolment for the 1999-2000 school year before August this year.
  - Kindergartens with records of admitting under-aged pupils are required to submit copies of attendance registers for checking. Warnings will be issued to kindergartens found to have admitted under-aged pupils.
- The ED will continue to track the enrolment situation of all kindergartens and the progress of improvement measures taken by those kindergartens which have over-enrolled in the 1999-2000 school year. Prosecution action may be taken if these kindergartens fail to make improvements.
  - Starting from the next school year, kindergartens with past record of admitting under-aged pupils will be required to submit age particulars of nursery pupils to be admitted in the next school year for random checks.

*Measures adopted/to be adopted**The Ombudsman's Recommendations    Measures already in place    Measures to be taken*

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| (vii) The ED to conduct more thorough head count visits to kindergartens, particularly those with past records of over-enrolment, and more inspections to kindergartens under application for registration | The ED has conducted over 750 headcount visits to kindergartens from mid-August to October this year. The operators of over-enrolled kindergartens were issued with written warnings. | Headcount visits will continue in the next school year. |
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*(c) Enforcement Actions on Kindergartens*

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| (viii) The ED to facilitate early detection of unregistered kindergartens, to consider requiring kindergartens to submit advertising materials or circulars on admission exercises to the DEO concerned | DEOs are in close contacts with kindergartens undergoing registration in accordance with the internal guidelines and, will ask these kindergartens to provide student admission information if they are unlikely to get registered by the commencement of the school year to ensure that they do not start operation. | The ED will examine the possibility of requiring kindergartens to publicize in the admission leaflets or application forms their registration status, proposed inclusive fees, and estimated vacancies. The target implementation date is the next school year. |
| (ix) The ED to consider designating an office or officer within the ED to assume overall control  |   | A core team will be set up within the department before the commencement of the   |

*Measures adopted/to be adopted*

*The Ombudsman's Recommendations    Measures already in place    Measures to be taken*

prosecution cases in order to ensure consistency in approach and efficiency in process

next school year to undertake investigation and prosecution against kindergartens and tutorial schools, including unregistered schools, which have breached the law.

(x) The ED to consider proposing legislative changes: (a) to increase the penalty for contravention of the Education Ordinance and Regulations, and (b) to make some linkage between repeated breaches and an applicant's fitness for registration

Under the provisions of the Education Ordinance, the Director of Education may withdraw the approval of a supervisor or a principal who is no longer a fit and proper person. A person who persistently contravenes the Education Ordinance and Regulations may be considered an unfit and improper person.

- Legislative amendments will be introduced to substantially increase the fines for contravention of the Education Ordinance and Regulations. The aim is to put the amendments before the Legislative Council in the first half of 2000.

- The ED will exercise the authority to withdraw the approval of any supervisor or principal who repeatedly contravenes the law.

*Measures adopted/to be adopted**The Ombudsman's Recommendations    Measures already in place    Measures to be taken*

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| (xi) The ED to further step up enforcement actions on the kindergartens which have breached the Education Ordinance and the related regulations and guidelines so as to achieve greater deterrent effect | During the period from February to June this year, the ED has taken prosecution action against one kindergarten for illegal operation without registration and 16 others for over-enrolment. | The ED will, in collaboration with the police, prepare a training package and a handbook on prosecution for inspectors of schools. The package will be ready before the commencement of the new school year. |
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*(d) More Publicity of Information on Kindergartens*

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| (xii) The ED to further promote parental and public awareness of the identification of registered kindergartens and to consider requiring individual kindergartens to publicize relevant information on their registration status, approved inclusive fees, vacancy position, and so on | Monthly lists of registered and provisionally registered kindergartens and kindergartens in the process of registration are provided through the District Education Offices and the ED's Homepage for viewing by parents and the public. | To further increase the transparency of individual kindergartens and make more information available to parents, the Committee on Home-School Co-operation will publish profiles on key features of kindergartens and upload them to the ED's Homepage by the end of December 1999. |
|---|--|---|

**Paediatrics Clinics under the Hospital Authority**

20. **MR LAU KONG-WAH** (in Chinese): *Madam President, will the Government inform this Council whether it knows:*

- (a) *according to the views of the professional bodies concerned, the average time required for a medical practitioner in a paediatrics clinic to diagnose the conditions of a paediatrics patient and give appropriate treatment;*
- (b) *the current average consultation time for each paediatrics patient attending a paediatrics specialist out-patient clinic of the Hospital Authority (HA), and*
- (c) *if the HA has assessed the adequacy of the current establishment of medical practitioners in these paediatrics clinics in meeting the demand; and if the HA regularly reviews the establishment of medical practitioners in these clinics.*

**SECRETARY FOR HEALTH AND WELFARE** (in Chinese): Madam President,

- (a) Medical practitioners would exercise their professional judgment and allot appropriate time to diagnose and treat individual patients by taking into account the patients' medical history and clinical conditions. Since individual paediatrics patients have different clinical conditions and their own characteristics, it would not be meaningful to generalize as to the average time required for a paediatrician or medical practitioner to appropriately diagnose and treat a paediatrics patient.
- (b) The average consultation time for each paediatrics patient attending a paediatrics specialist out-patient clinic of the HA is 30 and 15 minutes for new and follow-up cases respectively.
- (c) The HA will continue to assess and monitor the adequacy of medical practitioners in the staffing of its paediatrics clinics by taking into account various factors, such as the waiting time, service volume,

quality of service and clinical outcomes of consultations. Adjustments to the establishment of medical practitioners in various service areas including the paediatrics specialist clinics are considered in the context of the HA's annual planning process in light of operational experience.

## **BILLS**

### **First Reading of Bills**

**PRESIDENT** (in Cantonese): Bills: First Reading.

## **CONSULAR RELATIONS BILL**

### **ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 1999**

**CLERK** (in Cantonese): Consular Relations Bill  
Road Traffic Legislation (Amendment) Bill 1999.

*Bills read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.*

### **Second Reading of Bills**

**PRESIDENT** (in Cantonese): Bills: Second Reading.

## **CONSULAR RELATIONS BILL**

**CHIEF SECRETARY FOR ADMINISTRATION:** Madam President, I move that the Consular Relations Bill be read the Second time.

The Bill seeks to provide a more flexible framework under which privileges and immunities conferred on consular posts and persons connected with the posts are given the force of law in Hong Kong.

Under the common law system, international rights and obligations relating to consular privileges and immunities need to be implemented by domestic legislation, particularly those that affect private rights. At present, the principal ordinance in Hong Kong giving effect to the privileges and immunities of consular posts and persons connected with the consular posts is the Consular Relations Ordinance.

The approach in the Ordinance for according privileges and immunities is specific and prescriptive. Section 2(1) of the Ordinance provides that those articles of the Vienna Convention on Consular Relations 1963 which are reproduced in the First Schedule to the Ordinance shall have the force of law in Hong Kong. The Vienna Convention on Consular Relations is the international agreement which codifies consular relations and consular privileges and immunities. The provisions of the Convention set out in the First Schedule to the Ordinance are the consular privileges and immunities usually accorded to consular posts in Hong Kong.

Through bilateral agreement between sovereign states, a consular post may enjoy privileges and immunities in excess of those provided for under the Vienna Convention. At present, section 4(1) of the Ordinance provides that the Chief Executive in Council may accord additional privileges and immunities to a consular post in Hong Kong in accordance with the bilateral agreement between the People's Republic of China and that country. However, the current framework of the Ordinance only allows those privileges and immunities set out in the Second Schedule to the Ordinance to be accorded as enhancement. This has led to technical and drafting problems in a number of cases since some of the additional privileges and immunities that need to be granted to certain consular posts and to the persons connected with them do not correspond exactly to those set out in the Second Schedule.

The current Bill will provide a more flexible legal framework for giving consular privileges and immunities, in particular, additional privileges and immunities, the force of law in Hong Kong by way of orders to be made by the Chief Executive in Council under the enabling provisions contained in the Bill. The Bill will repeal and replace the existing Consular Relations Ordinance. The opportunity is also taken to update certain provisions in the existing Ordinance.

The Bill rationalizes and modernizes our law on privileges and immunities for consular posts, and thus enables us to maintain a strong presence of foreign representation here in Hong Kong. I therefore commend the Bill to this Council for early passage into law.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Consular Relations Bill be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

### **ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 1999**

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, I move the Second Reading of the Road Traffic Legislation (Amendment) Bill 1999.

The Bill seeks to amend the Road Traffic Ordinance (Cap. 374) and its subsidiary legislation, the Traffic Accident Victims (Assistance Fund) Ordinance (Cap. 229) and the Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240), for the purpose of implementing a probationary driving scheme for inexperienced drivers of motorcycles to enhance road safety.

The road traffic accident figures in Hong Kong for the past five years revealed that motorcyclists had a much higher accident incidence rate than drivers of private cars and light goods vehicles. Among motorcyclists, those with less than one year of driving experience had an incidence rate of about five times that of experienced drivers.

To enhance road safety and to lower the accident incidence rate of motorcyclists, we propose to introduce a probationary driving licence system to enable these drivers to gain more road experience in a more restrictive and yet safer driving environment before being granted a full driving licence.

We propose that the probationary period should be set at one year. During the probationary period, the motorcyclists concerned will be required to

display a "P" plate at the front and rear of their motorcycles. They will not be allowed to carry passengers or to drive at a speed above 70km/h. Besides, they will also be prohibited to drive on the offside (fast) lane on expressways where there are three lanes or more.

If the probationary motorcyclists should be convicted of any traffic offences during the probation period, in addition to the pecuniary penalties and imprisonment sentence set out in the relevant ordinances, they will also be subject to such punishment as cancellation of probationary driving licence or extension of probationary driving period. The Driving-Offence Points system will also be applicable to them as well.

Madam President, I hereby commend the Road Traffic Legislation (Amendment) Bill 1999 to Honourable Members.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Road Traffic Legislation (Amendment) Bill 1999 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

### **Resumption of Second Reading Debate on Bill**

**PRESIDENT** (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 20) Bill 1999.

### **ADAPTATION OF LAWS (NO. 20) BILL 1999**

#### **Resumption of debate on Second Reading which was moved on 14 July 1999**

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 20) Bill 1999 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

**CLERK** (in Cantonese): Adaptation of Laws (No. 20) Bill 1999.

Council went into Committee.

### **Committee Stage**

**CHAIRMAN** (in Cantonese): Committee stage. Council is now in Committee.

### **ADAPTATION OF LAWS (NO. 20) BILL 1999**

**CHAIRMAN** (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 20) Bill 1999.

**CLERK** (in Cantonese): Clauses 1, 2 and 3.

**CHAIRMAN** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**CHAIRMAN** (in Cantonese): Those against please raise their hands.

(No hands raised)

**CHAIRMAN** (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

**CLERK** (in Cantonese): Schedules 1 to 8.

**CHAIRMAN** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**CHAIRMAN** (in Cantonese): Those against please raise their hands.

(No hands raised)

**CHAIRMAN** (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

**CHAIRMAN** (in Cantonese): Council now resumes.

Council then resumed.

**Third Reading of Bill**

**PRESIDENT** (in Cantonese): Bill: Third Reading.

**ADAPTATION OF LAWS (NO. 20) BILL 1999**

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, the

Adaptation of Laws (No. 20) Bill 1999

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Adaptation of Laws (No. 20) Bill 1999 be read the Third time and do pass.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

**CLERK** (in Cantonese): Adaptation of Laws (No. 20) Bill 1999.

**MOTION**

**PRESIDENT** (in Cantonese): Motion. Proposed resolution under the Industrial Training (Construction Industry) Ordinance.

**PROPOSED RESOLUTION UNDER THE INDUSTRIAL TRAINING (CONSTRUCTION INDUSTRY) ORDINANCE**

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese): Madam President, I move the motion under my name as set out on the Agenda.

This resolution seeks to raise the percentage rate of levy on the local construction industry by the Construction Industry Training Authority (CITA).

The CITA was set up under the Industrial Training (Construction Industry) Ordinance in 1975, with the main objective of providing training to workers employed by the local construction industry. As provided for in the Ordinance, the CITA shall derive its operating funds from a levy imposed on any building contractor who carries out a construction works project worth \$1 million or above in Hong Kong. The current rate of the levy is 0.25%, which was set down by the former Legislative Council in 1975 under section 22(1) of the Ordinance.

Currently, the CITA offers both full-time and part-time courses for the purposes of training new recruits and upgrading the knowledge and skills of existing workers, so as to meet the demands of the industry. The CITA also runs some voluntary skills tests for workers, with a view to providing some objective standards in regard to skills levels, so that the overall skills level of construction workers can be upgraded. Moreover, in order to encourage employers to take on CITA trainees on a monthly basis and to enable these trainees to make stable earnings at the initial stage of their career in the industry, the CITA also launched a subsidy scheme for employers at the end of last year.

In an attempt to meet the manpower demand of the construction industry, the CITA has been actively expanding the number of training places in recent years. From 1995 to 1999, the number of training places for new recruits increased from 3 400 to 7 600 a year, rising by 123%. The number of workers taking the voluntary skills tests has also increased from 50 a year at the start to

some 6 000 a year now. As for the new subsidy scheme for employers, the number of CITA trainees who have obtained the consent of their employers to offer them monthly employment terms has also increased to some 500. But since the rate of levy has so far remained at 0.25%, the CITA has found it difficult to meet all the above expenses by the proceeds from the levy. As a result, it has had to draw on its reserves in recent years to make up for the shortfall.

To enable it carry on with the above-mentioned scheme and training programmes, the CITA has proposed to increase the rate of levy from 0.25% to 0.4%. It is estimated that the levy increase will bring an extra revenue of about \$145 million annually. The CITA will make use of this extra revenue to expand the skills test programme and the subsidy scheme for employers.

The proposal of the CITA to increase the rate of levy has received the support of the Hong Kong Construction Association and the Real Estate Developers Association of Hong Kong. And, when we consulted the Panel on Manpower of the Legislative Council in October this year, we also obtained the support of its members.

We understand that the increase in rate of levy will, to a certain extent, impose a heavier burden on building contractors. That is why we promise that the Government and the CITA will closely monitor the financial situation of the CITA, and review the rate of the levy at an appropriate time in the future.

According to the provisions of the Ordinance, this resolution, if carried, will come into effect 30 days after its gazettal.

With these remarks, Madam President, I beg to move. I hope that Members will support the resolution. Thank you.

**The Secretary for Education and Manpower moved the following motion:**

"That the resolution made and passed by the Legislative Council on 17 December 1975 and published as Legal Notice No. 271 of 1975 be amended by repealing "0.25 per cent" in paragraph (a) and substituting "0.4%"."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Education for Manpower as printed on the Agenda be passed.

**MR HO SAI-CHU** (in Cantonese): Madam President, I rise to speak in support of the increase in the rate of levy. Nevertheless, I do hope Honourable Members can understand that the proposed adjustment of around 50% is indeed a substantial increase. Under the circumstances, we can imagine how the proposed increase will enable the government revenue to continue to rise in the future, bearing in mind the some \$250 billion that would be invested in works projects in the next few years as mentioned by the Chief Executive. We certainly understand that we have a shortfall in funding because of the large amount of needs that have to be met. However, with more works projects coming up, and with the proposed 50% increase in the rate of levy, there should be enough funds then.

We know that while the levy is imposed on building contractors, in practice, it will be transferred onto the general public eventually. Although the proposed increase is substantial in our view, we could not but agree to it since there is indeed a genuine need. However, I must tell the Government unequivocally that I expect it to review the rate of levy after some time to see if such a large amount of public money is really required. If the answer is in the negative, it should then adjust the rate again. As far as I can remember, the rate of levy has been either increased or decreased for several times over the last 25 years. I hope it will be reduced in the future to help relieve the financial burden of the people. Thank you, Madam President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member responded)

**PRESIDENT** (in Cantonese): Secretary for Education and Manpower, do you wish to reply?

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese): Madam President, I am grateful to Mr HO for his views. In my earlier speech, I already undertook that the Government and the CITA will pay close attention to the financial position of the Authority. We are also most willing to consult with the Legislative Council Panel on Manpower on the review of the rate of levy in due course.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Education and Manpower, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

## **MEMBERS' BILL**

### **Second Reading of Members' Bill**

**PRESIDENT** (in Cantonese): Members' Bill: Second Reading.

### **Resumption of Second Reading Debate on Members' Bill**

**PRESIDENT** (in Cantonese): This Council now resumes the Second Reading debate on the Order of Friars Minor in Hong Kong Incorporation Bill.

**ORDER OF FRIARS MINOR IN HONG KONG INCORPORATION BILL****Resumption of debate on Second Reading which was moved on 10 November 1999**

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the Order of Friars Minor in Hong Kong Incorporation Bill be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively from each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

**CLERK** (in Cantonese): Order of Friars Minor in Hong Kong Incorporation Bill.

Council went into Committee.

**Committee Stage**

**CHAIRMAN** (in Cantonese): Committee stage. Council is now in Committee.

### **ORDER OF FRIARS MINOR IN HONG KONG INCORPORATION BILL**

**CHAIRMAN** (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Order of Friars Minor in Hong Kong Incorporation Bill.

**CLERK** (in Cantonese): Clauses 1 to 8.

**CHAIRMAN** (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

**CHAIRMAN** (in Cantonese): Those against please raise their hands.

(No hands raised)

**CHAIRMAN** (in Cantonese): I think the question is agreed by a majority respectively from each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

**CHAIRMAN** (in Cantonese): Council now resumes.

Council then resumed.

### **Third Reading of Members' Bill**

**PRESIDENT** (in Cantonese): Members' Bill: Third Reading.

**ORDER OF FRIARS MINOR IN HONG KONG INCORPORATION BILL**

**MR AMBROSE LAU** (in Cantonese): Madam President, the

Order of Friars Minor in Hong Kong Incorporation Bill

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Order of Friars Minor in Hong Kong Incorporation Bill be read the Third time and do pass.

**PRESIDENT** (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively from each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

**CLERK** (in Cantonese): Order of Friars Minor in Hong Kong Incorporation Bill.

**MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance.

**PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**MISS MARGARET NG:** Madam President, I move the motion standing in my name on the Agenda.

The Immigration (Amendment) Regulation 1999 seeks to provide for the practice and procedure to be followed in appeals to the Immigration Tribunal under section 2AD(1) or (2) of the Immigration Ordinance (Cap. 115) against the decisions of the Director of Immigration not to issue certificates of entitlement or certified duplicates thereof. The amendments are consequential upon the introduction of the certificate of entitlement scheme by the enactment of the Immigration (Amendment) (No. 3) Ordinance 1997.

The Subcommittee formed to study this Amendment Regulation has identified a number of issues of concern, in particular, how a fair hearing can be safeguarded for an appeal where the applicant is absent. Moreover, the recent judgment of the Court of Final Appeal on a recent case relating to the right of abode issue may have a direct impact on the appeal procedures. To allow time for the Subcommittee to examine fully all the issues in the light of the judgment, it is necessary to extend the scrutiny period to the meeting of 5 January 2000.

Madam President, I urge Members to support this motion.

**Miss Margaret NG moved the following motion:**

"That in relation to the Immigration (Amendment) Regulation 1999, published as Legal Notice No. 273 of 1999 and laid on the table of the Legislative Council on 17 November 1999, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) for amending subsidiary legislation be extended under section 34(4) of that Ordinance to the meeting of 5 January 2000."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss Margaret NG, as set out on the Agenda, be passed.

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Miss Margaret NG, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

**PRESIDENT** (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies, and another five minutes to speak on the amendment. The mover of an amendment will have up to 10 minutes to speak. The mover of an amendment to an amendment and other Members will each have up to seven minutes for their speeches.

First motion: Urban Renewal Authority White Bill.

**URBAN RENEWAL AUTHORITY WHITE BILL**

**DR LEONG CHE-HUNG** (in Cantonese): Madam President, I move the motion which has been printed on the Agenda.

Madam President, "O where could I find an ample manse, a thousand myriad rooms, that shelter all world's poor gentles and make them all smile? That wind and rain cannot shiver, safe-sheltering as an alp?" Those are the lines from Du Fu's lament: "Thatched roof blown off by the autumn winds". Madam President, I believe these several lines express the basic wish of every common citizen and should be the goal that any government should strive to attain. However, many people in Hong Kong still live in old areas with a poor environment and dilapidated buildings, where their health and safety is being threatened. The problem of the ageing of buildings in Hong Kong is becoming more and more serious. At present, out of some 8 500 buildings of a vintage of more than 30 years in Hong Kong, over 1 000 have to be torn down and rebuilt, while another 1 000-odd buildings have to undergo large-scale renovation. In 10 years', the number of buildings over 30 years old will drastically increase by 50%. Clearly, the renewal of old urban areas is a pressing task.

Over the past 10 years or so, the Land Development Corporation (LDC) has made no small contribution to urban renewal. However, it has all along been harrassed by problems such as the protracted procedures of land resumption and insufficient resources for rehousing. Moreover, under the relevant ordinance, the LDC shall "conduct its business according to prudent commercial principles". Unfortunately, due to the less thriving property market in recent years, the LDC has had no profitable development projects while private developers' interest in participating in renewal has also drastically declined. As a result, the LDC has been operating with great difficulty. Actually, the Government is also to blame for the plight of the LDC. For instance, insofar as land resumption is concerned, even if the LDC has recourse to the Lands Resumption Ordinance as a last resort, it is often bogged down by the complicated and protracted bureaucratic red tape. For the publication in the Gazette alone, it is not unusual to wait one or two years.

Now, the Government has proposed a multi-barrelled approach to solve the three main problems faced by the LDC. This shows that the Government is determined to expedite urban renewal. However, what is most puzzling is that the Government's proposals can all be implemented by amending or rewriting

the Land Development Corporation Ordinance. Why should it "scrap" the LDC too after "scrapping" the two Municipal Councils? One cannot help but be reminded of the saying that the bow is cast aside once the birds are gone.

The objectives of urban renewal now proposed by the Administration include: (1) to improve the urban environment and redevelop dilapidated and run-down areas; (2) to achieve better use of land in dilapidated old built-up areas; (3) to prevent the decay of built-up areas by promoting building maintenance; and (4) to preserve buildings of historical, cultural or architectural interest in the urban renewal areas. These are clearly right approaches.

However, much of the contents and many details of the White Bill are still unclear, or even subjects of concern of Members and the public. The reason I am moving this motion on behalf of the House Committee today is to induce the public to express their views during the consultation period, so that improvements can be made to the Blue Bill to be submitted by the Government to the Legislative Council later in response to the views from various sectors of the community. Of course, Honourable colleagues of this Council might find the views submitted by me today somewhat trivial. However, I still hope that they may induce Honourable colleagues to offer their valuable suggestions.

*(1) The "people-oriented" approach*

Urban renewal is carried out for the sake of "people". Moreover, the complexities involved in acquisition of properties, compensation, rehousing and the maintenance of the community network are inseparable from the "people". Thus, the future Urban Renewal Authority (URA) and the Government's urban renewal strategy should continue to use the LDC's "people-oriented" approach. Unfortunately, it seems that the present White Bill and the relevant consultation paper only lay emphasis on the improvement of hardware which is not "people-oriented".

*(2) Rehousing the residents affected*

The White Bill is silent on the question of rehousing. Although the Administration has repeatedly stressed that the URA will discuss the issue of rehousing with the Housing Authority (HA) and the Housing Society (HS), in order to ensure that affected residents will not become "homeless", the HA and HS have not made any official comment on this matter to date. Despite the

Administration's statement that it has reserved land to provide housing for 3 000 affected households in three years, many colleagues and members of the public have questioned the accuracy of the Administration's estimate of the demand, as well as how many affected residents can actually get local rehousing. Moreover, many residents in the old areas are new arrivals in Hong Kong who are not eligible for public housing. In order to provide a satisfactory solution to the problem of rehousing, the Administration should tap new resources. I believe the development of industrial land in the old areas for rehousing purposes merits the Administration's consideration.

*(3) Compensation for land resumption*

In order to expedite land assembly and remedy the drawback of protracted land resumption procedures, the Bill proposes that the URA can apply to the Secretary for Planning, Environment and Lands for land resumption without having to consult property owners. As there is not any appeal mechanism, how do we prevent the Administration from "trampling upon the people's rights" or "the hard-nosed residents" from "refusing to leave"? How do we prevent the Administration from abusing its power and "forcibly seizing private property"? These are questions that we must carefully consider. This mainly involves the question of how to set fair criteria for compensation, especially compensation to commercial tenants, which is the most controversial. The reason is that commercial tenants who depend on customers who are kaifongs may lose much of their business even if they move their shop to another street in the same district. The Administration should expeditiously called discussions with the relevant parties to devise a fair and reasonable method for calculating compensation expeditiously.

*(4) Repair and Maintenance*

Under the present proposal of the Administration, the URA only has the power to enforce repairs order, but does not provide maintenance and repair services for buildings. Since property owners in the old areas are generally less well-off and the complicated titles make it very difficult to organize the owners, it is certainly a big question as to how we can promote the proper maintenance of buildings in the old areas. The Administration plans to re-introduce the controversial compulsory safety inspection and maintenance scheme next year. It is bound to provoke much controversy and it remains to be seen how the Administration will overcome the opposition of the legislature and the

community and how it will implement this scheme in Hong Kong (especially in the old areas).

*(5) The powers of urban renewal and checks and balances*

The White Bill fails to specify what role the public and the Legislative Council can play in the formulation of corporate plans, business plans or development projects by the URA. In fact, the powers for approving these plans rest entirely with the Financial Secretary and the Secretary for Planning, Environment and Lands. The Bill does not provide for any appeals mechanism.

Besides, the Bill proposes that the same person shall act as chairman and the salaried chief executive. Clearly, this is tantamount to sacrificing proper checks and balances for the sake of efficiency. I have great reservations about this proposal by the Administration. The Administration should carefully balance the composition of the future URA and ensure that it has representatives from the various professions, the grass roots and the relevant sectors. It should also avoid appointing people with conflict of interest in terms of business, in order for the URA to have credibility.

Madam President, I have briefly expressed some common views shared by organizations which met with the Legislative Council. I am sure that colleagues will go into the various questions in detail later. Even if the government officials are unable to answer all the questions today, I hope that they will take action to show that they have taken the people's views represented by us into full account in the Blue Bill to be submitted later on.

Madam President, urban renewal is not only closely linked with the lives of the people in the urban renewal areas, it is also crucial for Hong Kong's overall environment and social harmony. I urge members of the public to come forward actively with their views on this White Bill. I also urge the Government to genuinely take public opinion into account and build a society in which everyone can live in prosperity and contentment.

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

**Dr LEONG Che-hung moved the following motion: (Translation)**

"That this Council notes the Urban Renewal Authority White Bill."

**CHAIRMAN** (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr LEONG Che-hung, as set out on the Agenda, be passed.

The debate will now begin.

**MR EDWARD HO:** Madam President, as Members know, the House Committee of the Legislative Council has set up a Subcommittee to examine the Urban Renewal Authority White Bill (the Bill) of which I am the Chairman, but since the Subcommittee has not finished its work, so today I would not be reporting on the work of the Subcommittee, but merely speaking on my own behalf.

Madam President, urban renewal is a large subject, involving important social, economic and urban environment issues. I know I would not be able to cover all the points that I would like to make in seven minutes. The Bill covered the proposed legal framework for the formation and mode of operation of the Urban Renewal Authority (URA). As such, the Bill provides very little information as to how our urban environment will be renewed or rehabilitated. The "how" will be contained in the Urban Renewal Strategy (the Strategy).

The first thing that strikes me is that the Bill does not have any reference to the Strategy at all; there is no legal linkage between the Strategy and the Bill. The second thing is that the Strategy is formulated by the Government without any involvement by the URA. If that is the case, the URA is nothing but a glorified quasi-government agency to handle the implementation of a strategy. I note also that the URA will be given nine target areas as priority project areas, again with very little initiatives of its own.

Certainly, if members of the URA were to be accountable to the public, they should have a much higher degree of participation in the formulation of the Strategy, as we would expect that the URA would have a core of expertise on the subject.

The Strategy, as presented in the Executive Summary of the Urban Renewal Strategy dated October 1999, does provide more clues as to the broad goals and specific objectives of the Strategy. I have a few observations as to the likely obstacles that will affect the implementation of the Strategy.

The first will be the problem of resources. Urban renewal of the size and magnitude envisaged will require tremendous financial resources to be injected by the Government. We know that it is the Government's intention that urban renewal be self-financed in the long run. That, in my view, is unrealistic. Take the question of increased plot ratios to enhance viability of projects. We know that this is not possible in many cases, as urban renewal is set to improve urban environment by means of provision of more open spaces, community amenities, and better infrastructure such as wider road widths. In those cases, the net area available for development will be much reduced. Though this may in some way be offset by increase of plot ratios as alluded to in the Strategy, the likelihood of overall increase of plot ratios compared to the original development is not high. This would be even more unlikely in the case of developments that were based on the method of calculation of building volumes for buildings built before mid 1960s.

The Government has therefore to accept that in order to achieve its aim of completing the Strategy within 20 years, it must assess in detail the financial resources that are required and that the Government is prepared to fund. Urban renewal will have to be based on public interests and social needs and not on the viability of individual projects.

I am glad to learn that conservation and rehabilitation will form important elements of the Strategy. This will present unique opportunities for preservation of sites and structures of historical, cultural or architectural importance: These are opportunities that have not been presented before, especially for structures that are in private ownership. Although conservation and rehabilitation require much higher financial input, the social benefit that can be gained cannot be compared with redevelopment that inevitably brings about social disruption.

The question of rehabilitation is a complex one. Should the public fund pay for maintenance and repairs of structures of private properties? Or, should private owners be compelled to maintain and repair their own properties at their own cost? Clearly, owners have the responsibilities to maintain their own properties. But, what about those small property owners whose properties are old and dilapidated, but whose income was so low that they cannot afford to provide the proper repairs?

Clearly, there has to be a case-by-case approach on how rehabilitation can be accomplished that would be fair to all concerned. In some cases, if rehabilitation is of such public interest importance, the properties may have to be resumed and conserved. In the experience of other countries, this is an effective way of revitalizing whole neighbourhoods retaining the original flavour of the place and avoiding the destruction of the existing social fabric.

Madam President, the next question that I would like to discuss is the importance of co-operation and co-ordination of the URA with different bureaux and government departments. I believe that very strong co-operation is required and also that many ordinances will have to be amended as a result of different responsibilities.

Finally, Madam President, I welcome the setting up of the URA and the proposals to implement procedures that can expedite urban renewal. Urban renewal should bring opportunities not only to improve our urban built environment, but also opportunities to bring about innovative urban designs and sustainable development that will enhance Hong Kong's status as an international city of the 21st century. But, all that will have to be carried out with total commitment of the Government and supported by the general public.

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

**MR JAMES TO** (in Cantonese): Madam President, throughout the nine years since I have been a Legislative Council Member, this is the sixth debate on this subject. I have moved five debates so far and the Government has finally introduced a White Bill this time. The Bill has a few key points and I would express my views on each of them.

Firstly, I spoke on 21 October, one day after the publication of the White Bill, but I find that the key points I made then are still valid now. The key points of the White Bill introduced by the Government include the following: First, as it is not necessary to negotiate with owners about land resumption, the clearance process will be expedited. I basically oppose this and I hope that the Government will listen carefully. If there is not any negotiation process (no matter how short the duration may be), and if the land resumption mode of the Kowloon-Canton Railway is applied, in other words, land will be resumed by the Government 90 days after the gazettal, it is really too harsh and it will give rise to significant problems. In the past, the delay was mostly caused by the delay in land resumption but not the purchase actions of the LDC. Once the LDC has launched its purchase actions, it can normally purchase 50% to 60% of the necessary titles within half a year, therefore, the actual delay is caused by the Government. For example, the LDC has submitted applications in relation to two latest projects to the Government for two years but it has not successfully resumed the land yet. After the process has been speeded up, as the LDC will more certainly be able to resume land, the compensation criteria should be improved to make the compensations more attractive. As the affected residents will co-operate more readily, the actions will be more successful. This will achieve a rolling effect, for the quicker the process, the higher the certainty, and the lesser the interests to be borne. At the end, the viability of the entire project will be greatly increased.

In addition, the Government has not specified in this legislation the compensation criteria and it only wants to use administrative measures to make compassionate compensation. I think that the compensation criteria can be set out in legal provisions, even the Landlord and Tenant (Consolidation) Ordinance has specified the compensation to be made to a tenant when a landlord wants to redevelop a building. I do not understand why the Government can make compassionate compensation when it resumes a building for redevelopment. Making compassionate compensation will give rise to problems. For example, if a tenant does not accept the compassionate compensation, he can file an appeal with the Lands Tribunal. In that case, the compensation will not be made on the basis of compassionate criteria but the value of the old building. Therefore, I hope that the Government will specify the compensation criteria in the legislation.

Secondly, it is the question of increasing the rehousing resources. As Dr LEONG Che-hung has said, at this stage, there is only one message: the discussions with the HA and HS are still ongoing. Frankly speaking, compensation and rehousing are two important issues. The consultation period is coming to an end and I wonder when the discussions about rehousing can be concluded, or when the criteria will be specified — most probably after the green bill and blue bill have been introduced to the Council. If compensation is calculated on the basis of the old criteria, many people will not be eligible and if the criteria are not relaxed, I believe it will have a fairly big impact.

Thirdly, changing the self-financing mode in the past. This is worth supporting. After the LDC has toiled for 10 years, the Government has affirmed for the first time that no-cost redevelopment or self-financing redevelopment is totally impracticable. Yet, the Government has made the point during this consultation that it would not inject funds and stated that it will make indirect injection only. Certainly, I do not oppose indirect injection because we in the Democratic Party have proposed to the Government capital injection methods such as exemption of premium payment. Miss Christine LOH has also proposed premium payment by instalments. In fact, many Members have expressed their views. I hope that the Government will make indirect injections but I am not saying that the Government has to inject huge sums of money. But if the Government fails to do so, will this become its strategy? Will there be a bottomline? If indirect injection, relaxing the plot ratio, linking sites and exemption of public facilities within the development area are all impracticable, will the Government say: Sorry, the project will not be carried out or some projects will not be carried out. Or, will it act like the LDC and choose to carry out only projects that are viable? Will that be the case? I hope that the Government will not do so half-heartedly. If it is resolute in carry out urban renewal comprehensively, I believe it cannot avoid these cases. If it has to inject capital at the end for the sake of public interests, it should not be just willing to extend loans. Take a look at the case of the LDC, and we will know that the LDC has to toil for 10 years even though the loans obtained are insignificant. At last, officials collaborated with businessmen, and the LDC was forced to accept very serious accusations, and the Government only finishes a review now. Therefore, the Government must be resolute and forward-looking.

Fourthly, changing the structure of the LDC. After this reform, the URA will have an executive chairman and deputy chairman and it will have power over major issues. It is stated in the government paper that this is intended to enhance accountability, but I do not quite understand this. According to the Government, it is stipulated that the chairman should answer questions at the Legislative Council. But will this enhance accountability? The relevant bureaux would answer the questions asked in the past but the Government can now say that, "the chairman and the board of directors should answer questions on the things they have done". Some may ask who will be the chairman. Will he be a retired official? In my view, the chairman (concurrently an executive director) and the deputy chairman actually centralize all the powers in their hands, and other members will therefore be relatively less accountable. Even if the chairman has to answer Members' questions at the Legislative Council, we all know that, he can even say that all matters are decided by the board of directors together after all. The HA always gives such an answer: all matters are decided by the Authority. The Government will also say that as it cannot lobby them, all that happens has nothing to do with the Government. Actually, doing so may reduce rather than enhance accountability.

The last point I would like to make is the strategy for the maintenance of old areas. I note from a government paper recently that this is a new strategy. All along, we have unanimously opposed the mandatory building safety inspection proposed by the Government, but we do not know that the Government intends to make the maintenance of buildings in regions covered by the Strategy mandatory. It is mandatory maintenance rather than mandatory building safety inspection and this brand new strategy has really startled us. I hope that Members and the public will know that this proposal was made through the backdoor only recently and the laws will naturally give a clearer account in future. Other Democratic Party Members will elaborate other matters in greater detail.

**MR AMBROSE LAU** (in Cantonese): Madam President, first of all, I would like to declare that I am a member of the governing body of the Land Development Corporation (LDC).

According to the experience of the LDC in the redevelopment of old areas in the past 12 years, the "LDC mode" era has passed and the pace of

redevelopment fails to match the speed of ageing of the city. There are three reasons why the "LDC mode" is outdated: firstly, after 12 years' development, profitable redevelopment projects can hardly be found; secondly, the process of acquisition of properties is complicated and slow; thirdly, there are limited resources for the rehousing of affected residents.

At present, the redevelopment of old areas cannot be carried out in a self-financing manner. There are around 1 400 buildings that should be redeveloped as soon as possible. The LDC has projected that many redevelopment projects being planned and prepared may suffer losses, and private developers are unwilling to participate. Unless there are new resources, redevelopment projects can hardly sustain.

Madam President, the Urban Renewal Authority White Bill has made many suggestions, including the increase in rehousing resources. The URA can employ simpler procedures and file applications for land resumption according to the needs of the development projects, consider exempting premium payment for urban renewal lots, relaxing the plot ratio restrictions of the urban renewal lots and so on. It may also consider using profitable projects to subsidize projects that may incur losses. These suggestions are actually the aspirations of the LDC over the years. The fact that the Government has finally started implementing the establishment of the URA is most welcome.

However, the Government should clarify or properly deal with many parts of the Bill. For example, should the URA or the HA or HS be responsible for rehousing residents? Land resumption is the toughest problem in respect of urban renewal. As proposed in the Bill, the URA will only be responsible for land resumption in future while the Lands Department will be responsible for the relevant compensation matters, and the URA will have no say in this. The Government must establish the relevant mechanism to ensure that the URA and the Lands Department will co-operate closely in respect of land resumption. Moreover, according to the Bill, the URA will also be responsible for the operation of the relevant loan funds to promote building renovation and maintenance. Yet, apart from these, no other specific arrangements have been made. The renovation of old areas is a complicated issue, and the Government must make proper arrangements before the URA comes into operation.

Madam President, the financing of the URA is also a very important issue. At present, the LDC has around \$1 billion, although the URA will not have debts after its establishment, in the long run, the financing of urban renewal must be solved properly. There are roughly three solutions: firstly, relaxing the plot ratio of redevelopment lots and if this is done, 200 projects will generate an additional \$38.9 billion in revenue. If these 200 projects are redeveloped according to the existing legislation, \$59.3 billion will be lost. Secondly, the URA can be exempted from premium payments in future. Calculated on the basis of the \$70 billion development cost in the past 12 years, premium payment accounts for 20%, that is \$14 billion. Therefore, the exemption of premium payment is indirectly giving financial support to the future URA. Thirdly, the Government injects resources to pace up redevelopment.

Madam President, the purpose of urban renewal is not simply demolishing old buildings and building new ones. Importance should be attached to a few issues.

Firstly, we must preserve the cultural features of old areas so that traditional and contemporary features will co-exist in harmony. The URA will have to manage and reasonably reorganize cultural features of old areas to be redeveloped. To reorganize the favour of old areas, the planners and designers must have higher cultural taste and rich knowledge in the humanities and history.

Secondly, efforts should be made to tie the redevelopment in with the economic restructuring that has emerged long ago. As the outward movement of local industries has been continuing for more than a decade, many industrial buildings have been left vacant and become dilapidated. The Government should change the land use and the use of industrial buildings so as to make better use of land and increase the supply of land for renewal.

Thirdly, for Hong Kong to become the leading cosmopolitan in Asia, the quality of design of redeveloped or newly built buildings must be improved.

Fourthly, transportation network is a very important element of urban renewal. For instance, the Mass Transit Railway (MTR) can be extended to To Kwa Wan, and the Island line can be extended to Kennedy Town and even to Aberdeen and Ap Lei Chau. This will drive urban renewal and attract private developers to take part in the renewal of old areas. To this end, the railway network planning of the Government should take the renewal of old areas into consideration.

Madam President, the LDC has around 350 staff at present and they have experience and expertise in urban renewal. If they have a smooth transition to the URA, it will not be necessary to dismiss all or some of them and then employ other staff. This is a significant factor that will maintain staff confidence and stability.

Madam President, I so submit.

**MR GARY CHENG** (in Cantonese): Madam President, I have been following the issue of pre-war buildings in Wan Chai. If Members want to know whether "night soil dumping" still exists in Hong Kong, I can show them tonight; if Members want to have a look at power switches filled with water giving rise to a leak as if "it was boiling water" or at wooden staircases without fire escapes, we can still do it. Residents in these buildings indicated that they heard about the demolition plan of their premises in the '70s, but the relevant works had not yet commenced 30-odd years down the line. In response to my questions, the Government said that these pre-war buildings had to be dealt with, but the Administration was understaffed. In such a modernized city as Hong Kong, it is really distressful that there are still residents living in such an environment.

In 1996, the Democratic Alliance for the Betterment of Hong Kong (DAB) proposed in its consultation document that the Government should set up the URA as soon as possible. This explains why we agree that the URA should expedite its pace of redevelopment and give priority to public interest when devising redevelopment projects.

There are several issues of concern to us. I think the Government is still adopting a very restrictive attitude in its arrangements under the redevelopment strategy. Madam President, in the redevelopment strategy published by the Government, emphasis is only laid on providing transport infrastructure and community amenities, putting land available for redevelopment to good use, preserving cultural relics, promoting maintenance of buildings and so on. Less attention is given to such areas as maintaining the community networks for residents and cultural characteristics as far as possible. We do not wish to see all communities requiring renewal to come out from the same mould. Instead, we hope planning can be done in the light of the unique characteristics and culture of individual communities, with undesirable things to be modified and traditional ones to be preserved. In upgrading the living quality of the residents,

their living habits should also be upheld. Only in so doing can we map out a well-integrated renewal strategy, which is vital for social stability. The Government has indicated that it will take the co-ordination of new and old areas into account in the course of planning. However, if the Government fails to incorporate these principles into its strategy, we will be very worried that focus will be put on the demolition and construction of buildings only. These generally accepted principles will then vanish.

Secondly, urban renewal is "people-oriented" in terms of its objective. However, the Administration finds it difficult to embody this concept in legal provisions. In fact, one point is conducive to achieving this goal. When drawing up a plan, the Government must have a mechanism for public participation. Local residents, in particular, shall have the opportunity to participate in discussion of strategies and receive information released. Let me go back to the above-mentioned pre-war buildings. In April this year when I dealt with the "Blue House" at Stone Nullah Lane, Wan Chai, I invited people from the Antiquities and Monuments Committee to inspect the place. Within the House, a descendant of LAM Sai-wing (WONG Fei-hung's disciple) had established a bonesetter parlour — probably one of the earliest hospitals in Hong Kong — known as Huatuo Hospital. For this reason, this monument has been preserved. I am very happy to hear about that though I am not sure if this is the fruit of our efforts. The book that I have on hand also points out that Stone Nullah Lane has been taken into consideration, so I am very happy. Last night I went there and found that adjacent to that building is a much older building. The residents there approached me and asked why that building was classified as a monument but not theirs when both buildings were only separated by a wall. This experience illustrates that it is important to make residents understand the substance of planning and its entire intention. According to our past experience, residents affected by redevelopment usually ask for improvement to their living, retention of their original community network and offer of maximum security in calculating compensation. However, I can see that greater power is given to the URA for the acquisition of properties. We are also given the impression that the public's power to bargain with the Government may diminish and may even suffer a further setback given the current situation of the property market. With respect to these issues, it will be difficult for us to meet the public demands and resolve their confidence problems if we fail to put forward some concrete plans.

Therefore, we hope that the Government can implement the relevant proposals as soon as possible and provide channels for residents to express their views and demands with respect to urban redevelopment and renewal. It is believed that, in the course of redevelopment, this can ease their worries over the uncertainties and ameliorate their resistant sentiment.

Madam President, the last point that I would like to put forward concerns the financial arrangement of the URA. Even though it has become the URA's prerequisite that it no longer needs to operate according to commercial principles, the Government's over-emphasis on the URA's need to become self-financing may put it in a more passive position. When redevelopment projects compete with other infrastructure projects for resources, will the URA pick the fat projects and, following the previous principle, choose to undertake profitable projects only? And when the URA becomes financially unsound, will it cut down the scale of redevelopment projects and slow down redevelopment? The various preferential financial arrangements offered by the Government can help reduce about 20% of the costs to be shouldered by the URA. In our opinion, however, in order to ensure sufficient funds for future development, the Government must provide reserve funds for the URA so as to enable it to venture on projects in the public interest.

On the other hand, since the Government has not been able to provide a comprehensive evaluation on all the resource commitments involved in its 20-year redevelopment programme, we can hardly build up confidence specifically, and we do not know how many resources will need to be injected. We hope the Government can give a more specific explanation in this respect.

Finally, the DAB is of the view that in order that urban renewal can be carried out more effectively, the Government must provide more incentives, including such measures as changing or upgrading land uses, granting developers more attractive plot ratios, postponing payment of premia, lowering the amount of premia or allowing developers to exchange land with the Government, encouraging developers to participate in more redevelopment projects of a larger scale, especially projects in areas outside the nine major redevelopment zones.

I so submit.

**DR LUI MING-WAH** (in Cantonese): Madam President, I agree with the idea to speed up the pace of urban renewal. With the continuous social development, there are some buildings in the old urban areas which have become aged and dilapidated. Some buildings do not have facilities which can meet the needs of the public. The rebuilding of old urban areas has hence become a necessary choice to make. In a place with scarce land resources and a huge population like Hong Kong, the urban renewal can help increase the height of buildings and the usable area. However, when the Government is to implement urban renewal plans, it must protect the interest of tenants and property owners. Therefore, I think that when the Government assesses the compensation in relation to land affected by urban renewal, it must work out the compensations in a fair and reasonable manner so that those affected will get the interest they deserve. As to factories and commercial premises affected, the Government should undertake to shoulder the economic losses borne by these affected enterprises during their relocation process. Besides, the Government should allow for ample time to enable those people and businesses affected to make the arrangements for relocation. No compulsory administrative measures should be used to force them to leave in a hurry.

We have heard a lot of disputes over compensation matters as a result of urban renewal. These happen as a result of the absence of a sound mechanism and transparency. The Government should learn a good lesson from these and set up an appeals mechanism so that those people affected by urban renewal can have the right and the channel for appeal, and that they can be given fair and equitable treatment.

Madam President, the pace for urban renewal should be speeded up because it can improve the outlook of our city and the living conditions of the public. Nonetheless, I hope that the Government should take measures in the course of land resumption and renewal to minimize the inconvenience caused and the damage to the people's interests. Property owners and business operators should receive reasonable compensation, hence minimizing the impact of urban renewal on them for the benefit of social stability. Thank you, Madam President.

**MISS CHRISTINE LOH:** Madam President, we are being given a tight timeframe to comment on the consultation paper on the Urban Renewal Authority Bill. I would like to make a few observations for the Administration to consider when it prepares a bill for gazettal and to consider its new urban renewal strategy.

For starters, the new strategy stated, in paragraph 6 of the Consultation Paper, an improvement on the existing policy can still be much improved by making it clear that firstly, the renewal process is not about wholesale demolition and redevelopment of an area, but about rehabilitation, regeneration and revitalization.

Secondly, the new strategy should state that sustainable development is a key purpose. Accordingly, section 5 of the White Bill needs to be reworded.

Thirdly, the Administration needs to respond to the community's concern that urban renewal will result in the destruction of Hong Kong's urban fabric with the replacement by massive, single-use, unattractive and uninteresting complexes or large housing estates.

I propose three specific solutions to address that problem. Firstly, the Bill to be gazetted should have a preamble that summarizes key principles of the new urban renewal strategy so that we do not lose sight of what our collective aims are in time.

Secondly, to ensure that we do not end up with a soulless monstrosity, the future Urban Renewal Authority should set limits to the extent of site assembly and break down development packages into smaller parts.

Thirdly, it should be made clear in the final Bill that there must be an institutionalized means to involve residents in the process, and with opportunities for owners to become stakeholders in renewal. In short, there should be a defined process for the community to be involved in the planning process so that the social, environmental and economic impacts can be properly assessed and taken into account.

Just to make myself clear, the Administration should do more than its usual economic and environmental impact assessments by adding social impact assessment. Accordingly, a new section needs to be added to the Bill, and the existing section 6 needs to be revised.

My final point is that the new strategy also offers a great opportunity for Hong Kong to design a new generation of better buildings that are eco-friendly, resource-efficient and also adaptable to future use and are durable. The need to meet the proper standard in energy intensity and efficiency, public health and comfort should be better regulated. We should take the opportunity to revisit this whole area of urban redevelopment to take into account parallel changes to ensure that we have the best designed, well-constructed and durable buildings.

We must also maximize the opportunity for place-making, such as in creating open spaces and promenades.

Madam President, in view of the time constraint, I shall provide the Administration in detail more about what I have said, including some other minor points. Thank you.

**MR LEE WING-TAT** (in Cantonese): Madam President, on behalf of the Democratic Party, I would like to talk about the rehousing issues faced by the soon-to-be-established URA. The Democratic Party is of the view that a sufficient amount of land should be earmarked in advance for this specific purpose. We think such land should both be in the urban areas and in the New Territories, instead of merely in the New Territories alone. On top of that, as we all know, a period up to about three to four years is necessary to complete rehousing and construction. Therefore, we think that during the transitional period, that is, in the first three years, we may need to have some interim measures in the form of rent subsidies. I have raised this point in the subcommittee that the people affected should be given temporary subsidies in rent for the first three years so that they may not need to take up the resources in public housing earmarked for Waiting List applicants.

Another issue is that the Government's proposal that the HA or the HS be made responsible for rehousing matters lacks clarity. Will the applicants have to fulfil the requirements laid down by the HA before they are allocated housing units? That is to say, do half of the family members have to be persons having

lived in the territory for seven years or more and meeting the asset requirements? Do those failing the requirements have to be housed in temporary housing areas or interim housing units? The Democratic Party thinks that redevelopment is a kind of involuntary relocation. If the requirements for allocation of public housing as laid down by the HA are applied, I think many of the people living in the aged buildings may probably be unable to be rehoused in public housing units because they fail to meet the requirements of having at least half of the family members having lived in the territory for seven years or more. As a matter of fact, the HA has affirmed that the housing needs of those households living in redevelopment public housing estates as being committed needs, in other words, the demolition of housing estates in the HA will result in rehousing the affected tenants. The rehousing requirements of those tenants of redevelopment public housing estates are probably the most lenient ones. Other categories of applicants will need to undergo income and asset tests and subject to the restriction of having at least half of their family members having lived in the territory for at least seven years or more. It can be said that for those households affected by redevelopment in public housing estates, they do need to meet less stringent requirements. The Democratic Party does not think that these requirements should be adopted. However, the HA thinks that redevelopment entails a committed need and so a more lenient approach is adopted. But the Government points out that tenants affected by private sector or URA redevelopment projects may have to comply with the general requirements for rehousing as laid down by the HA, and so it is an application of double standards.

The Government also states that the URA will "underwrite all redevelopment". I do not know how this is to be done. Does it mean that those people who fail to the HA reshousing requirements will all be rehoused by the URA? If this is the case, what are the buildings that can be used for this purpose? Actually this question has not been answered. Does it mean that the URA will only lend its support when the temporary housing units are all fully occupied? That is why I think that the present rehousing policy is far from being assuring. The problems which arise from urban renewal will be much more than those found in public housing estates. For example, under the present arrangements, the tenants affected may choose between cash compensation and rehousing by the LDC. That may lead to a sudden massive influx of tenants into some public housing estates. The redevelopment of the seven streets in Tsuen Wan is such an example. I have said many times in the subcommittee that the population of Tsuen Wan has more than doubled during

the period starting from the time the Government announced the redevelopment plans in 1994-95 up to 1997-98. I am aware that the Government has difficulties in freezing the number of tenants registered, but it must always bear in mind that if no improvement is made, it will continue to be a headache. So I would suggest that the Government should set an earlier time as the deadline for registration. This will limit the number of people eligible for rehousing by the URA.

In addition, when the LDC acquired properties for development purposes, it used to hire some organizations to provide assistance to the people affected. This was seen in the redevelopment projects in Queen Street and Mong Kok. The Democratic Party therefore proposes that the Government should increase the number of integrated teams for social services to provide assistance to people affected by redevelopment, so that they can seek government assistance when necessary. When answering a question on local rehousing in a meeting, the Government only stated that elderly singletons and the handicapped would be given priority in local rehousing. But the word "local" is actually subject to many interpretations, it can mean anywhere in the Special Administrative Region (SAR). It would mean rehousing in any district of the SAR. In general, "local rehousing" cannot mean Mong Kok or Wan Chai because there are no public housing estates there. If a larger number of units happen to be vacant in some of the urban fringe areas or if there are more resources in older built-up areas like Kwun Tong, Kwai Chung, Tsuen Wan, Tsing Yi or Island South, I think it would be easier to persuade tenants to move into these places. If in the course of every redevelopment project, the people affected will have to move to remote places like Tin Shui Wai or New Territories North, I would envisage the kind of opposition or resistance will be very great. As far as I know, the Government has identified only three lots of land to rehouse people affected by redevelopment. Among these only one hectare of land is in the urban area. It can only suffice to cope with the rehousing needs which arise during the first three years of the establishment of the URA. This situation is like using a penknife to chop a tree. If I am not wrong in making the estimate, 1 hectare of land can be used to build about 600 units. In other words, the Government is implying that out of the 3 000 households expected to be affected by the redevelopment projects in the first three years of the URA, 2 400 of them will have to move to the New Territories. Would this be a satisfactory arrangement? I hope the Government can think of some better ways and find more resources so that the URA will not have to find itself drowned in a sea of protests after it is established. Thank you, Madam President.

**MR KENNETH TING** (in Cantonese): Madam President, the Federation of Hong Kong Industries thinks that the Government should speed up the implementation of its urban renewal plans and make our old urban areas more attractive and suit our practical purposes. All these are necessary. However, the manufacturers and businessmen in areas affected by urban renewal plans should be treated fairly and the authorities should minimize the impact of urban renewal on these people as much as possible.

After the financial turmoil, prices of industrial buildings fell a great deal, and many of these properties have even become negative assets. In this regard, the URA to be established should not base their assessment of compensation made out to the factories simply by looking at the current market value.

If assessment is simply made by reference to the current market value, it will be very unfair to the manufacturers and they will find it unacceptable. For the amount of compensation worked out this way will not only make the manufacturers affected by urban renewal unable to meet the difference between the loan they have borrowed from the banks and the market value of their properties, they will also be unable to find new premises to continue with their business. Therefore, we are of the view that the Government has a responsibility to those manufacturers affected by urban renewal in that arrangements should be made to relocate them in the same district or in one of the nearby industrial estates. Apart from that, when assessment is made on compensation, the Government should include machines and other facilities related to the operation of the factories. In this way, the impact of urban renewal on manufacturers will be minimized and they will have sufficient means to find another place to continue with their business.

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

**DR TANG SIU-TONG** (in Cantonese): Madam President, information shows that there are around 22 000 private buildings in Hong Kong that are aged over 20, and 6 000-odd of them are aged over 40. But most of these buildings lack maintenance and are dilapidated. They affect not only the city outlook and environmental hygiene but also pose potential dangers to residents and

pedestrians. A month or so ago, a tragedy happened in Tung Choi Street, Mong Kok in which a female hawker died after being hit by spalling concrete fallen from an old building. Therefore, it is a pressing task to speed up urban renewal to improve the living environment of the public. It is a pity that although the LDC in charge of urban renewal in Hong Kong has been established since 1988, the progress of its work has not been satisfactory. It takes an average of 10 years or more to develop projects and some projects have still not been carried out today. Therefore, the Hong Kong Progressive Alliance (HKPA) supports the establishment of the URA as soon as possible so that the renewal of old areas in a new mode can take less time.

However, we should note that even though the URA to be established has greater and more direct land acquisition power as compared with the LDC, and even though the Government has set an objective to complete within 20 years the priority renewal projects that will take 30 odd years originally, the way in which the URA will deal with the demands of affected residents in the course of land resumption, and the criteria with which it will make reasonable compensation are a cause of worry among members of the public. Added to this is the grave public concern that the people's bargaining power will be reduced. Yet, the consultation document has not mentioned these in detail and it fails to offer explicit criteria for calculation or a clear basis on which estimation can be made.

We should also pay attention to the compensation arrangement for commercial tenants because they are not only concerned about "residence" but whether they can "run their old business". It is a "livelihood" matter. Most shops in old areas are run with small capital and their patrons are kaifongs who live in the area, and some of them even engage in trades that receive little attention or are obnoxious. Renewal means to them more than finding new places to continue their business. It could mean the end of their business. In fact, the market values of shops in old areas have remained on the low side and these shops will invariably fetch less compensation compared to residential flats. Therefore, when the URA determines the compensation for shops, it should try its best to peg such compensation with the prices of newer shops in the same area. This way, the affected shops can continue to operate in adjacent areas, the existing business network can be maintained and small businesses can continue. A month or so ago, some villagers and commercial tenants of the Shek Wu Sun Chuen in Sheung Shui took antagonistic actions precisely because they were not satisfied with the compensation given by the Administration. We should draw lessons from others' mistakes and the Administration must offer a detailed

account on the arrangements as soon as possible so as to avoid similar incidents in redevelopment areas.

An important issue in respect of the Urban Renewal Scheme is how the affected residents can be provided with proper rehousing. All along, the HKPA has not opposed the HA taking charge of the relevant work because it is the only body that could provide a full range of housing flats and professional experience to cope with the enormous rehousing demands. I am given to understand that the Government has secured the support of the HA and HS in assisting the URA in rehousing the affected tenants. This news is gratifying but the Government cannot be overly optimistic about this. The Government made an evaluation of the "20-year renewal scheme" of the URA earlier on and indicated that, on the basis of the figures of the LDC in the past, around 80% of the affected tenants would ask for rehousing while the rest would choose compensation in cash. Furthermore, we are not going to demolish all old buildings aged over 30, therefore, the URA only needs to have 1 000 flats a year to solve the rehousing problem. However, firstly, the scale of redevelopment by the URA is larger than that by the LDC; secondly, as the LDC had limited rehousing resources in the past, the public might not be provided with suitable rehousing and they would be forced to choose compensation. Therefore, drawing an inference from the experience of the LDC may not be able to reflect the demand to be faced by the URA in future. In addition, it is common for a flat in an old building to be sub-let to several families, therefore, the households that remained under cover may emerge in large numbers at the time of actual registration. Therefore, the Administration should adopt a conservative attitude and carefully evaluate if there are adequate flats for rehousing to avoid the emergence of a large number of snails without shells when we fail to provide people with rehousing.

As regards local rehousing, although the HKPA has always thought that it is not feasible to implement local rehousing comprehensively with the existing resources, the Government must pay special attention to residents who rely on the original community support networks or interpersonal networks such as the elderly, the chronically ill and the disabled. If possible, the Administration should try its best to meet the demands of those in need and arrange for local rehousing or move them to other suitable communities in order to observe the "people-oriented" principle.

Lastly, in respect of safety inspection and maintenance of buildings, as I have said in the Motion of Thanks on this year's policy address, although the URA will shoulder heavy responsibilities, if the Government fails to put in place matching comprehensive building safety inspection and maintenance policies, I am afraid a slow remedy cannot meet an urgency. Several months ago, the HKPA advocated that the Government should be responsible for building safety inspection while owners should be responsible for maintenance. It suggested that the Government should be responsible for the preliminary building safety inspection so as to identify the target buildings to be renovated. For highly dangerous buildings, the Government must issue renovation orders and make mandatory orders on owners (or owners corporations) to carry out renovation for the sake of public safety. Concerning expenses, I urge the Administration to relax the restrictions on applications for "Building Safety Improvement Loan Fund" to assist the relevant parties in meeting building safety inspection and renovation expenses. However, if some owners refuse to pay, the Government should advance the payments. If owners have outstanding payments in arrears, the Administration may consider filing an application with the court to take actions against the relevant owner such as "registering a charge against his property". As to other renewal projects that are not sources of potential danger or only need beautifying, we should respect the rights of owners to act on their own. As the inspection, repair and maintenance of buildings in redevelopment areas are closely linked with the overall renewal scheme, I hope that the Administration will consider the above views in detail when it implements the "preventive maintenance schedule".

Given that urban renewal is a difficult and complicated issue, I hope the establishment of the URA can thoroughly solve the relevant problems and create a situation in which tenants, owners and the whole community will be benefited.

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

**DR YEUNG SUM** (in Cantonese): Madam President, I rise to speak in support of the proposal to set up the URA. This is in principle a good suggestion for the Land Development Corporation (LDC) has been in operation for so many years and we can see that it is now plagued with problems. The LDC operates mainly in accordance with commercial principles, which depend very much on whether property developers can make profits in investing in certain projects, while the amount of profits will in turn hinge on the property market. Therefore, when

there are fluctuations in the property market, renewal work will always be subject to delay. Even if the LDC proactively announces its acquisition plans and conducts surveys, it will still need to wait for the tendering outcomes. Sometimes, there will be a long delay. For instance, I did take part in following up renewal projects in such areas as Wan Chai, Shau Kei Wan, Kennedy Town, Sai Ying Pun, Sheung Wan and so on. The longer the delay, the more uncertain the residents will be as to whether they should renovate their premises. Furthermore, there will be a sudden surge in the number of tenants, as mentioned by Mr LEE Wing-tat just now. Therefore, the Democratic Party supports the Government in principle for it has acted decisively in proposing the setting up of the URA. I would like to put forward seven specific recommendations here. Later, we will present a detailed paper to the Government too.

First, to prevent urban renewal from being affected by the property market or consideration of contractors with respect to their own interests, the Government must inject funding into the URA. Otherwise, solely taking such measures as giving concessions, waiver of premia, altering plot ratios and so on will only provide a very passive solution, for urban renewal will eventually be influenced by the property market or the level of profits made by contractors. Therefore, injecting funds into the URA shall remain the Government's top priority. Otherwise, problems previously faced by the LDC will confront the Government again. If the Government is determined to make renewal a success, it must inject funding into the URA.

Second, concerning the age of premises. The Bill proposes to provide affected residents with sufficient capital to purchase buildings of 10 years old in the original districts. I find this a retrogressive step. At the very beginning, sufficient capitals were provided by the LDC for the purchase of buildings of between one and five years old in original districts. Later, the LDC took a retrogressive step by restricting the buildings to those of 10 years old. Now it seems that the Government is trying to imitate this retrogressive approach by putting forward the proposal of providing sufficient funds for the purchase of 10-year-old buildings in original districts only. The Democratic Party is of the view that if the Government can accept the purchase of buildings between one and five years old, just like what the LDC did at that time, owners will find it easier to accept acquisition offers. In doing so, it can also shorten the time taken for carrying out urban renewal.

Third, according to the existing mechanism, the LDC will usually consider only the prices proposed by government surveyors, without taking into account prices proposed by the professional surveyors commissioned by residents. The Democratic Party is of the view that, in handling these matters, the Government should consider the prices proposed by both the government surveyors and the professional surveyors commissioned by residents. As professionals, they will not offer a price which is particularly favourable to residents. Therefore, the Government should consider the negotiating prices offered by those professionals commissioned by the public in order to reduce disputes.

Madam President, now I would like to turn to the appeals mechanism, which is related to prices. According to the current practice of the LDC, the so-called home purchase allowances are very often compassionate allowances. The amount of compensation can vary greatly. It can be much higher than the compensation given for purchasing a 40 year-old premises, as has been laid down in the law. As the compensation is compassionate by nature, there is no fixed index. As a result, it has given rise to frequent disputes. I wonder if the Government can stipulate in the legislation that affected people can basically be given sufficient money to purchase a flat between one and five years old in the original districts. Any disputes arisen shall be dealt with by the Lands Tribunal. After all, such an appeals mechanism is more reasonable than a regime guided by "discretion" or "compassionate grounds". At the same time, this can reduce conflicts.

Madam President, fifth, I want to emphasize the need for local rehousing. Mr LEE Wing-tat has expressed a lot of opinions on this point on behalf of the Democratic Party. For instance, there are numerous old districts in Hong Kong Island where a lot of old people live. If these people are forced to move to the New Territories upon the construction of new buildings in the name of redevelopment, the community networks they have built up in their original districts will be destroyed completely. The LDC has been relying on the HS to solve most of its rehousing problems resulted from the redevelopment of old districts. However, the HS does not have many resources, apart from very old buildings. Therefore, the HA is obliged to take up this responsibility. As far as I know, the HA itself has reacted to this issue with great vigilance, probably because it has to shorten the waiting period for public housing from six to three years. Moreover, it needs to deal with a large number of single tenants. Nevertheless, if it fails to lend a helping hand in this issue, the Government will encounter great difficulties in providing proper rehousing, not to mention local

rehousing. Therefore, the HA must co-operate with the Government to enable renewal work to be handled more properly.

The sixth point I want to raise is that the LDC has numerous projects on hand. The URA should, in principle, give priority treatment to the projects originally handled by the LDC. This is because the preparatory work for the relevant projects has been done a long time ago. Many residents have also been expecting the commencement of the relevant projects for a long time. This explains why they support the setting up of the URA. But what should we do with the LDC's projects? Who is going to take over them? What will be the order of implementation? For these reasons, the URA should give priority treatment to those projects which have been launched or put in the pipeline by the LDC.

Seventh, I want to discuss the issue concerning the 90-day bargaining period. I hope the Government can refrain from taking a "broad-brush" approach. Otherwise, the impact will be considerable. Can the Government consider putting acquisition before resumption, like what the LDC did before? According to our experience, nearly 60% of the cases were dealt with properly if acquisition was put before resumption. Disputes arising in connection with the remaining 40% of the cases were also easier to settle. For these reasons, I hope the Government can refrain from adopting a broad-brush approach of setting a "90-day" limit indiscriminately.

From our experience, if the Government can fully consider the seven points raised by the Democratic Party earlier, it will find it worthwhile to undertake the relevant renewal scheme.

The last point concerns maintenance. I hope the Government can understand that these 30-year-old buildings are basically in extremely poor condition. If the Government really wants to acquire these buildings, it can consider drawing up a maintenance procedure to facilitate future acquisition.

Madam President, the Democratic Party greatly supports the URA in principle and hopes that the Government can gain experiences from all sides. Thank you, Madam President.

**MR NG LEUNG-SING** (in Cantonese): Madam President, from an objective point of view, it can be said that substantial contributions have been made by the LDC as a result of the long-term efforts it has made in redeveloping urban areas. All along, the LDC has been working as a key organ in shouldering the responsibility of redeveloping urban areas in Hong Kong. After a decade's work, actual implementation has shown that the old administrative framework for urban renewal has gradually failed to cope with our social development, particularly the public aspirations to improve the living environment of the community. The reasons for the urban renewal progress of the LDC to have failed to meet people's expectations and lived up to the standards are many. Basically, previous redevelopment work has failed to bring a more satisfactory solution in terms of both financial arrangements and land assembly. Occasional economic changes have also impeded redevelopment work. For these reasons, it is essential for the Government to restructure its urban renewal framework and set up the URA as a new co-ordinating organ. In carrying out urban renewal work, it is most important for us to make concrete improvement to financial and related administrative procedures and learn from past experiences and lessons to put urban renewal planning into effective implementation, irrespective of whether we are going to have a new framework or to retain the original name. Judging from this point, the White Bill proposed by the Government has actually manifested its commitment and the efforts it needs to make in relation to urban renewal. Therefore, the Bill merits our support in terms of its general principle and direction.

Madam President, compared to the existing LDC, the future URA will see a further expansion in its functions. One of the key points is that the URA will be empowered to apply for direct resumption of land needed for carrying out urban renewal projects without the need to conduct prior consultation with owners to acquire the necessary land. Bearing in mind the difficulties and our past experiences gained in relation to urban renewal, I think it is essential for land resumption and disposal procedures to be simplified and smoothed in a reasonable manner.

On the other hand, the URA will be given a considerable degree of flexibility in prioritizing redevelopment projects. It can choose to undertake redevelopment on its own or co-operate with private organizations or even dispose of project sites upon resumption in the market. It is for these reasons

that the URA must handle the protection of private ownership very carefully, particularly if it chooses to dispose of the resumed sites in the market. This is because if the matter is not handled properly, it will easily give people the impression that the URA is trying to, through bypassing normal land resumption procedures, take advantage of its own mechanism to facilitate a private development project. Furthermore, as the overall financial strategy of the URA is to subsidize non-viable schemes with viable ones, it has to be extra careful in choosing its private sector partners. This is because private developers will definitely make their decisions on the basis of profit-making, thereby creating a situation in which the URA is sharing profits with private organizations. This will subsequently lower the ability of the entire urban renewal scheme of subsidizing non-viable projects with viable projects. This point indeed warrants our attention.

Madam President, insofar as financial arrangements are concerned, the Government has considered waiver of land premia, exemption of public facilities from plot ratio calculation and even the feasibility of relaxing plot ratio restrictions on sites where priority redevelopment actions are required. At present, not too many low-rise buildings with redevelopment potentials can be found in many of the districts warranting redevelopment. In addition, ownership of most premises is divided and scattered. Under this situation, the financial arrangements envisaged by the Government for the future URA are reasonable. To a certain extent, the Government's decision to give up land premia actually represents its major financial commitment to urban renewal. To those living in old districts, this is good news. Owing to these relevant financial measures, which can even be called subsidies, the Government has greatly upgraded the redevelopment value of some sites in old districts, when compared to their original market value. Under such circumstances, we should, on the one hand, ask the Government to give reasonable rehousing and compensation to affected residents living in old districts so as to enable them to enjoy the fruits of urban renewal and, on the other, refrain from bowing to excessive demands.

Madam President, as the most practical need is to make financial arrangements, I think it is viable for the Government to suitably relax plot ratio restrictions on sites where priority redevelopment actions are required. Otherwise, we may run into difficulty in securing a certain number of viable

development projects. Of course, in relaxing plot ratios, we should also consider the overall environmental planning and layout design for the purpose of balancing the entire society. Finally, in order to carry out urban renewal successfully, we need to consider the social benefits. In addition, economic viability will play a very important role for Hong Kong is based on commercial operation.

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

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam President, I think many of my colleagues will support the setting up of the URA. I support it too. But the crux of the problem lies mainly with the effect produced by the setting up of the URA. This is what we should pay attention to.

The Government has put forward an objective of achieving a "people-oriented" approach. But regrettably, only little has been said about this guiding principle. Neither is there any concrete measure. I consider this general principle a brilliant idea. However, how we can achieve this remains our major concern. A "people-oriented" approach means more than the protection of heritage or local characteristics.

The HA is most experienced in undertaking redevelopment for it has been responsible for carrying out redevelopment work for more than two decades. I think some of its measures merit our consideration, and that is, the local rehousing issue which has been mentioned by a number of Honourable colleagues earlier. In fact, when the HA carried out redevelopment programmes in the past, it would make arrangement for the affected residents to be rehoused in their original districts. In the earlier period, residents were even rehoused in their original estates. This is very important for these residents' ways of living would then not be subject to substantial changes. At that time, some residents could even take part in redevelopment projects by recommending redevelopment procedures favourable to them. I remember most vividly that the HA once made an attempt to deal with 26 problematic public housing blocks. When redevelopment projects were carried out in certain housing estates, residents living there could recommend which sites should be selected for the construction of housing blocks and how residents could

be rehoused in those blocks to reduce the impact brought about by the changes of their living environment. I think the Government can consider this in putting its "people-oriented" guiding principle into practice. I do not agree with many of my colleagues who said earlier on that once the Government announces its redevelopment intention, even those who are living in urban areas will have to move to the New Territories. Such a compulsory measure will only run contrary to the "people-oriented" guiding principle.

Of all those incidents related to resumption of land for renewal or development, I think it is worthwhile for us to make reference to the recent resumption of land in relation to the West Rail. I did take part in this resumption exercise and I think the problems arisen in connection with it merit our consideration too. In resuming land for the West Rail, the Government has adopted a very simple approach by first fixing an amount of compensation without taking into account whether or not it is acceptable to owners. If owners refuse to accept the offers, they can negotiate with the Government through the Lands Tribunal on the condition that they must move out first. This is going to cause many residents a big headache for they have to move out when they have basically not received any compensation. What can they do? Therefore, we must consider compensation seriously for this is a very important factor. The Government must respect the compensation demands made by the residents. Just as many Honourable colleagues have said earlier, an appeals mechanism is indispensable for it can ensure that the problems can be solved more properly and effectively prior to the removal of the residents. Otherwise, some of them might resort to "lying on rail tracks", like what Members saw in the land resumption incident taking place at Hung Shek Road. We definitely do not wish to see anything like this happens. But the crux of the problem lies with the fact that there are always differences between the compensation offered by the Government and the demands of the residents. How are we going to solve these problems? How can we set up an appeals mechanism or reconcile the differences? This is something we must deal with.

Just now, many colleagues mentioned the ways to attract the participation of developers. Many of them have also mentioned the point that a relaxation of plot ratios can be attractive to them. However, I am quite doubtful as to whether this will really work effectively. Very often, developers will not only consider plot ratios. They need to take into account the development pattern of

the whole market and effectiveness yielded at that time. In my opinion, solely relaxing plot ratios is not necessarily a good incentive. If the Government decides not to take part or not to invest — I greatly support the proposal put forward by Dr YEUNG Sum earlier — but insofar as this area is concerned, it is not necessarily feasible.

More importantly, in the course of redevelopment, we need to solve many of the problems confronting the residents. The "people-oriented" spirit will be defeated if we force residents to move out on redevelopment grounds by resorting solely to power. Therefore, I concur with Dr YEUNG Sum's earlier point that we should set up a comprehensive services team to help residents handle their problems. The various problems we have seen in redeveloping public housing estates might emerge again in the course of urban renewal. I hope the Government can consider this point and make better arrangements.

Madam President, I want to continue with my speech by shifting to public participation. I cited an example earlier that the Housing Department once consulted the public in connection with the construction of new buildings in public housing estates. In undertaking urban redevelopment in future, I hope the Government can consider the role to be played by the residents and how far they can take part in the redevelopment programmes. I noted that so-called public hearings and consultations were conducted in relation to land resumption for the West Rail. However, these are but a mere formality. After holding meetings with relevant residents and listening to their views, the West Rail staff simply compiled a simple report and declared that consultation was over, without taking any follow-up action. I think this is absolutely not a proper way to deal with the matter. With the "people-oriented" approach, the Government should take the public views seriously. It must not behave half-heartedly and, more importantly, hold on to the old routine. I hope the Government can enhance public participation in this area to enable residents to be protected in the course of redevelopment.

What is more, I hope the URA can enhance its accountability, openness and supervisory role. Given the fact that the LDC has failed to perform satisfactorily in this area, I hope the URA can do better.

Madam President, I so submit.

**MR RONALD ARCULLI:** Madam President, I would be very surprised if there was any serious objection to the setting up of the Urban Renewal Authority for the purpose of regenerating the older parts of Hong Kong, and perhaps, renewing and refurbishing some of the buildings that deserve to be preserved. But for a successful implementation of the urban renewal strategy, which is not in fact set out in the Bill as we all know, I believe that there are some key issues that require further consideration and deliberation, not just by the Government, but also by the community and this Council.

One of the areas involved is the implementation of redevelopment projects, or the refurbishing or the regeneration of certain old areas by means of preservation. It has been said that there is some concern about the Urban Renewal Authority actually participating as a developer under normal circumstances, and the point has been raised that perhaps its principal function should really be to concentrate on facilitating urban renewal through site assembly and clearance. But of course one of the difficulties in that particular area is the urban renewal strategy, which is a strategy that is going to be decided by the Government, and indeed my Honourable colleague, Mr Edward HO, has alluded to that particular area, so I shall not repeat myself.

The other aspect of redevelopment projects is to look at the past experience of the Land Development Corporation which illustrated that some owners are inclined to participate in redevelopment projects instead of receiving compensation, be it cash or be it in some alternative forms. However, to cater for these preferences, perhaps the Bill should allow owners to aggregate amongst themselves substantial interest in a project, therefore allowing them either to take an option in a particular project in lieu of receiving compensation, or perhaps if the accumulation of interest is so large for them, to undertake the development themselves. Of course, there must be reservations about the risk that any such redevelopment project may arouse, particularly if it involved small owners taking a small part of a project, how the financing arrangements are going to be entered into, the management of the project, and so on and so forth. These are, of course, matters that need detailed consideration and working out.

The next area that is of some concern is the likelihood of success, and again I allude to the experience of the Land Development Corporation. Two basic issues that stand out really require a new approach. One is the calculation of compensation for the owners, and indeed tenants, and the other is the rehousing arrangements. We are told that the Urban Renewal Authority would be

assisted by the Housing Authority and the Housing Society on this issue, but of course, as we all know, there is no provision in the Bill to provide for that. We also believe that to provide adequate housing, and particularly, some of my colleagues have alluded to the fact that re-housing in the same district would be highly desirable if not essential, that really cannot be done without the provision of resources, both in terms of land as well as financial resources, to the agency that is to assist in this endeavour.

One possible alternative to re-housing is that, Madam President, in addition to compensation, perhaps loan schemes could be considered as a supplement. In other words, if for instance I am given a certain amount of dollars, that is supposed to be equivalent for me to buy an apartment of not exceeding a certain vintage in the same district, but perhaps if I am given a loan of another 10% or 20% of the money, that helps me in redecoration or perhaps buying a slightly newer apartment and so forth, that could encourage me to accept the valuation, although I might think that it is 3%, 5% too low, instead of going into a long fight and dispute about it, that could also ease some of the concerns.

The other area, before I go on to my last point, that is of some concern, is the issue of what I call compulsory maintenance by private owners of their property, and this arose at the last meeting of the Committee of this Council that considered that, compulsory measures to be introduced by the Government are to be, albeit for the common good and however laudable the motivation, has to be guarded with great care, particularly where a compulsion requires an owner of a property to undertake perhaps financial responsibility beyond their capability. So, I leave a serious reservation on that.

Lastly, Madam President, the Bill, of course, does not allow for objection to be lodged directly on the project. The objection that can be lodged is indirectly through the Town Planning Ordinance, and that is assuming a town planning application is required. So, I think that again is something that needs to be looked at afresh.

Thank you, Madam President.

**MR TAM YIU-CHUNG** (in Cantonese): Madam President, though there are a lot of world-class buildings in Hong Kong in the older districts, one can still find many buildings in a state of long-time disrepair, where the residents have to live under overcrowded and appalling conditions. A quickened pace of urban renewal aimed at improving the living conditions older districts is not only the wish of residents, but also the common aspiration of the community as a whole.

In October, the Government put forward a White Bill which sets down the legal framework for the establishment and operations of the future URA. The early establishment of the URA will no doubt facilitate the work of urban renewal, but I think the issue on how to uphold the "people-oriented" principle in the process, on how to safeguard the rights and interests of those affected, should be more worthy of our discussion.

The guiding principle for urban renewal should be on improving the quality of living for residents in older districts. Most residents of older districts are elderly people, and very often, they are worried that they may find it difficult to adapt to the new environment if they have to move to a new neighbourhood. That is why they often ask for local rehousing. Let us take the redevelopment of the seven streets in Tsuen Wan as an example. The HS, acting as the agent of the LDC, often failed to cater for the needs of the affected residents. The number of units available for local rehousing was very limited — just a mere total of 109 units for as many as 3 000 families in need of rehousing. And, what were the consequences? A lot of elderly people decided to rent old flats near their old neighbourhood instead of accepting rehousing in another district. For low-income families, moving to a new district means an increase in all their living expenses, which is why they are compelled to find a place to live in the same district. As a result, this type of residents cannot enjoy the benefits of redevelopment and their living conditions cannot be improved as a result. Worse still, they even have to worry about the need for removal in the process of urban renewal.

Because of all this, the most pressing task for the future URA should be a review of its rehousing policy. The Government has disclosed that under the recently approved Urban Renewal Strategy Study, 200 priority zones for urban renewal have been identified, and a total of 105 000 people and 37 000 households would be affected. So, if we wish to make sure that there is going to be an adequate supply of rehousing units to genuinely improve the living conditions of affected residents, it is obvious that the Government should not rely solely on the co-operation of the HS. The Government must also invite the participation of the HA in the work of rehousing those affected by urban renewal.

That way, more choices of public housing units can be offered to affected residents. The Government should also consider the possibility of making additional land grants to the HS for the purpose of constructing more housing estates. Alternatively, it may request the HA to set aside some existing public housing units for the purpose of rehousing those affected by urban redevelopment.

In addition to the rehousing issue, the URA should also focus its attention on property acquisition procedures and compensation arrangements. Under the White Bill, the URA is empowered to apply for direct land resumption in the implementation of urban renewal projects, without having to negotiate with any affected parties on land assembly. This arrangement can of course speed up the pace of land assembly, but how can we ensure reasonable compensation for individual property owners? In addition to allocating more resources to the Lands Tribunal so that it may deal with complaints from individual property owners in good time, the Government should also enhance the communication between the URA and affected residents. Complaints from affected residents should also be dealt with, so as to reduce their conflicts with the URA.

Urban renewal is much more than simply demolishing and constructing buildings. It is only when the rights of the residents of older districts and their community connections are well taken care of that there can be genuine improvement to their quality of living.

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

**DR RAYMOND HO** (in Cantonese): Madam President, I raised my concern for the problem of the aging city in Hong Kong when we debated this year's policy address in this Council earlier. The proposals and objectives contained in the Urban Renewal Authority White Bill (the White Bill) have precisely echoed my concern in this area. The contents of the White Bill have manifested the Government's determination in redeveloping urban areas. Apart from undertaking redevelopment with a new approach and planning areas of a bigger size, the Government can take this opportunity to improve environmental and transport problems in the related areas, as well as providing renovation and maintenance to buildings not in good shape. I greatly support the Government's proposal.

Undeniably, the LDC has played an important role in the urban renewal programmes in the past. However, owing to the lack of attractive redevelopment items, the time taken for the acquisition of properties and the difficulties involved in rehousing, the progress of urban renewal has been greatly impeded. It is indeed necessary for us to address the problem by a new approach.

Pinpointing the difficulties encountered by the LDC, the proposed URA will be given greater powers and more resources to discharge its duties. Insofar as planning procedures are concerned, the URA will, on the basis of the parameters and guidelines set out in the Government's urban renewal strategy, prepare a draft corporate plan setting out its proposed programme of projects for the next five years and a draft annual business plan setting out the projects to be implemented in the next financial year. This arrangement gives the URA a higher degree of flexibility in scheduling its programme of projects for it will no longer need to seek the Government's approval on a proposal-by-proposal basis. This will subsequently greatly reduce the time needed for vetting and approval.

As for resumption and disposal of land, the URA is empowered under the White Bill to apply for direct resumption of the land required without the need to negotiate with the relevant parties beforehand. Insofar as rehousing is concerned, the Government will provide the URA with sufficient resources to prevent it from running into the same difficulties encountered by the LDC in this area.

As regards financial arrangements, the URA is expected to receive stronger government support. The Government is now considering waiver of land premia for urban renewal sites, exemption of government/institution/community facilities within project areas from plot ratio calculation and so on. It may also consider making some funding available to the URA where necessary. Compared to the LDC, the support to be given to the URA by the Government will be stronger. This will help expedite urban renewal.

As for the composition of the Board of Directors for the URA, I think the Board should comprise a non-executive Chairman and a full-time Executive Director for such an arrangement can exercise checks and balances and prevent executive directors from manipulating the business transacted by the Board of Directors. As the URA's projects and programmes involve public interest and

will easily lead to disputes, the appointment of one non-executive Chairman will be a more appropriate arrangement.

Concerning the Government's proposal to confer on the URA the power to require owners to carry out maintenance to buildings not in good shape, the relevant details have not been covered by the White Bill. Moreover, the White Bill has failed to mention the need to carry out maintenance to private slopes. It is undeniable that the proposal is moving in the right direction. However, a large number of owners will be affected when the proposal is implemented. For this reason, the Government is obliged to inform the public of the detailed arrangements of the proposal.

As regards the problem of rehousing the affected residents, the White Bill has also failed to provide details on the actual arrangement. Although the Government has stated clearly that it is examining how the HA and the HS can provide assistance in this area, it must make arrangement expeditiously and strengthen rehousing provisions in the White Bill, with a view to providing the affected people with proper rehousing so as to speed up the pace of urban renewal.

I hope the Administration can pay attention to the point that the White Bill has not elaborated on the provisions related to the transition from the LDC to the URA, particularly provisions involving the staffing arrangement. As a matter of fact, the LDC has a large number of staff specialized in urban renewal. Over the years, they have accumulated a lot of valuable experiences. The Government must ensure that these valuable assets can be transferred to the future URA smoothly.

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

**MISS EMILY LAU** (in Cantonese): Madam President, I rise to speak in support of Dr LEONG Che-hung's motion.

In this year's policy address, the Chief Executive stresses the importance of the concept of sustainable development. Under this broad issue, I think it is important that the people of Hong Kong be given an ideal place in which to live and work. So, I wholeheartedly support the Government's idea to implement its plan expeditiously, be it called urban renewal or urban regeneration. I think

it warrants immediate attention. Indeed, the LDC would also like Members to visit some run-down areas to see how deplorable things can be and to see how thousands of people are living in places which one may rightly call hell on earth. Hence, I very much support the motion and I trust many Honourable colleagues who speak today will do the same.

As the Honourable Ronald ARCULLI has pointed out earlier, the urban renewal strategy is not set out in the White Bill. I hope in the Blue Bill to be released later there will be a detailed description of the relevant strategy. Madam President, I do not want to see the renewal strategy expressed in terms of 200 projects to be completed in 20 years because urban renewal is an ongoing act. I think the executive authorities will understand that many buildings are indeed decaying. So no limits should be set on urban renewal. It is impossible, for example, to say urban renewal will be achieved by completing the 200 projects. Urban renewal must be achieved through a policy that goes on and on. It must not be confined to the completion of 200 projects in 20 years. This I believe is a first strategy. Policies should be clearly set out.

Many colleagues said the urban renewal strategy should be "people-oriented". This is the kind of strategy I would fully support. Madam President, this Monday, in a meeting of the subcommittee on the White Bill we spoke with the Administration about the issue. A government official pointed out that no one would object to a "people-oriented" spirit, but it would be difficult to state it in the legislation. What then is a "people-oriented" spirit? In fact, many colleagues have provided some concrete phrases which may be used specifically in the later Bill. For example, just now the Honourable LEUNG Yiu-chung asked whether it could mean local rehousing. Madam President, we do understand it is not always possible to provide local rehousing for everyone. But we hope in the rehousing process, existing interpersonal relationship and community network can remain intact as far as possible. This should be one of the strategies employed and this should be one of the ideas we harbour. I also agree with the Honourable TAM Yiu-chung who said that renewal did not just mean pulling down buildings and erecting some new ones. There are people living in these buildings, and they are the ones we have to take good care of. If we say we cannot achieve 100% local rehousing or provide good care for everyone due to limited resources available, then I agree with many colleagues who said that we had to try our best to take good care of the old, the sick and the disabled. Therefore, even if we are not able to insert the term "people-oriented" in the Bill later we still need to state it clearly as a strategy and

as an aim of ours, the way we would take care of the people affected, especially the old, the sick and the disabled in the urban renewal and regeneration process. I believe this is very important.

Madam President, another point that I would like to specify in law is that renewal involves more than demolition of buildings. We have to take steps to protect and preserve. Some run-down buildings may not have any historical interest but they may deserve preservation due to other reasons. We should protect and preserve such buildings, but this may entail public expenditure. Madam President, if the relevant buildings are privately-owned, their owners may not want to protect and preserve them. Will the Government then consider purchasing them and then proceed to preserve them? This is an issue that requires a lot of efforts and I think in the urban renewal process, the Government needs to spend some money on it, to which I will agree. During a Panel discussion, it was asked how much taxpayers' money was required for this issue over a span of 20 years. I remember the answer given was "nil", meaning on average the Government would not need to spend any money. However, I think this is impractical. I think it is an important social investment and so money should be spent as the buildings that deserve preservation are part of our heritage. Unfortunately, many such buildings were demolished in the past. I hope we can make up for the loss now and we can draw up a list of buildings proposed to be preserved through the relevant committee. Indeed, a number of buildings that should be preserved in the renewal process have already been put on the list. Inevitably, money needs to be spent in this endeavour.

Talking about the protection and preservation of buildings, I hope the relevant officials in charge of such fields should, where circumstances permit, take courses at the universities to learn about environmental conservation. Recently, several professors in the universities told us they found many officials responsible for the field were not versed in this subject. An official even said "such issues have nothing to do with me" in a discussion about environmental protection. The officer said he was only responsible for demolishing and erecting buildings. I think the relationship of environmental protection and buildings is a new concept to those officials. I heard some officials often indicate they need to build up their knowledge through further studies. I think if they could take some courses in the universities lasting for several months or half a year, they would find it a useful investment to make.

Madam President, the protection and preservation of buildings will bring enormous benefits insofar as environmental protection is concerned. It is often said that it costs a fortune to construct a landfill, which seems to become full very soon. The cost of constructing another landfill may be made ten billion dollars at a minimum. But when we demolish buildings in vast numbers and dump the waste at landfills, we will need an infinite number of landfills. So, waste reduction should be made a strategy in urban renewal and community regeneration, and it is a challenging one too. To improve the environment of our built-up areas, it does not just mean demolishing the old buildings. I hope the relevant government officials may consider my point as a matter of strategy. As regards rehousing and compensation for those who are affected by urban renewal, I agree with what other colleagues have said. I hope the Government can devise some measures for that.

Madam President, I do not think Hong Kong people are covetous. Members' experience may prove that to be the case. Therefore, the most important point is that the Administration should devise a system that is fair, equitable, open and acceptable to the people affected. I hope that all processes can be expedited. I think from the experience we have had with that the LDC, everyone would agree that the LDC has done a poor job of it.

The last point I would like to make is about the Board of the URA. Like other Honourable colleagues, I oppose the centralization of powers in one single person, that is, the appointment of a chairman who is also the executive director. The representatives of the LDC who attended one of our Panel meetings also expressed their objection to that arrangement. We ask that a structure with checks and balance be set up, and I hope the Administration can think this over. With these remarks, I support the motion.

**MR MA FUNG-KWOK** (in Cantonese): Madam President, I rise to speak in support of the motion moved by Dr LEONG Che-hung. As the population of Hong Kong soared after the Second World War, the number of buildings constructed also rose sharply. At that time, everyone just wanted a dwelling place, not thinking about such issues as town planning, landscaping and so on. Today, the urban areas of Hong Kong are aging, and the number of buildings of 30 years' vintage has been on the increase. But since landlords in general are not aware of the maintenance or management needs of their buildings, most of these buildings are showing signs of ageing prematurely. What is more, they may further develop into dangerous buildings and become time bombs threatening the safety of the public. On the other hand, as many traditional

industries are either dwindling or have been moved northward to the Mainland, the utilization rate of traditional industrial areas has dropped to a very low level. Added to this is the lack of town planning over the past years, as well as the fact that the only planning that has ever been made is unable to keep pace with the development and restructuring of the local economy. As a result, many problems of non-conforming land use have arisen. That being the case, it is indeed necessary for Hong Kong to have in place a complete set of long-term urban renewal strategies, as well as to formulate comprehensive development plans.

In the past, the driving force behind urban renewal came mainly from private developers. However, given that the number of sites with development potentials has been on the decrease, and that in the foreseeable future property prices will not continue to soar as it has been over the past 20 years, the interest of private developers in urban renewal projects has diminished tremendously. Looking back on the past, the urban renewal projects undertaken by the HS and the LDC were all piecemeal development items, yet they have still encountered many different constraints and difficulties. For this reason, I fully agree with the Government's proposal to replace the LDC with the URA to take on the responsibility for urban renewal.

According to the Urban Renewal Authority White Bill presented by the Government, the URA will be the "one-stop" institution responsible for all kinds of work that are related to urban renewal. In addition to replacing the LDC, the URA will also share some of the functions currently performed by the Planning, Environment and Lands Bureau, the Lands Department, the Planning Department, as well as the Buildings Department. These include formulating development plans, determining the development projects to be implemented, making arrangements for land resumption and rehousing, as well as constructing and repairing buildings. With regard to streamlining of manpower resources and administrative procedures, it could certainly help to speed up the pace of urban renewal. In particular, since the URA will be adopting the procedure of resuming land before negotiating premium, it should be of great help in minimizing the time wasted in negotiations and could save on the costs concerned. However, in seeking to speed up the pace of urban renewal, care should also be taken to strike a balance between the interests of the community as a whole and the private property rights of landlords; besides, the human rights of the residents concerned should also be catered for. At the same time, the Government must not deviate from the small government philosophy. Even though the URA is not a government department, it is still a public body performing functions vested with it by the Government.

Madam President, as suggested in the White Bill, just like the LDC the URA will have a role to play in resuming land and in carrying out development projects. In this connection, I am afraid it will be inevitable for the URA to be criticized for colluding with the business sector. On the other hand, although the URA does not need to operate on a "self-financing" basis like the LDC, in the long run, it still has to be financially self-sufficient. This would naturally cause the URA to adopt a conservative attitude when offering premium for land resumption, thereby hampering the private property rights of owners. What is more, such a financially self-sufficient requirement might also lead the URA to put emphasis on the financial viability of the development projects concerned to the neglect of both the economic interest of Hong Kong as a whole and its social responsibilities.

As such, I hold that the URA should only play the role as a land resumption authority. Upon resumption, the land should be passed on to the Government, which will then select, by ways of tender, auction or private grants, the right developers to take on the full responsibility for the redevelopment project or undertake redevelopment projects in partnership with the Government. For public facilities which cannot secure commitment by private developers, it is certainly government responsibility. This is particularly important for projects of less potential but utterly necessary in terms of town planning.

Madam President, regarding the compensation premium payable for the land resumed, I support the procedure to acquire the lots concerned before negotiating the premium levels. This can avoid any waste of resources or loss of opportunity due to lengthy negotiation processes. Nevertheless, certain kinds of mechanism should still be provided for by way of legislation to protect the interests of owners. In this connection, I should like to put forward two suggestions as follows:

- (1) Under clause 21 of the White Bill, owners will be given chances to raise objection to the development schemes proposed by the URA. But the acceptance or otherwise of the opposition views will be at the discretion of the Secretary for Planning, Environment and Lands. To avoid being criticized for favouring public bodies, I suggest the Government setting up a mechanism whereby the recommendations made by the Secretary after taking into consideration the opposition views will be submitted for final decision to a committee, comprising independent professionals, representatives of public opinion and relevant responsible government officials.

- (2) I support the proposal of the Government to calculate the acquisition premium on the basis of the market price of a flat in the same district which is of that the similar size and about 10 years' old. However, experience tells us that the same building evaluated by 10 surveyors will have 10 different valuation results. This divergence in valuation is especially dramatic if the property being evaluated is a residential building situated in any of the old urban areas. At present, although the LDC allows owners to hire another surveyor to do the valuation assessments, the acceptance or otherwise of the new valuation result still rests with the LDC. As indicated in past records, the acceptance rate has been very low. As such, I believe a mechanism should be established in the future to enable the decision to be made by an independent third party.

As for rehousing arrangements, the Secretary has undertaken to negotiate with both the HA and the HS, with a view to vesting the two bodies with the responsibility for providing the rehousing resources required. Nevertheless, the Secretary has made no mention of the eligibility requirements for rehousing. In this connection, will people who fail to meet the requirements set out by the HA and the HS be rehoused in any "interim" accommodation? What are the long-term arrangements? In addition, the Secretary should also undertake to ensure that Waiting List applicants will not be affected by any rehousing needs arising from urban renewal projects; otherwise, it would be very unfair to the applicants concerned. It is suggested in the White Bill that in the future, in addition to the rehousing resources provided by the HA and the HS, the URA should also construct, procure or rent properties for rehousing purposes. I have reservations about this suggestion, since such a requirement will definitely impact on the urban renewal work which the URA should focus on. Moreover, if the URA should provide its own rehousing resources, it would become one of the largest landlords of rental properties other than the HA and the HS. With the continuous growth in urban renewal development, the number of rental housing units to be provided by the URA will be on the increase, thereby adding to its financial burden. This is not a desirable measure insofar as small government is concerned.

So far details of the preventive maintenance of buildings scheme to be introduced for old urban areas have set to be announced. According to my understanding, the URA will take the place of the Buildings Department to conduct initial inspections of buildings in old areas and to issue repairs orders to owners when necessary. I hope that this could help to rectify the existing situation in which owners are losing incentive to repair their properties once they have been included in the renewal areas; otherwise, the old areas will be ageing more quickly. Given the various social factors and the resource constraints, the URA will inevitably be a long-term commitment. Therefore, in addition to pulling down old buildings and replacing them with new ones, care must also be taken to cater for the repairs needs of the old areas as we proceed with urban renewal.

I so submit. Thank you, Madam President.

**MR LAW CHI-KWONG** (in Cantonese): Madam President, many Honourable Members have talked earlier on the topic of urban renewal in a free market-led context which used to be the case. Urban renewal so far has changed only the hardware of the city, that is, the buildings, rather than the living conditions of the people who live in old urban areas. On the other hand, with urban renewal, the supply of old buildings has been reduced and hence the supply of bedspaces and rooms partitioned by wooden boards. Rents therefore soar high. That will only add to the hardship of those poor people living in the old urban areas. Therefore, I think the main objective of urban renewal is to improve the living conditions of the public, especially the lower income groups. It should not be purely an improvement to the outlook of the city. Urban renewal should not just aim at improving the quality of the buildings, the rebuilding and redevelopment of old urban areas, but also rebuilding a decent living environment for the inhabitants and enhancing the care and attention given to the community. It is hoped that in the long run, the elderly, weak and handicapped will be given proper care and attention. Therefore, these issues must be taken care of in the entire planning process. Besides, some people have mentioned that the unique qualities and culture of a locality should be preserved and the sense of belonging of the residents enhanced. These will serve to keep the existing network of support of the residents intact and that is a very important thing.

The primary redevelopment strategy of the URA should be "people-oriented" instead of "hardware-based". It should aim at a sound rehousing arrangement for inhabitants who will be forced to move out of their homes. Obviously this is a very important issue, and a major consideration in improving the quality of life of the people.

The policy address recently delivered in October mentioned the concept of sustainable development. We hope that urban renewal can be considered in line with the overall strategy of sustainable development. In this process, we must make assessments of different factors like the community, economy and environment, especially on the needs of the residents and on the impact and destruction made to the community network caused by redevelopment. I wish to emphasize that with regard to analysing the impact of redevelopment on the community, the issues to be analysed should include problems found in the community, family types, network of social groups and demands for facilities. In the economic aspects, apart from the overall economic and social benefits as mentioned by Honourable Members just now, issues like employment situation in the community, family income and composition of different families and so on should be studied. As for environmental issues, many Honourable Members have mentioned just now that the preservation of the landform, environmental protection and construction quality are also vital issues for consideration.

Another point which I wish to mention is that the redevelopment projects of the HA and the LDC often rely on the service teams organized by social workers to help the affected residents adapt to the changes in their community. Many front-line social workers used to provide not only a lot of information to help the residents, especially tenants in the old urban areas, but also help them understand and analyse the problems they face, so that they can fight for their legitimate rights. On many occasions, social workers have played a mediating role to facilitate communication between various groups and the organizations responsible for urban renewal, in order that a "win-win solution" can be reached to minimize unnecessary conflicts. We therefore suggest that the Government should consider setting up an integrated social services fund out of the public money set aside for the redevelopment of old urban areas. The objective of this fund is to set up teams of social workers who will provide integrated social services to help the affected residents. On a personal front, social workers can provide the information, counselling and referral services to help residents understand the details of urban renewal programmes and ease the mental stress on residents when they have to adapt themselves to changes in the environment and group relationships. Social workers can also help residents make their needs known. On the community level, social workers can help residents

maintain their previous social contacts by forming some groups, and organizing some group activities and volunteer services. These will reduce the anxieties and uneasiness which residents experience when their relationship with their neighbours is disrupted in the redevelopment process. Moreover, these organizations and group work can also promote communication and consultation between different organizations and authorities responsible for urban renewal.

Another issue which has been discussed by Members, and one which the Democratic Party has regularly mentioned, is the redevelopment of old urban areas. We think that it is of vital importance that there should be local rehousing and preservation of existing social networks in the community. We welcome the statement made by the Government that the elderly and the handicapped will be given local rehousing. We think that local rehousing is not something impractical. However, for local rehousing to work, we must start with town planning. That is to say, we must set aside some land in the district to be redeveloped or in its vicinity for the express purpose of rehousing the residents affected. We may change the land use of some land lots or make use of the reclamation areas to build some rental blocks to rehouse the residents affected by redevelopment. I believe these measures will help minimize the redevelopment impact on the residents. Even if the residents cannot be rehoused in nearby areas, their right to choose the location of their future homes should be respected. Currently a lot of problems regarding rehousing arise because there are some residents who cannot satisfy the seven-year residence requirement laid down by the HA and the HS. The Government may consider building interim housing units in certain major redevelopment areas or the provision of rent allowances to the people affected. Such temporary relief should be provided to them until they are eligible for public rental housing.

On the issue of public participation, as we mentioned when we discussed the topic of sustainable development, it is something of vital importance. The release of information will enable the public to know what is going on and it will smooth the way towards successful urban renewal. Therefore, we think that the URA should consider making periodic reports to the District Councils. The latter can also form some special working groups to oversee the progress of these redevelopment projects. All these will enable the public to know more and they can be put in the picture.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, the Government submitted the White Bill at the end of this year for consultation and is expected to submit the Blue Bill officially in February next year. If this Bill is passed within six months, a provisional URA will be set up immediately. With regard to the Government's timetable, I questioned at a House Committee meeting whether such a big change could be effected within such a short time. I am particularly concerned about the many issues and views that would be raised when the Government submits the Blue Bill. Could we deal with them properly? This is also one question that I am concerned about.

From my more than 10 years of experience in district elections, it is clear to me that urban renewal is not a simple matter, nor can it be completed overnight, since many questions are involved. The Government now plans to set up a new authority and give it greater powers to carry out renewal. In our view, it is imperative to formulate a sound and comprehensive plan. Consideration must be made on how to carry forward on the basis of the LDC. In my view, there are many questions that the Government must take care of.

When we studied the White Bill at the initial stage, we found that there were a lot of deficiencies. One of the questions that we and property owners are very much concerned about is whether the Government will name a non-negotiable price. Another question is the problem of rehousing residents as a result of urban renewal. Very often, I find that there are many problems involved in trying to rehouse the residents properly in the course of urban renewal.

The HS has undertaken some renewal projects in the past. Members of this Council have repeatedly asked the Government whether the HA is willing to allocate some public housing flats to rehouse the residents affected, since the resources of the HS are limited. Now, it seems that this is just wishful thinking on the part of the Chief Executive and government officials, since the relevant party has not given a definite answer as to whether it will shoulder the full responsibility of rehousing residents in the course of urban renewal. While the Government has expressed the wish to launch the scheme as soon as possible, it is in my view too hasty to take action before a solution has been found. For instance, the Government of the Special Administrative Region (SAR) says that it

might carry out urban renewal in 200 key areas. An estimated 3 700 households, that is, about 1 million people will be affected. Therefore, over 10 000 flats must be provided to rehouse these residents. In my view, we need to examine these figures carefully to see if what the Government says is true. It is my experience that in urban renewal, the actual figures very often differ from the estimates made by the Government. For instance, in the renewal project of To Kwa Wan in which I have also participated, I found that the actual figures differ from the estimates. Urban renewal aside, even some small projects such as a street in Wan Chai which has been identified as a key area by the Wan Chai District Board, the final figures differ from the Government's estimation. This is even more common in Tsuen Wan, where the actual figures are often a far cry from the figures estimated by the Government. By these figures I mean the number of households. At present, we rely on the HS. What about the future commitment of the Housing Department and the HA? I worry that if the Government is not fully prepared for these problems, it will not do anything if problems should arise in future and go ahead with the renewal projects as planned. If that happens, residents will be rehoused in different areas.

Madam President, I wish to cite an example. Recently, there were some squatter huts in my constituency which must be cleared and redeveloped. According to the Government, squatters who were registered before 1984-85 could be rehoused in public housing, while those registered after 1984-85 could only move to half-way houses. The temporary housing in Kowloon Bay used to serve as the half-way houses in Southeast Kowloon. But since this temporary housing area was also to be cleared, there was no place to rehouse them. Later, the Government told the squatters registered after 1984-85 that they would be moved to the border area of Yuen Long, that is, near the border of Hong Kong. Eventually, since we continued to fight for them, these squatters could move to places nearer to the urban areas. If we look at this matter from the residents' point of view, if the Government is not sufficiently prepared, what would happen to the workers who live in the area, the children who go to school in the area and the old people who spend their time in the area? When the old areas are renewed, these poorest of the poor and many old people will face the same problem. I wish to stress that the majority of those living in old buildings are the poorest of the poor. I very much hope that when the Government considers these issues, it will think in broader terms and consider those who need help most.

We have no objection to the setting up of the URA. The question is, it is to be set up in a short time, in the middle of next year. I have no idea what pressures there are on the Government. Why does it have to be so hasty? The planned renewal of the Kwun Tong district has met with many obstacles and is still subject to a lot of changes. Even if residents also hope to improve the environment, we must make the preparations properly. I would be very worried if many problems remain unsolved when the new authority is set up. Of course, Mr Stephen FISHER has explained the Government's stand to us during the meetings of the subcommittee on the White Bill. I do not deny that the Government has devoted a lot of time to solving this problem. Nevertheless, I wish to reiterate that in respect of the Government's plan to renew the old areas, the community has no objection to improving the environment and facilities in the districts, nor does it object to the improvement of our quality of life. But the question is: How far is the Government in its preparations? Why must it be so hasty? After speaking for seven minutes, I have not even got to the question of the non-negotiable price. This is one question that I am very worried about. But since we still have many chances to discuss this matter in the future, I have dealt with the question of residents first.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

**PRESIDENT** (in Cantonese): Mr James TO, you are speaking for the second time.

**MR JAMES TO** (in Cantonese): Madam President, I am not going to speak. I just wish to declare an interest.

**PRESIDENT** (in Cantonese): Fine, please just declare your interest.

**MR JAMES TO** (in Cantonese): Madam President, I am a member of the governing body of the LDC.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member responded)

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS** (in Cantonese): Madam President, first of all, I wish to thank Dr LEONG Che-hung for moving this motion so that Members can express their views on urban renewal, an issue which has far-reaching implications on Hong Kong. In particular, Members have put to us many questions about the details of the actual implementation of urban renewal. Their valuable input can help us further refine the Urban Renewal Authority Bill so that we can formally table it for the consideration of the Legislative Council early next year.

On 22 October this year, the Planning, Environment and Lands Bureau published the Urban Renewal Authority Bill in the Gazette as a White Bill and embarked on public consultation on the same day. In the consultation document on the Urban Renewal Authority Bill, the Government has set out in detail its new ideas on urban renewal in Hong Kong. At the two meetings of the Panel on Planning, Lands and Works held earlier, and the five meetings of the Subcommittee to study the Urban Renewal Authority White Bill, my colleagues have expounded our proposals to Members so I do not intend to go over all the details again. In short, we consider the conventional urban renewal approach, which emphasized replacing old buildings with new ones, obsolete and outdated, and I believe many Members do share our view. Such being the case, we must come up with a new approach for urban renewal. We must plan urban redevelopment and rehabilitation for larger areas, design more effective and environmentally-friendly transport and road networks, provide more open space and community facilities, and make full use of the under-utilized industrial sites. We are working in this direction to formulate our urban renewal strategy, and the proposed 20-year urban renewal programme will also include 200 projects for priority redevelopment which mainly involve nine urban renewal target areas. In the meantime, we also require a new institutional framework established on a new legal basis to give effect to the new redevelopment approach. Therefore, we have to replace the ordinance for the Land Development Corporation (LDC) with a new ordinance for the Urban Renewal Authority (URA).

There are comments from Members that the URA is vested with excessive powers and that its powers are centralized in the highest echelon. In fact, the Bill has proposed a wide range of measures to enhance the accountability of the URA. To name a few, the Legislative Council may request the Chairman or the executive directors of the URA to attend its meetings to explain to Members the policies of the URA and report on the operation of the URA; the Ombudsman may investigate the administration of the URA; and members of the Board of the URA must declare their interests which shall be entered in a register for public inspection. Public officers who sit on the Board of the URA are duty-bound to ensure that public interest is safeguarded in the course of the URA's discussion on development schemes, and this will be expressly stated in the ordinance. We believe that these measures can greatly enhance the accountability of the URA.

Some Members highlighted public participation in the formulation of the urban renewal strategy and some Members said that the Bill is silent on the details of the urban renewal strategy. I can tell Members that last week we already published an executive summary on the urban renewal strategy study, which will be uploaded onto the Internet next week. Any person who is interested can access this executive summary on the Internet. Besides, the urban renewal strategy will also be published next year for public consideration.

With regard to individual redevelopment projects, the Urban Renewal Authority Bill proposed that members of the public may raise objection to development projects. At present, the Land Development Corporation Ordinance does not provide for this arrangement. As regards development schemes, the Bill also proposed that members of the public may express their views under the Town Planning Ordinance, similar to the existing arrangements under the Land Development Corporation Ordinance. Moreover, in planning and implementing individual redevelopment projects, members of the public, District Councils and relevant district organizations and resident associations will be duly consulted. We will also recommend to the URA that urban renewal social work teams be set up to facilitate the affected residents' understanding of and participation in the redevelopment projects, thereby fostering their communication with the URA.

As pointed out by a number of Members, urban renewal is not as simple as being confined to pulling down the old and establishing the new. To comprehensively regenerate old urban areas, we will adopt a three-pronged approach. It refers to, firstly, redevelopment, and to be specific,

redevelopment of dilapidated buildings; secondly, maintenance of buildings in need of repairs; and thirdly, preservation of buildings with distinctive historical, cultural and architectural interest. Redevelopment should synchronize with maintenance so that they can complement each other.

Many Members have expressed concerns for the maintenance of buildings scheme. We will announce a proposal on a statutory preventive maintenance of buildings scheme next year for public consultation, and certainly, the Legislative Council will also be consulted. We will not resort to such "broad-brush" approach as the Mandatory Building Safety Inspection Scheme proposed by us previously. Under the new arrangement, the Buildings Department will first carry out initial technical assessment and owners of problematic buildings will be asked to conduct necessary maintenance works. Apart from maintenance of buildings, the preservation of buildings with distinctive historical, cultural and architectural features is also an essential aspect of the urban renewal strategy. We will amend the Bill in light of the views given to us, stating clearly that the preservation of buildings with distinctive features is one of the objects of the URA.

A number of Members opined that the "people-oriented" principle should be upheld in the urban renewal programme. We cannot agree with them more. We acknowledge that the legitimate rights and interest of residents affected by urban renewal must be safeguarded. In this connection, the urban renewal programme is proposed with the aim of achieving a "win-win-win" situation for the benefit of tenants, owners and the whole community.

First, tenants of the old buildings will benefit from the programme. As we all know, the places where they live in are very crowded and the standard of hygiene there is deplorable. Redevelopment and rehabilitation of old urban areas can genuinely improve their living conditions. In this connection, the URA will be committed to implementing the policy of rehousing all affected tenants in order to ensure that nobody will be rendered homeless as a result of the redevelopment programme. As for Members' concerns on rehousing arrangements, discussions with the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS) are underway and making good progress. I am confident that the URA will have the full co-operation of the HA and the HS to ensure that all tenants affected by the redevelopment programme will be properly rehoused.

On rehousing, a number of Members suggested that we should not simply aim at rehousing the affected residents and instead, we should arrange local rehousing for them. We will provide the affected residents with proper rehousing arrangements as far as possible. In general, we will recommend to the URA that these tenants should be offered choice of more than one districts for rehousing purposes. But in reality and from past experience, some tenants may actually prefer moving to other districts and not everyone is willing to stay in the same district. What are the reasons? They may wish to move to districts where their family members or relatives reside so that they can maintain closer contacts with and take better care of each other. In these cases, the URA will try its best to cater for their needs. The URA will build rehousing units in the vicinity of the development projects if the circumstances so allow in order to take care of those people with special needs, for example, elderly couples, elderly singletons and the disabled. From the past experience of the LDC's development projects, the urban renewal social work teams can act as an intermediary to effectively assist owners and tenants to know more about the details of the relevant redevelopment projects, thereby minimizing misunderstandings. We will recommend to the URA that such community service should continue.

Having explained the case of tenants, I will now turn to that of owners. I wish to point out that property owners will be the second party to benefit from urban renewal. Many owners of buildings in old urban areas are unable to pool their efforts to redevelop their property by themselves due to fragmented ownership and insufficient funds. As for private developers, while many people are worried that they may seize the opportunity to reap profits from redevelopment, they are actually not too interested in taking part in the redevelopment of old urban areas. Under the circumstance, the establishment of the URA will bring new opportunities to these owners in old urban areas. Owner-occupiers of residential properties affected by the redevelopment programme are eligible for statutory compensation plus an *ex gratia* allowance based on the criteria approved by the Finance Committee of the former Legislative Council in April 1997, so that they can buy a replacement flat of a similar size and about 10 years' old in the same district.

Indeed, we have been given a diversity of views in the course of consultation with regard to the proposed arrangements for compensation. The majority view is that owners should be granted compensation enough for them to buy flats about five years old in the same district. But there are views that the existing "10-year flat" principle is fairly reasonable. So, the views we received are divergent.

Some Members would like the Government to review the existing compensation arrangements for owners and tenants of shop premises. I wish to point out that in the implementation of redevelopment schemes by the LDC, divergence of opinions often arises between the LDC and the affected owners over compensation. As a number of Members have said, this is mainly due to the different criteria used in the evaluation of property. In order to set out clear standards, a set of guidelines will be drawn up and issued to lay down standardized criteria for reference by surveyors in the evaluation of property. We have also listened carefully to the concerns raised by Members concerning compensation and other areas. I can tell Members that we have actually started to review and study the appeal channels in relation to this *ex gratia* payment.

Thirdly, the community, and I will explain how it is going to benefit from urban renewal. The new urban renewal programme will beautify the outlook of old urban areas in Hong Kong. Through urban redevelopment, we can map out new plans for and make proper adjustments to the environment and structure of urban areas by, *inter alia*, resumption of the management of private lots, making improvement to the environment, and providing more open space, green belts and community facilities in the district. Residents living in the vicinity of the redeveloped buildings will also benefit from the improvement in the overall environment and a greener community.

Madam President, following the publication of the Urban Renewal Authority Bill, all sectors of the community discussed with great enthusiasm the direction of urban renewal in Hong Kong. Since the commencement of public consultation, our colleagues have attended over 20 briefing sessions in various forms and of different scales. So far, we have received over 40 written submissions from major community organizations, business associations, professional institutes and individual citizens. It is encouraging to see that all sectors of the community have responded so enthusiastically to this public consultation and that they are generally supportive of the broad principle of speeding up urban redevelopment. We are also grateful to the Subcommittee to

study the Urban Renewal Authority White Bill for its valuable input. At the request of Members, the consultation period is extended to the end of this year, with the last public forum before the end of the consultation scheduled for the 18th of this month. I hope Members will continue to give us their views. I also hope that Members will support the Urban Renewal Authority Bill when it is formally tabled at the Legislative Council early next year. If the Bill is passed, we plan to set up a Provisional Urban Renewal Authority in mid-2000 to prepare for the official establishment of the URA at the end of the year to replace the LDC, which will then be dissolved.

In finalizing proposals on urban renewal, we will take into careful consideration all the views expressed by Members in this motion debate. Today, Members have raised many points concerning both matters of principle and the technical aspects. We will be more than happy to continue discussing these points with the Subcommittee to study the Urban Renewal Authority White Bill. Certainly, it is our objective to set up a mechanism underpinned by an effective and fair strategy, thereby creating a better environment in the community of Hong Kong in the 21st century.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Dr LEONG Che-hung, you may now reply and you have six minutes and five seconds.

**DR LEONG CHE-HUNG** (in Cantonese): Madam President, first of all, let me stress that I have moved today's motion debate not in my own name. Instead, I have had the honour to move this motion debate at the request and on behalf of the House Committee. The reason is quite simple. We hoped that before the end of the consultation period of the Urban Renewal Authority White Bill, colleagues would have a chance to submit their views to the Government and the people of Hong Kong could make more suggestions to the Government on this important question. Just now, the Government said that it had received over 40 submissions. Whether this is a large or small number is a matter of opinion. But if more interested parties can put forward their views, it will certainly help the Government to develop the Blue Bill.

Madam President, since the establishment of the first Legislative Council, controversies have frequently arisen over Members' motions and bills at the Council meetings. Some of them may be engendered by personal rivalry, or rivalry between political parties. Today's motion debate may be said to have brought in a breath of fresh air. As Members have heard, all Members more or less agreed that urban renewal in Hong Kong is very important. Together, we have told the Government that we agree with it in principle. Members also have more or less the same views regarding many problems in the White Bill. Therefore, I very much hope that the Government could do something in this respect.

Actually, the message conveyed in this motion debate is very simple. All our colleagues in the Council are saying to the Government on behalf of the people that they hope that all these problems will have been solved when the Government submits the Blue Bill to the Legislative Council. Of course, due to the shortage of time today, the Government might not be able to answer all the questions raised by colleagues. After listening to the Government's response, many Members may not be entirely satisfied with the Government's reply. I also think that the Government has not answered a number of questions. However, as I said, I hope that after hearing the views of colleagues and the people, the Government will really take their views into account and build a society where everyone can live in prosperity and contentment. I also hope that after the Government has heard Members' views, there will not be too much argument when the Blue Bill is submitted to the Legislative Council for deliberation, so that the Bill can be passed quickly and the Urban Renewal Authority be established expeditiously. Thank you, Madam President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Dr LEONG Che-hung, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

Second motion: Establishing an organization for recovering alimony.

### **ESTABLISHING AN ORGANIZATION FOR RECOVERING ALIMONY**

**MISS CHOY SO-YUK** (in Cantonese): Madam President, I move the motion which has been printed on the Agenda. Madam President, to many divorcees, the break-up of their marriage is already a traumatic experience. The failure to recover alimony after a divorce might cause even greater misery than losing one's husband or blissful family.

At present, divorcees who fail to recover alimony can mainly be divided into three categories. The first category refers to those who have no intention to recover alimony and thus rely on the Comprehensive Social Security Assistance (CSSA). According to the survey of a voluntary organization, over 55% of divorcees do not take actions to recover alimony, and 65% of these divorcees have applied for the CSSA from the Government. The second category refers to those who have tried to recover alimony but failed to recover the full amount, and who might even have run into trouble or have been intimidated in recovering payment. The same survey shows that 70% of the divorcees who took actions to recover alimony failed to collect the full payment in time, and among them, over 40% had to apply for the CSSA. The third category refers to those who tried in vain to recover alimony by seeking legal aid or a court judgment. The survey also indicates that of the cases in which the divorcee sought legal aid or a court judgment to enforce alimony payment, only 25% succeeded to recover the payment.

Madam President, these three categories of divorcees who fail to recover alimony have one thing in common, that is, they eventually have to rely on the CSSA although this may hurt their dignity and subject them to discrimination, while their children have to suffer feelings of being deserted. Another thing in common is that while the payment of alimony should be a family responsibility, this responsibility is ultimately shifted onto taxpayers.

It has long been the consensus of the community that the Government should establish an effective mechanism to help divorcees recover alimony. Under the circumstances, the Government introduced the attachment of income order scheme but with very poor results. From April last year to the end of March this year, the court only received 24 applications. Only two of these cases were heard by the court and resulted in the issuance of an attachment of income order. Besides the many technical and implementational problems, the scheme only applies to payers with a fixed income or those who are co-operative. The scheme does not work if the payers are self-employed or do not have a fixed income. Dr TANG Siu-tong of the Hong Kong Progressive Alliance will expound the problems of the attachment of income order scheme later on.

Apart from the attachment of income order, divorcees can also choose to recover alimony by means of a court summons. However, as many of those in the legal profession have pointed out, even if the court has issued a judgment summons to enforce payment of alimony, the bailiff still cannot serve the payer with the summons in person if the payer's address and whereabouts are unknown. As a result, the hearing would be postponed again and again and the case might eventually be dropped willy-nilly. In fact, from April last year to March this year, only 354 applications were filed in the court for a judgment summons to enforce payment. As it is estimated that as many as 100 000 single-parent families in Hong Kong may be faced with the problem of defaulted alimony, that figure shows that it is impossible for divorcees to rely on court summons or the attachment of income order scheme to recover alimony effectively.

Madam President, the number of divorces and family disputes in Hong Kong is constantly on the rise and the existing legal procedures are not necessarily helpful to divorcees in recovering alimony. Therefore, I have proposed this motion today in the hope that the Government can draw on overseas experience and set up an intermediary organization, so that the claims for alimony will be transferred to that organization, which will be in charge of the assessment, collection and recovery of alimony, as well as the monitoring of the relevant work. At the same time, the relevant government departments should strengthen co-ordination to provide comprehensive "one-stop" services to applicants in relation to the recovery of alimony, welfare assistance and other services. For those who fail to recover alimony, the intermediary organization can refer their cases to the Social Welfare Department (SWD) to arrange for the

application for CSSA and other services. If the divorcees concerned succeed in recovering their alimony afterwards, they should return to the Government the CSSA payment granted to them.

According to a research study carried out by the Legislative Council Secretariat, the United States, Britain, Australia and New Zealand have set up agencies for the recovery of alimony. On the cost-effectiveness of the child support agencies in the United States and Australia, they can collect US\$3.9 and US\$2.8 respectively for every US\$1 spent. It should be noted that their operating cost also includes expenses incurred in performing other functions such as the establishment of paternity, apart from the expenses for the collection of alimony. This shows that the recovery of alimony by this means is beneficial to the Government.

It is far more effective for the Government to set up an intermediary organization to recover alimony through administrative directives or legal procedures, than for the helpless and distressed divorcees to fight on their own for its recovery. The intermediary organization can help ease the CSSA burden on the Government, particularly when this burden on the Government has become heavier due to the increasing number of divorces in society nowadays.

More importantly, the setting up of an intermediary organization to recover alimony is not only meant to achieve savings in public money. With this intermediary organization, the divorcees need not approach the defaulter direct to recover alimony, thus reducing the chance of their dignity being hurt and their personal safety being threatened. It also helps allay the feeling of being abandoned on the part of children in single-parent families and helps relieve their trauma.

The establishment of an agency to recover alimony can also manifest a clear ethical standard to the community — calling on parents not to neglect their inherent duty to raise their children despite the break-up of their marriage.

Madam President, I hope that the Government will set up an intermediary organization to recover alimony for social justice, the rights of divorcees and the well-being of children in single-parent families. All these cannot be achieved by improving the legal procedures and increasing the CSSA rates alone, as suggested by Mrs Miriam LAU.

In fact, even if the Government is willing to increase the rates of CSSA to help divorcees meet their immediate needs, the CSSA and alimony are very different in nature and should target different groups of people. Also, the ethical values embodied in them are widely apart. The CSSA can never replace alimony. Furthermore, the payment of alimony is the long-term responsibility of the payers. The Government should not (and cannot) use taxpayers' money to fill a bottomless pit in the long run. Moreover, the irresponsible party is not the Government, but those who try to evade the payment of alimony. Some irresponsible persons obviously can afford the payment. Why should the Government put them under its wings and pay on their behalf? More importantly, if the Government, for the sake of expediency, frequently uses the CSSA to cover up the loopholes in the existing mechanism for recovering alimony, this will not help solve the problem. This might give some people a greater excuse and inducement to evade their responsibilities, and even discourage the divorcees to take recovery actions.

Many divorcees actually do wish to earn their own living and raise their children with their own efforts. Would it be that the Government wishes to see more divorcees becoming CSSA recipients? Would it be that the Government wishes to see more divorcees and their children feeling ashamed for receiving the CSSA?

Madam President, before proposing today's motion, I discussed the question of the recovery of alimony with many organizations, including representatives of the Caritas Family Service (Project on Extramarital Affairs) and the Hong Kong Single Parents Association. I am sure Members have recently received the submissions of the Hong Kong Council of Social Service, the Boys and Girls Association, the Yan Oi Tong Limited, the Hong Kong Single Parents Association and the Caritas Family Service. Consistent with my motion, they have also urged the Government to set up an intermediary organization for the recovery of alimony. Therefore, I hope that Members of this Council will echo and support this view, putting across a clear and strong message to the Government and calling for the establishment of an intermediary organization to recover alimony for single-parent families and divorcees.

Madam President, I beg to move.

**Miss CHOY So-yuk moved the following motion: (Translation)**

"That, as the existing mechanism in Hong Kong for the recovery of alimony is ineffective, this Council urges the Government to draw on overseas experience and immediately set up an intermediary organization, which matches the actual local circumstances and is cost-effective, to take charge of the collection, recovery and payment of alimony as well as other relevant work."

THE PRESIDENT'S DEPUTY, DR LEONG CHE-HUNG, took the Chair.

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss CHOY So-yuk, as set out on the Agenda, be passed

Mrs Miriam LAU is to move an amendment to this motion. Mr LAW Chi-kwong is to move an amendment to Mrs Miriam LAU's amendment. The two amendments have been printed on the Agenda. In accordance with the Rules of Procedure, the motion, the amendment, and the amendment to amendment will be debated together in a joint debate.

I will first call upon Mrs Miriam LAU to speak and move her amendment to the motion. Then, I will call upon Mr LAW Chi-kwong to speak and move his amendment to Mrs Miriam LAU's amendment. Members may then debate the motion and the amendments. After Members have spoken, I will first put Mr LAW Chi-kwong's amendment to Mrs Miriam LAU's amendment to vote. Then, depending on the result of the vote, I will put Mrs Miriam LAU's amendment, either in its original form or in the amended form, to vote.

I now invite Mrs Miriam LAU to speak and move her amendment.

**MRS MIRIAM LAU** (in Cantonese): Mr Deputy, divorce rates in Hong Kong have been on the rise in recent years. There were 9 400 cases in 1995, abruptly rising to 13 129 last year. In the first 10 months of this year, the number of divorce cases was as high as 11 535. The divorce rate in Hong Kong ranks third in Asia, with Taiwan and Japan taking the lead.

Divorce is certainly an unhappy event. Once separated, if one of the parties fails to pay alimony to the other (usually the female party), that other party would often face difficulties in livelihood. Despite some legal and administrative measures available to help people recover alimony, the situation is far from satisfactory.

Central to the problem is the fact that the Government has not faced it squarely. The Government even lacks a complete set of statistics. Despite the increasing divorce rate in recent years, judgment summons issued by the court remained at about 350 a year. The attachment order, implemented since April last year, had seen only 44 applications as at April this year. According to the estimates of the SWD, in the 26 000 cases of CSSA recipient single-parent families, only about 3% of them are related to defaulted alimony. But I very much doubt the representativeness of these figures because there must be some human errors. For example, in dealing with CSSA applications by single-parent families, the SWD will perfunctorily ask the applicant whether or not she/he is awarded alimony, but will not go into details about the answer. The applicant facing defaulted alimony payment would be reluctant to tell the truth, either out of the wish to save the trouble or having come to the conclusion that it would be non-productive. So, the 3% only represents those who voluntarily indicated that they been defaulted alimony payment.

In the Legal Aid Department (LAD), although cases are classified before being followed up, strangely it does not keep separate figures for alimony recovery cases.

Another problem with the existing system is that there is insufficient encouragement and assistance given to the aggrieved party. The SWD will not follow up those cases in which the applicants have indicated that they will try to recover alimony to see if they do continue the action to do so. Hence some applicants, having obtained letters from the LAD showing the interview date as evidence of an intention to recover alimony, will give up further recovery action. Such a passive and lax attitude on the part of the SWD, that is, not pursuing or following up the cases, is certainly not helpful to encouraging the people to recover alimony.

Furthermore, there are also problems in legal aid and legal procedures. If the LAD wants to make applications to the court it must ascertain the whereabouts of the payer of alimony. If it loses contact with the payer, the entire proceedings will end. In issuing judgment summons the courts must likewise deliver the summons to the defendant; otherwise legal procedures cannot continue. Moreover, attachment orders are applicable only to those with a fixed job. It is useless against those who often change their jobs or who are self-employed. So, people often have the impression that alimony recovery is a very difficult matter.

The third problem is the service efficiency of the LAD and SWD towards payees of alimony. There is room for improvement. It takes at least three months on average for the LAD to deal with a case of alimony recovery. The SWD would only follow routines in dealing with people who become needy of assistance due to defaulted alimony. Immediate assistance can be given to applicants only in emergencies.

The above situation fully illustrates that we must completely revamp and improve the procedures for the recovery of alimony. Financial assistance given to the relevant applicants must be strengthened. However, I think any reform in relation to alimony must fulfill the following three principles:

1. Since defaulted alimony may have implications on public finance, there are good reasons for the Government to facilitate the payment and recovery of alimony;
2. The recovery of alimony is a civil matter in nature; the Government should not take up full responsibilities in providing help to applicants;
3. Payers of alimony are parties to divorce proceedings, not the general public. Any system to recover alimony should not transfer costs incurred onto taxpayers.

Based on these broad principles, the Liberal Party has reservations about the setting up of an intermediary organization or an alimony council to collect, recover and pay out alimony payments. The reasons are as follows:

1. Overseas experience cannot sufficiently prove the setting up of an intermediary organization to recover alimony is successful. In the United States, US\$12 billion was recovered as alimony in 1995-96, but the amount not recovered was as high as US\$45 billion. In Britain, the Child Support Agency has classified 77% of the payments receivable as irrecoverable. In Australia, about 40% of the alimony for children have been overdue for two years, and since the establishment of the Child Support Agency in 1988, US\$35.2 million have been written off.
2. Overseas experience shows the setting up of an intermediary organization to recover alimony may not be cost-effective. In overseas child support agencies 98% or more of the expenditure comes from public finance. To use taxpayers' money to recover alimony may not be more effective than the same being applied to support alimony payees through social security payments. In the United States, the operating costs of the Child Support Agency were US\$3 billion in 1995-96, but the social security funds recovered from the Agency was only US\$1.9 billion for that fiscal year;
3. If the Government acts as an agent to recover alimony payments, parties to a divorce would easily shirk their personal responsibilities to the family; and
4. In overseas countries, intermediate organizations were set up because there was ample evidence to show defaulted alimony has become a heavy burden on public finance. But as I pointed out, the SAR Government cannot as yet provide complete information to show how serious the problem is. So, the Liberal Party is of the view that a new structure should not be set up hastily in the absence of sufficient information.

Mr Deputy, the Liberal Party thinks a more appropriate step to take now is to conduct a comprehensive review and reform the administrative measures and legal proceedings of the Government to expedite alimony recovery and strengthen support for those in financial difficulty. The Liberal Party has the following six recommendations:

1. We must face the issue of defaulted alimony squarely and keep statistics covering all the relevant information so that the Government and the public may know exactly the extent of the problem and devise effective solutions;
2. A comprehensive review should be conducted on the legal procedures in relation to alimony recovery to improve efficiency. In this connection, I hope the Panel on Administration of Justice and Legal Services of this Council chaired by Miss Margaret NG can conduct an in-depth study and make recommendations for improvement;
3. The SWD must change its present attitude, which is passive. It should take the initiative to help those who fall into financial difficulties due to defaulted alimony. In addition to providing financial assistance, the SWD should also help CSSA applicants to recover alimony;
4. The SWD, LAD and other relevant departments should maintain close communication and proper co-ordination. They should follow up cases closely so that they can better help people in need;
5. The SWD and the LAD should improve their efficiency further. For instance, the LAD should shorten the time needed for processing of cases. The SWD could also quicken the scrutiny and approval of CSSA applications and make CSSA payments to people in need; and
6. The Government should conduct extensive promotion and civic education to enhance people's knowledge about responsibilities in marriage, including the duty to pay alimony after divorce. In addition, the Government should make clear to the public the services available to payees of alimony and devise a system for the services. It should let the public know about all these through extensive publicity.

Mr Deputy, the Liberal Party fully sympathizes with the pain endured by the divorcees who fail to receive any alimony. We also fully understand there are many problems in the present administrative measures and legal procedures in the Government, making it impossible to effectively help the people concerned. Therefore, the Liberal Party strongly requests that the Government conduct a full review and launch reforms for the relevant measures and procedures. We, however, have reservations about the proposal to set up an intermediary organization or an alimony council to recover alimony, for reasons of principle and doubts about the real effectiveness of such a proposal.

With these remarks, Mr Deputy, I move my amendment.

**Mrs Miriam LAU moved the following amendment: (Translation)**

"To delete "draw on overseas experience and immediately set up an intermediary organization, which matches the actual local circumstances and is cost-effective, to take charge of the collection, recovery and payment of alimony as well as other relevant work" and substitute with "improve the procedure for recovering alimony so as to enhance its efficiency, and to draw up measures to enable those people who have financial difficulties due to defaulted alimony and are eligible for Comprehensive Social Security Assistance to receive assistance payment immediately, so as to meet their urgent needs"."

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mrs Miriam LAU to Miss CHOY So-yuk's motion, be passed.

**DEPUTY PRESIDENT** (in Cantonese): I now call upon Mr LAW Chi-kwong to speak and move his amendment to Mrs Miriam LAU's amendment. I would like to remind Mr LAW Chi-kwong that he has seven minutes to speak.

**MR LAW CHI-KWONG** (in Cantonese): Mr Deputy, I move that Mrs Miriam LAU's amendment be amended, as set out on the Agenda.

Two Members from the Democratic Party will be speaking after me. While Mr Albert HO will talk about the legal issues involved in recovering alimony, Mr Fred LI, will be speaking on the difficulties faced by single female parents and their children in the recovery process as well as other considerations relating to the setting up of an alimony council.

We started discussing the issue of alimony five years ago when the issue of married men keeping mistresses attracted widespread attention. When convening meetings with women organizations or held discussions with single female parents, more often than not I found myself condemning those "irresponsible men" with them. As a man, I sometimes found it funny when I heard such words coming out of my mouth.

On 26 February 1997, my motion to urge the Government to set up a maintenance board was passed in the former Legislative Council. In the 1997 debate, Mrs Miriam LAU opposed the idea of setting up a maintenance board. Instead, she recommended setting up a system whereby an order for the attachment of income could be made. Subsequently, the Government proposed to amend the relevant legislation in 1997. The subsidiary legislation was gazetted in 1998 and has since operated for one year, during which a total of two families have been given assistance. All sorts of feelings welled up in my mind. What was the cause? Only two families benefited after so many years of hard work to urge the Government to do more for the families in need. Looking back on our past efforts to promote the recovery of alimony, although we have described many of the difficulties encountered by the aggrieved party when seeking to recover payments of alimony, the Government just remained apathetic. On the other hand, however, the irresponsible men have got "wiser" upon learning the many representations we made. After knowing how difficult it was to recover alimony and the various loopholes in law enforcement, they have become even more unscrupulous and ducked out of their alimony responsibility altogether.

Sometimes I do feel guilty about the work I have done over these few years. What changes have taken place since that debate two years ago? Mrs Miriam LAU and Miss CHOY So-yuk mentioned that there had been numerous cases of divorce. Let me quote some numbers for the past two years: 13 000-odd cases for 1998 and 9 400-odd two years ago. That means there has been an increase of almost 40%. What about the number of CSSA cases? As at 31 March 1997, there were 13 000 cases; then by 31 March 1999, the number increased sharply

to 25 600-odd, representing an increase of 93%. Just now Miss CHOY has also referred to the survey conducted in 1997, so I am not going to describe it in detail again now. According to the survey, 54% of the interviewees did not apply for alimony. What was the main reason for that? 44% said they knew it was impossible to collect the money and so chose not to ask for it; 22% said they did not want to contact their ex-spouses any more; 18% said they did not have the mood to deal with such matters; and 10% said CSSA provided protection of a greater degree of certainty. As for other data, I do not intend to repeat any of them here.

I also want to talk about the relationship between CSSA and alimony, especially after Mrs Miriam LAU has talked a lot about some aspects concerning the CSSA. For poor single-parent families, the relationship between CSSA and alimony is vexing. In most cases, the SWD requests single parents entitled to alimony to take legal action to recover their alimony payments. This is right theoretically and the SWD makes this a prerequisite for approving CSSA applications. But the fact is that to do so a single parent will have to scurry between the SWD, the LAD, lawyers and the court. And the most difficult part of the work is to locate the whereabouts of the ex-husband. I believe Honourable Members should be able to imagine the anguish this brings about. However, with an alimony council being responsible for the process, the recovery and payment of alimony will be greatly facilitated.

Apart from that, there are two important benefits that setting up an alimony council could bring about. Firstly, both sides may be freed from being bothered by money and, most importantly, children may be saved from the unnecessary negative influences. Secondly, an alimony council may reinforce the message that parents have a responsibility towards their children who are not living with them. This message can instill in the community a sense of responsibility, so that those who should be responsible will not shift the responsibility onto taxpayers. Some Members told me they were concerned that the alimony council may entail extra government expenditure. The example cited by Mrs Miriam LAU was a worst case in the United States. I have nothing to add to that. However, in New Zealand, while \$26 million has been spent, \$64 million was saved on welfare expenditure. Australia spent almost \$100 million but saved almost \$200 million on welfare expenditure. What can we gain from these examples? Having referred to their experiences and the many different measures they have employed, we can learn from their useful experiences and discard the useless ones.

Why do I seek to amend Mrs Miriam LAU's amendment? This is because Mrs LAU's amendment seeks to delete from Miss CHOY's original motion the wording relating to her proposed intermediary organization and to add in the suggestion that those people who have financial difficulties due to defaulted alimony and who are eligible for CSSA be given assistance. We certainly agree with the wording of Mrs LAU's amendment, but we cannot accept the proposed deletion of the wording on the intermediary organization. Hence we put forward this amendment to incorporate the proposal to set up an alimony council. This is consistent with the intent of Mrs LAU's amendment and with the appeals and requests made by the public over the years. I understand that some Members may have reservations about the idea of an alimony council, yet for the sake of the single female parents and their children, I wish they could support the spirit of the motion and my amendment. Otherwise, the Government could just sit back and relax, while our efforts would all be in vain. As I said earlier, in the end, it was not the Government but those irresponsible people who got wiser. I just hope that is not the outcome of this debate.

I so submit. Thank you, Mr Deputy.

**Mr LAW Chi-kwong moved the following amendment to Mrs Miriam LAU's amendment: (Translation)**

"To delete "draw up measures to enable those people who have" and substitute with "set up an alimony council to assist in the collection and payment of alimony to single-parent families, in order to prevent them from suffering"; and to add "enable those who" after "due to defaulted alimony and"."

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LAW Chi-kwong to Mrs Miriam LAU's amendment, be passed.

**MR CHAN WING-CHAN** (in Cantonese): Mr Deputy, in the past there were very few divorce cases as divorces were regarded as something disreputable. Divorce was the last resort. After a divorce, the man was usually required to pay alimony to the woman. But as society "progresses", the number of divorce

cases rises. Some even frequently change partners, thinking it is fashionable to do so. Alimony is not confined to meaning payment made by the male party to the female party now. The court will decide on the merits of the financial positions of both parties which side should be paying. This is a manifestation of gender equality.

Hong Kong is a Chinese community, which is quite different from Western countries after all. Thus, it is usually men who pay alimony to the other party. Unfortunately, some men are very irresponsible and shirk their responsibilities to pay by moving houses, changing jobs and their telephone numbers so that their ex-wives cannot locate them.

If the female party has no children to take care of, she will probably be able to cope with her livelihood needs without alimony. She may even look upon alimony with disdain. But if she is granted custody of her child or children, she will often find herself in financial trouble. With a child or more to take care of, it would be difficult for her to find a job at the same time. Moreover, some employers may not want to hire single mothers. Under such circumstances, alimony would mean a lot to the mother.

I think even if a man breaks up with his wife and is reluctant to pay alimony to her, he should at the least shoulder the responsibility of raising his child or children. Since the child or children were born to both of them, the man should not require his ex-wife alone to shoulder all the responsibilities for raising the next generation after divorce. The man should do what is required of a father. If the ex-wife cannot find a job and fails to support herself and the child or children, she has to resort to CSSA. In fact many single-parent families have to obtain assistance from the CSSA Scheme because they cannot get any alimony. I hope the people involved should recall the marriage vows they made in the past and try to accommodate the other party as far as possible? Mr Deputy, we have the attachment of income order by law but it is not as effective as desired. In the last two years, there were several hundred court petitions, but only two succeeded in obtaining attachment orders, thus securing alimony. Therefore we must set up an intermediary organization to recover alimony.

In countries like Britain, the United States, Australia and New Zealand, there are Child Support Agencies acting as intermediate organizations to assist single-parent families to recover alimony from irresponsible men and women —

in Hong Kong it is mostly men, although not every case to recover alimony can be successful. This makes these countries very different from Hong Kong where at the moment there is no particular channel of redress. An intermediate organization set up for this purpose must be given sufficient powers to investigate into the affairs of people who abscond and make them shoulder the responsibility of raising their children.

With these remarks, Mr Deputy, I support the proposal to establish an intermediate organization for recovering alimony.

**DR TANG SIU-TONG** (in Cantonese): Mr Deputy, a recent survey shows that there has been a sharp increase in the number of divorces in recent years. I believe the number far exceeds that when Mr CHAN Wing-chan was young. In the first 10 months of this year, there were 11 000 divorce cases. During the period, 24 000 couples got married. That is to say, for every pair of newly-wed, a couple separates. The legal profession also pointed out that 20 years ago Hong Kong courts dealt with less than a thousand divorce cases annually, but today the number has risen to 15 000. The problem is becoming very serious.

The causes to the worsening problem are certainly very complicated, but they are not the subject of our discussion today. However, it must be noted that with a greater number of divorcees, more people need to recover alimony. As Miss CHOY So-yuk said, a worrying trend is that more and more people who fail to obtain alimony resort to CSSA applications. In other words, if the Government continues to ignore the problem, not only will there be an enormous number of legal cases and social problems, there will also be an increased number of CSSA applications. This will certainly become a burden on our social welfare resources, undermine our control of the fiscal deficits and hurt our taxpayers.

Mr Deputy, I remember that in 1997 the former Legislative Council passed a motion to set up a maintenance board. Regrettably, the Government did not accept the relevant proposals. It just launched a system for the attachment of income orders. However, in the year during which the system operated, only two cases out of 24 applications succeeded in procuring the order. The success rate was less than 10%. The main causes leading to a low success rate are:

- (a) the payee could not tell where the payer lived or the details of the payer's jobs.
- (b) the applicant withdrew the application due to threats or nuisance caused by the payer; and
- (c) the system is applicable to people with a fixed income only. For the system to operate successfully, the payer and the payer's employer must co-operate by providing helpful information. The attachment order cannot work effectively on those who do not have a fixed income or are self-employed or are determined to avoid payment of alimony.

As Miss CHOY said, there are too many grey areas in the present attachment of income order system. No matter how the Government amends or tightens the law or improves the relevant procedures, I am afraid the effect is still very limited.

Mr Deputy, it is a justified and much needed step to set up a statutory organization to recover alimony, given the rising number of divorce cases and disputes arising from alimony payments, and the less-than-effective attachment of income order system. Moreover, setting up of such an organization is consistent with the demands and interests of the public. The intermediary organization can be a council or it can take other forms, subject to further considerations of our later discussions. It can certainly function and minimize the impact caused by failures to recover alimony. I hope the Government can consider the proposal as soon as it can.

With these remarks, Mr Deputy, I support the original motion of Miss CHOY So-yuk and Mr LAW Chi-kwong's amendment.

**MISS CHAN YUEN-HAN** (in Cantonese): Mr Deputy, whether or not divorce rate stands high in Hong Kong is a matter of opinion. At any rate, no matter how high or low the rate of divorce stands, in any divorce case there will inevitably be people being left deeply hurt. Naturally, children will suffer most, since the divorce of their parents will impact on them directly. Indeed, the psychological damage inflicted on them is so immense that it will take forever for their wounds to heal. If the non-custodial parents should be so irresponsible and refuse to make the alimony payments, the children and their custodial parents would become poverty-stricken.

In divorce cases in Hong Kong, usually it is the men who have to pay alimony to their divorced wives. Certainly, there are also some cases in which the divorced men receive alimony from their ex-wives. If they should have no children to take care of, I believe most divorced women would prefer standing on their own feet instead of relying on the alimony of their ex-husbands.

However, many a time divorced women do have children to take care of, thus making it very difficult for them to find any time to get a job. Having spent most of the time taking care of their families, these women have been out of the working population for a long period of time; as such, it would still be very difficult for them to secure a job even if they could spare the time. Some employers would find them too old, while others would think they could not work whole-heartedly as they have to take care of their children all by themselves. Hence, it is extremely difficult for them to secure a job. I should like to stress that this situation is most common among the grass roots. To women of this stratum, divorce could mean the loss of everything, including income.

If their ex-husbands were willing to make the alimony payments as ordered by the court, the damage would be relatively less. However, the problem remains that many divorced men who are very irresponsible will shirk their responsibilities to pay alimony if they are not the custodial parents of their children. I have heard about some disgusting cases in which the men have moved houses and changed their jobs in order to duck out of their alimony responsibilities. Some even said nasty words to their ex-wives and children who showed up at their doorsteps trying to recover the alimony payments. This problem is especially serious among the grass roots.

If such things should happen to women who have been deserted, there would be nothing they could do. Moreover, Hong Kong does not have any organization to help them recover alimony payments. With regard to the attachment of income order scheme passed several years ago, although I have also participated in deliberating on the scheme, we all considered the order as not very useful and not having any real effect. To the divorced women from the grass roots, it is still extremely difficult for them to recover any alimony payments from their ex-husbands who are unwilling to pay. As such, we knew it very well at that time that even after the enactment of the attachment order, it did not mean we could substitute that for the alimony council we had been advocated all along. In this connection, the government officials participated in

our discussions were aware of our suggestion, but due to the constraints of the laws concerned, we could not discuss the establishment of an alimony council. In the end, we could only confine our discussion to the legislation.

In the face of the existing problems, we do wish to know what the Government thinks. What will the government officials think when they learn about the many difficulties encountered by the divorced women and their children in seeking to recover their alimony payments? Having discussed the issue for so many years, we have gathered the impression that the Government only wants to play for more time. Just now outside this Chamber, I asked some government officials whether the discussion this time would bring any hope. Actually, the legislature has discussed a similar motion before, only that the Government has refused to follow up the results of the discussion.

The Legislative Council Secretariat has carried out a research study of the overseas child support agencies. I remember that the experiences of the child support agencies in the United States, Australia, New Zealand and Britain were studied. These agencies were set up to recover only the alimony payable by the non-custodial parents to support their children's living. In this connection, the child support agency in Australia is set up under the Australian Taxation Office, while its counterpart in New Zealand is set up under the New Zealand Inland Revenue Department. As such, the child support agencies in these two countries could gather the information of the defaulting non-custodial parents through the countries' taxation records, thereby facilitating the recovery process and enabling their governments to save on the costs concerned. As regards the child support agency in the United States, although it is not set up under the country's Inland Revenue Services, it is still vested with extensive power to collect information on the non-custodial parents concerned.

We believe the SAR Government could learn a lot from these agencies. I should like to stress that since Hong Kong is a small city very much unlike Australia, New Zealand and the United States which are all vast countries, we should be able to achieve better results than these countries if a similar agency should be set up in Hong Kong.

However, in the past the Government had replied in response that the child support agencies in the United States and Australia were unable to recover a considerable part of the defaulted alimony payments. I should like to ask the Government this question: Given that the Inland Revenue Department (IRD) is

unable to recover a considerable part of the tax payments, should we discard the IRD as well? Of course the Government would not discard the IRD, which would continue to be vested with the responsibility to recover the defaulted tax payments. In my opinion, the Government should draw on overseas experience and set up an alimony council in the light of the actual local circumstances. I should like to stress that the Federation of Trade Unions (FTU) wishes very much that the Government could reconsider the proposal to set up an alimony council. I also hope very much that the Government could give support to our suggestion put forward in this debate today.

As regards Mrs Miriam LAU's amendment, it is obvious that Mrs LAU has failed to take into account or identify the crux of the problem, that is the fact that it would be very difficult to recover alimony payments without the assistance of an alimony council.

Mr Deputy, while it is the bounden duty of parents to take care of their own children, some parents are just like cuckoos, shifting their responsibility of looking after their children onto other people. If we should have in place an alimony council, it would be of great help to instilling in parents a sense of responsibility for their children, even though some administrative expenses would inevitably be incurred as a result.

With these remarks and on behalf of the FTU, I support the original motion and the amendment moved by Mr LAW Chi-kwong. But I oppose the amendment moved by Mrs Miriam LAU.

Thank you, Mr Deputy.

**MR FRED LI** (in Cantonese): Mr Deputy, this is the second time that I discuss in the legislature the question regarding the establishment of an alimony council. The first time was the discussion held in the former Legislative Council two years ago. All along, government officials have had reservations about the proposal to set up an alimony council, and that is mainly attributable to their concern that it might not be cost-effective to set up such an agency.

However, are there not any important considerations other than cost-effectiveness?

In the alimony forums I have attended, many single parents just could not help bursting into tears when at come to their own experiences. I do not think I need to further describe the humiliation and helplessness experienced by single-parent families in seeking to recover alimony, since I believe everyone of us in this Chamber must have heard about that many times before. What concerns me most is that the problem of defaulted alimony has also distressed children from single-parent families. The feeling of being deserted — "Daddy does not love me, he does not want to take care of me" — can have very far-reaching impact, since it would continue to haunt the children as they grow up. The rate of divorce has been on the increase over the past decade. As the number of single-parent families continue to grow, the number of single-parent families receiving CSSA has also been increasing, from 4 325 in 1991 to 16 631 in 1999, representing a 2.8-fold increase in less than 10 years. According to a survey conducted by the SWD, it is estimated that about 55% of the single-parent family cases are related to divorced or separated CSSA recipients. If the Government should fail to improve promptly the mechanism for recovering alimony, the number of single-parent families receiving CSSA would continue to rise. Naturally, that would add to the financial burden of the Government, thereby causing single-parent families to further become a social stigma

At present, the recovery rate of alimony is extremely low. Knowing that it is very easy for them to default on the alimony they are required to pay, some irresponsible persons have already determined to do so when divorcing their spouses. As a result, the responsibility for taking care of their children will be shifted onto taxpayers eventually.

By setting up an alimony council to recover alimony on behalf of the single-parent families concerned, we could protect these families from the distress caused by their failed attempts to recover alimony on the one hand, and send out a clear message to the community on the other that it is not the taxpayers but the parents who have a responsibility to support their own children. Why does the Government not accept this proposal which has all sorts of benefits but zero harmful effect? Further still, overseas experience has told us that public funds would be put to more effective use if we should set up an intermediary organization responsible for the collection and payment of alimony.

The Legislative Council Secretariat has completed in this year a research study on the operation and effectiveness of the child support agencies in the United States, Britain, Australia and New Zealand. According to the findings

of the study, the child support agencies set up in these countries are all cost-effective. On the cost-effectiveness of the child support agencies in these countries, Australia could collect US\$6.1 for every US\$1 spent, while the United States and New Zealand could collect US\$3.9 and US\$3.1 respectively. As regards the one in Britain, which is comparatively less effective, it could still collect US\$1.5 for every US\$1 spent. It should be noted that in addition to the collection and payment of alimony, the child support agencies in these countries also perform other functions such as assessment of alimony, which is a function performed by the court in the case of Hong Kong.

Doubtless the setting up of a new government department would incur additional government expenditure, and it is exactly on this account that government officials have reservations about the proposal. However, are not other government departments, including the LAD, the courts and the SWD, spending considerable amount of public funds on alimony-related cases? Under the existing system, single-parent families are required to take care of their own welfare. As such, divorcees have to bring along their children to collect alimony from their ex-spouses. However, it is just very unlikely that those single mothers and their children could succeed in collecting any alimony. Unable to recover the alimony they are entitled to, these women could not but give up and resort to applying for CSSA instead. However, if we should have in place an alimony council, the number of persons who dare to default on their alimony payments will definitely decrease tremendously, given that it would then be the responsibility of the Government to recover the defaulted alimony payments. Just take a look at how the Inland Revenue Department collect tax we would be able to see how effective the Government has been in recovering payments in default.

I understand that the Government is doubtful about the efficiency and cost-effectiveness of an alimony council. But then again, is the existing mechanism efficient and cost-effective? Speaking of efficiency, the successful collection rates of alimony in New Zealand, Australia, the United States and Britain are 91%, 81%, 53% and 51% respectively. How about Hong Kong? The Hong Kong Government does not have even any statistics for the current successful collection rates of alimony. In this connection, however, a study conducted by the Joint Committee on Concern for Alimony in 1997 indicated that more than 50% of the single parents did not ask for alimony when they divorced. As regards those who did apply for alimony, three fourths of them were unable to receive on time the full amount of their alimony, visibly far less successful than

divorcees in countries where child support agencies have been established. What is more disappointing is that the Government is unable to calculate the amount of public funds that have been spent in relation to alimony matters. Of all the civil actions taken, how many are instituted to recover alimony? How many recovery of alimony cases a year has the LAD handled? How many of the CSSA recipients actually would not need to rely on CSSA if their attempts to recover alimony did not end up in failure? The Government simply does not have any statistics on all these.

It is meaningless to argue without any substantial proof that the existing mechanism is better than an alimony council; no rational debates could be conducted under such circumstances. For this reason, I hope government officials could, as they speak in reply later, provide us with more specific figures to support their argument. I also hope that the Government could adopt a more open-minded attitude and give consideration to some new ideas. Among the many effective measures implemented overseas, there should be some which could also be applicable to Hong Kong.

With these remarks, Mr Deputy, I support the original motion moved by Miss CHOY So-yuk and the amendment proposed by Mr LAW Chi-kwong.

**MISS MARGARET NG:** Mr Deputy, the recovery of alimony is notoriously difficult, especially after a bitter divorce. This difficulty hits particularly hard to those who are poor. The custodial parent, often the mother, struggling to bring up growing children on a shoe-string budget, is thrown into despair when the maintenance ordered by the court is not paid up. The many appeal letters we have received in relation to this motion debate leave us in no doubt of how acute the problem is.

Something must be done for these families. Nearly all of those who have written to Members of this Council have done so to support the establishment of some kind of intermediary council or "alimony council". They believe that this would solve their problem.

In one way they are quite right. Because the immediate effect of the alimony council will be that the custodial parent will be paid the alimony owed to her by the defaulting parent through the council. I have no doubt that those who are given this help will do their best to assist the council in the subsequent

process of recovering the alimony from the defaulting parents.

However, as far as these custodial parents are concerned, such a council is not the only way to give them relief. For example, payment of Comprehensive Social Security Assistance (CSSA) will also achieve the same purpose.

The significance of an alimony council is recovering what is paid out to custodial parents from the defaulting parents. And on this, I have considerable doubts.

Before I go any further, let us make clear whether we are talking about a general, alternative regime of alimony recovery for everybody, or about a council set up particularly to help a certain vulnerable group — for example, those under a certain income level, who are single parents with young children. I think we have to confine ourselves to the latter, because an alternate regime to the present system with the court as its centre would require a thorough-going study. This can only be properly done by the Law Reform Commission.

Now, confining ourselves to the lower income families, two factors are at once significant. The first is that the pay-out is unlikely to be very large in each case. The second is that recovery from the defaulting parent is likely to have a low success rate and therefore expensive.

At present, the only way to get the defaulting parent to pay up is by court proceedings. This means that you need a lawyer, and in turn, this means that you apply for legal aid. Because of this, the Legal Aid Department is easily the most experienced body in the recovery of alimony. I believe you will find that the greatest difficulty is a practical one. Namely, very often, the defaulting parent has no fixed job and no fixed address. So you cannot serve the judgment summons on him. Or, when the court has, by warrant, tracked him down and got him to come before the court, it may be found that he has lost his job. There is no fixed source of income to attach the Attachment of Income Order to. There is no fixed property either.

If this is the main reason why the present procedure of alimony recovery is unsuccessful — and not just lengthy and expensive, the situation will not be better for the alimony council — its success rate will also be low. The expenses it will incur will also be high. If that be the case, from the public's point of view, is an alimony council the right thing to set up?

Mr Deputy, the mover of the original motion invites us to have regard to overseas experience. I have taken up her suggestion and read the study on Child Support Agencies in Overseas Countries compiled by the Research and Library Services Division of the Legislative Council Secretariat.

Of course, there is no strict comparison — the framework of government policies, law, social conditions and functions are not exactly the same as what we have here. But we cannot ignore some pretty strong indicators. Table 18 of the study of December 1998 shows that the cost-effective ratio, that is, total collection against operating cost, when voluntary payment has been discounted, ranges from 3.9 to 1, to 0.7 to 1. That is, from spending \$1 to collect \$3.9, to spending \$1 to collect \$0.7.

It is difficult to predict which end of the cost-effective ratio such an agency will be in Hong Kong.

Another important point to note is the vast draconian powers used to achieve the collection. Further, private agencies are employed as "debt collectors". Are we quite sure that we want this to happen in Hong Kong?

I would hesitate for long before saying "yes" to that.

Mr Deputy, I know that upon the recommendation of the Panel on Home Affairs, an interdepartmental review of the whole question of alimony recovery is being undertaken by the Home Affairs Branch. I understand that the review is near completion. As Chairman of the Panel on Administration of Justice and Legal Services, I will certainly take up Mrs Miriam LAU's suggestion to do any follow-up review before the Panel. It may be that the legal process should change. It may be that the law itself should change. Maybe the whole process of divorce should change so that we use more mediation, which would avoid more bitter divorce and have a more realistic assessment of maintenance.

In view of this, I would support the amendment of Mrs Miriam LAU, and oppose the original motion. If subsequently, the review, or other reviews in follow-up, show us a way to a viable agency, or that an agency is the only option, of course, we should reconsider the matter in this Council.

Thank you.

THE PRESIDENT resumed the Chair.

**MR ALBERT HO** (in Cantonese): Madam President, my ward office also receives frequent complaints from single parents who are frustrated by the difficulties in recovering alimony. In the time to follow, I shall give a consolidated account of the various types of difficulties they encounter.

To begin with, at the early stage of default payment, custodial parents will usually approach defaulting parents personally and try to recover the arrears. Inevitably, however, defaulting parents will try to make things difficult for them, insult them, and, in some extreme cases, even abuse them physically. If they still cannot recover the arrears, some custodial parents may apply for legal aid, so that they can initiate court proceedings to recover the alimony. However, as we all know, the procedures of legal aid application are extremely complicated, and custodial parents may have to visit the LAD many times to undergo the means-test. Then, following the very complicated formalities, the court may issue a summons to the defaulting parent. Very often, however, it is virtually impossible to serve the summons on the defaulting parent, because the custodial parent may have lost contact with the defaulting parent, and there is thus no way to ascertain the address of the latter. Then, when the day of the hearing comes, the case may have to be deferred. So, the whole thing simply drags on, with the court having to keep on postponing the hearing. That way, no solution can ever be forthcoming at all. And, even if the hearing can be held, the judge will still allow the defaulting parent to offer an explanation. If the defaulting parent can produce proof of genuine financial hardship, or if the defaulting parent can even go so far as to explain why there have been arrears in payment, the court will usually consider the whole case on compassionate grounds. So, as we can all see, the procedures are very complicated, but in the end, the problem still remains unresolved.

Admittedly, when they are reprimanded by the judge in court, or when they are warned that they may be imprisoned, some defaulting parents may well agree to make payments immediately. But very often, once they have settled the arrears, they will soon default again, and in some cases, this may even occur several times a year. Every time after the arrears are settled, the defaulting parent will default again soon afterwards. So, all these procedures really frustrate single parents of shattered families immensely and have exerted heavy psychological pressure on them. It is small wonder that a single parent once

told me that the recovery of alimony had already become part of her life, a companion of her son in his growing years. Another single parent told me that she was already totally exhausted, and having to take care of two small children, she simply could not afford the time and energy to fight such a "protracted battle". Then there was this another case, an even more unfortunate case, in which a single parent, also totally exhausted, asked her 11-year-old child to act as the intermediary in recovering the alimony. But in the end, this inflicted a distressing trauma on him, because he was scolded and insulted for doing that.

I am sure that having listened to all these cases, Members should realize that some kind of solutions must be worked out. The amendment now proposed by Mr LAW Chi-kwong advocates the establishment of an intermediary body to assist single parents in recovering alimony, especially maintenance for children. We have in fact studied the experience of other countries and come to the observation that their mechanisms in this respect are not only cost-effective, but also helpful in relieving the plight of single-parent families and in enabling them to lead a life of dignity.

We have actually been discussing this issue for years, and the Legislative Council has also studied it for quite some time. So, there should not be any further delay. The Government has promised to conduct a review, but so far, it has failed to take any measures which can promptly and effectively assist single parents of shattered families in bringing up their children with dignity.

Admittedly, the Government did put forward some partial solutions, and it has also resorted to some legislative measures such as the Attachment of Income Order, in the hope that the situation can be improved. But as we can all see, at least on records, such measures have not been very effective. Honestly speaking, we can see that in cases where the Attachment of Income Order can really work, the parties having to pay are mostly people with stable jobs, and it is often very easy to find out their addresses. But then, we also have to admit that usually, these people will not try to evade all their responsibility of paying the alimony. A more usual situation is that the defaulting parties are people with no permanent addresses, no stable jobs and no permanent employers. They mostly work freelance or as casual workers, or they may even operate their businesses in the Mainland. That is why it is simply impossible to find out how much they earn. And, in some cases, it is altogether impossible to locate them. These are all problems which cannot be solved.

But an alimony council composed of various types of professionals can probably help solve all these problems. To begin with, such an alimony council can fully pay out the defaulted alimony first. Furthermore, it can then provide professional assistance in recovering the alimony. And, when necessary, the relevant legislation can even be amended to expand the powers of the council, one example being to empower it to forbid defaulting parents to leave Hong Kong until they can offer an acceptable explanation or pay all the arrears.

Madam President, in conclusion, we really need a caring society in which these vulnerable and needy people who are faced with shattered families and immense hardships can be given more assistance. I therefore think that there is an urgent need to establish an alimony council. I do call upon Members to support the amendment of Mr LAW Chi-kwong.

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam President, facts speak louder than words. As rightly pointed by many colleagues a moment ago, the measures put forward by the Government have simply failed to work. For this reason, unless the Government can put forward a new scheme today, the Government must promptly set up an alimony council as an intermediary body, for this has become an irresistible trend.

Also, as pointed out by many colleagues again, the rate of divorce in Hong Kong has increased very drastically, bringing many acute problems to society as a whole. As a teacher, I am particularly depressed to note that just in my school, as much as 20% to 30% of the students come from shattered families or single-parent families. I can well appreciate the emotional problems experienced by these students. They are already battered by the broken marriages of their parents, so if they are additionally made to suffer financial hardships, we can all imagine how big a blow they will sustain. We know that many people do not wish to live on CSSA, because they all want to uphold their dignity. So, if the families of these children are forced to apply for CSSA, they will certainly be subjected to further stress and pressure. I think as long as we are able to do so, we should avoid this as much as possible.

What actually is our central concern in all these discussions? Well, our concern is that some fathers have tried to evade their alimony obligations although they are financially capable. That being the case, we must work out some better measures to improve the situation. Since the measures adopted by

the Government over the past two years have proved to be so very ineffective, the Government should really conduct a comprehensive review, so as to find out how improvements can be made. I also agree that an alimony council is no talisman, and I do not think that it can possibly solve all the problems (Many colleagues have quoted the examples of other countries, saying that if a defaulting parent really wants to evade payment, it is often difficult to recover the defaulted alimony). But on the whole, I still think that an alimony council should be more effective than the Attachment of Income Order. So, I very much hope that the Government can give more thoughts to the proposal. Unless it can work out some better measures..... If it cannot, why not take our advice?

Some Members have quoted some statistics from the Caritas Centre, so, as a conclusion, I now wish to say a few words on these statistics. According to the Caritas Centre, an alimony council will bring the following benefits: first, its establishment is in compliance with public opinions; second, it can offer effective solutions to all those problems arising from defaulted alimony and it is a cost effective solution in saving expenses incurred by CSSA, legal aid and court proceedings; third, it can bring home to divorced parents that they are still obligated to maintain their children, to enable them to lead a life with dignity (Madam President, I attach the greatest importance to the third benefit, basically because of the students I come across in my school); fourth, it can save the need for taxpayers to bear the consequences of defaulted alimony payment. I think we also have to consider this point. No doubt, the Attachment of Income Order can save the Government a lot of administrative expenses, but as many colleagues have explained just now, the Government will at the same time need to shoulder a heavy burden in terms of CSSA payments. That being the case, can the Attachment of Income Order really achieve any real effects? The fifth benefit is that family disputes can be reduced. Although no further elaboration on this point is given, we can still imagine that family disputes do affect children very greatly in their growing years. I am very concerned about this point.

So much about these five benefits. But I think these benefits can show to us that we should not look at this matter with only money in mind; we should also look at it from the perspective of giving our young generations a good upbringing. Since the measures put forward by the Government have failed to produce any obvious effects, I hope it can take our advice.

With these remarks, Madam President, I support the amendment of Mr LAW Chi-kwong and the original motion.

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

**MISS CYD HO** (in Cantonese): Madam President, on behalf of the Frontier, I support Mr LAW Chi-kwong's amendment, but oppose Mrs Miriam LAU's amendment.

We have actually discussed the recovery of alimony for more than once here, and in the Home Affairs Panel, we have discussed this matter even more frequently. Ever since the implementation of the Attachment of Income Order was due for review in March 1999, the Home Affairs Panel has been trying to discuss with the Government, and many discussions have been held. From March to now, that is, early December, the Government has been talking about conducting a review, but much to the anxiety of those women whose interests are affected, it has so far failed to come up with any outcome.

Some government officials say that they cannot notice any demand for the establishment of an alimony council. But many Members have spoken on the need for such a council today, and I hope the Government will not think that we Members are the only people who see such a need. Actually, we are putting forward the request on behalf of numerous women. Does the Secretary really want to see a rally of several thousand women right down his office before he can be convinced that there is such a need?

From the papers, we often read some news reports about women trying to recover defaulted alimony from their ex-spouses, about how they are tortured in the process and how they may even be assaulted with strong acids. Such news reports are really heart-breaking.

There is thus an obvious need for us to establish an intermediary body, so that there can be a cooling-off period, and the couple involved in a broken marriage will not be forced by any financial reasons to see each other again despite their reluctance. Forcing a divorced couple to meet again will actually do no good to the father, the mother and their children as well. Very often, once a couple breaks up, the last thing that the man and the woman wish to do is

to see each other again, but under the existing system, a woman (Madam President, I am not being discriminatory, but in most cases, it is a woman) may still need to recover defaulted alimony from her ex-husband. And, if she fails to recover the defaulted alimony, she may have to undergo the painful process of applying for legal aid and bringing the matter to court. It is most unfortunate if a woman has to do this every month.

Women aside, the children will also suffer immensely under the existing system. To some children, the divorce of their parents may already be a very heavy blow, and they may simply be unwilling to see their fathers again. But as some mothers have told me, their children are actually forced to see their fathers, because if they do not do so, their fathers may simply stop giving money to support them. So, despite their fear, these children are forced to meet their fathers punctually every month.

Under the existing system, because of the associated financial pressures and problems, all in a shattered family are bound to recover much slower from their emotional and psychological trauma, and they cannot possibly restore their mental health quick enough. This is most unfortunate to adults, and to children, the effects will be even greater.

Many colleagues have discussed in great detail the various difficulties in recovering defaulted alimony, and they have also talked a lot about the cumbersome legal aid procedures. Unlike them, I wish rather to raise the point that we really need a central mechanism of some kind now. I fully appreciate that it will mean a very heavy expenditure to the Home Affairs Bureau if it is now required to set up an alimony council. The Bureau may not have the money for the purpose, which is why it may well encounter difficulties. But if we look at the SWD, we will see that it will be able to save a lot of CSSA expenditure if divorced women can recover the defaulted alimony owed to them. And, we must not forget the huge sums of money which can thus be saved in terms of legal aid and court expenses.

We think Mrs Anson CHAN, the Chief Secretary for Administration, should really set up a woman policy group to ensure that all government policies can be formulated with due regard for their impacts on women. What we must now deal with is a multi-departmental reorganization, which should involve, for example, ways of saving the expenditure of the SWD and of allocating the

resources required to the Home Affairs Bureau. We must also consider whether the expenses required for the establishment of the future alimony council are to be met by the CSSA payments saved by the SWD or by the savings from court and legal aid expenses. All this requires central co-ordination. So, I hope that the Secretary for Home Affairs can raise this problem with the Chief Secretary for Administration, so that solutions to this problem can be worked out quickly by means of central co-ordination. The Secretary for Home Affairs should not be left alone to handle the problem, because his Bureau may not have the money at all. This is a rather difficult problem for him to tackle alone.

Once we have set up such a central co-ordination mechanism, the Government can then save a lot of expenditure. Some colleagues have pointed out that the expenses spent on establishing such a mechanism may well be much bigger than the alimony to be recovered. But what will happen if the CSSA payments saved by the SWD are taken into account? The relevant non-governmental organizations and we Legislative Council Members cannot actually grasp all these financial statistics. I hope that when the Government conducts its review, it can consider all these different factors and release the relevant statistics for our reference. That way, all of us will be able to consider how best we should tackle the problem.

Expenses aside, I also wish to point out that divorced women and their children do not need only just financial support. They also need a whole package of other services, one example being housing. In the case of those who are eligible CSSA recipients, if the SWD and the Housing Department can give them compassionate rehousing as quickly as possible, then a lot of CSSA payments can be saved. And, there is also the problem of education. How can a single-parent mother look for school places for her children in a new neighbourhood, so that their schooling is not disrupted? This really requires central co-ordination.

I hope the Secretary for Home Affairs can give a satisfactory answer as soon as possible, not just to the Legislative Council, but also to all those women in need.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Does any Member wish to speak?

**MRS SOPHIE LEUNG** (in Cantonese): Madam President, when I first learnt of the motion topic today, my immediate response was that I did not have any professional understanding about it. And, since my involvement in the matter had been very limited, I at first decided that I should not speak at all. But having listened to Members' remarks, I feel compelled to say a few words. Many Members in this legislature seem to be slightly doubtful about the ability of women, for they think that even though Hong Kong is such an advanced city, the women here still somehow require some kind of protection. But then, in this very same Chamber, I have also heard other Members say that women are in fact very independent — a view which is perhaps shared by many women in our community. All this really baffles me, for I simply do not know which view is correct.

A moment ago, Mr LAW Chi-kwong refuted the point made by Mrs Miriam LAU, saying that the unsuccessful example in the United States was just an isolated case. He then cited two examples of his own, New Zealand and Australia, saying that the independent intermediary bodies there had saved the two countries lots of welfare spending. But I must point out that New Zealand is in fact a lone island country located in the southern hemisphere, with no overland routes of escape. And, New Zealanders are not noted for their emigration tendency either; most of the time, they will only move here and there within the country. I can well recall what a friend of mine told me after his first sightseeing trip in New Zealand. He complained that his trip there was no fun at all, because the country was much too sparsely populated — even if a gunman shot indiscriminately in a town in the busiest hours of 4 pm and 5 pm, he would not possibly kill any one, except one or two sheep. So, I think that New Zealand is really different from Hong Kong and the United States, in the sense that New Zealanders simply cannot run away. That is why it is quite easy to recover defaulted alimony there. The situation in Australia is probably the same. In contrast, in Hong Kong, if men are bent on evading their obligations, there are in fact many ways for them to do so.

A male Member told me that my viewpoint was both incorrect and unrealistic, because many men in Hong Kong were "bad guys". That really baffles me. Quite a number of Members said that single parents had to lead a very difficult life. This I can appreciate too. I also once worked for the Single Parent Association, and I had personally handled some cases. When I first met these single parents, they were undergoing the most difficult period in their life, and they were at a total loss. But then, I followed their cases, and just after two to three years, they were able to restore their self-confidence. Then, I helped them look for jobs, so that they did not have to rely on CSSA forever. As time went by, they eventually managed to join the workforce, having mastered all the required occupational skills. Some of them have also become successful voluntary workers too. All this can in fact be achieved in a matter of two to three years.

If we really want to help these single parents, we should of course establish a mechanism of some kind, so as to offer them more assistance. But what is more important is that we must enable them to help themselves, because we are afraid that endless assistance may well slowly erode or even totally destroy their dignity. In this legislature, we have quite a number of outstanding female Members, who can be regarded as the models for all women in the community. These female Members make me realize that we must establish a mechanism to enable women to help themselves, to save themselves. That way, they will be able to maintain their dignity and lead a more meaningful and wonderful life.

Let me also talk about the educational efforts mentioned by the Liberal Party. This is in fact one of the six points mentioned by Mrs Miriam LAU just now. We certainly do not wish to see women in our future generations having to undergo all these hardships. Many Members have indeed talked a lot about these women's hardships. But how are we going to help them? Are we going to repeat what that male Member said to me, telling them that all men in Hong Kong are "bad guys", not trustworthy at all? Should we really give them such a type of education? Or, are we going to give lessons on marriage, like one of the Sisters who taught me in secondary school, telling them that they should watch their prospective husbands with eyes open before marriage, so as to see whether they are trustworthy? And, should we tell them that having done so, they should adopt a different attitude after marriage? Should we give them more education of this kind?

Madam President, in this age, women should no longer treat marriage certificates as "lunch tickets". Women should also play a part in the upbringing of their children. As mothers, we have very heavy responsibilities. Before giving birth to any children, we must first consider very carefully whether we as a couple will have the means to bring up our children properly and provide them with schooling. If we think we cannot do so, why give birth to any children at all? From this perspective, I mean, from the perspective of having to take good care of our children, I find it all the more necessary to call upon people to properly discharge this particular social obligation of theirs. In particular, women must get to know their obligations under the existing institution of marriage. They must realize that both parties constituting a matrimonial relationship should each shoulder their respective responsibilities. That is why women simply should not make any rash decision on getting married. And, even if they really get married, they must never give birth to any children if they know fully well that nothing but sufferings are in stock for their off-spring. I think that we must handle the matter of marriage with greater care. I also think that we must not let our next generations suffer the same hardships.

The Liberal Party proposes to provide temporary but prompt assistance to these people. But I do not think that society as a whole should shoulder this responsibility, because we cannot possibly help them forever.

With these remarks, Madam President, I support the amendment of Mrs Miriam LAU.

**PRESIDENT** (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): Miss CHOY So-yuk, you may now speak on the two amendments. You have up to five minutes.

**MISS CHOY SO-YUK** (in Cantonese): Madam President, mine is a simple and straightforward motion requesting the establishment of an intermediary body, which can be named a "child support agency" or an "alimony council". I have also made it very clear that the purpose of the intermediary body proposed by me is not just to save public money; the saving of CSSA expenditure is only one of the byproducts. Its primary objective is to prevent alimony recipients from being subjected to various nuisances. But Mrs Miriam LAU's amendment proposes to delete this point from my motion. That is why I find her amendment totally unacceptable.

Regarding the point in Mrs Miriam LAU's amendment which proposes to speed up the payment of CSSA to single parents, I will not raise any objection, but I must add that this proposal is largely meaningless. The point is that if we allow divorcees to receive CSSA without having to go through the vetting process, we will be very unfair to all those many others who have to undergo vetting. Why should divorcees be exempt from vetting? And, I must add that such an exemption will probably induce people to contemplate bogus divorce for the purpose of getting CSSA immediately. No doubt, under the current practice, CSSA applicants are all required to undergo a vetting process before their eligibility or otherwise can be determined, and people may well feel that one has to wait for quite some time before one can get CSSA, but I must say that this is as it should be, because vetting will always take time. This explains why I think that Mrs Miriam LAU's proposal is largely meaningless.

The amendment of Mrs Miriam LAU deletes the proposal on an intermediary body from the original motion. But the various sectors of the community and most Members of this Council are in support of the establishment of an intermediary body as a means of avoiding the various difficulties now encountered by alimony recipients. And, many colleagues have already spoken on such difficulties.

As for Mr LAW Chi-kwong's amendment, I would say that his opinions are basically consistent with mine. Since the President has given approval for him to move his amendment, I am prepared to support him. The reason is that we both wish to see the establishment of an intermediary body or an alimony council. For the views expressed by other Members, I will speak on them in the remaining four minutes I have. Thank you, Madam President.

**SECRETARY FOR HOME AFFAIRS:** Madam President, first of all, I would like to thank the Honourable Miss CHOY So-yuk, the Honourable Mrs Miriam LAU, the Honourable LAW Chi-kwong and other Honourable Members for their valuable suggestions on how to address the difficulties encountered by divorcees and their children when collecting and enforcing maintenance payments.

The Government is concerned about the problem and has introduced numerous measures to address it in the past few years. On 26 February 1997, during a motion debate on the question of setting up an intermediary body, the then Secretary for Home Affairs outlined the measures which had been and would be introduced. He went on to say that we would evaluate the effectiveness of the measures after they had been implemented. Before such an evaluation had been conducted, he said, we should not contemplate any fundamental change to our existing administrative machinery.

The improvement measures mentioned by him included legislative amendments to require maintenance payers to notify maintenance payees of changes in address, and also to empower the court to issue Attachment to Income Orders. The legislative amendments were enacted in June 1997. All of them took effect in July 1997, except the provisions concerning Attachment of Income Orders, which came into operation in April 1998.

We have been conducting a review of the law and administrative measures affecting persons eligible for maintenance. The review includes the court procedures to recover arrears and also the question whether or not to set up an intermediary body to collect and enforce payments. Divorcees of low income who fail to receive maintenance may apply for legal aid in order to take legal actions to enforce payments. Those who suffer genuine financial difficulties may apply for Comprehensive Social Security Assistance (CSSA) to meet their basic and essential needs. We shall examine in our review how to synchronize and streamline the procedures in applying for CSSA and legal aid. In order to obtain more information for the review, we have commissioned a research firm to conduct a survey on single-parent families receiving CSSA.

As the matters covered by the review are extensive and complex, we need more time to work on it. We shall complete the review as soon as practicable. After we have formulated our conclusions, we shall present them to the relevant panel of this Council. We shall take a view, then, on whether or not to establish an intermediary body to collect and enforce maintenance payments. Today, I

wish to share with Members some of the information and opinions that we have collected.

In conducting the review, we wrote to about 30 social service organizations and professional bodies. About 20 of them have responded. In addition, at the invitation of the committees of six provisional district boards, we attended their meetings to discuss the subject. On a question whether to set up an intermediary body, the opinions given to us are mixed.

In general, those who support such an intermediary body are of the view that the problem of maintenance arrears is serious. The legal procedures to enforce payments are cumbersome and time consuming. The divorcees who do not receive payments are subject to physical and mental stress. The children are exposed to financial hardship and witness the predicament faced by their caring parents. This adversely affects the children's development. Those in favour of setting up an intermediary body hold the view that the problem cannot be solved by simply amending the existing legal procedures. They suggest that the Government should set up an intermediary body to collect maintenance on behalf of the divorcees. This not only would address the difficulties faced by the divorcees, but would also avoid a situation whereby some divorcees rely on CSSA and refrain from applying for maintenance or from taking legal actions to recover arrears. In the circumstances, those who advocate the establishment of an intermediary body consider that it would relieve the burden on CSSA.

Those who have reservations about the proposal for an intermediary body also urge the Government to address the difficulties encountered by the divorcees in enforcing payments. They, however, question whether such an intermediary body is the only or the best solution. They are concerned about cost-effectiveness and the resources required to establish such a body. They suggest that the Government should concentrate its efforts on improving the existing law and administrative measures, including streamlining the procedures in applying for CSSA and legal aid. They consider it inappropriate, at the present stage, to create a new executive body to intervene directly in the collection and enforcement of maintenance payments.

Miss CHOY So-yuk urges the Government to draw on overseas experience. As several Members have said, child support agencies have been set up in the United States, New Zealand, Australia and the United Kingdom. The available information suggests that child support agencies were set up in these countries

because there was inconsistency in the amounts of maintenance assessed by the courts, the courts' assessments were on the low side and the collection rate was also low. As a result, many divorcees in these countries did not apply for maintenance and instead, relied on social security payments. In view of the low level of maintenance assessed by the courts, many of those who did receive maintenance still had to apply for social security payments to maintain their living. In order to reduce expenditure on social security payments and alleviate the divorcees' difficulties in collecting payments, the governments of these countries set up child support agencies. The functions of the agencies are to assess the amounts of maintenance, to collect payments on behalf of the divorcees and to take enforcement actions to recover arrears.

In Hong Kong, the views we have collected so far do not show that there is dissatisfaction in the community with the present system, whereby the power to assess maintenance payments is vested in the Judiciary. Even those who strongly support the establishment of an intermediary body have not proposed that the power of assessment should be transferred from the Judiciary to an executive body.

In the countries mentioned earlier, the establishment of child support agencies did achieve the aim of reducing the expenditure on social security payments. However, it is impossible to tell, from the available information, whether the reduction was due to a rise in the general level of maintenance awarded or to an increase in the collection rates of maintenance.

We have heard the view that overseas experience shows that the establishment of an intermediary body would raise the collection rates of maintenance. I am afraid that we have not been able to find any fact to substantiate such a view.

The Legislative Council Secretariat has prepared two research reports on the child support agencies in the four countries. The first report was published in December last year. Paragraph 6.3 of the report states, and I quote:

"..... official information on how the collection rate was calculated before the establishment of the child support agencies in the United States, Australia and the United Kingdom was not available. It is therefore not possible to say whether it is useful to have a dedicated body for collecting child support for these three countries."

As regards the fourth country, that is, New Zealand, its collection rate of maintenance was 91% after the establishment of the child support agency. Paragraph 13.18 of the Legislative Council Secretariat's report says, and I quote:

"..... it seems that the collection rate has increased from about 40% to a much higher rate after the child support agency was established. However, it is not known whether the collection rates before and after the establishment of the child support agency are calculated in the same manner."

The collection rate of 91% in New Zealand is the highest among the lot. The Legislative Council Secretariat's report shows that the collection rate of the child support agencies is 81% in Australia, 53% in the United Kingdom, and only 21% in the United States.

Also, paragraph 13.19 of the report states, and I quote:

"Child support debts are building up in all four countries. A lot of the debts have been outstanding for a long time and are difficult to collect. New Zealand is conducting a trial to sub-contract collection of old debts to the private sector. About 20 states in the United States have contracted private sector firms to collect some of the child support debts."

The Legislative Council Secretariat published another research report in April this year. According to paragraph 6.35 of this second report, a parliamentary committee in Australia has, I quote:

"..... suggested that the government refer difficult cases to private collection agencies as a means of improving the efficiency of the child support agency. The child support agency would monitor the privatization of child support activities in the United States and New Zealand before making a decision on the proposal."

The United Kingdom is the only country which does not intend to privatize debt collection. The reason, according to paragraph 6.36 of the Legislative Council Secretariat's second report, is that, and I quote:

"..... the debt of the child support agency was very rarely clean debt since there was often a genuine dispute over what amount should be paid due to problems related to assessment."

Mrs Miriam LAU proposes that the Government should draw up measures to enable those people who have financial difficulties due to defaulted alimony and are eligible for CSSA to receive assistance payment immediately. Like all other cash assistance from the public funds, applications for CSSA have to go through the necessary verification and authorization procedures. The Social Welfare Department deals with each case in the light of its particular circumstances. For urgent cases where there is a genuine need, the Department may provide cash assistance as early as within the same day when the application is made.

Finally, I wish to thank Members again for their views on the subject, which we shall consider carefully in the context of our review. As I said earlier, our review is a comprehensive one and we shall present our conclusions to the relevant panel of this Council as soon as practicable.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr LAW Chi-kwong to Mrs Miriam LAU's amendment be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mrs Miriam LAU rose to claim a division.

**PRESIDENT** (in Cantonese): Mrs Miriam LAU has claimed a division. The division bell will ring for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Michael HO, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Mr CHEUNG Man-kwong, Mr Ambrose CHEUNG, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr Timothy FOK, Mr LAW Chi-kwong, Mr FUNG Chi-kin and Dr TANG Siu-tong voted for the amendment.

Miss Margaret NG voted against the amendment.

Mr Kenneth TING, Mr James TIEN, Mr Edward HO, Mrs Selina CHOW, Mrs Sophie LEUNG, Mr Howard YOUNG and Mrs Miriam LAU abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Wing-tat, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Andrew WONG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Mr NG Leung-sing, Prof NG Ching-fai, Mr MA Fung-kwok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Miss CHOY So-yuk voted for the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 16 were in favour of the amendment, one against it and seven abstained; while among the Members returned by

geographical constituencies through direct elections and by the Election Committee, 23 were present and 22 were in favour of the amendment. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment to Miss CHOY So-yuk's motion, moved by Mrs Miriam LAU, as amended by Mr LAW Chi-kwong, be passed. Will those in favour please raise your hands.

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the amendment as amended passed.

**PRESIDENT** (in Cantonese): Miss CHOY So-yuk, you may now reply and you have four minutes.

**MISS CHOY SO-YUK** (in Cantonese): Madam President, I must thank Members for supporting the amendment of Mr LAW Chi-kwong because, as I mentioned earlier, his amendment is consistent with my own opinions.

Actually, I do not wish to waste any more time of Members, but I still wish to make one point here. During the debate just now, the Liberal Party seemed to be the only one who opposed the proposal. But I must remind the Government that it should never cite the reasons advanced by the Liberal Party as an excuse of not setting up an alimony council. Members opposing the idea

said that since the relevant bodies in other countries also failed to recover all defaulted alimony, an alimony council in Hong Kong may not thus necessarily be able to yield the desired results. In response, I wish to point out that even the Inland Revenue Department cannot fully recover the defaulted taxes. That being the case, will the Government agree if we now say that we do not need to set up an inland revenue department to collect taxes? This is simply no justification at all.

Many Members attributed the failure of the existing mechanism to single parents, saying that they simply had not made any serious efforts to recover the alimony due to them. But the truth is that many divorced women are extremely serious in recovering the alimony owed to them, and the only problem is that all their efforts are of no avail. So, the saying that no serious efforts are made is simply not true. Some say that the existing mechanism can always be improved, but I fail to see how it can ever be improved at all. Some Members also said that they wanted to assist women in leading a more meaningful and wonderful life. Well, I think this is precisely the reason why we wish to see the establishment of an intermediary body, because only such a body can provide genuine assistance to women, helping them to lead a more meaningful life. If, however, the existing mechanism of alimony recovery is maintained, I really cannot see how divorced women can ever lead a more meaningful and wonderful life. I also cannot see how they can possibly take good care of their children.

I hope that the Government can pay heed to the views of Members and set up an alimony council as quickly as possible. Thank you, Madam President

**MRS MIRIAM LAU** (in Cantonese): Madam President, a point of clarification. Miss CHOY So-yuk said repeatedly that the Liberal Party opposed the setting up of an alimony council .....

**PRESIDENT** (in Cantonese): Mrs Miriam LAU, you are only allowed to clarify those parts of your remarks which were misunderstood by other Members.

**MRS MIRIAM LAU** (in Cantonese): Madam President, I must make a clarification. In my speech, I said that the Liberal Party had some reservations about the setting up of an intermediary body or alimony council, and I already

explained the reasons for this very clearly. I said we had some reservations, but I never said we were against such an idea.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion of Miss CHOY So-yuk, as amended by Mrs Miriam LAU and Mr LAW Chi-kwong, be passed. Will those in favour please raise their hands?

(Members raised their hands)

**PRESIDENT** (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mrs Miriam LAU rose to claim a division.

**PRESIDENT** (in Cantonese): Mrs Miriam LAU has claimed a division. The division bell will ring for three minutes.

**PRESIDENT** (in Cantonese): Will Members please proceed to vote.

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Michael HO, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Mr CHEUNG Man-kwong, Mr Ambrose CHEUNG, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr Timothy FOK, Mr LAW Chi-kwong, Mr FUNG Chi-kin and Dr TANG Siu-tong voted for the amended motion.

Miss Margaret NG voted against the amended motion.

Mr Kenneth TING, Mr James TIEN, Mr Edward HO, Mrs Selina CHOW, Mrs Sophie LEUNG, Mr Howard YOUNG and Mrs Miriam LAU abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Wing-tat, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Andrew WONG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Mr NG Leung-sing, Prof NG Ching-fai, Mr MA Fung-kwok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Miss CHOY So-yuk voted for the amended motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 16 were in favour of the amended motion, one against it and seven abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 23 were present and 22 were in favour of the amended motion. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amended motion was carried.

## **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 15 December 1999.

*Adjourned accordingly at twenty-eight minutes past Nine o'clock.*

## WRITTEN ANSWER

**Written answer by the Secretary for Education and Manpower to Dr TANG Siu-tong's supplementary question to Question 1**

As regards the question about the quality of students admitted to the two medical schools in the past two years, details are now set out at Appendix. Generally speaking, the medical students have achieved very good results in the Hong Kong Advanced Level Examination (HKALE). The standards have been reasonably consistent over the past four years.

Appendix

## HKALE Grades of Medical Students

Year	Institution	Position of Students According to Institutions' Order of Preference	HKALE Grades							
			UE AS	CL&C AS	AL AL		Others AS AS AS			
1996	CUHK	Middle	C(05)	B(04)	B(04)	C(05)	D(07)			
		Lowest 25%	C(06)	D(07)	A(02)	C(05)	D(07)			
	HKU	Middle	C(05)	C(05)	A(01)	A(02)	D(07)			
		Lowest 25%	C(06)	D(08)	A(02)	C(05)	C(06)			
1997	CUHK	Middle	A(02)	D(08)	B(03)	B(04)	C(05)			
		Lowest 25%	C(06)	C(05)	A(02)	B(04)	C(06)			
	HKU	Middle	A(02)	C(06)	A(02)	A(02)	B(04)			
		Lowest 25%	B(04)	B(03)	A(01)	A(02)		C(05)		
1998	CUHK	Middle	A(01)	B(04)	A(02)	C(06)	D(07)			
		Lowest 25%	C(06)	D(07)	B(03)	B(04)	C(06)			
	HKU	Middle	B(04)	C(05)	A(02)	B(03)	B(04)			
		Lowest 25%	B(04)	A(02)	A(02)	B(04)	C(05)			
1999	CUHK	Middle	C(05)	A(02)	A(02)	B(04)	C(05)			
		Lowest 25%	C(06)	A(02)	A(01)	B(04)	C(06)			
	HKU	Middle	A(02)	C(06)	A(01)	A(02)	B(04)			
		Lowest 25%	A(02)	D(07)	A(02)	B(03)	B(03)			

*Legend*

CUHK The Chinese University of Hong Kong  
 UE Use of English  
 AS Advanced Supplementary Level

HKU The University of Hong Kong  
 CL&C Chinese Language and Culture  
 AL Advanced Level