

1 HONG KONG LEGISLATIVE COUNCIL -- 12 June 1991

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OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 12 June 1991

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)

SIR DAVID CLIVE WILSON, G.C.M.G.

THE CHIEF SECRETARY

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE SIR PIERS JACOBS, K.B.E., J.P.

THE ATTORNEY GENERAL

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

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

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

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

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

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

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

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

THE HONOURABLE CHENG HON-KWAN, O.B.E., J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

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

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

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

THE HONOURABLE POON CHI-FAI, J.P.

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE MRS ROSANNA TAM WONG YICK-MING, O.B.E., J.P.

THE HONOURABLE TAM YIU-CHUNG

DR THE HONOURABLE DANIEL TSE, C.B.E., J.P.

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

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.

SECRETARY FOR TRANSPORT

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

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

THE HONOURABLE MRS NELLIE FONG WONG KUT-MAN, J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE

THE HONOURABLE LEUNG WAI-TUNG, J.P.

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

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS SO CHAU YIM-PING, J.P.

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

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE PETER TSAO KWANG-YUNG, C.B.E., C.P.M., J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE MRS ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE CHRISTINE CHOW KWAN-TAI, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MRS ELIZABETH MARGARET BOSHER, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE BOWEN LEUNG PO-WING, J.P.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

ABSENT

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

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

THE HONOURABLE HO SAI-CHU, O.B.E., J.P.

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

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

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

THE HONOURABLE PAUL CHENG MING-FUN

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

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

DR THE HONOURABLE LEONG CHE-HUNG

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

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR LAW KAM-SANG

Papers

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

Subject

Subsidiary Legislation L.N. No.

Fixed Penalty (Traffic Contraventions)
(Amendment) Regulations 1991..... 219/91

Business Registration (Amendment) Ordinance 1991 (Commencement)
Notice 1991..... 223/91

Protection of Wages on Insolvency (Amendment) Ordinance 1991
(Commencement) Notice
1991..... 224/91

The Hongkong and Shanghai Banking Corporation Limited Ordinance
Special Resolution..... 225/91

Sessional Papers 1990-91

No. 76 -- Traffic Accident Victims Assistance Fund Annual Report by the Director of Social Welfare Incorporated for the year from 1 April 1989 to 31 March 1990

No. 77 -- Report by Commissioner of Correctional Services on the Administration of the Correctional Services Department Welfare Fund for the year ended 31 March 1990

Oral answers to questions

Illegal car racing

1. MR MICHAEL CHENG asked (in Cantonese): In view of the increasingly rampant activities of illegal car racing which not only contravene the Road Traffic Ordinance but also pose a threat to the safety of other road users, will Government inform this Council whether more positive and effective measures will be taken to stem such activities to protect the safety of the general public?

SECRETARY FOR SECURITY: Sir, the police are very conscious of the threat to public safety posed by illegal car racing. Every effort is made to prevent, detect and stop such activities.

The police have established anti-illegal car racing teams in Kowloon, on Hong Kong Island and in the New Territories. These teams are tasked with gathering intelligence about the people and vehicles involved in illegal car racing, and with planning and mounting road blocks and other related operations to foil such activities. In the first quarter of 1991, 31 operations were mounted and 346 vehicles were checked. As a result, 67 vehicles were detained and 43 persons were prosecuted for various traffic offences.

The police also conduct research to identify the most appropriate equipment to help detect and stop illegal racing on public roads. Measures to prevent and stop road racing are reviewed regularly to ensure that they are up-to-date.

MR MICHAEL CHENG (in Cantonese): Sir, will the Government inform this Council whether gambling syndicates are involved in illegal car racing? What action did the Government take to crush these illegal car racing syndicates and what plan will the Government carry out in future?

SECRETARY FOR SECURITY: Sir, I am not aware that there are syndicates of organized criminal societies involved in illegal car racing. I am informed by the police that most people involved in illegal car racing are young men in their 20's or 30's. Some of them have criminal records and some have had their driving licences cancelled, but I do not believe that there are organized criminal activities involved.

DR TSE (in Cantonese): When the police intercepted illegal racing cars in Hung Hom last month, a driver suspected to have been involved in illegal car racing fled by turning into oncoming traffic which resulted in a collision with another vehicle and the death of an innocent driver. What measures will the police take to prevent the recurrence of such incident in the course of their interception of illegal racing cars?

SECRETARY FOR SECURITY: Sir, I believe that the reference is to an incident which took place at the Cross Harbour Tunnel on 25 May when a driver suspected to have been involved in illegal car racing attempted to escape arrest by driving against the traffic flow. He had a head-on collision with another vehicle. The suspect was killed in the collision while the driver of the other vehicle was seriously injured. This clearly is a very tragic case which illustrates that illegal car racing poses danger not only to the people involved but also to the public. It is precisely to prevent this that the police do conduct their operations.

MR PETER WONG: Sir, will the Secretary not agree with me that a possible long-term solution is to provide proper off-road racing facilities?

SECRETARY FOR SECURITY: Sir, I think that that suggestion would need to be considered more properly by the Urban Council or the Regional Council if these racing facilities should be public recreational facilities, and by the Secretary for Planning, Environment and Lands if they should be private facilities.

MR MICHAEL CHENG (in Cantonese): Since the size of the bets on illegal car racing is large, will the Government consider raising the maximum fine which at present is \$10,000 only? And since illegal car racing often results in death and injury, will the Government increase the maximum penalty which is at present 12 months' imprisonment?

SECRETARY FOR SECURITY: Sir, we will certainly keep the penalties under review. We do not believe at the moment that it is necessary to increase the maximum penalties. Certainly, there has recently been a noticeable trend for more severe penalties to

be handed down by the courts. I think it needs to be remembered that the charge of illegal car racing is certainly not the only charge that can be brought in many of these cases. If, as a result, people are injured or killed, then clearly other more serious charges with higher penalties can be brought.

MR TAI: Sir, may I ask the Secretary what penalties or sentences are, in general, being handed out by the courts for people convicted of illegal car racing?

SECRETARY FOR SECURITY: Sir, I have some information here on typical sentences for two offences, the first being reckless driving and the second being illegal road racing. In the case of reckless driving, normally, there has been a fine of several thousand dollars in addition to cancellation of licence for 12 months or more; in several cases, sentences of immediate imprisonment have also been imposed. In the case of illegal road racing, a note of some of the most recent sentences that I have shows generally that the sentence has been one of immediate imprisonment for two or three months.

MR MICHAEL CHENG (in Cantonese): In view of the increasingly rampant activities of illegal car racing, will the Government consider deploying more policemen at the black spots where illegal car racing often takes place, for example, area near the petrol station at Princess Margaret Road in order to curb such activities?

SECRETARY FOR SECURITY: Yes, Sir, certainly the police do keep this under regular review. They are well aware of the areas that are most commonly used for illegal car racing and they will put their resources into observation and enforcement in those areas.

Appointment criteria for members of boards and councils

2. MR SIT asked (in Cantonese): Will Government inform this Council of the criteria adopted in appointing members to boards and councils at various levels (the district boards, the two municipal councils, the Legislative Council and the Executive Council) as well as various advisory boards/committees (such as the Housing Authority and the Consumer Council)?

SECRETARY FOR HOME AFFAIRS: Sir, in general terms, appointments to the boards, committees and councils are made on the basis of the merits of the individuals concerned taking into account their personal ability, their experience and their overall suitability for appointment. With a few minor exceptions, such appointments are made by the Governor.

MR SIT (in Cantonese): Sir, will the Government inform this Council whether an upper or lower age limit or the health condition of a candidate will be taken into account when appointing members to advisory boards or councils? If, for instance, the Government reappoints members who have already been holding office for more than 10 years, would it imply that it has failed in its attempt to groom new blood?

SECRETARY FOR HOME AFFAIRS: Sir, I would imagine that age would be but one of the criteria; health condition might come into it as well if the health condition of a particular candidate is in question. As regards the term of office, we do try to achieve a turn-around and the rule is that normally a member will serve for, say, five or six years, but there is no fixed term in such cases.

MR MARTIN LEE: Sir, is it the policy of the Government to appoint members to these boards and councils in order to reflect the will of the people of Hong Kong according to the results of elections, or to appoint members in order to counteract the elected members who have the support of the people?

SECRETARY FOR HOME AFFAIRS: Sir, in certain cases where there is a mixed membership, for example, the district boards, the Governor, in making the appointments, will have regard to the lack of representation of a particular sector of the community resulting from elections to the boards. There certainly is no question of Government appointing people to counteract elected members.

MR TIEN: Sir, in his reply the Secretary has mentioned that appointments are made taking into account the appointees' personal ability, experience and overall suitability for the appointments. Will the Administration please inform this Council whether speaking out against government policies will be a reason for not being reappointed or appointed?

SECRETARY FOR HOME AFFAIRS: I confirm that speaking out against Government will not be a reason for not appointing a person.

MR MARTIN LEE: Sir, will the Government promise that, in appointing members to this Council in September this year, it will appoint at least several members who share the values and viewpoints of any political group that may win a substantial share of the 18 democratically elected seats?

SECRETARY FOR HOME AFFAIRS: Sir, all factors relevant to the appointment of membership will be taken into account.

MR SIT (in Cantonese): If, in the case of persons having declared candidacy for direct elections in September, their appointment to district boards would prejudice the outcome of the elections, why should the Government at this stage still appoint such persons to sit on certain advisory boards or committees? Is it the intention of the Government to give its favorites a political edge in the direct elections in September?

SECRETARY FOR HOME AFFAIRS: Sir, it would not be appropriate for me to comment on specific appointments to specific boards, except to repeat that the Governor will always consider the merits and circumstances of individual cases. As to the examples cited by Mr Kingsley SIT, in the case of the Regional Council, it covers the New Territories which is a very large region; but in the case of district boards, their boundaries would more or less coincide with those of the election constituencies for direct elections. I do not think we can talk about the two instances in parallel -- each has different circumstances, and different circumstances obviously dictate different solutions.

MR CHEONG: Sir, given the well-tried efficiency of the Government's advisory committee system, will Government reaffirm that the major criteria in considering appointments would not unduly change simply because of the viewpoint just now put

forward by my good friend, the Honourable Martin LEE?

SECRETARY FOR HOME AFFAIRS: Sir, the criteria I have cited in my main reply are those which we will always consider and I am most grateful to Mr CHEONG for giving me an opportunity to re-confirm them.

MR MARTIN LEE: Sir, in the light of the fact that a particular political party has won far more seats in the district board and municipal council elections recently than any other political group, can Government explain why it has refused to appoint a single member who shares the political beliefs of this particular political party on to the district boards and municipal councils? Does the Government consider this to be an effort to frustrate the clear reviewed choice of the people of Hong Kong?

SECRETARY FOR HOME AFFAIRS: Sir, I am not prepared to go any further than the criteria I cited in my main reply.

Multi-storey Building (Owners Incorporation) Ordinance

3. MR CHOW asked (in Cantonese): The Secretary for Home Affairs has advised that amendments to the Multi-storey Buildings (Owners Incorporation) Ordinance were nearing completion. In this connection, will Government inform this Council:

(i) Whether the amendment Bill will include a clause to abolish developers' rights to manage large private housing estates for long periods or on a permanent basis; and

(ii) Whether the proposed amendments to rectify inequities in the Deeds of Mutual Covenant of multi-storey buildings will include provisions allowing flat owners in private housing estates to form owners incorporations?

SECRETARY FOR HOME AFFAIRS: Sir, I think events have overtaken somewhat Mr CHOW's question in that the Multi-storey Buildings (Owners Incorporation) (Amendment) Bill 1991 was in fact published in the form of a White Bill in the gazette on 31 May 1991.

The public have been invited to comment on it by the end of August this year.

The Bill contains some mandatory terms in Deeds of Mutual Covenant. Such terms would be impliedly incorporated into every Deed of Mutual Covenant.

As regards perpetual or long-term management rights, the Bill provides for a mandatory term enabling the flat owners, by a vote of not less than two-thirds of the undivided shares in the building, to terminate the manager's appointment by giving him not less than three months' notice. No manager's appointment may, however, be so terminated before the end of one year after commencement of the legislation.

Sir, there is a distinction of course between the management rights over common parts and those over common facilities. Common parts are jointly owned by the flat owners, who could assume control and management of such parts. On the other hand, common facilities such as car-parks, commercial complexes and markets which do not belong to flat owners are the responsibilities of the owners of such facilities and, by right of ownership, these owners will have the right to manage, since it is their property, not that of the flat owners.

In answer to the second part of the question, the draft Bill does provide that flat owners should not be prevented by a Deed of Mutual Covenant or any other agreement from forming an owners' corporation.

The intention is to apply the term "any other agreement" to cases where some Crown lessees are held responsible for the management of the buildings by certain provisions in the land grant. In such cases under section 2A of the Multi-storey Buildings (Owners Incorporation) Ordinance, the flat owners cannot at present incorporate themselves unless they obtain a certificate from the Chief Secretary to do otherwise. This is a rather complex matter. Sir, whether, and if so in what way, section 2A should be amended will be considered in the light of views expressed during the three-month consultation period.

MR CHOW (in Cantonese): Sir, why must the approval of at least two-thirds of the flat owners be sought before the appointment of the management company can be terminated? Is this proportion a bit high? Will the Government consider reducing it to half?

SECRETARY FOR HOME AFFAIRS (in Cantonese): This is the proportion as proposed in the Bill. Should any citizens or any organizations or bodies concerned find it inappropriate or unsatisfactory, and have good grounds to change it, we shall be too happy to hear their views.

MISS LEUNG: Sir, one of my supplementary questions has just been asked by Mr CHOW. I will try my second one. Will the Secretary inform this Council when the relevant blue Bill will be introduced to this Council?

SECRETARY FOR HOME AFFAIRS: Sir, the time required, I would imagine, would depend on the time taken for the views to be received, studied and collated by my Department. After then, a further Bill will be drafted and eventually introduced to this Council in blue form. I would imagine that this will probably happen about the first half of the next calendar year.

MISS LEUNG (in Cantonese): Sir, can the Secretary inform this Council whether the Government will consider establishing an appeal tribunal to settle the disputes between managers and owners?

SECRETARY FOR HOME AFFAIRS (in Cantonese): Sir, this is one of the issues that we will consider.

MR SIT (in Cantonese): Given that the approval of not less than two-thirds of the flat owners must be sought before management committees/owners' incorporations can be established, may I know how this proportion was arrived at? Was it a result of public consultation?

SECRETARY FOR HOME AFFAIRS (in Cantonese): Sir, first of all, we have studied the views from various quarters and also professional organizations, in particular professional building management organizations. Two-thirds is a relatively safe proportion. If two-thirds is not adopted, the proportion should then be half. If the latter is adopted, half of the flat owners, which in fact is a large number, may

be affected by the other half. Therefore we take "two-thirds". As I have said, "two-thirds" is just a recommended proportion. Should Members and people of different sectors find it inappropriate, we will be happy to hear their views.

MR SIT (in Cantonese): The Secretary has mentioned the seeking of professional advice. Does the "professional advice" include those views given by management companies and professional building management companies, or was the advice based on those views given by flat owners? If that was largely the views of professional companies, would there be an element of vested interest in it?

SECRETARY FOR HOME AFFAIRS (in Cantonese): We will take different views into account including those given by flat owners and other companies.

Written answers to questions

"Ice"

4. MR CHOW asked: Will Government inform this Council:

(i) of the situation concerning the inflow of the drug "ice" into Hong Kong;

(ii) of the measures to be taken to stop its inflow; and

(iii) how the authorities concerned would step up the publicity on the harmful effects of "ice"?

SECRETARY FOR SECURITY: Sir, "ice", or crystalline methamphetamine, can be manufactured from ephedrine or other synthetic precursors. All seizures of "ice" in the past three years suggest that the illicit trade in "ice" through Hong Kong involves mainly "ice" from China destined for overseas markets, though a small proportion might have been retained for local distribution. In 1990, 5.73 kg of "ice" were seized. In the first five months of 1991, 21 kg of "ice" were seized. This included on 18 May a seizure by the police of 20 kg of "ice" on residential premises in North Point. The drugs appeared to have been re-crystallized on the premises and it is suspected that the syndicate imported methamphetamine from China in liquid form.

The Customs and Excise Department have also seized this year 1 kg of "ice" from a parcel addressed to the Philippines.

Both the police and the Customs and Excise Department remain vigilant to all forms of illicit trafficking in dangerous drugs. Enforcement officers have been alerted to the illicit trade in "ice", and instructed in the techniques for detecting "ice". The Customs border intelligence network has been strengthened, and a close liaison maintained with the Chinese authorities. (On 13 March 1991, the Chinese Customs made a seizure of 31.5 kg from a lorry travelling towards Hong Kong. Two Hong Kong residents were arrested.)

The Government continues to pursue a comprehensive preventive education and publicity programme against drug abuse. One of the two themes for the publicity strategy adopted on the advice of the Action Committee Against Narcotics for the current year is to encourage people to adopt a healthy life-style and say "no" to all drugs. This is in line with internationally agreed guidelines to promote "a healthy drug-free life-style as a primary goal". The community, in particular young people, are being informed of the harmful effects of "ice" and other dangerous drugs, and the consequences of misusing or abusing drugs.

Civil servants or subvented staff in obsolescent ranks

5. MR TAM asked: Will Government inform this Council:

(a) how many non-directorate staff in the Civil Service are currently in obsolescent grades/ranks with staff holding personal salaries and how many staff in the subvented sector are in corresponding grades/ranks;

(b) whether such grades/ranks fall within the purview of the Standing Commission on Civil Service Salaries and Conditions of Service and therefore should be covered in the 1989 Salary Structure Review of the Civil Service; and

(c) if the answer to (b) is in the negative what action has been taken, following the completion of the said review, to ensure that the interests of this group of civil servants and subvented staff are not overlooked?

CHIEF SECRETARY: Sir, at present, a total of 620 non-directorate civil servants are in obsolescent ranks and holding personal salaries. About 1 150 staff are reported to be in corresponding ranks in the subvented sector.

The generic term "obsolescent ranks" refers to both ranks and pay scales which have been made obsolete as a result of a revision of pay scales, or the restructuring, merger or abolition of grades. These "ranks" only exist to accommodate officers who had served in these ranks before they were declared obsolete and who have chosen to remain therein on a personal basis. As an established practice, obsolete pay scales are not subject to any structural review but are adjusted in line with the annual civil service pay revision. Hence, they were not covered in the 1989 Salary Structure Review.

Following the 1989 Salary Structure Review, some of the obsolete rank scales are no longer more favourable than the current pay scales of the corresponding ranks. The staff concerned therefore feel that they have lost out, even though some of them have exercised an irrevocable option to remain in the obsolescent ranks. Nonetheless, in the interest of phasing out the obsolete ranks and pay scales as soon as possible, the Administration is prepared to give the staff concerned a further option to transfer to the appropriate current ranks. Detailed conversion arrangements are being worked out and will be announced shortly.

Subvented organizations will also be informed so that they may consider making similar arrangements for their staff.

Rescue cost of Hang Lung Bank and Overseas Trust Bank

6. MR PETER WONG asked: Will the Administration inform this Council whether it is now in a position to disclose the net cost of rescue of the Hang Lung Bank and possibly the Overseas Trust Bank?

FINANCIAL SECRETARY: As I indicated in my reply of 10 January 1990, the Government has given, in the case of the Hang Lung Bank, certain indemnities and warranties for pre-government acquisition liabilities. The amount of ultimate liabilities arising from such indemnities and warranties, if any, is still not yet known. As to the Overseas Trust Bank it has yet to be returned to the private sector. Therefore,

Government is still not able to determine the net cost of rescue of the two banks.

Public housing distribution

7. MR HUI asked: Since the number and the distribution of public housing units to be completed in the next few years will have a bearing on the Administration's current policy, will Government inform this Council:

(1) How many public housing estates will be completed in each of the three years from 1992-93 to 1994-95? What are the names and locations of these estates, and the number of flats to be provided?

(2) Of these to be completed public housing units, how many will be designated respectively for singletons and two-person families?

(3) In the light of future needs whether a review will be conducted on the existing housing policy for singletons and two-person families, particularly in respect of the eligibility criteria and the number of flats provided? If so, how will the review be conducted?

SECRETARY FOR HOME AFFAIRS: Sir, a total of 67 163 new flats in 29 estates will be completed from 1992-93 to 1994-95. Details of their distribution are at Annex A. This level of production is in accordance with the Long Term Housing Strategy target, which is reviewed and adjusted annually.

During this period, 5 881 flats with internal floor area of 10.8 sq m to 25.0 sq m will be produced. These flats are suitable for allocation to one-person or two-person households under the existing allocation standard. A breakdown of these units by year is in Annex B. In addition, casual vacancies from the existing stock in the order of 12 000 units will also be available for allocation to these small households.

A review of the supply and demand for one-person and two-person flats has been completed and the findings endorsed by the Housing Authority's Development Committee in its meeting on 30 May 1991. The review has identified shortfalls in supply from different sources in the next five years and proposes a combination of options to

redress them, particularly in terms of timing and location. The policy committees of the Housing Authority have yet to consider the review findings and its implications. It is therefore too early to say whether the existing housing policy for small households may need to be amended, and how a review of such policies should be conducted. The policy committees will also have to consider these issues. Subject to their agreement, the department is confident that the current shortfalls and problems can be overcome.

Annex A

HOUSING AUTHORITY PUBLIC RENTAL ESTATE PRODUCTION BETWEEN 1992-93 AND 1994-95 (SOURCE: PHDP March 1991)

1992-93 1993-94 1994-95

Flats to be completed Flats to be completed Flats to be completed

Estate Phase

HONG KONG

Ma Hang 1	-	660	-	
Siu Sai Wan 3	681	1327	-	
Yiu Tung	1,3,4	-	2720	1880
Sub-total	681	4707		1880

KOWLOON

Choi Fai	-	-	1362	
Ko Chiu Road	2	-	-	858
Kwong Tin 3	2453	-	-	
Lok Fu 5	-	-	1070	
L. Wong Tai Sin 9,11	-	-	-	3094
Pak Tin 1	414	-	-	

1992-93 1993-94 1994-95

Flats to be completed Flats to be completed Flats to be completed

Estate Phase

KOWLOON

Sau Mau Ping	1	-	832	-	
Sham Shui Po Camp			1360	-	-
Tsui Ping	9-10	-	-	1107	
Tsz Ching	1	-	-	1362	
Tsz Lok 1	-	-	1362		
Tsz Man 1A	-	2043	-		
Tsz Oi	1	442	-	-	
Tung Tau	7	1688	-	-	
Wang Tau Hom	7	1768	-	-	
Sub-total		8125	2875	10215	

TSUEN WAN

Cheung Hang	3	-	-	1391	
Kwai Fong	3	442	-	-	
Kwai Hing	2	765	-	-	
Kwai Shing East	1	-	1071	-	
On Yam	1-3	-	2043	3154	
Shek Lei	2-3	-	-	2011	
Tai Wo Hau	4	2043	-	-	
Sub-total		3250	3114	6556	

SHATIN

Lee On 1,3 - 3424 -

Sub-total 0 3424 0

TSEUNG KWAN O

Hau Tak 1,2,4 1330 2724 -

Sub-total 1330 2724 0

1992-93 1993-94 1994-95

Flats to be completed Flats to be completed Flats to be completed

Estate Phase

TAI PO/FANLING

Fanling Area 39A 1 - - 1804

Wan Tau Tong 2 816 - -

Sub-total 816 0 1804

TUEN MUN/YUEN LONG

Tin Shui 1-4 4645 3181 -

Tin Yiu 1-3 4316 2568 -

Sub-total 8961 5749 0

ISLANDS

Lung Tin 2 - - 552

Peng Chau - - 400

Sub-total	0	0	952
TOTAL	23163	22593	21407

Annex B

Production of small rentals units*
between 1992-93 and 1994-95

Year	No. of flats
1992-93	2 516
1993-94	1 820
1994-95	1 545
Total	5 881
	====

* internal floor area of 10.8 sq m to 25 sq m
Vietnamese escapees from detention centres

8. MR LAU WONG-FAI asked: Will Government inform this Council:

(1) of the number of detainees who have escaped from VBP detention centres since the implementation of the screening policy and the number of escapees still at large; and

(2) in view of the likely drastic increase in the population of the VBP detention centres as a result of the upsurge in the influx of boat people, whether measures have been drawn up to prevent the recurrence of massive escapes as in last year?

SECRETARY FOR SECURITY: Since the introduction of status determination in June 1988, a total of 2 360 Vietnamese migrants have escaped from detention centres and 587 are still missing as at 1 June 1991.

The escape incident at the Whitehead Detention Centre in April last year caused understandable public concern over security arrangements at the detention centres. In response the Government has reviewed the standard of physical security at all the detention centres, and several improvements have been made. Perimeter fencing has been strengthened, and the frequency of perimeter patrols has been increased. More effective rapid response arrangements in the event of trouble have been introduced. Searches at all Vietnamese refugee and Vietnamese detention centres for weapons and escapees have also been stepped up. Escapees and those found in possession of weapons are prosecuted. These measures have been balanced by the efforts of the government and non-governmental organizations to expand work and other programmes for those in the centres, and to increase the participation of the Vietnamese themselves in camp management.

These measures have been effective in reducing the number of escapes from detention centres. The security situation in all detention centres is kept under careful review, as are contingency plans to deal with any emergency that may arise.

Compensation for occupational noise-induced hearing loss

9. MR TAM asked: Will Government inform this Council when legislation on the scheme to compensate employees whose hearing ability has been impaired by occupational noise will be introduced into this Council and why it cannot be introduced earlier?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the Commissioner for Labour is preparing the necessary drafting instructions to provide for a compensation scheme for occupational noise-induced hearing loss. We aim to introduce the Bill into this Council in the 1991-92 Session.

It has taken us some time to finalize our proposals because the medical and funding aspects of the scheme are complicated and require careful study and extensive consultation with interested parties.

First Reading of Bills

BANKRUPTCY (AMENDMENT) BILL 1991

FIXED PENALTY (TRAFFIC CONTRAVENTIONS) (AMENDMENT) (NO. 2) BILL 1991

ROAD TRAFFIC (AMENDMENT) (NO. 4) BILL 1991

EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1991

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1991

PNEUMOCONIOSIS (COMPENSATION) (AMENDMENT) BILL 1991

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

Second Reading of Bills

BANKRUPTCY (AMENDMENT) BILL 1991

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

He said: Sir, I move that the Bankruptcy (Amendment) Bill 1991 be read a Second time.

The Bill amends the Bankruptcy Ordinance to give the Registrar of the Supreme Court additional jurisdiction to deal with simple, routine bankruptcy matters. The Ordinance was last amended in 1988 to give the Registrar authority to hear unopposed bankruptcy petitions. The Registrar has since taken over from the Bankruptcy Judge the hearing of all such cases. As a result the Bankruptcy Judge is now able to devote more of his time to complex, contested bankruptcy matters. Experience since 1988 shows that the Registrar is able to take over more simple, routine bankruptcy cases from the Bankruptcy Judge. These will further improve the efficiency of the Bankruptcy Court by allowing the Judge to concentrate on the heavier work.

Clauses 2 and 3 of the Bill give the Registrar powers to hear and determine in open court applications to rescind receiving orders or to annul an adjudication of bankruptcy, applications to approve compositions or schemes of arrangements by a debtor to discharge his debts, and applications for orders of discharge. These applications are mostly uncontested, and can be dealt with by the Registrar without

difficulty.

To ensure that the quality of the administration of justice would not be affected, clause 4 of the Bill proposes that the Registrar may, in exercising his jurisdiction, refer any matter to the Bankruptcy Judge.

These amendments, I am glad to say, have the support of the legal profession.

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

Question on the adjournment proposed, put and agreed to.

FIXED PENALTY (TRAFFIC CONTRAVENTIONS) (AMENDMENT) (NO. 2) BILL 1991

THE SECRETARY FOR TRANSPORT moved the Second Reading of: "A Bill to amend the Fixed Penalty (Traffic Contraventions) Ordinance."

He said: Sir, I move the Second Reading of the Fixed Penalty (Traffic Contraventions) (Amendment) (No. 2) Bill 1991.

This Bill provides that a magistrate may direct the Commissioner for Transport to refuse to license or transfer the ownership of any motor vehicle registered under the name of a person who fails to pay a court ordered fixed penalty fine for a parking offence.

Under existing legislation, a magistrate may direct the Commissioner for Transport to withhold the transfer of vehicle ownership and the licensing of a motor vehicle only if that vehicle is the subject of an outstanding court order for non-payment of fixed penalty parking fine. In order to increase the deterrent effect of the legislation, we now seek to extend the magistrates' powers to include all motor vehicles owned by the defaulter. The amendment is recommended by the Director of Audit and has the full support of the Public Accounts Committee of this Council. The main aim is to deter the owners of vehicle fleets from avoiding the payment of fixed penalty parking fines.

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

Question on the adjournment proposed, put and agreed to.

ROAD TRAFFIC (AMENDMENT) (NO. 4) BILL 1991

THE SECRETARY FOR TRANSPORT moved the Second Reading of: "A Bill to amend the Road Traffic Ordinance."

He said: Sir, I move the Second Reading of the Road Traffic (Amendment) (No. 4) Bill 1991.

This Bill empowers the Commissioner of Police to refuse to issue a record of traffic convictions to an applicant until he has paid all outstanding fixed penalty traffic fines and related court costs. The purpose is to deter non-payment of fixed penalty fines.

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

Question on the adjournment proposed, put and agreed to.

EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1991

THE SECRETARY FOR HEALTH AND WELFARE moved the Second Reading of: "A Bill to amend the Employment Ordinance."

She said: Sir, I move that the Employment (Amendment) (No. 2) Bill 1991 be read the Second time.

Upon the Hospital Authority taking over management and control, existing government and subvented hospitals will cease to come within the definition of "hospital" in the Employment Ordinance. In order that these hospitals can continue to serve the functions specified in the Employment Ordinance, this Bill seeks to extend the definition of "hospital" in that Ordinance to cover public hospitals managed and controlled by the Hospital Authority.

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

Question on the adjournment proposed, put and agreed to.

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1991

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

She said: Sir, I move that the Employees' Compensation (Amendment) Bill 1991 be read the Second time.

The definition of "hospital" in the Employees' Compensation Ordinance is similar to that in the Employment Ordinance. For the same reason as I explained in moving the Second Reading of the Employment (Amendment) (No. 2) Bill 1991, this Bill seeks to amend the definition of "hospital" in the Employees' Compensation Ordinance.

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

Question on the adjournment proposed, put and agreed to.

PNEUMOCONIOSIS (COMPENSATION) (AMENDMENT) BILL 1991

THE SECRETARY FOR HEALTH AND WELFARE moved the Second Reading of: "A Bill to amend the Pneumoconiosis (Compensation) Ordinance."

She said: Sir, I move that the Pneumoconiosis (Compensation) (Amendment) Bill 1991 be read the Second time.

Again, for the same reason which I have given in moving the Second Reading of the Employment (Amendment) (No. 2) Bill 1991 and the Employees' Compensation (Amendment) Bill 1991, an amendment to the definition of "hospital" in the Pneumoconiosis (Compensation) Ordinance is proposed.

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

Question on the adjournment proposed, put and agreed to.

LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 29 May 1991

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

Bill read the Second time.

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

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1991

Resumption of debate on Second Reading which was moved on 29 May 1991

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

Bill read the Second time.

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

FIXED PENALTY (TRAFFIC CONTRAVENTIONS) (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 29 May 1991

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

Bill read the Second time.

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

ROAD TUNNELS (GOVERNMENT) (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 29 May 1991

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

Bill read the Second time.

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

SUPPLEMENTARY MEDICAL PROFESSIONS (AMENDMENT) BILL 1991

Resumption of debate on Second Reading which was moved on 29 May 1991

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

Bill read the Second time.

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

Committee stage of Bills

Council went into Committee.

LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1991

Clauses 1 and 2 were agreed to.

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1991

Clauses 1 to 4 were agreed to.

FIXED PENALTY (TRAFFIC CONTRAVENTIONS) (AMENDMENT) BILL 1991

Clauses 1 to 6 were agreed to.

ROAD TUNNELS (GOVERNMENT) (AMENDMENT) BILL 1991

Clauses 1 to 9 were agreed to.

SUPPLEMENTARY MEDICAL PROFESSIONS (AMENDMENT) BILL 1991

Clauses 1 and 2 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1991

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1991

FIXED PENALTY (TRAFFIC CONTRAVENTIONS) (AMENDMENT) BILL 1991

ROAD TUNNELS (GOVERNMENT) (AMENDMENT) BILL 1991 and
SUPPLEMENTARY MEDICAL PROFESSIONS (AMENDMENT) BILL 1991

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

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

Bills read the Third time and passed.

Adjournment

CHIEF SECRETARY: Sir, I move that this Council do now adjourn.

HIS EXCELLENCY THE PRESIDENT: I believe that one Member wishes to raise a subject to be discussed on the adjournment. Could I remind Members that in an adjournment

debate there are 45 minutes for Members to speak? At that point I will call upon a government Member to reply.

SERVICES OF THE LIGHT RAIL TRANSIT SYSTEM IN NORTHWEST NEW TERRITORIES

3.09 pm

MR TAI: Sir, the Light Rail Transit system, which was built and run by KCRC to serve the community of northwest New Territories, has been in operation for almost three years. And today, I would like to spend a little of the Council's time to say a few words about its operation and services from the community's point of view.

The LRT is built parallel to, and alongside, the main trunk road connecting Yuen Long and Tuen Mun. To the residents and commuters of northwest New Territories, it often creates traffic congestion, and sometimes chaotic situations, because the light rail system runs on segregated tracks and takes up part of the already busy road space. With the ever increasing traffic flow, the situation is expected to further deteriorate until positive improvement measures are quickly taken by KCRC or the Government.

The corporate image of KCRC in running the LRT is also worthy of comment. The Tuen Mun and Yuen Long District Boards Joint Committee on Monitoring LRT Services formed by the two district boards has received numerous complaints about LRT services. These, together with recommendations for improvement, have been passed to KCRC but very few of them are accepted. I am also given to understand that even those complaints made specifically to the LRT Complaints Division are seldom followed up.

My personal experience with the Corporation is not much different. Months ago, a standard letter from KCRC inviting interested parties to give comments on LRT services was sent to me by its Chairman. In response to the letter, I made some suggestions to improve the service.

My suggestions include improvements to the air-conditioning system and a greater degree of co-operation with the ferry company by introducing a combined ticket system to encourage commuters using both the ferry and the LRT services. I do not mind my suggestions being rejected but the Corporation should at least as a matter of courtesy

give me a reply for which I am still waiting to-date.

Contacts with the people in the northwest New Territories region reveal that the following areas of service attract most criticisms:

(1) Inadequacy of air-conditioning, especially during summer months.

(2) Feeder buses cease operation at about 10 pm whilst LRT service continues until 12 midnight; commuters are left with no means of transport from the LRT rail stations after 10 pm.

(3) The number of ticketing machines on the platform is not sufficient, causing long queues during rush hours.

(4) The present open system of ticket-buying has led to frequent conflicts between passengers and LRT staff.

(5) Unlike KCR and MTR, there is no provision for LRT passengers to pay the extra fares should they decide to travel further along after boarding a train.

(6) Moreover, since relatively large number of people in the northwest New Territories are illiterate and many new residents are unfamiliar with the system, it would be useful if some oral announcement could be made just before a train arrives.

(7) Platforms are too small and are overcrowded, especially during rush hours; passengers' safety is thus compromised.

(8) Punctuality of trains also leaves much room for improvement.

The most contentious issue is that KMB passengers are by law now forbidden to disembark from buses in the transit area, despite the fact that they have paid the full fare. The Kowloon-Canton Railway Corporation Ordinance provides over 25 years of area franchise for KCRC to operate the LRT and buses in the transit area. The community feels that this is an over protection of the Corporation at the expense of personal freedom.

Both MTRC and KCRC are operated under prudent commercial principles but there is a disparity between the two companies in their fare structuring. In respect of

MTR fare revision is based on inflation rate, or the consumer price index, whilst fare rise for KCR follows the trend of operational cost. I think the community would like to know why different fare-fixing methods are permitted for similar statutory bodies.

According to the Annual Report of KCRC, in respect of the light rail system there was an increase of over 12% in patronage over the year 1989-90, resulting in an increase in recurrent revenue of approximately 32%. Recurrent income arising out of property development is now 25% more than last year, while non-recurrent income has increased by \$418 million, bearing in mind that the total construction cost for the LRT system is approximately in the region of \$1 billion. The present forecast for the years ahead is that property developments, mainly in northwest New Territories region, will bring in further substantial recurrent and non-recurrent profits for the Company in 1993-94.

In 1990 a hefty increase of 25% in fares was imposed on the light rail system and, after a series of negotiations at various levels, the KCRC undertook not to further increase its fare for another 15 months. Yet, the fare revision for this year has been substantially increased by a rated average of more than 14%, whilst fares for the feeder bus services have been up by an average of approximately over 25%.

Against a background of high inflation and with a forecast increase in patronage -- hence revenue -- I wonder how the LRT can justify such hefty increases?

By comparison, although MTRC is still running at a loss, fare increase for MTR in the past 10 years amounts to an average of approximately 8% only. As for the heavy rail run by the same company which provides the LRT system, fare increase this year will be at the rate of about 8.6%, and with no rise in charges in some routes. All these point to one simple fact, and that is, the LRT fare increment is unjustified and is not commensurate with the quality of its services.

Perhaps, Sir, the answer lies in introducing competition by removing the exclusive franchise being granted to the LRT. The present franchise enables LRT to squeeze every cent out of the commuters, because they are left with no better choice or cheaper mode of services. Another option for the Government to consider would be to allow the Transport Advisory Committee to play a more active role in ensuring that the LRT provides better quality and value-for-money services.

Another complaint about LRT services is that, for the heavy rail system under the same Corporation, there are concessionary fares for senior citizens, but such benefits are not available to LRT passengers. I wonder what "prudent commercial principles" means to KCRC. And can this be regarded as compatible in respect of community service and well-being?

Sir, matters such as upward revision of fare charges are never popular; nor would the community be completely satisfied with the quality of service in respect of any public services. Nevertheless, a balance must be struck, and such a balance rests upon social justice. The community in the northwest New Territories has rightly asked me to seek redress through this Council. I sincerely hope that the KCRC would take into account what I said today as well as the comments to be made by my honourable colleagues in this debate and strive hard to provide an improved LRT service to its users.

MR CHEUNG YAN-LUNG (in Cantonese): Sir, being a director of the Kowloon-Canton Railway Corporation for more than eight years, I have all along been closely monitoring and supervising the internal operation and policy of the Corporation. Although I have already retired from the Board of Directors, I had been involved in the Light Rail Transit system since its inception.

The Corporation had sent me as well as other directors to Australia, Belgium and Germany to study the operation of the light rail system in these countries and to gather other relevant information. Therefore, I would like to point out to Members of the Council that as a director of the KCRC, I have to ensure that the LRT system can provide smooth service to cope with the development of Yuen Long and Tuen Mun new towns and to facilitate residents of the area. On the other hand, I am also obliged to manage commercially the investments of this public transport utility. To balance the public needs and the profits of the Corporation is not an easy task. This can only be achieved through long term overall planning.

According to my observation, over the past seven or eight years, the personal interests of the directors have not been involved in the administrative, policy and financial matters of the Corporation. If there are surplus, a portion of which will be retained for the further development of the network, the remaining portion will go to the coffers. Being the genuine shareholder of the KCRC, the Government will

indirectly return the profits to the public.

Dear colleagues, today we hold an adjournment debate on the services of the LRT. I would like to raise some comments on the development of the LRT.

The Light Rail Transit system, built and operated by the KCRC, has served the northwestern New Territories for more than two years. Some members of the public may feel that the franchise arrangement of designating Tuen Mun and Yuen Long as transit service areas may hamper fair competition. However, I would like to remind you of one point. Before the LRT came into operation, the Kowloon Motor Bus Company ran franchised bus services in Tuen Mun and Yuen Long. The present choice offered to the residents in regard to the modes of transport is no different from that of the past. Furthermore, if two public transport companies operate simultaneously in the same district, vicious competition may occur. In order that the KCRC would have the confidence to engage in long term investments on the LRT system, LRT service areas were set up.

When I took up the post of Director in the KCRC, I deeply understood the difficulties facing the LRT in its early days of operation and the problems encountered by the residents in adapting to this new transport system. For example, the residents were not familiar with the ticketing system, the frequency of train in the early days of operation failed to meet public demands and so on. Today, I would like to mention the improvements made on upgrading the services.

The LRT is now operating over 1 600 runs of trains a day, an increase of over 50% as compared to 1 080 runs of train in its early stages of operation. Marked improvements both in the carrying capacity and the frequency of trains have been made. Furthermore, the running time of all routes have reduced by an average of 10%, ranging from two to five minutes. The reason for such an improvement is that the signalling system at some junctions have been improved, the code of operation of trains have been modified and drivers have become more skilful.

Since its operation, the LRT has increased, by stages, the frequency of trains during ordinary days and Sundays/public holidays. On the whole, the frequency of trains has increased by an average of 28% during peak hours and 21% during off peak hours. In order to speed up the flow of passengers, linked carriages are used to run during peak hours. The punctuality of trains has always been maintained at a 99% level. Moreover, the feeder bus service has been reshuffled to increase

efficiency. In order to increase the capacity of trains and to facilitate the boarding and alighting of passengers, the LRT had demolished part of the seats facing the first and third door of the carriage.

As far as ticketing is concerned, the LRT has accepted the suggestions of passengers and district board members to provide more discounts to monthly ticket users. Student concessionary tickets have been issued to allow students to use the LRT services at a lower price. In order to simplify the zonal charge system, monthly and concessionary tickets of the three zones can be used for all routes during Sundays and public holidays. Furthermore, I understand that the LRT is now studying on ways to further simplify the ticketing system.

Last year, the LRT modified the software of the ticket vending machine and the design of the ticket. The vending speed of tickets has improved by 25%. In order to help passengers identify the tickets, the Chinese words "adult" and "children" are printed on the new tickets.

The LRT is also concerned about the inadequate air-conditioning inside the train compartment. As the light rail runs on road surface, many stations are directly heated by sunlight. The frequent opening and closing of train doors also affect the air conditioning system. The LRT has all along been striving for improvements, such as increasing the number of draughts at the rear part of the train, and enlarging all draughts so as to improve air circulation. Furthermore, the top of the carriages have been painted with reflective paint to reduce the refraction of sunlight. Reflective glasses have been ordered to be installed as train windows. Tests on these glasses have proceeded. The air-conditioning facilities have been cleansed and maintained more frequently to ensure their smooth operation. In order to adopt a durable measure to the air-conditioning problem, I understand that the KCRC has ordered 30 train compartments, the cooling capacity of which can be upgraded by 50%. If the effects are satisfactory, the KCRC would consider making corresponding changes to the first lot of train compartments.

Being a public corporation, the KCRC has all along responded actively to the suggestions of the passengers and the community to improve its services. This is indeed commendable.

MR CHENG HON-KWAN: Sir, in the past couple of months, we heard fresh demands from certain sectors of the public that LRT services be monitored, especially the fare

increase for the system.

I would like to take this opportunity to express my views towards this suggestion.

As far as I understand it, the KCRC Managing Board, comprising prominent members of the public and business community appointed by the Governor, is the highest decision-making body in the Corporation. The function of the Managing Board is to monitor the workings of the Corporation and the services it provides, and to make major decisions concerning its development. It is worth noting that three Board members come from this Council.

Moreover the KCRC is monitored by both the Transport Branch and the Transport Department which regularly vet details of the Corporation's developments and operations.

Furthermore, there is an active channel of communication between the Corporation and the OMELCO.

At the district level, representatives of the KCR and LRT regularly attend meetings of the traffic and transport committees of various district boards within the system networks to brief members on their developments, answer their queries and respond to their suggestions.

As a responsible transport operator serving major population centres in the New Territories, it is quite clear that the Corporation is already subject to the monitoring of various local and territory-wide groups and, of course, not least the media.

All the above-mentioned parties act as effective "watch-dogs" of KCR and LRT and therefore their services are in effect subject to close scrutiny by the public.

One would easily assume that putting the KCRC under the ambit of an established monitoring body, say, the Transport Advisory Committee, would mean subjecting the Corporation to controls and permitted rate of return similar to those imposed on the franchised bus operators. The KCRC's latest Annual Report 1990 shows the Corporation's rate of return before income generated from property development was only 4%. To be in line with or come close to the bus companies' 15% permitted return on net fixed assets, this could entail massive fare increase on both the KCR and LRT

and this will certainly be unacceptable to the travelling public. The Corporation has a \$5 billion capital investment programme to continually upgrade its services to its passengers. I think the fact that it manages this programme successfully on its own financial strength, even after paying its first dividend of \$125 million to the Government recently, speaks well both for its performance and the discharge of its social responsibility without, I might add, resorting to unacceptable fare increases.

The question really boils down to whether users of the KCRC's two systems want to see and enjoy continual and well-planned service developments, which, inevitably, cost. The way the Corporation is pursuing its objective of customer service improvements is through maintaining its financial strength without recourse to public purse. If we tamper with the Corporation's mandate which is to operate on prudent commercial principles, then I am afraid this will certainly lead to either gradual service deterioration or heavy government subsidy, neither of which should be palatable to the taxpayers.

In order to understand the customers' needs and demands, the KCRC has taken the initiative in developing new communication channels with its customers in addition to the traditional ones such as enquiry hotlines. The recent formation of "Passenger Liaison Groups" is an innovative scheme for Hong Kong. It aims to provide a forum for KCR and LRT passengers to express their views towards the services they receive. Here I must declare an interest. The City Polytechnic of Hong Kong, of which I am the Chairman of the Council, is involved in the information collection, handling and compilation process concerned. I believe objectivity and impartiality, which are vital to the success of the groups, will be achieved through the participation of a third party, and in this case the City Polytechnic.

I would consider the involvement of passengers in a direct dialogue with the service provides a responsible and conscientious step taken by the Corporation in upgrading its customer service. I would like to conclude that the existing monitoring mechanisms on KCR and LRT services are sufficient to ensure a customer-oriented and financially viable service. And I do hope the Members of this Council who sit on the Board of KCRC will continue to monitor effectively the workings of and the services provided by the Corporation.

MR MARTIN LEE: Sir, I wonder how many of us sitting in this Council have taken a recent

ride in a LRT bus? But many citizens and community leaders in the western New Territories who regularly travel by the LRT have long been dissatisfied with the standard of service provided by the LRT. For, the virtual monopoly enjoyed by the LRT system in the Tuen Mun-Yuen Long area and the lack of public accountability in the management of the LRT have resulted in a situation where the price of tickets is high and the quality of service is low.

Citizens living in the western New Territories have very little choice of transportation in travelling between Yuen Long and Tuen Mun. There is no direct bus service, and minibus service is available only to a small proportion of residents. Citizens, thus, have no other choice but to take the LRT, no matter how poor its service may be. Protected by the Government from other forms of transport competition, light rail has had little incentive to improve its service.

Residents of Tuen Mun and Yuen Long find the service to be substantially below the standard offered by other major forms of transport in the rest of Hong Kong. The number of trains is insufficient and at peak hours passengers may have to wait several trains before they could board one. Similarly, in off-peak periods and especially at night, there are very lengthy waits between trains. When the trains do come, they are sometimes dirty, and in many cases the air-conditioning is substandard. In addition, there have been many complaints about ticket machines being too slow and about excessive noise due to maintenance work being carried out at night.

In addition to complaints about the quality of the service, many residents of Tuen Mun and Yuen Long believe recent fare increases in the light rail have been excessive. It seems that in computing annual income, the LRT does not include any of the income that its parent corporation, the Kowloon-Canton Railway Corporation, receives from its ownership of valuable commercial and residential property located at or near the LRT stations. Because of this exclusion, the LRT reported an operating loss and used this loss as a justification for raising fares. In requesting and considering future fare increases, the Corporation and the Executive Council respectively should take into account this real estate income and thereby arrive at a more realistic picture of the LRT's financial position.

If we are to get to the heart of the problem facing commuters in the New Territories, two more fundamental steps need to be taken. First, alternate forms of public transportation should be made available to Tuen Mun and Yuen Long residents so as to stimulate competition and encourage the light rail to offer a better standard of

service. The Government should consider setting a one-year deadline on the LRT to improve its service; if the quality of service does not substantially improve by this deadline, then the Government should take steps to end the LRT's monopoly on Tuen Mun-Yuen Long public transportation.

Second, more public accountability needs to be built into the management structure of the LRT. There is little opportunity for residents of the western New Territories to make complaints or offer advice as to how service could be improved. I would recommend that the LRT establish an independent body through which elected district board members from Tuen Mun and Yuen Long and other citizens could monitor the operation of the LRT.

The problems of the LRT are not unique among public franchises in Hong Kong. Yet, perhaps because the problems do not affect all residents of Hong Kong, the Government has not done enough to promote better service from the LRT. I hope the Government will pay more attention to suggestions about the LRT put forward by community leaders from the western New Territories so that this vital service for New Territories residents can be brought up to standard.

MR EDWARD HO: Sir, first I wish to declare interest as a member of the Managing Board of the Kowloon-Canton Railway Corporation and I welcome this opportunity to listen to Members' views in this debate, and to put forward some of my own.

Today, the Light Rail Transit has become an essential transportation system of Tuen Mun and Yuen Long and its daily patronage has grown from 180 000 in September 1988, to 250 000 of today. The growth is still continuing, indicating the increasing popularity of the system among local residents. The total investment as of to-date stands at \$1.7 billion.

The overall investment in LRT, both existing and future, amounts to a hefty sum, by any commercial standard, demonstrating the company's commitment to the development of the transportation system in the northwest New Territories.

On the other hand, the LRT is still in deficit. In 1990, LRT's loss before interest charges was \$104 million, and this is expected to be the case for the next five years. And if one were to look at the LRT as an independent system, that is, taking into account all financing charges, the net loss would be in the region of

\$200 million per year!

Clearly no commercial enterprise could afford to be in the red forever and fare levels have to be adjusted to bring the losses to a more acceptable level and hence the recent increase of 14.1% in fare which, Members should be clear, equals, when annualized, to only 10.6%, roughly in line with inflation.

There have been some suggestions of merging the accounts of both the KCR and LRT in the hope of reducing the regular fare rise level of LRT. This is, in effect, asking KCR to subsidize LRT more, and even permanently.

I would argue against the wisdom of such a proposal first and foremost because it would distort the true financial picture of both systems and make it difficult to make any commercial decisions. As a matter of fact, a substantial level of cross subsidization already exists between the LRT and other business divisions of the Corporation. On an accumulative basis, the sum has reached more than \$500 million since the commissioning of the LRT in September 1988. In addition, in order to cater for the anticipated increase in patronage and to upgrade its existing services, the Corporation over the next three years will spend more than \$800 million in capital improvements of the LRT. This includes the building of three regional extensions in Tuen Mun, Tin Shui Wai extension, as well as the purchase of 30 new light rail vehicles. This kind of subsidy would continue until LRT finally breaks even.

To argue for larger, or even permanent, cross subsidization would impact on the KCR users, which I believe nobody here would like to see. Nor does it make prudent commercial sense for one business to be subsidizing another forever, remembering the Corporation is required to be operating on prudent commercial principles by Ordinance.

In debating fare levels of the Light Rail Transit system, and for that matter, the operation of the Kowloon-Canton Railway Corporation, it should be borne in mind that the Corporation is different from other franchise public systems in that it is a public authority. Thus, any profit that it makes will not benefit any one individually, and that ultimate benefits of such profit go back to members of the public either by means of payments to the Government's General Revenue, or be used as reserve fund for future development to improve and expand services to the public.

Conversely, if the Corporation is not run as a viable economic concern, then either services to the public would be adversely affected, or the operation and the

development of the system would rely on subsidies from the Government, which sadly is the case for many public transportation systems in other parts of the world.

The LRT is certainly a fast, comfortable, convenient and efficient system as, having travelled on it myself, I can speak from my own experience. Sir, I assume Mr Martin LEE has also travelled on LRT himself, judging from some very strong views that he has. One would hope that it could be further extended into more areas of the northwest New Territories, and even linking with urban areas eventually. But to do this, it is essential that LRT be financially independent as soon as possible and not relying on subsidies from any other source.

Sir, I have listened to some good and bad but all valuable comments from my colleagues in this Council and I think there will be some more coming. I shall certainly bring them to the attention of the Managing Board of the Kowloon-Canton Railway Corporation for its attention.

MR CHOW (in Cantonese): Sir, since its operation in 1988 and under the protection of various legislation enacted by the Government, the Light Rail Transit (LRT) has replaced the bus services and become a major mode of public transport providing mass transit services in northwest New Territories including Tuen Mun and Yuen Long. However, the "superior status" of the LRT services has also attracted much criticisms and complaints from residents of Tuen Mun and Yuen Long who have now lost their rights to select the mode of transport as they did in the past.

In order to facilitate the operation of the LRT, the Government has designated places along the LRT routes as LRT service areas and forbid buses operating in similar routes with a view to prevent vicious competition. This is the best example to illustrate how the Government always used administrative measures to "indulge" public transport operators and took away from the public their rights to choose. The LRT believes that since the Government has taken away the provision of alternative transport from the public and the light rail transit system has become a "monopoly", the public will still travel by LRT even they are not willing to do so after increases are made on the LRT fares.

Recently, the public have been hard pressed by the high rate of inflation. It is the Government and the public transport operators, rather than the private sector, which have neglected the public interest and directly generated the inflation.

Everybody may recall that the fare increases of the LRT is 14.1% which is the highest among the three railways this year. The percentage of increases is even higher than the rate of inflation and thus has become a major contributing factor to inflation. At present, both the public and the Transport Advisory Committee have no power to intervene the services and fares of the three railways. Moreover, the Government would accede to the demands of these operators. This has caused extra burden to the livelihood of the people. The Government has neglected the impact of fare increases of the three railways and allowed the LRT fares to increase at a percentage even greater than the rate of inflation. As a result, it has stimulated all prices and travelling expenses to go up. As a matter of fact, the Government is the culprit for inflation and her wrongs are unforgivable. Due to the inadequate supervision on the operation of the LRT, just like the MTRC, the KCRC and the LRT have developed into an independent empire. In May this year, these three railways disregarded the advice of the Executive Council and insisted on their own decisions of fare increases. They have really set a very dangerous and bad precedent. The three railways are statutory public bodies operated in the form of a private business. Although they are operated like private business, their setting up costs were publicly funded. Therefore they should also bear social responsibilities and should not always use the excuse of adopting commercial principles for refusing co-operation with the Government. The Government should carefully tackle its relations with the boards of the three railways.

Furthermore, although the LRT is only a part of the KCRC, most of the latter's income has derived from property developments related to the LRT. According to the 1990 annual report of the KCRC, 50% the property projects under development or construction are related to the LRT. These property developments have brought the KCRC about \$410 million as profit. However, in calculating the LRT's fare increases, the KCRC has disregarded the said profit. As a result, the LRT is claimed to be operating at a loss. Since developing property is part of the package of the LRT operation, I do not understand why the substantial income from property developments has not been taken into account. I wonder if LRT is going to find every reason to justify its fare increases.

The LRT services have much room for improvement. In order to improve the transport services in northwest New Territories the Government should change its existing policy and deal with the relation between bus and LRT services with more flexibilities. More alternative transport should be provided to the residents. Buses should become the ancillary mode of transport especially within the service

areas of the LRT. In addition, in order to be fair, the Government should require the KCRC to include the income from property developments in calculating the fare increases of the LRT. This will also prevent the LRT from putting forward such unreasonable and steep fare increases.

Finally, I hope the Government can amend the present policy so that the three railways will be brought under the ambit of government supervision in a bid to prevent the recurrence of the situation in May this year when the three railways insisted on the hefty fare increases against Government's advice.

MRS LAU: Sir, there is no doubt that since the Light Rail Transit system commenced operation in 1988, it has made significant improvements in both the quality and quantity of service delivered to commuters. However the system remains a mode of transport which continues to attract considerable criticism from the public.

More recently the criticism related to the fare increase of 14.1%. Whilst the Kowloon-Canton Railway Corporation (KCRC) has argued that this rate of increase is lower than the rate of inflation over the preceding 16 months and, when annualized, works out to be only 10.6%, it remains a fact that over a matter of two and a half years, fares have increased by over 40%. Such a hefty rate of increase is a matter of public concern. According to the KCRC, the increase in fares was required to offset rising operating costs, a course which the KCRC felt it was obliged to take bearing in mind the need to operate under prudent commercial principles. In 1990, despite substantial increases in ridership over the previous year, the LRT still ended up having an operating loss of \$31 million. It is therefore clear that it may yet be some time before the LRT can manage to balance its books.

I can understand the KCRC's anxiety to minimize the operating deficit of the LRT with the objective of achieving operating breakeven. But to do so within a short period of time is, in my view, unrealistic. The KCRC must recognize that the LRT is restricted to a defined Transit Service Area (TSA) which means that its operation is geographically circumscribed. Furthermore, being a relatively new mode of public transport, the system has yet to gain increased community acceptance and popularity. But the LRT does have great development potentials. With more links being built, particularly the extension to Tin Shui Wai, patronage is bound to increase. With the further development of Yuen Long, Tuen Mun and Tin Shui Wai, it is expected that the population within the TSA may double in the course of the next 10 years or so thereby

boosting transport demand. Eventually, when the urban rail link becomes a reality linking the TSA with major urban areas, this will further open up the northwest New Territories and indirectly enhance patronage of the LRT.

In my view, the KCRC should not seek to overcome the financial difficulties encountered by the LRT during this initial stage of operation by looking to the travelling public to pay more. Instead it should look within its own organization to find ways and means to finance the initial operating losses of the LRT. After all, the Corporation as a whole is making a sizeable net profit every year, which in 1990 amounted to \$624 million. A large proportion of such profits was derived from property development but operating profits for the heavy rail alone for that year came to some \$420 million. I accept that from a business point of view, it may not be desirable to use profits from non-transport activities to subsidize losses in transport activities, but there is no reason why there should not be cross-subsidization between different transport modes operated by the same operator. This practice is common among franchised buses and other privately owned transport operators and is not inconsistent with prudent commercial principles.

Sir, the LRT commuters cannot be expected to shoulder further fare increases in the order of those imposed over the past two years. The KCRC must seriously consider cross-subsidization between the profit-making heavy rail and the loss-incurring light rail. I am given to understand that if the heavy rail were able to grant the light rail a subsidy of \$10 million only, which is a very small fraction of the overall profits of the organization, the LRT would be in a position to keep its fare increase this year to well below 10%. This would have been much more acceptable to the public. Given the development potentials of the LRT, it can be expected that in due course when patronage increases with population growth and expansion of the system, the light rail will be in a position to pay back so that cross-subsidization may well only be required for a short period of time. In this regard, I feel that the Administration can and should impress on the KCRC that it must take public interest into account when determining its fares, for after all the Corporation is providing an essential public service to the community.

At the OMELCO Transport Panel meeting this morning, the panel recommended, inter alia, that the Administration should examine the existing legislation relating to the two statutory corporations to see whether legal provisions can be improved to ensure that the prudent commercial principles adopted by these corporations are in line with public interest. I sincerely urged the Administration to take on board the views of the OMELCO Transport Panel and to carry out that exercise without delay.

MISS LEUNG (in Cantonese): Sir, I am very disappointed that those Members who spoke before me failed to watch the length of their speeches and therefore those who will speak after them have been deprived of the opportunity to speak what they have prepared. I do hope that the fixed time limit shall be observed in all future adjournment debates. If not, we should draw lots to decide the speaking order, so that those Members low in the pecking order may have an opportunity to speak earlier and speak more.

In order to give Mr Kingsley SIT an opportunity to speak, I will be brief and not repeat all those LRT-related matters. I would just like to ask the KCRC to listen to the views of different sectors of the community for the improvement of their services and the Government should also step up its monitoring over the LRT.

Sir, perhaps I would like to raise a point which has been overlooked by Members speaking before me. In my view, even if the LRT could become a popular mode of transport to the local residents, it does not necessarily mean that the problem of passenger traffic in northwest New Territories could be satisfactorily solved. Being a regional transport system, the LRT is highly restricted.

Even with the LRT in commission, traffic problems still occur in north-west New Territories, mainly in Tuen Mun, Yuen Long and Tin Shui Wai. These three new towns which are at different stages of development and have their own characteristics can hardly develop into real self-contained and independent communities which can provide adequate job opportunities and school places for themselves and their neighbouring areas. Even for the whole of northwest New Territories, this region could hardly be fully self-contained. Many local residents shall, unavoidably, commute between their homes and schools or places of work.

Therefore, a link system should be established as soon as possible so that the northwest New Territories LRT system can be linked up by either heavy rail or light rail with the MTR which runs through Hong Kong and Kowloon. A closer tie can therefore be built up among the three new towns, their neighbouring areas and other parts of Hong Kong and Kowloon.

MR SIT (in Cantonese): Sir, to residents of the northwest New Territories, the commissioning of the brand new LRT system in 1988 might perhaps be described as a

mixed blessing. It is heartening to know that LRT, an electrified and pollution-free transport link, may be beneficial to the protection of the environment. But at the early stage of operation, the numerous LRT-related accidents had been a cause of concern to residents in the district. Accidents occurred not only because the commuters and residents were unfamiliar with the LRT but also as a result of the inherent flaws of the system which warranted improvements. Apart from road accidents with other conveyances, the LRT also caught the public's attention by frequent reports of injuries to passengers who were waiting at the platforms or riding on trains. Nevertheless, that LRT has learnt from experience is indeed praiseworthy as evidenced by the various improvement measures such as widening of platforms and increased installation of emergency brakes which have since been introduced.

Since the commencement of service of the LRT.....

3.55 pm

HIS EXCELLENCY THE PRESIDENT: Mr SIT, please sit down since time is up. I shall call the Secretary for Transport.

SECRETARY FOR TRANSPORT: Sir, I thank Members for their very helpful and constructive comments and suggestions on a wide range of subjects covering the LRT. I am sure these will be taken up by the Corporation and the Government in the context of this debate and be pursued in vigour and detail. I will simply, Sir, focus on a few major issues which I would like to clarify for the purpose of this debate.

The LRT system, Sir, now serving the northwest New Territories has incorporated the most up-to-date technology and is one of the most modern systems of its kind in the world.

When commercial operation started in September 1988, the LRT had had its fair share of teething problems. This is not uncommon to many new systems. It has stood the test of time and has survived and prospered.

Since 1988, light rail vehicles have travelled over 15 million kilometres and carried more than 186 million passengers.

Statistics since 1989 consistently show that the light rail vehicles have the lowest accident record amongst road-based vehicles in Hong Kong. It has achieved a punctuality rate of 99%.

Today, the LRT carries more than 250 000 passengers per day, compared with 180 000 in 1988. Over 40% of the passengers now use multi-ride passes. The LRT system, Sir, has become widely accepted as the backbone of the public transport system in the northwest New Territories, offering a safe, reliable, relatively pollution-free and efficient service.

Three additional LRT links within Tuen Mun and a new line to Tin Shui Wai, estimated to cost \$450 million, are under construction. When completed in early 1992, the Tuen Mun extensions will reduce the travelling time of many journeys. The link to Tin Shui Wai is due for completion by the end of 1992, shortly after the new town's first population intake.

Not counting the Long Ping link on the drawing board, the above extensions will increase the number of LRT stops from 41 to 55, many of which serving areas with good development potential. In the longer term further links with the urban centre are to be planned in the context of the Rail Development Study we intend to start in the course of this year.

Daily LRT patronage is forecast to reach 380 000 trips by 1995. To meet demand, the corporation has placed orders for 30 light rail vehicles at a cost of \$380 million. These new vehicles will have better air-conditioning and improved layout of seats.

Apart from improving the interior design of vehicles, KCRC has in the past acted upon many service improvement suggestions from the community. Examples include the extension of platforms at busy LRT stops; installation of rail lubricators in noise sensitive areas; fine-tuning of train schedules to provide better service; provision of more user-friendly ticketing machines; and improvements to feeder bus services.

The KCRC Board comprises members appointed by the Governor from a cross section of the community. The Kowloon-Canton Railway Corporation Ordinance empowers the Governor in Council to direct the Corporation on matters of public interest.

An established channel of communication exists between the OMELCO and KCRC.

The annual budget and forward plans of KCRC are scrutinized by the Administration. The Chairman and I meet regularly to review performance and progress against policy objectives set by the Government. This ensures that the Corporation would continue to provide adequate rail services at realistic fare levels.

The Transport Advisory Committee is kept informed and consulted, as always, on the broader aspects of rail services, including their co-ordination with other forms of public transport. Cross membership exists between TAC and the KCRC Board and this has helped to improve understanding and co-operation.

At the district level, LRT services are monitored closely by the district boards and interest groups concerned.

All these, Sir, are in addition to the close interest taken by the media and the public towards the LRT on a daily basis. The current system on monitoring, Sir, is considered adequate.

As regards the Transit Service Area (TSA), it must be pointed out, Sir, that under the existing arrangements, the LRT by and large enjoys no more protection than the franchised bus services which would otherwise be put in its place. Within the TSA, the LRT also faces competition from taxis and light buses.

On cross-subsidization, the KCRC has invested \$1.2 billion in the LRT and will spend another \$800 million in the next few years on extensions to the system and buying more vehicles.

Property development at LRT sites has so far provided a profit of about \$650 million. This has been used to fund capital investments in the LRT. By cutting borrowings, the property earnings help reduce the level of interest payments which would otherwise be charged to LRT fares.

The recurrent earnings from property management also form part of the income used to fund losses and further investments in the LRT.

Whilst the financial performance of the LRT is improving, Sir, there remains a considerable element of cross-subsidy from heavy rail. Such an arrangement may continue for some time.

On LRT fares, an average LRT ride now costs \$2.10, against \$1.50 in 1988. This increase must be seen against the low initial fares charged on the system.

When the Tuen Mun and Yuen Long District Boards were consulted in 1984, they supported the LRT project on the understanding that the LRT fares would slightly exceed the fares for an equivalent bus trip. Today, the LRT fares are no higher than what would have been charged by buses. They are in fact lower than fares payable on public light buses serving routes of similar distance.

On customer's complaints and responses, the KCRC recognizes fully that in terms of customer service, it is the frontline people who make the difference.

Community organizations and schools are regularly invited for rides on the LRT, to promote courtesy on the system and safer use of the system. In addition to regular surveys on customer satisfaction, KCRC has recently started to form passenger liaison groups. Views collected through group meetings would form the basis for further service improvements.

Sir, while the Administration is generally satisfied with the performance and progress of the LRT, neither the Corporation nor the Government is complacent and we look forward to the further improvements of the LRT to meet the needs of the community.

Question on the adjournment proposed, put and agreed to.

Next meeting

HIS EXCELLENCY THE PRESIDENT: I wish Members a happy Dragon Boat Festival holiday and now in accordance with Standing Orders I adjourn the Council until 2.30 pm on Wednesday 26 June.

Adjourned accordingly at five minutes past Four o' clock.

Note: The short titles of the motions/Bills listed in the Hansard have been translated into Chinese for information only; they do not have authoritative effect

in Chinese.