

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 15 October 1986****The Council met at half-past Two o'clock****PRESENT**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR EDWARD YOUDE, G.C.M.G., M.B.E.

THE HONOURABLE THE CHIEF SECRETARY

SIR DAVID AKERS-JONES, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. PIERS JACOBS, O.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL

MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.

THE HONOURABLE LYDIA DUNN, C.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, C.B.E., J.P.

THE HONOURABLE PETER C. WONG, C.B.E., J.P.

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.

SECRETARY FOR TRADE AND INDUSTRY

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

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

THE HONOURABLE HU FA-KUANG, O.B.E., J.P.

THE HONOURABLE WONG PO-YAN, O.B.E., J.P.

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.

SECRETARY FOR DISTRICT ADMINISTRATION

THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.

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

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.

THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.

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

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, J.P.

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, J.P.

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M., J.P.

THE HONOURABLE KIM CHAM YAU-SUM, J.P.

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.

SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE JACKIE CHAN CHAI-KEUNG  
THE HONOURABLE CHENG HON-KWAN  
THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.  
DR. THE HONOURABLE CHIU HIN-KWONG  
THE HONOURABLE CHUNG PUI-LUM  
THE HONOURABLE THOMAS CLYDESDALE  
THE HONOURABLE HUI YIN-FAT  
THE HONOURABLE RICHARD LAI SUNG-LUNG  
DR. THE HONOURABLE CONRAD LAM KUI-SHING  
THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.  
THE HONOURABLE LEE YU-TAI  
THE HONOURABLE DAVID LI KWOK-PO, J.P.  
THE HONOURABLE LIU LIT-FOR, J.P.  
THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.  
THE HONOURABLE PANG CHUN-HOI, M.B.E.  
THE HONOURABLE POON CHI-FAI  
PROF. THE HONOURABLE POON CHUNG-KWONG  
THE HONOURABLE HELMUT SOHMEN  
THE HONOURABLE SZETO WAH  
THE HONOURABLE TAI CHIN-WAH  
THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING  
THE HONOURABLE TAM YIU-CHUNG  
DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.  
THE HONOURABLE ANDREW WONG WANG-FAT  
THE HONOURABLE HARNAM SINGH GREWAL, E.D., J.P.  
SECRETARY FOR TRANSPORT  
THE HONOURABLE GRAHAM BARNES, J.P.  
SECRETARY FOR LANDS AND WORKS  
THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, O.B.E., J.P.  
SECRETARY FOR EDUCATION AND MANPOWER  
THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.  
SECRETARY FOR SECURITY

**ABSENT**

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.  
THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR. LAW KAM-SANG

## Papers

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

### *Sessional Papers 1986-87:*

- No. 1—The Hong Kong Industrial Estates Corporation—Annual Report 1985-86.
- No. 2—Urban Council Annual Report 1986.
- No. 3—Urban Council, Hong Kong—Accounts for the year ended 31 March 1986 with Report and Certificate of the Director of Audit.
- No. 4—Report of changes to the approved estimates of expenditure approved during the first quarter of 1986-87—Public Finance Ordinance: section 8.
- No. 5—Report on the Administration of the Fire Services Welfare Fund for the year ended 31 March 1985.
- No. 6—Vegetable Marketing Organisation 1986—Statement of Accounts for the year ended 31 March 1986.
- No. 7—Fish Marketing Organisation 1986—Statement of accounts for the year ended 31 March 1986.
- No. 8—Agricultural Products Scholarship Fund Report for the period 1 April 1985 to 31 March 1986.
- No. 9—Marine Fish Scholarship Fund Report for the period 1 April 1985 to 31 March 1986.
- No. 10—Hong Kong Export Credit Insurance Corporation—Annual Report 1985-1986.

## Statement

### **Report of changes to the approved estimates of expenditure approved during the first quarter of 1986-87—Public Finance Ordinance: section 8**

FINANCIAL SECRETARY: Sir, in accordance with section 8(8)(b) of the Public Finance Ordinance, I now table for Members' information a summary of the supplementary provision for the first quarter of the financial year 1986-87.

Supplementary provision of \$1,169.7 million was approved, of which net supplementary provision of \$500 million was approved for payment to the Mass Transit Fund to enable the proceeds of a debt repayment by the Kowloon Canton Railway Corporation to be set aside towards an equity injection of \$1,000 million for the Mass Transit Railway Corporation in 1987-88. Other sums of supplementary provision approved have been offset either by savings

under the same or other heads of expenditure or by deletion of funds under the additional commitment votes. These included supplementary provision of \$360.1 million for the formation of the new Highways Department.

Approved commitments were increased by \$585.4 million during the period, and new commitments of \$83.1 million were also approved.

Items in this summary have been approved either by Finance Committee or under delegated authority. The latter have been reported to the Finance Committee in accordance with section 8(8)(a) of the Public Finance Ordinance.

## **Government Business**

### **First Reading of Bill**

#### **IMMIGRATION (AMENDMENT) BILL 1986**

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

### **Second Reading of Bill**

#### **IMMIGRATION (AMENDMENT) BILL 1986**

THE SECRETARY FOR SECURITY moved the Second Reading of: 'A Bill to amend the Immigration Ordinance'.

He said: Sir, I move the Second Reading of the Immigration (Amendment) Bill 1986.

Section 47(2) of the Immigration Ordinance provides that any vehicle used in the commission of the offence of landing and remaining in Hong Kong without permission shall be liable to forfeiture. Section 47(3) provides that the Director may serve notice of the seizure of such a vehicle on the owner of it. The owner then has 30 days in which to claim that the vehicle is not liable to forfeiture. The absence of a definition of 'owner' in relation to a vehicle in the current legislation has created practical difficulties for the Director to serve a notice of seizure on the owner, especially when the vehicle is subject to a hire purchase agreement under which the actual owner is the finance company.

Clause 2 of the Bill amends section 2(1) of the Immigration Ordinance to broaden the existing scope of 'owner' to include owners in relation to a vehicle. The definition proposed is the same as that employed in the Road Traffic Ordinance. It includes the person in whose name a vehicle is registered under the Road Traffic Ordinance, the person by whom the vehicle is kept and used and,

in relation to a vehicle which is the subject of a hiring agreement or a hire purchase agreement, the person in possession of the vehicle under the agreement.

The Bill also proposes to make the transfer of a travel document without lawful authority an offence under the Immigration Ordinance. The present section 42(2) provides that any person who forges a travel document or alters it without lawful authority commits an offence. But it does not contain provisions prohibiting the sale or transfer of such documents. As a result, only a theft charge under the Theft Ordinance can be instituted against a person who transfers his travel document, which remains the property of the issuing authority, to another person. This is neither appropriate nor easy to prove in court.

To meet this weakness, clause 3 of the Bill amends section 42(2) of the principal Ordinance to provide that any person who transfers a travel document or other documents issued under the Immigration Ordinance without lawful authority shall be guilty of an offence. As with other offences under this section, the maximum penalty will be a fine of \$20,000 and two years' imprisonment on summary conviction and on conviction on indictment, a fine of \$50,000 and imprisonment for 14 years. A similar provision prohibiting the transfer of identity cards already exists under the Registration of Persons Ordinance.

In 1985, a total of 85 cases relating to the use of forged travel documents came to the notice of the Director of Immigration. Many of these cases may have involved unlawful transfers in the first instance, for example, when a person uses a passport relating to another person by substituting the photograph. The figure for the first eight months in this year is 50 cases. While the problem is not alarming at this stage, the amendment proposed should help to deter potential offenders. Following publication of the Bill, we gave particular publicity to the proposal that any person who sells or lends his travel document to another person for the purpose of assisting him to stay in Hong Kong or travel abroad, whether or not for a financial gain, would be guilty of an offence. We shall broadcast the same message again if this Bill is enacted.

Finally, Sir, the Bill introduces amendments in respect of the use of microfilmed immigration records in the courts. At the moment, the use of microfilms requires direct oral evidence from each officer who has taken part in the making of them. The microfilmed records include application forms for passports and other travel documents, passenger arrival and departure cards. The original documents have been destroyed after microfilming. The staff to be called upon as witnesses range from the immigration officer who accepts an application form to the photographer who does the microfilming.

The Immigration Department is now keeping 4.1 million microfilmed files and about 147 million microfilmed passenger arrival and departure cards. As the production of one piece of microfilmed record before a court normally nowadays requires calling upon four to seven officers to give oral evidence, the

requirement represents a strain on the manpower resources of the Immigration Department and is a waste of the court's time. Given the very high staff turnover especially among such general grades as clerical officers and photographers, it is often difficult and time-consuming to locate the required witnesses.

To get round this difficulty, clause 4 introduces a new section 63B to provide for the admission of certified copies of records kept by the Immigration Department as true copies as evidence in the courts. The new section would enable copies of microfilmed records to be admitted in evidence without further proof as long as they were certified as true copies by the officer keeping those records. But the appropriate weight to be given to such evidence would be a matter for the courts to decide.

Sir, I move that the debate on this motion be adjourned.

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

### **Member's Motion**

#### **DAYA BAY NUCLEAR POWER PLANT**

MISS LYDIA DUNN moved the following motion: That this Council requests the Government to provide details of the arrangements regarding safety and tariff for the purchase of electricity from the Daya Bay nuclear power plant together with such supporting documents as do not breach commercial confidentiality and to explain whether or not such arrangements will sufficiently safeguard the long-term interests of the Hong Kong people.

She said: Sir, six months ago the world suffered the worst nuclear accident in its history—when the reactor at Chernobyl exploded and brought the threat of radiation to millions of people who were thousands of miles away.

Hong Kong was too far away to be affected by radiation. But it did not escape the ripples of public alarm that have affected communities everywhere in the wake of the accident.

The questions raised here in Hong Kong since the accident have been asked by thinking people everywhere:

- How can such an accident be allowed to happen in, of all places, a nuclear plant?
- Given the state of the art, can a nuclear plant be made safe?
- If failure to maintain can cause such disasters in America and Russia, can we be sure that they will not happen in China?

- If there is any risk of accident, can the spread of radiation be prevented?
- Since there are less hazardous ways of producing energy, do we really need nuclear generation?

These are the questions that have occupied the minds of fearful and thoughtful people in Hong Kong during the last few months. Let us be clear about one thing—their fears and anxieties are genuine. Ordinary men and women know nothing of nuclear physics. But they do know about life and about health, for themselves, for their children and for their children's children. And they will not see them threatened.

Their concerns are the concerns of this Council. We too seek the answers to these questions. Some of us have already offered answers—and not surprisingly they have not always agreed. Our differences of view are also genuine and honestly held. All of us want nothing more than the best for the people of Hong Kong.

Since the public debate began, plans for a nuclear plant at Daya Bay have become a definite project. Last month binding contracts were signed. By doing so, the Chinese authorities have assumed a heavy responsibility for the safety of the plant and for the safety of all those in its vicinity, the people of Hong Kong must now come to terms with the fact that in six years' time there will probably be a modern nuclear plant operating some 50 km from this crowded city.

We have been assured that the plant will be built and operated to the highest international standards and it is true that the Hong Kong Government has already made public a great deal of information. But the fears and anxieties of Hong Kong persist. What else can be done to allay those fears and anxieties except to offer people facts, more facts, more information, and more explanation?

This motion is part of the effort that all Members of this Council are making to obtain more information. Many of us travelled to plants in Europe, America and Japan and talked to experts in eight countries. But still there is more we need to know about the Daya Bay project and the role of the Hong Kong Government.

Hence this motion, which I urge the Government to accept, for it has the unanimous support of all my colleagues.

First, we must bring home to the Chinese authorities and the joint venture company that worries about the safety of the Daya Bay plant will only be met if they demonstrate that all the lessons learned from the Chernobyl accident are incorporated in the design and technology of the plant, and that there are ways of verifying that the highest standards of management, supervision and training of personnel are in force during the operational life of the plant.

Second, we must be told what plans the Hong Kong Government is drawing up to cope with the contingency of an accident at Daya Bay, however unlikely the chance of it happening.

Third, we must let the people of Hong Kong know how they stand to benefit from a supply of electricity from a nuclear plant in China. Let them see and understand what they stand to gain from Daya Bay and how the community would manage without it.

The confidence of the ordinary man will not be won or lost on the outcome of today's debate. His judgement will be reserved. He will continue to assess but I have faith in the good sense of people in Hong Kong to reach their own conclusions if they are given the facts. This Council must help them to obtain that material from all the parties involved.

On 7 May this year, Sir John BREMRIDGE stood up in this Council to comment on the Chernobyl disaster. We all remember his words:

‘There is widespread concern and Governments everywhere must be prepared to explain the position clearly so that there can be a proper degree of public reassurance. Secrecy is a menace...The Hong Kong Government must be open and be prepared to make all facts about Daya Bay transparent and open.’

These words ring true today when so many people have called into question the wisdom of the Daya Bay project. It is the duty of us all, in the Administration and in this Council to see that their questions are answered.

Sir, I move this motion standing in my name.

MR. CHEN: Sir, at the 16 July debate on the Daya Bay nuclear power project, I concluded my speech with the following remarks: ‘We are all fully aware of the danger of a Daya Bay nuclear fallout to Hong Kong but we must not lose sight of a political fallout from Daya Bay which could be just as damaging’. Now that the political dust is settling and given the fact that China has decided to go ahead with the project, for the long-term interest of Hong Kong we must now set our minds to tackle the more practical issues.

In the last debate, I expressed concern in the post-commissioning management of the plant, that is, operation and maintenance from the point of view of safety. I also raised the question on independent monitoring of the plant performance and operational safety. I was very glad to note from the reports of the fact-finding delegations that these issues were fully and adequately dealt with. In the light of the very positive response of the Chinese authorities when they discussed the findings of our fact-finding delegations, I feel confident that they are making every effort to ensure that the construction, operation and management of the Daya Bay power plant would be carried out to the highest possible safety standards.

I am particularly pleased to note that the Chinese authorities were very receptive to the proposal for the establishment of an independent advisory body with Hong Kong participation. I am sure that such a body, if properly

established, would be beneficial to the safe operation and management of the plant. It would also enhance public confidence in Hong Kong.

Sir, I also welcome the long-term management responsibility of Hong Kong Nuclear Investment Company throughout the whole period of the joint venture with the Guangdong Nuclear Power Joint Venture Company whereby the Chinese authorities guarantee that management personnel on various levels will comprise staff from the two companies. The long-term participation of HKNIC in the management of the Daya Bay power plant does provide some assurance to the people of Hong Kong that the plant will be operated and maintained with the highest standard of safety in mind all the time. Since HKNIC is the only organisation in Hong Kong who would have complete access to details of the day-to-day management of the plant, I suggest that they should be asked formally as an obligation on their part, to keep Hong Kong Government fully informed at all times of the safe operation and management of the plant, and to provide to the public of Hong Kong, a permanent channel of access for information.

There are some who questioned the economic viability of the project. This is a fallacy. Because for Hong Kong as long as the interest of our consumers is properly protected, the question of economic viability should be no concern of ours. I believe there are adequate provisions in the off-take agreement to guarantee that electricity charges to Hong Kong consumers should be no higher than tariff charged by the Hong Kong utility companies for coal-generated electricity for the first six years after the plant comes into commercial operation. This is a commitment for 13 years from now, which in my opinion is long enough to be practical as otherwise it may become unrealistic especially if the predicted cost relativity between nuclear fuel and fossil fuel were to be widely off the mark during the years to come.

As we all know, electricity tariff in Hong Kong is closely governed by the Scheme of Control where the permissible return is calculated on the basis of assets employed. Apart from the transmission network which is an asset dedicated to transmit power from Daya Bay to Hong Kong, the bulk of the capital assets of Daya Bay plant would be outside the scope of the Scheme of Control. Hong Kong would in fact have the benefit of the service of a 1 260MW energy source (i.e. 70 per cent of the Daya Bay power plant of 1 800MW) without having to raise the capital to finance its construction. On the other hand, if a coal-fired power station of equivalent capacity were to be built in Hong Kong to replace the Daya Bay plant, its entire capital asset will have to be brought into the Scheme of Control and be fully reflected in the future electricity tariffs structure. Moreover, Hong Kong would have to raise the necessary initial capital to finance the project.

Sir, before closing, I wish to take this opportunity to express my personal gratitude as a colleague to Members of the fact-finding delegations for their untiring effort and sometimes even personal sacrifices in undertaking an

important and difficult task. They have certainly discharged their responsibilities faithfully and conscientiously. Appreciation should also go to members of the staff of OMELCO for their dedication and support given to the work of the delegations.

Sir, with these remarks, I support the motion before Council.

MR. PETER C. WONG: Sir, one swallow does not make a summer. Some, however, would like to believe that it does. The debate on Daya Bay was indeed unprecedented, but it would be quite wrong to draw unwarranted conclusions from this one episode alone. It would be fair, however, to say that the community was quick to react on an important issue which directly affected them.

Sir, bearing in mind the time constraint, I will only make a few brief observations.

- (1) The controversy has focussed our attention once again on the importance of energy, which is essential not only to our daily life, but also to our industry. Much depends on the sufficiency and economy of energy resources.
- (2) After the Chernobyl accident, understandably the people of Hong Kong are nervous and anxious about the prospect of a nuclear power plant being built some 50 km from Hong Kong. The risks of a nuclear accident, though minimal, are none the less there.
- (3) What then are the options open to us? With the signing of the Daya Bay contracts, the only sensible approach is to continue to press for the greatest possible safety measures. This involves design, management, operation, proper training of personnel and monitoring of the plant, as well as the objective presentation to the community of the various aspects of nuclear energy and its attendant risks.
- (4) Many people who have reservations about Daya Bay are not against the peaceful use of nuclear energy per se, but are seriously concerned about the proximity of the plant to Hong Kong and the problems associated with nuclear safety. If this assessment is correct, then I share their concern. The Legislative Council delegation to Beijing has been able to elicit certain important assurances from the Chinese authorities. No efforts should be spared to see that these assurances are implemented, the sooner the better.
- (5) Naturally, the Hong Kong Government must play its part. As a matter of urgency, a contingency plan and a system of early warning in the unlikely event of a nuclear accident must be put in place well before the plant becomes operational. Admittedly, in a crowded place like Hong Kong, this exercise is not likely to be easy. Be that as it may, the Government may wish to consider setting up an independent commission directly responsible to Your Excellency to ensure that this important issue receives the continuous and specialised attention it deserves.

This may help to allay the fears of the public and prevent any further erosion of public confidence.

- (6) Sir, no one would disagree that the public has every right to relevant information which concerns the well-being of the community. In addition to the safety aspects, the information we are seeking this afternoon would assist Members and the public in assessing whether or not the decisions taken to buy electricity from Daya Bay were prudent and whether the consumer will actually benefit from lower tariffs. The information sought does not, however, infringe on the right to commercial confidentiality. So this is important as Hong Kong is an international trading centre and international commercial codes of conduct must be respected.
- (7) Sir John BREMRIDGE often reminded us that hindsight is an exact science. It is easy to be wise after the event. In passing judgement on decisions made a few years back, one would be well advised to do so with a sense of balance and perspective.

Sir, the Daya Bay drama may have ended or subsided, but the repercussions it evoked linger on. This afternoon, the Council will hear a great deal of the reverberations engendered by this episode. Hopefully, we will all benefit from this experience, which should further enhance our ability to tackle the many difficult tasks in the year ahead.

Sir, I support the motion.

DR. HO: Sir, in countries all over the world where nuclear power is exploited as a source of energy, there are two overriding concerns frequently expressed.

The concern uppermost in our mind is about safety associated with the design, construction, management and maintenance of the nuclear power plant and with the adequacy of training of the personnel at various levels of operation in the plant. In Hong Kong, this fear has manifested itself in many forms, such as questions and debates in the Legislative Council, public forums, surveys, signature campaigns, petitions to the Chinese and Hong Kong Government, letters to the printed media, fact-finding missions and mass rally. All these activities point to the fact that the general public are desperate in the search for knowledge about nuclear energy in general and for assurance about the safety of the Daya Bay nuclear power plant in particular, in order to allay their fears.

These activities have evoked considerable responses. Key persons in connection with the national nuclear energy policy in China, the National Nuclear Safety Administration, the Guangdong Nuclear Investment Company, the Hong Kong Nuclear Investment Company and top-level policy makers in the Hong Kong Government made comments on different occasions on this topic. Apparently, the members of the public are not completely satisfied with the information as it is often released in a piecemeal and haphazard manner. They are unable to understand the nuclear power issue in a proper perspective.

In France, USA and Japan, it is an accepted practice for the utility company to explain to its potential consumers the technological, economic and safety aspects of a nuclear power station to be constructed. In addition, printed documents of all kinds about the nuclear power plant together with emergency plans are deposited in designated offices for public inspection. As the Hong Kong Nuclear Investment Company is a quasi-monopoly utility, it owes the consuming public detailed explanation of the nuclear power project at Daya Bay and a comprehensive statement explaining the assurances made by the Guangdong Nuclear Joint Venture Company about the safety features in the design and management of the power plant. It is also incumbent upon the Government to make available comprehensive information and relevant documents about the Daya Bay nuclear power project, its part in the commercial venture and its assessment of the long-term interests for the local people. Only through a lengthy process of education and intensive involvement of the public will the fear in the people be gradually replaced by sense of trust in and subsequently acceptance of nuclear energy.

As captive consumers, members of the public are entitled to know about the economics of nuclear electricity in general and about the tariffs in particular. From various reports, we are informed that nuclear power stations are enormously expensive to build, but the cost of running them is only about one third to one half of the cost of an equivalent coal-fired power station. For these reasons, there are strong economic incentives to use nuclear power. Both the Chinese Vice Premier, Mr. LI Peng and the chairman of the Hong Kong Nuclear Investment Company, Mr. William STONES, confirmed that the electricity sold to Hong Kong during the first six years of the Daya Bay power plant's operation will not cost more than the power generated by a conventional power station. However, Mr. LI and Mr. STONES could not give a firm guarantee on the tariffs beyond the six-year period, but nevertheless they were confident that nuclear electricity would be cheaper than coal-fired electricity under normal conditions. The South Korean experience confirmed this cost prediction. According to the deputy vice-president of the Korean Electric Power Corporation, Mr. Chong-hun RIEH, the cost per unit for oil-generated electricity in 1985 was 54.25 won, for coal-fired electricity 38.01 won, and for nuclear electricity, 27.27 won. These cost calculations include capital investment, interest payment, fuel and operation cost. It is therefore crystal clear that nuclear electricity in Korea is cheaper than coal-fired electricity by almost 30 per cent and cheaper than oil-generated electricity by 50 per cent. Given the fact that the Chinese Government is determined to proceed with the Daya Bay project with or without Hong Kong's participation and that Hong Kong will have to live with any possible risk of pollution from a nuclear installation near its border, then why should Hong Kong not reap some of the economic benefits by way of purchasing electricity from China?

I wish to point out that the steady growth of our industries and economy and our lifestyles are to a significant extent dependent on an adequate, continuous

supply of electricity. If there were no Daya Bay power plant, we would have to build in our own territory an additional power station in the latter half of 1980s to meet anticipated demand in 1993. To find a site for a new power station, which must have access to deep water and must meet stringent environmental requirements, would be extremely difficult. The infrastructure and construction costs would be prohibitive: the total cost was estimated in the order of HK\$25 billion at 1983 price, according to Hong Kong Government.

The Daya Bay power plant is expected to be operative in 1993, when it will supply 17 per cent of the Hong Kong electricity demand. According to the chairman of the HKNIC, Mr. William STONES, by 1996 our increasing demand for power will outstrip the supply from our own power stations and the Daya Bay power plant, and we will need to build another power station. Our concern about electricity supply should therefore not be on its price alone, but more important, we must ensure that we will be provided with an adequate and uninterrupted supply of electricity.

The Hong Kong Nuclear Investment Company is a wholly owned subsidiary of the China Light and Power Company. It is incorporated for the purpose of joining with the Guangdong Nuclear Investment Company to build, commission and operate the nuclear power station at Daya Bay. The Scheme of Control provides for a permitted return to the companies which is reasonable in relation to the risks involved and the capital invested. Provision 3 in schedule 1 defines that ‘‘Companies’ means China Light, PEPCO, KESCO, CAPCO and any future companies that may be formed by the China Light alone or in conjunction with Esso or others to satisfy the growing demand for electricity’. In view of this provision in the Scheme of Control, it is necessary for the Government to clarify:

- (i) whether HKNIC falls within the definition of ‘company’ in the context of the Scheme of Control which legally governs the financial affairs of China Light and Power Company and its subsidiaries or associate companies so far as they refer to electricity-related activities;
- (ii) which portion of the investment in connection with the Daya Bay nuclear power plant, including the transmission cable network, is recognised as capital investment by HKNIC and China Light and Power under the Scheme of Control for the purpose of assessing permitted return; and
- (iii) by what method and on what basis will the tariffs of the nuclear electricity charged to the local consumers by the China Light and Power be calculated after the commissioning of the Daya Bay power plant.

I understand that the Scheme of Control for the China Light and Power Company provides for a review in 1988 when modifications to any part of the scheme may be made. Government should negotiate with China Light and Power Company the question of bringing HKNIC under the Scheme of Control, define the investment and returns of HKNIC that should come under

the scheme and work out a basis for calculating the tariffs for electricity supply from HKNIC. The results of the negotiations should be given legal effect by modification of the Scheme of Control and made known to the public.

The release of documents by the Government in respect of the purchase of electricity from the Daya Bay power plant is not without restrictions. We must bear in mind that the economy of Hong Kong is built on a free enterprise system and is spurred by industrial investment, both from local and overseas sources. Confidence and the profit incentive in the business sector must be fostered. Therefore, government policy and practices should uphold the spirit of free trade and observe commercial confidentiality.

With these remarks, Sir, I have pleasure in supporting the motion.

MR. ALLEN LEE: Sir, the accident at Chernobyl sent shock waves throughout the world. The reaction in Hong Kong is no different. The people of Hong Kong are extremely worried about the safety and managerial aspects of the Daya Bay nuclear plant. There was never any doubt in my mind that such a topical issue would develop into a major issue which the Legislative Council Members would have to tackle. If there was a choice, I would wish that the Daya Bay project never existed. However, the fact remains that Daya Bay is there and the issue of nuclear power plants must be assessed and difficult decisions made.

I knew before I joined the Legislative Council fact-finding delegation that it would be a mammoth task and that it would be a long, hot summer. Yet, in the absence of knowledge about nuclear power generation in general and in particular the PWR type of plant, I firmly supported the idea that fact-finding delegations should be formed and should be dispatched to countries like the United States, France and Japan where they had a wealth of knowledge and experience in the operation of PWR nuclear power plants. I felt that we had to find out the facts about the safety and managerial aspects of nuclear power plants in a relatively short period. The report of the fact-finding delegations was published on 30 August 1986. Shortly afterwards, we received an invitation to visit Beijing to discuss with the Chinese authorities the information contained in the report. All that is now history. Today, we debate once again on the safety and economic aspects of the Daya Bay project. I believe many of my colleagues in this Council will address these issues, so in order to save time, I would just like to clarify two points and make one suggestion.

First, there have been newspaper comments and editorials accusing me of supporting the Daya Bay project because of the vast economic benefits that my companies derive from doing business with China. I would like to put it on record that over 95 per cent of my companies business is American market oriented and that this trend is highly unlikely to change. Our business associated with China is a 10 per cent investment in a project which brought technology transfer from the United States to China and a turn-key operation of printed circuit boards. We were associated with these projects because members of the

board believe that we should do what we can to assist China in successfully obtaining technology transfer for their modernisation programme. Personally speaking, I see it as an important objective for Hong Kong to seek to contribute towards a steady course of modernisation in China. I cannot imagine, Sir, what will happen to Hong Kong if in 20 to 30 years from now, which is well beyond 1997, there is a vast difference in the living standards between Hong Kong and the neighbouring provinces across the border. Hong Kong's future stability is also dependent on the success of the modernisation programmes of China and we feel that we should, in our own small way, make some contribution in assisting China to successfully implement their modernisation programmes. This is the rationale behind our decision when we made the investment as mentioned above and to this date, I can say that we do not expect much, if any, economic benefits for our companies.

Secondly, as one of our colleagues in this Council once put it, one will most likely be accused of shining the Chinese shoes anytime one agrees with the Chinese. Our delegation's visit to Beijing had been scornfully billed as a public relations exercise for the Chinese authorities. Such accusations were misleading. I would also like to put it on record that it was never a fun task visiting Beijing, discussing our observations with the Chinese authorities and persuade them to see our points of view. Through long hours of discussions with the officials responsible for nuclear power in China, it was the delegation's hope that the Chinese would implement our observations. I believe all the Members who participated in these discussions would agree with me that although the discussions were held in a cordial atmosphere, it could not have been regarded as a sheer public relations exercise. In my view, the task was difficult but the job was done.

Sir, I may be running the risk of being accused of shining your shoes by saying how grateful I am that in your opening speech last week, you paid tribute to the work done by Members of this Council and in particular to the delegations of the USA, Japan and Europe. If I may add, Sir, without the support and dedication of our supporting staff who worked hard behind the scenes with the delegations, our trips would not have been so fruitful. I would like to express my appreciation for and pay tribute to their great efforts. I believe that in the limited time that we had and in view of the deep and genuine concern of the Hong Kong people, we have served Hong Kong to the best of our abilities. As President Lincoln once put it, 'If I had to answer all my critics, I wouldn't have the time to do anything else.' My conscience is clear on the handling of the Daya Bay issue.

Finally, Sir, we have put seven observations to the Hong Kong Government and I hope to hear Government's response to our observations this afternoon. The Daya Bay issue will be with us for the life span of this plant. If anything has come out of this whole exercise, I believe that it has caught the attention of the Chinese, French, British and Hong Kong Governments along with the China Light and Power Company Ltd. The striking impression we gathered from our

visits is that the respective power companies and Governments were very anxious to accommodate requests from citizens to have the opportunity to learn what nuclear power generation is all about. In other words, they were totally open and accommodating to supply information to those who wish to understand the safety aspects of nuclear power plants. I urge that an open attitude should be adopted by all parties concerned so that any citizen of Hong Kong who wishes to know more about the safety aspects of the plant ought to have the opportunity to do so. Therefore, I am in support of the motion put before Council this afternoon.

MR. WONG PO-YAN: Sir, the Daya Bay nuclear power plant was the subject of a debate in this Council on 16 July 1986. During the time when this Council was in recess, many of its Members continued to work very hard on this subject with the result that more information has now been brought to general attention. To allay public anxiety on this matter, it is essential that all relevant information, such as that on the safety of the plant and on the price of the electricity to be paid by China Light and Power Company to the Daya Bay power plant and the tariff charged to the Hong Kong consumers by China Light and Power Company, should be provided as fully as circumstances permit.

I think I have dealt with the safety question in the debate in July and I would now like to examine the economic aspect of the matter.

Many in Hong Kong question the assurance that the tariff for the electricity supplied by the nuclear power plant would be lower than that generated by coal provided by the China Light and Power Company. As the Daya Bay plant is expected to begin production in 1992 and the China Light and Power Company will still be subject to the control scheme until 1993, therefore the tariff should be subject to Government scrutiny. I urge the Government to hasten the power company to make available to the public the relevant information as detailed as possible and as soon as possible.

I am quite certain that the plant can be built within the budget as in China, the cost of construction, including labour cost, is not at such a high rate as that in the Western countries. During the construction period and even after completion, the Daya Bay plant will, I am sure, not be subjected to the harassment like the plants in other countries which is one of the decisive factors causing a substantial increase and overrun of the construction cost.

The other factor which determines the price of electricity will be the running cost. For the same reason as above, we can expect that Daya Bay will be in a better position than the others. Another favourable condition is that China has her own uranium deposit and the facilities to process the mineral up to the concentration applicable for use as nuclear fuel for the Daya Bay plant. Therefore, we have the reason to believe that the price of electricity from Daya Bay will be cheaper not only for the first six years of operation but for many years thereafter.

In addition, the disposal of nuclear waste is much easier and less costly in China compared with the rather complicated political situation in other countries.

Finally, I would like to refer to the criticism directed at those Members who did not take a negative attitude but a positive approach towards the Daya Bay project. I would like to point out that among the Members in this Council there are many knowledgeable people with scientific background who have a clear understanding of nuclear power generation in general and the Daya Bay project in particular, even though they are not nuclear scientists. Those Members express their independent viewpoints on this subject honestly and so it is not fair to criticise them that they were following the lines of China or the Hong Kong Government.

Sir, with these remarks, I support the motion.

MR. CHEUNG (in Cantonese): Sir, ever since the Chernobyl accident in April this year, the world has expressed deeper and deeper concern about the safety of nuclear plants. In Hong Kong, people from all walks of life have also started a series of heated debate on the nuclear power plant which is to be built in Daya Bay. I feel that to deal with this issue, the people of Hong Kong should adopt a cool and objective attitude. As Members of the Legislative Council, we should all the more be responsible to lead the public to analyse the problem from a pragmatic angle. I think only then would we be able to deal with the matter constructively and positively.

As a matter of fact, the worries and anxieties of Hong Kong people about the safety of nuclear plants are only natural and understandable. To a certain extent, I believe, these worries stem from the public's inadequate knowledge and understanding about nuclear energy. In this regard, it is my view that Government has not done enough in terms of public education. It was for the same reason that the Legislative Council sent two delegations in August this year to advanced nuclear countries such as Europe, USA and Japan to gather basic information on nuclear power. Upon their return, a report based on information thus gathered was compiled. The report included dozens of observations for consideration by the concerned authorities. Members of the delegations have also been invited to Beijing to exchange views with the Chinese authorities. According to the report of the Beijing delegation, they have gathered information about China's energy policy, monitoring of nuclear safety as well as nuclear research. For example, we learnt from the report that it is China's policy to develop nuclear power. We learnt that because of the uneven distribution of energy sources in China. It is China's national policy to develop nuclear energy to solve the energy problem along the China coast and the southeast region. In my opinion, all these information would be helpful to enable local people to assess the Daya Bay plant from a wider perspective.

In fact, prior to the Chernobyl accident, the authorities concerned had already signed the letter of intent on the engineering services and installations of the Daya Bay nuclear power plant. It is therefore difficult for the authorities concerned to shelve or withdraw from the project. Now that the construction of the nuclear power plant is inevitable, it is pertinent for us to seek assurance from authorities concerned that the nuclear plant to be built in Daya Bay should be built to the highest safety standard and this also applies to operation and management aspects. And the most effective assurance is to make public information regarding the power plant safety and measures, including the emergency plan for Hong Kong. Apart from safety measures, Hong Kong people are also very concerned about the tariff arrangements between China Light and Power Company and the Daya Bay nuclear plant for the purchase of electricity. As consumers, the public should be entitled to know the arrangements regarding the sale of electricity to the China Light and Power Company after the initial six years' commissioning of the plant. In this connection, I would like to know the followings:

- (1) Will the Hong Kong Nuclear Investment Company be brought under the present 'Scheme of Control' so that it would not be able to profiteer through the resale of nuclear power to the China Light and Power Company?
- (2) Are there any measures to ensure that the Guangdong Nuclear Investment Company would not seek to increase the electricity charge at the later stage of the plant's operation, so as to recover the loss which it may suffer because of the price assurance in the initial six years?
- (3) After the commissioning of the Daya Bay nuclear power plant, if the demand in Kowloon and the New Territories were to fall short of the expected level, is it possible for the Hong Kong Nuclear Investment Company to cut down its purchase of electricity from the Guangdong Nuclear Investment Company?

I hope that the Government will be able to come up with detailed answers to these questions.

Sir, the construction of a nuclear power plant is a long-term project. This is just the start of the project. It is my view that Hong Kong Government has the responsibility to make public all disclosable information about the project in the course of the plant's construction as well as its operation. It is only then could the doubts and worries of the people be allayed. For this, I am fully in support of today's motion.

MRS. CHOW: Sir, the Daya Bay decision, as far as Hong Kong was concerned, was taken in 1983. At that time, if I remember correctly, the decision was hailed as a major boost of confidence to Hong Kong and its future. I am sure the halting of the plans to build it at that time would have been perceived as a gesture of despair which would only further fuel the mood of despondency.

Since Chernobyl, the emphasis has shifted to one of safety, and the circumstances surrounding endorsement of Daya Bay in 1983 are long forgotten. So is the commitment that was consequential to its acceptance.

As legislators, it would have been irresponsible for us to act as though there has been no decision or commitment, or to ignore the fact that we have approved Government's loan guarantee to Hong Kong Nuclear Investment Company thereby endorsing its purchase of electricity from Guangdong Nuclear Power Joint Venture Company. Equally we could not ignore the newly awakened worries of the Hong Kong people since Chernobyl, and must try to allay them. I believe sending the Legislative Council delegations to study the safety aspect of nuclear plants elsewhere was the most sensible and necessary thing to do at the time. After all, we had to satisfy ourselves and the people of Hong Kong that a Chernobyl disaster or anything similar cannot and will not occur at Daya Bay. The report, which demonstrates how remarkably well the delegations shouldered the specific responsibilities given to them by Legislative Council as laid down in the terms of reference, has been published. There is, of course, a lesson to be learnt from Chernobyl, and it would be foolish not to draw on the wisdom of international brains. But the lesson doesn't start or end with Chernobyl. There is a wealth of experience on which Daya Bay could be made safer, and the constructive thing to do is to fight for as much safeguard as possible. To single out Chernobyl and keep mentioning it in the same breath as Daya Bay does not provide the solution to the problem, but only create more confusion and panic.

Our people are among the most pragmatic in the world. They have never turned their back on technological advancement. Their consideration has always been one of trade-offs.

If the French can live with 40 PWR stations in their country, the American 59, and the Japanese 15, then the Hong Kong people can certainly live with one.

No, it is not so much the technology, but the rather unique situation of Daya Bay that causes our worries and nagging questions.

1. We all know this is the first commercial nuclear plant ever built in China. There is no track record on which to place our confidence.
2. We have at one time or another been disappointed with the standard of management in other fields in China, and we are afraid that such shortcomings might surface in the operational side of the plant. Whereas in other fields we are deprived of comfort or convenience, in this instance it is our lives which may be at stake.
3. In spite of the opening up of China, there have been occasions when accidents or disasters have occurred and have then been followed by information black out, not unlike Chernobyl's. Will the same secrecy surround Daya Bay?

It would have been easy to imagine that a magic wand could be found to sweep away the Daya Bay plant, so that our peace of mind could be restored

overnight. But we must recognise that Daya Bay is in Chinese territory, and as such, China has the absolute right to decide. We would only hope and pray that China's final decision is one which has taken our people's fears and worries into consideration. No leadership, however insensitive, could have failed to see, hear or feel the views and emotions expressed on this issue by the Hong Kong people in the last few months.

Now that vital contracts are signed, this Council's job is just beginning. We must now focus on the areas which our people are most concerned about, and address them one by one.

Making available information is the right step towards removing the fear of the unknown. It is certainly the only step which will ensure the meaningful participation by the people of Hong Kong in any further discussion on Daya Bay.

The delegation's report has amply tackled the safety. The motion before us aims at openness of information. Both have my wholehearted support. As one who is deeply conscious of the interest of our consumers, I am concerned that Hong Kong does not stand to benefit from the use of nuclear power. It is just not good enough that we are assured that nuclear power will not cost more than power generated by coal fire. Why is it not cheaper? After all, should we not benefit economically for having somewhat sacrificed our peace of mind?

Sir, I support the motion.

MISS TAM: Sir, at the Economic Summit Conference which took place in Tokyo in May 1986, seven heads of state and government of United Kingdom, Canada, France, Italy, Japan, USA and West Germany saw fit to make a joint statement in respect of nuclear safety as follows:

'We, the heads of state and government of seven major industrial nations and the representatives of the European Community, have discussed the implications of the accident at the Chernobyl Nuclear Power Station.

Nuclear power is and, properly managed, will continue to be an increasingly widely used source of energy. For each country, the maintenance of safety and security is an international responsibility, and each country engaged in nuclear power generation bears full responsibility for the safety of the design, manufacture, operation and maintenance of its installations. Each of our countries meets exacting standards. Each country, furthermore, is responsible for prompt provision of details and complete information on nuclear emergencies and accidents, and in particular those with potential transboundary consequences....'

The Legislative Council fact-finding mission which commenced in France and the USA and ended in Beijing turned out to be a quest for the truth that lies behind this statement, although it had started as an urgent investigation into the roots of the fear of nuclear plant accidents which plagued the minds of the proud, versatile and intelligent community of Hong Kong in the summer of 1986.

## **A brief report on the work of the public utilities panel and the fact-finding delegations**

### *1. The case for concern*

The adjournment debate on 16 July 1986 raised many important questions. Is the French pressurised water reactor safe? Why do we need nuclear generated electricity in Hong Kong? Why could the Hong Kong Government not withdraw from the loan guarantee to the Hong Kong Nuclear Investment Company? Why could China not scrap the plant? What economic benefits are we getting out of taking electricity from Daya Bay? Is it worth the risk?

There were no government experts to allay our fears. Between April and mid-July 1986, the OMELCO Public Utilities Panel held six briefing sessions on the Daya Bay project. But it was not easy trying to get the Hong Kong Nuclear Investment Company or Guangdong Nuclear Power Joint Venture Company representatives to meet the press and the public to explain to them the safety and economic aspects of the Daya Bay project. I was no longer prepared to conduct any panel meeting and then brief the press as the convener. And finally on 4 July 1986, I threw open the public utilities panel meeting so that representatives from both HKNIC and GNPJVC had to answer to my colleagues' questions in public. (The dates and nature of the briefing sessions are at Appendix A.)

Even then, we were not prepared to rely on the words of interested parties.

Mr. Walter PATTERSON had told us that the pressurised water reactor was unsafe and he too must be given the benefit of the doubt. The only sensible thing to do was to go and take a first hand look at nuclear plants and find out from the International Atomic Energy Agency and the US Nuclear Regulatory Commission what are the international standards required in all aspects of nuclear plant construction, management and operation, and the Legislative Council fact-finding delegation was formed on 18 July 1986 to find the answers.

### *2. The fact-finding delegations' report*

Between 3 August and 13 August 1986, the two delegations supported by a team of dedicated and capable OMELCO staff, visited France, Austria, the USA and Japan. The results of our fact-finding delegations are contained in our report which was published on 30 August 1986. There are 11 observations which answer the general questions on safety, maintenance and emergency measures relating to the pressurised water reactor; 30 observations which are addressed to the Chinese authorities and the joint venture company and nine observations listed for the consideration of the Hong Kong Government and HKNIC (part V chapters 1, 2 and 3 of the report). It was obvious that many of the questions on safety, management and so on could not be answered without further investigation on the situations in China and the majority of our Legislative Council colleagues decided that we should accept the invitation to visit China and discuss the contents of our report.

### 3. *The trip to Beijing*

Between 17 September to 21 September 1986, we visited Beijing and discussed the 30 observations addressed to the GNPJVC with the Chinese authorities. We were assured by Mr. ZHOU Ping, the Chinese Vice Minister for Nuclear Industry and Mr. ZHANG Yuman, Deputy Director of the National Nuclear Safety Administration of China that the Daya Bay nuclear power plant will be constructed, managed and operated up to international standards and opened to IAEA scrutiny (paragraphs 18 to 59 of the report on visit to Beijing).

On 20 September 1986, we met the Chinese Vice Premier Mr. LI Peng who promised that an advisory committee on nuclear safety and regulations would be set up with Hong Kong participation, the terms of reference and the membership criterion for which would have to be worked out in detail in the future. As I see it this is an important measure in securing and sustaining the long-term confidence of the Hong Kong people over the Daya Bay nuclear plant and must be pursued with vigor on both sides to ensure that the quality and quantity of the Hong Kong membership could make a significant impact on the decisions of this advisory committee which must operate at a level that could reach the Vice Premier's ears.

Another aspect which has not been sufficiently publicised is that the GNPJVC and HKNIC will be jointly responsible for the management of the nuclear plant. Throughout the whole period of the joint venture, the posts of the first deputy chairman and the first deputy general manager will be filled by the personnel of HKNIC. The plant manager for the first five years, and the deputy plant manager for the next five years shall be nominated by HKNIC. Thereafter it is a matter of agreement by both sides but the plant managers must qualify according to international standards. This may answer the queries of those who are particularly concerned about the management of the plant.

### 4. *The role of the Hong Kong Government*

In dealing with the Chinese authorities our hands were strengthened by the promise made by the Hong Kong Government which we related to the Chinese authorities that the Hong Kong Government would do her utmost to implement the observations addressed to her in our report. The cross boundary arrangements to monitor radioactivity at Daya Bay and the exchange of information and co-ordination of contingency plans require joint efforts from both Governments. It must now be the time to hear the details of the action the Government will take to ensure the safety of the population in Hong Kong in the years to come.

### 5. *The Legislative Council nuclear plant group*

On 3 October 1986, a special Legislative Council working group was set up to follow up on the work of the fact-finding delegations. As I see it the task of this group is to keep vigil over the implementation of all the measures promised to us by both the Chinese and Hong Kong Governments to ensure that the

long-term interest of the Hong Kong people is protected. I have joined this group as a member and shall be ready to give assistance to their work if my colleagues so required.

6. *The economic benefits*

On 11 July 1986, representatives of the Hong Kong Nuclear Investment Company briefed the OMELCO Panel on Public Utilities on the method whereby tariffs for electricity supply from the Daya Bay plant will be charged by the power company to the Hong Kong consumers after the price guarantee of six years has expired. I have no doubt that it should and must be under the Scheme of Control and it will not benefit the power company to delay making public these commercial arrangements in detail any more.

The experience in Hong Kong in the last four months is similar to what we observed in Austria, and other European countries. Both the people and the Government of Austria are anti-nuclear but there is nothing they could do to stop the Czechoslovakian Government operating a nuclear plant close to the border. It seems that once a country has decided that as a matter of national priority a nuclear plant has to be built the neighbours can do very little to stop it. The remedy usually is to secure a binding cross boundary agreement to ensure that both parties make joint effort to ensure that safety and emergency measures are taken for the protection of their own people. In the case of Austria, she even bought electricity from the Czechoslovakian plants out of necessity.

*Conclusion*

In our fact-finding trip we had found out what the exacting standards are that each country engaged in nuclear power generation must meet on the safety of the design, manufacture, operation and maintenance of its installations; and we had been assured by the Chinese authorities that they were fully aware of their international responsibilities and of their obligations towards the people living in Daya Bay and in Hong Kong to meet these exacting standards. They were also committed to making cross boundary arrangements with the Hong Kong Government for prompt exchange of information on nuclear emergencies and accidents and participation by the Hong Kong people in their advisory committee.

However, there are lessons to be learned from the experience in the last six months. That this versatile and intelligent community of Hong Kong should be placed in fear and anxiety was and is due to the lack of knowledge on nuclear plants in general and the difference between the Chernobyl plants and the French PWR in particular; that many people in Hong Kong are still sceptical about the ability of the Chinese authorities to manage the Daya Bay plant properly and this doubt can only be resolved by the Chinese authorities disclosing their reports for the licensing of their plants, and demonstrating to us that they are meeting international standards of safety and operational measures every step of the way.

Sir, I welcome this timely motion and hope that all the outstanding questions on safety and economic aspects of the Daya Bay project will be answered today. It is time that the Hong Kong community be informed of the long-term benefits they may derive from this joint venture and look to the future.

Sir, I support the motion.

#### Appendix A

#### **Schedule of meetings of the OMELCO Standing Panel on Public Utilities to discuss the Daya Bay nuclear power project**

1. 4 April 1986 —With representatives from the Administration to explain the nature of the joint venture project and the Hong Kong Government's Background Radiation Monitoring Programme.
2. 7 May 1986 —With representatives from the Administration and GNPJVC to give briefing on the Chernobyl accident and the likely implications for Daya Bay.
3. 27 June 1986 —With representatives from HKNIC and GNPJVC to give briefing and answer questions on the safety features of the Daya Bay plant design and contingency measures in the unlikely event of an accident.
4. 4 July 1986 —With representatives from HKNIC and GNPJVC; a briefing session open to the public, on various aspects of the Daya Bay project including plant safety, French regulations and standards, contingency plans and plant management.
5. 5 July 1986 —With Mr. Walter PATTERSON to give his views on nuclear plants in general and the Daya Bay project in particular.
6. 11 July 1986 —With representatives from HKNIC to explain the economic aspects of the Daya Bay project.

MR. CHAN YING-LUN (in Cantonese): Sir, the issue over the construction of the Daya Bay nuclear power plant triggered off not only lengthy debate in the Legislative Council, but also heated arguments in the district board and area committee where I serve. During the discussions, there might be strongly worded arguments, yet I believe all the speakers' aim is to safeguard the overall interests of the people of Hong Kong.

To this end, different people resort to different actions. Of course, there is not a single method that can suit everybody's demands. However, I think the method adopted by the Legislative Council fact-finding delegations on nuclear power generation is pragmatic and feasible.

The recommendations put forth by the delegations are for the safety and interests of the Hong Kong people. I give my full support to these concrete recommendations because it is only fair that the primary requests of the Hong Kong people who live next to the nuclear plant are answered.

I am ready to support the motion now put before this Council. Judging from the information the Government has provided since 1983, I believe the Government has tried its best to safeguard people's safety and protect our electricity tariff. In the past, everything done has not been clearly explained to the people. However, after the Chernobyl accident, the public show deep concern about the safety measures of the nuclear plant and put forth numerous suggestions on how the Government should fight for people's right. I think some of the suggestions merit consideration. When the Legislative Council last held a debate on the Daya Bay issue, the majority of the Members asked the Government to provide further details. The Government was rather evasive and only expressed that it would urge the parties concerned with the Daya Bay nuclear power plant to provide information to Members direct. Afterwards, other than the information on site selection and purchase of equipment released by the China Light and Power Company Ltd., no further information has been provided. There was not even a positive answer given to the query concerning the date of the signing of agreement. Otherwise, such hot arguments among Members would not have taken place. I believe the Government has an unshirkable duty to explain everything clearly to the people, otherwise it cannot uphold its image of trustworthiness and reliability. The public are most concerned about the safety aspects and economic benefits of the nuclear plant. I therefore request the Government to urge the authorities concerned to supply such information and to continue its monitoring function.

Lastly, I believe the Legislative Council *ad hoc* group recently formed will continue to monitor all the problems in relation to the Daya Bay nuclear plant. It is sensible to strive for more rights for the people.

Sir, with these remarks, I support the motion.

MRS. NG (in Cantonese): Sir, in your policy speeches in the past few years and this year, you mentioned time and again the Guangdong nuclear power plant, from its construction, Hong Kong's involvement to the issues involved. This demonstrates your deep concern in the matter and closely reflects the strong public reaction.

Since the accident at Three Mile Island in the United States and Chernobyl in the Soviet Union, people all over the world have become increasingly concerned about the safety of nuclear power plants. The people of Hong Kong are no exception and their anxiety over the safety of the Guangdong nuclear power plant is understandable. But unlike the people of other countries, who are provided with adequate information about nuclear power by their governments and power companies and are thus able to hold well-informed discussions on

nuclear safety, the public of Hong Kong lack such information. Even at deliberations on the subject by some district boards, the authorities failed to make such information available. This is unfair to both the district boards and the people of Hong Kong. I therefore propose that the Government and the organisations concerned should actively promote public education on nuclear power.

I wish to recall the promise given in your policy speech of 1983-84: 'The Government is ready to support Hong Kong's involvement in the project, but it must be satisfied that such involvement will ultimately prove to be in the interest of Hong Kong consumers.' I hope that this promise will be honoured and effects made to safeguard the interest of the Hong Kong public. Furthermore, I hope an assurance could be given that as long as electricity is supplied by the nuclear power plant, the tariff chargeable on Hong Kong consumers will be no more expensive than the cost of electricity generated by the two local power companies.

Sir, I support the motion.

MR. YEUNG (in Cantonese): Sir, I am pleased to learn from your policy address this year that in the light of its discussions with the other governments concerned, the British Government is confident that every effort would be made to ensure that the construction, operation and management of the Daya Bay plant would be carried out to the highest possible safety standards. As the Financial Secretary clearly said in his statement to this Council at the adjournment debate on 16 July 1986, the Hong Kong Government regarded its duty as being principally to encourage and urge those companies which are directly involved to provide Members of this Council with information on the construction and operation of the nuclear power plant which would be most useful to Members of this Council. In view of this, I consider the request of this Council reasonable and appropriate.

Hong Kong's close connection with the Daya Bay nuclear power plant is mainly based on the fact that it will purchase electricity from the plant. In endorsing the need for nuclear power, the Government should be prepared to be responsible for the risks associated with nuclear power. It is a remarkable achievement of the Legislative Council fact-finding delegations which have gathered a large volume of data during their short trips. Their reports are decidedly of great value and significance and should be accepted by China as references for the construction and operation of the nuclear power plant.

On the economic aspect of the nuclear power plant, much attention has focussed on profits for the joint venture company and whether a lower tariff for nuclear power vis-a-vis oil-fired electricity could be assured. In the long term, supplies of coal and oil as sources of energy will be exhausted one day, but nuclear power is in no danger of exhaustion. There is also a close connection between the tariff of nuclear power and government requirements on safety

measures. Besides, the prices of coal and oil will not remain unchanged for long, it is therefore impossible to set a standard for comparison to ascertain whether nuclear power will be a cheaper option.

The safety of the nuclear power plant has caused widespread concern. The public are worried about how the possible effects of the plant on Hong Kong would be tackled. An associate professor of Tsinghua University Nuclear Technology Research Institute pointed out that the safety design of the plant was based on the principle of defence in depth, which is also used by other countries as a basis for their investigative and licensing process. Not only must operators at the Daya Bay nuclear power plant be experienced professionals, the technicians and labourers will also be highly responsible individuals. In fact, while the safety aspect of the nuclear power plant definitely needs careful planning by the experts, the human factor is no less important. Such problems as negligence in operation, improvement of management and organisation and training of highly-qualified management staff should be dealt with by practical actions and measures. It is only right that a responsible government should present a clear account of such issues to the public. Furthermore, the Government should also provide assurance that in terms of manpower and resources, adequate provisions have been made to monitor background radiation and that necessary studies have been made on emergency measures to be taken in the event of an accident, such as in respect of food and water contamination, provision of supplies and evacuation plans.

The Hong Kong Government has consented to purchasing electricity from the joint venture company and has requested the United Kingdom Atomic Energy Authority to conduct an independent study. If these are wise and prudent decisions, then people's trust placed on the Government to implement these decisions must not be abused. Therefore, it is the responsibility of the Government to make the public feel assured regarding the economic and safety aspects of the nuclear power plant. Although the Government cannot possibly publish any reports or data involving commercial secrets, the public do have the right to be provided with such other materials as the United Kingdom Atomic Energy Authority (Harwell) report as well as the risks assessment and evacuation planning reports to be submitted next year. On the other hand, the China Light and Power Company should also publish the relevant data and explain the problems involved in respect of the nuclear power plant in view of its obligation as a public utility company to answer to the public.

I am delighted to learn that China has agreed in principle to establish an independent Daya Bay nuclear power plant safety management advisory committee with participation by the people of Hong Kong, and that in the next two to three years, the Daya Bay nuclear power plant will also formulate a comprehensive and well-co-ordinated contingency plan in observance of the standards set by the International Atomic Energy Agency and the guidelines laid down by the Daya Bay nuclear power plant safety management advisory

committee. If this information is true, such courses of action surely deserve the general support of the public. A responsible Government should not only consult the public but also provide the necessary information to educate the public. The prime concern of the Government should be the public interest. Genuine anxiety of the public must not be disregarded or left unconsidered.

Finally, I strongly hope that in the years to come, the Hong Kong Government would continue to maintain close contacts with the British Government and, through the British Government, with both the authorities in France and China for the purpose of providing as much information on the nuclear power plant as possible to the public. This is necessary to put the minds of the people of Hong Kong at ease.

Sir, I support the motion.

MR. CHAM: Sir, the evaluation of investment projects has been the subject of learned dispute for many years. One of the major concepts for investment analysis is the futurity of data, based on careful definition of the problem, and sound economic reasoning.

It is important to recognise that the economic calculation to justify a new plant, such as the Daya Bay nuclear plant, must rest on projections and forecasts of future revenues and costs. In this respect, future prices of fossil fuel and inflation are important considerations amongst different factors. Let us not forget that although crude oil prices have risen and then fallen dramatically over the last decade, yet with the recent agreement in OPEC countries to curtail crude oil production, a dramatic increase in oil prices resulted. Thus, the risk of investment in capital assets is a function of the relative uncertainty of the key variables of the project.

Indeed, careful definition of the problem and the alternatives under analysis is important to ensure a balanced evaluation. In this respect, I feel that we could rely on the expertise of the financial advisers on a balanced and exhaustive analysis. The economic reasoning with any investment outlay also hinges on conditions which may change because of the action taken. Here, the outcome of future data and estimates interact with each other as costings, revenues and funding requirements change.

Sir, to rely on future estimates of revenues and costs may appear to be an oversimplistic framework for investment analysis of the nuclear plant in Daya Bay. However, it is a realistic approach to evaluate the project based on sensitivity analysis of forecast data as assumptions become interactive and inter-related. I am convinced also that safety is the determining consideration in our overall analysis since the cost of a nuclear disaster would effectively nullify all of its economic benefits. Sir, the findings of the Legislative Council delegation to examine the safety aspects of nuclear plants in Japan, Europe and North America have no doubt contributed to the improvement of the safety aspects of this power plant.

Sir, I support the motion.

MR. JACKIE CHAN (in Cantonese): Sir, the safety of the Daya Bay nuclear power plant has become a hot topic for the people of Hong Kong in recent months. Strong public reaction notwithstanding, the plant building contract signing ceremony was held as scheduled in Beijing in late September. That the plant will be built is an unalterable fact. Admidst the controversy, the determined anti-construction attitude of over a million Hong Kong citizens, the opinions of members of the public, the different views and attitudes of Members of this Council, and Government's decisions are up to history to determine which is the more appropriate.

In respect of the safety of the nuclear power plant, I am as worried as the general public. But now that the contracts have been signed, the plant will soon be built and we are faced with an unalterable fact, we can do nothing but seek confirmation from the information on its safety. Ever since the accident at the Soviet power plant, the public have expressed deep concern over the question of safety of the Daya Bay nuclear power plant. The authorities concerned emphasise that the design of the plant is absolutely safe and vastly different from that used at the Soviet plant, and that the pressurised water reactor will be used together with an additional containment facility. A highly affirmative assurance was also made-that even if an accident occurs, Hong Kong will definitely not be part of the affected areas. Although these assurances were made so assertively, the worries of the public over the safety of the plant have remained unrelieved. It is still unknown whether the containment building will achieve the expected effect when an accident occurs. In fact, as revealed in paragraph 4.2.15 of the report of the Legislative Council fact-finding delegations, the authorities concerned in USA will conduct a study on the rupture of the containment. The objective of this research will be to find out the possible damage done to the containment building by severe accident involving hydrogen explosion, molten fuel and the building up of pressure. It is totally unconvincing to ask the public to have confidence in some untested safety-proved products. All the other safety facilities of which we came to know previously are but hearsay. There is no way of verifying the accuracy of its safety. Sir, Hong Kong is a promising society which has progressed in a peaceful environment. Government's open and sincere attitude has won faith and respect from members of the public. It will be beyond our belief to learn that the authorities consider it impossible to make public the information on power plant safety. The people's worries are neither unfounded nor unscientific. They are definitely not suspicious but are the victims of unveiled information which has been classified as confidential. In order to create the atmosphere of peace in society, Government must let the people know the information on safety as soon as possible.

Whilst the question of safety is important, we should not overlook the rate of tariff of nuclear-generated electricity in future. During their recent visit to

Beijing, the Legislative Council fact-finding delegations requested the Chinese Government to give an assurance that the tariff of nuclear-generated electricity would not be higher than coal or oil-fired electricity. The result was that China still insisted on the six-year guarantee which has already been given previously. Logically, the cost should be highest during the plant's initial operation. Yet assurance of the tariff in this period has been given. Several years later when the plant attains its highest efficiency, the cost should become steady or even lower. Yet the people of Hong Kong have failed to secure a longer-term guarantee of low tariff. This is really baffling.

Sir, high electricity charges will cause an undesirable chain reaction and put an additional burden on puny citizens as well as the commercial and industrial sectors, thus jeopardising the interest of the whole community. Despite the fact that the public have been deprived of the right to choose to buy either coal-fired or nuclear-generated electricity, they should have the right as consumers to know how the rate of tariff they pay is arrived at. In the past, Government has spared no effort in protecting the interests of consumers. I am confident that Government will continue to maintain consumers' basic right. Apart from making public the information on the tariff for the purchase of nucleargenerated electricity, Government should take a pragmatic move by including this tariff in the Scheme of Control of the two local power companies to provide a reasonable control and ensure that the interest of Hong Kong is not jeopardised. An open and responsible government should adopt a frank and sincere attitude which is the key to the community's success, prosperity and peacefulness.

Sir, with these remarks, I support the motion.

MR. CHENG: Sir, in my speech given at the previous adjournment debate on 16 July, I stressed that it was logical for the people of Hong Kong to be provided with detailed information about the safety aspects of the Daya Bay nuclear power plant and urged the authorities to release such information to secure the confidence of the general public.

I am pleased that Members of this Council have unanimously agreed to the need for this debate at which views may be further expressed to reflect the Council's accountability to the public.

It is of utmost importance, in my opinion which may be shared by some of my hon. colleagues, that measures should be taken urgently to assist the public to understand as much as possible the safety as well as economic aspects of the Daya Bay project. The understanding and appreciation of the problem may well take a long time in view of the depth of concern and insufficient scientific knowledge but the Government and the Guangdong Nuclear Power Joint Venture Company must realise that better understanding would allay the fear of the general public more readily and hence establish a higher degree of confidence. I believe, Sir, the people of Hong Kong do have the right in these circumstances to be provided with the information requested.

The economic aspect of the Daya Bay project has been one of the major concerns expressed by many sectors of the public. Their fear and anxiety are equally understandable. As future consumers, they should be assured of a level of tariff which should be competitive in comparison with that for coal-fired electricity. Any evidence which may justify the price assessment at this time would be most welcome.

It is encouraging that the observations made by the Legislative Council fact-finding delegations on nuclear power generation have been favourably considered and accepted by various authorities. This includes a promise by the Chinese authorities to release the safety and environmental reports in due course. In my opinion, this reflects an open and co-operative attitude which likewise prevails in other countries.

Sir, safety assessment and economic review are indeed an on-going process for a nuclear power station. It is almost certain that the request for continuing release of documents regarding safety and economic aspects of the Daya Bay nuclear power station will persist until it has been safely commissioned.

With these remarks, Sir, I support the motion.

MR. CHEONG-LEEN: Next to 1997, the Daya Bay nuclear power plant has become the biggest matter of concern to the people of Hong Kong. I don't blame them one bit for it and as we know, one million people signed a petition opposing the Daya Bay nuclear power plant. I was in Europe when Chernobyl blew up and it was fascinating and frightening to see the IAEA reports on the movements all over Europe of the nuclear plume. However, the decision has been made to build the plant, and we have no choice but accept that in the '90s this plant will be there not too far away across the border, 30 km from Tai Po and 50 km from right where we are.

So, what further options do we have?

Some of us may wish to continue opposing the building of the plant—but I think their chances of achieving this aim are very slim indeed.

Others like myself are taking the pragmatic view that since we cannot do anything more to have the plant built further away from Hong Kong, we should do the next best thing, and that is to concentrate our utmost efforts on those aspects affecting Hong Kong's vital interests; namely, the safety of the plant, and the cost of electricity supply from the plant on which we want to have a say. I must say, Sir, that I think I have done the best in urging that the plant be moved as far away from Hong Kong as possible. In other context, I wrote to the Prime Minister of the People's Republic of China, urging that the plant be moved far away from Dai Hang where the plant is now going to be built. I also visited the plant a couple of months ago and I spoke to one of the resident engineers there who said he had been involved in seeking a suitable site for the plant since 1978. And although I didn't quite accept his views, he said that

meticulous effort had been taken to ensure that the site would conform to the highest possible international safety standards. So there we are; the decision has been taken and we must accept it.

We in this Council owe it to the people of Hong Kong to safeguard their long-term interest of Hong Kong and the preserving of their confidence of the people, and the social stability and economic prosperity of Hong Kong for the future.

And unless we as legislators are seen to be doing our job properly, along pragmatic and realistic lines, we will not have the respect and support of the people of Hong Kong whom we represent.

Having visited a number of nuclear power plants in France and Japan, I would like to say categorically that it will not be enough simply for us to get details of arrangements as outlined in the motion. We have to go further.

So, once such information is provided, this Council will have to examine through the *ad hoc* committee, whether there is sufficient information to go by to rationally conclude that the long-term interests of Hong Kong people are properly safeguarded.

Firstly, we should study the report of the proceedings of the special session of the International Atomic Energy Agency which took place a few weeks ago following the Chernobyl nuclear disaster. We want to know whether the latest lessons—if any—to be learned by way of additional safeguards applicable to the Daya Bay power plant. There may not be much because the nuclear reactor is quite different to the one which has been built in Daya Bay. It will be IMBK and the Chernobyl reactor was an RBMK. But we must be thorough.

Secondly, we should continue to receive the latest reports on the safety aspect of British nuclear power facilities, some of which have reportedly had radioactive leaks. We should also look forward to studying the British planning inquiry into the first pressurised water reactor at Sizewell, which report is expected to be out this month or next month. We will continue to seek the latest information from other advanced countries in the nuclear power field, such as the USA, Canada, West Germany and Japan; that is, of course, apart from France, which, is supplying the Daya Bay nuclear power island.

Thirdly, we will have to start discussing with the relevant authorities the setting up of a joint nuclear power safety and management advisory committee to monitor all aspects of nuclear power safety and maintenance for the Daya Bay plant in time for the start-up of the first reactor in 1992. I must say that one of the beneficial aspects of the delegation's visit to Beijing was to give the Hong Kong delegation the opportunity to meet all the top people in the nuclear field in China and also those who will be responsible for the building and presumably the operation of the Daya Bay power plant, so that this debating was not wasted.

The detailed safety analysis report will have to be carefully studied as soon as it is completed in order to ensure that safety conditions in regard to the plant conforms to the highest international standards.

Fourthly, the Hong Kong Government will have to educate the public here at all age levels on nuclear power generation, so that by understanding more about it, they can be less fearful of it. In the United Kingdom and in France, the public, including school children, are encouraged to visit nuclear power plants, and no doubt this will happen when the Daya Bay nuclear power plant is built. A couple of weeks ago when I was in England, my niece told me that she went to visit the nuclear power plant in Scotland. And when she went back home she was so impressed with the facilities that she wrote to Nuclear Fuels to ask for more information on nuclear power generation, and they sent to her a comprehensive pile of material on the subject, and I hope that China Light NIC and even the JVC will be able to do the same in due course.

Fifthly, comprehensive contingency plans will have to be worked out in case of any incident or accident at the Daya Bay plant. This will require close collaboration on the part of the Guangdong provincial authorities and the Hong Kong Government. Both Government and China Light and Power will have to explain to the public why evacuation plans are not only impossible but also not planned for under internationally accepted standards outside a 10-kilometer or 10-mile radius from the plant; this is accepted norm for plants in France, Japan and the USA.

Sixthly, the cost of electricity supply to Hong Kong by the Daya Bay nuclear power plant will be a paramount issue for Hong Kong and its economic survival and prosperity.

For example, industrial consumers in France have been promised a reduction in electricity prices of 1 per cent per year in real terms until the end of the century when 75 per cent of French electricity could come from nuclear power generation. They are also selling electricity derived from nuclear power generation across the Strait of Dover to the British public.

We know that Taiwan, South Korea and Japan already have nuclear power plants. In fact, South Korea and Japan are going ahead to expand nuclear power generation so as to have cheaper electricity supply, which will in turn make their export products more competitively priced.

Therefore, if Hong Kong is to buy electricity from the Daya Bay nuclear power plant, the price after the sixth year of start-up should, logically speaking, be cheaper than coal-fired electricity. We know that in Japan, Taiwan and France, the average price of electricity compared to that produced by fossil-fired is in the interval between 20 to 35 per cent. So we have some guide to go by.

On the basis of these six points I have stated, I urge Government to take all possible measures to safeguard the long-term economic interests of Hong Kong

and her people. On our part, we as legislators also have the responsibility to support the people of Hong Kong in not losing faith in their future. It is also up to the Government to co-operate by providing as much information as it is possible to do so. It was something of a surprise for us to get more guidelines as to how costing would be made after six years after start-up from the Vice Premier of the PRC, and I hope that in future more information will be forthcoming at this end so as to avoid having us to consider sending another delegation to Beijing.

Sir, I support the motion.

4.30 p.m.

HIS EXCELLENCY THE PRESIDENT: At this point, Council might like a short break.

4.50 p.m.

HIS EXCELLENCY THE PRESIDENT: Council will resume.

MR. CHUNG (in Cantonese): Sir, given the fact that the Chinese Government is determined to go ahead with the construction of the Daya Bay nuclear power plant, our options would be either to accept the report of the Legislative Council fact-finding delegations on nuclear power generation, or reject the report and face the problems posed by the nuclear power plant to the safety and interest of Hong Kong.

The objective of the report is clearly to protect as much as possible the safety and interest of the people of Hong Kong. As the joint venture construction of the plant is set to proceed, I think we can only hope that the report will be able to make the authorities do a better job of it.

As we know, the most important aspect of a nuclear power plant is its safety. In the adjournment debate of this Council on 16 July 1986, I raised a number of questions. These have now been given definite responses by the authorities concerned. For example:—

- (a) According to the Chinese, British, American and French experts, it is unanimously felt that Hong Kong, being more than 30 km away from Daya Bay, does not need a contingency evacuation plan;
- (b) The Hong Kong Government has already made plans to monitor high-level radiation and nuclear contamination and will strengthen the necessary facilities;
- (c) China has indicated that it will liaise with Hong Kong to set up a communication network for the control of nuclear accidents. This will be of vital importance to the safety of Hong Kong; and
- (d) It has been reported that the Chinese authorities plan to draft guidelines according to standards approved by the International Atomic Energy

Agency on the safety aspect of the Daya Bay nuclear power plant, including the setting of standards governing equipment, management, operation, maintenance, contingency measures, disposal of waste and training.

In view of the fact that the project is a Sino-Hong Kong joint venture and Hong Kong is to purchase electricity from the plant, I am sure the Chinese Government will pay due regard to comments made by the report and the people of Hong Kong on safety. I am also confident that the Chinese Government will consider inviting suitable people from Hong Kong to participate directly in the management of the plant. Furthermore, I hope the authorities concerned would make arrangements for the International Atomic Energy Agency to conduct regular inspection and examination of the construction, operation and maintenance of the Daya Bay nuclear power plant.

Hong Kong has always attached great importance to meteorological and environmental safety. Public health, in particular, is of a high international standard. I hope the Government would take note of three points on the Daya Bay issue:—

- (a) Action on precautionary safety measures against nuclear accident and on public education on contingency measures should be expedited;
- (b) Hong Kong's participation in the management of the Daya Bay nuclear power plant should be institutionalised and specifically stipulated; and
- (c) Safety standards should be reviewed from time to time by the Hong Kong authorities as such standards are becoming more stringent internationally.

Apart from safety, much concern has also been expressed over whether arrangement to purchase electricity from the Daya Bay nuclear power plant would safeguard the interest of the Hong Kong consumer in the long term.

As the Daya Bay project enters its construction stage, we consider that the authorities in Hong Kong should make public all information that is of concern to the people, particularly supporting documents concerning the economics.

It is not our intention to touch on the right of maintaining business confidentiality, a right we should firmly uphold. In Hong Kong, the law provides for comprehensive social and economic freedom. Once the right of a company to maintain commercial secrets in the legitimate course of business could be taken away without either first having ascertained the extent of its effects on the public interest or absolute necessity, than who would be willing to set up large companies or carry out major investments in Hong Kong? Hence we wish only to be provided with information that can be made public about the nuclear power plant and the joint venture.

For example, it has been agreed that Hong Kong will purchase 70 per cent of the nuclear electricity and that for the first six years (1992-3 to 1998-99), the level of tariff will not exceed that of locally generated electricity. Moreover, the

level of tariff is not to be adjusted according to the increase of capital investment or appreciation of assets. This is a clear safeguard of the interest of our consumer. However, it would seem impractical at this stage to ask for a long-term assurance extending beyond 1999. Even so, it is important to the consumer that a long-term assurance of a reasonable tariff is given at the earliest opportunity.

Regardless of whether the joint venture project involves any commercial secret or not, what we should be seeking is not an assurance relating to the level of tariff beyond the year 2000, but rather the more readily available formula for the calculation of tariff applicable in the long-term. Hence, I hope the Government would set out the basic component of the tariff for nuclear power, including such factors as cost, interest, maintenance, insurance, business outlay, reserves, inflation, and maximum profit and so on; as well as supply the data related to the policy of keeping the tariff at a level not higher than locally generated electricity. As estimates may be made on them, I do not think that such data could be regarded as commercial secrets.

We notice that the one million signatures collected against the construction of the Daya Bay nuclear power plant should be properly regarded as a special well-meaning appeal by concerned individuals to the authorities to give due attention to the safety and public interest of Hong Kong. It is essential that public reaction should be treated carefully by the Government. Safety and public interest should always come first.

Sir, with these remarks, I support the motion.

MR. CLYDESDALE: Sir, after the accident in Chernobyl, the people of Hong Kong could hardly be expected to welcome the thought of having a nuclear reactor situated a mere 50 km from their homes. Since this now seems inevitable—then they most surely are entitled to detailed information about its safety features and on the contingency plans which clearly will be developed to deal with any emergency.

They are also entitled to expect that the tariff they are required to pay for electricity from the nuclear plant will not exceed the price of electricity generated by more conventional means. I believe that, if the reverse were true, there would be little or no case for Hong Kong to participate in the Daya Bay joint venture.

I should however like to make two observations on the economic aspects. When fully operational Daya Bay will supply China Light and Power Company with approximately 1 250 MW of electricity. This is likely to represent something of the order of only 20 per cent of total electricity to be sold to the company's customers at that time. It is less than the output of two of the four coal-fired units presently being commissioned by the company at its Castle Peak 'B' power station. The cost of nuclear power will therefore presumably have only a limited effect on the overall tariff to be charged to the consumer.

Furthermore in his review of the accounts of the company for 1985, the chairman of China Light and Power stated categorically—

‘Our forecasts show that the cost of electricity purchased from the nuclear station will be lower than that of an equivalent coal-fired station commissioned in Hong Kong in the same time scale.’

Now I do not believe that Lord Kadoorie would make that statement lightly since these forecasts he referred must have played a substantial part in the overall assessments which the company made before committing itself to the joint venture.

I cannot say that I am opposed to the concept, and indeed as I see it, the inevitability of the rapid development of nuclear power around the world and certainly in China. I have no doubt that nuclear power is much cleaner than power produced from conventional fossil fuels. There is little doubt that it is going to be the main power source of the future and it is already establishing an operational and safety record, taken in its international context, which is both impressive and encouraging. We must not allow Chernobyl to distort this record out of all proportion nor to allow scare tactics by those who oppose nuclear power to influence members of the public unduly.

The best way that public confidence can be established and maintained is to ensure that accurate information is made available on both the safety aspects and the economic and tariff considerations. Daya Bay must be both safe and competitive. I believe it will prove so.

Sir, I think I should also add that the members of the constituency that I represent on this Council have indicated interest but have not exhibited alarm about this matter. I believe that the views I have provided today generally represent the business stand-point, not simply, or only, international business but also local businessmen who make up over 70 per cent of my constituency.

Sir, I support the motion.

MR. HUI (in Cantonese): Sir, three months ago, I indicated at the adjournment debate held by this Council on the Daya Bay issue that ‘the Daya Bay issue can reflect fully whether Hong Kong is a really open Government and also the Chinese Government’s attitude in maintaining Hong Kong’s prosperity and stability’. Today, my statement illustrates vividly the crux of the Daya Bay issue.

The campaign to collect 1 million signatures demanding the shelving of the Daya Bay nuclear power plant project has been dismissed as ‘not understanding nuclear power’. The authorities concerned think that the dissatisfaction among the public can be dispelled by simply promoting propaganda type ‘education’. The pleas for deferring or resiting the plant or replacing it with coal-fired plant are rejected on the ground that ‘the Chinese Government has already decided the construction of the nuclear power plant and the Hong Kong

Government would not breach its agreements'. Such attitude to public opinions has shadowed the minds of Hong Kong people and rocked the confidence which has been built up since the signing of the Sino-British Joint Declaration.

*Safety considerations of nuclear power plant*

It has been my view that unpredictable human errors cause the safety of nuclear plants at stake. The report of the Soviet Chernobyl accident confirms the disastrous consequence of human errors. That the nuclear accident that shocked the world was caused by experiments conducted by technical staff who disregarded the plant's safety regulations.

On the Daya Bay issue, the Chinese Government has repeatedly stressed that a reason for building the nuclear plant is to introduce nuclear technology into China so as to promote the four modernisation programmes. However, it is doubtful whether the comprehensive safety installations and regulations can play a useful role in protecting the plant when eager scientists conduct experiments in their quest for knowledge. I hope the Chinese authorities and the Guangdong Nuclear Power Joint Venture Company (GNPJVC) will pay special attention to this point.

Turning back to Hong Kong, we know that the Royal Observatory will install special instruments to detect radiation. However, it is not known what action Government will take to protect the public when it has detected the radiation level in Hong Kong exceeding the safety standard. I hope that the Harwell consultancy commissioned by the Hong Kong Government will make detailed recommendations in this aspect and that the Environmental Protection Department, which has all along remained silent about the Daya Bay project, will play a role in this matter too.

I agree that a comprehensive monitoring system must be set up. At the same time, assurances must be given that all information about the daily operation of the nuclear plant will be made public so that those people responsible for monitoring the plant will not hold back any information which they consider as not too important under the pretext of upholding public interest.

*The economic benefits of nuclear power plant*

The electricity tariff charged by nuclear power plant is another focus of public attention. Naturally, with the installation of more safety equipments the operation cost will become higher. The consumers would wish to know whether the nuclear power plant can still provide electricity at a reasonable price. The fact that GNPJVC has guaranteed to sell nuclear power at a price not higher than coal-fired power for the first six years of operation only induces some people to think that GNPJVC is still skeptical of the long-term economic benefits of the nuclear plant.

I wish to stress that the guaranteed price agreement should be an agreement not only between GNPJVC and the CLP, but also between CLP and the people of Hong Kong so that local consumers can benefit from cheap nuclear power.

Moreover, I wish to raise a question, that is, before the nuclear plant comes into operation, will the local consumers have to bear high electricity cost because of the huge investment put into the nuclear plant by CLP? According to the present Scheme of Control, the huge investment will increase the fixed assets of CLP and to retain its permitted level of returns, it may raise electricity charges. In this connection, I would like Government to explain the control offered by the existing Scheme of Control on public utilities companies in regard to the Daya Bay project.

*Information on nuclear power plant*

The Hong Kong Nuclear Investment Company and the Chinese authorities have repeatedly stressed the assurances with regard to safety aspects and electricity charges. However, it has been delaying the release of certain crucial information to the public. Such attitude would only certainly increase people's doubts and worries.

Today, this Council puts up a motion for debate for the purpose of obtaining such important information, in particular the economic calculations contained in the Daya Bay Nuclear Power Plant Feasibility Study report, the Lazard Borthers' report on the economic benefits of nuclear power plant and the full text of the Harwell report.

I am of the opinion that to make public all information is the only way to dispel doubts and worries. The parties concerned wish to withhold certain information on the grounds of commercial confidentiality, but since all the main contracts of the plant have now been signed, there is no need for GNPJVC to worry about its business being affected by leakage of information.

In considering the release of information, may I remind the authorities concerned, a responsible government or organisation will attach the greatest importance to public interest when it chooses between public interest and commercial benefits.

*Education on nuclear power*

One reason of people's worries of nuclear plant is their lack of knowledge about it. I reckon that Government should bear the responsibility of educating the public. I must stress that what people need are the views from both sides and a fair and comprehensive education instead of publicising nuclear power. It is only after people have obtained sufficient information that they are able to make a well thought-out judgement.

Sir, I support the motion.

MR. LAI: Sir, in the July adjournment debate I called for the project to be shelved until such time as the economic justifications of our involvement in the project were ascertained. Contrary to popular perception, I have never been anti-nuclear or anti-Daya Bay per se. But I have always felt that critical questions must first be answered before I give my endorsement to the project. And they were, and always will be: whether the project is economically beneficial to Hong Kong; and whether it is going to be safe enough for us to take the risk.

I do not believe in taking risk without first ascertaining the pay-off. I don't consider all risk unacceptable, but we must know what benefits there are before taking that risk, no matter how small it may be. But up to now, we have only been showered with arguments of the efforts to and likelihood of minimising the risk associated with the plant; but we know very little of the benefits that the plant may bring us. This may have something to do with the fact that attention has been directed to the task of explaining 'why not Daya Bay' instead of demanding the answer to the question 'why Daya Bay'. It is only imperative that the safety aspect was more thoroughly explored while little was pursued along the economic trail.

It is disappointing that none of our efforts was successful in buying more time for Members of this Council and the public alike to deliberate. The major contracts of the plant have been signed, and we have to accept that the plant will be built. However, the Daya Bay issue is not yet over; we as Legislative Councillors have a continuous duty to fulfill. And that is to examine the salient features of the economic and safety issues involved. We have the responsibility to report to the people.

The people have a right to know.

With respect to safety, it was my pleasure and honour to be a member of the delegation to Beijing where I had a first hand opportunity to survey, though briefly, the nuclear establishments and research and development facilities in China. I was convinced of the sincerity and the determination of the Chinese authorities to do their utmost to ensure a safe operating environment for the plant. Nevertheless, we must not let up in our efforts to secure the best arrangements in terms of safety.

To get people fully informed of the progress and working of the plant is an essential procedure to ensure that the plant will not only be as safe as possible, but just as importantly, also to ensure that the plant will be perceived as safe.

With regard to the economic issue, which has always been of top priority to me, I have pressed for the release of information in relation to the economic justification all along. And that was also one of my reasons for not endorsing the fact-finding delegations' report as the Legislative Council position document because it contained little reference to the financial implications to Hong Kong.

In this motion we are asking Government to release information concerning tariff so long as it will not breach commercial confidentiality. The crucial study that should shed light on the reasons for Hong Kong's involvement in the project and from which we might learn about the details of the whole economic arrangements of the plant is the Lazard Brothers' report which, unfortunately, the Government has already said would not be revealed because of its commercial sensitivity.

CLP has a monopoly market and the profit allowed is governed by the Scheme of Control. Moreover, there is only one company involved in nuclear energy purchase; there is no competitor. I wonder what has to be concealed to protect the profitability of CLP in this project.

As well, I think HKNIC owes an explanation to the public in relation to the power purchase guarantee. Guangdong NIC guarantees that the 45 per cent power generated by the plant that is to be sold to HKNIC will be no more expensive than coal-fire generated electricity. Then why won't HKNIC make such guarantee to cover its own 25 per cent share of power from Daya Bay? Even if the price of the first six years' electricity supplied by GNIC will be guaranteed, it is possible that the rest of the power (25 per cent) from Daya Bay may be more expensive than coal-fire generated electricity.

We have also been told that the profit of HKNIC will be in line with the margin allowable under the Scheme of Control. That, however, did nothing to ease our mind about the uncertainty of future electricity cost. If, for whatever reason, the cost of nuclear power should soar, no matter what the profit margin will be, the consumer will still suffer.

Of course we have been repeatedly told that the cost would likely be less. This is after all a commercial arrangement. Speaking as a businessman, I would not like to take the words of the party I am dealing with for granted; as a councillor, it is my duty to scrutinise each detail of the arrangement to safeguard the interest of the Hong Kong consumers. It is long overdue that we see some figures and calculations that substantiate these remarks and assurances. Sir, in failing to satisfy myself with the information that is to be released to this Council, I wish to reserve my rights to exercise our powers under the Legislative Council (Powers and Privileges) Ordinance 1985 in order to compel disclosure of all essential documents.

The proposed plant has already exacted its toll in polarising the community, and to some extent this Council. The way the whole affair developed gave cause to people to feel that the confidence in securing a stable and prosperous future has been eroded. We cannot look back at what could have been done. The contracts have now been signed, the plant is going to be built, there is nothing we can do to change this fact. Our immediate task, one that is still within our power to do, is to restore the faith in the fairness and openness of our Government, without which the future of this beloved territory would indeed be bleak.

Therefore, full and complete disclosure of all relevant information concerning the safety and tariff of the plant must be made forthwith. Sir, the motion has my fullest support.

DR. LAM (in Cantonese): Sir, the Daya Bay issue, about which the people of Hong Kong have shown great concern, at last becomes the subject of a debate again in this Council this afternoon. It has been after much outcry before a debate is scheduled for today. To quote a line from a Chinese poem, it is just like 'a singing girl who comes to the front of the stage after prolonged pleading and yet she comes with her face half-hidden behind the pi-pa. (1) There is much to be desired in the way the authorities concerned handled the views that were endorsed by millions of people who gave their signatures. This would cast doubt in the minds of the people as to how far the Government would respect public opinion; (2) As regards the incident of directing criticism to particular Member(s) by name within the Council, it should be pointed out that such act would cause certain repercussions though it may be argued that it is a meritable trait to 'call a spade a spade' in a liberal society which upholds the freedom of speech. This is because some sensitive individuals who have once been the subjects of the liquidation or criticism campaigns may associate such act with those liquidation struggles of the San Fan and Wu Fan movements. To those who feel that 'persecution is imminent', such act may be spine-chilling; (3) At a special Legislative Council in-house meeting during the summer recess, the majority of the Members present objected to asking for a special Legislative Council open meeting to discuss the Daya Bay issue and Your Excellency supported their views. It is only natural that we hold different views since we are on different stand-points and we represent different sectors of the community. However, knowing that it was a unique situation and that there may be certain attendant factors, someone still laid an 'invisible hand' by passing remarks on others. Such practice will certainly have undesirable effect and affect the image of the Legislative Council in the eyes of the public.

Sir, I believe our dear colleagues will agree that the main responsibility of a Legislative Council Member is to reflect faithfully the opinion of the public. The views of the silent majority should not be abused before they are actually aired. The building of the Daya Bay nuclear plant directly affects every Hong Kong citizen. There are some individuals who think that the interest of the 5 million Hong Kong people and that of the 1.1 billion people in China should not be mentioned in the same breath. But if they take a broader point of view, they will understand that the anxieties generated by the Daya Bay issue will lead to unrest which in turn may affect the stability and prosperity of Hong Kong as well as the progress of China's four modernisation programmes. If the interest and opinion of the Hong Kong people are not taken into account by China properly, the public will have the feeling of 'why push us so hard since we come from the same root of the family'. This will do no good to any party.

Sir, no matter whether we agree to the idea that we should act as vanguards in caring for the people, it is still true to say that people will have no confidence on a government which only gives good news and conceals the bad. I sincerely hope that our Government will not adopt such attitude in handling the various aspects of the Daya Bay issue, in particular the economic and safety aspects, and hold back certain information which the people have the right to know. I would like to fight for this under the (Powers and Privileges) Ordinance. I must point out that more and more governments and communities of the advanced countries have given up or suspended the use of nuclear power as they realise the threat that nuclear power plants may have upon the safety of their people and upon the environment that the construction of the Daya Bay plant has begun, the anxieties of the public will not be allayed unless the safety measures and the various feasible contingency plans are implemented in good time.

I fully sympathise with Mr. Allen LEE when he speaks of the accusations on shoe-shining and I hope he will not be troubled by uninformed talk. Sir, as you have mentioned in your opening address, you praised the nuclear power delegation for its work. Thus the person who really does the shoe-shining is Your Excellency, and not Mr. LEE.

Sir, for the stability and prosperity of Hong Kong and solidarity of the Council, I support the motion.

MR. MARTIN LEE: Sir, I am very happy that this motion has been moved by our Senior Member, the hon. Miss Lydia DUNN.

I must say, however, that this debate should have taken place exactly five weeks ago on 10 September 1986. And that would have been possible if the non-government Members of this Council had, at our in-house meeting on 3 September 1986, supported my proposal to call on you, Sir, to exercise your powers under Standing Order 7A to call a special meeting of this Council during the summer recess to debate on the Daya Bay issue before the signing of the material contracts which ultimately took place on 23 September 1986. Bearing in mind the very encouraging words of Miss DUNN which were widely publicised in the press on 27 June 1986, to the effect that the Executive Council would have a re-think on the matter if there were to be strong public opposition to the project, one wonders whether the result of that in-house meeting of 3 September might have been different if Miss DUNN had been here to chair it. Perhaps the sentiments of many people in Hong Kong on this matter can be summarised in the words of a popular song: 'You left me just when I needed you most'. (*laughter*)

Sir, I regret that Members of this Council had not in effect been allowed a free vote at that in-house meeting on 3 September because of a letter dated 1 September 1986 signed by the Acting Governor, Sir David AKERS-JONES and addressed to the Acting Senior Member, the hon. S. L. CHEN, which was read word by word for Mr. CHEN at the very beginning of the meeting, and a copy of which was then distributed to every Member present. That letter contained nothing that we had not already known about the Daya Bay plant project, but

the message was clear: that this Government was committed to the project. Sir, how can anyone ever persuade the public that the 22 Members who had voted against my proposal to request for a special meeting would not have voted the other way if there had been no such letter?

Sir, with the profoundest respect to you, I regret to have to say that in declining to exercise your powers under Standing Order 7A to call a special meeting despite the request of eight Members of this Council so to do, you were wrong to have taken shelter behind the majority decision of my colleagues, which had been generated by the Government. And how can anyone satisfy the public that in holding in effect that the public interest had not required a special meeting of this Council to be held during recess despite such unprecedented public protestations in the form of more than a million signatures against the construction of the Daya Bay nuclear plant and a number of opinion polls which all showed that more than 70 per cent of the people of Hong Kong were against such project, that you, Sir, as President of this Council, had not been influenced by your other capacity as head of the executive? Sir, I am not challenging your personal integrity; but it is of vital importance that the public should perceive that there had not been a conflict of roles.

Sir, as to the motion, I support it, but not without reservations, because of the let-out clause relating to 'commercial confidentiality'.

Sir, I must sound a word of warning to all parties concerned not to try to take advantage of the let-out clause in the motion as an excuse for not disclosing relevant and material documents including but not limited to the feasibility study report commissioned by the Guangdong Power Company and the China Light and Power Company Ltd. on economic aspects, the Lazard Brothers' reports and the relevant Harwell reports because if, at the end of the day, Members of this Council are unable to understand fully the tariff and safety aspects of the project in question, we owe it to the public to exercise our powers under the Legislative Council (Powers and Privileges) Ordinance 1985 to compel disclosure of such documents.

Sir, some views have been expressed by some of my colleagues that we should not abuse our powers under the said Ordinance; that we might be starting a dangerous precedent of forcing a private enterprise to disclose sensitive trade secrets; and that foreign investors may be deterred thereby from investing in Hong Kong. With the greatest respect to my colleagues, I totally disagree with these views.

Sir, we are not dealing with a manufacturer of garments, who is anxious to keep secret his newest designs, his strategy for the promotion of sales, and his profits, in which case it will of course be wrong for us to compel disclosure of such confidential commercial secrets. But we are dealing here with a public utility company involved in the purchase and distribution of nuclear energy—a company which freely decided to switch from conventional to nuclear energy,

with the attendant risk, no matter how small, of causing great loss and injury to the life and property of many people in Hong Kong.

Sir, the people of Hong Kong are entitled as of right to know the answers to the following very material questions:

- (1) Are the Hong Kong Nuclear Investment Company Ltd., as well as its holding company, the China Light and Power Company Ltd., financially sound enough to participate in the Daya Bay nuclear plant scheme and continue in such participation for the whole life of the nuclear plant?
- (2) Will electricity from nuclear energy be cheaper to the consumers? And if so, how much cheaper?
- (3) Will the implementation of the additional safety measures now promised to the people of Hong Kong result in more expensive electricity?
- (4) Will the Daya Bay nuclear plant be safe enough?

Sir, no material information or supporting document relevant to these questions should be withheld by the parties concerned.

Sir, it has been said that a lot of materials contained in the feasibility study report relate to the financial condition of the China Light and Power Company Ltd., as well as how profits are computed. It is said that such information must not be made known to its competitor, the Hong Kong Electric Company Ltd. As to this, I entirely agree with the views expressed by my hon. friend, Mr. Richard LAI, and there is nothing else I wish to add to it.

But surely, it is vital that this Council knows about the financial condition of these companies, for the simple reason that if after, say 10 years of the operation of the nuclear plant, these companies were to become insolvent, the Government would have to support them with funds. For how else can we have sufficient electricity for the people of Hong Kong? And how can we switch from nuclear energy once we have committed to it without a lot of forward planning and great inconvenience and expenses? So we must find out now whether these companies are financially sound. And likewise, we must have the answers to the other questions, so that we can tell whether the participation of these companies in the Daya Bay scheme is economically viable, and whether such participation will ensure to the benefit of the consumers, the people of Hong Kong. Furthermore, we must not forget that in most countries in the free world, no nuclear plant can be constructed without a prior public enquiry where nothing can be withheld.

Sir, as to the argument of some of my colleagues that we may be abusing our powers under the Legislative Council (Powers and Privileges) Ordinance to compel disclosure of such information or supporting documents, I must say that I completely reject it. For if we fail to get enough information from the relevant parties so that we do not have sufficient understanding of the tariff or safety aspects of the project, are we simply to fold our arms and say, 'Too bad,' and do nothing further about it?

Sir, it is very unfortunate that these views had been expressed in public even before this debate, because I am afraid that the relevant parties might take that as a hint that if they were to withhold such information or documents, nothing would happen to them because they could count on the majority Members of this Council to protect them by not exercising their powers under the said Ordinance. To redress that, let me say this now, and let there be no misunderstanding whatsoever: that if what I fear does materialise, then I for one will not hesitate for one moment in moving a motion to compel the disclosure of such information and documents to this Council.

Sir, too little has been done in this Council for too long for too many people in Hong Kong on this Daya Bay issue. We must make sure that this debate will not degenerate into yet another stalling exercise. And let us hope that this Government and this Council will restore their image by doing everything now within their power to protect the interests of the people of Hong Kong.

MR. LEE YU-TAI: Sir, what is a commercial secret? I think this question is uppermost in the minds of the public as we debate this motion.

It is understandable that commercial secrets must be kept in situation where competition exists otherwise business may be lost to competitors. In the case of the two power companies in Hong Kong, they enjoy monopolies for the supply of electricity to their respective areas. As there is no competition from other suppliers, it is difficult to convince people why there is a need for commercial secrecy, but for exceptional areas like conditions of loan financing. I believe that this Council as well as the public at large have the right to ask questions. The nuclear plant project at Daya Bay is certainly the issue which has attracted most public attention since elected members joined this Council last October, and more than 1 million signatures collected by concerned groups testify this.

Another question to which the public want an answer is the price of electricity. There is an agreement whereby nuclear electricity will be sold to China Light and Power Company Ltd. at a price not exceeding that of the electricity from conventional coal-fired generation. The consumer does not have a similar guarantee. China Light may add a profit to the purchase price when nuclear electricity is sold to the consumer, subject to the provisions of the Scheme of Control.

China Light and Power Company Ltd. participates in the Daya Bay project. The large amount of investment it puts into the project may enlarge the base on which permissible profit levels are calculated. So it is quite possible that the new profit levels will mean a more expensive electricity bill for the consumer. The consumer could therefore ask the question whether or not the investment by China Light and Power Company Ltd. in the Daya Bay project will lead to greater profit for the company and higher rates of tariff for electricity consumption for the consumer.

Finally, I would like to make a mention of the Powers and Privileges Ordinance of this Council. The provisions of the Ordinance do empower this Council to obtain information including commercial secrets. It is recognised that such powers need not and should not be used too often, but they do exist and can be invoked if public interest so warrants. Nations maintain military forces which are not intended for use except when the safety and existence of the nation are threatened. For a great many people in Hong Kong, the nuclear plant is considered as a great threat to the safety and even the existence of the territory. It may turn out to be an issue so crucial to the public interest that Members of this Council may find themselves faced with the difficult decision of whether or not to invoke the provisions of the Legislative Council (Powers and Privileges) Ordinance.

Sir, with the above remarks, I conclude this talk and support the motion.

MR. NGAI (in Cantonese): Sir, it is recognised that the construction of the Daya Bay nuclear power plant is now a reality. The signing of the construction contracts, however, does not mean the conclusion of the episode; it only signifies its beginning. The people of Hong Kong now have to face some new problems. On the one hand, it is the problem of urging both the Chinese and Hong Kong authorities to jointly guarantee that the management and operation of the nuclear plant will attain the highest international safety standards; on the other hand, it is the problem of how to ensure that the nuclear power plant will bring real economic benefits to Hong Kong so that its people can enjoy cheap energy supply.

At the present stage, the Hong Kong Government and the China Light and Power Company Ltd., as participants of the Daya Bay nuclear power project, should make public details of the information the people of Hong Kong require and hope to know, be it for the purpose of publicity education or to sell the project. The most important information is naturally those concerning safety and electricity tariff because this information bears a close relationship to Hong Kong's economy and the livelihood of its people. Considering that Hong Kong is going to purchase about 70 per cent of the electricity to be produced by that nuclear power plant, Hong Kong people will therefore be the largest customer. Now the largest customer wishes to know certain information in connection with the safety aspects and scheduled price of the product. The relevant authority will be the worst salesman if it still refuses to make public those information (except for a limited amount of commercial secrets). Not only is such attitude unreasonable, it is also unfair to the Hong Kong consumers.

I mentioned at the last adjournment debate that the development of Hong Kong's industry and trade much depends on the continual supply of electricity and stable tariff charges. Hong Kong has now started to participate in a large scale nuclear power investment. Being Hong Kong people, we naturally have the right to know the economic benefits that this investment will bring to Hong Kong; this includes the following two aspects:—

- (1) *How will the electricity tariff be assessed after the power is purchased?*

The assessment of the electricity tariff should be based on a set of criteria. Presently, the tariff fixed respectively by the two electricity companies in Hong Kong are directly related to the amount of the permitted return to be awarded to their shareholders. Profit for shareholders of these two companies guaranteed under the Scheme of Control represents a percentage rate of the total value of the companies' fixed assets. In other words, the level of profit does not depend on the quantity of electricity sold. If the level of profit does not reach the fixed percentage rate, the company concerned can then apply to the Government for an increase of the tariff. With respect to tariff for electricity purchased from the Daya Bay plant, the relevant authority should make public at an earliest possible stage how it would be assessed and whether such calculations would be based on the same mode presently used for the power companies. The public should also be consulted on these arrangements.

- (2) *How will profit for the Hong Kong nuclear power investors be calculated?*

Hong Kong people have the right to know whether the above-mentioned Scheme of Control and the method of profit calculation presently used by the electricity companies would be similarly applied to Hong Kong nuclear investors or a new scheme of control would be formulated. The present arrangement whereby the permitted return of the two electricity companies is linked with the value of the companies' fixed assets has caused controversy. Therefore, in future, the control of profit for nuclear investors should not be based on this present scheme of control. Instead, the volume of the electricity sales annually should form the basis of the calculation. The Government should formulate the appropriate legislation and consult the public on them.

We have already heard about the experience and views of experts from Europe, USA, Japan and China regarding safety guarantee and contingency planning for the Daya Bay nuclear power plant. We have also received many representations and proposals made by concerned groups and individuals. I believe it is now time for the Hong Kong Government to make public the report on nuclear plant safety assessment and contingency planning prepared by the consultancy experts. Since Hong Kong Government has already approved the participation by China Light and Power Company Ltd. in the Daya Bay nuclear project, it should naturally also take up responsibility for ensuring that the project will be both beneficial and safe to Hong Kong. To use public fund to employ consultants to look into the safety assessment should be for that same purpose. I fail to see why the Government should keep confidential the safety information of the plant when this problem of

safety would affect the whole population; such secrecy would only heighten public suspicion. I support that the relevant report should be made public irrespective of how professional or technical it may be.

Separately, I would like to make two points of comment on the report of the Legislative Council delegation on nuclear power generation to Beijing:

The first point is about the setting up of an independent advisory body with Hong Kong people's participation to advise on the safety and management aspects of the Daya Bay plant. I consider that this advisory body should be established as soon as possible so that its members could get first-hand information concerning each stage of the construction of the plant, thus facilitating the advisory body to perform its function. The Government should help in every possible way to set up this advisory body at an early date.

Secondly, the Chinese authorities have indicated that a comprehensive and fully co-ordinated contingency plan would be drawn up in the next two to three years. This would be in step with the needs of the Daya Bay plant. They also undertook to establish an emergency response centre before the commissioning of the plant. I welcome these promises and consider that the Hong Kong Government should actively consult the people of Hong Kong on their concerns such as the basic problem of drinking water and food to cater for the entire population in case of emergency. The Government should then reflect these concerns to the authorities concerned to seek better contingency arrangements for the people of Hong Kong.

Finally, I would like to take this opportunity to express my appreciation to the Legislative Council delegation members for the sense of responsibility and painstaking spirits they have shown. The task was not an easy one. Though responses from the public varies, time will prove what is right and what is wrong. Many of the recommendations in the delegation's report have been reflected to China and most of them have been answered. We are now waiting for the Hong Kong Government to take positive actions on some of the recommendations.

Sir, with these remarks, I support the motion.

MR. PANG (in Cantonese): Sir, on 16 July, an adjournment debate on the Daya Bay issue was held in this Council. On that day, most of the Members urged the Government to request the Hong Kong Nuclear Investment Company of the China Light and Power Company Ltd. and the Guangdong Nuclear Power Joint Venture Company not to sign any contract for the time being. The Financial Secretary then said in his reply that the relevant contracts would not be signed before October. However, two important contracts were in fact formally signed on 23 September this year.

Sir, the fact that no special meeting was held by this Council before the signing of the contracts and your decision not to exercise special power to call a

special meeting, have led Hong Kong people to give this Council a vote of non-confidence. This is because they consider that some of our Members have not only failed to strive for the shelving of the construction of the Daya Bay plant, but have also worked against public opinion by seemingly peddling the construction of the nuclear power plant. If we are willing to place ourselves among the general public and earnestly listen to their opinion, we will understand that they are strongly dissatisfied with the construction of the Daya Bay plant.

Since the Sino-British negotiations on Hong Kong's future, the Daya Bay project is an issue over which the relationship between the Government, our Members and the public has been the most hostile. This is because during this period, fact-finding delegations had been organised by our colleagues to visit Europe and USA, a report was published after the visit and they had also visited Beijing, announcing on their return that their confidence had greatly increased. But according to several public opinion surveys conducted recently, most people still want to stop the building of the Daya Bay nuclear power plant. Their anxiety has not been allayed at all.

Sir, in refuting those who keep emphasising that nuclear plants are safe, the leader of the Social Democratic party of Switzerland once said: 'Those experts who say that nuclear power plants are safe had been telling us the same thing in the past. But the results are all the same—nuclear plant accidents still happen. Do not believe them. The more they tell you that such plants are safe, the more reason you have to stop building them.' The policy platform unanimously agreed at the recent meeting of the British Labour party also declared that the nuclear plants in England should be closed down gradually.

Today, there are other colleagues who call for the disclosure of all relevant information concerning Daya Bay which have not been made public. This is a most basic demand because in a democratic and liberal society, it is necessary to make known to the public all information which are in the public interest and of great concern to the people.

Sir, with these remarks, I support the motion.

MR. POON CHI-FAI (in Cantonese): Sir, I remember last time when we had the adjournment debate on the Daya Bay nuclear power plant, I urged the departments concerned to provide information as soon as possible to support their guarantee on safety. After the debate, I joined the Legislative Council fact-finding delegation and had visited Europe and Japan to study the operation of their nuclear plants. During these two visits, not only did we collect a lot of detailed information, the hundred odd questions on nuclear plants which we gathered before our departure had also been clearly explained by the authorities concerned. We learnt that Europe and Japan had attained international standards in the supervision and monitoring of nuclear safety. Later when we, upon invitation, visited Peking to exchange views on the Daya Bay plant, the

Chinese officials guaranteed again and that they would make every endeavour to make the plant as perfect as possible and to meet international standards in its operation. They also agreed that Hong Kong people could participate in monitoring the safety operation of the nuclear power plant.

During our visit to Europe and Japan, what impressed me most was the efforts made by the governments and the nuclear companies in promoting public education on nuclear energy. Not only is the general public's knowledge on nuclear energy deepened, sufficient information is provided to clear their doubts on nuclear plants. By comparison, the information supplied by the Government and the companies concerned in Hong Kong is insufficient. The majority of the Hong Kong people still have great fear and doubts especially on the safety aspect and that the use of nuclear energy might further increase our financial burden.

Sir, in order to clear their doubts, the companies concerned should provide sufficient information to increase the people's knowledge and deepen their understanding of the Daya Bay nuclear plant. Hong Kong Government should enhance close discussion with China to ensure that the construction, operation and monitoring of the plant would reach international standards. At the same time, nuclear education should be promoted and information on nuclear safety and economic effectiveness should be provided to assure the people of Hong Kong that they will not bear unnecessary financial burden when they use nuclear energy.

Sir, with these remarks, I support the motion.

PROF. POON: Sir, the Daya Bay issue has become the cause of much public concern and this is quite understandable. Most people know little about nuclear technology and cannot, therefore, formulate their thoughts objectively on the matter. The fact that the concern has exacerbated after the Chernobyl nuclear plant accident is again quite understandable. The concern has developed into fear—fear that Hong Kong will become a 'dead city' if a nuclear accident occurs in the Daya Bay plant.

This now, therefore, is a highly charged issue, made complicated by political connotations, economic implications and emotive considerations. However, since I had addressed the issue from a scientific point of view in my speech in the last adjournment debate, I would again like to free myself from all these complications and address myself to the scientific issues alone.

So far as the safety aspect is concerned, there appear to be two major worries among the public. First, having a nuclear power plant in Daya Bay is equivalent to having a timed nuclear bomb near our doorsteps. Secondly, since no one can guarantee 100 per cent safety of any nuclear power plant, accidents attributed to machine fault or human error will make Hong Kong a 'dead city'.

Having participated in the fact-finding delegation to France, Austria and Japan, in addition to my personal trip to the United Kingdom, I have been able to gather very useful information on the matter.

First, a nuclear power plant can never explode like a nuclear bomb although many people truly believe it to be so. It should be stressed that the uranium-235 enrichment in a nuclear power plant is only 3 per cent which is far lower than the minimum requirement of a 20 per cent enrichment for a nuclear explosion to occur. In fact, atom bombs even use pieces of almost 100 per cent pure uranium-235 or plutonium-239. therefore, there can never be any explosion of the nuclear fuel itself in nuclear power plants.

Secondly, there was no purpose-built containment building in the Chernobyl nuclear power plant. The lack of such a containment building means that there was almost a complete release of radionuclides into the atmosphere in the event of an accident. But for a pressurised water reactor (PWR), there is a strong containment building. I was given to understand that the integrity of this containment building could not be challenged even under the worst accident condition. It is made of pre-stressed concrete with the capacity to withstand an impact of at least 10 atmospheric pressure. Even if the worst accident occurs, the pressure built up will be around five atmoshpere and in the worst situation of a hydrogen explosion, the energy spike generated will be about nine atmosphere. So if a serious accident occurs, though very unlikely, by either machine fault or human error or both, it does not automatically imply a serious radioactive release into the atmosphere. Most of the radionuclides will be retained inside the containment building and only a very small fraction of them will be released.

Several countries now have PWR plants. According to recent report of the British Central Electricity Generating Board, at least 123 plants are currently operated and managed by people of different calibre in these countries and collectively, they have an experience of 1 114 reactor years. Although there have been accidents, including a major one at Three Mile Island, no serious release of radioactivity has ever occurred. These accidents may have caused heavy financial loss to the governments or the power companies concerned but there is no evidence of irreversible or devastating consequences on the environment and the health of the people of these countries.

Thus it is quite wrong to conclude that any future accident occurring in a PWR plant would be as catastrophic as the Chernobyl nuclear plant accident.

Sir, an example of a chemical experiment may serve to illustrate the point. There are two beakers each containing an equal volume of a coloured liquid of identical appearance. If one beaker explodes when the liquid is boiled causing an enormous damage to the laboratory, an onlooker would, very naturally, feel that the second beaker would also similarly explode. He would strongly oppose any attempt to boil the liquid in the other beaker. It would be very difficult for him to believe that the second beaker would not explode when the liquid in

it is boiled, even if a scientist who knows the composition of the two liquids so confirms.

However, the information we gathered during our visits to Europe, USA and Japan could be looked at only as reference material since each nuclear power plant must have special features to cater for the peculiarities and characteristics of the site and location. Therefore, Sir, I feel most strongly that direct information from the Guangdong Nuclear Power Joint Venture Company on the safety aspects of the plant to be built in Daya Bay should be made known to the public. Nothing effective has been done so far by the Guangdong Nuclear Power Joint Venture Company or the Hong Kong Government to allay the fears of the people in Hong Kong concerning Daya Bay. I urge the joint venture company to release all technical information, such as the source terms under various accident scenarios, the radiation doses and their likely impact on the environment and health of people living at a distance 10 km away, 30 km or 50 km away. What are the major assumptions? A comparison of these data with those we obtained during our fact-finding trips will show whether the Daya Bay PWR plant is to be so constructed to enable it to prevent any serious radioactive release even in the very unlikely event of a major accident.

I understand that France intends to introduce the sand filters system as an additional safety feature in its power plants. I urge the joint venture company to explain to us whether the same system would be incorporated into the Daya Bay nuclear power plant. If not, why not?

As a scientist, I would like to point out that there is never 100 per cent safety for any kind of experimental science. Do we have to close all laboratories in educational institutions and deprive the children of their chance to try scientific experiments just because 100 per cent safety cannot be guaranteed in the laboratories? If 100 per cent safety has to be guaranteed in all experimental science it will be the end of scientific development, turning the clock backwards to the Dark Ages. The disaster which struck the Union Carbide plant in Bhopal about two years ago causing a human tragedy of an excruciating nature did result, I understand, in the closure of that plant; but, more importantly, it also resulted in a re-appraisal of safety standards in many chemical plants elsewhere. The painful lesson, therefore, was to ensure improved safety standards which must be monitored continually and vigilantly rather than a closure of all chemical plants around the world. There are also, of course, many other types of activity in which the risk of fire is high. This does not, and cannot, mean that all such activities should be abandoned. It only means that the risk must be recognised and evaluated, and adequate measures must be taken to reduce it. I conclude by suggesting that a sensible and reasonable solution should be found by striking a balance between the contributions and the hazards such kind of science will bring about.

With these remarks, Sir, I support the motion.

6.00 p.m.

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

*Question put and agreed to.*

MR. SOHMEN: Sir, on 2 September I issued a statement with my views on the controversy surrounding the planned construction of the nuclear power station at Daya Bay. I do not intend to repeat myself today but am attaching a copy of that earlier statement to this speech for reference. (See Appendix)

In the light of the strong opposition by a number of Hong Kong residents to Daya Bay—an opposition which in my mind was five years late in coming—arguments in favour of construction are clearly not as fashionable as the arguments against the plant.

Like in most other countries where nuclear power generation has become an issue of public concern and debate, both before and after the Chernobyl accident, the discussion in Hong Kong has also suffered occasionally from emotional outbursts which have overshadowed rational deliberation. Then unfortunately slogans come to rule the day. Topics quite unrelated to the main issues are raised against the backdrop of the general public unease with nuclear power, blurring the essential points that need to be addressed in the wider context of global and local energy planning for requirements beyond the end of this century.

On such an emotive level of debate, all reactor types are equally suspect and unsafe; any attempt to establish facts and learn from the experience of others are described as cover-ups; and the economic justification for nuclear power generation is challenged on the basis of optimistic assumptions regarding alternatives. It is much easier of course to play on fear than trying to reduce it, and this Council and individual Members have been blamed for 'not speaking out,' for 'not being responsive to the public,' for 'not taking a stand'—notwithstanding the many man-hours spent by councillors in deliberations of the public utilities panel, in the adjournment debate, on the visits to Europe, Japan, the United States, and Beijing, on the preparation of the missions' reports: all done in the effort to hear from more experts, search for factual information and experience, and help educate public opinion. I thought it puzzling that those voicing the greatest concern in this Council about the dangers of a nuclear plant located close to Hong Kong (but after all across the border in China) were not willing to join the fact-finding delegations, were critical of their findings, and opposed discussions with the Beijing authorities ultimately making the decisions. I also wondered how the many signatories of the petitions were able to judge the complex technical and safety aspects well before more facts had been assembled.

I have witnessed debates on the pros and cons of nuclear power generation before—indeed the country of my birth has provided a classic example of how dramatically perceptions and policies can change over time—and I fully respect

the opinions of those who sincerely believe that nuclear power is either unnecessary, premature, or too risky, even though I am not personally in agreement with them. There is certainly no disagreement that nuclear installations cannot, nor possibly ever will be absolutely safe. None of man's creation can be said to enjoy that privilege. To call attention to this fact and by so doing help prevent lethargy, sloppiness, or negligence is certainly a worthwhile and commendable undertaking. Hong Kong has now had the benefit of such an awakening but we should not let this campaign degenerate into an excuse for confrontational politics on subsidiary issues, or be used as a pretext to question the role of this Council or the individual commitment or sense of responsibility of its Members.

The motion before us calls for the disclosure of additional safety and commercial details by Government and the contracting parties. Since the decision has already been made to proceed with the construction of the plant, will production of these documents really increase safety and guarantee higher construction and maintenance standards? Have the anxieties of the Hong Kong population about proximity of the plant, lack of Chinese expertise in the operation of such units, and the apparent absence of full contingency planning not already been brought to the attention of the Chinese Government and to the awareness of the Hong Kong Administration and the contracting parties? Although I am naturally in favour of more knowledge and of greater disclosure and proper use of all relevant information—provided as I have said before there is no coercion to divulge commercially sensitive terms since this could set a dangerous precedent for our whole economic system—I do wonder whether the production of more documents called for will indeed be capable of putting peoples' minds at rest, or could not have the opposite effect of prolonging the debate on what must now be considered history, thus maintaining a higher level of anxiety. We should also not overlook that the Hong Kong Government has already made quite a lot of information available to the Legislative Council and to the public in the past few months.

I submit, Sir, that it is hardly relevant for the basic issues whether we can, or cannot, be assured that the contractual terms favour Hong Kong in the purchase of electricity, since this cannot with certainty be forecast in any event and would be tantamount to saying that we could overcome fear by the simple expedient of holding out the prospect of financial benefit; I am afraid, Sir, even I am not cynical enough to believe in such powers of collective greed. I wanted to remind Members of the conclusion drawn by the hon. Kim CHAM in the July adjournment debate when he said that 'the cost of a nuclear disaster could effectively nullify all of the economic benefits.' But he has reminded us himself again today of this stark reality.

Apart from suggesting, as the motion implicitly does, that those originally involved in considering the economic and technical assumptions for Daya Bay might have been ignorant, or might have been acting irresponsibly or in disregard of the public interest—so much so that full disclosure is now required

for verification purposes—it also conveys the notion that if Hong Kong was not economically involved with the plant, our concerns would have less justification. This would be equally absurd. I therefore question both the logic and the benefit a retrospective evaluation of the decisions to proceed would have for the current effort to alleviate fear. We can go on forever discussing the merits and demerits of the original parameters, the probability of nuclear accidents actually occurring to pressurised water reactors, the energy needs of China, but it will not get us any further. What I suggest we should do is to try and ensure that the promises which have been made by all concerned parties about safety features in design, construction, training and operation, about wider international expert involvement, about proper monitoring and contingency planning, that these measures and promises are faithfully kept and implemented. I believe this is now, and probably always was, the only realistic course of action for this Council to take in discharging its duty to the people of Hong Kong.

Sir, I do not often find myself in the same position as the hon. Martin LEE, but I do so this afternoon albeit for reasons diametrically opposite to his in expressing reservations about the wisdom of this motion. Nevertheless and despite the reservations I have expressed, I do support the motion.

Appendix

#### **Statement on Daya Bay by hon. Helmut SOHMEN**

In the personal belief that (a) nuclear power electricity generation is necessary and-like the widespread application in the military sphere-is here to stay on a world-wide basis, and (b) that the Chinese authorities have firmly decided to proceed with the construction of the nuclear power station at Daya Bay, I am not in favour of convening a special session of the Legislative Council on the issue for the following reasons:

1. Such a session—even if it was held and a majority of the Council expressed views against the construction of the plant (which is by no means certain)—will not necessarily prevent the signing of the contracts.
2. Demands on the Hong Kong Government by the Legislative Council to force the contracting parties to divulge confidential commercial arrangements would produce a dangerous precedent and undermine the traditional confidence placed by local and foreign investors in being able to freely enter and perform legitimate commercial agreements in Hong Kong without fear of government interference. Second-guessing the contracting parties as to the economic justification for the construction of the Daya Bay nuclear power station is suggesting that the parties involved are intent on making commercial mistakes and is implying that they do so in defiance of strong public opinion. These propositions do stretch credibility and indicate a lack of understanding of commercial realities.

3. Members of the Legislative Council are of course aware that the Executive Council had given approval to the participation of China Light and Power Company in the joint venture company under the applicable Scheme of Control, after extensive deliberation. Admittedly, the decisions were all made before the Chernobyl disaster and both the Hong Kong Government and the utility company can be accused of not fully educating or alerting the public earlier to the potential risks involved in nuclear power generation. It must be remembered, however, that the project is essentially the same as it was when these decisions were made, but previously there was almost nil public discussion nor were there any strong expressions of concern. For the Legislative Council with the benefit of hindsight to now criticise the decision made by the Hong Kong Government in allowing HKNIC to enter the joint venture would be tantamount to charging the Hong Kong Government with irresponsibility. Such an implied censure would undermine the confidence in the competence and in the good faith of Government in dealing with issues of public concern. An actual or perceived loss of governmental authority in this critical time in Hong Kong's history is potentially highly damaging to the territory's stability and prosperity.
4. A demand by the Legislative Council to the Hong Kong Government to ultimately request the Chinese authorities to delay, change, or cancel the plans for the construction of the Daya Bay plant, in the certain knowledge that such a request is not likely to be heeded, can only mean a deliberate attempt to produce a confrontational situation. This approach does not offer a constructive solution in the public interest but is apparently being suggested to create false hopes while polarising opinion within the Legislative Council.
5. It would be irresponsible for Members of the Legislative Council, by accepting the 'easy option' of a special session, to overlook the wider constitutional, political, and economic considerations for Hong Kong resulting from the demands made for a debate on Daya Bay in order to appease current public opinion and the fears generated principally as a result of the Chernobyl disaster. While the Legislative Council must certainly take into account the genuine concern felt by many in the community—a concern incidentally shared by many councillors themselves as already expressed in the previous debate—about the extent of the risk of a nuclear accident, and the relative adequacy of training, operational, monitoring or evacuation planning so far undertaken by the joint venture and both the Hong Kong and Chinese Governments, Members of the Council should be equally conscious that they have a duty to try and find courses of action that can produce satisfactory, and achievable results. Confrontation will not do that, neither will retrospective criticism, the simplistic assertion that Hong Kong will not require increased electricity supplies in future, or a smug reliance on the future adequacy and economy of fossil fuels as energy sources. The

population in industrially progressive but resource-poor countries in the world, such as Japan or France, are clearly convinced of the need for nuclear power generation, and are concentrating all efforts on improving plant design and manpower reliability, with apparent success.

6. Since there is no such thing as absolute safety in nuclear power generation, the public debate and Legislative Council work should focus less on the non-productive argument whether or not Daya Bay should be built but on how the highest degree of international participation in the construction and operation of the plant can be ensured in both Hong Kong's and China's interests. Instead of producing domestic and external conflict and defensive reactions, this approach would, under existing legal circumstances, be a more rational and positive contribution to the problem.

The public discussion, while late in developing in Hong Kong, has already generated a welcome greater general awareness of the critical aspects of planning and execution of nuclear power projects, and this is certainly necessary and should be followed up with further public education and detailed programmes for monitoring and emergency procedures along the lines practised in other 'nuclear' countries and as described in the OMELCO mission reports.

7. I fully support the sensible recommendations contained in the OMELCO mission reports but these recommendations can be propagated and/or further refined without the need for a special session of the legislative council. An invitation to the mission members to visit Beijing should be accepted, as it would allow legislative councillors to again convey the strong views of the Hong Kong people about safety, education, and emergency planning needs to the concerned Chinese authorities together with all technical suggestions for improvement. I would hope that all those Members of the Council who declined to join the previous missions in favour of personal expeditions or private discussions in other countries will now find it possible to participate in a Beijing visit and lend the weight of their strong beliefs to the presentations before those who do have ultimate decision-making powers. This would better demonstrate their commitment to the Hong Kong people than the demands made for a special Council session.

MR. SZETO (in Cantonese): Sir, in your annual address to this Council on 8 October 1986, you said that 'it was in no way surprising that deep and genuine concern should also be expressed in Hong Kong about the safety of the plant at Daya Bay'.

Although the main contracts for the plant have already been signed, the anxiety and fear of the people of Hong Kong have not yet subsided. The concern over the plant will continue to exist in the decades to come, that is, throughout the period of its construction and operation until the problems of waste disposal and decommissioning are properly solved. Such a feeling will

grow even stronger because the source of anxiety and fear has become a fact at our side and the potential risks may turn into a real and destructive disaster at any time. Any nuclear power plant accident in a certain part of the world will get on the nerves of the five million people here and will have a striking impact on the prosperity and stability of Hong Kong.

The views of the overwhelming majority of Hong Kong's population have been reflected in the campaign for the shelving of the Daya Bay nuclear power plant. Although these views have fallen on deaf ears, experience from history tells us that the campaign will certainly go on.

No one can guarantee that nuclear power is absolutely safe. The remark that nuclear power is 100 per cent safe is itself unscientific. The correct attitude should be that on the one hand, we firmly uphold the original objectives of the campaign to stay on, and on the other, we strengthen our efforts to monitor every step in the construction and operation of the plant at all times. The standard of safety should be improved to minimise risks, and at the same time, the goal to fight for the shelving of the project should be attained when any problem is detected and before a potential risk turns into a real danger. Are we not assured that no licence will be issued if the construction and operation of the plant are not up to standard? Without a licence, the project cannot go ahead. If the assurance really counts, the possibility of shelving the project is not ruled out. Such an assurance will be fulfilled only if efforts of the public to closely monitor the plant are stepped up. To fight for the shelving of the project and to strengthen the monitoring measures are two means to be employed co-ordinatively in the sustained stage of the campaign.

Under today's motion, we request for the disclosure of information and supporting documents in relation to the safety and economic effectiveness of the Daya Bay nuclear power plant. This is the first concrete action taken in the sustained campaign to fight for the shelving of the project and the strengthening of monitoring measures. It is also the wish of the overwhelming majority of Hong Kong's population. It is not only a reasonable right of consumers but also a right of the 5 million odd people to ask, for the sake of themselves and their children, for information on safety. There is nothing we cannot tell the others. If the so-called 'commercial secrets' do not concern the safety and well-being of the public, we will not be interested to know even if they are disclosed. However, the information and supporting documents regarding safety and economic effectiveness of the plant should not be concealed from us on the pretext of 'commercial secrets'. If such is the case, I would support the using of proper provisions of the (Powers and Privileges) Ordinance. Some people criticise that this would adversely affect the tripartite arrangement and it would be an infringement of the Administration. If such comment is correct, then it is not those who made use of the Ordinance who have infringed on the tripartite Administration but those who at the on-set, drew up the regulations and law. Now the 5 million odd people who live and intend to stay in Hong Kong are closely watching the response of the Government and the authorities concerned

to this motion. The public will continue to closely watch their attitude in handling similar information and documents in future. It will arouse suspicion if the Government does not take an active role in a full and complete disclosure of information. I hope that there will not be a similar motion in future.

All comments on the Daya Bay nuclear power plant, whether they are made in the past, the present or the future, will be recorded in the history of Hong Kong. I fervently hope that there will not be such a day when we have to look back, scrutinise words and speeches, judge the right from the wrong and comment on one's merits and errors.

Sir, with these remarks, I support the motion.

MRS. TAM (in Cantonese): Sir, the three main contracts concerning the construction of the Daya Bay nuclear power plant had already been signed in late September, means that the Chinese authorities finally decided to build the nuclear power plant as scheduled. However I believe this Council serving in the interest of the people of Hong Kong, will continue to strive for their best interest.

It has always been my view in the issue of the construction of the Daya Bay nuclear plant that, apart from the safety aspect which will directly affect the lives of all Hong Kong people and therefore deserves our concern, the future level of the electricity tariff charged to the local consumers from nucleargenerated power also directly affects the interest of Hong Kong people. It should be viewed with equal importance. Hong Kong took part in the investment project of the Daya Bay nuclear power plant construction and agreed to take 70 per cent of the electricity generated by it after its commissioning. This was governed by the initial thinking that the operational costs of nuclear power would be lower than those of coal-fire generated power. Compared to investment in coal-fired power plants, it would be more in line with economic principle and the interest of Hong Kong people to purchase electricity from the Daya Bay plant. As the Daya Bay project is now entering into the stage of actual construction, it is my view that there is a need to reaffirm that the future tariff of electricity charged to the Hong Kong consumers will not be higher than the tariff charged for coal-generated power. In this regard, I would like to raise two queries regarding the present arrangement.

Firstly, according to the present arrangement, Hong Kong can purchase power from the nuclear plant at a price not higher than that of coal-generated power during the first six years of the nuclear plant's operation. If nuclear power is cheaper than coal-generated power, Hong Kong will purchase electricity at the operational cost of nuclear power; and if coal-generated power is cheaper than nuclear power, then Hong Kong will purchase electricity at the operational cost of coal-generated power. This arrangement can, no doubt, protect Hong Kong from the risk of having soaring electricity tariff and safeguard the local consumers against the possibility of having to pay higher charges in the first six years. This is likely because at the initial stage of

production operational costs can be high as operational techniques are not fully master and the production level may not reach its standard. However, this arrangement still cannot fully guarantee that the people of Hong Kong need not pay additional electricity charges in the first six years of the plant's operation. The reason is that the aforesaid arrangement is only included in the sale and purchase agreement between the Guangdong Nuclear Power Joint Venture Company Ltd. and the China Light and Power Company Ltd., to safeguard the tariff paid by CLP in the purchase of nuclear power. My concern, however, is the price that is to be fixed by CLP when it resells nuclear power to local consumers. The actual electricity tariff the public have to pay is not guaranteed in the agreement.

The existing tariff charged by CLP is governed by the Scheme of Control for public utilities companies which stipulates that China Light's return cannot exceed a certain percentage. On the surface, CLP will also subject to such control when it provides nuclear power to Hong Kong. However, it should be noted that the calculation of the permitted return in real terms is based on the value of CLP's total assets. When the value of the total assets increases, the permitted return will increase correspondingly. The Hong Kong Nuclear Investment Company, which is a subsidiary company of CLP, has 25 per cent share in the Daya Bay nuclear plant project. This investment will surely increase the value of CLP's total assets and consequently, its permitted return. CLP is in theory entitled to increase its tariff. The crux of the matter lies in:

- (1) how much will the investment in the Daya Bay project add to CLP's total assets in real terms?
- (2) how much is the increase in the permitted return?
- (3) will the tariff be higher for nuclear power than coal-fired electricity because of increase in the permitted return of CLP?

Regrettably, the numerical answer to the above questions have not yet been made known to us. I hope the authorities concerned will release the relevant information as soon as possible and that CLP will directly assure the public that at least for the first six years, the tariff charged will not be increased because of nuclear power.

Secondly, the price guarantee of electricity between the Guangdong Nuclear Power Joint Venture Company Ltd. and CLP is only for six years. After this, the GNPJVC will no longer be obliged to sell electricity to the CLP at a price lower than the cost of coal-fire generated power. In other words, the people of Hong Kong may need to pay higher electricity tariff than for coal-fire generated electricity. In the past, nuclear generated electricity is deemed to be cheaper than coal-fire generated electricity. With the Chernobyl accident, and together with the falling prices of fossil fuels, such presumption of nuclear power being cheaper should be reconsidered. On the one hand, the price of coal for electricity generation has decreased by 30 per cent from 1981 to now. This is in contrary to the projection made by experts who under-estimated the ability of the con-

sumers to save energy. Therefore, even if there is a further increase in coal price in the future, no one can be certain that this would not lead to further saving from the consumers causing a lower price increase than originally estimated. On the other hand, the Chernobyl accident has induced countries to reinforce their nuclear safety measures. And the Daya Bay nuclear power plant should be no exception. The cost for nuclear power will accordingly increase. I am not an energy expert. I cannot and will not predict whether the cost of nuclear generated electricity will be higher than that of coal-fire generated electricity. From the above arguments, there is the possibility that it might be higher. And the likelihood is greater than before. So, in the ensuing 10 years or more after the initial six years, Hong Kong people may have to pay higher tariff for nuclear generated power than for coal-fire generated power. If such is the case, the original purpose of Hong Kong's participation in the Daya Bay power plant project will be defeated. Therefore, I earnestly request the authorities concerned to seek a long-term price guarantee which is acceptable to both Hong Kong and China, having regard to the long-term interests of the Hong Kong people.

With these remarks, I support the motion.

MR. TAM (in Cantonese): Sir, the discussions on the Daya Bay nuclear power plant issue over the past months amongst a wide sector of the community have aroused the widespread concern of the general public, and prompted the authorities to face the safety aspect of the plant seriously and prudently. In this regard, I can say for sure that the discussions have indeed achieved a positive effect.

I remember saying during the last adjournment debate on Daya Bay nuclear power plant that we had been discussing the issue without the benefit of solid information, data and analysis and that the formulation of any views, whether for or against the project, under such circumstances, would not ease public anxiety over the safety aspect, nor would it help reaching a rational judgment. Since the last adjournment debate, there is the relatively good news that China Light and Power Company Ltd. has at long last agreed to release the major part of its 'Feasibility Study Report'. On top of that, our learned colleagues have brought home ample information on nuclear power from their fact-finding trip in early August. What is regrettable is that both the Government and the Hong Kong Nuclear Investment Company are still withholding from us other reports on matters pertaining to the economic effectiveness of the plant and the reports which may have a direct impact on the livelihood of the people of Hong Kong. Little improvement has been brought about by the scantiness of information.

In fact, as early as in late 1983, when Government agreed in principle that China Light and Power Company Ltd. could participate in the Daya Bay project and purchase nuclear power from the plant, it should have been duty-bound to explain the state of affairs to the general public and publish the relevant information, including those on its safety and financial aspects. Furthermore, the Government should properly impart to the public knowledge

in nuclear power. It is believed that if the public had been armed with adequate information, the repercussion brought about by the Chernobyl incident in USSR could have been minimised.

The information which hon. Members of the Legislative Council ask for on this occasion have direct bearing on the well-being of the public. For instance, a high ranking officer of the China Light and Power Company Ltd. said in a public gathering that 'Hong Kong's participation in the project will save as much as \$33 billion'. But who in fact is the beneficiary, China Light and Power Company Ltd. or the people of Hong Kong? We should know that if information is withheld from the public, then we cannot expect them to consider a nuclear power plant with a rational and scientific mind.

Lastly, it is stated in the report by the fact-finding delegation on their return from Beijing that the Chinese Government had in principle agreed to set up an independent advisory body with Hong Kong's participation. We have to view this seriously, as it will serve as an important step through which Hong Kong people can in future play a role in monitoring the Daya Bay plant. I think that such a body should be immediately set up, with representatives from both the community and the scientific field.

We should continue to maintain a positive attitude in our monitoring role, to put forward problems which worry us and which come to our attention, so that the safety standards of the plant and the well-being of the general public could be enhanced.

Sir, with these remarks, I support the motion.

DR. TSE (in Cantonese): Sir, as a Member of the Legislative Council fact-finding delegation on nuclear power generation, I consider that my views on the Daya Bay project have already been well-expressed in the two reports published by the delegation on our visits to Europe, the United States, Japan and Beijing. There is nothing more to add except to say that I support the motion. However, I would like to take this opportunity to express my personal feelings in participating in the fact-finding mission.

Before departure, I had already imagined that unless the fact-finding delegation could obtain some convincing scientific data to prove that it is a definite technological error to build a nuclear power plant in Daya Bay, it would be very difficult to make the Chinese Government withdraw its established nuclear energy policy for the development of the four modernisation programme and the nuclear power plant project which has been under preparation for many years just by emphasising the people's worries or repeating the publicity information provided by the anti-nuclear campaigners. Therefore, before departing for the United States and in order to consolidate my knowledge of the operation of nuclear power plants, I had arranged, with the help of the Consulate General of South Korea, a two-day visit to South Korea at my own expense so as to study the positive and negative experience which the country

has obtained in nuclear power generation. I then compiled a report on the visit for reference. Afterwards I flew from Seoul to the United States to join other Members of the delegation and began to pay visits, make observations and hold meetings for five consecutive days. On the one hand, we rushed around to gather information and on the other we were concerned about the development in Hong Kong. Such physical and psychological travail is really not to be mentioned to outsiders. Later, in order to cheer myself up, I composed a poem to the tunes of 'The Yu Beauty' to express my feelings at that time. Although the poem is not very well written, it truly reflects my feelings on being entrusted with the work to find out facts on nuclear power. The poem is as follows:—

It rains yet it shines  
As the course of Fragrant River unwinds.  
To the hearts that are filled with uneasy tides  
How jolting it is that the Daya Bay tempest should rise.  
On the back of stallions of iron cast,  
And on wings of birds of silver clad,  
A course is set that would not cease  
Until cloud and snow break into moonlight clear.

Actually from the information we got during our visits, there is no scientific proof to show that the Daya Bay project is totally infeasible. However, we have gathered a lot of information that can help to enhance the safety of the Daya Bay nuclear power plant. Anyway, I believe that every Member of the delegation would share a view similar to the following towards their visit to Europe, USA and Japan:

We do not expect everyone to agree with us nor do we ask for any sympathy from others. We only hope that those who are for or against our view will respect the serious and professional attitude we have adopted in our fact-finding work.

Sir, with these remarks, I support the motion.

MR. ANDREW WONG: Sir, let me from the outset declare my support for the motion. This is not just because I had a hand in drafting the motion and putting to it some finishing touches, but also because it is my sincere belief that, first, the Government ought to provide to this Council details of the arrangements regarding safety and tariff for the purchase of electricity from the Daya Bay nuclear power plant so that this Council can begin to meaningfully perform the role of supervising the Administration and that, second, the Government ought to explain to the satisfaction of this Council that such arrangements will sufficiently safeguard the long-term interests of the Hong Kong people. It is only through the critical probing on the part of this Council and the provision of information and explanation on the part of the Government that a genuine separation of powers between the executive and the legislature can be achieved.

It is to be regretted that today's motion was necessary in the first place as the Government should have released and made public as much information as possible as soon as the Daya Bay nuclear power plant controversy reared its beautiful or ugly head if not earlier. However, even now after a long hot summer, the information available to this Council and to the public is still sketchy and confusing. I do not wish to pre-empt the sort of conclusions I might reach after the release of additional vital information. But I do know that any active man, any active person must decide and act on the basis of existing information. It is for this reason that I express my full understanding for the previous decisions taken by the Government, by the Executive Council and by the Finance Committee of this Council. It is also for this reason that I remain a gentle critic of the whole project, as on the basis of new existing information, information available after the Chernobyl accident, my misgivings are such that I cannot but arrive at the tentative conclusion that the Daya Bay nuclear power plant project is not to the long-term interest, of both China and Hong Kong. I take this opportunity to repeat my pleas to both the Chinese Government and the Hong Kong Government to reconsider the project without repeating my arguments advanced at the adjournment debate on 16 July 1986.

Sir, this controversy over the Daya Bay nuclear power plant may well be a blessing in disguise in so far as our constitutional development is concerned, as it sheds light on three points of major constitutional significance, if only we can pause and reflect on them soberly and sombrely. These points have nothing to do with direct elections. In fact, they have nothing to do with elections at all; direct, indirect and functional. Elections and appointments are but methods and ways of filling council seats. Whether more seats ought to be elected and less appointed and whether some or more or all seats ought to be directly elected is a separate exercise and ought to be divorced from the current controversy if only we remember and insist on the constitutional principle that this Council whether appointed or elected is held responsible to the people, if not through elections, at least through public opinion, and that the Government is held responsible to this Council, if not through votes of no confidence, at least through criticism. I personally would have arrived at the same stand on the Daya Bay issue even if I were an appointed member.

Sir, the first point which I regard to be of major constitutional significance has to do with the powers and privileges of this Council. Today's motion could have been worded in much stronger terms, for example, that this Council orders the China Light and Power Company Ltd. or the Secretary for Economic Services to appear before the Council or to produce documents A, B and C and so on. The Council does have this power not because of the Legislative Council (Powers and Privileges) Ordinance 1985. In fact, the Council has always had this power; the Ordinance merely put it down in the statutes. It is a necessary power if the Council is to perform its role. But I cautioned myself remembering Lord ACTON's advice that 'power tends to corrupt and absolute power tends to corrupt absolutely'. There is in everyone of us including those for or against

Daya Bay the tendency to seek governmental information so as to turn things our way, thereby merging the two separate roles of the executive and the legislature into one appointed and/or elected oligarchy. Therefore, the power ought to be exercised in moderation, in line with a Chinese saying to the effect that 'why use a cleaver when a carver (a carving knife) or will be more appropriate'. As Members of the legislature, we are here to monitor, to criticise and to supervise, but not to direct, less so to govern.

Sir, my second constitutional point has to do with your dual role as chief executive and as president of the legislature. It is indeed an unenviable task. The two roles appeared to have strained at least in the public eye, when you had to on 4 September 1986 turn down a request from a number of Members including myself for a special sitting during recess to debate the Daya Bay issue. And imagine how strained will the two roles appear to be to the public had a motion been carried to the effect that China Light were ordered by this Council to produce document A or document X which on appeal to you you had to rule as commercial secret and irrelevant to the matter in hand and hence excused. I believe, Sir, that your place as President of this Council ought to be taken up by a Member who does not carry any government portfolio and is not a serving Member of the Executive Council. The 1984 Green Paper on the Further Development of Representative Government did consider such a reform, but the 1984 White Paper decided to postpone consideration to 1987. I am of the opinion that this ought to receive serious consideration now. Sir, I am further of the opinion that in the interest of smooth transition towards the separation of the two roles, you may wish to exercise the power conferred on you by Standing Order 3(2) to appoint a 'non-executive' Member to preside over the Council in your absence. You may also wish to institutionalise the arrangement by appointing a Member on a regular and standing basis and refer to the said Member as 'Deputy President'. Had you already done so, you would have been able to attend tonight's Civil Aid Services dinner.

Sir, my third and last constitutional point also has to do with the question of the dual executive-legislative role, now not on your part, but on the part of Members. In the wake and the aftermath of the Daya Bay controversy, there is a segment of public opinion which calls for a complete separation between the executive and the legislature. I do not believe this is a wise course of reform. Our executive and non-executive Members have since the very beginning been sitting together in this Council making our and the British brand of the responsible executive work both effectively and efficiently. The correct course lies in an unequivocal delineation of the executive role and the legislative cum supervision role, and not in the artificial separation of Members. Because of the nature of the executive, it is always those Members of the Council who do not hold Government portfolios and are not Executive Council Members who primarily perform the supervisory role. I therefore propose for your consideration, Sir, since the power of appointment lies in you, that all Standing and Select Committees which are supervisory and scrutineering in nature should

comprise non-executive Members only, and I take this opportunity to repeat my call at the adjournment debate on 16 July 1986 for such a Standing and/or Select Committee on electricity or energy policy. The matter is too important to be left to an informal *ad hoc* group appointed by the Legislative Council in-house on 3 October 1986.

With these three digressions, Sir, I beg to support the motion.

MR. CHEN: In accordance with the Standing Order 28(1) may I have your permission to say a few words?

HIS EXCELLENCY THE PRESIDENT: Your have, MR. S. L. CHEN.

MR. CHEN: Thank you, Sir. As the Acting Senior Member who chaired the in-house meeting on 3 September to which Mr. Martin LEE referred in his speech, I wish to state categorically that the voting procedure was freely and democratically conducted. Neither I nor any of the Members who voted were asked by Government to vote one way or the other. I therefore deeply regret the shadow cast by Mr. LEE on the integrity of those of his colleagues who happened to disagree with him. I feel strongly, Sir, that this point should be placed on official record. [*Applause*]

FINANCIAL SECRETARY: Sir, in my speech at the conclusion of the adjournment debate held in this Council on 16 July 1986, I said, and many acknowledged the fact, that this is a complex issue. The concerns of the public and of Members of this Council are both genuine and sincere. The last debate was followed by the visits by some Members to the United States, Europe and Japan. You, Sir, have referred to those visits in your speech in this Council last week. The report produced following the visits was a most valuable contribution towards the understanding of many of the problems that are faced in relation to the use of nuclear energy for civil purposes and I would like, Sir, to add my own personal thanks to all members of those fact-finding missions for the work that they put in to them and for the reports that they produced. Later, I shall comment further on the observations that were directed at the Government.

I have no doubt whatsoever that the last debate, and the report, have done much good, and I have no hesitation in saying the same of this afternoon's debate on Miss DUNN's motion. Let me say at the outset that the Government warmly supports the motion. But to provide a full response this afternoon would take many hours and would not, I suspect, answer adequately all the points that have been made in Members' speeches. I therefore intend to produce for issue to Members a paper which will provide, as far as the Government is able, the information sought in the motion. It will also address many of the specific points that have been made by Members this afternoon. In addition to answering the observations of the fact-finding missions, I shall today confine my comments to providing an outline of the salient points that will be covered in this paper.

Before so doing I ask Members to cast their minds back to the period that followed my announcement in this Council, on 9 November 1983, that the Government had agreed to Hong Kong's participation in the Daya Bay project. The announcement attracted no fewer than 20 editorials in the local press. The Government's decision was generally well received. It was described as 'timely and wise' by some. Others believed the decision would boost public confidence and enhance the territory's stability and prosperity. There were of course some comments on questions of safety and tariff. I am pleased that Mrs. Selina CHOW in her speech also recalled that at the time the decision was made it was held as a major boost of confidence for Hong Kong and its future.

At the press conference following the announcement I indicated that the project offered Hong Kong an opportunity to demonstrate its desire to co-operate fully with China in its four modernisations programme and that it also provided another clear indication of our faith in the future. Overall the project was seen as a positive development which augured well for Hong Kong's future.

It was, of course, only after the accident at Chernobyl that the safety of the Daya Bay plant became a matter of great concern to the Hong Kong public generally. Nevertheless, even after Chernobyl it is still accepted by many governments that nuclear energy must remain an option.

What Chernobyl did was to put into sharp focus internationally as never before the potential problems of nuclear energy. Hong Kong, as Miss DUNN and other Members have pointed out, was no exception and with a revived and intensified public debate on Daya Bay, the Secretary for Economic Services visited the United Kingdom and France for on the spot discussions in the wake of the disaster. One outcome of that visit was that the terms of reference of the Harwell study are to be extended to incorporate any lessons learnt from Chernobyl with particular reference to Hong Kong and its circumstances. Moreover, last month Hong Kong attended as an observer the International Atomic Energy Agency (IAEA) meeting on safety in Vienna. Members will be aware that at that special ministerial meeting two important conventions on early notification and assistance in the event of a nuclear accident were adopted.

Sir, as to the Daya Bay plant itself, we must never lose sight of the fact that this is a power station being built in China. It is, of course, true that a Hong Kong company has a minority position in the joint venture. And even though the Hong Kong dimension has been important and has allowed us an input in the deliberations concerning the power station, the fact that it is a Chinese project necessarily limits the scope and scale of our involvement. It must also be remembered that the Chinese have on many occasions made it clear that they intended to proceed with the power station with or without Hong Kong's participation. Surely it is better for Hong Kong to participate than be left out with no influence whatever over the construction of the station and its subsequent operation. Mr. S. L. CHEN has referred in favourable terms to the

participation of the Hong Kong Nuclear Investment Company. I might remind Members, Sir, that at the moment the Hong Kong Government has on the board of Hong Kong NIC two directors, we are therefore constantly in touch with the company and do have a continuing influence in relation to the project.

No issue than Daya Bay, other than the agreement on the future of Hong Kong, has been discussed so exhaustively in public. A mass of information has indeed been given and obtained and I am grateful to Miss DUNN and Mr. SOHMEN for their acknowledgement in this regard. In addition to debate, questions and statements in this Council, senior government and company officials have been involved in numerous press conferences, and briefings for Members of this Council. The OMELCO Public Utilities Panel has also gone to great lengths to keep the media and public informed of development and their own discussions with key officials. The issue has been frequently aired at seminars and other public forums, all of which have been given saturation coverage by the media, which itself has been far from reticent in putting forward its own views. I nevertheless take the point made by Dr. HO Kam-fai that much of the information has been released in a piecemeal manner. This, of course, has in part been due to the fact that negotiations in respect of the project have extended over a very long time period. I nevertheless hope that the paper I have promised to issue will redress this situation by providing a comprehensive overview of the project. This is a most satisfactory and tangible result of this motion.

Miss DUNN has rightly stressed the concern of the community and the fact that the concern has been conveyed to the British and Chinese Governments.

The Hong Kong Government has at all times been fully aware of this deep and genuine concern expressed in Hong Kong. It has done everything within its powers to convey this concern to the British Government and, through it, to the Chinese Government. One result has been the significant assurances on safety given by the Chinese authorities to the Legislative Council delegation during their recent visit. Furthermore, consideration is being given to involving Hong Kong people in the monitoring of the construction and operation of the Daya Bay station. And Miss Maria TAM, Mr. Allen LEE in their speeches have already given some details of these assurances.

What are the Hong Kong Government's specific responsibilities? They are the same as those of any metropolitan authority where a nuclear power station is built near its border but not in its own territory; that is, first, to ensure as far as possible that those involved in building and operating the plant maintain the highest possible safety standards and, second, to devise contingency plans in case of an accident. In addition, there is the question of education of the community. The Government is discharging these responsibilities.

Now to the cost of electricity, members of the public are, of course, concerned that they should pay no more than a reasonable price. Nevertheless, the future requirements for electricity in a continuously growing economy must be met if our industries are to remain viable and living standards are to improve. In practice, the arrangements that are embodied in the Scheme of Control have produced that result and have stood the test of time. We enjoy an electricity supply at a price that compares favourably with that charged elsewhere in the region. Shareholders have received a fair return that has been sufficient to induce continuing investment.

As to the Daya Bay project, throughout its evaluation and consideration our objective was to ensure that at the very least the cost of electricity generated by that station would be no more expensive than electricity generated in Hong Kong by conventional means. We have heard from Dr. HO Kam-fai and others that nuclear power elsewhere is indeed significantly cheaper. Mrs. Selina CHOW please note. Let me restate some of the considerations that were involved in our evaluation and consideration of the project.

First, one of the main considerations that we took into account was the potential cost and financing of a new coal-fired station in Hong Kong. Large sums of money would have been involved and there might well have been difficulties in obtaining investment of that magnitude without considerable financial strain. Indeed, as Mr. S. L. CHEN has pointed out, under the arrangements that have been negotiated, Hong Kong will effectively enjoy the benefits of the nuclear power station without having to find the capital to finance its construction.

Second, as widely pointed out again by Mr. S. L. CHEN, the share of Hong Kong Nuclear Investment Company in the Daya Bay nuclear power station will not constitute part of the CLP group of companies net fixed assets for the purpose of calculating permitted return under the provisions of the Scheme of Control. I think this is the point, Sir, that we will have to explain in far greater detail in the paper and it is my intention so to do.

Third, and perhaps most important from the point of view of the consumer, the prior approval of the Government is required both for any financing plans the company may wish to adopt in relation to any major addition to the company's system and I stress this, the tariffs the company may charge to its consumers.

Let me explain generally the procedures adopted for agreeing the levels of electricity prices charged by CLP.

In order to establish agreement concerning the levels of projected tariffs a financing review is conducted jointly by the Government and CLP. In the review, a financing plan is submitted for approval by the Executive Council. The review gives projections of CLP's commitments over a five-year period and the level of tariff which needs to be charged to fund those commitments.

Clearly there must be installed sufficient generating plant to keep pace with expected demand for electricity. As the demand for electricity continues to grow CLP must maintain and operate existing power plants and provide for additional capacity as required. The need for such plant is directly related to forecasts of demand. These forecasts are examined and confirmed independently of CLP, so that the Government can ensure that the right amount of capital investment is made in a timely manner.

I am aware, Sir, that Members of this Council and, indeed, members of the public, wish to know how the purchase of electricity from the Daya Bay station will be dealt with in calculating or computing the tariff charged by CLP. We will give details in the paper that I shall be issuing. Briefly, nuclear power purchased by CLP will, for Scheme of Control purposes, be treated like any other purchase made by the company in the process of providing its consumers with electricity. That is, it will be considered in exactly the same way as the purchase of coal, oil, or indeed electricity purchased from the Hong Kong Electric Company.

In order to ensure that consumers enjoy a reliable and reasonably priced supply of electricity, accurate forecasts of the future demand for electricity are essential. I concede that an over-estimate is as undesirable as an under-estimate, although it is the latter that could prejudice the reliability of the system. Given the dependence of Hong Kong's economy on a reliable electricity supply, it is probably safer to err on the side of over-capacity rather than under-capacity notwithstanding the undesirability of either situation. But we try to get it right.

The lead time for the construction of a new power station is normally about seven years, so forecasts for planning purposes have to cover at least that time frame. Looking into the future is not an easy task. CLP's forecasts have nevertheless proved remarkably accurate. For example, the projections they made in 1977 for 1985 and 1986, that is, looking—at that time—eight or nine years into the future, were only 2.2 per cent and 5.6 per cent in error. In fact, sales turned out to be slightly higher than those forecasts. I should add at this point that CLP's consumers' demand has grown at an average rate of 10.1 per cent per annum in the last 10 years. Whilst this high rate is not expected to continue over the next decade, nevertheless a growth rate of approximately 7 per cent is expected.

I turn now to the reasons why the nuclear option was chosen. Following a comprehensive joint feasibility study undertaken by CLP and the Guangdong Power Corporation it was concluded that the joint development of a nuclear power station in Guangdong was both technically and financially feasible. Members will recall that after carefully considering the proposals that had been formulated in respect of the project, I announced to this Council that, subject to a satisfactory resolution of the fiscal and commercial terms for the project, the Government supported the participation of Hong Kong interests in the joint venture project and reaffirmed that it would not object to CLP purchasing power from the nuclear plant.

The conditional nature of the endorsement given by the Government was deliberate. Arrangements for the purchase of electricity from Daya Bay had not, at that stage, been finalised. In the interest of consumers, the Government conveyed to CLP the view that further discussions should take place on the proposed fiscal and commercial terms. After a year of intense negotiations, additional benefits for consumers were secured. These included: concessionary tax rates for the project; the introduction of a flexibility provision concerning the purchase of electricity, should demand be less than that forecast (Mr. CHEUNG Yan-lung will be reassured by this); and, for the larger part of the electricity to be bought, a ceiling on the price that would be paid during the first six years. It was on the basis of these successful negotiations that the Government, in January 1985, indicated to CLP and HKNIC that it had no objection to their entering into the contractual arrangements that had been agreed for the formation of the joint venture company, and the purchase of electricity from the project.

In considering the matter, various sensitivity studies were undertaken to examine the consequential effects of changed circumstances, such as delays in the construction, cost overruns, changes in fuel prices. Finally, taking into account all other relevant considerations, whether environmental or financial, the Government was convinced that the arrangements negotiated were in Hong Kong's interests. There was and still is every reason to diversify the sources of energy available to Hong Kong. Mr. Kim CHAM in his helpful speech has spoken of the volatility of fossil fuel prices in this connection.

Sir, in my speech on 16 July 1986 I referred to the Government's decision to have a full and independent evaluation of the financial aspects of the project and our engagement of merchant bankers for this purpose. The report produced, the Lazards' Report, has been commented upon by Members of this Council this afternoon and by the media. I must emphasise that the report was only part of the story. There were in addition, detailed negotiations leading to the satisfactory conclusion of the joint venture agreement with the beneficial terms to which I have already referred. Mr. Richard LAI, Mr. HUI Yin-fat, Mr. Martin LEE and others have suggested that it is unfortunate the Government has not released the Lazards' Report. This report naturally contained information which is commercially sensitive to all the parties involved. The Government cannot therefore release this information, nor would it be appropriate to publish the report which, as I have said, represented only part of the story. We should issue the paper that I have promised. This paper will give the information sought in the motion. That is what is required.

The need for the Government to maintain commercial confidentiality is, of course, self-evident. Indeed I am pleased to know that in a number of Members' speeches including those of Mr. SOHMEN, Dr. HO Kam-fai, Mr. CHUNG Pui-lam, Mr. Peter WONG and Mr. NGAI, the requirement for the Government to maintain commercial confidentiality is appreciated. This respect for confidentiality has allowed information (much of which is not available to shareholders) to flow

freely between the Government and the commercial organisations concerned, and this flow of information has, in turn, permitted issues of importance to be discussed frankly. The generation of power requires massive investment. Inevitably, much of the capital is provided by foreign investors. If, in the future, companies or other investors were to feel that the Government could not be relied upon to safeguard commercially sensitive information, then they would not provide that information. And they might also hesitate to invest. To allow such a situation to develop would have far-reaching and adverse consequential implications for Hong Kong as a whole. We cannot allow this to happen.

As to the impact of Daya Bay on the tariff, after both generating units are commissioned, nuclear electricity purchased in the mid-1990s will be approximately 25 per cent of CLP's total electricity requirement. The percentage share of nuclear electricity in the system will gradually decline as the total CLP sales continue to grow after the mid-1990s.

During the first six years of operation, the major part of electricity purchased will be subject to a price ceiling so that it costs no more than electricity generated by a coal-fired station in Hong Kong. Many Members had commented on this point. Hong Kong consumers will not be required to bear the risk of paying more for this portion of the nuclear electricity purchase if it turns out to be more expensive during the initial years of operation.

The remaining portion of the nuclear electricity not subject to the price ceiling will amount to approximately 10 per cent of CLP's total annual electricity requirement and will not cause any significant impact to the overall tariff. In the unlikely event of the nuclear electricity price being, say, 25 per cent higher than that presently envisaged, the impact on the CLP tariff will be less than 2 per cent.

Sir, after the first six years of operation the percentage share of nuclear electricity used in the system will gradually reduce as consumer demand increases. Accordingly, the impact of its price on the CLP consumer tariff will also gradually reduce.

As you mentioned, Sir, in your opening address to the Council last Wednesday, the nuclear accident at Chernobyl provoked intense debate world-wide about the safety of civil nuclear energy programmes, even though the Chernobyl plant was of a design not used in other countries. Given the anxieties felt world-wide as a result of the Chernobyl disaster it was in no way surprising that deep and genuine concern as I have mentioned, should also be expressed in Hong Kong about the safety of the plant at Daya Bay, some 50 km away from Hong Kong. The Government fully appreciates the concern and realises the importance of providing information on the safety of the project. Thus, in early May, immediately after the Chernobyl incident, the Government issued to this Council two information notes with a view to assuring Members that the Chernobyl incident would have no direct effect on Hong Kong and also reminding Members of some of the safety considerations involved in the Daya Bay project.

In the debate on 16 July last, I told Members that the Administration shared this general concern expressed by Members of this Council, and I indicated the steps we had been taking to urge all those involved in the project to take fully into account the concerns being expressed in Hong Kong over safety matters. The fact-finding missions by Members were, of course, part of the process and the information obtained did much to reassure those who studied the report.

So now, Sir, I shall deal with the report by the fact-finding delegations on their visits to the United States, Europe and Japan. Miss Maria TAM and Mr. Allen LEE have asked me to respond and I shall do so.

The report contains 50 observations, seven of which are directed at the Hong Kong Government for consideration. These observations, which are all safety related, cover contingency planning, the need for closer cross boundary co-operation, a greater effort in providing information to the public, the need to set up an independent committee to advise on matters related to nuclear energy, and a suggestion that Hong Kong should consider membership of the International Atomic Energy Agency. The Government appreciates the significance of these seven observations and will seek to implement all of them in so far as it is practicable. I shall now give, in detail, the Government's comments on these seven observations.

The Government agrees with the first three observations which relate to contingency planning. The first observation is that a contingency plan should be drawn up for those areas which lie within 50 miles of the Daya Bay plant for protective measures in the event of radiological releases affecting Hong Kong (ref. 5.3.2.(1) of the report). Although a number of contingency plans and a well-trying civil control system exist to co-ordinate all emergency services during accidents and natural disasters, the Government nevertheless accepts that, as a matter of prudence, a detailed contingency plan should be prepared to deal with the remote possibility of an accident at Daya Bay resulting in risks to Hong Kong. With this in mind, the Government, in mid-1985, engaged the United Kingdom Atomic Energy Authority at Harwell to provide expert advice. Harwell's report providing guidance for the preparation of a detailed contingency plan is expected before the end of this year. Using the information provided in this report, and suitably adapting the well-founded principles on which existing contingency plans have been based, an appropriate contingency plan to meet Hong Kong's circumstances will be prepared. Once completed, it will be added to the range of contingency plans already held by the Government and will be regularly reviewed and kept up-to-date.

The second observation proposes that protective measures should be planned against the contamination of water supply, vegetables and other food and dairy products (ref. 5.3.2.(2) of the report). The Government already has certain contingency plans to deal with the disruption of food and water supplies, but these require adaptation in relation to the Daya Bay project. Accordingly, Harwell will provide specialised advice as part of its consultancy on the

contamination of water and food chains. This will enable detailed plans to be prepared which will augment or replace as necessary existing contingency plans.

In passing, Sir, I should add that it is our intention to publish Harwell's reports on these subjects when they are received.

The third observation is that a government committee should be set up for the preparation of contingency plans (ref. 5.3.2.(3) of the report). An existing inter-departmental working group, set up to co-ordinate strategy on the environmental issues arising from the Daya Bay project, will accordingly be specifically tasked to consider the preparation of these detailed contingency plans. The working group, which is chaired by the Secretary for Economic Services, comprises representatives from Security Branch, the Electrical and Mechanical Services Department, the Medical and Health Department, the Royal Observatory and the Environmental Protection Department. Other branches and departments are consulted when the need arises.

The fourth observation is that a cross boundary agreement should be made with China to enable Hong Kong to monitor radioactivity at close range, to exchange information and to co-ordinate contingency planning for Hong Kong (ref. 5.3.3.(1) of the report). The Government fully supports the suggestion that close co-operation between the authorities on each side of the border should be established to ensure contingency plans are suitably co-ordinated and to ensure that Hong Kong is provided with immediate notification of any accident at the power station. I might add that close and cordial contacts have already been made with Chinese officials of the Guangdong Nuclear Power Joint Venture Company. During the last two years the Royal Observatory and the joint venture company have been jointly involved in recording weather data at the Daya Bay site. Useful discussions have also taken place on radiation monitoring and the preparation of environmental impact and safety studies. These contacts will, of course, be further developed whenever necessary. Once the nuclear power station has become operational a direct link between it and CLP's distribution control centre at Tai Po will be established. Furthermore, staff appointed by the Hong Kong partner, HKNIC, will be involved in the operations of the station. Thus it is difficult to imagine any serious incident occurring at the power plant without Hong Kong becoming immediately aware of it through these contacts. Again Mrs. Selina CHOW need have no fear in this regard.

The fifth observation is that the Hong Kong Government should strengthen its public information programme to make information about nuclear energy and the effects of radiation available (ref. 5.3.4.(1) of the report). A programme of public education activities is currently under preparation and a start to its implementation will be made in the near future in liaison with the programmes to be launched by HKNIC. Meanwhile, it has been agreed with the Education Department that teaching the concept of nuclear energy should also be strengthened in the school curriculum. Two teaching/learning packages will be

produced and made available to secondary schools for use in the academic year of 1986-87. These could be used in support of the existing integrated science curriculum (at junior secondary level) and the physics curriculum (at senior secondary level). They could also be integrated as part of the general education programmes for secondary school students. These proposals may well have a considerable impact on homework. In addition, two educational television programmes will be produced and made available to the schools.

The sixth observation is that the Hong Kong Government should set up an independent advisory committee to advise on matters related to nuclear energy (ref. 5.3.5.(1) of the report). The Government accepts that an independent advisory committee, dealing with certain aspects of nuclear energy including the formulation of proposals appropriate to Hong Kong's needs and circumstances, might well be of value. The Government will therefore give further careful consideration to setting up such a committee. However, in the references appended to this observation, the report refers to the independent advisory role of the Nuclear Regulatory Commission in the United States and the roles of the Atomic Energy Commission and Nuclear Safety Commission in Japan. Having regard to the fact that these bodies are essentially concerned with the safe construction and proper operation of commercial nuclear power stations within their respective national boundaries, it would not be appropriate for Hong Kong to contemplate establishing an advisory body with responsibilities similar to those of the three commissions mentioned.

The seventh observation concerns the International Atomic Energy Agency. It is suggested that the Hong Kong Government should seek membership of this agency in order to establish an international link with nuclear safety agencies and to obtain information and advice on nuclear safety (ref. 5.3.6.(1) of the report). As the IAEA statute limits membership to states, it appears unlikely that Hong Kong is eligible for full membership. Nevertheless, both the United Kingdom and China are members. Close contacts with IAEA have been established through the British Government. Indeed an agreement was entered into between the British Government and the agency on 4 February 1983 with the express purpose of providing technical assistance to the British Government on behalf of Hong Kong. Appropriate information and technical assistance from the agency will continue to be made available to Hong Kong through this channel. In addition, it is envisaged that from time to time the Hong Kong Government will send observers to appropriate IAEA meetings, as part of a United Kingdom Government delegation. It was in this capacity that a Principal Assistant Secretary from the Economic Services Branch recently attended the special session of the IAEA General Conference in Vienna, which was convened to discuss general questions of nuclear safety.

I know that there is a wide range of opinion regarding this matter. Some are against all nuclear power and will not be convinced by any argument to the contrary. Apart from that group, I hope that all who have listened to or read

this speech will be ready to look at the issues on their merits and accept that the Government has done all in its power to ensure that this project is as safe as it can possibly be made and that our participation is justified on economic grounds.

Finally, Sir, we believe that the arrangements that have been concluded do indeed sufficiently safeguard the long-term interests of the people of Hong Kong. Miss DUNN, Mr. Peter WONG, Mr. SOHMEN and others have referred to the need to ensure that all steps continue to be taken to monitor the progress of this project and the operation of the station. I agree with their views. All that we have been doing and shall be doing is directed to that purpose, that is look to the future. We believe that the information that I have given this afternoon coupled with what I said in the earlier debate, both to be augmented by the paper that I shall be issuing, will so demonstrate.

Sir, with these remarks I support the motion.

HIS EXCELLENCY THE PRESIDENT: Miss DUNN.

MISS DUNN: Sir, I am grateful to the Financial Secretary for his detailed reply. It may be sure that we shall all be studying the paper and document that he will be providing us. Sir, this has been a long debate, the views expressed are deeply and sincerely held. As I said at the beginning of this debate, we, all of us, have a common interest but it is not surprising that we have different opinions. It is right that these should be frankly expressed, but there is no excuse for discourtesy in this Chamber and I profoundly regret the discourtesy shown to the President of this Council.

HIS EXCELLENCY THE PRESIDENT: Thank you, Miss DUNN.

*Question put and agreed to.*

7.20 p.m.

HIS EXCELLENCY THE PRESIDENT: At this point, Council might like a short break.

7.35 p.m.

HIS EXCELLENCY THE PRESIDENT: Council will resume.

## **ADJOURNMENT**

7.35 p.m.

*Motion made. That this Council do now adjourn-*THE ATTORNEY GENERAL.

HIS EXCELLENCY THE PRESIDENT: As 20 Members have given notice of their intention to speak, I do not think we can finish in half an hour. So I propose to exercise my discretion under Standing Orders 9(7) and 9(8) to allow Members such time as is necessary to complete their speeches and such time it is then necessary for Official Members to reply to those speeches before putting the question on the adjournment.

### **THE REPORT ON 'THE DELIVERY OF MEDICAL SERVICES IN HOSPITALS'**

DR. CHIU: Sir, I am pleased to stand before this Council today to report on the deliberations of the OMELCO Standing Panel on Health Services on the Report on the Delivery of Medical Services in Hospitals.

At the Legislative Council in-house meeting on 4 April 1986, the health services panel was assigned the task of studying the Australian consultants' report. A total of 18 meetings had been held from April to early September to discuss the recommendations of the consultants, to examine the monthly summary of public opinions appearing in the mass media on the report and to meet the representatives of various medical bodies and interested groups.

In response to the invitation letters issued by the health services panel to collect public opinions, 82 submissions from various professional bodies, staff associations, district boards, social welfare agencies, community concerned groups and individuals were received. Opinion papers collected had been categorised, compiled in folders and circulated among panel members for reference and discussions. A full set of the submissions had already been delivered to the Health and Welfare Branch for follow-up action.

During the course of our discussions, a variety of views had emerged. Each of these views expressed had been carefully considered and, when necessary, debated. In the following I shall present the panel's consensus views. Individual views on the report will be given by my colleagues in their speeches before this Council today. I understand 19 of my colleagues have indicated that they will be speaking at this debate.

Sir, the consensus views of the panel are:

1. The spirit of the report to improve medical services in Hong Kong is supported.
2. The terms of reference are too limited in that they only include the review on the delivery of medical services in hospitals.
3. Government should continue to be responsible for providing health care for the public and for ensuring the development of a good medical infrastructure in the delivery of medical services.
4. Government should continue to provide fully subsidised medical services for the needy.

5. There are reservations on the establishment of an independent hospital authority.
6. In regard to internal hospital management, the proposals that the chief executive should be a doctor; the ward manager the senior nursing officer; and the formation of a tripartite management team comprising of the chief medical officer, the chief nursing officer and the chief hospital administrator are supported.
7. The staff ratio for consultant unit should be referred to the Medical Development Advisory Committee for further consideration.
8. If the independent hospital authority is to be set up outside Civil Service structure, the conditions of service of existing Civil Service staff should not be adversely affected upon transfer.
9. The recommendations to improve the medical facilities of the subvented hospitals and terms of employment of staff in the subvented sector are supported.
10. The recommendations contained in the chapter—‘Reducing Overcrowding’ are supported. These include a good and proper management in the provision of an efficient accident and emergency service. There are reservations in the transfer of patients in the Accident and Emergency Department.
11. The recommendations contained in the chapter—‘Working Environment’ are supported.
12. While the recommendation to provide limited rights of private practice for consultants is supported, provided that a good monitoring system is devised to prevent abuse of privileges, there is reservation on the proposal to allow limited visit by private doctors to public hospitals.
13. The recommendations contained in the chapter—‘Costs and Cost Control’ are supported.
14. The concept that those who can afford to pay should pay is supported, but the charge should be ‘reasonable and affordable.’
15. Calculation of standard bed day charge is supported.
16. The recommendation to introduce the pilot scheme for the ‘B’ class beds in new hospitals or new wings is supported, provided that:
  - (a) the new ‘B’ class beds will not be introduced at the expense of the existing Class III beds; and
  - (b) the number and proportion of Class III beds should not be reduced in the future development of hospital beds.

Sir, apart from giving a brief report on the review of the medical report, I like to take this opportunity to express my personal views on the recommendations of the document. The pros and cons for various suggestions put forward by the consultants are stated clearly in the 82 submissions received by the OMELCO Health Services Panel. Given the understanding by the relevant government departments that the views expressed in these submissions together with those collected by the Health and Welfare Branch will be analysed, compiled and

released for public information at a later day, I do not intend to go into details of the submissions at this moment. I would rather speak out what is on my mind about the proposed independent hospital authority.

I would like to point out that the commissioning of an overseas consultancy team to conduct an independent and unbiased study and so forth is sensible and timely, having regard to the cost incurred. The report under public scrutiny has its merits and, simultaneously, some drawbacks, examples being that details of a couple of recommendations such as the disestablishment and the future role of the existing boards of directors of subvented hospitals have not yet been worked out by the experts themselves. A defect is that it does not shed light on the future direction of the para-medical services. The roles of para-medical staff in their contribution towards hospital services are also important. Besides, I have some reservations on the suggestion that a charge be introduced to cover the major procedures such as CAT scan examination, operating theatre use and so on. This may create unnecessary financial worries for the patients and administrative problems for the staff.

I have reasons to believe that a majority of the 82 submissions support the idea of setting up of the IHA. On the other hand, most of the staff associations of the Medical and Health Department and some community concerned groups hold a dissenting view on this issue. The reasons given by those who disagree with the concept of IHA can be filtered into four main areas, namely:

- (a) they fear that the Government will shirk its responsibility to provide medical care to its people, and it is seen as a first step towards 'privatisation';
- (b) they take the new establishment as a threat to jeopardise their working conditions;
- (c) they, with these worries and fears at heart, query whether it is the right time for a major change in hospital management; and
- (d) they believe that most of the recommendations in the report can be implemented within the existing structure and the most important problem is lack of resources.

Now, let us take a critical look into the crux of their anxiety. The first question I like to raise is 'Should the Government relinquish its responsibility to provide medical services for the people who need them?' The answer is a simple 'No'. When our current social security system and medical insurance scheme are far from adequate, health services constitute one of the major categories of social services. Under these circumstances, we rely heavily on the Government to take care of the health needs of the people. Additionally, I have closely examined the recommendations in regard to the IHA and I believe that the Government must and will be involved in its operation and management. Moreover, the Government must not only bear the cost for setting up the IHA, the

expenditures of medical services and staff emolument should also be borne by public funds. I stress that if the recommendation is to be adopted, the IHA should not be regarded as equivalent to the KCRC or MTRC. The railway corporations can be financially self-sufficient because they are profit-making in nature. However, we cannot and must not expect the IHA to be financially independent. It is anticipated that the income generated from the suggested fee-charging system will be so meagre compared with the health expenditure that it can hardly lubricate our medical budget which is already stringent. As a matter of fact, we ought to recognise that there can never be any so-called 'privatisation' in our medical scene.

The financial support from the Government for this fiscal year is 8.9 per cent of total government expenditure. With the development and completion of hospitals in the years to come, even if we are given the same amount for medical services after the setting up of the authority, we will still find it inadequate. The simple reason is that such allocation will hardly be sufficient for maintaining the existing services not to mention the expansion and improvement of hospital care. One thing we should bear in mind is that rising costs will inevitably hit our medical services. I said then and I repeat now that the IHA is the corner stone of hospital management. However, I cannot see how it can work if the Government is not ready to provide adequate resources.

Having said this, I have no other alternative but to pin the Government down to fulfil its duty particularly in the allocation of funds. Unless we have this commitment from the Government, we will hesitate to accept the report.

The second question I have to address is the anxiety of staff working in acute hospitals. The wisdom of the proposal by the consultants that the fringe benefits of the future IHA staff should be at a lower level than their comparable grades in the Civil Service is highly questionable, or indeed unacceptable. With a heavy clinical workload, an unpleasant working environment and a lack of professional stimulus, staff of government hospitals continue to simmer their complaints. I feel terribly sorry that we have been unable to solve the understaffing problems which commonly exist in acute hospitals or to improve their working environment, having particular regard to their contribution, their dedication and their endurance in the past. For these reasons, I am strongly opposed to the proposal that would unfavourably affect the terms and conditions and status of health workers in the IHA.

When I studied the paper of the Hong Kong Government Medical Department Chinese Staff General Association, I was particularly touched by what they said, I quote: 'If the Government has the good intention to improve medical services, it should by all means do so, but why at our expense?' Can anyone of you, my hon. colleagues, give me a good reason? The worries of the public should be alleviated and the deep concern and fears on the part of civil servants must be carefully weighed by the relevant government departments.

The third question I want to talk about is the doubts of some groups whether this is the time for a major reform in hospital management.

Ten to 15 years ago, when camp beds began to appear in acute hospitals, we were led to believe that such arrangement was only temporary, but the situation has actually been with us for all these years. The long waiting list, the overcrowding, manpower shortage and the poor working environment in acute hospitals speak for themselves. All these undesirable situations point to the fact that our hospital service is in a critical condition. My colleagues in the medical profession, the community-concerned groups and the general public have been calling for a critical examination of our hospital care for more than a decade. The Government has been alleged to have turned a deaf ear to the public outcry. Today, the Government's awareness of the problem has been translated into this \$4.5 million study into our hospital system and a long-awaited report on the improvement of hospital care has been prepared before us.

Changes are needed for the existing system which is largely outdated and cannot meet our present day needs. We are in desperate need of such changes, so why do we turn our back against it by claiming that this is not the right time? If this is not the appropriate time, may I be advised whether there will be any better time before the turn of this century? If the present system is allowed to continue, it is only a matter of time before the overwhelming pressure on it will cause it to disintegrate and collapse. This is certainly not in the interest of the people of Hong Kong. We should not wait for this to come about. We should act before it is too late. If the coming all important year is allowed to slip by, even more frustration will overwhelm us all. Various problems lingering in the medical field are right under our nose and we should not pretend that they do not exist. If the reform enables more flexibility in administration, better management and integration as well as making way for a system of monitoring and public scrutiny through community participation, why are we afraid of a major but useful reform?

The fourth issue concerns the practicability of introducing the recommendations within the existing system, and whether they can solve the present problems. The answer is no. It is true that certain recommendations and proposals in the report are local issues, such as measure to alleviate overcrowding. These can be considered without regard to the establishment of the IHA. However I must point out that most of these measures have in fact been implemented but these have been pushed to the limit of their efficiency and can produce only marginal improvement unless there is a radical change in the structure. Many of the proposals in the report, on one hand, can really result in very significant changes and improvement to both the quality and quantity of medical services which we are unable to produce under the existing system which is already antiquated. It must be remembered that public expectations have risen beyond all expectations over the years for high technology and good management, especially in hospital services. Thus the time has now come, or probably has passed, for the system to be modified into a more practical and

modern way which will be able to satisfy the expectations, demands and advances in medical services. Any attempt to patch up the worn-out system on an ad hoc and piecemeal basis will not bear fruit. Our present system, like a seriously ill person, will need major surgery. So the root of the problem must be attacked and a radical reform is needed to put the system right.

At present our public hospitals are operated under two separate systems and the staff work under different conditions of service. This is highly unsatisfactory. The IHA will see a new arrangement which is a better integrated system with a fairer distribution of resources which would make easier the transfer of patients from overcrowded to under-utilised hospitals. Other benefits would be a fairer term of service for all staff and freedom from the inflexibilities of the Civil Service. There should also be increased productivity and better accountability of the hospital staff.

Sir, I am happy to learn that 90 per cent of the member societies which took part in the consultation exercise on the report undertaken by the Federation of Medical Societies of Hong Kong expressed support of the establishment of the IHA. They are all major societies in the medical and para-medical field under the umbrella of the federation. I was told that the frustration of continually delayed improvement had driven them to air out their grievances in the past.

In conclusion, I want to reiterate that if we genuinely want to make significant improvement to our hospital services, this is the most opportune time to introduce a new and better hospital system to meet the demand of the community which can bring about improvements both in quantity and in quality at a cost we can afford. If we do not act now, we may end up with a medical and health service which will standfastly deteriorate with the passage of time.

Finally, on behalf of the OMELCO Standing Panel on Health Services, I wish to thank the various professional bodies, staff associations, district boards, social welfare agencies, community concerned groups and individuals who had taken the time to give us their views. We are also thankful to those staff of OMELCO, Health and Welfare Branch, Medical and Health Department, and Government Information Services who have given support service of a high standard to the panel.

MR. CHAN KAM-CHUEN: Sir, I rise to support in principle the 'Report on the Delivery of Medical Services in Hospitals' submitted by the Australian consultants.

Birth, aging, sickness and death (生老病死) is an inescapable cycle of life but a good medical and health service may be able to prolong it. How well do we measure up to world standards? Well, the end product is our average life expectancy of both sexes is 75 which is second only to Japan in the Pacific basin. Other major contributing factors are stability which cuts down untimely deaths,

prosperity which drives away hunger and education which reduces ignorance. Besides cheap public housing, free or bordering on free medical services are two of the main safety nets of our society. But alas free or cheap services are often abused. We have 'fung shui' public housing and hospital beds for used for discarding old and unwanted parents!

Let us take a look at page 117 of the 1986 Report of Hong Kong to get an idea of our cheap medical charges:

Consultation fee at general outpatient clinic at HK\$9 per visit and for specialist clinic at HK\$12 which includes medicine, X-rays and laboratory tests if required. Third class beds at \$18 per day inclusive of diet, X-rays, laboratory tests, drugs, special treatment and even surgery. This princely price may even be waived if certified by a medical social worker as hardship cases. No doubt, these are all heavily subsidised by public funds. Hong Kong is now undergoing changes and in future we may not be able to have such cheap services. Furthermore, Hong Kong now has a very large middle class who may wish to have better 'hotel services' than the spartan standards provided by government hospitals in their general wards. Most employees of large business concerns are enjoying better 'hotel services' in private hospitals. The time is ripe for providing more middle class facilities to cater for this group. They can afford insurance for their families.

#### *Free services for the needy*

It is important to emphasise to the public that we are still helping those who cannot help themselves if any changes in the system are to be made in future.

#### *Government medical staff*

The report recommends a big change in the basic concept of our medical services. It is important that not only the public should understand and support the idea but also the civil servants affected by the change. The Medical and Health Department is one of the largest government departments and care must be taken to work out an acceptable scheme. A pilot scheme in a new hospital with staff employed under new conditions may be helpful to test the new concept and to find out staff reaction and boost staff morale, thus ensuring a smooth transition should the report be fully implemented in future.

#### *Public health service*

Even if we succeed in separating the medical services in hospitals from the public sector, it is essential that the public health services should remain in Government.

Public health is defined by the World Health Organisation as the science and art of preventing disease, prolonging life, and promoting health and efficiency through organised community efforts. In the broader sense of public health, the duty of providing environmental sanitation, preventive medicine, social hygiene and its education, controlling epidemic disease, maintaining a supply of

adequate water, food, housing sewage disposal, and prevention of atmospheric pollution, radiation hazards and so on, falls squarely on the shoulders of Government.

I trust that my colleagues in the medical profession would agree with me that if the public is educated in refraining from smoking, heavy drinking and consume the proper food, we should be able to reduce deaths by top killers such as cancer, heart disease and cerebrovascular diseases. With these observations, Sir, I conclude my short speech in this long sitting which is likely to be record breaking. However, I must remind Members that records are set to be broken.

MR. CHEUNG (in Cantonese): Sir, the aim of Government in commissioning the Australian consultants to examine the delivery of medical services in hospitals in Hong Kong is to enhance the efficacy of medical services. It is hoped that an effective provision of various kinds of services in accordance with Government's medical policy and social needs could be achieved by developing a framework for the management of hospitals which suit the specific circumstances of the medical system in Hong Kong.

Generally speaking, the review is not a straightforward examination of the standard of hospital services. Instead, a structural approach is taken and this explains why the recommendations of the Australian consultants are restricted in scope. The Australian consultants should not therefore be held responsible for the widespread criticism that the terms of reference are too limited. It is hoped that Government would learn from the experience of this exercise and draw up a comprehensive plan for improving medical services as soon as possible to satisfy public expectations. What we should do is to take an objective view of the pros and cons of various recommendations, without overlooking the feasibility of some of the recommendations just because the terms of reference are limited.

The Australian consultants have made recommendations on the overall hospital management structure, methods of hospital management, staff employment policy, allocation of beds, accident and emergency services, hospital charges and cost control. In my opinion, proposals involving basic principles should be dealt with carefully and their effectiveness must be confirmed before implementation. As for some of the recommendations, such as the provision of 24-hour emergency services in regional hospitals, the introduction of observation beds in Accident and Emergency Departments, the increase of manpower, and the addition of pathological and radiological support services, I do not feel that they affect the management framework of hospitals to any great extent and are inexpensive to implement. As they could lead to a direct improvement of the accident and emergency services, it is hoped that these proposals would be considered for early implementation by the Government to meet present demands.

On the structure of hospital management the Australian consultants recommend an overall reform of existing management policy and the setting up of an independent hospital authority to co-ordinate all matters pertaining to the delivery of medical services in hospitals. I think there are three points that need special discussion. The first recommendation concerns the inclusion of well-known personalities and professionals in the membership of the management board of the hospital authority. As the Government becomes more open and the public demand more participation in the decision making process of various public services, this recommendation will certainly win public support. Furthermore, with the inclusion of public and professional representation, the management board will gain administrative expertise as well as acquire a better understanding of the actual need of the public. This will help hospital services modernise and be more able to meet public aspirations.

The second recommendation is to put government hospitals outside the Civil Service and to place them under the control of the hospital authority together with local subvented hospitals to ensure that the work of the staff, medical facilities and other services of these two types of hospitals will be of the same standard, thereby removing their present disparity. This spirit to raise the standard of subvented hospital services is supported.

The third recommendation is to require that the chief executive to be put in charge of the co-ordination of hospital services. Working to him are the various professional teams in charge of medical care services, nursing care services, administrative services and other kinds of services. Specially designated officers will be responsible for overseeing the various duties and allocating resources. Under this system, each officer's area of responsibility is clearly marked out and the hospital also has the power to employ and dismiss staff. It is believed that this will help improve the working attitude and the quality of service provided by staff. I also support the basic spirit of this recommendation.

However, I have the following comments regarding the implementation of this system.

Firstly, is the setting up of an independent hospital authority the only way to achieve the objectives of permitting public participation in the decision making process of hospital management policies, raising the standard of subvented hospitals and making the hospitals fully accountable for the services delivered? Are there other ways to achieve the same result? In the report, there was very little discussion on this subject by the Australian consultants. Concerning public participation in policy decisions, the organisation of certain government bodies may be used as a reference point, for example, the Urban Council, the Regional Council and the Vocational Training Council. They are all independent statutory organisations with administrative and financial autonomy. But their executive arms are still within the Government and their staff are employed under the same conditions of service as civil servants. Their function is to carry out policies laid down by the management authority and their performance is

considered satisfactory. Staff of the future hospital authority can also be employed on contract terms with the hospitals reserving the right to dismiss or not to renew their contracts. I believe the standard of service can be improved in this way. Subvented hospitals may also adopt the same method in order to raise the standard of facilities and quality of staff to the same level as government hospitals. Even under the present system, senior hospital officers can also be made accountable for their work. Furthermore, the adoption of this approach will remove public suspicion that the Government wants to reduce its subsidy to medical services.

Second, I think the recommendations on an independent hospital authority and regional management will have far-reaching effects on subvented hospitals. Although the report recommends that individual hospitals may be allowed to retain their characteristics, the way to achieve this is not mentioned. With the move towards standardisation, it is possible that the founding principle of certain subvented hospitals could not be maintained. It would be regrettable if this should result in less popular support for such hospitals. A good example in the Tung Wah Group of Hospitals, whose time-honoured service for the relief of the poor and needy has won popular acclaim. If its five member hospitals are to be placed under different regional boards of management, there are bound to be differences in their management, resulting in confusion over the general direction of the medical services provided by the group. This may affect the image of the group as a charitable organisation thereby lessening public enthusiasm in its fund-raising efforts and hindering its future diversification programme.

On the whole, I support the spirit of the report to improve the delivery of medical services in hospitals. Furthermore, it is hoped that some of the recommendations which directly relate to improving the Accident and Emergency Departments could be implemented at once. As regards an independent hospital authority, I suggest that the Government give careful consideration to other options that would fulfil its commitments to the provision of medical services. Finally, a solution should be found to preserve the characteristics of subvented hospitals so as to keep alive public enthusiasm in making contributions to charitable organisations.

MRS. NG (in Cantonese): Sir, the efforts of Government to tackle the longstanding problems of hospital services should be applauded by leaders of the local community. The commissioning of an Australian consultancy to scrutinise the services with a view to improving resource utilisation, hospital management and costs and cost control is much appreciated. Certainly the many recommendations contained in the report must seriously be given due consideration by various sectors including the Administration, councillors, district boards and the public. While my hon. colleagues will be addressing the report from various angles and on different aspects, I shall speak on those recommendations regarding Accident and Emergency Department, and on the role of nursing staff in hospitals and their prospects.

In 1985, the total attendance at Accident and Emergency Department was 1 151 000 out of which 40 per cent needed hospital treatment. The report (in page 11-12) recommends a charge for Accident and Emergency Department to equal to that of a specialist clinic, pointing to the fact that accident and emergency services are being sought for as alternative services which should be dealt with in clinics. The proposal therefore directs to 'stop at least some of the patients who currently abuse the system by going to the Accident and Emergency Department at no cost...' (page 11-12).

Here, I believe, a distinction has to be drawn in the principle between services which should be provided free and those for which a nominal fee should be charged. I have doubts about justification to impose a fee for services which should otherwise be free for the sake of deterring some who are regarded as having 'abused the system'. Accident and Emergency Department, or the formerly casualty ward, in my opinion, should not charge fees. It provides short-term treatments for either hospitalisation or referral to clinics for follow up. In no way, however, am I saying that the operating cost in the Accident and Emergency is low and I recognised that, because of the acute nature of accident and emergency cases, the services it provides are to a certain extent comparable to a specialist clinic.

Having said that Accident and Emergency Department should be free of charge, we should look positively of solving the problem of over-use of the Accident and Emergency Department in hospitals. In fact those who suffer from pain as a result of illness would like to be treated at the earliest opportunity. And they go to the Accident and Emergency because there are no alternative—in the evening hour, Sundays and public holidays, when even private doctors are not easily available. It would be unfair to say that they 'abuse the system' in seeking relief from their sickness, albeit temporarily, when there are no alternatives. So I suggest more clinics for the evening, Sundays and public holidays, and each hospital with an Accident and Emergency Department should have a 24-hour clinic.

Secondly, I should point out that the role of our nursing staff should be given due and proper attention in considering improvements to our hospital care. The fact that they have the most contact with the patients in serving their different needs, a good utilisation and development of the nursing staff is essential in increasing the effectiveness and efficiency of hospitals. For this, I fully endorse the report's recommendation to strengthen the medical and nursing structure in order that the nursing officers' authority and responsibility can be matched, and may I add, be expanded. This, however, is not a simple task. Expanding the role of the nurses includes not only strengthening the nursing structure, training and development and promotion prospect, but also increasing the productivity and staff morale in the nursing grade and in the hospital as a whole. This is an area where the authority should wish to address itself in greater details.

Sir, before I conclude, may I say that the the Australian consultants' report is but the beginning of efforts towards a healthier state. A lot more should be done in revamping the medical and health services other than hospital care, for example, primary community health care, family health care and general hygiene and so on. And I should like to see that Government would continue its work on this.

MR. YEUNG (in Cantonese): Sir, medical services are vital to the overall development of society. The report prepared by overseas consultants on the management and organisation of hospital services in Hong Kong aims to develop an organisation framework within which the delivery of medical services can become more effective and efficient. The aim is rightly steered in the direction of management reform and improvement of efficiency. We should give our support to the spirit of the report which has lofty intentions. However, the report is oriented at the study of hospital management rather than improving the overall medical structure. It has overlooked primary health care outside hospitals and made no mention of the co-ordination between public and private hospitals. As a result, it still lacks an overall solution to the problems of medical services. The Government must pay special attention to these two aspects.

We all understand that hospitals only provide treatment for emergency, serious and specialist medical cases. The majority of medical services, whether preventive or curative, are delivered outside hospitals. Services inside or outside hospitals should be heading in the same direction, that is, the provision of primary health care being the key to good public health, as stated in the 1978 declaration by the United Nation's World Health Organisation. As long as Government provides adequate primary health care, the people will recognise and enjoy their basic right to remain in good health. In fact, the three aspects of prevention, cure and convalescence in health services cannot be separated. The delivery of these services cannot be done in isolation; overall co-ordination is necessary. Hospital services is but the important link in the middle part of the whole range of medical services. At the front end, there are various kinds of preventive and clinical services; at the rear end, there are the community nursing services and convalescent homes. The report has not given overall consideration of or a plan for linking up the two ends.

The ideal for future medical services should be to reduce, as much as possible, the number of patients requiring hospital admission. To achieve this, preventive service is even more important than cure. Therefore, the Government should strengthen primary health care and expand the present central health education unit. Health education should be all-rounded, while medical and health knowledge should be included in the curriculum of primary and secondary schools. The Government should also consider the establishment of a health education co-ordinating committee for the enhancement of the public's medical and health knowledge, so as to foster the concept that 'everybody has a part to play to ensure that the community enjoys good health'. Furthermore, the Government

should encourage the popularisation of medical insurance so that the basic rights of employees could be safeguarded in case of sickness.

On the co-ordination between public and private hospitals, I believe more communication is necessary, especially in the case of patient transfer. The mere provision of a form stating the patient's 'refusal to accept medical treatment' is not sufficient; detailed treatment records, laboratory test results and doctors' referral letters are required when a patient is transferred from one hospital to another. Such a measure will render medical services more effective and efficient.

Lastly, I wish to point out that each subsidised hospital in Hong Kong has its own historical background, and a strong and competent board of directors to formulate policies and take charge of management work. As 50 per cent of the medical services are provided by these hospitals, the Government should further increase their grants. It will, on the one hand, reduce the pressure on the services of public hospitals, while, on the other hand, affirm and increase the capacity of the subsidised hospitals to serve more useful purposes and provide more services to the public.

MR. CHENG: Sir, before I speak, firstly I have to declare an interest as the vice-chairman of the Junk Bay Medical Relief Council which runs the Haven of Hope Hospital. Secondly, I must stress that my views may not necessarily represent those of that council.

I must also declare another interest—one which we all share—and that is of being a potential patient in one of our hospitals, whether government or subvented. It could happen to any of us at any time. This fact concentrates the mind on what this medical services report is really about. It is about people, people who need medical care, and how they are helped as effectively as possible.

In principle, Sir, I support the proposed hospital authority. I believe that an independent authority, with regional boards of management which include various hospital and community representatives would certainly increase efficiency. The local voice in each region would be heard, a chain of accountability would be established throughout the administration, and there would be a degree of public scrutiny which is not possible at present. All these can only be good for the patient.

The inclusion of the subvented hospitals in the new structure would, in my opinion, bring all-round benefits. For financial reasons, many of the subvented hospitals are at present unable to attract well-qualified medical and nursing staff and consequently standards are quite unsatisfactory. It is high time for these hospitals to be brought up to the same standards as those run by the Government—a move which, it is hoped, will help relieve overcrowding in the Government's regional hospitals.

There would also be parity in pay scales. In this connection, I understand that many government servants in the medical services are concerned that there might be a levelling down in their interests or benefits. They are, therefore, entitled to be assured that their conditions of service would not be adversely affected.

It is encouraging to note the proposals of employing various means to make better use of currently under-utilised hospitals, but I am concerned at the suggestion that this might provide an opportunity to defer the building of some of the planned new hospitals. With our growing population and the increasing need, we must think hard before deferring any of these new hospital projects. Once we have eliminated camp beds from our wards, let us never have to resort to them again.

Many people have long felt a need for accommodation better than the third class but less expensive than the semi-private. I agree with them, and agree with the recommendation that an appropriate insurance scheme should be set up. But it must not be done at the expense of the third class beds which serve the majority of our population.

The report refers to present ambulance service, which is provided by the Fire Services Department, as being efficient in providing transport in some circumstances but not so effective in others. I would suggest, Sir, that more is required of an ambulance service than merely 'providing transport' for patients, as recent reports in the press have shown. I also doubt that the Fire Services Department sees its role in this respect as one of simply providing transport. This is an area which clearly needs more consideration than has been given, possibly due to limitations in the terms of reference of the report.

I feel that more emphasis might also have been placed on training of our doctors, nurses and hospital staff generally. For in any sphere of work it is not just the organisation and deployment of staff which count. It is the quality of staff that matters—a point which I have stressed on previous occasions in this Chamber. And the quality of people around you becomes doubly important when you are lying helpless in a hospital bed.

Sir, this report tells us that Government, either directly or indirectly through subventions, provides almost 90 per cent of the available hospital beds; however, only 30 per cent of the total number of doctors are employed in these areas. They have a formidable task. Let us make sure that these doctors together with the supporting staff are enabled to work as efficiently and effectively as possible, so that the public interest is best looked after by the improved hospital services.

MR. CHEONG-LEEN: Sir, my intervention is a short one on just a few points which I feel strongly about.

A serious misunderstanding which has caused much controversy about this report is that Government is trying in the long run to reduce its responsibilities in providing medical services for the public, especially for those in the lower income groups.

I am reassured by statements made by responsible government officials at meetings of the OMELCO Standing Panel on Health Services that Government is totally committed to steadily improving medical services in Hong Kong, providing fully subsidised medical services for the needy but, at the same time, maintaining a more efficient, a more caring and a more responsible medical service structure and staff in our hospitals.

I support the recommendations to reduce overcrowding by providing additional observation beds and by transferring patients from overcrowded hospitals to other hospitals where beds are available and where such patients can be properly taken care of. It is understood of course that a senior medical officer will have to make sure that the life of the patient being transferred will not be endangered. Too many empty beds in our hospitals, whether they are government hospitals or subvented hospitals, mean wastage of public funds and a not too efficient medical service, and this problem should be solved as a matter of priority. The question is: Can Government go about doing this without having to wait until a decision on whether or not to set up a separate hospital authority is made?

In principle, one can anticipate various improvements arising from the setting up of a hospital authority as recommended in the report, especially by way of flexibility and devolution of responsibility to the hospital level. But there are reservations and there are strong reservations as well among those concerned, centering around different standards of service in government and subvented hospitals, and different terms of employment and career prospects in the hospital service and in the public health service.

And if the hospital authority were set up, how would hospital services be related to public health services—will it make for more integration and co-ordination or lead to more disconnection and separation of the two types of services?

I would therefore urge that Government study in depth the advantages and disadvantages of setting up a hospital authority in Hong Kong before the final decision is taken. Whatever the decision, it will have to be arrived at in the context of the real needs of Hong Kong people for an up-to-date and better-quality hospital service.

The problem of more medical and hospital services for the elderly is a serious one, and will be debated at a future adjournment debate on the needs of the elderly.

Finally, I support the introduction of a pilot scheme for the 'B' class beds in new hospitals or new wings, providing there will be no reduction in the number and proportion of Class III beds.

The 'B' class beds programme could be a positive encouragement to employers to provide their staff with health insurance for hospital service. According to the consultants' report, a preliminary survey shows that there may be a market for 200 000 households to participate in the use of 'B' class beds. Those could thus be a saving in public expenditure, and the reinforcing of the principle that those who are able to pay more for hospital service should be given the opportunity to do so and at the same time get a better standard of hospital accommodation in the bargain.

Sir, I support the motion after all the other 14 speakers who have not spoken have spoken.

MR. CHUNG (in Cantonese): Sir, I believe that the setting up of a medical service management system under which administration is independent and authority is open based on the recommendations by the Australian consultants in their report on the setting up of a hospital authority, regional boards and a staff advisory commission should be fairly constructive in stepping up improvement and further development of a large medical network to serve the public in Hong Kong.

In the long-term, the new management system should be able to serve many purposes. Firstly, a higher administrative efficiency will be achieved. Secondly, there will be a better standard of service. Thirdly, a wider scope will be accorded to the development of medical services. Fourthly, there will be less wastage. Fifthly, and more importantly, it will help to enhance gradually the potential of the overall social welfare service and the allocation of public funds.

However, the Government should make the following three assurances before implementing the new system:—

- (a) the recurrent funds and construction expenditure allocated for the subsidisation of medical services should not be reduced to ensure the availability of free medical services required by the poor and the sick;
- (b) prospects of salary increase and promotion for medical staff based on the existing Civil Service system should not be affected; the new system should only present them with a better future; and
- (c) every effort will be made to enhance, rather than to hamper, the improvement on the level and scope of services provided to members of the public.

In fact, there are some areas in the report which call for further review. The report only concentrates on the administrative management of a medical service system with a view to achieving a better value for tax-payer's money, whilst outpatient and community health services which are vital to the success of the entire medical system in Hong Kong has been totally ignored.

Everyone knows that the number of patients seeking outpatient service is often so large that in comparison, the number of patients who require hospital service seems to be out of proportion. Yet outpatient service only constitutes 0.1 per cent of the total expenditure incurred by government hospitals. We must put our priorities right. If outpatient service is adequate, the demand for both hospital beds and Accident and Emergency Departments may be reduced, thus contributing directly to the improvement of the entire problem of medical service facilities and management.

As to the recommendation of providing 'B' class beds, I think it will not give much cause for criticism to let those who require a better service to pay a higher charge. Yet attention must be given to the distribution of hospital beds and deployment of staff so that high-charge 'A' or 'B' class beds will not be left vacant whilst ordinary beds are in serious shortage. Available information indicates that during a certain period of time last year, the vacancy rate of beds in the Queen Mary Hospital was as high as 20 per cent and the average occupancy rate in the Kwong Wah Hospital and Prince of Wales Hospital was as low as 70 per cent. Assuming that the cost per day of each bed is \$800, vacant beds can be regarded as a waste of resources. Under such circumstances, what is the value of additional 'B' class beds? This is another point in the report which calls for a review.

I agree that primary medical and guidance services are closely related to the hospital services. Hence, the Government must expand its outpatient service, step up widely the community health scheme, actively develop nursing training and health education as well as providing more opportunities for the public to participate in the formulation and supervision of medical policy. In this respect, I consider that priority should be given to the health scheme for the elderly. An increase in the amount of subvention to attention homes for the elderly, for example, will be highly beneficial to the expansion and development of the entire medical service.

As the Government already devoted half of its revenue from personal income tax on hospitals, it must consider carefully public opinions in order to identify the best solution in terms of technology, finance as well as service and management.

MR. HUI: Sir, over the years, Hong Kong people have benefited from public medical services of relatively high standard provided at low cost. The report on delivery of medical services in hospitals, which aims at improving hospital administration must be looked upon as a progressive step undertaken by Government in meeting the needs of a growing population. However, I would like to raise two points for Members' consideration-first, hospital care cannot be separated from community health care; and second, the general welfare of the public should be the prime concern in the delivery of medical services.

Social work professionals believe that the lack of medical knowledge among the general public accounts for the abuse of hospital service. That patients act on their own perception of emergency cases gives rise to the congestion in casualty sections, although other factors such as inadequate outpatient facilities, insufficient convalescent beds and unscrupulous admission also contribute to the overcrowding of hospital beds. While we support the recommendations made by the Australian consultants concerning the ease of overcrowding, we trust that the long-term solution lies in the active promotion of community health care to reduce incidents of illness among the population. Community health care, with hospitals playing a supportive role, should be considered at the highest policy-making level and more resources should be given for its promotion. In addition, adequate channels of co-ordination should be established for co-operation of health services and welfare services within and outside the hospital such as community nursing service, home help and medical social work.

The answer to the shortage of hospital beds, however lies in supply, for which reason we agree that the consultants' report failed to outline long-term plans to build new hospitals and clinics. In particular, we urge that plans to open more infirmaries should be given top priority. Since the difference in cost, between one hospital bed and one infirmary place is as much as HK\$600 per day, public money could be saved if more infirmary beds are provided for senile, chronically ill patients who only need personal care with limited medical attention.

As for the proposal to change the standard bed fee from the existing notional food cost to charges on a broader base, it is considered imperative that all charges should be set at a reasonable level affordable by the general public. We recommend that all public assistance and medical social service cases be exempted from new charges on social consideration. The levy of any charges should not be counter-productive as a result of increased administration cost and should take into consideration the needs of the poor. Similarly, the introduction of 'B' class beds is considered precocious, partly because additional facilities for serving a new category of patients have yet to be made available, (and we still have a long way to go before the 5.5 hospital beds per 1 000 people target is reached,) and partly because we are not convinced of the need for cost recovery when Government ought to be shouldering the responsibility to provide medical service as a community service. Nevertheless, we find the call to try out the 'B' class scheme in private hospitals to be a practicable suggestion.

The setting up of the proposed hospital authority, is generally supported on two considerations. Firstly, the existing discrepancies between government and subvented hospitals in terms of facilities and qualified staff has resulted in subvented hospital beds not being fully utilised. This situation of laying waste valuable medical resources could be rectified by an independent hospital authority which promises among other things better allocation of resources and

staff, closing of the gap between public and private hospitals, and will improve the demand and supply situation which directly affect the well-being of the public. Furthermore, the role of voluntary agencies which operate many subvented hospitals should be spelled out and their characteristics maintained. Secondly, through decentralisation, hospital boards at regional level can develop and integrate district health services, community health care projects and special clinics. In addition to wider professional representation and a built-in public accountability system, hospital boards need adequate financial support from Government to carry out its functions effectively.

To sum up, in so far as improving the delivery of medical services and thereby raising the quality of health care for the local population, the report's recommendations are fully endorsed. In contemplating the recovery of costs, the Administration ought to consider where exactly the ultimate responsibility for public health lies.

In view of the divided views on the consultants' report, the volumous document containing technical information cannot be taken as the blue-print for future development of medical services in Hong Kong. I hereby suggest that the Administration, having collated public opinions and comments, issues a green paper based upon which further consultation should take place before the formulation of a public medical and health policy.

DR. LAM (in Cantonese): Sir, the publication of this report shows that the Government seems to have determined to improve medical services in hospitals. The report has provided some useful recommendations, but its greatest achievement lies in arousing public attention (especially the medical circle's) toward this problem. Some 82 representations have been received by this Council and they have brought up a lot of valuable opinion for our panel.

In order to save Members' time and to enable them to return home early for supper, I will not repeat the points already mentioned by other colleagues. Hospital only constitute part of the entire medical service. If the Government is really determined to improve medical services, she should conduct a comprehensive review of the overall structure of medical services, rather than to carry out reforms on a piecemeal basis. The report gives others the impression that the Government intends to break away the most expensive part of medical services (i.e. hospital service from herself). In 1974, the Medical Development Advisory Committee stipulated that 5.5 hospital beds should be provided for every 1 000 people. When can this goal be attained? There is still no date for its realisation. In 1976, the total number of hospital beds in public and subsidised hospitals was less than 17 000. But by the end of this year, there will be 22 000 beds, rising to 27 000 in 1990. How is Government going to cope with the large amount of medical expenses involved is an issue which deserves our attention. In order to solve the overcrowding problem in hospitals, it is not enough to rely merely on the setting up of the hospital authority or reforming the internal

organisation of hospitals. Although an independent hospital authority has its merits, I must warn those in support of the hospital authority that members of the public will certainly have to shoulder much higher medical expenses because of the establishment of such an authority. The authority will have to face many complicated problems in its actual operation. Must the hospital authority be disintegrated from the government structure? If we think that the private sector will be more efficient and more effective than the Government in job enforcement and so want to have hospital services privatised, will it be necessary for us to carry out similar reviews of other government departments? Personally, I believe that an independent hospital authority will bring about more disadvantages than benefits to the overall interests of the general public (particularly those with a lower income).

The Medical and Health Department has often been subject to public criticisms because of the problem associated with its provision of medical services. The lack of resources have on many occasions affected the supply of medical services. But in reality, it has been made the scapegoat for the Finance Branch. Some people suspect that even this report on medical services was a trick of the Finance Branch. According to my knowledge, a subvented hospital had applied to Government for a \$420,000 grant to repair its dripping ceiling. Although this application had the support and recommendation of the Medical and Health Department, the Finance Branch still refused to approve the grant for two years. If the Government was unwilling to grant \$420,000 to repair a dripping hospital, no wonder some people expressed doubts on the real intention and motive of the Government in actively bringing out this report on medical services.

In order to improve the medical services provided by hospitals, it is essential to provide more manpower and resources. How is it possible to 'raise a good horse without feeding it'?

It is in no way the best means to improve medical services by sitting in this Chamber to discuss this report. I suggest those in charge of financial powers to stay a few days in those crowded wards or on those canvas beds placed in the corridors or outside the toilets, so as to gain some personal experience of the conditions experienced by patients and hospital staff. Alternatively, they can visit the outpatient sections of specialist clinics to observe how those unlucky cancer patients have to wait for such a long period of time before they can receive treatment, the look of despair on their faces and the desperate feelings of anxieties of their relatives. If policy-makers could experience such feelings, they would certainly be more determined to improve medical services.

Medical service is a primary social service. No matter how high the costs may be, the Government has the responsibility to take care of the health of the people. This is because only a healthy society will be able to produce wealth and prosperity for Hong Kong.

MR. LEE YU-TAI: Sir, in recent months, two cases have attracted a great deal of public attention and concern. A girl was twice certified dead, once in a subvented hospital and later at a government hospital. A man reported to be suffering from rabies died and there was a claim that treatment might have been delayed due to wrong diagnosis. As we know, the medical service system in the public sector is working under the pressure of an excessive workload. The public may be led to think that there is some connection between the two cases on the one hand and the pressure of excessive demand on the medical service system on the other hand.

The condition of excessive workload is aggravated by the shortage of doctors arising from the problems of unfilled vacancies and staff turnover at government and subvented hospitals. In 1984, the turnover rate of doctors at government hospitals was 9.4 per cent while 6.5 per cent of posts in these hospitals remained unfilled by the end of the year. The corresponding figures in the subvented sector were 23.6 per cent and 10.7 per cent respectively. I am in favour of improving the fringe benefits of the subvented sector to achieve parity with the Civil Service. In fact the improvement should not be confined only to medical service, but be extended also to welfare, education and other services. In the medical profession, however, even if pay and benefits were improved, doctors would still be tempted to go into the lucrative private practice. The only advantage which the public sector can offer is institutional support for medical research and professional development. If one aspires to historic achievements such as discovery of a new medicine or a new treatment, which can cure cancer or AIDS for example, one will have to work in the public sector and make use of the facilities and resources to support one's research. To retain the service of doctors, the public sector must improve facilities for medical research, reduce their workload and give assistance in professional development and acquisition of higher qualifications.

It is recognised that overcrowding is a serious problem at public hospitals. The public must be educated not to abuse medical services and new building projects should be implemented with full speed. Sir, it is reassuring to note in your address of last week that the Eastern and Tuen Mun Hospitals are making progress as scheduled. I would also suggest provision of more resources to promote public health education so that medical services will not be abused.

Hong Kong is mainly a Chinese community. Alternative treatment services such as herbalism, bone-setting and acupuncture exist, and some people take advantage of them. I have visited a few local benevolent societies which offer these services free of charge in the summer season. A few hospitals which are operated by traditional Chinese organisations may also provide some of these services. I wonder if these alternative treatment services could be better co-ordinated with a view to integrating them into the medical service system.

MR. LIU (in Cantonese): Sir, as mentioned in the report, the annual expenditure on medical and health services in Hong Kong for the past decade represented an

average of 8 per cent of the total government revenue each year. At the same time, the standard of medical and health services in Hong Kong is comparable with those of advanced regions in the world. However, Hong Kong is in lack of a systematic and long-term medical policy and there is still room for improvements in many aspects of medical management and services. I agree therefore with the principles and spirit of the report. However, there are certain areas which may require further deliberation and I hope the Government would seriously consider making the necessary improvements.

Firstly, I support the recommendation to set up an independent hospital authority to actively take up the functions of integration and co-ordination and to utilise existing resources with greater flexibility and efficiency with a view to reduce the overcrowding conditions currently prevailing in government hospitals as well as to increase the efficiency of subvented hospitals. It is commonly known that each subvented hospital has its own individual character, philosophy, historical background and traditions. Naturally, Government has the obligation to preserve these traditions and creditable characteristics. None the less, under this general principle, Government's conditions for subvention should be practicably enforced to prevent tax-payers' money from being misused. The current rate of occupancy of beds in subvented hospitals is much lower than that in government hospitals. This situation should be improved speedily. It is therefore most appropriate to establish an integrated structure of hospital authority under which there are regional boards of management for local hospitals with balanced representations from the local community and professional bodies which will play an effective co-ordinating, managing and monitoring role. However, I have to remind the Government that suitable arrangements should be made to cater for bodies with a lengthy history and distinguished traditions like the Tung Wah Group of Hospitals to preserve their traditional characters whilst at the same time making better and fuller use of their resources. Detailed arrangements should be worked out between the Government and the bodies concerned with the objective to achieve co-operation in harmony and best use of the resources available.

I hope that the proposed independent hospital authority would not cause undue expansion of the Administrative structure and thus increase government expenditure. I have reservations on the statement in the report claiming that expenditure to be incurred on establishing the hospital authority could be recovered within five years. Unless the consultant can produce substantiated figures and prove that their assumptions on the various conservative measures are practicable, this five-year cost recovery plan has yet to be proved.

In regard to the regional plans as stated in paragraph 5.4.4. of the report, can the Government inform this Council whether the various subvented organisations support in principle the recommendations in the report and agree with the details of the various arrangements? According to my knowledge, certain subvented hospitals have for some time been regarded as regional hospitals (e.g. Kwong Wah Hospital). However, the regionalisation system

as recommended in the report obviously intervenes in and takes over the management power presently held by the subvented hospitals. On this point, is the Government confident in convincing and proving to these community bodies that their status as well as characters would not be affected?

Doubtlessly, the hospital authority concept is an endeavouring attempt. It rests upon the Government now to plan in detail and to study with prudence the various problems to be encountered in its implementation.

I agree with the statement in paragraph 7.4 of the report that the use of Accident and Emergency Departments in hospitals are being abused by the enormous number of patients attending for treatments. The reasons for this are mainly due to overcrowding conditions in regional hospitals and also by the insufficient service provided in night clinics. I support the recommendation in paragraph 7.6 concerning improvements in Accident and Emergency Departments. Subject to these improvements, I would have no objection to imposing charges on patients attending Accident and Emergency Departments as recommended in paragraph 11.4. However, can the Government consider waiving or reducing payments for low-income patients? In implementing this waiving system the resident medical social workers could assist in carrying out mean tests on individual patients in order to achieve the goal of 'relieving the needy and rescuing those in danger'.

I, for the same reason, have no objection to the introduction of 'B' class beds on the condition that the present numbers of third class beds would not be reduced or else the poor and sick would face even greater difficulties.

Finally, I wish to remind the Government of its responsibility in providing the citizens with medical services and maintaining the standard of health in Hong Kong. The Government must clearly show that it will not shirk off or reduce its obligations in this respect but, in the contrary, will allocate adequate resources so that the various improvement measures can be made.

MR. PANG (in Cantonese): Sir, given that the Government's public housing policy is to gradually achieve a balance between income and expenditure, the public have become aware that this would also be applied to other government policies. Whether or not this is intended to tie in co-ordination with the future policy, the majority of the public, especially the lower and middle classes, generally feel that the Government should not relinquish its responsibilities in the provision of social welfare or community services.

Indeed, problems do exist in current medical services and their management, for example, insufficient beds—causing overcrowding in government hospitals; shortage of doctors—which may be due to unfavourable pay whether casualty wards are being abused and whether the hours for outpatient service could be extended; whether the morale and service of medical staff have been affected by excessive work pressure; the under-utilisation of certain subsidised hospitals;

the possibility of providing more nursing homes to accommodate patients who can be discharged and so on. All these are complicated problems which cannot be resolved instantly. They need to be immediately reviewed and improved.

I would not refute all the recommendations put forward in the report compiled by the Australian consultants. But I have to point out that this Council must carefully consider the recommendations in the light of existing problems and review them one by one in order to identify the crux of the problem and provide solutions step by step.

Finally, I must point out that before the implementation of a comprehensive social security system, low-cost medical service is required by the general public and like public housing it is a prerequisite in stabilising people's livelihood. The Government must be very careful in carrying out reforms to the existing medical system and in order not to create social instability, decisions should not be made too hastily.

Sir, I doubt whether it is worthwhile for the Government to spend some \$4 million on this report. I would like to reiterate that it would not be necessarily appropriate for the Government to employ overseas consultants to study local issues closely connected with the community of Hong Kong and the livelihood of its people. Take the medical report for example, people's reaction is generally strong, and there are more criticisms than praise. Therefore, I do have reservations on the feasibility of this medical report.

MR. POON CHI-FAI (in Cantonese): Sir, health means wealth. Members of the public require good health to build up a happy home for themselves. Similarly, a society requires wholesome human resources to attain wealth, stability and prosperity. Public health therefore, does bear a close relationship to the Government's system of medical services. My views on the report are as follows:

(1) *The scope of the report is limited*

Being just a study on hospital services, the consultants' report is too limited in its scope of review and is therefore, by no means comprehensive. In fact, hospital services only form part of the medical services. In order to enhance the effectiveness of our medical services and ensure the health of the public, hospital services should tie in with other primary health and care service (e.g. outpatient service, community nursing service, care and attention homes, convalescent homes, homes for the aged, and maternal and child health centres and so on)

(2) *The hospital authority*

It is proposed to set up a hospital authority so that there will be a more effective allocation of resources, better co-ordination of the utilisation rate of government and subsidised hospitals and further standardisation of the medical services. At the same time, the management work of the

hospital authority would thus be simplified and become more flexible, while the authority itself would become more representative and more open to public supervision. But since the establishment of such an authority is very expensive, the Government should just improve the existing system and organisation so as to realise the above aims without wasting public revenue. Only when there are no other possible alternatives should the setting up of a hospital authority be considered.

(3) *Reducing overcrowding in hospitals*

The report's recommendations on reducing overcrowding in hospitals are very constructive. Recommendations like introducing additional observation beds adjacent to Accident and Emergency Departments, providing adequately qualified staff for Accident and Emergency Departments, the provision of appropriate auxiliary services, for example pathology and radiology services, plaster, and so on, can really reduce the admission of patients who do not need to be hospitalised, and thus reduce overcrowding. However, the main reason for overcrowding in hospitals is that there are insufficient beds. The total number of beds presently available in hospitals is still lower than the 5.5 beds per 1 000 people standard stipulated in the 1974 White Paper. Therefore, while implementing the above recommendations, the Government still have to speed up the construction of hospitals as well as to train up more medical staff. This is in fact the best way to solve the overcrowding problem in hospitals. The relative stay index may perhaps help to detect overstay cases and to monitor the performance of various hospitals or their responsible units. But in actual application, it can only be used as an objective indicator. It should still be left for doctors to decide the period of stay according to the patients actual conditions. As some hospitals may want to attain a good performance record in the relative stay index, they would discharge their patients before they have fully recovered, thus causing an increase in re-admission cases. In order to prevent such things from happening, I think an alternative re-admission index should also be introduced along with the relative stay index, so as to monitor and prevent the above defects.

(4) *Allowing private practice by doctors*

It is recommended in the report that private practice by specialist doctors and that private doctors should be allowed to serve in public hospitals. The main purpose is to reduce the brain-drain of medical staff and attract private doctors to serve in hospitals. However, as specialist doctors have more chances to come into contact with 'private' patients under the above system, it may create greater opportunities for them to leave the public service for private practice. Moreover, when these doctors are looking after their own patients and those in public hospitals at the same time, it is difficult to prevent some doctors from

giving special care and preferential treatment to their own patients while neglecting other patients. This system may also result in the admission of private hospital patients to public hospitals and thus increase the overcrowding situation of hospital beds.

(5) *Hospital charges*

As regards hospital charges, I have no objection to a slight increase in hospitalisation charges. But in Hong Kong, there is still a wide gap between the rich and the poor. Most of the local population belong to the low-income group. In the absence of a proper medical system and due to the fact that most patients admitted to government or subvented hospitals are from the grass roots level, Government should continue to provide cheap medical services. It will be against the spirit of medical service if too much emphasis is placed on cost recovery and economic viability while the affordability of the public is not given due consideration. Such a move will result in higher medical charges and hard hit the needy. This is certainly not the wish of the public. I strongly object to the proposal of increasing the charges for attendance at Accident and Emergency Departments to reduce the abuse of this service. As a matter of fact, it is difficult to decide whether Accident and Emergency services are abused. The seriousness of certain cases could only be decided after careful diagnosis by the doctor. Since outpatient and night clinic services are inadequate, patients have no alternative but turn to the Accident and Emergency Departments for service. As a concluding remark, a \$12 charge would not be able to prevent the abuse of Accident and Emergency wards and the sum collected may not be sufficient to recover the costs. However, such a step may result in deterioration of the illness of the patients and cause inconvenience to them. In other words, the loss will outweigh the gain. The effective way to prevent the abuse of Accident and Emergency services is to enhance the provision of outpatient and night clinic services, and to enhance health and civic education for the public.

(6) *'B' class beds*

There is nothing seriously wrong in introducing 'B' class beds for the middle-income group who, in getting better services than the third class beds have to pay more. However, as the number of third class beds is still extremely inadequate, 'B' class beds should not be introduced at present so as not to deprive the poor and needy from using the medical services.

Sir, medical service is a basic need of the people and a vital provision for sustaining the community. Therefore, it is most urgent that more funds should be allocated for the purpose of expanding hospitals and improving medical services.

PROF. POON: Sir, I have consulted my colleagues in the Faculty of Medicine of the University of Hong Kong, and would like to say a few words on the Australian consultants' report.

The report as a whole is quite well written and the consultants have successfully identified most of the problems and shortcomings of the existing system and made useful recommendations. There are, however, two striking deficiencies which I feel must be pointed out.

First, it is unfortunate that the consultants have been limited by their terms of reference to consider only the delivery of medical services in hospitals. In my view and in the view of my learned colleagues in the medical faculty, medical services inside and outside hospitals are integrated and should not be reviewed separately. It will not be possible for significant improvements in the hospital services to be achieved without proper adjustments to the medical and health services outside hospitals which include primary care, continuing ambulatory care, and convalescent and rehabilitative care.

The Australian consultants have made attempts to propose means to reduce overcrowding in hospitals. I, however, do not believe that it would be possible to successfully and effectively introduce measures to reduce overcrowding in hospitals if the medical and health services outside hospitals are not significantly improved at the same time. For example, I understand that many diseases which in Hong Kong are normally treated in hospitals can in fact be treated entirely outside of hospitals, in order to reduce cost and relieve overcrowding in hospitals, if we have proper and adequate primary health care services. Rehabilitative care which is essential in certain diseases after the patients have gone through the acute stage at present occupies acute hospital beds and will continue to occupy such beds until adequate facilities are provided outside hospitals.

I therefore would like to urge that the medical and health services outside hospitals be looked into urgently and carefully in the context of the Australian consultants' recommendations.

Now I would like to turn to the second deficiency in the report. Although the report devotes a few paragraphs especially to teaching hospitals, it gives no clear definition of a teaching hospital; nor does it recognise the special requirements in terms of staffing, resources and management system of a university teaching hospital. A university teaching hospital has a role quite different from that of a general hospital and therefore has different requirements. I can give you a few examples:

- (1) University clinical staff are employed to teach, to do research, as well as to provide services while staff of other hospitals are primarily employed to provide services.
- (2) A university teaching hospital must have a wider range of patients to ensure that medical students are exposed to a full range of clinical cases.

To achieve this, the catchment area of such a hospital must not be limited only to its designated region, and the hospital should be able to receive patients referred to from general hospitals inside and outside its region. This is particularly true in the case of teaching hospital like Queen Mary Hospital which is located in an area with a population less than the eastern part of Hong Kong where a second regional hospital of the Island is being built.

- (3) A university teaching hospital must be allowed access to those clinical facilities in other hospitals or centres, including the 'supra regional services centres' proposed in the report, which it does not have, for teaching purposes.

I do not feel that we should object to the concept that teaching could be carried out in most, if not all, regional hospitals provided that these hospitals are properly upgraded, but I believe strongly that there must be a main teaching hospital for each medical school where the major part of teaching of undergraduate medical students and the organisation of such teaching take place. We should all recognise that a university teaching hospital is not simply a regional service hospital with an additional element in teaching, as the Australian consultants appear to believe.

The only other specific comment that I would like to make is that I am glad that the report has rightly pointed out in chapter 9 on hospital staffing, in particular, on page 9-7, that over the next 10 years, there will be a need for additional doctors to, apart from providing normal services, cater for the increasing level of local, as opposed to overseas, training at postgraduate level. I hope this will be noted by all those concerned in manpower planning.

MR. TAI: Sir, the Report on the Delivery of Medical Services in Hospitals has recommended a major restructuring of the present public and subvented medical sector by the proposed setting up of an independent hospital authority responsible for all matters pertaining to the delivery of medical services in hospitals to the people of Hong Kong.

Through the proposed restructuring, it is hoped that the long awaited improvements in efficiency and effectiveness of service, increased flexibility and better division of responsibility amongst hospitals can be achieved. Indeed, the present provision of hospital services have left much to be desired. To replace the existing structure with a hospital authority, however, deserves more detailed studies and consideration before a decision on its establishment is finally made. In view of the large sum of money and the drastic changes involved, careful consideration must be given to see whether benefits in terms of improved efficiency and better usage of facilities resulted from such changes will outweigh the costs required for the proposed restructuring. On the other hand, due attention should be given to the medical staff presently employed in the government sector with regard to their conditions of service with the proposed

integration of staff in all hospitals. In the absence of detailed information on how the cost estimates have been arrived at, it is difficult to say whether such changes are realistic. For example, to what extent will subvented hospitals be upgraded by the estimated expenditure of \$300 million and how efficiency will be raised given the fact that the present difference in the expenditure per bed between government and subvented hospitals can be as big as five times.

In my opinion, efforts to improve the provision of medical services should begin as soon as practicable without necessarily waiting for the setting up of the independent hospital authority. In fact, many of the recommendations made in the report can be implemented under the existing establishment. On the hospital environment, it is recommended that administrative and other support staff should be strengthened to relieve the heavy workload facing the professional staff—a situation common in most hospitals, thus improving the working morale and service provided. The introduction of observation wards adjacent to the Accident and Emergency Departments and greater use of transfers of patients from acute wards to convalescent wards will lessen the problem of overcrowding in hospitals and can be implemented without radical change to the present system. I have reservation, however, to the proposed introduction of fee-charging for attendance of accident and emergency services as a means of deterring people from abuse. It is fair, though, to charge a fee at a level affordable by our citizens as a means to recover part of the costs of the service. Since the level of fee is well within the ability of the average citizen, it should not act as deterrence for patients who are in need of the service.

The report has discussed briefly on the possible introduction of 'B' class beds for people who would prefer better services and surroundings by payment of higher charges and also the possibility of introduction of health insurance schemes. These two suggestions should be explored further as there are quite a number of people who are willing to pay more for improved services. In order to make any insurance scheme viable, there must be sufficient participants. In this connection, I would suggest that the Government should take initiative to encourage people to take medical and health insurance and, if possible, confer certain degree of tax advantage on the insured by making certain percentage of health insurance premium deductible against income tax. Though such concession may result in a loss to our revenue, the savings that would be made to our heavily subsidised health services in the long run should not be underestimated.

Sir, in view of the limited scope of the report and the fact that more than 13 years have lapsed since the publication of the White Paper on health service, I take this opportunity to call on the Government to have an overall review of its health policy and re-examination of its strategies.

MRS. TAM (in Cantonese): Sir, today, this Council debates on the Australian consultants' report on the Delivery of Medical Services in Hospitals. Although the report limits its scope to hospitals only, it has put forth a considerable

number of recommendations. Today, my views would focus on two aspects—the proposed establishment of an independent hospital authority and cost recovery.

Of all the recommendations made, the central one is believed to be the proposal to set up a hospital authority independent of Government to take charge of medical services in all government and subvented hospitals. Certainly, there are many problems in the existing hospital services in Hong Kong, such as over-centralisation of power, lack of administrative efficiency and uneven distribution of resources. The setting up of an independent hospital authority should help to solve these problems. It would, however, incur a high cost which the report has not dealt with in detail. Firstly, there are high setting up costs e.g. additional cost in the new administrative structure, cost for de-establishing existing staff from the Civil Service, and cost for improvements to existing hospital facilities. It is therefore doubtful whether the simple financial estimates in the report would fully reflect the income and expenditure to be incurred by the authority. Secondly, as a tax haven, Hong Kong's provision of social services has been jointly contributed by Government, private and voluntary organisations. If this 'diversified mode of provision' is changed into a 'mono' mode, cost will rise and the public will have fewer choices. Furthermore, Hong Kong is at the threshold of political changes, and any drastic reform introduced into our society may lead to speculations and sensitive reaction. Such social cost should also be taken into account. For all the considerations I have mentioned, I have to ask whether the option of a hospital authority is the only way to improve hospital management; or should we not first consider improvements to the existing structure without changing it fundamentally? Increased administrative efficiency and strengthened ties between government and subvented hospitals should be able to achieve the same objectives.

On cost recovery, it is acknowledged that medical services are costly and cannot be left to market mechanism. The provision of medical services relies heavily on Government in resource funding, manpower training and management. To a less extent community donations and nominal charges on patients share the rest of the cost. There is no specific request in the report for Government to continue its commitments in the provision of medical services and bear the huge expenses of it. On the contrary, it focuses on extending and raising charges in medical services. Hence there are such recommendations as introducing charges at the Accident and Emergency Department, and at hospital admission, and increases in the more expensive 'B' class beds. Whilst the actual benefit of such recommendations should be carefully studied, the implications of a possible change in Government's committed philosophy in medical provision warrant even more attention. I firmly believe that medical services are the basic needs of the people. Government is duly obliged to provide sufficient funds for medical services so that no one will be unable to receive proper medical care due to financial hardships. Indeed, since the release of the 1974 White Paper on Medical and Health Services some ten years ago, both the

population and society have grown. The demand for medical services and hence the costs have also greatly increased. What is interesting is that instead of increasing, the percentage share of medical services in the total government expenditure has dropped from 10.2 per cent in 1971 to 8.9 per cent in 1986. Medical expenses constitute only about 1.8 per cent of the territory's GDP. This compares lowly with other places like the United Kingdom, West Germany and Japan. It is projected that for the coming decade, population will continue to grow with an aging population, and the economy will contract. The need for medical services will be greater. Therefore, Government should not only maintain its existing level of medical services, but also provide sufficient funds to raise the standards, both in terms of quantity and quality.

Of the many recommendations in connection with the levy of charges in the report, I am especially concerned with the introduction of 'B' class hospital beds. As government and subvented hospitals play a major role in hospital care, changes in the number or charges of hospital beds will affect the general public. It is my opinion, that the increase of 'B' class beds should offer better hospital services to those who could afford and hence should be able to recover more costs in theory. There should, however, be practical problems. This is because there are not enough hospital beds. In Hong Kong, the average number of hospital beds per thousand people is 4.5, which is still considerably below the standard of 5.5 beds as set out in the 1974 White Paper on Medical and Health Services. As long as the problem of overcrowding in hospitals remain unsolved, 'B' class beds can only be created at the expense of third class beds. This would aggravate the problem of insufficient third class beds. As a result, the general public will suffer. I therefore have reservations on the proposal to increase 'B' class beds and hope the authorities concerned would seriously consider the consequences.

Sir, the above are my remarks.

MR. TAM (in Cantonese): Sir, in the wake of continual development of the Hong Kong community, the high rate of population growth and the ever increasing quality of medical services demanded by the public, Government should improve its medical services to fulfill the wish of the public, particularly when there are a lot of deficiencies in our medical system and try its very best to make necessary reforms. Before any reform is to take effect, Government should have an overall concept, trend of development and long-term policy in respect of our medical services. Regrettably, being restricted by the terms of reference, the Australian consultants have only confined themselves to the delivery of medical services in hospitals. It has not covered the overall medical services.

Here, I would like to point out, first of all, the anxiety of some members of the public which the report has brought to light. Following the publication of the report, it has become evident that the general public do not want to see any curtailment by Government in its commitments to hospital services. If hospitals

are to be self-financing, it follows that the charges will naturally be adjusted upwards. Once a person is sick and hospitalised, then the financial burden rested on him will be increased. At present, the medical services provided by Government is an important segment in social welfare services. If the report is to be implemented, the nature of such welfare service will gradually diminish. In a society like Hong Kong where social services are already insufficient, such a setback is hard to accept. With the present economic situation, I am of the opinion that Government should not curtail its responsibility on medical services even though it does not admit that obtaining medical services is part of civic rights, because by doing so, it will not do any good to the stability and prosperity of Hong Kong.

Meanwhile, the staff of government hospitals are of the opinion that the setting up of the hospital authority will force them to be detached from the establishment of the Civil Service, and that their pay, fringe benefits, promotion prospect and their morale will be affected by the change. The report intends to solve the problem of the difference in the conditions of services between the staff of government hospitals and those of subvented hospitals. Though the intention is good, yet if equal treatment is to be achieved by such a 'setback' method, it will strike a heavy blow on the morale of civil servants. Therefore, I support the stand of the medical staff in defending their own rights. As to whether the establishment of an authority is needed, I hope Government would devise carefully an overall plan for medical services before this issue is to be considered. The concept of the authority should not be restricted to hospital management.

Basically, I agree to the proposals on cost control and effectiveness, but it does not mean that I support the conclusion that the cost must be recovered. We have to be aware that the cost for running the authority will in fact be the largest expenditure item. Therefore, should we consider other ways of enhancing the effectiveness? For example, to carry out value for money studies in each unit.

No matter what ways Government has in mind to make the operation of medical services more efficiently, one important thing is that it should explain clearly its plan and guarantee its commitments to medical services so as to eliminate the anxiety of the public.

I am glad that Government has employed consultants to identify the problems of hospital services, but the basic solution to the problem is for Government to make a comprehensive review on the entire medical services provided in Hong Kong.

MR. ANDREW WONG: Sir, I will only speak on the general aspects of the proposed hospital authority in the interest of brevity for obvious reasons.

The proposal represents the hiving off of one of the functions of the Medical and Health Department (a line department) to a public authority set up by

statute. Structurally speaking, this is akin to the hiving off of the Kowloon-Canton Railway to the Kowloon-Canton Railway Corporation. This analogy, I am afraid, may lead to the misunderstanding that the proposal is aimed at privatising hospitals. A better example would be the Hong Kong Polytechnic which was once part of the Education Department known as the Hong Kong Technical College. It was hived off to become the Hong Kong Polytechnic set up by statute but continued to receive the bulk of its income from the Government. One should therefore be careful not to confuse hiving off with commercialising the operation or with privatising it. KCR was a commercial concern even before it was hived off, and KCRC now, though hived off, is not privatised. It is 100 per cent owned by the Government, and no private individual is making money out of it. It should therefore be understood by all, that the proposed hospital authority hived off from the Government is not meant to be a commercial concern and will continue to be supported by public funds.

Now Sir, the proposed independent hospital authority is in fact more than a mere hiving off exercise. In addition to government hospitals, the independent housing authority is also given management (including staff management) responsibilities of subvented hospitals. The concept is very bold indeed, the results may well be better hospital management and a more rational allocation of our scarce hospital personnel and material resources, hence benefiting the people of Hong Kong. The proposal therefore has my general support. The merging of the public and the subvented sectors looks very attractive indeed. However, it is precisely this which leads to my misgivings, and I refer to the subvented sector at large which should properly be known as the voluntary sector.

I am not sure if my hon. friend Mr. HUI Yin-fat would object to turning the Hong Kong Council of Social Services, of which he is the Executive Director, into a similar 'welfare authority' or 'social service authority', but I am quite sure the various voluntary agencies may think otherwise and the same problem will crop up insofar as subvented schools are concerned if a similar 'education authority' is created.

With these misgivings about the wider implications of the idea of an independent hospital authority to the voluntary sector at large, Sir, I beg to support the motion that we do adjourn.

DR. IP: Sir, being the last speaker for this marathon Legislative Council meeting tonight, I did consider putting together a song and dance act to attract attention. And I have even considered speaking blindfolded or feed press ladies and gentlemen pep pills to keep them awake. But at the end, I have decided that to do my stomach justice and that of my colleagues, I should just keep my speech short and sweet, and then to end it with a few punches!

I will start by expressing my views on the report, then by popular request I will summarise my colleagues' opinions and lastly, on behalf of the panel I will elaborate on three conclusive points made unanimously on what we would like Government to do after this debate.

To begin, Sir, this report has given me a feeling of *deja vu*, that is the only French word I know, in that it has put on record though tactfully, many points I have made publicly inside and outside the Legislative Council on the inadequacies of the medical services in Hong Kong. In other words, it has confirmed that the deficiencies which I have pointed out throughout these four years are valid. To quote some examples, are the need for ward clerks, the need to further develop the LAFIS system, the shortage of anaesthetists, the existence of a bureaucratic and inflexible system, the inequality in the funding of subvented hospitals, the unnecessary admissions initiated by inexperienced doctors at casualty giving rise in part to the overcrowding, the need to eventually develop medical insurance, the abuse of casualty facilities, the poor state of the medical records, and the need for observation wards and so on and I can go on for a long time. I have attached, therefore, in the appendix the reference pages from this report on the above points.

This report has succeeded firstly in admitting and then putting on record the problems we face within our medical system.

Secondly, just looking at the number of Members speaking in this debate, it has successfully alerted my hon. colleagues of this Chamber, who are the decision makers and people's representatives, that changes need to be made. Thirdly, it has alerted all government departments, at the highest level, that the Medical and Health Department needs assistance from other departments to implement changes and that they cannot do it alone.

Last but not least, the report has made me very quiet in this Chamber, (a considerable feat by any standard), because it has achieved the above three objectives I happened to have set out for myself eight years ago when I gave up working in a Hong Kong government hospital. The objectives were motivated by my seeing patients die when they would not have had where I was trained. More frustrating still, was that I was unable to change the system from within Government. When a patient die, to medical administrators it is just one down in a number of statistics. To the clinician, it is a life, and to the relatives, it is a very special life!

Although I have been very quiet, as you can see, Sir, I now have a team even bigger than one football team, in fact nearly as big as two, speaking for me. It is too ambitious to expect this report to be a cure for all of our problems. In fact, this report has only just begun to advise us on how to rectify our deficiencies. We have still a long way to go in choosing what to implement, how to implement it, set our priorities and devise alternative methods to accomplish the same goal.

I have every confidence in the ability of those up and coming government medical administrators in their forties, whom I have had the good fortune to meet during the meetings of the steering committee and this OMELCO panel. Notably there is Dr. T. Y. CHAU sitting up there since two o'clock today without any break for tea or dinner. There is also Dr. Lawrence LAI and many others. I have confidence in their ability to digest and implement the report proposals. I believe they will succeed given time, and if given the necessary government support.

In their deliberations, I would like to draw their attention to what I consider to be the most important point made in the report, and this is 'The need for Government to have every clear health care objectives and a sound understanding of the basic economics of health care systems is stressed.' Here I would like to echo Mr. Y. F. HUI's request for a formulation of a medical and health policy.

Furthermore, we should not be obsessed with the idea of an independent hospital authority. It is only a method to achieve a goal. I would like to reiterate from page 4-14 of the report, that the name of the game is to integrate medical services so as to implement four key strategies.

'The key areas of impact lie in:

1. patient care standards;
2. the cost of fringe benefits of staff of the subvented hospitals being brought to the same level as their fellow professionals doing the same work in the government hospitals;
3. the enhanced productivity and development of the medical services team; and
4. capital costs.'

The consultants offered four more options to achieve the same goals. I would personally be satisfied with any option Government elect to use, as long as they can convince me that it will attain the four key strategies. The consultants concluded on what they considered to be the ideal option. It is possible that such a conclusion may have been drawn without having taken everything into consideration. Certainly, the Government would be that much wiser now, having heard the views of my hon. colleagues today, or tonight rather. Whichever option Government prefers, I would like to draw their attention also to the recommendation on page 4-3 of the consultants' report, namely, 'The recommended structure calls for major changes from the present organisation; yet in one sense, the changes will be evolutionary'. I would like to stress further, cautioning Government that changes must necessarily be evolutionary. If there is to be an independent hospital authority, there should be a gradual inclusion of hospitals under the authority rather than to turn all hospitals under the authority overnight! If Government civil servants were to become the authority's staff, there should be a gradual shift rather than a major takeover.

The reason why I stress this point in this form again, after failing to convince the Australian consultants and my colleagues in the steering committee, is because I earnestly believe that any drastic changes would be unnecessarily expensive, detrimental to the medical service and certainly against the public interest!

Now in summarising my colleagues' views and also elaborating on it, I propose to concentrate on three topics which form the bulk of the content of their speeches. I will exclude those points which Members disagreed with individually, as they would have been amply covered in their own speeches.

#### *Hospital services Vs medical services*

Firstly, hospital services versus medical services. On the formulation of the terms of reference of the steering committee set up to advise and monitor the Australian consultants, I have urged Government, but without avail, to include clinics as part of the review. This is because clinics are part and parcel of the total medical care system. Being unsuccessful in convincing my colleagues in that committee, I managed at least to include in the terms of reference, those specialist clinics which are hospital based, knowing still that this was inadequate. Now that the report is completed, it is encouraging to know that my views are supported by over 20 medical organisations notably the Hong Kong Medical Association, the British Medical Association, the Hong Kong College of General Practitioners, the Hong Kong Medical Forum and so on. I have also received the support from the panel and Professor C. K. POON, Mr. YEUNG Po-kwan, and Mr. CHUNG Pui-lam have also stressed this point in their speeches. Professor POON has most eloquently stated 'Medical services inside and outside hospitals are integrated and should not be reviewed separately. It will not be possible for significant improvements in the hospital services to be achieved without proper adjustments to the medical and health services outside hospitals.'

There is still time for Government to supplement this report with one on clinic services, so as to offer Hong Kong a comprehensive review of the medical services as a whole.

#### *Independent hospital authority*

Turning now to the independent hospital authority. Many Members supported the idea of an independent authority, and some have reflected the views of medical bodies calling out for an independent medical authority rather than a hospital one. I agree that if we were to have an independent authority, it should be a medical one and should integrate both hospital and clinic services.

While Dr. CHIU began by analysing the reasons some gave in not supporting the concept of the authority and then putting forward his arguments to support it, I would like to rationalise on why some Members of this Council support the idea of the authority in the first place. When they did specify on why they give

support, invariably it centred around bringing the financial subsidy of subvented hospitals in line with that of Government's. A question we must ask ourselves is whether other options can achieve the same goal.

Members with guarded views point out the following:

1. Mrs. Rosanna TAM, Mr. TAM Yiu-chung, and Mr. POON Chi-fai questioned the cost-effectiveness of such an authority, and whether other options may accomplish the same end.
2. Mr. Hilton CHEONG-LEEN requested Government to evaluate very carefully the pros and cons before taking decision.
3. Mr. CHEUNG Yan-lung and Mr. LUI Lit-for alerted us to take a number of other considerations when putting the IHA into practice such as to get the subvented hospital acceptance of the IHA.
4. Dr. Conrad LAM confirmed that the IHA may bring on other problems.
5. And lastly, I want to put emphasis on finding the best option to achieve the four key strategies and while choosing the option never at any time lose sight of what these four strategies are.

#### *Early Implementation of the report*

Lastly, early implementation of the report. Members were very pragmatic in noting that it will take time for Government to decide on the issue of the authority. After all, it is a major decision with widespread implications. Members were therefore adamant that the other valuable recommendations proposed in the report should be implemented without awaiting the outcome of the authority. Dr. CHIU has already summarised the major points which have received consensus view. Restricting myself to only those stressed by more than one Member, I will now summarise as far as I can, some other points in Members' speeches today urging Government for speedy action:

Mr. LEE Yu-tai, Mr. Y. F. HUI, Mr. POON Chi-fai and Mr. YEUNG Po-kwan all called for more health education programmes.

Mr. Hilton CHEONG-LEEN, Mr. CHUNG Pui-lam and Mr. Y. F. HUI called for improvement of medical services for the elderly, namely convalescent homes and infirmaries. Professor C. K. POON, Mr. LEE Yu-tai and Mr. CHEUNG Yan-lun called for increasing the number of doctors. Mr. POON Chi-fai, Mr. Hilton CHEONG-LEEN, Dr. Conrad LAM and Mr. LEE Yu-tai called for attention to be paid on the overcrowding in government hospitals.

Mr. CHUNG Pui-lam, Mr. LIU Lit-for and Mr. CHEUNG Yan-lun all called for the improvement in the Accident and Emergency Department. Mrs. Pauline NG, Mr. CHUNG Pui-lam and Mr. POON Chi-fai all called for an extension of the hours of and/or increase in the number of clinics. And Mr. POON Chi-fai, Mr. TAI Chin-wah asked for observation wards adjacent to casualties. And my pet subject: Mr. TAI Chin-wah asked the Government to encourage people to take up medical and health insurance and to confer tax advantages. I agree with him.

When Miss Maria TAM and myself spoke on medical issues in the last budget debate, we urged Government to categorise the recommendations in the Australian report for implementation. Government has reacted positively to this call and presented very efficiently a classification for our perusal. Category A being those which are closely linked to the setting up of a hospital authority; Category B being those which can be considered for introduction within the existing system but which require further consideration; and Category C being those which reflect present policies and practices. Although there need to be fine tuning on which proposals should be under which category, Government should press ahead for improvements under their Category B and C as soon as possible.

And now to conclude on behalf of all the Members of the panel to study the Australian consultants' report on the Delivery of Medical Services in Hospitals, we hold the following three unanimous views:

1. Government should duly review the outpatient services which are part and parcel of medical services and, in particular, how it works in tandem with medical services in hospitals to provide better hospital and followup care and to reduce hospital admissions.
2. In the light of the various views expressed on the hospital authority option, Government should seriously consider the desirability of the setting up of such a body and to look into ways which achieve the same goal of improving existing medical services in hospitals.
3. Government should bring about improvements in medical services in hospitals without necessarily waiting for the outcome of the hospital authority option.

With these concluding remarks, Sir, I await anxiously Government's decision on the implementation of the Australian consultants' report on the Delivery of Hospital Services in Hong Kong. While waiting, Members and myself will be enjoying a sumptuous meal hosted by our Senior Member Miss Lydia DUNN!

Perhaps we can have your decisions after dessert?

## **Appendix**

2-5

The significance of the introduction of the treasury ledger accounting and financial information system (LAFIS) to the Medical and Health Department is highlighted and the need to refine and develop extensions to the system is stressed.

2-5

The need for government to have very clear health care objectives and a sound understanding of the basic economics of health care systems is stressed.

3-11

There is increasing disenchantment amongst the organisations receiving subventions from government for medical services, both in the level of fringe benefits granted to staff and in the generally lower overall level of funding when compared with government hospitals.

4-3

The recommended structure calls for major changes from the present organisation yet in one sense, the changes will be evolutionary and the recommendation will lead the direction and management of medical services an important further stage along the path already being taken.

6-14

There is a shortage of anaesthetists both in government and subvented hospitals.

6-14

Management information reports are manually generated, take a long time to produce and rarely provide inter-hospital comparison. Although LAFIS provides effective information on the basic costs of the hospital operation, the major consideration of awareness of labour costs in respect of the amount of patient care given is not effectively addressed. Although information is available in respect of available beds, it is uncontrolled and usually available some time after the event. There is little attempt at financial management at the hospital level, and what trained accounting skills are available are located at headquarters or in the regional offices.

6-14

The medical records in most hospitals are poorly organised and inadequately filed. The allocation of serial numbers to each patient for each admission, rather than a unique number, makes retrieval of previous medical records for a patient difficult and increases the clerical effort to maintain the files.

6-14

The correct use of medical records is an urgent need.

7-5

To employ additional supporting staff and facilities to assist the Accident and Emergency Departments. To encourage tighter supervision and more guidance for junior accident and emergency staff.

To perform more minor operations in the Accident and Emergency and Outpatient Departments.

7-6

In those regional hospitals that suffer significant overcrowding, over 60 per cent of total admissions comes through the Accident and Emergency Department as shown, equally significant is the high number of admission as a proportion to total attendance at the Accident and Emergency Department, usually over 40 per cent, thus the decision to admit the patient by junior medical staff and the Accident and Emergency Department has an enormous impact on the degree of overcrowding that these hospitals experience.

7-12

It is recommended that the regional hospitals should organise day surgical services.

8-12

Junior doctors can be relieved of some of their present non-professional duties, such as phlebotomy or retrieving pathology test result.

8-13

Non-professional staff in wards and outside could be responsible for many of the non-medical tasks currently carried out by doctors, nurses, and other health allied professionals.

11-2

Recommendations are made regarding the opportunity for private insurance for hospital services. Additional to the basic bed day charge. There appears to be no case for introducing insurance for basic accommodation charges if they remained broadly at their present low levels.

11-12

Establish a charge for attendance at Accident and Emergency. This new charge would, in part, deter patients from going to the Accident and Emergency Departments when a clinic attendance could be equally effective.

Introducing a charge will stop at least some of the patients who currently abuse the system by going to the Accident and Emergency Department at no cost, rather than to a clinic, where they have to pay a small charge.

11-29

It is recommended, assuming the pilot scheme is successful, that private organisations should be invited to offer insurance coverage, within guidelines established by Government.

12-6

It is recommended that active consideration should be given to providing non-medically qualified administrative support particularly to nurses at the patient care unit level.

12-8

It is recommended that additional observational beds should be introduced adjacent to the Accident and Emergency Departments for which patients would not require formal admission.

12-12

It is recommended that the LAFIS system should be further extended to identify the areas of major cost within the hospitals for special considerations.

12-13

It is recommended that the basis on which the standard bed day charge is calculated should be changed from the existing notional food cost to a broader base. It is recommended that a charge for attendance at Accident and Emergency should be introduced, equal to that to attending a specialist clinic. It is recommended that, assuming the pilot scheme is successful, private organisations should be invited to offer insurance coverage, within guidelines established by Government.

10.00 p.m.

SECRETARY FOR HEALTH AND WELFARE: Sir, I am afraid that Dr. IP is not quite the last speaker this evening. I really feel quite churlish at depriving members of the sumptuous repast we've been promised, and I, too, will try to be as brief as possible. And first of all I would like to thank all Members who have spoken in this adjournment debate on the consultants' report. I would particularly like to express my appreciation to Dr. CHIU and the Standing Panel for their efforts in stimulating and collecting the public's responses to the report. These have certainly enhanced the effectiveness of the consultation exercise.

As Dr. CHIU has said, it is the Government's intention to publish a full report on the opinions expressed by the public on the consultants' report. A total of 99 submissions has been received, including those forwarded to me by the Standing Panel. A large proportion of the public comments made have been reflected in tonight's debate, and in view of the lateness of the hour, I do not propose to attempt to give a full account to the outcome of the consultation. However, many of the more significant comments made by the public have been reflected in Members' speeches, and I shall comment on a number of these.

A number of Members, including Professor POON, Mr. YEUNG Po-kwan, Mr. CHEONG-LEEN, Mr. POON Chi-fai, Mr. TAM Yiu-chung, Mr. HUI Yin-fat and Mr. CHUNG Pui-lam, have spoken about the scope of the consultants' brief and the need to consider not just hospital services, but also primary health care, preventive services including health education, community nursing, and other aspects of our medical and health services. When it was decided about two years ago to commission consultants to carry out this review, it was felt that to include all aspects of the health services would result in an almost unmanageable

brief, and since it was then considered that the most important area which needed review was the management of the public hospital system, the terms of reference given to the consultants were worded accordingly. It is quite true, however, that if the recommendation to establish a statutory hospital authority is implemented we shall need to consider the effect that this would have on the whole of the present Medical and Health Department and not just the government hospitals. There are obvious links between the hospitals and the other elements of the health services and the effects on these of the new arrangements would have to be carefully examined.

The proposed hospital authority is clearly by far the most important single recommendation in the report. As Dr. CHIU has mentioned it has received majority support from the member societies of the Federation of Medical Societies of Hong Kong. It has also been widely supported by district boards and the subvented hospital bodies. But several major reservations have been expressed about this proposal. First of all, concern has been expressed that the establishment of a statutory authority would imply that the Government would be relinquishing, at least in part, its responsibility for the provision of medical services to the population as a whole, and that this would penalise those who rely on such services. I would like to repeat tonight the assurance which I have given before, both in this Council and elsewhere, that it was no part of the Government's intention in setting up this consultancy to abdicate its responsibility in this area. The consultants themselves recommended in Chapter 4 of the report that the authority should be funded by Government to ensure continued provision of adequate hospital services, particularly for disadvantaged patients. I'm grateful to Mr. Andrew WONG for pointing this out so clearly. This is government policy and will continue to be so. I hope that this statement will reassure those Members who have expressed concern on this point.

Other reservations relate to the role of the present subvented hospitals in the proposed new authority. The report does not spell out in detail how these hospitals would be integrated into the system, and it is therefore understandable that the various hospital boards are worried about their future. If this recommendation is to be implemented, we shall clearly have to discuss the arrangements with the boards, and I can give an assurance that this will be done; of course, we greatly value the contribution made by the subvented hospitals and would wish to ensure that their individual characteristics are preserved, a point which was made by the consultants themselves.

The staff working in the public hospital system are also understandably concerned about their future status and conditions of employment. I think it is generally true to say that the staff in the subvented hospitals, whose conditions of service are likely to be improved, generally welcome the proposed new authority, while the Medical and Health Department staff have registered their opposition. This is not surprising, given the indications in the report that uniformity in conditions of employment between the two sectors might be

achieved by some reduction in the cost of benefits enjoyed by staff at present in the Civil Service. A number of meetings have already been held with staff representatives, and I would like to repeat publicly the assurance that has been given to them that there will be consultation on the details of any new arrangements which would affect their conditions of employment before these are implemented. Once again I should point out that the consultants did not go into detail about this aspect of their recommendations, and we are at present examining several different methods of achieving a greater degree of integration.

Mr. LIU Lit-for and Mr. TAI Chin-wah expressed doubts about the section on cost implications in Chapter 5 of the report. To be fair to the consultants, I do not think that they would claim that the figures quoted were more than a very broad estimate of the costs and benefits of their proposal. A great deal of work remains to be done on this aspect of the report and the financial implications will inevitably be one of the most important factors in reaching decisions on the implementation of the consultants' recommendations. As Mrs. Rosanna TAM has pointed out, the establishment of a hospital authority could cost a very large sum of money, and before we take a decision to go ahead we need to consider very carefully whether this is the best course of action, or whether some other means of improving the service would be more cost-effective.

Apart from the major recommendation on a hospital authority, the report contains a large number of more specific practical proposals for improving the hospital system, in such areas as internal hospital organisation, reducing overcrowding, the working environment and cost control. In general, these are less controversial; in fact some of the recommendations are already being implemented in some hospitals, and many of them could be implemented without waiting for a decision on the setting up of a hospital authority.

However, several specific recommendations have attracted a good deal of comment, both during the public consultation and in tonight's debate. One such is the proposal that a charge should be made for attendance at Accident and Emergency Departments, in order to deter abuse of these services. While the professional bodies in general did not object to this, others, including district boards and community groups, have pointed out that such charges are not likely to be effective in deterring inappropriate use of accident and emergency services. As Mrs. Pauline NG has said, if there is any abuse, this may be due to the lack of adequate outpatient clinic facilities, particularly in the evenings and at the weekend. This is something we shall need to look at again very carefully.

Mrs. TAM, Mr. CHEONG Kam-chuen, Mr. HUI, Mr. H. K. CHENG, Mr. LIU and others supported the recommendation of providing the so-called 'B' class beds to cater for the needs of the middle income group. Several Members cautioned, however, that the provision of higher-class accommodation of this kind must not be at the expense of provision for general wards. The same view was expressed in the submissions from many professional bodies, district boards and subvented hospitals. Subject to this reservation, this recommendation has

general support and one subvented hospital has already told me that it is willing to serve as a venue for a pilot project as recommended by the consultants.

One recommendation which has aroused a good deal of opposition is the proposal to allow consultants working in public hospitals to have limited rights of private practice. Fears have been expressed in various quarters and also by several Members today that this arrangement could lead to discriminatory treatment of patients and possibly other abuses.

Mr. H. K. CHENG emphasised the need to provide adequate training to improve the quality of staff. I agree with him entirely; more training, especially in management is necessary to enable staff to undertake the increased responsibilities in hospital and ward management that would arise from the implementation of the report. Mr. CHENG also expressed concern at the suggestion in the report that implementation of its recommendations might make it possible to defer some new hospital projects. This comment by the consultants I interpret as a long-term prediction that the proposed new system should eventually reduce the demand for additional beds by ensuring more efficient use of existing resources. There is certainly no intention to slow down the present building programme, which includes two new hospitals and major extensions to four others.

Professor POON expressed some concern about the consultants' comments on the teaching hospitals. While the report does include a short section on this subject, they made no recommendations, and I would like to assure Professor POON and his colleagues in the medical faculty of Hong Kong University that we would certainly not contemplate any significant changes in the present arrangements without full consultation with the universities and the UPGC.

My task in concluding this debate has been made much easier by the admirable summing-up contained in Dr. IP's speech. She referred to three major points on which the Members of the panel were unanimous and I will conclude by dealing with each of these in turn.

The first point refers to the need to include in the review outpatient services which are part and parcel of the medical services as a whole. I have already said earlier in my speech that if we decide to go ahead with the hospital authority concept we shall inevitably have to consider the effect on the rest of the health services and I am sure that if the decision were to implement one of the consultants' other options or some modification of them we would similarly have to take account of the role of the clinics and other parts of the medical and health service.

On Dr. IP's second major point I entirely agree. I should stress that at this stage we have not taken any decision whether to implement the consultants' preferred option of a hospital authority, or some modified form of it, or one of the other options, or possibly even some quite different solution. During the next few months we shall be considering all these possibilities very carefully, in

the light of the public comments received and of the views expressed tonight by Members of this Council. In the course of this consideration, we shall be taking the advice of the Medical Development Advisory Committee, which is now chaired by Dr. CHIU. I hope that we shall be able to submit proposals for consideration by the Executive Council during the first half of 1987.

I also agree with Dr. IP's third point. Almost as soon as we received the report we decided to categorise the recommendations in the way which she has described, and I certainly hope that we shall be able to go ahead at an early date with some of the recommendations which do not depend on the decision on the hospital authority, subject, of course, to the necessary resources being provided.

Finally, Sir, I would like once again to thank Dr. CHIU for initiating this debate and all those Members who have contributed. The views expressed will be of very great assistance to us in considering what action to take on this most useful report. We already have a medical and health service of which Hong Kong can be justly proud—the results of this can be seen in our statistics for expectation of life, infant mortality and infectious diseases, in all of which respects we are amongst the top few countries in the world. But there is no doubt that the system can be improved, and that is why we commissioned this report. It is clear to me from the helpful and constructive tone of Members' comments tonight that we are all united in the aim of ensuring that the people of Hong Kong have the best possible medical services that our resources can provide.

*Question put and agreed to.*

### **Next sitting**

HIS EXCELLENCY THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday, 29 October 1986.

*Adjourned accordingly at seventeen minutes past Ten o'clock.*

CORRIGENDUM

Official Report of the Legislative  
Council sitting held on 15 October 1986

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|------|------|--|
| Page | 102  | 1st paragraph                            |
| 5th  | line | Add "will do" after<br>(a carving knife) |
| page | 149  | 2nd paragraph                            |
| 2nd  | line | Delete "from"<br>Substitute "form"       |