

1 HONG KONG LEGISLATIVE COUNCIL -- 8 July 1992

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OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 8 July 1992

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

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

THE CHIEF SECRETARY

THE HONOURABLE EDWARD BARRIE WIGGHAM, C.B.E., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.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 MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

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

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

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

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

PROF THE HONOURABLE EDWARD CHEN KWAN-YIU

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE MISS EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

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

THE HONOURABLE FRED LI WAH-MING

PROF THE HONOURABLE FELICE LIEH MAK, O.B.E., J.P.

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

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

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

ABSENT

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

THE HONOURABLE SIMON IP SIK-ON, J.P.

IN ATTENDANCE

MR DAVID ALAN CHALLONER NENDICK, C.B.E., J.P.
SECRETARY FOR MONETARY AFFAIRS

THE HONOURABLE EDWARD BARRIE WIGGHAM, C.B.E., J.P.
SECRETARY FOR THE CIVIL SERVICE who also acted as Chief Secretary

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

SECRETARY FOR ECONOMIC SERVICES

MR JOHN CHAN CHO-CHAK, L.V.O., O.B.E., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

MRS ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.

SECRETARY FOR HEALTH AND WELFARE

MR CHAU TAK-HAY, J.P.

SECRETARY FOR TRADE AND INDUSTRY

MR JAMES SO YIU-CHO, O.B.E., J.P.

SECRETARY FOR RECREATION AND CULTURE

MR ANTHONY GORDON EASON, J.P.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

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.

Legislative Council (Electoral Provisions) Ordinance (Amendment of Second Schedule) Order 1992.....	210/92
Merchant Shipping (Safety) (Subdivision and Damage Stability of Cargo Ships Over 100 meters in Length) Regulation.....	211/92
Waterworks (Amendment) Regulation 1992.....	212/92
Pension Benefits Ordinance (Established Offices) Order.....	215/92

Tax Reserve Certificates (Rate of Interest)

(No. 3) Notice 1992.....
216/92

Sessional Papers 1991-92

No. 86 -- Audited Statements of Accounts for the
Sing Tao Foundation Students' Loan Fund
for the year ending 31 August 1990

No. 87 -- Audited Statements of Accounts for the
Sing Tao Foundation Students' Loan Fund
for the year ending 31 August 1991

No. 88 -- Audited Statements of Accounts of the Hong Kong
Rotary Club Students' Loan Fund
for the year ending 31 August 1990

No. 89 -- Audited Statements of Accounts of the Hong Kong
Rotary Club Students' Loan Fund for
the year ending 31 August 1991

No. 90 -- School Medical Service Board
Annual Report for the year ended 31 March 1992

No. 91 -- Report of the Select Committee on
Legislative Council Elections

No. 92 -- Hong Kong Sports Development Board
Annual Report 1991-92

Oath

Mr Edward Barrie WIGGHAM took the Legislative Council Oath.

Oral answers to questions

Exorbitant surgical fees

1. MISS EMILY LAU asked: Will the Government inform this Council whether it is aware of public concern over exorbitant surgical fees charged by some doctors in private practice; and, if so, whether it plans to take any action such as urging the medical profession to publish a list of surgical fees as guidelines to the general public seeking surgical treatment?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, yes, we are aware of comments, mainly through the media, about high fees charged by some doctors in private practice.

We believe that a consumer has the right to know and to have access to the information which would enable him to make an informed choice. To this end, consumers have a right to know the level of fees. It is for providers of professional services to respond appropriately in as open a manner as possible. Any patient is free to ask for information about fees and to go to the doctor of his choice.

The Government publishes a schedule of fees for public hospitals and clinics. The Hong Kong Medical Association has also published the results of its survey on doctors' fees in the private sector.

It is the Government's policy that no one is denied adequate medical treatment for want of means. This is covered by section 4(d) of the Hospital Authority Ordinance. Where a patient cannot afford private treatment, the Government provides public clinics and hospitals, where the subsidy towards the cost of treatment is high and the charges are low and in exceptional circumstances may even be waived.

MISS EMILY LAU: Mr Deputy President, does the Government have information on whether surgical fees in Hong Kong are indeed much higher than those of other Western and

Asian cities? And does the Government think that the Medical Registration Ordinance should be amended to give the Medical Council the power to handle complaints about exorbitant fees and charges?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, we are aware through media reports of certain episodic cases where fees are charged on a very high level. The Medical Council has not formally discussed the matter of fee charging by medical practitioners with the Government. The two prime functions of the Medical Council are, first, the registration of doctors and, secondly, the discipline of registered medical practitioners; fees do not feature in this respect. I think it would be very difficult for anyone other than the doctor and the patient -- who have a special bond of trust -- to come in between them by interfering with what can be a very natural relationship.

DR LEONG CHE-HUNG: Mr Deputy President, in her reply the Secretary mentioned that the consumer has the right to know the level of fees. Could the Secretary inform this Council what plans there are for the Administration to promote public awareness that it has the right to ask to know the fees to be charged by doctors or other professionals?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the right to know includes a number of areas: the right to know the level of fees, the right to know the details of the treatment and the right to know the details, depending on professional judgment, in relation to the patient and the state of illness the patient is in. I think the best protection of the consumer, which in this case is the patient, is the consumer himself. I believe also that public censure is a very good form of education process. Public debate will promote awareness and so in this respect the Government would like to be involved but not necessarily to take any other formal measure of promoting education and awareness.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, will the Administration inform this Council whether it has received any complaints alleging that some private medical practitioners deliberately raised the figure of the fees charged on the bill, so that their patients can claim more compensation under their insurance policies?

If yes, how would the Administration handle this normally?

DEPUTY PRESIDENT: That is not strictly within the main question, but are you able to throw light on this, Secretary?

SECRETARY FOR HEALTH AND WELFARE: No, Mr Deputy President.

DR CONRAD LAM (in Cantonese): Mr Deputy President, some people think that the fees charged for medical services are too high. Would the Administration consider encouraging the Consumer Council to conduct an investigation and to compile a report on this question of whether the fees charged for medical services are too high, in order to protect a patient's right as a consumer?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, I will certainly relate this to the Consumer Council.

Divulgence of information contained in import or export declarations and certificates of origin

2. MR JIMMY MCGREGOR asked: Will the Government inform this Council whether there is a plan to lift the legislative and administrative restrictions on the divulgence of information contained in import/export declarations and certificates of origin and allow the information to be made available to organizations promoting Hong Kong trade and industry?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, we have no such plans. We applaud the efforts and achievements of organizations promoting Hong Kong's trade and industry. But we also have the duty to safeguard the privacy of our traders and manufacturers and to preserve the security of commercially confidential data supplied by them.

At present, the Export (Certificates of Origin) Regulations already provide that certain information supplied by factories for Certificate of Origin registration

purposes may be made available to trade promotion organizations and may be published for the purpose of replying to trade enquiries. Such information is, however, limited to the names and addresses of manufacturers and the nature of their products. We believe that this should be sufficient to enable trade promotion organizations to develop a useful database for the purpose of promoting trade and industry.

MR JIMMY MCGREGOR: Mr Deputy President, does the Secretary agree that the basic information on company name, address, product category, import source and export destination obtainable from import/export declarations could be of very great economic value to Hong Kong if it could be made available to persons and companies seeking trade contracts? And if so, will the Secretary agree to seek policy advice from the Trade Advisory Board, the Trade Development Council, chambers of commerce and other interested organizations on how this mine of information can be legitimately tapped in Hong Kong's interests?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, I repeat that we have a duty to preserve the confidentiality of commercially confidential data provided to the Government for specific purposes. As far as trade promotion is concerned, the Trade Development Council has established a very useful and quite comprehensive service called "TDC Link" which operates on the basis of information originally provided by the Government from factory registration information, namely, the name and address of the manufacturers and their product lines. We believe that therefore this information is sufficient for the purposes of developing further such services.

MR JIMMY MCGREGOR: Mr Deputy President, would the Secretary not agree that there should be something more available to trade and industry than the information obtained from manufacturers? I am thinking particularly about import/export information.

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, I think in many cases the type of information referred to by Mr MCGREGOR would involve commercially confidential data and it would not be appropriate for the Government to disclose such information to third parties without the consent of the people supplying the data.

MR PETER WONG: Mr Deputy President, if the particular importer or exporter has ticked a particular box in their return saying that they have no objection to having this information divulged to third parties, would the Administration make this information available?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, at present we do not ask traders or manufacturers to provide information or advice as to whether or not they have any objection to having their information disclosed to third parties.

MR PETER WONG: Why not, Mr Deputy President?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, it is our function to facilitate trade rather than to hinder trade and we believe that the sort of data or information required of traders and manufacturers on application for certificates of origin and others should be kept to a minimum.

MR JIMMY MCGREGOR: Mr Deputy President, could the Secretary not consider the positive rather than the negative; in other words, instead of waiting for somebody to suggest that they will give information, could not the Secretary introduce a system whereby if the givers of information had no objection then the information could be provided to third parties and thus a positive system of provision of information to trade and industry be put in place?

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, I would have to seek legal advice on this point before I can inform Mr MCGREGOR whether I can consider it.

Fifth freedom of the air

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

(a) which direct air services operating between Hong Kong and other cities are granted the "fifth freedom of the air";

(b) whether the Administration has compared our level of openness in the grant of such freedoms to air services with those allowed by other neighbouring countries in Asia; if so, what the findings are; and

(c) what policy has been adopted by the Administration in the granting of the fifth freedom in respect of air services for the territory?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, this is a technical question which I believe is best answered in a single statement rather than by taking each point seriatim. For the sake of clarity, I should like to start by explaining what "fifth freedom" means in air services terms.

International scheduled air services are regulated by bilateral air services agreements which are binding treaties between governments. Under such arrangements the airline or airlines of each party are permitted to carry traffic on scheduled services between each other's area. These services are known as third and fourth freedom services.

Fifth freedom services involve the carriage of traffic between the area of one of the contracting parties and that of a third party. The agreement of that third party is, of course, required before such services can be operated. For example, if a third party airline operates from its own country via Tokyo to Hong Kong and picks up traffic in Tokyo and discharges it in Hong Kong and vice versa, that is an example of the exercise of a fifth freedom right and the traffic is referred to as fifth freedom traffic. The agreement of all three governments is required for such a service to operate.

In view of Hong Kong's geographic location in a part of the world which is currently enjoying rapid growth in air travel it is not surprising that many of our partners seek fifth freedom traffic rights from us. Most air services agreements governing Hong Kong's air services provide for such rights. It is our policy to grant fifth freedom rights only if to do so will provide opportunities of equal value to Hong Kong and to Hong Kong airlines. We are not unique in this approach; no government gives away valuable rights without an appropriate quid pro quo.

The willingness of any government to grant fifth freedom traffic rights varies depending on their aims and perspectives. For this reason there would be little value in attempting to compare our willingness to grant fifth freedom rights with the

willingness of other governments to do so. But I can assure Members that, as far as this government is concerned, each request for fifth freedom rights is judged on its merits.

DR HUANG CHEN-YA (in Cantonese): The Administration has not answered the first and second parts of my question, which makes it impossible for us to know whether or not the current policy is more detrimental than beneficial to Hong Kong. I therefore request that a written reply to the first and second parts of my question be provided by the Administration. However, I would like to ask now: If an increase in the frequency and capacity of flights is conducive to bringing about a cut in freight charges, the competitiveness of Hong Kong exporters can thereby be enhanced. It has been estimated that a cut of 10% in freight charges will lead to an increase of one percentage point in Gross Domestic Product. Is it the Administration's current policy to protect the interests of certain airlines at the expense of Hong Kong's exports?

DEPUTY PRESIDENT: How much of this can you answer now, Secretary?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, it is not that I am trying to evade an answer. I would point out that there are 48 airlines operating services from Hong Kong directly to 85 cities. All of the traffic rights that are currently exercised are readily available in published schedules of airlines. But if Dr HUANG wishes me to supply those in writing, then I will of course have to be given time to gather this. (Annex I)

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, can the Administration give an oral reply today to the second part of my question?

DEPUTY PRESIDENT: There was a Part Two, I think, to Dr HUANG's supplementary. Do you want it put again, Secretary?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, I do not have anything to add to my principal reply.

DEPUTY PRESIDENT: Would you like to rephrase your second supplementary?

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, I only wish to ask whether the Administration's current policy is to protect the profits of certain airlines at the expense of export trade? The rationale is that a cut in freight charges will enhance the competitiveness of Hong Kong exporters. It has been estimated that a cut of 10% in freight charges will translate into a 1% growth in Gross Domestic Product.

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, perhaps I could pick out one or two of the important points in my principal reply in answer to the supplementary question. I have pointed out that we are always ready to discuss and exchange fifth freedom traffic rights with our partners provided that this is done in the context of a balanced package. We have often heard claims that we are illiberal in our granting of fifth freedom rights, but every time that we ask for evidence to be adduced as to capacity, constraints or inadequacy, we have not been supplied with such data. If we are ever supplied with such data, we will of course act on the data and adjust our negotiating stance accordingly.

MR HOWARD YOUNG: Mr Deputy President, the Secretary in her reply referred to 48 international airlines operating in and out of Hong Kong and as far as I am aware there are a total of three Hong Kong airlines also. With regard to opportunities of equal value, can the Secretary tell us, for instance on the Hong Kong-trans-Pacific route, whether the balance between Hong Kong airlines and non-Hong Kong airlines reflects in any way Hong Kong's liberal policy?

SECRETARY FOR ECONOMIC SERVICES: Yes, Mr Deputy President. I think in statistics published by the Hong Kong Tourist Association last year it is apparent that in terms of inbound traffic into Hong Kong, Hong Kong airlines only took up 34% of the entire traffic; in respect of outbound traffic Hong Kong airlines took up 36% of the traffic, that is to say, passenger traffic. In respect of inbound cargo traffic, only 34% was taken up by Hong Kong airlines, and outbound traffic, only 24%.

MR JAMES TO (in Cantonese): Mr Deputy President, in the fourth paragraph of her reply, the Secretary mentioned that it was in consideration of that Hong Kong will be provided with similar opportunities of equal value that we granted fifth freedom rights. Do such opportunities of equal value mean opportunities provided only to certain airlines of Hong Kong and have the costs paid by the public of Hong Kong for air freight or postal services been included in the calculation of such opportunities of equal value?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, in our negotiating stance we have regard first of all to consumers' interests but we are also anxious at the same time to ensure that Hong Kong airlines do not lose out to foreign airlines and at the expense of Hong Kong travellers.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, I wish to follow up Mr James TO's question. Will the Administration inform this Council of the principal factors taken into consideration for the granting of Hong Kong's fifth freedom rights? For instance, forwarding companies may reduce their charges because of the granting of such traffic rights; will Hong Kong people be benefited as a result?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, that question seems to suggest that capacity for cargo at the moment is inadequate. As I have pointed out in answer to an earlier supplementary question asked by Mr Howard YOUNG, it is apparent that Hong Kong airlines only account for a very small percentage of cargo traffic and that there is plenty of competition. As I have also pointed out, we have yet to be given evidence that capacity is inadequate at present.

Quarters for civil servants in the Hospital Authority

4. MR MICHAEL HO asked (in Cantonese): As about 70% of the civil servants in the Hospital Authority (HA) have not opted to transfer to the HA, will Government inform this Council whether the quarters allocation ratio and progress in respect of medical and nursing staff who retain their civil servant status are comparable to the situation before the establishment of the HA; whether the Government can give an

assurance that those officers' entitlement to quarters and the actual allocation of quarters to them will continue until they leave the civil service; and how many of the aforesaid medical and nursing staff excluding student nurses were granted quarters in the past seven months?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, before the Hospital Authority (HA) took over the management of public hospitals on 1 December 1991, 7.9% of the medical, nursing and paramedical staff (excluding trainees) working in the Hospital Services Department resided in departmental quarters. The comparative figure for those who retain their civil servant status while working under the Hospital Authority is 7.4% as at 31 May 1992.

Departmental quarters are justified on grounds of operational need. The Hospital Authority sees no such need, and therefore these quarters may be made available for alternative use. However, arrangements have been worked out for all civil servants residing in departmental quarters on 1 December 1991 to retain their eligibility until their three-year option period for transfer to the Hospital Authority expires on 30 November 1994, or until they leave the civil service, whichever is the earlier. A firm assurance in this regard has been conveyed to the staff through established communication channels.

Since the transfer of management responsibility to the Hospital Authority on 1 December 1991, the Hospital Services Department has not allocated any more such quarters.

Nurse trainees and interns will continue to be entitled to occupy quarters in recognition of the need for them to reside in hospitals as part of their overall training programme.

MR MICHAEL HO (in Cantonese): Mr Deputy President, will the Administration inform this Council why under the current situation, that is, officers can only move out of quarters rather than applying for occupation, civil servants working in hospitals are not allocated these quarters as the Government may well let civil servants of other grades occupy these quarters?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the fact remains that since the Hospital Authority has taken the view that there is no operational need for departmental quarters, there is therefore no justifiable ground for additional allocation of these quarters. The present arrangement of allowing the existing occupants to continue to occupy quarters is a special concession to avoid causing unnecessary disruption and hardship to those officers already residing in departmental quarters.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, will the Secretary confirm whether there is a larger number of units vacant among quarters for occupation by nurses? If yes, why are these units left vacant instead of being allocated to civil servants who have not yet transferred to the Hospital Authority?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the alternative use of departmental quarters relinquished by the Hospital Authority is being studied and is under active consideration between the Hospital Authority and the relevant government departments. The point made by Mr LEE will be certainly borne in mind.

DR CONRAD LAM (in Cantonese): Mr Deputy President, I really do not understand why the Secretary mentioned in the second paragraph of her reply that the Hospital Authority saw no such need where medical staff on transferring to the Hospital Authority will in fact be doing the same kind of work before the transfer. Why does the Hospital Authority see "no such need" on taking over the management? Is it indicating that a decision made in the past was incorrect and that we are being progressive now?

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, perhaps I should explain that we are talking about the former departmental quarters which in the view of the Hospital Authority constitute part of remuneration. So in the cash allowance payable to the Hospital Authority staff who have opted for Hospital Authority terms, there is an element which takes into account the former occupation of the then departmental quarters.

MR MICHAEL HO (in Cantonese): Mr Deputy President, I would like to follow up the supplementary raised by Dr Conrad LAM. Given that the cash allowance has taken into account the quarters entitlement of staff who opted for the Hospital Authority terms while those who elected to remain in the Civil Service are not entitled to such benefits, why are the latter not allowed to continue to occupy civil service quarters?

SECRETARY FOR HEALTH AND WELFARE: I would like, Mr Deputy President, to go back to my main reply which stated quite clearly that operational need for departmental quarters would be the basic justification for the provision of departmental quarters. Since the Hospital Authority has taken the view, as reflected in the cash allowance payable, that there is no operational need for departmental quarters -- in lieu of which they are providing call rooms and overnight rooms for those staff who have the need to stay in the vicinity of the hospital -- there is no need for allocation of any departmental quarters.

Overseas recruitment of Administrative Officers

5. DR LEONG CHE-HUNG asked: In the year 1990-91, a total of three Administrative Officers were recruited by the seven overseas recruitment centres of the Government at the cost of HK\$962,581; that is to say, some HK\$320,000 each. In view of the low number of successful recruits in the past few years against the ever increasing costs of overseas recruitment, will the Secretary for the Civil Service inform this Council of the justifications for overseas recruitment, and whether this will still continue?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, the justification for recruiting Administrative Officers overseas is that we wish to tap the pool of talent formed by the considerable number of Hong Kong people who are living or studying abroad.

On the whole the results obtained have been very worthwhile. Although it is true that in the exceptional year of 1990-91 only three such officers were recruited, there were in fact 10 recruited from overseas in 1989-90 and nine offers of employment will be made as a result of this year's recruitment exercise. The costs tend to be fixed, and therefore may appear high on a per capita basis in a year of low recruitment. However there are subsequent savings to be taken into account, because officers

educated abroad, unlike their locally recruited counterparts, are not eligible for overseas training in their first few years of service. A further point is that we are recruiting people with the intention that they should spend a full career with us. This approach warrants a higher initial investment in recruitment.

In the light of our experience so far we propose to continue to recruit a proportion of our Administrative Officers from among Hong Kong people living or studying abroad.

DR LEONG CHE-HUNG: Mr Deputy President, it is very important, no doubt, to secure the return of Hong Kong people who have acquired knowledge abroad. But in the light of this apparently very non-cost-effective exercise, could the Administration inform this Council whether they would consider, or have they ever considered, other more cost-effective methods?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, I tend to regard the recruitment of Administrative Officers as one complete exercise. Quite naturally, the majority of applicants and also the majority of appointees come from here in Hong Kong. There are some, however, who at the point of recruitment are overseas. I think it would be a mistake if we denied ourselves that talent.

MR ERIC LI (in Cantonese): Mr Deputy President, in the reply provided by the Administration, it is mentioned that the recruitment centres will facilitate the return of talented people from overseas. Given the fact that there are few vacancies for Administrative Officers while there are numerous vacancies in various grades within the Civil Service such as police officers, speech therapists and nurses, has the Administration ever considered making use of the overseas recruitment centres to help the recruitment for the other civil service grades?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, we do not maintain permanent recruitment centres. To ensure that we apply consistent standards in both our local recruitment and our overseas recruitment of Administrative Officers, we make use of members of the local recruitment board who travel to the various centres. They are supported for the two or three weeks of that exercise by our staff locally based in our overseas offices.

DR SAMUEL WONG: Mr Deputy President, it was mentioned in Dr LEONG's question that there are seven overseas recruitment centres. Could this Council be informed where these centres are and whether some centres are less effective in the recruitment exercise?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, as I said in reply to the last question, there are no permanent centres. We have for some time recruited Hong Kong students in particular from the United Kingdom. Three years ago we extended that exercise to Hong Kong residents living at that time in the United States of America. The following year, two years ago, we extended that to Canada. Last year we extended the exercise to Australia. But as I said earlier, this is an exercise carried out by the same recruitment board who travel to those centres.

MRS PEGGY LAM (in Cantonese): Mr Deputy President, the question I intended to ask has been raised by Dr Samuel WONG. But I still have one more question to ask. As for the civil servants recruited from overseas, which ranks do they belong to? What areas of duties are they responsible for?

DEPUTY PRESIDENT: It is a little outside the main question, Secretary, but do you have an answer?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, may I assume the question to be still referring to Administrative Officers?

DEPUTY PRESIDENT: Mrs LAM, does your question refer only to Administrative Officers or generally?

MRS PEGGY LAM (in Cantonese): I referred to Administrative Officers.

SECRETARY FOR THE CIVIL SERVICE: In which case, Mr Deputy President, there is no

distinction applied at all, either at the point of recruitment or throughout their career.

MISS EMILY LAU (in Cantonese): Mr Deputy President, when did the Government start recruiting Administrative Officers overseas? Does this reflect that too many talented people have migrated, thus leading to the problem of brain drain in Hong Kong so that the Government is subsequently compelled to recruit overseas?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, I cannot recall exactly when we first started recruiting in the United Kingdom. But as I said, we extended our net some three years ago. It certainly does not reflect a lack of applications, locally. We have consistently in the last three or four years -- at the same period when we have been recruiting overseas -- received something between the order of 3 000 and 4 000 applications. At the end of the day we normally take about 30.

MR ANDREW WONG (in Cantonese): Mr Deputy President, I think what Mrs Peggy LAM was asking is whether the Administrative Officers recruited from overseas were at the rank of Administrative Officer, Senior Administrative Officer or even higher? (in English) In other words, whether candidates are recruited at the Administrative Officer level or Senior Administrative Officer level or Staff Grade C or Staff Grade B or whatever?

DEPUTY PRESIDENT: Mr WONG, I think Mrs LAM did clarify her question. It is therefore for Mrs LAM to pursue this if she wishes.

MR JIMMY MCGREGOR: Mr Deputy President, can the Secretary set out the qualities or experience that the Government considers may be better developed in the overseas recruited Administrative Officers as opposed to the locals? Do these include the English language ability and possibly a foreign nationality?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, as I said earlier, we make no distinction. I can do no better than to read from the Administrative Service Booklet which says:

"The Hong Kong Government is seeking ambitious young men and women who are intelligent, fair minded, versatile, have determination, commonsense and the ability to deal effectively with people from all walks of life. Secondly, they have concern for the welfare of the community and its continuing prosperity."

In other words, Mr Deputy President, we go for the best and we have some of the examples here this afternoon.

MRS ELSIE TU: Mr Deputy President, did I hear the Secretary say "young men"? Did he mention "young women"?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, if I may refer to the Interpretation and General Clauses Ordinance (Cap. 1) I think I covered both sexes.

DR LEONG CHE-HUNG: Mr Deputy President, from data provided by the Civil Service Branch it has been shown that in 1990-91, for example, some 631 applications were made to these seven overseas recruitment centres. The numbers interviewed were only 22, in other words, 3%, and the appointments were only three. Now can the Administration explain to this Council this low rate of interviews? Is it because that the applicants have not reached the so-called standards that the Secretary has just alluded to? Why is it that there were so few appointments?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, if I may make one point which appeared towards the end of Dr LEONG's question. Although it is true that in the year which he selected from the material I earlier sent him it showed the smallest number of three recruits, in fact five were offered appointment and so five were found to be suitable. I do not have the relative figures for local recruitment and overseas recruitment but I am not surprised at those figures. Since, as I said earlier, we are going for the best, we have a very thorough, very comprehensive exercise whereby many of those who apply initially are deleted from the list; thereafter a certain proportion sit a very demanding set of written examinations which include the use of both English and written Chinese; they are then invited to a one-on-one interview; they are further short-listed and take part thereafter in a group exercise. Those selected from that exercise are then subjected to a very intensive interview. So

the whole exercise is very thorough indeed and therefore I am not surprised that only a small number survive.

Environmental conservation

6. MR MAN SAI-CHEONG asked (in Cantonese): Given that the importance of environmental conservation is recognized in the Climate Change Convention signed at the Earth Summit recently held in Brazil, will the Government inform this Council:

(a) what achievements have been made by the Hong Kong Government in environmental conservation, with particular reference to tree planting in the past 10 years, and whether there are plans to increase the number and species of trees to be planted in the coming 10 years;

(b) whether there is a specific government department or central working party to co-ordinate the implementation of greening up and environmental conservation policies; and

(c) whether it is the Government's intention to establish a long-term, comprehensive, city-wide master landscape plan to tie in with the Metroplan?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, there are several branches to this question. Initially I considered giving a truncated answer, but decided it would be better to get to the root of matters and not leave anything out. I hope it will not sap yours and Members' patience if my reply is therefore a shade long.

On the general question of environmental conservation, I should like to mention that an information paper on the subject was presented to the OMELCO Panel on Environmental Affairs at its April meeting. The paper described the position as regards country parks and special areas (also debated in this Council on 1 July), marine parks and reserves, flora and fauna, land use planning and control at strategic, sub-regional and local levels (with reference to Chapter 10 of the Hong Kong Planning Standards and Guidelines on "Landscape and Conservation"), and pollution prevention and control (with reference to the 1989 White Paper). Additional copies of the information paper and the other documents I have referred to can be made available

to Members who may not have seen them already.

Coming now to the particular question of trees (which was the subject of another information paper presented to the OMELCO Panel on Environmental Affairs in January this year) in the past 10 years, about nine million trees, in addition to millions more shrubs and climbing plants, have been planted throughout the territory by the two municipal councils and various government departments; about 1.8 million in the urban areas. Since the early 1980s, a landscape notion has been part of each Development Office in the Territory Development Department to ensure that landscape measures, including tree planting, are an integral part of any development proposal, whether private or public. It is now standard practice for comprehensive landscape requirements to be included in development conditions.

The Urban Council is planning to accelerate its tree planting programme, beyond the 900 000 trees already planted annually all round, and is exploring the possibility of joint venture planting programmes with district boards to increase community involvement. The Territory Development Department is also planning an urban-fringe planting programme which will cover some 55 hectares of eroded slopes and other areas. Over 150 000 trees will be planted on North Lantau starting in 1994. The number of species from which trees for planting are drawn already exceeds 100; and there are plans to add more native and exotic species.

The overall co-ordination of environmental conservation policy is the responsibility of my branch. From my answer so far, it will be clear that the ethic is already becoming increasingly entrenched in the numerous departments involved; and this, rather than an intricate greening masterplan, is the key to success. Bodies with responsibilities in the planning and development field, such as the Town Planning Board, Development Progress Committee, the District Planning and Land Conferences, and so on, are also now acutely conscious of the environmental conservation aspects of their business. Again, specifically on trees, an Inter-departmental Working Group on Urban Trees was set up in March 1991 to co-ordinate efforts in tree planting and to draw up guideline for street tree planting.

A long-term, comprehensive landscape plan was outlined as part of the Metroplan Selected Strategy released in 1991. This provides an urban design and landscape framework, including an extensive network of open spaces. Fifteen areas are earmarked for development as urban fringe parks. Upon full implementation of this strategy, we will have about 1 000 hectares of landscaped areas and open spaces in

the Metro region for public enjoyment. In addition, we are in the process of formulating a territorial landscape strategy as part of the on-going Territorial Development Strategy Studies.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, I am delighted to know that there will be new plans. Nevertheless, has the Administration considered introducing legislation, as a long-term town planning strategy, to provide that indigenous big trees such as banyan trees be preserved at sites of large-scale construction works or land development; or to require that replacement plantation be carried out for some of the trees felled; or even to stipulate in the development conditions that newly planted trees be tended to?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I think I have already indicated that these are standard requirements in existing requirements for both the public works projects and for private development schemes. The performance of developers and contractors, as far as I am concerned, is extremely responsive to these requirements, and I do not see a requirement at this stage for legislation to enforce such conditions.

MR GILBERT LEUNG (in Cantonese): Mr Deputy President, will the Administration inform this Council whether positive actions will be taken to include landscaping works in the respective designs of the various ACP projects? If yes, what are the details?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I do not have that sort of detail available for the numerous ACP projects and the contracts that will implement them. But I am fairly confident that given that these are standard requirements, they will form an important part of all the ACP projects.

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, the Secretary mentioned in his reply that an inter-departmental working group on urban trees was set up in March 1991. What are the accomplishments of this working group so far? What plans are there for tree planting in the urban areas?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, I think I have already covered the last part of the question as to what plans there are for tree planting in the urban areas. I think it would be more productive if I were to give the Rev FUNG a written reply (Annex II) on the details of the work of the inter-departmental working group.

MR PETER WONG: Mr Deputy President, the question mentioned about the Climate Change Convention signed at the Earth Summit recently in Rio. Can the Secretary inform us what plans the Administration have to carry out the resolutions passed at that Summit?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, the Government will have to study the details of the Convention as soon as these become available and we will then consider their implications and decide what action should be taken on them in Hong Kong.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, I would like to raise a follow-up question. As a major international city, is Hong Kong in any way obliged under the Climate Change Convention to plant trees extensively to reduce the level of carbon dioxide? If yes, will the relevant provisions be submitted to this Council for endorsement?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: As I have said, Mr Deputy President, we will study the details of the Convention and, having done so, consider Hong Kong's obligations. I think it is already apparent from what I have said that we are more than meeting our obligations to plant trees in Hong Kong.

Written answers to questions

Normalization of economic relations between the United States and Vietnam

7. MR MARTIN BARROW asked: In the light of steps recently taken by the United States Government to normalize economic relations with Vietnam which will contribute towards improving the Vietnamese economy and encouraging voluntary return from Hong Kong of

Vietnamese migrants, will the Government inform this Council whether it will advise the British Government to urge the United States Government to speed up the normalization process; and whether it is aware of any specific actions taken by the British Government in this respect?

SECRETARY FOR SECURITY: Mr Deputy President, we have always made clear that in our view the root cause of the Vietnamese migrant problem lies in Vietnam, and especially in economic conditions there. We have also made clear that, in our view, parties to the Comprehensive Plan of Action should work to improve those conditions. The United States of America clearly has a key role to play in this, because of its present trade embargo, and its block on Vietnamese access to the International Financial Institutions. The British Government shares this view, and has made this clear to the United States Government both in bilateral discussions, and in the deliberations of the relevant international organizations.

Use of Eastern Harbour Crossing

8. MR FRED LI asked: In view of the various measures taken to encourage the use of the Eastern Harbour Crossing, will the Government inform this Council of:

(a) the average traffic flow through the Eastern Harbour Crossing on an hourly basis;

(b) the design capacity of the Eastern Harbour Crossing;

(c) the estimated traffic capacity of the road networks in Kwun Tong;

(d) the expected impact of the various measures to encourage the use of the Eastern Harbour Crossing on the traffic condition in Kwun Tong District?

SECRETARY FOR TRANSPORT: Mr Deputy President,

(a) During the daytime, the average hourly traffic flow through the Eastern

Harbour Crossing in both directions varies between 3 600 vehicles off peak and about 5 000 vehicles at the busiest times.

(b) The capacity of the Eastern Harbour Crossing is about 6 000 vehicles per hour.

(c) Each road has its own traffic capacity and estimates are not available of the capacity of road networks in Kwun Tong.

(d) The average throughput of the Eastern Harbour Crossing is now 65 000 vehicles per day, which is well below the capacity of 100 000 vehicles. Increased usage of the Crossing is unlikely to have a major impact on traffic conditions in Kwun Tong. This is because most traffic enters or leaves the Eastern Harbour Crossing via the Kwun Tong Bypass and Kwun Tong Road. The capacity of each of these roads is about 8 400 vehicles per hour in both directions, against a current peak traffic flow of 5 000-6 000 vehicles per hour.

Estimated cost of the Airport Core Programme

9. DR SAMUEL WONG asked: The total estimated cost of the Airport Core Programme announced in April 1992 was \$112,220 million at March 1991 prices. Will the Government inform this Council of such estimated cost at money of the day prices?

SECRETARY FOR THE TREASURY: Mr Deputy President, a breakdown of the estimated cost of the Airport Core Programme (ACP), expressed in constant March 1991 prices and in money of the day (MOD), is as follows:

Project	Estimate at March 1991 prices \$ million	Estimate at MOD prices \$ million
Chek Lap Kok Airport	46,300	68,500
North Lantau Expressway	5,790	8,102
Tung Chung Development	2,210	3,027

Phase I

Lantau Fixed Crossing	11,960	17,155
Route 3 (part)	6,050	8,918
West Kowloon Reclamation	10,010	12,587
West Kowloon Expressway	2,230	3,383
Western Harbour Crossing	4,150	6,500
Airport Railway	22,160	33,500
Central & Wan Chai Reclamation	1,900	2,827
Utilities & others	2,360	3,260
Less Airport Railway (2,900)	(4,029)	
works to be undertaken as part of the Lantau Fixed Crossing, Tung Chung Development, North Lantau Expressway, Route 3, and "Utilities" projects		

TOTAL 112,220 163,730

=====

The estimate of \$112,220 million at March 1991 prices and of \$163,730 million in MOD apply to the same scope of works under the ACP as was announced on 2 April 1992. Expressing project estimates in constant March 1991 prices enables real increases in cost to be readily identified. Expressing project estimates in MOD, on the other hand, gives an idea as to their likely outturn.

The basis upon which MOD estimates for government ACP projects was calculated is explained in information note FCRI(92-93)9, entitled "Government Expenditure on the Airport Core Programme: Adjustment from 1991 Dollars to Money of the Day". This note was issued on 3 June 1992. The MOD equivalents for the other ACP projects were released to the public on 12 June 1992.

Publicity activities on the Hong Kong Bill of Rights Ordinance

10. MR JAMES TO asked: Will the Government inform this Council, since the enactment of the Hong Kong Bill of Rights Ordinance in June 1991:

(a) whether publicity activities have been organized by the Administration to educate members of the public on the Hong Kong Bill of Rights Ordinance; if so, what the number and nature of such activities are;

(b) whether funds have been made available to non-government organizations to organize such activities; if so, which organizations have been allocated funds and what are the number and nature of the publicity activities organized by them; and

(c) whether funds have been reserved in 1992-93 for the organization of such activities; if so, what the size of allocation is?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, the Administration has published educational materials to help members of the public to understand the Bill of Rights Ordinance. 10 000 copies of the Bill of Rights Ordinance and 20 000 copies of an introductory booklet on the Ordinance have been distributed to the public through the Information Services Department and the District Offices.

The Committee on the Promotion of Civic Education (the Committee) has set up a Human Rights Education Sub-Committee in May 1992 to foster public understanding and respect for human rights. Human rights education is one of the Committee's work priorities in 1992-93.

For the fiscal year 1992-93, government funds allocated for the work of the Committee amounts to \$2.5 million, part of which has been earmarked for human rights education and publicity. The Committee also receives a donation of \$1 million from

the Royal Hong Kong Jockey Club for organizing human rights education projects. The projects so far planned in 1992-93 are:

Programme Budget

- (a) Special Community Participation Scheme \$300,000
on Human Rights Education

The objective of the scheme is to encourage voluntary agencies/community bodies to organize their own human rights education projects.
(See also last paragraph of this answer)

- (b) Production of information kits on human rights \$295,000
(including handbook, video-tape and teaching materials)

The information kits will be distributed to schools and voluntary organizations.

- (c) Illustrated Pamphlet on the Bill of Rights (BOR) \$100,000
(tentative)

Free copies (40 000 tentative) will be distributed to the public.

- (d) Civic Education Day \$420,000
(approx.)

To be held in November 1992 with the theme on human rights. Sponsorship will also be granted to district civic education bodies in organizing human rights projects in collaboration with the Civic Education Day.

(e) Seminars on Human Rights Education \$5,000
(tentative)

Seminars will be held for teachers
and frontline workers.

(f) Radio Programme on Human Rights \$70,000
(approx.)

Radio programme on human rights
(including short drama and discussions),
each lasting for 10-15 minutes, will be
broadcast every Saturday morning from
25 July to 17 October 1992.

In addition, through its on-going Community Participation Scheme, the Committee has sponsored twelve human rights-related civic education projects organized by voluntary organizations and community bodies in 1990-91 to 1992-93. The total amount of sponsorship offered is about \$374,000. A list of these projects is at Annex.

Annex

List of civic education projects
on Human Rights sponsored under the
Community Participation Scheme in 1990-91 to 1992-93

Themes/format	Amount
Organizations of the project	allocated (in HK\$)

1990-91

1. Political Science Human Rights camps \$8,412
Society of the for secondary
Hong Kong students
University
Students' Union

2. Hong Kong Training courses for \$50,000
 Christian teachers and
 Institute teaching kits on
 human rights

1991-92

3. Justice and Peace Production of two \$30,000
 Commission of the sets of teaching
 Hong Kong kits for students,
 Catholic community
 Diocese organizations and
 members of the
 church groups

4. Finnish Community visits and \$5,000
 Missionary camps for youngsters
 Society Yuen Long of the Yuen Long
 Christian Youth District
 and Children
 Service Centre

Themes/format Amount
 Organizations of the project allocated (in HK\$)

1992-93

5. Tai Kok Tsui Quiz, seminar, \$37,090
 Youth Centre of exhibition on legal
 the Hong Kong awareness and human
 Federation of rights
 Youth Groups
6. Justice and Peace Teaching kits on \$35,400
 Commission of the right to life and

Hong Kong elimination of
Catholic Diocese discrimination

7. Society for Programmes for \$50,500
Community promoting human
Organization rights including
games, case studies,
talks, visits, and
exhibitions
8. Lei Yue Mun Talks, seminar, and \$12,950
Residents' correspondence
Association course on human rights
9. Training and Production of \$50,000
Development Unit teaching kits on
of the Hong Kong human rights
Federation of
Youth Groups
10. Hong Kong Script writing \$50,100
Lutheran Church competitions, radio
play competition,
production of
cassette tapes on
human rights
11. Shatin Youth Inter-school quiz on \$14,380
Centre, Hong human rights and
Kong Lutheran rule of law
Church

Themes/format Amount
Organizations of the project allocated (in HK\$)

12. University of Exhibitions, quiz, \$30,400
Democracy/Working camp and pamphlets
Group on local on human rights and
education on rule of law
democracy
project

Total: \$374,232

Cordoning off of an area in front of the New China News Agency

11. MR ERIC LI asked: Will the Government inform this Council under which ordinance the Police blockaded the area in front of the New China News Agency (Hong Kong Branch); and in taking such action, what criteria have been adopted to determine the scope and boundary of the blockade?

SECRETARY FOR SECURITY: Mr Deputy President, section 10 of the Police Force Ordinance empowers the police to take lawful measures to preserve public peace and to protect life and property. In discharging these duties, it is sometimes necessary for the police to cordon off temporarily certain areas. The area outside the New China News Agency is a case in point. The decision to cordon off a public area is taken by police commanders at the scene in the interests of public order and public safety.

Consultancies commissioned by the Hospital Authority

12. MR MICHAEL HO: The Hospital Authority (HA) has commissioned a number of consultants since its establishment to give advice on various matters concerning reforms. In this regard, will the Government inform this Council:

(a) of the following -

(i) the number of consultants commissioned;

(ii) the dates of their first appointment;

(iii) the tenure of their appointment;

(iv) the costs incurred; and

(v) the titles and objectives of the projects/items involved;

(b) of the criteria on which the HA determined the allocation of funds to commission these consultants;

(c) whether the studies completed have met the requirements of the HA; and

(d) which consultancy reports have been endorsed by the HA and what the position is as to their implementation?

SECRETARY FOR HEALTH AND WELFARE: The answers, seriatim, are as follows:

(a) Hospital Authority has commissioned a total of five consultancy studies in 1991-92. Relevant details on these studies are summarized below:

Date of first Title	Tenure of appointment	Expenditure
Diagnostic Review of Hospital Supporting Service	Sept 1991 5.5 months	\$850,000
Communication	May 1991 8 months	\$1,730,000
Interim Management Information System Studies Parts I & II	Apr 1991 3 months	\$2,650,000
Interim	Sept 1991 12 months	\$2,950,000

Management (for
 Information development
 System Studies of computer
 Part III software
 in 1992-93)

Diagnostic Oct 1991 4.5 months \$1,730,000
 Review of
 Clinical
 Services
 in Hong Kong
 Hospitals

Date of first Tenure of
 Title appointment appointment Expenditure

Medical Record Jan 1992 2 months \$120,000
 Management System

Additional information on the objectives of each consultancy is at Annex A.

(b) Consultants are engaged by the Hospital Authority to provide expert advice on various aspects of reform. When determining the allocation of funds for consultancy studies, due consideration is given to the feasibility of conducting them in-house, the urgency for introducing improvements in step with the hospital management reform programme, the need for input from experts with international repute and relevant experience to set the direction for future planning and provision of services or infrastructural systems. The procedures for engagement of consultants are set out in the circular on "Interim Tendering Procedures in relation to Services" at Annex B.

(c) All consultancy studies are closely monitored and evaluated by a steering committee established by the Hospital Authority. Except the Interim Management Information System Studies which is due for completion in August 1992, all the studies have been completed and their recommendations adopted.

(d) The Hospital Authority is in the course of implementing various recommendations made by the consultants. The latest progress is summarized below:

Supporting Services - environmental and physical improvements are being implemented at various hospitals. Other recommendations are accorded with priority for implementation.

Communication - recommendations have been implemented to improve existing communication channels and publicity arrangements.

Information System - an interim management information system has been designed and installed for user testing.

Clinical Services - a strategy is being mapped out for implementation of the relevant recommendations.

Medical Record - a pilot hospital has been selected to implement the model medical record management system and to assess the feasibility of extending the system to other hospitals.

Annex A

Objectives

Consultancy on the Diagnostic Review of Hospital Supporting Services

Objectives

- (a) to identify major opportunities for reforms in order to achieve facility and services improvement and/or cost benefit;
- (b) to recommend standards and management reforms, including staffing organization and standards, to bring these services in line with modern practices; and

(c) to provide the Hospital Authority with a strategic implementation plan with practical options on how such services may be restructured, including the feasibility of contracting out.

The scope of the Supporting Services review covered:

- (a) domestic services;
- (b) patient and staff amenities and ancillary services;
- (c) pest control and pollution/environmental control;
- (d) grounds and premises management services; and
- (e) linen/uniform supply and laundry services.

Consultancy on Communications Strategy

Objectives

- (a) advise on and assist in the development of an effective communications strategy for both the internal and external target audience, with specific reference to critical events of the HA;
- (b) design a communications package relating to the transfer option exercise, and provide training for staff who are going to disseminate the information;
- (c) design an orientation and induction programme for staff to further publicize the HA message and culture, and to train up PR managers;
- (d) design a communication package leading to management reforms at the hospital level.

Consultancy on Interim Management Information System Studies

Objective

The purpose of the Interim Management Information System is to ensure that appropriate management information would be available to support management reforms in the HA. The project was taken up in three parts:

Part I to identify the management information (including standard definitions of data and performance indicators) that will be required by hospitals implementing the new management structure; and the corporate management information that is considered to be necessary for the HA to monitor effectively the hospitals under its control.

Part II to propose practical options for the implementation of an interim management information system in HA hospitals including the identification of resources required for each option; and

Part III to design, develop and implement the chosen option and to assist in the training of all relevant HA staff.

Consultancy on Diagnostic Review of Clinical Services in Hong Kong Hospitals

Objectives

(a) develop a practical "Role Delineation Model" applicable locally, for the assessment of medical service levels within each public hospital;

(b) use the agreed "Role Delineation Model" to evaluate and identify the role, level and complexity of medical services delivered in existing public hospitals and their possible future potential, as well as the systematic identification of the current distribution of hospital resources;

(c) provide the HA with a situational analysis of the current service patterns and resources usage and identify gaps and duplications within the hospital system; and

(d) report on the Hospital Authority's physical asset base and recommend on the future capacity for expansion and change at each hospital site.

Consultancy on Medical Record Management System

Objective

To provide technical support to the Working Group on Medical Record Management System, which is set up to advise the Hospital Authority on the opportunities and strategies to improve on the Medical Record Management System in HA hospitals.

Annex B

Interim Tendering Procedures in relation to Services

Purpose

This circular sets out the procedures in relation to tendering for services required by the Authority the value of which exceeds \$200,000 per tender, which have been approved by the Executive Committee on 7 May 1991. These procedures shall be applicable up to the date when the management responsibilities of the public hospitals are transferred to the HA, about October 1991.

Basic Procedures

If a service is considered necessary by an executive and the value of such service is over \$200,000, he should initiate a request for tendering. Such request should be made to the Executive Committee via the Director of Operations, who is the vote controller of all non-payroll expenses, and a paper should be drafted for the consideration of the Executive Committee with the following information:

(a) Type of tender, whether it is to be:

(i) Public -- notifications to be published in newspapers

(ii) Restricted -- a number of firms to be shortlisted which is to be no fewer than two

(iii) Single -- only one firm

Justifications should be made if the type of tender recommended is not to be public (Type (i)).

(b) Whether prequalification is necessary; this is usually applicable to high value projects and services either of a very complicated nature or of unusual nature for existing list of suppliers.

(c) Brief for tenderer, which should usually include the following information:

(i) Purpose of the tender,

(ii) Background information about the Authority,

(iii) Description of service required and the objectives to be achieved,

(iv) Period of the service required,

(v) List of deliverables and time schedule related thereto,

(vi) Name of contact person in the Authority,

(vii) Terms of offer requested -- the most important terms include quotation of fees and charges and terms of payment,

(viii) Requirements of the written proposal -- to ask the tenderer to give, for example, descriptions of the tenderer's understanding of the objectives, the methodologies and approach to the assignment, the assignment team, and so on,

(ix) Disclaimer -- we should state that the invitation is without commitment on the part of the Authority and there is no obligation to accept the lowest or any offer, and no warranty is given by the Authority regarding the accuracy or completeness of the information in the Brief.

(x) Any other information depending on the nature and type of tender.

(d) Proposed composition of assessment panel

The panel should be formed by experts in the relevant fields of the subject matter and consist of at least three members including the initiating executive, and a secretary. A chairman is to be nominated among the three members.

(e) Time schedule relating to the appointment of the firm -- the milestones up to the date of signing the service agreement.

(f) Rough estimate of the total costs of the service.

(g) Depending on the estimated cost, an indication as to which tender board should review the tender assessment.

(h) In the case of restricted tenders, a proposed list of tenderers.

After the tender proposal has been approved by the Executive Committee, the initiating executive should send out the tender documents or arrange for advertisements, and arrange for the receipt of the written proposals from the tenderers, at the stipulated time. The tenderers' proposals should usually be delivered into the tender box at the Head Office. The Supplies Unit is responsible for arranging a team consisting of at least two staff members to open the tenders and initial all tenders received. Thereafter the tenders will be sent to the initiating executive for arrangement of assessment.

Prequalification Process

If prequalification is required, the initiating executive should assess the firms to come up with a number of shortlisted firms, for the approval of next Executive Committee meeting.

Selection Process

(a) If the project is complicated or the number of tenderers is large, the selection process may be divided into two parts, at the discretion of the assessment panel. The first part is for screening the proposals by the initiating executive, and at least one selection panel members. As a result of the first screening, a number of firms should be shortlisted (not less than two). At the assessment panel meeting, the reasons for shortlisting the firms and rejecting the others and the assessment criteria should be explained by the initiating executive.

(b) The assessment panel may decide whether there is necessity for interviews or presentations and it may select a firm on the basis of the written proposals adopting the same assessment criteria used for the first screening or some other criteria. In case there are presentations or interviews, the assessment panel should determine the criteria for assessing the shortlisted firms and use these to select the firm after the presentations have been made or interviews have been conducted.

(c) After a decision has been taken by the panel, a report should be prepared by the secretary of the assessment panel addressed to the appropriate tender board (which depends on the total amount involved in the contract, that is \$200,000 to \$2 million to HA Subsidiary Tender Board and if above \$2 million to HA Tender Board) setting out the recommendations, the basis for these recommendations and a brief description of the procedures adopted throughout the whole selection process.

Functions of the Tender Boards

The functions of the HA Tender Board and HA Subsidiary Tender Board are to:

(a) review and assess the recommendations made by the assessment panel.

(b) review the procedures and criteria adopted by the assessment panel in the course of its selection.

(c) after satisfying itself that (a) and (b) are in order, approve the selection made by the assessment panel and such approval should be final.

All the tender board members shall have the right to be in attendance at any assessment panel meetings or discussion forum to observe the selection processes.

Conflict of Interest

Any person having a personal interest in a contract or project should not be involved in any screening, selection, or approval process.

Secondary students living in Sheung Shui, Fanling and Tai Po

13. REV FUNG CHI-WOOD asked: Will the Government inform this Council:

(a) how many students living in each of the following districts: Sheung Shui, Fanling and Tai Po have to attend secondary schools in other districts in 1991-92; how many of those living in Sheung Shui and Fanling have to attend school in Tai Po;

(b) whether there would be any improvement to the above situation in 1992-93; and

(c) whether the Administration has any plan to prevent students having to attend secondary schools outside their districts?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to the Rev FUNG's questions are as follows:

(a) The figures requested are set out in the following table which shows the Secondary I allocation statistics for the 1991-92 school year under the 1991 allocation exercise:

Students living in	Attending school in	No.
North	2 220	
North Tai Po	595	
Tai Po	3 372	

Tai Po	North	97			
		153			
	Sha Tin	56			
-	-	-	-	-	-

It should be noted that for the purposes of the Secondary Schools Places Allocation, Sheung Shui and Fanling are combined together into the North District School Net. No separate figures are available.

(b) There will be an overall improvement to the present situation in the 1992-93 school year, when more children living in North and Tai Po Districts will find secondary school places in their own districts. The details are as follows:

Students living in	Attending school in	No.	Remarks
	2 540	320	new S1 places to be provided in temporary premises pending completion of new government school in Area 47
North			
North			
Tai Po	598		Fanling in December 1992.
	3 426	54	new S1 places to be provided in temporary premises pending completion of a new school in Area 6 Tai Po in December 1992.
Tai Po			
North	98		
Sha Tin	650		
-	-	-	-

(c) It is government policy to allocate Secondary I school places on a territory-wide rather than on a district basis. However, in actual practice, efforts are made to avoid cross-net allocations as far as possible. The completion of the following three secondary school projects will improve further the prospects of the students of North and Tai Po Districts being allocated to schools in their own districts in the school year 1993-94:

		Expected date	
District	Location		of completion
Tai Po	Area 6	July 1993*	
North	Area 40	Fanling	July 1993
North	Area 20	Fanling	July 1993

(*Note This school is different from the one referred to in the table in subparagraph (b) above.)

Sea sand dredging

14. REV FUNG CHI-WOOD asked: Will the Administration inform this Council:

(a) at which locations the Government projects of dredging for sea sand are taking place now or will take place in the near future; whether any assessments have been made on the environmental impact of such projects; what the findings of the assessments are; and

(b) in the case of the dredging activities at the Ninepins, whether the dredging project would affect the means of livelihood of those fishermen operating in the area; and whether the Administration would provide compensation to the fishermen concerned if their catch has thus been seriously affected?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, dredging for marine fill (or sea sand) is taking place at the following locations -- south of Tsing Yi, the Tathong Channel, east of Tung Lung Chau (the Ninepins), west of Soko Islands

and north of Lantau. In the foreseeable future dredging is likely at outer Deep Bay, Urmston Road, the Brothers, east of Sha Chau, east and west of Po Toi and East Lamma Channel. (The Administration briefed the OMELCO Panel on Environmental Affairs on these projects on 21 November 1991.)

Preliminary environmental assessments are carried out as part of the feasibility studies for identifying such sites. The findings are considered by the Fill Management Committee (FMC) which is chaired by the Director of Civil Engineering. FMC selects sites where sand can be recovered economically and where the environmental impact will be acceptable. It found that, with the exception of East Lamma Channel and South Tathong -- where because the environmental impact of dredging may be significant further environmental impact assessments are being carried out -- the environmental impact of dredging at the locations listed should be limited provided the contractor exercises proper control over the work.

In the case of the Ninepins, environmental monitoring reveals that dredging causes some turbidity but that this is transient in nature. The Administration is aware that there are fishermen who claim these dredging operations affect their livelihood. Their claims will be investigated. Meetings with the fishermen's representatives have been arranged to hear their views and seek information on their claims. Claims which can be substantiated will be considered expeditiously.

Hong Kong residents detained or jailed in China

15. DR CONRAD LAM asked: With regard to the case of Hong Kong resident LAU San-ching who has served 10 years from 1981 to 1992 in Mainland China as a prisoner of conscience, will the Government inform this Council:

(a) how many Hong Kong residents are still being detained or jailed by the Chinese Government;

(b) what attempts have been made by the Government to show its concern or to render assistance to these Hong Kong residents who are still being held in custody in China; and

(c) what efforts were made by the Government to secure the relief of Mr LAU during these 10 years?

SECRETARY FOR SECURITY: Mr Deputy President, we are aware of some cases of Hong Kong residents having been detained or jailed in China, but we have no way of knowing for certain how many Hong Kong residents are still detained.

Where we have grounds for doing so we make appropriate representations to the Chinese authorities. As far as we are aware, all Hong Kong residents detained in China for political offences related to the events of June 1989 have now been released. In each of their cases, the Hong Kong and British Governments made repeated representations to the Chinese authorities. We will continue to take up deserving cases in future.

Following LAU San-ching's detention in China in December 1981, the British and Hong Kong Governments raised his case with the Chinese authorities on many occasions, both in Hong Kong and Peking. His case was taken up by both the Secretary of State and the Prime Minister during their visits to China in April and September 1991. Mr LAU was finally released at the end of his sentence in December 1991.

Freezing of assets held in local branches of foreign banks

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

(a) whether, under the existing law in Hong Kong the government of a foreign country is able to secure injunctions requiring banks of that country in the territory to freeze the accounts of local depositors opened at these banks; and

(b) what mechanism is in place to enable the Administration to prevent the occurrence of such incidents so as to protect the interest of local depositors?

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President,

(a) Generally, a deposit held with a Hong Kong branch of a foreign bank will be governed by Hong Kong law. If this is the case, such payment obligations can only

be set aside under Hong Kong law. Notwithstanding this, a foreign government may, on occasions, by means of injunctions in its own courts or by its own administrative action, attempt to freeze assets held in the Hong Kong branch of a bank which is within its territory and subject to the jurisdiction of its courts.

(b) Should such cases arise, a customer would have access to the Hong Kong courts to enforce his contractual rights. Furthermore, the Administration takes an active interest in attempts by foreign governments to impose their administrative acts or judicial orders extraterritorially in Hong Kong. The Administration is of the view that international comity requires that the legal system and judicial process of other jurisdictions be respected. Clearly such matters are highly sensitive in nature and there can be no hard and fast rules as to how these should be handled. Frequently diplomatic exchanges are required to resolve such matters amicably. Sometimes the Hong Kong Government may need to seek representation in foreign court proceedings to express its interest. In cases where Hong Kong's trading interests are adversely affected, the Governor may also, as a last resort, consider frustrating such attempts under the Protection of Trading Interest Act 1980 (Hong Kong) Order 1990. In this connection, the Hong Kong Association of Banks has been asked to remind its members that any extraterritoriality cases should be brought to the notice of the Government as soon as possible.

Voters registration campaign

17. DR LEONG CHE-HUNG asked: In the light of the recent voter registration campaign launched by the Government, will the Administration inform this Council:

(a) of the demographic changes of voters on the general roll in the past two years;

(b) of the number of registrations which have been found invalid because of a failure in updating their changes of address during that period and what plans are being considered to remedy these invalid records;

(c) whether any action has been taken in the recent voter registration campaign to encourage voters to report to the Registration and Electoral Office changes of address; if not, what the reasons for not taking such action are;

(d) in view of more people changing their homes as a result of the current property

boom, what incentives the Government would consider to encourage voters in reporting their changed addresses;

(e) of the amount of money it has spent on voter registration campaigns (with annual breakdowns) since the District Administration Scheme came into force in the early 1980s; and

(f) whether consideration would be given to automatically registering all Hong Kong people holding a permanent ID card as voters to save the trouble of, and expenditure in, conducting regular voter registration campaigns?

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President,

Demographic changes of voters

An analysis of the 1991 Final Register and the 1992 Provisional Register published on 19 June shows that during 1990-1992 there is a continuous trend in the movement of registered electors from the urban area to the New Territories, in particular to the new towns in Sai Kung, Sha Tin, Tuen Mun and Tai Po. There is also some thinning out of electors in such urban districts as Wong Tai Sin and Kwun Tong where major public housing redevelopment projects are taking place. Similar signs are also emerging in the older towns in the New Territories like Yuen Long and Kwai Tsing. A summary of these changes are at Appendices I and II. The age and sex breakdowns of the 1.9 million electors in the 1991 Final Register is at Appendix III. The figures for 1992 will not be available until after the publication of the Final Register at the end of this month. The spread of the voters among age groups and between sexes in 1991 is largely consistent with the previous year's pattern.

Keeping track of registered electors

It is difficult to put a figure on the number of electors whose residential addresses may not be up-to-date. As an illustration, 98 935 poll cards were returned undelivered during the 1991 elections. These were followed up vigorously through telephone contacts and matching with Housing Department records; as a result we managed to update the records of some 44 115 electors. Updating for the remaining 54 820 electors will be included in the planned matching exercise with Registration of Persons Office records in 1993 (see (a) in the paragraph following the next).

The Administration recognizes the importance of keeping the electors' residential addresses accurate. Whilst registered electors have the responsibility to inform the Registration and Electoral Office (REO) of any changes in their residential addresses, not many take the initiative to do so. Active measures are therefore taken by the REO to keep track of those electors who have changed addresses after their registration as electors. These measures include:

(a) Publicity

Appeals to registered electors to report changes in addresses are made whenever it is opportune, for examples in press releases, during press briefings, or when the Administration answers enquiries or speaks through the electronic media on election/registration related matters.

In addition, the Administration is producing a radio and TV advertisement to remind registered electors that they should report address changes to REO at the earliest opportunity, and that such reports may be made at any time throughout the year.

(b) Matching with government records

Matching of the general electoral roll with Housing Department records is done regularly to update the whereabouts of electors residing in public housing estates (about 1 million). A total of 170 000 electoral records were updated in such an exercise in 1989-90. Another major matching exercise will be held in 1993 to update changes in the last three years. Periodic matching is also carried out with the Transport Department records on licensed drivers and vehicle owners. Between 1987 and 1991, a total of 131 555 records were updated from this source. Matching exercises are also held with the Death Registry.

In addition, new and improvement measures are being explored. These are:

(a) Matching with Registration of Persons Office records

Taking advantage of the recent completion of the identity card renewal

exercise, REO plans to conduct in 1993 a comprehensive matching exercise with the records held in the Registration of Persons Office in respect of those electors, estimated to number about 0.95 million, residing in private residential developments. This exercise will not involve electors living in public housing since REO's matching exercise with Housing Department (see (b) in the preceding paragraph) has proved successful.

(b) Appeals

There is a standing arrangement to include an appeal letter and a voter registration form in the "tenant information folder" distributed to tenants of public housing when they move to their new accommodation. The purpose is to invite registration or report of new addresses. Separately, discussion is being held with the Commissioner of Rating and Valuation to insert a similar appeal letter together with notices of interim valuation which, as a standard practice, are mailed to the occupants/owners of private residential flats soon after occupation permits are issued. When fully implemented, this arrangement would cover all new property developments, public as well as private. Another improvement measure now under consideration with the Post Office is to attach an appeal letter and a report form to every application form for redirection of mail.

Incentive for reporting address changes

The Administration has not considered providing any "incentive" to encourage registered electors to report address changes since it is very much their responsibility to report any such changes. What we have tried to do is to use the various means described above to remind them of their responsibility and to make the report forms easily available.

Expenses on promoting voter registration

It is not possible to give annual expenditure breakdowns on the promotion of voter registration from 1981 when the District Administration Scheme was first introduced. Some of the older records can no longer be traced. Furthermore, in the early days it was quite common for funds to promote voter registration to be lumped together with those for the promotion of civic education and the District Administration Scheme, and these were spread under different departments' heads of expenditure.

In more recent years, the provision of funds for voter registration and elections has been consolidated. It is therefore possible to identify the expenditure on voter registration during 1989-1992. These are as follows:

1989	1990	1991	1992
\$0.63m	\$5.21m	\$1.10m	\$0.01m

The levels of expenditure varied from year to year to tie in with the election cycle. Generally, more resources were spent during an election year and the year preceding it.

Automatic registration

The Administration is exploring the feasibility of introducing automatic voter registration. There are however a number of technical limitations which must first be overcome if the proposal is to be pursued. First, not all records kept by the Registration of Persons Office are computerized. Addresses and some other particulars are separately stored in microfilm and it would be a major exercise to manually extract such details to identify the estimated 1.7 million eligible residents not yet on the electoral roll. Furthermore, the records would not establish whether a person is qualified or disqualified to register as an elector. It is also likely that some of the addresses would not be up-to-date, given the high mobility of the population within Hong Kong and the general reluctance on the part of the public to report changes of address even though they are legally obliged to do so. Indeed, even if they were correct at the time of registration, a system will have to be devised to constantly update them because of the population's high mobility. Finally, we will need to carefully assess the financial implications of the proposal and its cost-effectiveness.

Appendix I

Changes in the Size of the General Electoral Roll 1991 Final Register as compared with 1990 Final Register

	Gain/Loss in	No. of Electors	
No. of Electors		inter-district	in the 1991 Net
in the 1990	No. of	No. of movement of	Final Increase/

District	Final Register	Deletions	Additions	electors	Register
Decrease					

A	Islands	23 342	112 826	170 24 226	884	4%
B	North	55 369	155 905	128 56 247	878	2%
C	Sai Kung	34 972	76 2 669	2 548	40 113 5 141	15%
D	Sha Tin	151 359	314 5 896	560 157 501	6 142	4%
E	Tai Po	62 399	158 2 193	1 308	65 742 3 343	5%
F	Tsuen Wan	81 524	316 2 653	105 83 966	2 442	3%
G	Tuen Mun	115 953	261 5 567	1 666	122 925 6 972	6%
H	Yuen Long	70 138	186 5 877	63 75 892	5 754	8%
J	Kwai Tsing	136 095	719 5 152	-675	139 853 3 758	3%

Regional Council	731 151 2 297	31 738	5 873	766 465 35 314	5%
Area Sub-total					

Gain/Loss in No. of Electors

District	Final Register	Deletions	Additions	electors	Register
Decrease					

No. of Electors inter-district in the 1991 Net
in the 1990 No. of No. of movement of Final Increase/
District Final Register Deletions Additions electors Register

M	Central & Western	75 333	321 2 577	-24 77 565	2 232	3%
N	Wan Chai	59 302	189 1 491	-254	60 350 1 048	2%
P	Eastern	193 606	593 7 534	676 201 223	7 617	4%
Q	Southern	90 995	368 3 231	-371	93 487 2 492	3%
R	Kowloon City	124 043	431 3 349	-498	126 463 2 420	2%
S	Kwun Tong	213 013	1 546	8 518	-2 868 217 117 4 104	2%
T	Mong Kok	48 702	211 1 118	-461	49 148 446	1%
U	Sham Shui Po	123 064	365 4 510	-638	126 571 3 507	3%
V	Wong Tai Sin	158 520	2 031	5 359	-938 160 910 2 390	2%
W	Yau Tsim	37 714	306 715	-497	37 626 -88	0%

Urban Council	1 124 292	6 361	38 402	-5 873	1 150 460	26 168	2%
Area Sub-total							

Total	1 855 443	8 658	70 140	0	1 916 925	61 482	3%
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Appendix II

Changes in the Size of the General Electoral Roll
1992 Provisional Register as compared with 1991 Final Register

District	No. of Electors in the 1991 Final Register		No. of Electors in the 1992 Provisional Register		Gain/Loss in inter-district movement of electors		No. of Electors in the 1992 Net Register		Increase/Decrease
	Final Register	Deletions	Additions	electors	Register	Register	Register		
A Islands	24 226	283 65	-55 23	953	-273				-1%
B North	56 247	454 369	472 56	634	387				1%
C Sai Kung	40 113	257 426	1 632	41 914	1 801				4%
D Sha Tin	157 501	809 1 348	1 447	159 487	1 986				1%
E Tai Po	65 742	390 385	1 798	67 535	1 793				3%
F Tsuen Wan	83 966	463 683	-64 84	122	156				0%
G Tuen Mun	122 925	604 804	1 298	124 423	1 498				1%
H Yuen Long	75 892	602 666	-142	75 814	-78				0%
J Kwai Tsing	139 853	991 1 023	-42 139	843	-10				0%
Regional Council Area Sub-total	766 465	4 853	5 769	6 344	773 725	7 260			1%
M Central & Western	77 565	488 682	-190	77 569	4				0%
N Wan Chai	60 350	495 486	-246	60 095	-255				0%
P Eastern	201 223	1 279	1 381	136 201	461 238				0%
Q Southern	93 487	701 653	-259	93 180	-307				0%
R Kowloon City	126 463	806 809	-653	125 813	-650				-1%
S Kwun Tong	217 117	1 717	978 -2	058 214	320 -2	797			-1%
T Mong Kok	49 148	380 266	-589	48 445	-703				-1%
U Sham Shui Po	126 571	1 113	534 -815	125 177	-1 394				-1%
V Wong Tai Sin	160 910	1 521	692 -1	160 158	921 -1	989			-1%
W Yau Tsim	37 626	349 245	-510	37 012	-614				-2%
Urban Council	1 150	460 8 849	6 726	-6 344	1 141	993			-8 467 -1%

Area Sub-total

Total	1 916 925	13 702	12 495	0	1 915 718	-1 207	0%
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Appendix III

Special levy on securities transactions

18. MR CHIM PUI-CHUNG asked: In connection with the existing special levy on securities transactions which is imposed to repay the HK\$2 billion loan provided by the Government and relevant institutions to rescue the Hong Kong Futures Exchange (HKFE) after the 1987 stock market crash, will the Government inform this Council:

(a) when the special levy is expected to be withdrawn;

(b) whether it will consider taking measures to improve the operation of the HKFE, for example, to conduct a review on the trading of sugar, soyabean and cotton futures which are at present thin and insignificant, to stimulate transactions of other futures commodities and to enhance the HKFE's international status so as to improve the HKFE's ability to repay its debt due to the Government and relevant institutions?

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President,

(a) Steps will be taken to withdraw the special levy when principal and interest on the outstanding revolving credit facilities extended by the Government and major brokers and shareholders of the Hong Kong Futures Guarantee Corporation Ltd (the Lifeboat) are repaid. At the current rate of repayment, it is estimated that

repayment may be completed in the course of 1994.

(b) Any measures which may be required to improve the operation of the HKFE are essentially a matter for that exchange to consider though the Securities and Futures Commission would be prepared to offer assistance and guidance should this be required. It should be noted, however, that a number of important steps have already been taken to improve the operation of HKFE. In 1989, HKFE reorganized its clearing operations in line with the recommendations of the Securities Review Committee. This included the formation of a wholly owned clearing house (HKFE Clearing Corporation Ltd) and introduction of a new risk management system, including a Reserve Fund of \$200 million.

HKFE is currently developing new products, including an option on the Hang Seng Index. This strategy is designed to enhance the market's international attraction by broadening the range of contracts available and enhance turnover. If it proves successful it may generate additional revenue towards repayment of the Lifeboat. It should be noted, however, that the Lifeboat facilities are debt of the Hong Kong Futures Guarantee Corporation.

It must be for HKFE in consultation with the SFC to decide whether or not to cease trading in any of its existing contracts in the light of all the circumstances. The soybean futures contract was in fact discontinued in March 1992 due to a lack of participation and trading interest. Cotton futures contracts were discontinued in the early 1980s.

Amusement games centres

19. MR ALBERT CHAN asked: Will the Government inform this Council:

(a) how many licences of video game centres have been issued; how many of these centres are located in non-commercial premises; and

(b) whether it is intended to amend the relevant legislation so as to strengthen the monitoring of video game centres; if so, what progress has been made in this respect?

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, amusement games centres are currently licensed in accordance with provisions in the Miscellaneous Licences Ordinance. As at 30 June 1992, there are 646 licensed centres, approximately 600 of these are located in non-commercial buildings.

Since 1988, when the Miscellaneous Licences Ordinance was last amended to introduce the current licensing system for amusement games centre, there has been rapid development in the trade. New types of machine and new technology has been developed which has resulted in a need for the licensing regime to be updated.

A dedicated Amusement Games Centre Bill has been drafted and will be introduced to the Legislative Council later this year. This Bill is designed to establish a new and stricter licensing scheme to control the operation of amusement games centres. To support this, approval has already been granted for the creation of a licensing team within the Television and Entertainment Licensing Authority. The new team will be responsible for monitoring the performance of licensees as well as handling all licence applications.

Bill of Rights Ordinance's bearing on the Public Order and Summary Offences Ordinances

20. DR CONRAD LAM asked: Will the Government inform this Council:

(a) whether there are any existing provisions in the Public Order Ordinance and the Summary Offences Ordinance which are in conflict with the Bill of Rights; whether this Council can be provided with a detailed breakdown on each of the provisions in question together with information about the kinds of human rights that have been denied, the remedies recommended and the time required to give effect to each of these remedial measures; and

(b) whether the cordoning off of the area outside the entrance to the Hong Kong Branch Office of the NCNA deprives the public of the right of public assembly in the area under Article 17 of the BOR Ordinance?

SECRETARY FOR SECURITY: Mr Deputy President, whether a particular provision in a law contravenes the Bill of Rights (BOR) Ordinance is ultimately a matter for the courts to determine. Both the Public Order Ordinance and the Summary Offences Ordinance

are under review by the Administration. The provisions of the Bill of Rights Ordinance will be taken into account in that review. We have not yet come to any conclusions.

I am advised that the temporary cordoning-off of an area outside the NCNA is not in conflict with Article 17 of the Bill of Rights Ordinance. In recognizing the right of peaceful assembly, Article 17 permits restrictions on the exercise of that right which are imposed in conformity with the law and which are necessary in the interests of, among other things, public safety, public order and the protection of the rights of others. Under section 10 of the Police Force Ordinance, the police have a duty to take lawful measures to preserve order in public places, at public meetings and assemblies. Fulfilment of this duty may need to include the temporary cordoning-off of an area, depending on the circumstances at the time.

Motions

OFFICIAL LANGUAGES ORDINANCE

THE ATTORNEY GENERAL moved the following motion:

"That the draft Official Languages (Authentic Chinese Text) (Official Languages Ordinance) Order, proposed to be made by the Governor in Council, be approved."

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

The authentic Chinese text of the Official Languages Ordinance has been carefully examined by the Bilingual Laws Advisory Committee and the Legislative Council Ad Hoc Group and has their support. In accordance with subsection 4B(4) of the Official Languages Ordinance, I now move that the draft Official Languages (Authentic Chinese Text) (Official Languages Ordinance) Order, proposed to be made by the Governor in Council, be approved.

Question on the motion proposed, put and agreed to.

BANKRUPTCY ORDINANCE

THE SECRETARY FOR MONETARY AFFAIRS moved the following motion:

"That the Proof of Debts (Amendment) Rule 1992, made by the Chief Justice on 10 June 1992, be approved."

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

Section 36 of the Bankruptcy Ordinance empowers the Chief Justice, with the approval of this Council, to make rules providing for the mode of proving debts, the right of proof by secured and other creditors, the admission and rejection of proofs, and other matters.

The Proof of Debts (Amendment) Rule 1992 removes the requirement for all proof of debts to be sworn. This will simplify procedures for the public and be more cost-effective for staff of the trustee to administer. It is also in line with the practice in the United Kingdom, Australia and other comparable jurisdictions.

The proposed Rule enables a creditor to establish his claim by filing a proof of debt in the prescribed form and paying the prescribed fee. The proof of debt need not be sworn but the creditor has to declare as to the truth of the particulars thereof, and has to submit the originals or copies of documents by reference to which his debt can be substantiated. The Official Receiver or the trustee may call for any other documents as may be necessary. They are also given the discretion to require a creditor to verify his claim by affidavit in appropriate cases.

A secured creditor is required to state his status as such, or he will surrender his security to the Official Receiver or the trustee for the general benefit of creditors.

The Acting Chief Justice made the above Rule under sections 36 of the Bankruptcy Ordinance on 10 June 1992.

Mr Deputy President, I beg to move.

MR PETER WONG: Mr Deputy President, I wish to comment on the resolution under sections

36 and 113 of the Bankruptcy Ordinance as well as that under section 296 of the Companies Ordinance.

The paperwork requiring affidavits referred to by the Secretary for Monetary Affairs is generally prepared and filed by accountants doing insolvency and liquidation work. As their representative, I am happy to say that the new procedure is generally welcomed as it simplifies a cumbersome piece of red tape which serves little purpose. However, we still question whether it is really necessary to verify other documents such as liquidator's accounts by affidavit. It is to be noted that even published accounts of public companies or banks do not need such verification. It is particularly troublesome now that District Offices or the new Official Receiver's office can no longer be used to witness such signatures due to staff shortages, necessitating long journeys in some cases and fees of \$250 to \$400 to make declarations before a notary public or solicitor. I urge that the Administration review this requirement for affidavits generally.

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, I take note of the comments of Mr Peter WONG and can assure him that they will be carefully considered.

Question on the motion proposed, put and agreed to.

BANKRUPTCY ORDINANCE

THE SECRETARY FOR MONETARY AFFAIRS moved the following motion:

"That the Bankruptcy (Amendment) Rules 1992 and the Bankruptcy (Forms) (Amendment) Rule 1992, made by the Chief Justice on 10 June 1992, be approved."

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

Section 113 of the Bankruptcy Ordinance provides that the Chief Justice may, with the approval of this Council, make rules providing for the carrying into effect of the objects of the Ordinance.

The Bankruptcy (Amendment) Rules 1992 introduce similar provisions to those

contained in the Proof of Debts (Amendment) Rule 1992 which this Council has just approved. The Rules seek to obviate the requirement for sworn proofs, while retaining the flexibility to require them when necessary.

In accordance with the new procedures, the Bankruptcy (Forms) (Amendment) Rule 1992 introduces two new forms for use by creditors to establish their claims in bankruptcy proceedings and repeals the existing proof of debt form.

The Acting Chief Justice made the above rules under section 113 of the Bankruptcy Ordinance on 10 June 1992.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

COMPANIES ORDINANCE

THE SECRETARY FOR MONETARY AFFAIRS moved the following motion:

"That the Companies (Winding-up) (Amendment) Rules 1992, made by the Chief Justice on 10 June 1992, be approved."

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

Section 296 of the Companies Ordinance empowers the Chief Justice, with the approval of this Council, to make general rules for carrying into effect the objects of the Ordinance in so far as relates to the winding-up of companies.

The provisions of the Companies (Winding-up) (Amendment) Rules 1992 are almost identical to those in the Proof of Debts (Amendment) Rule 1992 made under the Bankruptcy Ordinance. As I have already explained in my speech on that Rule, the main purpose is to remove the general requirement for proof of debts to be sworn, except in appropriate cases where the Official Receiver or the liquidator may require the creditor concerned to verify his claim by affidavit.

These Rules also prescribe two new forms for use by creditors to establish their claims in winding up proceedings and repeal the existing proof of debt form.

The Acting Chief Justice made the Companies (Winding-up) (Amendment) Rules 1992 under section 296 of the Companies Ordinance on 10 June 1992.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

Second Reading of Bills

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1992

Resumption of debate on Second Reading which was moved on 6 May 1992

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).

INTELLECTUAL PROPERTY DEPARTMENT (CONSEQUENTIAL AMENDMENTS) BILL 1992

Resumption of debate on Second Reading which was moved on 24 June 1992

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).

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL 1992

Resumption of debate on Second Reading which was moved on 6 May 1992

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).

EMPLOYMENT (AMENDMENT) (NO. 4) BILL 1992

Resumption of debate on Second Reading which was moved on 13 May 1992

Question on Second Reading proposed.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, regarding the Employment (Amendment) (No. 4) Bill 1992, I would like to comment on the repeal of the cross-harbour provision.

The cross-harbour provision has all along drawn criticism from labour bodies because following the developments experienced by our city, the standard the provision set down has become anachronistic. To review the provision should be a good thing. However, it is disappointing to see that the amendment drawn up eventually is simply to delete the provision.

Though the moving of workplace across the harbour as provided under section 31B(2)(b) of the Employment Ordinance is not the only or a sufficient condition to obtain severance pay, nevertheless, it has offered a simple and precise standard for both the employers and the employees. Its only deficiency is that the stipulated standard is not comprehensive enough to cover those circumstances where a move of workplace has resulted in longer distance but not crossing the harbour. However, the present amendment to remedy this deficiency is outright excessive, just like "cutting the toes to avoid siphonworms."

It can be envisaged that when the proposed amendments are passed and implemented, the following three adverse effects would occur:

(1) Workers would lack a clear basis for claim which would otherwise have been available to them in the form of the standard set down in the provision now proposed to be repealed when they encounter a move of workplace across the harbour. Though they may still lodge a claim for severance pay pursuant to section 31B(2)(c) of the Employment Ordinance, however as the part of this section on the moving of workplace is relatively vague, it may create more disputes between them and their employers. This is particularly significant to workers working on Hong Kong Island because they stand a greater chance of encountering a move of workplace across the harbour. In addition, some unions are also worried that when the Ordinance is amended, the claims for severance pay as a result of a move of workplace would be dealt with on individual merits which would make the issue more complicated.

(2) The repeal of the above provision may mislead the employers and the management into thinking that payment of severance pay is not necessary in any move of workplace resulting in unnecessary labour disputes and making it even more difficult for employees to fight for the entitled severance pay.

(3) The Labour Tribunals are already overloaded with work, in particular the Tribunal on Hong Kong Island. Already it takes more than 80 days to have a case fixed for hearing. The disputes created as a result of the repeal of the above provision would increase the workload of the Labour Tribunals.

Mr Deputy President, in the light of the above possible problems as a result of the amendment, the Labour Department should closely monitor the operation of the amended Ordinance upon its implementation in order to take remedial measures at an early date.

Mr Deputy President, in view of the above reasons, I have reservation on the decision to remove section 31B(2)(b) without alternative standards being provided but I agree with the other proposed amendments.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, about the amendments proposed

by this Bill, I would focus on the severance pay entitlement as a result of a change of workplace.

No doubt, the cross harbour provision in the legislation on severance pay implemented in 1974 has become anachronistic. Following the industrial development in the new towns, the problem the employees encounter is no longer a move of workplace across the harbour but a move to a further place. There is nothing wrong with the Government's amending the Ordinance to delete the cross harbour provision. However the greatest problem is that nothing is proposed to replace the deletion. The provision is removed without substitution. It may be argued that in future employees can lodge a claim for severance pay on the ground of hardship created by a move of workplace. However "hardship" is hard to define and has to rely on precedent cases. Inevitably, the following unfavourable effects would come up:

(1) Labour disputes would easily arise due to the equivocal definition of "hardship".

(2) The increase in the number of labour disputes means also an increase of claims lodged with the Labour Tribunals which are already unable to meet their original objectives of handling claims in an "expeditious, inexpensive and simply" way, resulting in substantially longer time to have a case dealt with. Currently, over one year is needed to have a claim heard and adjudicated on. This is already something unacceptable. The increase in claims would only worsen the situation. It should be noted that in such claims, the case of every claimant involved has to be studied in detail. If a factory has over 200 people, then there would be 200 different cases. It could be imagined how much time the tribunals need to spend.

(3) When the law is unclear, employees would be more liable to lose what they are entitled to, being unsure of their precise rights.

In view of the above circumstances, I suggest that the provision on severance pay must also be amended at the same time when the cross harbour provision is deleted to include an entitlement resulting from a move of workplace to another district. This would enable both the employers and the employees to understand their own rights and obligations. As for the criteria to define a cross district move, a detailed study could be conducted.

Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, may I first of all thank the ad hoc group chaired by Mr Henry TANG for its detailed examination of the Employment (Amendment) (No. 4) Bill 1992 as well as the Employees' Compensation (Amendment) Bill 1992 and the Employees' Compensation (Amendment) (No. 2) Bill 1992. These three Bills, if passed, will plug certain loopholes in the existing legislation, improve and better safeguard the benefit of employees and facilitate enforcement by the Labour Department.

I have listened carefully to the comments made by Mr TAM Yiu-chung and Mr LAU Chin-shek on the Employment (Amendment) (No. 4) Bill 1992. On the question of the circumstances in which a change of workplace would render a dismissed worker eligible for severance pay, there is no disagreement that the cross harbour provision is anachronistic and should be removed. The Administration has considered very carefully whether any other simple and objective criteria or guidelines could be drawn up but has concluded that it would be quite impossible to do so in a way which would cover all eventualities; even a criterion such as a change of district may actually involve no more than crossing the street from one district to another. We believe that each case would best be dealt with individually having regard to all the circumstances. In cases of dispute, a ruling can be sought from the court as to whether a change of workplace causes hardship to an employee, to an extent sufficiently serious to establish a constructive dismissal under common law. If the court so decides the employee will have a claim to severance payment. On the question of whether employers and employees might be misled by the deletion of the cross harbour provision, I can assure Mr TAM that upon enactment of the amendment Bill the Labour Department will provide explanations in a relevant leaflet. This leaflet will be in English and Chinese and will be distributed free of charge to employers and employees. It will make clear that the severance payment entitlement is not solely dependent upon whether the change of workplace involves crossing the harbour or whether there is dismissal. It is the extent of hardship caused that will determine eligibility for severance payment. Of course the Labour Department will closely monitor the implementation of the new provision.

Thank you, Mr Deputy President.

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

Bill read the Second time.

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

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1992

Resumption of debate on Second Reading which was moved on 20 May 1992

Question on Second Reading proposed.

MR HENRY TANG: Mr Deputy President, the main purposes of this amendment Bill are to improve certain inadequate or ambiguous provisions under the Employees' Compensation Ordinance and to increase the levels of penalty in order to accurately reflect the relative gravity of the offences. This Bill, together with the Employment (Amendment) (No. 4) Bill 1992 and the Employees Compensation (Amendment) (No. 2) Bill 1992, cover a number of changes to improve and to bring up to date various provisions under the respective Ordinances.

Since the Legislative Council ad hoc group set up to study these three Bills has found most of the proposed amendments to be acceptable, I have not intended and do not intend to speak on each of them. Instead, I will concentrate on the Employees Compensation (Amendment) Bill 1992 for which further improvements are considered necessary. Amongst the proposed amendments contained in this Bill, the ad hoc group felt that the proposal to expand the definition of dependant to cover inter alia the parents, grandparents and step-parents yet to retire and rely on the deceased employee for a living within one year after the death of the employee should be further expanded, since the retirement time limit of one year would be too short for elderly potential dependants to plan for alternate retirement arrangements.

Having examined the pros and cons of various options, the ad hoc group considered that the retirement time limit should be expanded to two years so that more potential dependants approaching retirement age would become eligible to claim compensation under the Employees' Compensation Ordinance. This improvement has been accepted by the Administration and I will move an amendment to this effect at the Committee stage. On this issue I wish to point out that both the original amendment to expand the definition of dependant, and the new amendment to extend the retirement time limit, will not affect the total amount of compensation payable to the dependants but will

only increase the number of dependants eligible to claim compensation.

In the course of examining the above points, the ad hoc group also noted that, in both the existing as well as the proposed provisions, compensation under the Ordinance would not be payable at all if the deceased worker did not have spouse or children and his parents failed to fulfil the dependency criteria. Members in general felt that in such cases the dependency concept was no longer justifiable; instead the compensation originally payable to the dependants should be treated as part of the estate of the deceased worker and payable to the beneficiary.

Although it was accepted that the original amendment could be further improved by taking into account the aforementioned points, the ad hoc group also considered that the early passage of the Bill was desirable. Therefore the ad hoc group agreed that in view of the possible far-reaching implications which the proposed change to the dependency concept might have on the existing compensation system in Hong Kong, the desirable change should be referred to the OMELCO Panel on Manpower for further examination.

Mr Deputy President, since I am only speaking on this Bill, I would like to take this opportunity to thank, on behalf of the ad hoc group, the Administration for its co-operation during the scrutiny of the Employment (Amendment) (No. 4) Bill 1992 and the Employees' Compensation (Amendment) Bill 1992 and the Employees' Compensation (Amendment) (No. 2) Bill 1992, even though they all sound the same.

Mr Deputy President, with these remarks and subject to the amendment to be moved at the Committee stage, I support the Bill.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, the amendment proposed by the Administration in respect of the Employees' Compensation Ordinance serves to provide a form of protection for certain people who previously would not qualify for compensation. But I think that the proposed change would still be unable to solve completely the problem of "dependants".

I intend to make a few suggestions for improvement in two areas and hope that the Administration would take them into consideration:

- (1) For a deceased worker who leaves neither spouse nor children and whose parents

still have the ability to earn a living, compensation should be payable to his parents. As a matter of fact, most of the workers who died from injuries in the course and arising out of employment came from the lower class. In a traditional Chinese family, even if the parents of the deceased did not rely immediately on the latter for a living, such a need would have arisen sooner or later if the deceased had not died; therefore it is necessary to make arrangements to provide protection in this respect.

(2) If the deceased is not survived by any dependants, the compensation payable to him should be treated as his estate and be disposed of by his family members.

Thank you!

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

Bill read the Second time.

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

EMPLOYEES' COMPENSATION (AMENDMENT) (NO. 2) BILL 1992

Resumption of debate on Second Reading which was moved on 20 May 1992

Question on Second Reading proposed.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, the present amendment Bill proposes to streamline compensation procedures for employees who sustain injuries in the course and arising out of employment. In principle, it would be beneficial to a certain extent to both the employees and the employers. However, while the relevant procedures are being amended, I think that the Administration should also consider carrying out the following tasks:

(1) There should be more publicity given to the streamlined compensation procedures so as to avoid misunderstanding on the part of the average worker that the Labour Department has given up or is no longer handling cases reported within seven days, as a result of which certain workers would not be able to receive reasonable compensation;

(2) The Labour Department should draw up measures such as issuing letters to the injured employees concerned, after reports have been submitted by their employers, to confirm whether they have received compensation. This is to make sure that no workers would be unable to receive compensation to which they are entitled because of the simplification of procedures;

(3) The procedure streamlining exercise will reduce the workload of the Employees' Compensation Division of the Labour Department by about 30%. However, I do not think the Government should trim the size of the Department's staff establishment. Instead, the staff resources thus saved should be used to improve the quality of work and service provided by the Employees' Compensation Division, so that compensation cases for workers sustaining injuries in the course and arising out of employment can be resolved at greater speed.

Generally speaking, I think that the extra manpower from the Labour Department after the amendment of the Ordinance should be put to the following use:

(1) step up prosecution against employers who have contravened the Ordinance. At present only one to two such employers are prosecuted every year by the Employees' Compensation Division, thus stripping the Ordinance totally of its deterrent effect;

(2) strengthen publicity and education efforts in this aspect to enable employees to understand more fully their rights and interests while making employers understand their obligations;

(3) expedite the processing of compensation cases. At present a worker need to wait six months on the average, counting from the time he recovers from his injury, before he receives compensation. Some cases even take as long as one year. Therefore it is necessary to increase manpower in order to deal with the compensation cases soonest possible;

(4) improve service quality. I consider it appropriate for labour officers to answer enquiries relating to the law on compensation

Thank you!

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, I only wish to say that

I have taken careful note of Mr LAU's helpful suggestions and will certainly consider them.

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

Bill read the Second time.

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

Committee stage of Bills

Council went into Committee.

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1992

Clauses 1 to 17 were agreed to.

INTELLECTUAL PROPERTY DEPARTMENT (CONSEQUENTIAL AMENDMENTS) BILL 1992

Clauses 1 to 7 were agreed to.

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL 1992

Clauses 1 to 27 were agreed to.

EMPLOYMENT (AMENDMENT) (NO. 4) BILL 1992

Clauses 1 to 12 were agreed to.

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1992

Clauses 1, 2, 4 and 19 were agreed to.

Clause 3

MR HENRY TANG: Mr Chairman, I move that clause 3 be amended as set out in the paper circulated to Members. The purpose of this amendment is to extend the retirement time limit from one year to two so as to enable more potential dependents of deceased worker to become eligible to claim compensation under the Employees' Compensation Ordinance. Mr Chairman, I beg to move.

Proposed amendment

Clause 3(b)

That clause 3(b) be amend, by deleting "1 year" and substituting "2 years".

SECRETARY FOR EDUCATION AND MANPOWER: Mr Chairman, the Administration has consulted the insurance industry on the proposal moved by Mr TANG. We were given to understand that the proposed change would have the effect of increasing the liability of the insurance industry. Nevertheless, as a responsible industry, the insurers were prepared to accept the proposal and absorb the increased liability without increasing the compensation premium charged to the insured employees or employers. I am grateful to the insurance industry for its accommodation and I support the amendment moved by Mr TANG.

Question on the amendment proposed, put and agreed to.

Question on clause 3, as amended, proposed, put and agreed to.

EMPLOYEES' COMPENSATION (AMENDMENT) (NO. 2) BILL 1992

Clauses 1 to 7 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1992

INTELLECTUAL PROPERTY DEPARTMENT (CONSEQUENTIAL AMENDMENTS) BILL 1992

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL 1992

EMPLOYMENT (AMENDMENT) (NO. 4) BILL 1992 and

EMPLOYEES' COMPENSATION (AMENDMENT) (NO. 2) BILL 1992

had passed through Committee without amendment and the

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1992

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

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

Bills read the Third time and passed.

Member's motions

HONG KONG ROYAL INSTRUCTIONS 1917 TO 1991

STANDING ORDERS OF THE LEGISLATIVE COUNCIL OF HONG KONG

MRS ELSIE TU moved the following motion:

"That with effect from 1st September, 1992 the Standing Orders of the Legislative Council of Hong Kong be amended -

(1) in Standing Order No. 4(6), by repealing "standing and select committee" and substituting "committee and subcommittee";

(2) in Standing Order No. 42 -

(a) in paragraph (3), by repealing "The" and substituting

"Subject to

paragraphs (3A) and (3B), the";

(b) by adding -

"(3A) Except in relation to Appropriation Bills, when the Member in charge of a bill has spoken on a motion that the bill be now read the second time, the debate shall be adjourned and the bill shall be referred to the House Committee unless the Council, on a motion which may be moved without notice by any Member, otherwise orders.

(3B) When a debate has been adjourned under paragraph (3A), it may be resumed on notice by the Member in charge of the bill given by him after consultation with the chairman of the House Committee.";

(3) in Standing Order No. 44(1) by adding "of the whole Council select committee" after "committee";

(4) by adding -

"60C. House Committee

(1) There shall be a committee, to be called the House Committee, the members of which shall be all the Members other than the Deputy President and ex officio Members.

(2) The chairman and deputy chairman of the committee shall be elected from amongst its members and shall hold office until the first sitting of the committee in the session next following that in which they were elected. In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence.

(3) At any time after a bill has been referred to the committee under Standing Order No. 42(3A), the committee may allocate it to a Bills Committee for consideration, or may cause it to be considered in such other manner as the committee thinks fit.

(4) In deciding upon the timing and order of allocation of bills to a Bills Committee, the committee may take into account the number and relative priority of other bills currently referred to the committee under Standing Order No. 42(3A), and may at any

time vary any decision as to the timing and order of allocation of any bill.

(5) Following allocation of a bill to a Bills Committee, the committee, after consultation with that Bills Committee, may decide the date for completion of consideration of the bill by the Bills Committee. Any such decision may be varied at any time, after consultation with the Bills Committee.

(6) Upon the allocation of a bill to a Bills Committee, the members of that Bills Committee shall be those Members (other than the Deputy President and the ex officio Members) who signify membership in accordance with procedural rules (which shall provide only for the manner and timing of such signification) decided by the committee.

(7) The committee may provide guidelines relating to the practice and procedure of the Bills Committees.

(8) The committee may discuss any deliberations of a Bills Committee for the purpose of assisting members in preparation for resumption of second reading debate in the Council.

(9) The committee shall decide the manner of consideration of any subsidiary legislation which is subject to the provisions of sections 34 and 35 of the Interpretation and General Clauses Ordinance (Cap. 1).

(10) The committee may consider, in such manner as it thinks fit, any other item relating to the business of the Council.

(11) The committee may appoint subcommittees for the purpose of assisting the committee in the performance of its functions under paragraphs (9) and (10).

(12) The committee shall sit at the times (including any time during the period when the Council is in recess between the end of one session and the beginning of the next session) and at the place determined by the chairman. Written notice of the place, day and time of every sitting shall be given to the members at least three days before the day of the sitting but shorter notice may be given in any case where the chairman so directs. The sittings shall be held in public unless the chairman otherwise orders in accordance with any decision of the committee.

(13) Twenty members, including the chairman, shall form a quorum. All matters for the decision of the committee shall be decided by a majority of the members voting. The chairman, the deputy chairman or any other member presiding shall not vote, unless the votes of the other members are equally divided in which case he shall have a casting vote.

(14) Where the chairman so orders, any matter for the decision of the committee may be considered by circulation of papers to the members of the committee and each member may signify his approval in writing submitted to the chairman. Unless any such matter has been so approved by all the members (who shall not be less than twenty in number) who are then in Hong Kong before the expiry of the period specified by the chairman for signifying the approval of members in respect of that matter, that matter shall be deemed to be referred for decision at a sitting of the committee.

(15) Paragraph (14) shall apply during any period when the Council is in recess between the end of one session and the beginning of the next session as it applies during a session.

(16) Where so authorized under section 9(2) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), the committee may call any person to attend before it and to give evidence or to produce any paper, book, record or document in the possession or under the control of such person.

(17) Subject to these Standing Orders, the practice and procedure of the committee shall be determined by the committee.

60D. Bills Committees

(1) There shall be such number of committees, to be called Bills Committees, as the House Committee consider appropriate.

(2) The chairman of a Bills Committee shall be elected by the committee from amongst its members. The committee may also elect a deputy chairman. In the event of the temporary absence of the chairman or any deputy chairman, the committee may elect a chairman to act during such absence.

(3) A Bills Committee shall consist of not less than three members including the chairman. The quorum of a Bills Committee shall be three members including the

chairman, or one third of the members including the chairman (a fraction of the whole number being disregarded), whichever is the greater.

(4) A Bills Committee shall sit at the times (including any time during the period when the Council is in recess between the end of one session and the beginning of the next session) and the place specified by the chairman. Written notice of the place, day and time of every sitting shall be given to the members at least three days before the day of the sitting but shorter notice may be given in any case where the chairman so directs.

(5) Sittings shall be held in public unless the chairman otherwise orders in accordance with any decision of the committee.

(6) A Bills Committee shall consider the general merits and principles, and the detailed provisions, of the bill allocated to it; and may also consider any amendments relevant to the bill.

(7) All matters for the decision of a Bills Committee shall be decided by a majority of the members voting. The chairman shall, if the votes be equally divided, have a casting vote in addition to his original vote.

(8) A Bills Committee shall, as soon as it has completed consideration of the bill allocated to it, notify the House Committee and shall advise the committee in writing of its deliberations.

(9) The deliberations of a Bills Committee on a bill may be discussed by the House Committee for the purposes of informing Members in preparation for resumption of the second reading debate on the bill in Council. Such deliberations shall not be binding on any Member, whether in Council, in a committee of the whole Council or in House Committee.

(10) Where so authorized under section 9(2) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), a Bills Committee may call any person to attend before it and to give evidence or to produce any paper, book, record or document in the possession or under the control of such person.

(11) Subject to these Standing Orders, the practice and procedure of a Bills Committee shall be determined by that Bills Committee. In any such determination, a Bills Committee shall take into account any guidelines provided under Standing Order

No. 60C(7).".

MRS ELSIE TU: Mr Deputy President, I rise to move the motion standing in my name on the Order Paper. In the 1990-91 Legislative Council Session, the Legislative Council ad hoc group formed to study the Standing Orders of the Legislative Council under the convenorship of my honourable colleague, Mr Allen LEE, already had deliberations on the possible committee structure for this Council. The matter was further discussed in the early 1991-92 Legislative Council Session. In order to improve the efficiency and increase the transparency of the Legislative Council, my colleagues agreed at the Legislative Council In-House meeting held on 4 October 1991 that there should be an overall review of the committee structure of this Council with a view to replacing the existing informal legislative scrutiny arrangements with a formalized committee structure.

At the special Legislative Council In-House meeting held on 18 January 1992 the committee structure proposals by my honourable colleague Mr Ronald ARCULLI, were adopted as the Members' chosen model. It was also agreed at that meeting that a working group should be set up to follow through the proposals in the model. The working group has held altogether 14 meetings to discuss practices and procedures for the House Committee and the Bills Committees, and to suggest amendments to the relevant Standing Orders.

I would like to elaborate on six issues which are relatively more significant.

(1) The Committing of Bills to the House Committee. Except in relation to Appropriation Bills, when the Member in charge of a Bill has spoken on a motion that the Bill will be read the Second time, the debate shall be adjourned and the Bill shall be referred to the House Committee. After a Bill has been referred to the House Committee, the Committee may allocate it to a Bills Committee for consideration. After the Bills Committee has completed its work, it will report back to the House Committee and shall advise the House Committee in writing of its deliberations.

(2) The House Committee. The proposed new Standing Order 60C provides for the establishment of a House Committee the members of which shall be all the Members, other than the Deputy President and ex-officio Members. The Chairman and Deputy Chairman of the Committee shall be elected from amongst its members. The primary functions of the House Committee are to allocate Bills to Bills Committees for scrutiny, to provide guidelines relating to practices and procedures of the Bills

Committees, and to consider any other items relating to the business of the Council. The meetings of the House Committee will be held in public, with formal rules governing practices and procedures.

(3) Bills Committees. The proposed new Standing Order 60D provides for the establishment of Bills Committees as the House Committee considers appropriate. The Chairmen of Bills Committees shall be elected by the Committee from amongst its members. The Committee may also elect a Deputy Chairman. Formal practices and procedures of a Bills Committee are clearly set out in the Standing Order. The meetings of the Bills Committees will be held in public in normal circumstances. When so authorized, under section 9(2) of the Legislative Council (Powers and Privileges) Ordinance, the Bills Committees may call any person to attend before it and to give evidence or to provide any document or record under the control of such person.

(4) Quorum. For the House Committee, 20 members shall form a quorum. This is in line with the quorum requirement of this Council. If the Chairman so orders, any matter for the decision of the House Committee may be considered by circulation. The number of approving members shall be 20, that is, the same as the quorum of the House Committee meetings. The quorum for a Bills Committee shall be three members or one-third of its membership whichever is greater.

(5) Secretarial support for the House Committee and Bills Committees. There is no apparent disagreement in principle concerning the source of secretarial support to the House Committee and Bills Committees in the longer term. However, I would like to add that the majority of members of the working group are of the view that in order to avoid disruption to the operations of the Legislative Council, as well as the need to provide extra resources, the House Committee and Bills Committees should continue to be served by the staff of the OMELCO Secretariat for the time being. Moreover, as Members are aware, an overall review of the future of OMELCO will be conducted early in the 1992-93 Session. Pending decisions on such a review, it would appear both logical and desirable not to introduce any significant changes to the staffing support at present.

(6) Timing. The Legislative Council In-House meeting has agreed that the new system of the committee structure will be implemented early in the 1992-93 Session. House Rules, setting out a detailed description about the roles and functions of the Bills Committees and the scrutiny of the draft legislation, will be drawn up during the summer recess for consideration by the House Committee. It is hoped that the

efficiency of this Council can be further improved through amendments to the Standing Orders. The Legislative Council In-House has also agreed that there will be a review of the effectiveness of the new system in one year's time.

Finally, I would like to take this opportunity to thank my colleagues of the working group for the tremendous amount of time and effort contributed to the group's deliberations. I would also like to thank the Administration and the OMELCO Secretariat for their untiring support rendered to the group.

Mr Deputy President, I beg to move.

Question on the motion proposed.

MR ALLEN LEE: Mr Deputy President, for some time it has been recognized that the current system of the informal ad hoc groups set up to scrutinize draft legislation by this Council ought to be replaced by a formal committee structure with clear legal status. During the last term when we conducted a review of the Standing Orders of the Legislative Council, the matter had been considered. During this term, after months of deliberation, we finally settled on the proposal as reflected in the set of Standing Orders put before us today. The achievement was not easy and our honourable colleagues may recall that we have gone through many hours of discussions and a lot of debate before we came to the present proposal. In my view, we embarked on this whole exercise, not so much because the present ad hoc group system is ineffective; on the contrary, I do think that the present system, though working behind closed doors, has been doing a good job and serving our community well. However, as we are moving towards a more open government, and in view of the rising public aspirations, we feel it necessary to have a higher degree of transparency in our legislative process. It is on this basis that we have worked towards a system of reform, and I think perhaps these are the very reasons why a majority of Members chose to adopt the proposals put forward by our honourable colleague, Mr Ronald ARCULLI, amongst the various models advocated by different Members. In essence, the Arculli model is designed to formalize the committee structure on the basis of our present ad hoc group system. Whilst many may have tried to look at the differences amongst the different models advanced by Members, I tend to look at their common sides. As I see it, there are at least three common objectives: firstly, to formalize the existing informal arrangement; secondly, to enhance the efficiency of the Council by regulating the flow of draft legislation from the Administration; and finally,

to increase transparency and hence accountability of our legislative process.

Although we all started on the above common premise, it was unfortunate that we seemed to have very different interpretations when we tried to realize the objectives and work on the detailed framework. Here, we have another round of debate, particularly on two issues. First, the status of the Bills Committees and their relationship with the House Committee. And secondly, the powers of summoning that should be given to the Bills Committees, that is, whether Bills Committees should be vested automatically with the powers of summoning or whether such power should only be given when authorized by the Legislative Council on a case by case basis, and whether the power of summoning should cover both public officers and members of the public.

The above issues are of fundamental importance and that is why I, as well as members of the Co-operative Resources Centre, have insisted on our stand as a matter of principle. I must admit that the vast differences held amongst Members before have been reconciled through the very hard work of the working group under the convenorship of Mrs Elsie TU. The seemingly conflicting opinions in the beginning have now been reduced to acceptable differences. Perhaps I should take this opportunity to briefly explain why the CRC has taken such a strong stand on these two issues. On the status of the Bills Committees, it is still our view that the present proposals do not entirely tally with the Arculli model which was endorsed by Members at the Legislative Council In-House meeting held on 18 January 1992. We remain unconvinced about the merits of setting up Bills Committees instead of Bills Subcommittees, bearing in mind our objective is to formalize the present ad hoc groups which are set up under the Legislative Council In-House. In the light of the line of authority and their working relationship, we still hold that it would be more logical that Bills Committees should be subcommittees of the House Committee, that is, the present Legislative Council In-House, as the latter will exercise regulatory functions over the former. Now that the respective roles and functions of the House Committee and Bills Committees have been clearly spelt out in the Standing Orders, I hope that the confusion so created will be clear. It is for this reason that we have decided that we should not pursue our proposal at this stage.

On the power of summoning witnesses, some Members have considered it important that such power should be vested automatically with the respective Bills Committees. Frankly speaking, during my 14 years of service in the Legislative Council I have never come across an occasion where there is a need to summon public officers or

members of the public to give information or explanations in the course of examining a Bill. In my experience, both the Administration and the public concerned were just too eager to come forward to lobby our support, either for or against a certain Bill or certain clauses of a Bill. Moreover, the informal way that the Bills Committees are to be formed is one reason why we still have some reservations about whether such summoning power should be extended to the members of the public. However, I agree that we ought to have this as a reserve power so that it can be available in the unlikely event that we might need to exercise it. Now that Members have resolved that the power of summoning could only be exercised upon authorization by the Council, we consider that there is sufficient safeguard against any possible abuses. I trust that Members will exercise this power carefully, sensibly and responsibly.

Mr Deputy President, at the last Legislative Council In-House meeting on 3 July 1992, we decided that the new committee structure should be put in place when we come back to this Council after the summer recess, and that we shall conduct a review of its operation after 12 months. By October 1992, the Legislative Council will enter into an important era; by then, members of the public will have more understanding of the legislative process, and hopefully, greater confidence in the work of this Council. I sincerely hope that we can proceed with our new committee structure on schedule, and members of CRC will definitely give their whole-hearted support to the new system. With our determination, I am confident that the new committee system will work and work well.

Mr Deputy President, with these remarks I support Mrs Elsie TU's motion.

DR LEONG CHE-HUNG: Mr Deputy President, I stand up today not to open old wounds, but to express my concern over the development of the committee system or the committee structure as put forward by the Honourable Allen LEE. To begin with, I would like to thank the Honourable Elsie TU for chairing the discussion, which was at times testing.

The idea of setting up a new system to work in line with the Legislative Council's role as an independent legislature was considered actually in the last Legislative Council Session, and work actually began well over a year ago. Yet for the efforts that have been put in, so little has been achieved. All that we have advanced is the change in the status of the Bills Committee -- from ad hoc group to permanent fixture.

So how is the Legislative Council to progress?

Personally, I want to see the Legislative Council achieving its proper role as an independent legislature, and as I have said before I am prepared to gauge the effectiveness of any new system. This "new" structure will itself be reviewed in another 12 months, as is said by the Legislative Council In-House meeting on 3 July. As the changes to the present system this new structure brings is minimal, I therefore call for the review to take place in six months' time, as opposed to 12. For to leave it until the end of the 1993 Session would leave very little time for any further upgrading to take effect. For by 1994, I fear some would argue that we should leave it until the next Council is constituted in 1995.

The establishment of an independent Legislative Council Secretariat is said to hinge on the outcome of the committee system review. While this drags on, the setting up of an independent secretariat has remained on the shelf. Are we to wait for another 12 months before we tackle the question of the secretariat?

This "new" committee structure unfortunately remains an OMELCO system; it does nothing to advance the Legislative Council's stance as an independent legislature making laws and monitoring government policies. For Legislative Council Members who want to do their jobs better, the setting up of an independent secretariat to serve this Council, and this Council alone, is vital and should be done immediately. For the staff who face uncertainty over their careers, it is most important that we resolve this matter at an earlier date.

The issues that Councillors have to deal with nowadays is both complex and copious. Councillors cannot effectively discharge their duty of monitoring government policies on behalf of the public, unless they are given adequate resources and backing.

What happens now, and had always been in the past, is that Legislative Councillors are handed a Brief, prepared by the Administration, on matters the Legislative Council is to decide on. At times this so called "Brief" is contradictorily very bulky, often produced as a result of several years of work in a department.

Given the diversity of the topics, the complexity of some issues, and the voluminous papers generated by the Administration, it is only appropriate that we,

like other legislatures, have a proper research team as part of the independent Legislative Council Secretariat. This team could help the Councillors to research, digest, and impartially assess the policies.

Conferring a duty onto the Legislative Council is of no effect unless the Legislative Council is given the resources to discharge that duty.

So, I want to do this job properly, and I am sure many of my colleagues here do as well. The Council needs thorough restructuring, not simple cosmetic surgery.

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

MR FREDERICK FUNG(in Cantonese): Mr Deputy President, as a Member of the Legislative Council, I understand very clearly the mutual monitoring and complementary relationship between the Executive and Legislative Councils. I feel that the Legislative Council must have an independent mechanism before it can make the public recognize its independence in terms both of form and substance.

It is obvious from the existing framework of the Government that the Legislative Council has three powers, namely:

- (1) to enact, amend and repeal laws;
- (2) to scrutinize and approve budget proposals; and
- (3) to monitor the operation of the Government.

Amongst these three powers, the one to scrutinize and approve budget proposals is patent to all. It is very clear that a committee with statutory authority has been actually and publicly doing work in this aspect. As to the other two aspects of work, that is, enacting, amending and repealing laws and monitoring the operation of the Government, the present framework provides no statutory committee system to enable Members of the Legislative Council to function appropriately and independently in these two areas.

I believe the proposal before us represents a forward step taken by this Council towards the three powers mentioned above. By "a forward step", I mean the enactment,

amendment and repeal of laws will be undertaken by a power-vested statutory committee which will operate openly. The work to be undertaken by this committee will, as a matter of fact, not go beyond the powers of this Council; such work and powers should have come along with the Council since its very inception. We have, in fact, lagged behind by many steps. I therefore agree and support the amendments to the Standing Orders and the revamping of the Legislative Council system.

However, I feel that in effecting these changes, we have failed to touch upon the third power, that is, monitoring the operation of the Government. In jurisprudential terms, all that this Council has so far been able to do to monitor the Government is by way of questions and motions. The channel through which this third power is exercised is an informal one, that is, by means of the so-called OMELCO panels. I find that we still need development in this respect as there have not been any changes so far. I expect this Council to positively discuss in the not too distant future what exactly we can do to monitor the Government.

I have come to the view that we can monitor the Government in two directions. The first is to monitor government operation at a high level by a high-power body. By "high level and high power", I mean that we should set up a statutory committee on policies to conduct, with legitimacy and authority, the monitoring work in public. I must stress that by "monitoring", I mean that we have to consider whether the Government's actions have been right or wrong or appropriate. The second direction is to monitor government operation at a low level by a low-power body. In this case, some informal committees on policies will have to be set up to replace the existing OMELCO panels, for the existing panels basically have Executive Councillors sitting as members; it is very obvious that decision making is vested in the Executive Council. It has been evident, as in the decisions regarding the importation of foreign labour and cable television, that the Executive Council wields policy-making powers. I find it contradictory and practically impossible for members of a decision making body to monitor at the same time policies formulated by the very same decision making body. Therefore, if the Legislative Council is to monitor the operation of the Government independently, we must set up some committees on policies under the Legislative Council. In the final analysis, there are two possible routes of development for these committees; one route would be to vest them with statutory authority and the other would be to give them an informal status. In order to establish a complete Legislative Council system, these changes will still require the unremitting attention and effort of the future Members of this Council.

Finally, I would like to comment on the question of the secretariat. The secretariat, as it stands now, is under the wings of the Executive and Legislative Councils with its staff seconded from the Civil Service. I believe that the Legislative Council should have its own secretariat in the future. It should work, independent of the executive, for the Council in two aspects, that is, providing secretarial support and conducting research for the Council. By research, I mean the collection of information required by the Bills committees or committees on policies.

With these remarks, Mr Deputy President, I support the Honourable Mrs Elsie TU's motion.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, I support Mrs Elsie TU's proposal to revamp the Legislative Council committee system as set out in the present motion before us today.

However, a few questions need to be addressed. First of all, why change the existing system? I personally think that the existing system has some flaws: (1) the dividing line between the powers of the executive and legislature is blurred; (2) the Legislative Council's power of monitoring the Administration by way of examining and passing laws is inadequate; (3) as far as administrative work is concerned, the present way of examining laws is highly inefficient and rather chaotic. Currently, an ad hoc group is formed, having regard to the needs of the circumstances, when a Bill is submitted to the Legislative Council. So a number of Legislative Council ad hoc groups may be formed at the same time and difficulty would arise when Members wish to join more than one group. The examination of Bills involves technical knowledge and time. And the most important point is that the existing system cannot effectively help participating Members make insightful suggestions in an unequivocal and specific manner during the examination process .

As regards the process of examination, the proceedings of the ad hoc groups responsible for the examination of Bills are currently not open to the public, which makes it impossible for participating Members to appropriately account themselves to the public. Besides, the ad hoc groups are of an informal nature, not being endowed with the statutory power to collect and collate or request more information or to summon witnesses. Although no government department has, during the examination processes of Bills within the current legislative year, refused to attend an ad hoc

group meeting, and rarely have they refused to provide information for discussion by Members, I am afraid that the power of examining Bills will be limited in the future if the ad hoc groups are not given the necessary power to obtain information and call witnesses.

Mr Deputy President, in view of the above, the main direction of the reform of the whole committee system should be: firstly, increase the Legislative Council's power of monitoring the executive departments, especially the power of making appropriate adjustments through the examination of Bills; secondly, draw a clear dividing line between the powers of the executive and the legislature, so that each is confined to the discharging of its own duties.

In fact our debate on the committee system dates back to September 1991. When the matter was raised again last year, I initially felt that there was a good chance of a more appropriate system being set up. However, we had not been long into our discussion, when the Chinese side made it known that it was opposed to the idea. As a result some colleagues who had originally expressed support for a better system subsequently changed their minds. The United Democrats of Hong Kong (UDHK) are supportive of adopting the standing committee system in the Legislative Council, under which both the examination of Bills and the discussion of government policies will be conducted in one and the same committee and Members, having thus a long period of training, will be better equipped for devoting themselves to the monitoring of government policies and examination of Bills in an in-depth manner. This system can achieve economy of time and enhance administrative efficiency in terms of the scheduling of meetings, the examination of Bills and the discussion of policies by Members.

The UDHK also propose to phase out the existing OMELCO panels and gradually transfer the functions of discussing policies to the standing committees. Furthermore, we propose to gradually dissolve the OMELCO Secretariat and set up in its place an independent Legislative Council Secretariat.

Mr Deputy President, although the proposal for Bills Committees has gained the support of the majority of Members, which we think is acceptable at this preliminary stage, we are nevertheless of the opinion that in the long run the best way to improve the functioning of the Legislative Council and enhance its power to monitor the executive authorities is to institute a more systematic and formalized standing committee system.

Thank you, Mr Deputy President

DR PHILIP WONG (in Cantonese): Mr Deputy President, I cannot support the present motion to amend the Standing Orders of the Legislative Council, because a couple of the proposed amendments provide that a committee of the Legislative Council may "call" any person to testify before it or to produce any document in his possession or control. I think that to use such a word as "call", when applied to officials in the executive departments, would be detrimental to the partnership relations between the executive and the legislature and would have negative, rather than positive, effects on the morale of civil servants across the board as well as the efficiency of the executive departments.

Mr Deputy President, I so make my submission.

DR YEUNG SUM (in Cantonese): Mr Deputy President, I am pleased that today the report concerned can be formally submitted by Mrs Elsie TU and I hope that Members of this Council will support Mr TU's proposals.

So far, the work undertaken in this ad hoc group has been the hardest and has lasted for the longest time as compared with the other ad hoc groups of which I participated. Nevertheless, through the effort of the group members, we have been able to bring team spirit into full play. We respect one another and through consultation and accommodation have finally come up with this report which, we hope, can serve to improve the efficiency and transparency of the Bills Committee. Although I support the present motion, I have reservations as regards the following five points: (1) in my opinion, the Bills Committee is, after all, of an ad hoc nature. Although the Standing Orders provide for the systemization of the Bills Committee, it will nevertheless be formed on a temporary basis and will be disbanded when the work of examining the relevant Bill is finished. This will make it impossible for Members of this Council to accumulate experience in relation to certain kinds of law or policy; (2) there will be no dialogue between a temporary Bills Committee and the relevant policy branch of the Government, which will make it difficult to build up a continuous working relationship between the two; the frequent change in the membership of the Committee will create further problems when the relevant government departments have to contact Members for discussion on a Bill; (3) we agree to review

the committee system after a year; I strongly hope that the Bills Committee can then become a standing committee with terms of reference including not only the examination of Bills, but also the monitoring of the relevant policy branches, or even conducting dialogues with such branches; (4) I hope that this Council can conduct a review on the OMELCO Panels and formally separate the legislative duties from the executive ones, such that Members of the Legislative Council can be in a better position to monitor on behalf of the public the administration work of the Government and the functioning of the various departments; this separation will also have the benefit of bringing into play the monitoring function of the Legislative Council so that the executive and legislature will each concentrate on its own domain; (5) finally, I would like to see in the future a division of staff in the OMELCO, so that Members of the Legislative Council can have their own staff to help them in monitoring the operation of the Government.

Mr Deputy President, subject to the five points mentioned above, I support Mrs Elsie TU's motion.

MRS ELSIE TU: Mr Deputy President, I will not go into detail on what has been proposed by the various speakers today. When the group first began its discussion it seemed that the opposing views among its seven members would never be reconciled.

It is to the credit of all members of the group that the opposing parties gave priority to the main objectives of the changes, that is, efficiency and transparency. Without the willingness to compromise no conclusion could ever have been reached. It is therefore hardly likely that every Member will be totally satisfied with the matters proposed. However there will be many opportunities for Members to monitor the results of the changes being made and with good will on all sides I believe that we will reach our objectives, those objectives being transparency and efficiency. Concerning Dr Philip WONG's problem about the powers and privileges, I would like to assure him that no further powers are being proposed except those which already exist under the Powers and Privileges Ordinance. I would like to thank the Members who have expressed their support today.

Question on the motion put and agreed to.

DEPUTY PRESIDENT: We have two motion debates in the Order Paper. In accordance with

recent practice, Members have, I understand, agreed to place a limit on length of speeches and it has been suggested that the first debate be allocated one and a half hours and the second debate two and a half hours. Members speaking in the first debate should therefore not exceed eight minutes in making their speeches other than the person proposing the motion.

ENERGY POLICY

REV FUNG CHI-WOOD moved the following motion:

"That this Council urges the Government to formulate without delay a comprehensive energy policy for the territory, which should include important aspects such as energy efficiency, the means of power generation and environmental protection, etc. and to set up an Energy Advisory Committee as soon as possible."

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, I move the motion standing on my name on the Order Paper, urging the Government to formulate without delay a comprehensive energy policy and to set up an Energy Advisory Committee as soon as possible.

Hong Kong's energy consumption has grown rapidly, at a rate that is at least 20% faster than that in the United States, Japan or the United Kingdom, and nearly doubled over the past decade. We really need a comprehensive energy plan. But the truth is that there is no such plan in Hong Kong. For instance, there is no plan concerning energy imports, energy use, energy conservation or ways to minimize environmental pollution due to energy use. Nor does the Government have any particular department for dealing with the energy issue. Consequently, we do not have an overall energy plan.

A comprehensive energy policy should entail three main aspects as follows:

1. Energy conservation

In April last year, the Government set up an Energy Efficiency Advisory Committee which is responsible for making recommendations to the Government concerning how to improve energy efficiency. But it only deals with the relevant economic questions. Having said that, its establishment was indeed the first encouraging step taken by the Government to show its concern about forming an energy policy. The committee

has already made a number of recommendations, which are mainly to do with energy conservation and public education programmes for energy conservation. I hope that these excellent recommendations will be implemented as soon as possible. The committee has, however, overlooked the efficiency storage and transportation of energy, matters that require no less attention than the efficient use of energy.

Not only is the wasteful use of energy an economic loss in itself, but the energy that is wasted adds to the damage and pollution of the environment. Energy waste is a very serious problem in Hong Kong. In 1989, energy waste amounted to \$4.9 billion in value, half of it taking place in the course of commercial activities, mostly in connection with air-conditioning.

Sixty percent of the energy consumed in Hong Kong is electric power. The provision and consumption of electricity are now determined by the power companies and the consumers, between whom a commercial relationship exists. From the point of view of the power companies, the greater the consumption of electric power, the greater the commercial gain. They therefore would like to see that the use of electric power to keep rising. But this is contrary to the principle of energy conservation. For this reason, the Government must quickly implement energy conservation measures.

For their part, the public do not know how to conserve energy. For instance, they have no idea which types or models of electrical appliances are more energy-efficient or what kind of lifestyle is good from the energy conservation point of view. The solution of these problems will have to depend on the Government's publicity and education programmes.

Many metropolises in the world have policies and strategies for energy conservation as well as overall energy plans. Though Hong Kong is a well-developed city, it is far behind in such planning. I hope that it will move quickly to catch up. For this purpose, the following suggestions are put forth:

(1) Commercial sector

(a) Electric power is the main source of energy used in Hong Kong. The commercial sector's consumption of electricity is growing the fastest. Therefore, in promoting energy conservation, efforts should be directed initially at the commercial sector's consumption of electric power.

(b) The United Democrats of Hong Kong would like to suggest that the Government quickly amend the Building (Planning) Regulation to provide more energy-related measures.

(c) The Government should implement the recommendations of the working group of the Environmental Pollution Advisory Committee (EPCOM) and introduce legislation to regulate the overall heat transmission value of newly completed buildings.

(d) The Government should expeditiously lay down guidelines for the management of multi-storey buildings, provide information and guidance to building management companies concerning energy conservation and teach them how to conserve energy effectively.

(2) Industrial sector

(a) The Government should begin by educating and providing technical assistance to the owners of small and medium-sized factories, which account for the greater part of Hong Kong's industrial sector. Most owners of such factories do not have an energy conservation concept. The Government may wish to consider providing guidance to them, teaching them how to inspect their machinery regularly and how to operate their production equipment properly to minimize energy waste. The Government should also assist them in carrying out technical reform for the purpose of conserving energy.

(b) Development of energy-efficient products should be encouraged.

(c) The present regime of electricity charges should be changed and there should be only one rate of charge for electricity. This will stop manufacturers and consumers from using electric power wastefully.

(3) Domestic sector

(a) The Energy Efficiency Advisory Committee should work hard to propagate information on methods of energy conservation in households. As in the United States, a telephone enquiry service for energy conservation can be instituted. And the Consumers Council can be put in charge of this work.

(b) The Government should act speedily to devise a system of energy efficiency

labelling to require labels to be affixed to household electrical appliances, providing energy efficiency specifications and their functions. Consumers should be encouraged to buy the more energy-efficient models.

2. Energy planning and control

In Hong Kong, the Government has done nothing at all about energy planning and control. For instance, there is no plan at all concerning how much coal, crude oil, petroleum or diesel oil we should import. Nor is there any plan concerning how much energy we should consume. Everything is left to the discretion of the consumers and energy suppliers. There is no reckoning of the economic cost or the environmental cost. Does Hong Kong really have to consume so much energy? Can it do with a bit less?

Also, we should have a set policy regarding which forms of energy should be preferred. For instance, should we encourage consumers to use more fuel gas at the expense of electricity? Should we encourage the greater use of coal gas or petroleum gas? The Government should have a policy and plan regarding these questions.

Specific suggestion

The Government should draw up a plan with regard to our overall energy needs, make projections concerning future energy use and accordingly lay down a long-term energy policy. This will change the status quo where the public utility companies have sole control over Hong Kong's energy growth.

3. Energy and environmental pollution

Energy consumption may spawn environmental pollution. Hong Kong is suffering from very severe pollution problems, among which air pollution is particularly worrying.

The Air Pollution Control Ordinance, which came into effect in July 1990, limits to 0.5% or less the sulphur content of fuels that can be used by factories. The result has been a significant mitigation of the air pollution problem and a great deal of improvement on the health of those living in industrial neighbourhoods. A little addition to the cost of operation of factories has indeed brought enormous benefits to the general public.

Meanwhile, carbon dioxide emissions can be controlled by technological devices, which have caused the earth's temperature to rise incessantly as a result of greenhouse effect. New technologies are now available for containing this problem, such as the pressurized liquefied bed furnace and coal gasification. Hong Kong, however, has yet to make use of such technologies. Also, the use of natural gas can help to reduce carbon dioxide emissions. The power companies are now planning to introduce natural gas as fuel for power generation. This will ameliorate the environmental pollution problem and, though it will make electric power a bit more expensive, is worth supporting.

4. Role of the Government

The Government should participate in energy planning and show consumers and the business community how to use energy properly. It is not desirable to give the industrial and commercial sectors a free hand in using energy. They are mostly interested only in commercial gain and rarely think in terms of environmental problems, Hong Kong's long-term development interests and needs or energy conservation.

It is incumbent on the Government to formulate Hong Kong's long-term energy policy. The reasons are as follows:

(1) As the governing body, the Government, unlike commercial institutions which often consider economic factors alone, is in a position to take economic, environmental and political factors into account.

(2) The Government's position is a relatively neutral one. It can use public funds to hire experts to carry out R&D and formulate a long-term policy. Commercial institutions are relatively short-sighted and lack long-term commitments.

(3) The Government is obligated to make public its policy and to seek public comments.

(4) With a policy in place, the Government will be able to carry it out comprehensively and adhere to it. By contrast, commercial institutions will only give piecemeal response.

(5) The Government can take the lead in implementing the new policy and new measures and this would set an example for the people to follow.

(6) The Government can introduce legislation to require all relevant sectors to follow its lead in carrying out the set policy and act properly in energy use and development.

(7) The Government has an obligation to co-operate with the governments of other countries in carrying out a global strategy for environmental protection, such as for reducing emission of the gases contributing to the greenhouse effect and the destruction of the ozone layer.

For these reasons, it is plain to all that the Government must play an important and active role in the formulation of energy policy. The Government must stop shirking its responsibility. Mr MAN Sai-cheong of the United Democrats of Hong Kong will be talking about the proposal to set up an Energy Advisory Committee and Dr HUANG Chen-ya will deal with the question of relationship between energy and the economy.

With these remarks, I beg to move and I urge Members for their support.

Question on the motion proposed.

MR PETER WONG: Mr Deputy President, all visitors to Hong Kong are impressed by our ceaseless energy to do things. But, we are energy inefficient due to some old and environmentally unsound methods of electricity production. Because of its convenience and cheapness, we do not think twice about how much we use. A vigorous and lean energy policy for Hong Kong makes both economic and environmental sense.

Hong Kong's energy demand has grown rapidly between 1978 and 1988 due to our higher living standard -- electricity consumption rose by 131%, whilst consumption in the 21 member countries of the International Energy Agency rose by an average of 50%. However, some \$5 billion of energy a year is being wasted through inefficient fuel conversion to electricity, poor design and inefficient processes. There are no benchmarks by which energy consumption in government buildings may be gauged.

Energy production

Apart from being the single largest source of air pollution in Hong Kong, burning dirty brown coal for electricity production is less efficient than other commonly used fuels. We should note that the electricity from coal transmitted to a building represents only about 27% of the primary energy consumed in its production, compared with 94% from natural gas. Hong Kong's cheap electricity supply offers little economic incentives for commerce and industry to adopt energy efficient measures. The Scheme of Control based on assets employed is also conducive towards energy inefficiency, since the regulations tend to discourage the use of other cleaner, more efficient, but less capital intensive fuels. Under the cover of such a scheme, the power companies effectively have the monopolistic right to market energy of their own choice.

I have in the past urged the Administration to explore other alternatives to efficient energy production. Based upon available estimates back in March 1990, the high cost of liquefied natural gas (LNG) would negate its advantages, especially its environmental superiority over coal. I welcome the recent announcement that natural gas will be piped under the sea from Hainan Island to Lantau and trust that the economics will make natural gas more viable from the financial point of view over both LNG and coal. The environmental pluses over coal are that there will be no ash or sulphur emissions. There was no promise of making some of this piped natural gas available for local use generally and I would urge that every effort be made to have it made available.

It is important that renewed Scheme of Control agreements should include reference to the power companies' responsibility for improving the thermal efficiency of power generation, reducing load growth and making efficient use of generating facilities.

Energy consumption

Unlike other developed countries where thermal transfer value of buildings are controlled through legislation, there is no legislation on energy conservation in the design of Hong Kong buildings. It is common practice to have the building envelope designed with no more than a token consideration of thermal transmittance. Our attractive new buildings are not cost-effective in energy terms, and inadequate attention has been paid to energy saving measures for building construction like window glazing, circular design minimizing cooled space and utilization of advanced

air conditioning technology which are significant factors affecting energy consumption in our buildings. Since the cost of installing energy efficient equipment in new buildings is low, setting up appropriate energy standards through integrated design efforts is a necessary step to take in promoting energy conservation in new buildings. Such an energy efficiency code, if it were to be totally effective, must be given legislative support. I look to my architectural and engineering colleagues to assert their professionalism in promoting energy efficiency.

As for energy management in existing buildings, adopting good house-keeping practices and energy efficient installations would bring immediate cash benefits to both building developers and tenants. The Government has already implemented some low cost measures including the freezing of electricity consumption at the 1989 level and this should be widely promoted and publicized. In this regard, local hotels are leading the commercial sector in installing energy efficient, modern, state-of-the-art building services systems and in promoting good house-keeping practices among operational and maintenance staff. Consequently, our hotels have shown a year-on-year decline in electricity consumption with a more profitable bottom line in their financial statements. The proposed guidance notes on energy management and saving measures for building managers, however, will not be effective unless there are clearly visible cash savings. Statutory controls will also be needed.

Public education

Mr Deputy President, I wish to point out that even energy efficient buildings will not work if users have no awareness of the energy cost implication of their practices. To successfully reduce energy demand, publicity and public education should focus on everyday domestic household activities and graphically portray the overall magnitude and consequences of current wastage, even though the amounts are small for individual households. Energy efficient motivation must be based on cost savings as well as environmental grounds. Large energy savings can be made through the dissemination of energy conservation information and application of existing technology. There is a need to fine tune the energy usage by adjusting air-conditioning, lifts/escalators, lighting levels, and installing computerized energy management systems. But the most effective incentive to energy efficiency is electricity pricing practices -- giving the correct price signals to the electricity users, guiding consumers to rational choices of energy, and setting electricity prices that reflect the real cost of electricity production including environmental cost. Consideration should be given to an energy tax so that the power companies would

not benefit from the environmental cost levied on the public.

To sum up, I would urge the Administration to give top priority to the following recommendations for action:

- An energy policy on a globally integrated and sustainable energy use in Hong Kong should be formulated
- Cleaner and more efficient fuels should be used by power stations.
- The proposed energy policy should complement the Scheme of Control for power companies.
- Energy efficiency code for the design of new buildings should be eventually backed up by legislative controls.
- A comprehensive energy efficiency standard for building management should be produced and enforced.
- Funding and proper institutional framework should be given to the Energy Efficiency Advisory Committee to do research and public education.
- A thorough programme should be launched to disseminate knowledge of energy conservation to the Hong Kong public and why it is in their interest to practise it.

Mr Deputy President, until energy conservation norms are established, electricity will continue to be viewed as a commodity rather than a resource which should be conserved.

With these remarks, I support the motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, Hong Kong at the present time does not have a comprehensive energy policy. While it is true that a problem of energy shortage has never arisen, it is also true that we do not have a proper policy for moderating energy price rises, encouraging energy conservation and protecting the environment. Nor is there a proper department in charge of such matters.

I think that, where energy is concerned, the Government should play four roles, as follows:

(1) To assure adequate energy provision at reasonable costs;

(2) To review regularly the monopolistic trend of the energy market and its adverse impact on the public;

(3) To encourage energy conservation and discourage the unnecessary consumption of energy; and

(4) To encourage the use of energy-efficient production processes and the use of forms of energy that cause the least environmental pollution.

Hong Kong's principal forms of energy are electric power, town gas and petrol. I think that, for the better supervision of the suppliers of these forms of energy, the Government may wish to consider taking a small percentage of the electricity charges, the town gas charges and the petrol tax and using the money to hire experts to make professional evaluations of the development plans of these suppliers.

On the issue of energy conservation, because the two power companies and the gas company are growing rapidly through the use of business methods that encourage higher energy consumption and waste, the Government's role is to encourage conservation. Also, the Government should encourage these energy suppliers to disseminate public information on energy conservation.

I would like to point out that one of the advantages of having a comprehensive energy policy.....

ATTORNGY GENERAL: Mr Deputy President, I think we are below the quorum.

DEPUTY PRESIDENT: Yes, we will endeavour to correct that.

DEPUTY PRESIDENT: We do have a quorum now. Mr FUNG, please continue.

MR FREDERICK FUNG (in Cantonese): The advantage is that it will enable consumers and civic groups to know clearly what the Government's orientation and approach are with regard to energy and related problems. They will then have a direction to follow and perhaps even be able to make better suggestions on specific matters. Also, in the formulation of an energy policy, the Government should begin by setting up an inter-departmental working group. Civic groups should be invited to participate. Thus, a wider range of views may be heard.

With these remarks, I support Rev FUNG Chi-wood's motion.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, first of all, I would like to thank Rev FUNG Chi-wood for his motion, which brings up for discussion before the Legislative Council, and draws public attention to, the matter of an energy policy, a matter that has always been overlooked by the Government and the public. Regrettably, because the matter is not sufficiently controversial, attendance fell below quorum a moment ago and the meeting had to be interrupted.

During the two oil crises in the 1970s, the Government took some short-lived energy conservation measures. Apart from this, it does not appear that there has been any long-term planning in the matter of an energy policy. The only recent development was the establishment of an Energy Efficiency Advisory Committee in March 1991. The committee, however, addresses policy matters only in regard to energy conservation. As it enters the 1990s, Hong Kong needs to have a long-term energy policy that covers energy planning and environmental protection.

At present, Hong Kong has no plan concerning how or how much energy will be provided or how much energy will be consumed. The Government is led by the nose by the public utility companies, which have the complete say over Hong Kong's energy future. The most obvious examples are the Daya Bay Nuclear Power Plant and the power plant to be built at Lan Kok Tsui. After the Daya Bay Nuclear Power Plant becomes operational, most of its power will be supplied for Hong Kong's use. However, the Government has never had a comprehensive long-term plan in accordance with which it might be possible to decide whether Hong Kong should use nuclear power, whether Hong Kong's demand for electric power will really grow so fast and whether there are energy provision alternatives. What is more, it appears that environmental and ecological impact is not an important policy consideration for the Government in energy matters.

For instance, whereas the Daya Bay Nuclear Power Plant and the Lan Kok Tsui Power Plant will have a huge impact on the environment, the Government has never solicited public comments on these projects. Nor do members of the public or consumers have a say over whether Hong Kong needs the energy provided in this way. Therefore, if the Government wishes to have a long-term energy plan, it should expand the functions of the existing Energy Efficiency Advisory Committee. It should set up an Energy Advisory Committee that would make expert and broadly based recommendations to the relevant administrative departments of the Government concerning not only energy efficiency but also such matters as energy planning and environmental protection. Membership of this committee would include not only officials from the Economic Services Branch of the Government Secretariat but also representatives of the Environmental Protection Department, representatives of the public utility companies, Legislative Council Members, as well as experts and representatives of environmental groups. The committee's role should be to assist the Government in the formulation of a long-term energy policy.

Mr Deputy President, in the formulation of an energy policy, economics is one consideration. A more important consideration is the environmental impact. In Hong Kong at present, energy comes mainly from the burning of petroleum products. When they burn, petroleum products give off carbon dioxide, carbon monoxide, sulphur dioxide and so forth, which pollute the air. Massive discharges of carbon dioxide and nitrogen monoxide have already caused acid rain to fall in some parts of Hong Kong and Southern China. The environmental problems caused by the burning of fossil fuels are becoming increasingly serious. Hong Kong each year discharges 200 000 metric tons of sulphur dioxide, 120 000 metric tons of nitrogen monoxide and 66 000 metric tons of carbon monoxide into the atmosphere. Much of this is the result of burning fossil fuels. It not only causes acid rain; it is also an important cause of respiratory diseases such as asthma and bronchitis. Indirectly, it adds to the cost of health care for Hong Kong's citizens and for the Government. Therefore, for solving the existing problems, two approaches are possible. One is to increase energy efficiency. The other is to develop new energy resources. I hope that the Government will pay close attention to the fruits of foreign countries' research and development of new forms of energy and study their applicability to Hong Kong. In this way, Hong Kong's energy resources will become more diversified. The result will be less pollution and less dependence on any particular type of energy. For instance, the side effects of burning liquefied natural gas, compared with fossil fuels, are much less in terms of the greenhouse effect, air pollution and acid rain. A study by China Light and Power Company shows that using natural gas for power generation

will add to the costs of electricity. But the study understates the fact that burning natural gas will improve the environment and have a smaller impact on public health, thus greatly reducing overall social costs. Will it be possible for the authorities to introduce this new form of energy as soon as feasible?

Another noteworthy problem is the energy used by motor vehicles. Though motor vehicles account for only 12% of total energy consumption, the fact in Hong Kong is that 44% of all pollutants that affect the respiratory system come from motor vehicle emissions. Motor vehicle emissions also account for 70% of the nitrogen monoxide in the air near the ground. Therefore, the authorities should encourage the use of motor vehicles with petrol engines instead of diesel engines. This will help to reduce pollution. The authorities should also encourage the public to use public transport systems in line with the principle of conserving energy and reducing pollution.

True, unlike the United States or Japan, a small place like Hong Kong cannot have an energy plan on a big scale or give massive funding for new energy research. Still, it would do Hong Kong no harm to learn from the effective measures used by certain foreign countries. For instance, in the State of California in the United States, there is a law for controlling air pollution. It limits the carbon dioxide emissions of energy companies to a certain percentage point. Have the Economic Services Branch of the Government Secretariat and the Environmental Protection Department given serious consideration to legislation for controlling the degree of pollution caused by energy companies?

At the Earth Summit held in Brazil in early June, 154 countries signed a Climatic Change Convention. Both China and the United Kingdom were among the signatory powers. The summit meeting agreed that all countries should take action to reduce the emissions of "greenhouse effect" gases. Though no representative from Hong Kong ever attended the meeting, still, because Hong Kong is an important economic entity in the world, the Government has the responsibility to formulate a comprehensive energy policy. In this way, Hong Kong will have a specific set course to follow in discharging its international obligations in the environmental area.

With these remarks, I support Rev FUNG Chi-wood's motion.

MR STEVEN POON (in Cantonese): Mr Deputy President, first of all, I have to declare

my interests. I am a non-executive member of the Board of Directors of China Light and Power Company.

Hong Kong has no energy resources. Other than solar radiation for the drying of washings, almost all of its energy needs have to be imported. Therefore, with regard to energy policy, Hong Kong cannot but consider the reality, which is that we are totally dependent on the international energy market. Any stir affecting supplies and prices in the international energy market will have an immediate and sharp impact on Hong Kong's economy and living standards.

When discussing the matter of an energy policy, we should not forget that, when the first oil crisis erupted in 1973, Hong Kong's energy supply became very tight. The use of electric power had to be restricted; the prices of electricity and petrol increased by several times. Then, in 1980, the Iranian revolution touched off the second oil crisis. The price of crude oil increased threefold, reaching US\$40 per barrel. The impact of this on Hong Kong's energy supplies and prices was very sharp.

Towards the end of the 1970s, having gone through the first oil crisis of 1973, Hong Kong's two power companies decided to free themselves from their dependence on petroleum. A decision was made to invest heavily in the construction of one coal-fired electric power plant each on Lamma Island and in Tsing Yi. It was a bold decision. The facts have since borne out the wisdom of this decision of the two power companies. As a result of the conversion to coal, China Light and Power Company did not have to raise the electricity rate for eight straight years from 1983 to 1991. In contrast, the commodity price index rose by 65% over the same period. Therefore, in real terms, the electricity rate declined by 40% over eight years.

The 1990 Iraqi war caused the international oil price to fluctuate wildly. Many areas were severely affected, including Japan and particularly Singapore. In contrast, in Hong Kong, because the majority of the generators had converted to coal, not the slightest harm was sustained in terms of the availability or price of electric power. Hong Kong was thus able to sail smoothly past the effects of this particular international war.

With regard to environmental protection, many people are unaware that, thanks to the use of low-sulphur coal, the quantity of sulphur dioxide discharged by the power plants into the atmosphere was 40% less in 1990 than it had been 10 years earlier. If the fact that power production increased by 2.5 times over the same period is also

taken into consideration, sulphur dioxide emission per unit of electricity generated declined by 80% over the same 10 years.

Mr Deputy President, many civic groups in Hong Kong are resistant to the use of coal as a source of energy. This resistance is due to a lack of an in-depth understanding of the issue. Coal has an assured and important place in Hong Kong's energy policy.

With regard to Hong Kong's energy policy, I have the following comments to offer:

(1) Because Hong Kong has no energy resources, it is most important for it to have sufficient energy stocks and supply sources. This requires the close monitoring of the various oil companies' petroleum stocks and supply sources and of the two power companies' coal purchase policy, so that a certain degree of diversification in energy supplies can be assured and that the cost of energy can be kept as low as possible.

(2) The assured diversification of energy supplies, particularly energy supplies for power generation, will make Hong Kong's economy and living standards less vulnerable to the impact of fluctuations in the supply and pricing of a particular kind of energy resource.

(3) Attention should be paid to energy economics. The people of Hong Kong are becoming more affluent. Hong Kong can afford some forms of energy that are cleaner but more expensive. However, there is income disparity in Hong Kong. The lower income groups use little energy and little electric power. They have neither the opportunity nor the influence to speak up on the matter of an energy policy. We must not raise the prices of energy and electric power to a level that is unacceptable to them.

(4) Efficiency in power generation should be improved to conserve energy. This means the phasing out of low-efficiency generators and equipment. Also, the use of new technologies should be encouraged.

(5) Efficiency in using energy and electric power should be improved to conserve energy. This means setting energy efficiency standards for electrical appliances; introducing legislation to require energy efficiency labels to be affixed to all electrical appliances; laying down energy conservation standards and codes for buildings; and encouraging or requiring the Productivity Council and the two power

companies to assist the business community in the area of energy conservation.

(6) Environmental protection should have an important place in energy policy. This does not mean doing away with energy use. It means striking a reasonable balance between energy use and environmental protection.

(7) Education on energy matters should be given a place of considerable weight in secondary education. This will make young people understand the significance and importance of energy in everyday life, the necessity of a proper balance between energy use and environmental protection and the necessity of energy conservation.

Mr Deputy President, energy policy is a very important issue. Not everybody is interested in it. Nor can a conclusive result be arrived at with the exchange of a few words in this debate. Even so, I would like to make three more specific suggestions:

Firstly, electric cars are quiet and clean and are the most suitable for use in a place as congested as Hong Kong. Their use will greatly reduce the emission of health-endangering exhaust fumes on the road. Because batteries are charged at night, the power plants can operate with higher energy efficiency. The Government should encourage, and assist in promoting, the use of electric cars in Hong Kong.

Secondly, I specifically suggest holding discussions with China, asking it to supply more South China Sea natural gas for Hong Kong's use. China Light and Power Company has signed a piped natural gas contract with China. Natural gas will be supplied from Hainan Island to Hong Kong via an undersea pipeline. The natural gas thus supplied will be sufficient only for the use of the power plant at Lan Kok Tsui. The Government should hold further discussions with China. The Government should also encourage Hong Kong Electric Company and Hong Kong and China Gas Company to seek similar arrangements with China.

Thirdly, I specifically suggest that consideration be given to the development of a liquefied natural gas sea terminal. This will enable Hong Kong to import liquefied natural gas from all parts of the world, specifically from nearby Indonesia and Malaysia. In recent years, Taiwan has been successfully importing liquefied natural gas, a product that will have an important place on the world energy stage.

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

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, energy is a resource that is indispensable to modern industrial and commercial society. In Hong Kong, electric power is the most commonly used form of energy; it is generated mainly by burning coal, a non-renewable mineral fuel. Because energy prices are always relatively low in Hong Kong, members of the business community often do not consider energy conservation to be worth the time or effort. They think that energy conservation is not cost-effective. They even think that it will be better to develop or import new forms of energy than to try to save energy. A Chinese saying talks about the need to "tap new sources and economize on use". "Economizing on use" of energy is also a high-priority need of the moment. In addition, efficiency in energy use should be raised.

To attain the above objective, the United Democrats of Hong Kong are of the view that the Government must first of all improve the presentation of statistics on Hong Kong's energy consumption. The Census and Statistics Department annually publishes energy consumption statistics. The publication sets out in detail how much petroleum and coal products Hong Kong has imported over the past year and from what sources; and it breaks down electric power and town gas consumption into industrial consumption, commercial consumption and domestic consumption. But a better presentation of statistics should include an analysis of supply and demand. Only with a good grasp of trade-by-trade energy consumption statistics can the Government make projections concerning Hong Kong's future energy consumption. This will be an improvement on the status quo where the public utility companies have the sole say over the size of the increase in Hong Kong's energy use. For instance, the Government may wish to consider making an in-depth study of the modalities of electric power consumption by those trades that consume it the most heavily. From this study, a data bank that will eventually include data for all trades may be developed. Then, it will be known more clearly how energy is consumed by domestic consumers, commercial consumers, industrial consumers and the public transport services. Consequently, more accurate projections can be made concerning Hong Kong's future energy needs, and a long-term policy can be laid down.

Secondly, to improve efficiency in energy use and thus to conserve energy, the Government should provide education and technical assistance to the owners of small and medium-sized factories, which account for the greater part of the industrial sector. As has been said before, most of these owners do not have an energy

conservation concept. Therefore, the Government may wish to consider providing a guide that will show factory owners how to minimize energy waste by periodically inspecting machinery or by using production equipment more properly. Also, the system of tariffs used by the two power companies is such that the rate decreases as consumption increases. Such a tariff structure indirectly encourages consumers to use more energy. Therefore, the United Democrats of Hong Kong think that the Government should design a system of charges that will encourage consumers to use less electricity.

Finally, the Government should lay down a policy to encourage manufacturers to design and produce energy-efficient appliances. In tandem with this is the laying down of an energy efficiency labeling system that requires manufacturers to affix labels to appliances providing energy efficiency and performance specifications.

Hong Kong is a modern industrial and commercial city. It has a great need for all forms of energy. Still, the Government should attach importance to energy conservation and to higher efficiency in energy use. It can do so by expanding the existing Energy Efficiency Advisory Committee, enabling it to function better as an energy advisory body that will do its advisory duties.

With these remarks, I support Rev FUNG Chi-wood's motion.

MR EDWARD HO: Mr Deputy President, on the occasion of this motion debate I shall concentrate upon energy efficiency in relation to building design. Energy efficiency has been generally considered in economic terms but actually unnecessary increase in usage of energy is a cause for global warming, as well as other environmental concerns. There is thus a need to focus our attention on energy efficiency in building design, in terms of physical design, use of cladding material, as well as building services system design.

As part of the Government's attention on energy, I understand that an Energy Efficiency Advisory Committee was set up in April 1991, and the Committee has proposed a number of measures, both short and long terms, to bring about improvement in energy efficiency in Hong Kong. Hopefully, these proposals will be helpful to enable the Government to formulate a comprehensive energy efficiency policy. I welcome the general recommendations of the Energy Efficiency Advisory Committee but in the absence of a copy of the Committee's report, I wish to make a few observations.

I understand that a handbook on Overall Thermal Transfer Value (OTTV) Controls for new commercial and hotel buildings will be published, and that initially the handbook would be treated as a consultative document and a guide for building design. After a reasonably lengthy trial period and with suitable refinement to the OTTV standards, it was the intention of the Government that statutory controls would be introduced.

The establishment of OTTV standards is to be welcomed; indeed many of the higher grades of commercial buildings and hotel buildings in Hong Kong have already been designed with OTTV standards in mind, especially for buildings developed by owners who have a long-term interest in the recurrent cost of managing the buildings. However, initially, in order for the trial to be successful and to encourage the widest voluntary compliance, a realistic OTTV must be set. I have been informed that the committee has asked for an OTTV of 16 W/m² for external walls. This, I submit, is too stringent for Hong Kong. As an example, the requirement is two times more stringent than the standard required by the Building Code in Singapore for commercial buildings; the latter requires only 30 W/m². My opinion is supported by the Hong Kong Institute of Architects whose representative on the Energy Efficiency Advisory Committee has objected to the Committee's proposal.

The result of setting an unrealistically high OTTV for trial is that it will discourage general compliance and the result of the trial will not be representative of the full effects. If such unrealistic levels were to become mandatory later on, the results would either lead to buildings with extremely small windows at the expense of light, natural ventilation and view, for that would be the cheapest solution. It is interesting to note that a hypothetical study has shown that the resultant window area to floor area ratio would be below 7.29%, which is below the minimum required by the Building (Planning) Regulations. The other solution would of course be the use of very expensive glazing material and insulation panels, which would not be a solution adopted by many developers.

Total energy consumption due to heat load on the skin of the building is a small percentage of the total cooling load, and the saving in energy consumption due to OTTV is even smaller, which is not to say that it is not something that developers, architects and engineers should not strive for.

I would therefore urge that in establishing guidelines for energy efficiency in

building design, a more comprehensive view should be taken which would have more practical and economical solutions without sacrificing architectural design. We should encourage more building designs with better sun control and shading. At present, because of the very tight control by the Building Authority on architectural features or projections on the face of buildings, owners and architects are discouraged to incorporate sun-shading features on buildings as such. Not only must these features not be discouraged, they should be positively encouraged by means of incentives, such as bonus plot ratio.

Another aspect is building services design. As most buildings in Hong Kong are air-conditioned, energy consumption due to air-conditioning is significant. Hence, efficiency in air-conditioning design can achieve very major savings in energy consumption. As Members may know, with very few exceptions, central air-conditioning systems in Hong Kong are air-cooled due to the prohibition of using government water supply for cooling, whilst water-cooled systems can save energy consumption up to 50%.

In planning for building development in the new reclamation areas, the Government should plan for the provision of sea water intakes, pump-houses and common sea water pipe service tunnels to facilitate water-cooled systems for private developments.

Mr Deputy President, in conclusion, I strongly support energy efficiency in building design but urge for a comprehensive approach as well as realistic levels, especially as an initial first step.

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

DR SAMUEL WONG (in Cantonese): Mr Deputy President, I intend to speak on two points only. The first point is about what kind of an energy policy we should adopt. The second is the point about the Government's obligation and commitment to this policy.

Many countries have made energy policies. France made its energy policy long ago, in 1928. Germany made it in 1970. In the United Kingdom, the formulation of an energy policy is still in the discussion stage. Was it by accident that France decided to use less mineral fuel for electric power generation? France has already reduced the use of mineral fuel by so much that only 10% of its total electric power supply is generated with it. In contrast, mineral fuel is used to generate 61% of

Germany's total electric power supply and 77% of the United Kingdom's. Hong Kong uses mineral fuel to generate all of its electric power supply. The energy policies of many countries set major goals. Here is one example: "With due consideration of environmental factors, and subject to assured reasonable benefits to society from the different forms of energy used, to enable the energy community to supply energy efficiently, competitively and vigorously." In fact, it is Australia that is adopting such a policy.

The objective, as worded, covers three things: energy production, protection or preservation of the environment and a balance between the two.

Wanton and wasteful energy use will have an unacceptable impact on the environment. On the other hand, if the need for environmental protection becomes all-exclusive, there simply will be no effective energy use. The balanced solution is to define society's rational energy use.

If such a major goal is to be attained, other goals must be attained first. Confining ourselves to Hong Kong, we must assure the sufficiency and reliability of energy supplies. This does not mean the rigid laying down of a goal of self-sufficiency, together with a plan for attaining this goal. It merely means assuring, on a commercial basis, that different forms of energy will be available at reasonable costs for meeting the changing needs of all sectors in Hong Kong.

Hong Kong's energy industry must operate the most efficiently and the most competitively. This will lower internal costs to the minimum to enable Hong Kong's industry to remain competitive internationally; it will also help to improve the quality of Hong Kong's products.

We must pay even more attention to the protection of mineral resources. We should improve efficiency in the use of mineral fuel and encourage the use of alternative energy resources, resources that are less exhaustible.

Perhaps under conditions consistent with environmental protection and other social goals, we must try our best to improve the export benefits that we derive from energy resources.

We must set a date for the attainment of such a goal. The Australian Government, for instance, strives to attain it by not later than the year 2000.

To be sure, Hong Kong's traditional approach is to let market forces decide. Unfortunately, market forces are unable to lead to an acceptable balance between energy production and environmental protection. It is under the influence of market forces that Hong Kong has come to depend solely on mineral fuel, which is a less efficient way of producing energy. Out of every three metric tons of mineral fuel that are burned, only one metric ton is actually consumed for the generation of electricity. The other two metric tons become wastes. On the other hand, all three metric tons of the fuel will cause acid rain and global warming. Unless this method of energy production is changed, I am afraid that the environment will become difficult to protect.

I have suggested above that an energy policy consistent with ecological and environmental goals be laid down.

Now, let me talk about the question of obligation and commitment to an energy policy. As I said earlier, this policy should cover three things: energy production, environmental protection and a balance between the two.

Energy production now comes under the terms of reference of one policy branch of the Government Secretariat, while environmental protection comes under the responsibility of another policy branch, namely, the one that handles environmental matters. The latter has behaved hesitantly with regard to the laying down of an energy policy. This, I believe, is certainly no accident. Quite evidently, the particular policy branch has found that the work in question exceeds its powers. Therefore, it has confined itself to the laying down of a policy concerning the energy efficiency of buildings.

It is my understanding, however, that the Chief Secretary is to make the final decision -- that is, if he has the time to do so -- on a policy that strikes a balance between energy production and environmental protection (two goals that are often in conflict).

If one looks deeper, one will see that many other policy-making organs are also involved. Matters like the energy efficiency of buildings (energy conservation) and sewage treatment (energy consumption) are the due responsibilities of the Lands and Works Branch. The matter of using solid wastes for power generation in processes that do not cause pollution can be handled by the Urban Council and the Regional

Council. It must fall on the Transport Branch of the Government Secretariat to lay down and enforce a policy concerning the energy efficiency of motor vehicles.

Therefore, I cannot but come to this conclusion: The traditional structure of the Government, in the form of various policy branches of the Government Secretariat, is simply unable to cope with the exacting problems or issues brought on by modern science and technology. As an example, let me mention a point that I made a month ago. It was to question why the telecommunication portfolio was still being split between branches or departments. The Administration's response, given to this Council at the time, showed that the Administration would not accept criticism for matters for which there were no answers. The Administration's response was neither helpful nor constructive. I think that the Administration must make a change. One policy branch must be put in sole charge of matters within the same field of science and technology.

Let me illustrate with an example. Supposing that we have an Energy Authority, what will we expect of it? There was this incident in Hong Kong in which many people were opposed to nuclear power. Their opposition was based on the accidents that had occurred through the use of out-dated technical know-how and technologies. But the fact is that human understanding of science and technology has over the past 40 years been advancing at such a rate that it expanded tenfold every six years. Human understanding of science and technology is now 10 times as much as it was in 1986 and 100 times as much as it was in 1980. The incidents of Windscale, Three Mile Island and Chernobyl were all caused by the use of technologies of the 1950s or 1960s.

On the other hand, the use of coal or other technologies for power generation will damage the earth's ecology and environment. It takes about 12 years to design and build a power plant. Long before the end of this 12-year period, the maker of the energy policy surely will have acquired the ability to make the right decision on a properly balanced course of action.

The authorities have set up two advisory committees. The Environmental Protection Advisory Committee prepared an important report in 1990 concerning energy conservation. The other committee, the Energy Efficiency Advisory Committee, completed a masterly progress report earlier this year. However, the substance of the report deals merely with the energy efficiency of buildings. Everything else, such as energy conservation in transportation, as well as the question of efficiency in energy production and the problem of pollution, is to await further study.

Obviously, we need to have an advisory committee with wider and fuller terms of reference.

Mr Deputy President, we must lay down an energy policy. Such a policy must be the sole responsibility of one authoritative policy-making body. We also should have a related advisory committee. But I must emphasize that the two must between them take up full responsibilities and effectively handle all matters relating to energy.

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

MR WONG WAI-YIN (in Cantonese): Mr Deputy President, Hong Kong's energy consumption has been rising steadily and is now on a par with that of the developed countries. In particular, the demand for electricity has increased by as much as 10 times in Kowloon and the New Territories over the past 25 years. In 1990, for instance, Hong Kong's per capita power consumption reached 4 660 kilowatt-hours, or about 40% of that in the United States or 70% of that in the United Kingdom or Japan, but much higher than that in most Southeast Asian countries.

Hong Kong's power generation depends on the use of fossil fuels such as coal and petroleum. These are exhaustible energy resources. Also, their use is one of the main causes of the greenhouse effect. At the Earth Summit just concluded in Brazil, the participating nations expressed serious concern over carbon dioxide emissions and signed a convention clearly noting the gravity of the problem and calling on the industrial countries, by the year 2000, to roll back carbon dioxide emissions to the 1990 level. As a developed city, Hong Kong, too, has a responsibility for meeting the above convention target. However, in Hong Kong, there has never been supervision over, or a policy for, energy consumption, thus leading to possible waste and low efficiency in energy use.

With a view to encouraging higher efficiency in energy use, the Government on 2 April last year set up an Energy Efficiency Advisory Committee to study energy conservation measures for existing buildings. The study found the commercial sector to be the heaviest energy consumer. However, energy is relatively cheap in Hong Kong while the cost-recovery time for most energy-saving installations is relatively long. Economic incentive is therefore lacking for inducing the business sector to adopt measures to make buildings more energy-efficient.

The said committee has so far only drafted an energy efficiency guide for use in buildings throughout Hong Kong. This guide gives a general description of various energy-saving measures that building managers and occupants can take. However, it has apparently failed to produce the improvements it expected. In fact, many developed countries already have established their own energy efficiency standards. For instance, the United States has a set of efficacious standard instructions on how maximum efficiency can be achieved in energy use, which cover more than commercial buildings. Therefore, the Government in Hong Kong may wish to consider borrowing those instructions for local use.

With regard to ancillary energy, taking the world as a whole, they are used mostly as fuel for transport. For instance, Brazil is making alcohol from sugar-cane to power. In addition, some countries like Japan and New Zealand, which wish to be less dependent on petroleum, make use of the natural gas, such as compressed gas. In Hong Kong, geographical conditions restrict the large-scale use of ancillary energy, such as wind power and solar energy. However, in some parts of Hong Kong, like some outlying islands, consideration should be given to the exploitation of wind power and put it into practical use. Regrettably, the Government has never made any policy to encourage its use. The energy that nature gives us has been going to waste for nothing. I understand that the United States has been quite successful in this kind of exploitation and about 35% of its energy consumption comes from such ancillary resources.

On the whole, Meeting Point think that the Government should make Hong Kong less dependent on coal and petroleum so that carbon dioxide emissions can be controlled, make an evaluation of Hong Kong's present efficiency in energy use and accordingly formulate an energy policy. In this regard, Meeting Point have the following specific suggestions to offer:

(1) The Government should expeditiously make the necessary investment. It should study the experience in other developed countries, evaluate Hong Kong's efficiency in energy use, set up a data bank and then lay down a policy, complete with targets and feasible energy conservation measures. This policy can serve as a guideline for the design of new buildings.

(2) Control carbon dioxide emissions. Roll them back, by the year 2000, to the 1990 level in compliance with one of the requirements of the international convention.

(3) Consider trying and encouraging the use of ancillary energy in places like the outlying islands and the New Territories in order to reduce our reliance on coal and petroleum, thus ameliorating the problem of environmental pollution.

(4) Set up an energy policy committee with public participation to formulate a policy for the development of diversified energy resources. The committee should also be charged with the task of making specific recommendations concerning measures to be adopted for improving energy conservation and raising efficiency in energy use.

Mr Deputy President, these are my remarks. All three Councillors of Meeting Point, Mr Fred LI, Mr TIK Chi-yuen and I, support the motion.

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, I have listened carefully to the views expressed by Members. Whilst I agree with some of the observations regarding the need for continued vigilance and increased efforts in certain areas, I am bound to observe that Rev FUNG Chi-wood's motion as it stands implies that the Government does not have a coherent energy policy. Nothing could be further from the truth. I am therefore grateful to him for the opportunity to outline to this Council the main elements of our policy. I hope what I have to say will reassure Members that we do play a positive role in energy provision and that we are tackling with vigour issues of particular concern to this Council and our community.

We have always recognized that an adequate and reliable supply of energy at reasonable costs is essential to our economic and social well-being and it is the result of sound policy initiatives and prudent planning, not mere luck, that the energy resources required to support our strong economic growth are readily available to us.

In essence, the Government's policy is to ensure that Hong Kong has sufficient energy available to meet current and projected requirements in all sectors of our economy. We believe that the private sector is best placed to supply our energy requirements in response to market demands and that the Government should intervene only to ensure public safety, safeguard the interests of consumers where necessary and protect the environment.

Energy policy covers a diverse range of interests and issues. These include the supply of fuels for power generation and other needs, the land and other

infrastructural requirements of the energy sector, the means by which power is generated, the circumstances in which control over energy suppliers is required, the ways in which we make efficient use of energy and the protection of the environment. Each of these areas is complex but inter-related and involves considerations which cut across programme areas principally under the purview of myself and my colleague the Secretary for Planning, Environment and Lands. We are both conscious of the need for close liaison and co-ordination so that policy formulation takes proper account of the economic, social and environmental factors involved in energy supply. In doing so, we rely not only on expertise available within and outside the Administration but we also employ independent international consultants well versed in energy matters and market conditions.

Our principal source of energy is of course electricity and our policy has been to ensure that consumers have an efficient and reliable supply at a reasonable cost. In view of the two power companies' de facto monopoly in their respective supply areas, we have entered into schemes of control agreements with them. These arrangements have been debated at length in this Council so I will not repeat the main features again except to note that experience has shown that we have struck the right balance between the interests of the consumer and the companies' shareholders. On the one hand, consumers obtain a reliable, efficient and reasonably priced supply of electricity. On the other, the companies have the incentive to invest in any additional generating capacity shown to be necessary and obtain a reasonable return on that investment. A great deal of planning and effort on the part of the companies and the Government goes into ensuring that our energy supply keeps pace with economic growth.

The supply of fuel gases for heating and cooking purposes does not require such regulation as the competition between the suppliers of towngas and liquefied petroleum gas is territory-wide and each type has a respectable market share.

In the case of both electricity and gas, we have passed legislation over the past two years containing comprehensive safety requirements for the protection of the public, the energy suppliers and their workers.

In respect of fuel sources, Mr POON is right in noting Hong Kong's complete dependence on imported raw material. We are therefore exposed to external market conditions entirely beyond our control. We consider that the private sector is much better placed than the Government to take advantage of opportunities in the

competitive international market for different types of fuel. They must consider the feasibility of using any particular fuel, its potential economic benefits and its impact on the environment. That is not to say that the Government does not have a role to play in encouraging cleaner fuels where this is economic and in the consumer's longer-term interest.

The Government welcomes initiatives by the public utility companies to diversify the sources of fuel on which the community relies for its energy needs. The availability in the near future of a supply of natural gas, and the building of the nuclear power station at Daya Bay and the pumped storage scheme at Guangzhou offer the prospect of more efficiently produced electricity and environmentally cleaner power generation. Subject to our further examination of the technical feasibility and economic and environmental aspects of using natural gas, it is likely that by the end of the century, Hong Kong will be in the fortunate position of being able to use electricity generated from coal, oil, natural gas, nuclear and hydroelectric sources. With regard to liquefied natural gas, the potential for using this for power generation and other needs has been examined on behalf of the Government by consultants and it appears to offer some potential but probably only in the much longer term.

While I expect demand for energy in Hong Kong to continue to grow roughly in line with the growth of the economy, our energy policy clearly must take into account energy conservation. I accept we need to do more in this area and indeed we are doing so in a number of ways. In particular, we support efforts by the power companies to improve the thermal efficiency of their generating plant and will in future require them, under the respective schemes of control, to formulate measures to promote energy efficiency and conservation. Likewise, they have been, and will continue to be, required through relevant pollution control legislation to meet environmental standards.

In view of both the global and local environmental concerns over the production and use of energy, it is essential for the Government to take an active approach to energy efficiency. The Executive Council decided in 1991 that early cost-effective action should be taken to increase the efficiency with which energy is used in Hong Kong and that an advisory committee should be set up to advise on the appropriate action to be taken to maximize energy efficiency in Hong Kong.

Accordingly, the Energy Efficiency Advisory Committee was formed in April 1991

to advise the Government on how to bring about improvements in energy efficiency throughout Hong Kong and to formulate a comprehensive energy efficiency policy for the longer term. The Committee comprises representatives from the business sector, public utility companies, professional associations, government departments, academics, environmentalists and lay people.

The Committee has drawn up a programme for the implementation or further consideration of various proposals to promote the efficient use of energy. A public education campaign on energy efficiency will commence in a few months. A series of advisory notes on good energy housekeeping will be published to enhance public awareness of good housekeeping and maintenance practices. This is in addition to the efforts made by the utility companies themselves. The first of these, the Advisory Note on Energy Efficiency in Existing Commercial Buildings in Hong Kong will be distributed to all building managers in parallel with the public education campaign. A separate advisory note on energy efficiency in residential buildings is expected to be issued by the end of this year.

We have accepted in principle the Committee's advice that statutory Overall Thermal Transfer Value controls should be introduced for new commercial and hotel buildings initially and extended later to other classes of building. A handbook on Overall Thermal Transfer Value calculations will be published as a consultative document to collect data and allow for refinement of the relevant standards. The proposed controls would be the first step towards the introduction of a comprehensive building energy code.

The Committee will also carry out further research into the patterns of energy consumption in all major energy-using sectors of the local economy and into ways of improving energy efficiency in existing buildings with particular focus on air-conditioning, lighting and lift systems. The Committee will consider several useful measures recommended by members. Some of these are in fact already in hand; for example, audit of powered equipment in industry is part of the checklist for small factories recently compiled by the Centre for Environmental Technology for the Environmental Campaign Committee.

Possible longer-term measures include the setting up of an energy efficiency display and information centre, involving the Government, power and oil companies, the Consumer Council, and possibly electrical appliance companies and the introduction of an energy labelling system for electrical household appliances. The

Director-General of Industry also has appointed consultants to examine a broad range of issues affecting industry arising from the White Paper on the Environment (1989). One of the issues to be examined is the concept of a levy on energy.

I have considered carefully the Rev FUNG's suggestion that an Energy Advisory Committee should be established. Whilst I appreciate his underlying intention, I doubt whether such an approach would be the most cost effective way of proceeding. Our preferred approach is to set up advisory committees as and when necessary with a specific and more focused remit, thus making the best use of the expertise available and ensuring quick action. The Environmental Pollution Advisory Committee, the Energy Efficiency Advisory Committee, the Supply Voltage Advisory Committee and the Gas Safety Advisory Committee are successful examples of this approach. The present consultative machinery appears to be functioning well but I can assure Members that we will keep it under regular review and strengthen it if this appears necessary.

Thank you, Mr Deputy President.

REV FUNG CHI-WOOD (in Cantonese): First of all, I would like to thank Members for their comments. I agree with most of their comments and suggestions. With only a few of them do I differ a little bit.

Mr Steven POON, in referring to environmental protection as an additional consideration, expressed the view that, if we were to have cleaner energy, the result might be that some members of the public would be unable to afford the high cost of it. This point is open to question. It is the experience of many places around the world that the addition of the environmental protection factor in the consideration of the use of energy does not necessarily raise the cost of energy.

Mr POON also suggested the use of natural gas. I feel that this suggestion merits support but it calls for long-term planning. One consideration is whether the investment in, and the large-scale use of, liquefied natural gas will make business sense.

As for Dr Samuel WONG's comments, they precisely highlight a major weakness in the internal operations of the Government, the result of which is that Hong Kong does not have an energy policy. However, according to the Secretary for Economic Services a moment ago, the Government does have an energy policy. I will come back to this

matter later. But there is one point concerning nuclear energy over which I differ with Dr WONG. However, I do not intend to argue about this point here.

Now I would like to respond to the comments of the Secretary for Economic Services. The Secretary said that Hong Kong does have an energy policy. I am greatly puzzled. I believe that many Members of this Council feel the same way. If the Government does have an energy policy, it is probably a very incomplete policy still on the drawing board.

Let me cite a very simple example. In Hong Kong, we have very limited energy data. We do not have a comprehensive and systematic energy database. Recently, the business community has been planning to gather such data on their own. Evidently, the business community is going to do this because the Government has failed to do so. We do not even have the basic data. How, then, can we talk about detailed analysis, research and planning? Given the limited data available, to say that we do have an energy policy is unacceptable.

I would like to cite the case of natural gas as an actual example. Are the commercial institutions trying to import natural gas on their own initiative or does the Government encourage them to do so? I believe that the former is the case. Evidently, the private sector's move is not in response to the Government's policy or initiative. The Government is reactive in the sense that it only considers proposals after they are made. Therefore, we definitely cannot say that the Government has a guiding policy.

Furthermore, we may ask ourselves. How much energy will Hong Kong be using over the next 10 years? What will be the state of geographical distribution of energy consumption? Is there a plan for all these? If the answer is no, how can we say that there is an energy policy?

I will now return to Members' comments. Many Members agree that there ought to be an energy policy. For those Members who did not speak, I wonder what their views are. As for those who did speak, it is quite obvious that they do not think that Hong Kong has an energy policy. Therefore, we hope that the Government will expeditiously make a study of all aspects of the energy issue and come up with a plan and a policy.

Looking at the present structure of the Government, we do not see a special

policy-making branch that is in charge of energy matters. It is therefore no wonder that we are handicapped in our effort to understand, study and make a policy for energy matters. We hope that the Government will improve things soon by setting up a special high-level policy-making branch for handling energy matters. Unless this is done, we will not know which proper department to submit our suggestions to; our efforts will be misdirected. Now we urge the Government to formulate an energy policy, but the official reply is that such a policy is already in place.

There is another matter I would like to comment. I am disappointed to learn that the Secretary for Economic Services finds no need to set up an Energy Advisory Committee at this time. As a matter of fact, the Energy Advisory Committee will merely be an advisory body in nature; it is to assist the Government in the formulation of a comprehensive energy policy. If we cannot even set up such a committee to consider all aspects of the energy issue, then, we can only expect to have half-baked energy decisions.

I hope that Members will support my motion and the Government will make a real effort.

I so make my submission. Thank you.

Question on the motion put and agreed to.

DEPUTY PRESIDENT: We proceed to the second motion debate on the Order Paper and in accordance with Members' voluntary agreement as to length of speeches, other than the main speaker and the mover of the amendment, Members should endeavour to keep their speeches down to five minutes please.

MOST FAVOURED NATION STATUS FOR CHINA

MR VINCENT CHENG moved the following motion:

"That this Council supports unconditional renewal of Most Favoured Nation status for China by the United States; and urges the Hong Kong Government to maintain vigorous efforts and, when necessary, seek greater support from the United Kingdom Government, in pursuit of this goal."

MR VINCENT CHENG: Mr Deputy President, I move the motion standing in my name on the Order Paper.

Before I speak on the motion, I would like to deny categorically allegations that this motion is politically motivated and intended to embarrass some of my colleagues in this Council. This is simply not true and I am saddened by the tendency to impute ulterior motives to every debate in this Council. This is unhealthy and not worthy of this honourable institution. I do not want to politicize the issue. It is a simple motion but I cannot stop it from being politicized. Some Members, rightly so, questioned the need and timing of this motion. The need for a Legislative Council discussion is certainly there. Although strictly speaking it is a matter between the United States and the People's Republic of China, removal of China's MFN status, or even conditional renewal, would cost Hong Kong tens of thousands of jobs. Since we have all vowed to defend the interests of Hong Kong, we cannot ignore this issue, hoping that it will go away.

The timing is certainly appropriate. Those who are familiar with the timetable for MFN debates in the United States would agree. President BUSH has recently announced his decision to renew unconditionally China's MFN status. The American Congress is looking at bills which would impose conditionality. I understand that some of the business associations in Hong Kong are planning to invite United States politicians or legislative assistants to visit Hong Kong and China in August. So what could be a better time than today?

Some people fear that if we do not have a unanimous view in this debate, our quest for unconditional MFN renewal would be undermined. Some even went as far as saying that if one Member of this Council spoke against unconditional MFN, it would ruin our lobbying efforts. This surely cannot be true. Unanimity in political views is a rare commodity in US politics and American politicians do appreciate that opinions can differ. I therefore do not accept the argument that unless all Members support unconditional renewal of MFN, we should keep our mouth shut on this issue. Privately, many of us have presented our personal views to the United States Government. There is no reason why we should not make our views on this issue public.

Some people have queried the value of this debate and I owe them my explanation. My view is that a clear majority support for this motion will give a clear message to the United States that our lobbying in the United States by our business associations is not just for our business interest but rather the interest of the whole community. But if a clear majority of our Members here feel that MFN should

not be renewed, then perhaps we should tell the United States Government the true story, not just hushing these people up. The business sector has been lobbying hard over MFN. No matter how well intended these lobbying efforts are they need the support of this community. If they do not have the support of a cross-section of this community which this Council represents the truth should be told. That is the value of this motion debate and that is why it is important.

I hope these remarks can allay some of the fears that this is a political trap or storm in the teacup. This debate should be rational and not one tinged by political posturing. We are talking about the tens of thousands of jobs and the livelihood of ten of thousands of people in Hong Kong. We must rise above petty politics. The reason for my tabling this motion is simple. Removal of China's MFN status by the United States Government would severely damage Hong Kong at a time when we can least afford anything that undermines confidence in our future and our ability to finance projects to meet the aspirations of Hong Kong and its people.

The term "Most Favoured Nation" is one of the worst misnomers in the jargon of international trade. While the expression "MFN" suggests that a country is accorded special trading concessions, it actually means something quite different. It is the standard tariff treatment the United States extends to almost all its trading partners. Renewing China's MFN status is not a concession of special benefit, rather it only puts China on equal footing with other trading nations. If I may suggest a more appropriate term to replace the words "Most Favoured Nation status", I would use the words "NDN -- Non-Discriminatory Nation status" which better reflects the real meaning of this euphemism. Taking this status away actually means active discrimination against a trade partner.

Since 1980, exports from China have enjoyed "Most Favoured Nation" status in the United States. This, together with China's economic reform and open door policy, has strengthened substantially the economic relationship between China and the United States. Hong Kong, being a major investor in China as well as the key entrepot, has also benefited substantially. The opportunities offered by this new dimension in the United States-China-Hong Kong economic relationship has benefited all parties. China and the United States have benefited from the expansion of bilateral trade. China has also gained from the rapid increase in foreign investment which has gone into China partly because of the more harmonious trading relationship with the United States. The benefit to Hong Kong is even greater. We are freed of the constraints imposed by the shortage of labour and land, and are thus able to expand our production

limits beyond our own horizons.

Seen in this light, the conferment of MFN status for China must be the right policy for the United States because it benefits everybody. No one has become worse off because of MFN for China.

Removal of China's MFN status would seriously damage Hong Kong. We would lose 35% to 40% (or HK\$36 billion to \$49 billion) worth of Hong Kong's re-exports from China to the United States because of the much higher non-MFN tariff rates. This loss would have further ramifications. It would reduce the other components of Hong Kong's international trade, such as China's imports through Hong Kong which are turned around after processing to become these exports, Hong Kong's exports to China of raw materials and semi-manufactured goods, as well as Hong Kong's imports of raw materials and semi-manufactured goods for that purpose. All together Hong Kong's total trade could be reduced by 6% to 8%, or HK\$91 billion to \$123 billion. In terms of loss of income, it would amount to HK\$12 billion to \$16 billion, equivalent to 1.8% to 2.5% of the overall GDP or 44 000 to 60 000 loss of jobs. Indeed, Hong Kong's loss would exceed the figures I have just mentioned if we consider the recessionary impact and the ripple effect on the economy. The impact on government revenue would be grave. It would reduce our ability to finance our infrastructure programme, social welfare, education and other projects to meet the aspirations of Hong Kong people. Our forecast trend rate of growth is 5%. Cutting this rate of growth by half or more would severely undermine the Government's medium-term fiscal projection with grave consequences on our fiscal spending plans.

American interests would be seriously affected as well. Hong Kong is the headquarters of American business in Asia. It is the base for more than 900 American firms, the home of about 21 000 Americans. Hong Kong's ability to import US goods would be eroded. Between 1986 and 1991, Hong Kong's imports from the United States increased at an average annual rate of 20.5% from HK\$23.1 billion to HK\$58.8 billion. In 1991, our per capita consumption of American products stood at around HK\$10,224, which is amongst the highest in the world. A slowdown in the Hong Kong economy would certainly be felt by a good many American exporters. China, particularly Southern China where economic reform has been most successful, would inevitably suffer. Millions of jobs would be threatened and millions of people would suffer because of loss of their jobs. Foreign investment would drop and the pace of economic development which has received international acclaim would slow down, thereby depriving millions of people of the hope of improving their livelihood and the

aspirations to a better life. When Eastern European countries are trying to learn from China's successful experience of economic reform, it would be most unfortunate if China's economic reform was held back by the removal of MFN.

One aspect of China's economic reform has been to improve its external trade framework to make it more compatible with international trading practices. Progress has been seen in China's negotiations with its trading partners, including the United States. Agreements have been made between China and the United States on intellectual property protection. Early this year, China announced a five-point strategy on improving its market accessibility based on GATT requirements:

First, to cut tariffs gradually to the GATT-accepted level for developing countries. In January this year, import tariff reductions became effective for 225 products in China.

Second, to enact legislation governing the regulation of foreign trade.

Third, to cut the number of product types requiring import licences from 53 to 37, and within two years reduce the entire list to about 17 categories.

Fourth, to align other import regulatory mechanisms with GATT stipulations.

Fifth, to increase the transparency of China's import management rules. In December last year, the Ministry of Foreign Economic Relations and Trade began publishing a list of 17 internal foreign trade and investment administrative rules which were previously not published. Further progress has been made since.

Sadly, the current debate in the United States over China's MFN status goes beyond economic issues. Despite President BUSH's decision to renew unconditionally China's MFN status, some members of the United States Congress want to impose political demands as conditions for renewal, such as human rights. Being in Hong Kong and more accustomed to western values and concepts, I am sympathetic to some of these views. However, it would be wrong to mix trade issues with human rights issues. Furthermore, if the same yardsticks on human rights are applied by the United States to its trading partners, quite a number of countries would find their MFN status at risk. The best way to promote human rights is not to deprive people of their jobs, but rather to improve their income and standard of living. In this regard, China has been successful.

As legislators in Hong Kong, our first and foremost responsibility is to protect Hong Kong's interests. We cannot and should not endorse or accept any measure which could lead to loss of tens of thousands of jobs. It would have severe repercussions in our society. A rise in unemployment would lead to a sharp drop in the standard of living, a rise in social and political tensions, and an increase in law and order problems. The billions of dollars of losses in income would also set our social, education, infrastructure and other government programmes back many years.

Hong Kong has done a lot in lobbying for support in Washington independently. I fully appreciate the concern of the Hong Kong Government that we need to preserve our autonomy in economic matters and, as far as possible, should be independent in our international economic negotiations. Yet on this issue, I see no harm in getting the support of the United Kingdom Government. We spent quite a lot of money inviting United Kingdom politicians to visit Hong Kong. If our programme is successful, some of these politicians should speak up for Hong Kong and relay our case to their United States counterparts. Perhaps, we should use the money more wisely and invite United States politicians to come and appreciate our problem rather than Members of Parliament of the United Kingdom.

The amendment made by Dr HUANG, though carefully worded, is equivalent to asking the United States Government to impose conditions on China's MFN renewal. This would seriously damage the United States-China trading relationship with serious repercussions for Hong Kong. It would create enormous economic uncertainty in the United States-Hong Kong-China economic relations. It would lead to a sharp drop in orders and extreme caution and confusion in investment decisions. The deadlock in the airport talks clearly indicates the sensitivity of Hong Kong on news unfavourable to the economy. The shock from a conditional renewal of MFN would be a hundred times more serious. There would be no long-term future if we could not survive the short term. I therefore oppose the amendment.

Mr Deputy President, with these words I beg to move.

Question on the motion proposed.

DEPUTY PRESIDENT: Dr HUANG Chen-ya has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose

to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

DR HUANG CHEN-YA moved the following amendment to Mr Vincent CHENG'S motion:

"To delete the words after the word "Council" and substitute the following:

"believes that the extension of the Most Favoured Nation (MFN) status for the People's Republic of China (PRC) is extremely important for promoting the development of the economy of the PRC and Hong Kong; and therefore urges the Hong Kong Government to stress to the United States Government the importance to the economy of Hong Kong of extending MFN status to the PRC; and at the same time this Council expresses its hope that the PRC Government will, on its own initiative, improve human rights so that MFN status for the PRC will be assured for the long term."

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, the United Democrats of Hong Kong (UDHK) think that the renewal of Most Favoured Nation (MFN) status for China by the United States is extremely important for the economies of China and Hong Kong. China's loss of MFN status, should it happen, would cost Hong Kong between \$12 billion and \$16 billion and between 40 000 and 60 000 job opportunities and lower our gross domestic product by between 1.8% and 2.5%. But what is even more important from our point of view is that China would lose more than \$16 billion in its income as well as one million job opportunities, most of them in Guangdong Province.

As we know, economic development will make China rich and strong, and its people more affluent and consequently not so naive to be fooled or manipulated. As the Chinese people become more independent of the political influence, democracy will stand a better chance in China. For this reason, I am convinced that the renewal of MFN status for China by the United States is extremely important.

Mr Vincent CHENG thinks that we should tell the United States that this Council supports unconditional renewal of MFN status for China. Of course, other Councillors from the Co-operative Resources Centre (CRC) share his view. However, judging from the comments made by some CRC Councillors during these past few days, it appears that certain people do not even know what conditions the United States is planning to impose or what the bills under consideration in the Congress are all about. They have not even done their basic home work. They have no knowledge of the conditions, and yet

they attend, and play politics during, these discussions. In this connection, I will begin by giving them a lecture to let them know what are exactly the points at issue. The bills under consideration in the Congress seek to attach five conditions to the renewal of MFN status for China: Firstly, China must assist in finding American soldiers missing in action (MIA) during the Korean War. Secondly, China must observe nuclear non-proliferation. Thirdly, China must improve its trading practices. Fourthly, China must abide by the Sino-British Joint Declaration. Fifthly, China must improve its human rights record. Should this Council blindly tell the United States that we wish China to have unconditional renewal of MFN status, the United States might ask us: Are you opposed to those conditions? Are you opposed to China's assistance in the search for Korean War MIAs? Have you no sympathy for the MIAs, whose fate has remained unknown for several decades, or for their families? Are you opposed to nuclear non-proliferation? Do you not wish to have world peace? Are you opposed to China's improvement of trading practices? Do you support trade barriers? Are you opposed to China's abiding by the Sino-British Joint Declaration? You who maintain that as Legislative Council Members, you would look after Hong Kong's interests, do you think that China need not abide by the Sino-British Joint Declaration? Are you opposed to China's improving its human rights record? Does this mean that you people of Hong Kong are so bent on making money that you are totally unconcerned about the human rights, the life and death, of your compatriots? If you are not against these conditions, why, then, do you insist on unconditionality?

There are views that we have to give the United States a loud and clear signal. The UDHK, including myself, agree that we should let the United States know clearly how important China's MFN status is for the economies of China and Hong Kong. However, if, with total disregard for the specific substance of the bills under consideration in the United States Congress, we should blindly and rashly voice support for an unconditional renewal indiscriminately out of wishful thinking, our support would merely backfire and get the opposite of what we wish to see. We would merely forfeit the United States' good will and sympathy for Hong Kong. What we need to strive for is the renewal of MFN status for China. But we should not give the United States a strong, clear but wrong signal, a signal that would make them think that, for the sake of money, the people of Hong Kong are ready to sacrifice everything: equitable international trading practices, the human rights of compatriots, world peace and even the future of Hong Kong.

My second reason for moving an amendment to Mr Vincent CHENG's motion is that his motion simply does not face the political reality, nor provides a proper response

to it. What is the political reality? It is that the President of the United States may not be able to stop Congress from attaching conditions to the renewal of MFN status for China this year. Over the past year, the number of American legislators in favour of unconditionality has already declined steadily. A delegation of American Congress legislative assistants visiting this Council in April, warned us that more and more Congressmen had come to feel that they could not justify their support for unconditional renewal of MFN status for China and win their constituents to their side. Therefore, the House of Representatives was able to pass conditional renewal on all three previous occasions with large margins: 313 to 112, 409 to 21 and then 357 to 61. The Senate, too, passed it by 55 to 44, then 59 to 39 and then 60 to 38. The number of Congressmen siding with President George BUSH declined from each occasion to the next. Three incumbent Senators will be retiring this year. It only takes five more Senators to vote against the Bill, then President BUSH's veto will be overridden. President BUSH's popularity is falling. Both Bill CLINTON and Ross PEROT are inclined towards conditional renewal. That is to say, a presidential hopeful in favour of conditional renewal is likely to become President after the election. As a report from Hong Kong's trade representative in San Francisco noted recently, President BUSH's policy of MFN status for China is under heavy attack in the American media. During this election year, when his own re-election is at stake, will President BUSH risk to incur the ire of the public by vetoing a bill with conditions attached, particularly in view of the fact that one of the conditions is for China to help in the search for American MIAs? This is really a question he must address. Therefore, we had better be mentally prepared for the eventuality of a conditional renewal of MFN status for China.

If the renewal should be conditional, would China surely lose its MFN status? First of all, I believe that, in view of its friendly relations with the United States, China will naturally agree to help in the search for any remaining American MIAs in China. I personally suspect that the reports about American MIAs in China probably originated from Russian rumour mills. In any case, Americans care very much about their MIAs. China's assistance in the search will soften hard feelings and win a lot of good will. Nor is the condition about improving trading practices a big problem. When applying to join the GATT, China was already prepared to dismantle many of its import barriers. China always declares that it supports world peace. Therefore, it presumably will not object to nuclear non-proliferation. As for China's abiding by the Sino-British Joint Declaration, China has no reason not to abide by it, assuming that it is sincere about the promises of "one country, two systems," "a high degree of autonomy" and "Hong Kong people ruling Hong Kong." These

conditions, therefore, will not be difficult for China to accept. And it is not logical to say that China will lose its MFN status because of them. Of course, there is this final condition about human rights. Some people say that, as long as an improvement of human rights record remains a condition, there will be no chance that China's MFN status will be renewed. I feel that they really have too little confidence in, and too little regard for, China. China recently criticized the United States for its disregard of human rights, which led to the Los Angeles riots. I feel that this is a good beginning. It shows that China is beginning to come round to the fact that human rights transcend national boundaries or racial differences. China is a civilized nation with a 5 000-year history. It should have been other nations' role model in upholding for human rights, rather than feel shamefaced.

China's MFN status has to be renewed every year. This is really annoying. China's human rights record is like a sword hung over its head. Each year China and Hong Kong will have sleepless nights when the MFN status is about to run out. Every year, the human rights issue would be raised and used as an excuse for denying MFN status to China. Why, then, does China not take voluntary and conscious action to improve its human rights record? Freedom, democracy and human rights do not belong exclusively to the Western countries. China, too, should allow its people to enjoy freedom, democracy and a full measure of human rights. Therefore, the Chinese Government has a responsibility to improve the human rights situation of its people. By doing it will once for all remove the sharp sword hung over our heads and will assure China a permanent MFN status.

During the Qing Dynasty, the Manchu Government forced its male subjects to wear pigtails. Foreigners at the time made fun of these "pigtaails" worn by Chinese men. I see no reason why Chinese men must indulge in self-degradation by keeping pigtaails only because foreigners called them "pigtaails". I recall that, towards the end of the Qing Dynasty, some men burst into tears and made a big fuss when their pigtaails were cut off by the revolutionary army. Why is it that now, at the mention of human rights, some people get all irritated and burst into tears just as those who had their pigtaails cut off in the past? Why do they not think of higher things, of China becoming a champion of human rights, the envy of the whole world?

The United States recently accused Taiwan and China of manipulating exchange rates for trade advantages. Taiwan thereupon immediately pointed out that the charge was unfair, since it had already liberalized its exchange rate system. It is thus clear that, if one does not wish to become reactive or subject to other's will, one

must take the initiative to do the right thing. For this reason, the UDHK believe that the sure way for the Chinese Government to secure the MFN status permanently is to take the initiative and improve its human rights record. The problem, then, will be truly resolved.

Today, the seven leading industrialized countries (G7) have made it clear that China must improve its human rights record. Without such improvement, I am afraid that, in addition to losing the MFN status accorded by the United States, China may also fail in its application to join the GATT. Furthermore, it has already been agreed that China and Taiwan must join the GATT simultaneously. In other words, if China cannot join, neither can Taiwan. A serious blow will then be dealt to the economies of China, Hong Kong and Taiwan. It is thus clear that, if China takes initiative and improves its human rights record, its stance will change from defensive to offensive. Its economy will then be on its way to healthy growth.

In fact, I know that China has already begun to lay down some human rights policies. An improved Chinese human rights record is the wish of the people of the whole world, the people of China and all patriotic and people-cherishing members of the Chinese Government. Why, then, at the mention of an improved human rights record, do some people voice loud opposition to it, sounding frightened and surprised?

Mr Deputy President, we should do our best to help China to win a permanent MFN status. Mr Vincent CHENG is one of my most respected economists. Unfortunately, his motion moved at the request of the CRC will only cause misunderstanding, making people think that Hong Kong is in favour of nuclear proliferation and trade barriers and against human rights, that Hong Kong's Legislative Council is opposed to China's abiding by the Joint Declaration. Our efforts will thus backfire. I am convinced that the UDHK's motion more realistically presents a specific and feasible course of action for safeguarding a permanent MFN status for China.

Mr Deputy President, with these remarks, I beg to move the amendment.

Question on Dr HUANG Chen-ya's amendment proposed.

MR ALLEN LEE: Mr Deputy President, listening to Dr HUANG Chen-ya's speech gives me the feeling that he is totally ignorant of Hong Kong's economy and totally twisting the words of the CRC as to human rights, nuclear proliferation or arms sales. He has

no knowledge of what we said to Mr JIANG Zemin in Beijing, and I intend to clarify that point for this Council. I do not mind his ignorance on the economic impact because he is a medical doctor, but I do mind his accusations which are totally unfounded.

MFN is a very important subject for us in Hong Kong. I went to Washington in 1990 and 1991 to discuss this issue with American politicians. I feel strongly -- I felt then and I still feel now -- that the United States should not use MFN as a political issue in their dealings with China.

Mr Deputy President, I wonder how many times Dr HUANG Chen-ya has gone to China in the last three years to see for himself the development of China; his knowledge of China is "zilch" in my view. Ever since China announced its open-door policy.....

DEPUTY PRESIDENT: Mr LEE, please observe Standing Orders that Members are not to use insulting or offensive terms in relation to other Members.

MR ALLEN LEE: Mr Deputy President, I feel as insulted by Dr HUANG, as he was giving us a lecture.

Ever since China announced its open-door policy, Hong Kong manufacturers started to move their manufacturing base to Southern China. Now we are the largest investor, representing 61% of total foreign investment in China. Therefore our economy is closely linked to China. I am quite surprised that anybody in Hong Kong, in protecting the interests of the people of Hong Kong, would not lobby the United States to grant MFN status to China without conditions. Sino-United States relationships break down on this issue, what will happen to Hong Kong will be unthinkable. We are now depending on China for our exports and re-exports. We must be determined to fight the battle and I am in total support of President BUSH's stand on MFN.

Mr Deputy President, speaking about human rights, I was watching a film entitled "The Jesse Owens Story" on television on Monday night. Jesse OWENS was a legend, an Olympic gold medallist who has brought great honour and glory to his country as a sportsman. But because he was a negro, he and other black athletes could not enter a hotel through the front door; they had to use the back door. And they could not eat in the dining room; instead their meals were brought to their rooms.

Earlier this year we all witnessed the racial riots in Los Angeles and other cities in the United States. To people like Nancy PELOSI and her like, I say, "please take care of your own problems in your country and for your countrymen."

While we were in Beijing recently, members of the CRC asked the Chinese leadership not to lose sight of the importance of the issue of MFN, and we stressed that the politicians in Washington are critical of human rights in China and arms sales and nuclear proliferation. Our message was heard loud and clear.

Mr Deputy President, Mrs Elsie TU has written to the United States Senate and Congress on the issue of MFN, representing the Legislative Council view. I am asking Dr HUANG to withdraw his amendment to Mr Vincent CHENG's motion. I believe the people of Hong Kong will not forgive him if the United States starts a trade war with China and Hong Kong suffers the detrimental effects.

I hope the people of Hong Kong will keep their eyes and ears open, because China's future is our future and China's fate is our fate. We are in this together.

Mr Deputy President, I support Mr Vincent CHENG's motion.

6.28 pm

DEPUTY PRESIDENT: Council will take a break for supper and resume at 7 o'clock.

7.13 pm

DEPUTY PRESIDENT: Council will resume.

MR STEPHEN CHEONG (in Cantonese): Mr Deputy President, during the past few years, the renewal of Most Favoured Nation (MFN) status for China by the United States caused much anxiety to Hong Kong. Though unconditional renewal was given each year, it was visibly the result of much political arm-wrestling. This issue has far-reaching economic and social repercussions for Hong Kong. We indeed must take a proper view of it.

I would like to talk about this MFN issue first of all from Hong Kong's economic perspectives. My reason for doing so is this: should China, with which we have a close economic relationship, lose its MFN status, the damage to Hong Kong would be quite noticeable. This close economic relationship between China and Hong Kong can be seen from the bilateral trade figures. The volume of Hong Kong's trade with China was only \$289.6 billion in 1987. By 1991, it had soared to \$816.7 billion. During the first quarter of this year, Hong Kong's trade with China accounted for 32% of its total external trade and amounted to \$125.2 billion. This first-quarter figure was 30% higher than that of the corresponding period last year. A significant increase is generally expected for the whole of this year.

Hong Kong's economic relationship with Guangdong, among all Chinese provinces, is the closest. A study by the Federation of Hong Kong Industries last year showed that, among the 1 256 manufacturers who were members of the Federation, 511 had invested in the Pearl River Delta while 69 had plans to invest there. According to a conservative estimate, Hong Kong's manufacturers and investors are operating 20 000 factories and hiring as many as three million workers in South China.

The Government estimates that, should China lose its MFN status, the trade loss for Hong Kong would amount to between \$91 billion and \$123 billion, which represents 6% to 8% of Hong Kong's total trade volume (\$1,545 billion in value) for last year. It is a fact that, should China fail to receive unconditional renewal of its MFN status, the threat of unemployment would become inevitable for, and would have to be faced by, the 50 000 to 60 000 Hong Kong people who are now working in China.

The above estimates are primarily confined to what will happen to Hong Kong's manufacturers who have investments in China. The figures do not yet tell the public the full story, which is that, should China lose its MFN status, there would be repercussions also for the supporting services that are now operating in China and Hong Kong, such as transportation, storage, communications, banking and packaging. They would be seriously affected as well. Such an adverse chain reaction would not only block economic development in China and Hong Kong but also threaten the livelihood of hundreds of thousands of workers in China and Hong Kong.

As Hong Kong is now in the transition period and China is heading towards liberalization and reform, the series of social problems that would come with unemployment would be an unbearable burden for these two places.

Mr Deputy President, what we have before us is an economic issue. It is also

a social issue, an issue affecting people's livelihood. If anybody tries to play political games with this issue or tries to make a name for himself by becoming involved in another country's internal affairs, he had better be a foreign politician who does not intend to live in Hong Kong for long. If he is, he can disregard the economies and the people of China and Hong Kong. If not, he is being truly irresponsible.

Mr Deputy President, the economic relationship between China and Hong Kong and particularly that between Hong Kong and Guangdong, after 10 years of development, has become so close that some people describe it as a relationship between "a shop in front and a living area at the back." Regrettably, however, when the Government and business associations are doing their best to lobby and appeal to the United States to renew China's MFN status unconditionally, there are always some people trying to set the backyard on fire. They side with some politicians in the United States and strongly demand that conditions be attached to the renewal of MFN status.

The fire in the backyard will spread to the shop in front and the living area at the back. The entire set-up will be razed to the ground. Who, then, will be the victims?

There are perhaps some people who put an equal sign between trade "politicization" and righteousness and who therefore indirectly incite the United States to attach conditions to the renewal of MFN status for China. I would describe their "righteousness" as hypocrisy. They fan the fire. They use high-sounding words to win public exposure and public recognition for themselves. In doing so, they may be sacrificing the prosperity and stability of Hong Kong.

Mr Deputy President, with regard to the MFN issue, among all the colleagues in this Council, I think I am the one who is most familiar with this subject. I have done a lot of work in connection with it. I have made trips to the United States and to Beijing every year since 1989, using my own time and spending my own money, running errands in connection with this issue. I do so not because I personally have investment in China. I do so because I recognize how important the issue is for Hong Kong's economy and what the adverse effects might be for Hong Kong's society and people. True, the United States Congress is entitled to make any decision it wants. However, we must not forget that China, being a sovereign state, also has the right to make any response it wishes. I would like to share my personal observations on this matter with you. If the United States attaches any condition to the MFN status, China

definitely would not accept it. This is clear to any person who has done a substantive research on the matter. It is also clear to the United States Government, or President BUSH would not have used his veto each year. Therefore, when everybody thinks that conditionality is right and proper, that will be the time when a trade war between China and the United States becomes inevitable, with consequences that will seriously affect Hong Kong's trade and economy and seriously affect the livelihood of our people.

Mr Deputy President, I wish to state that the words used by Dr HUANG sound like a serious charge against members of the Co-operative Resources Centre. He made it sound as if we were in favour of nuclear proliferation. I think that he should not do that. We are Chinese. We all wish to see China move forward. We also wish to see social improvements in China. But conditionality will not.....

MR JAMES TO: Point of elucidation, Mr Deputy President.

DEPUTY PRESIDENT: Do you wish to give way, Mr CHEONG?

MR STEPHEN CHEONG: Yes, Mr Deputy President.

MR JAMES TO (in Cantonese): Mr CHEONG has said that he would like to see China improve. Does it include improvement in the human rights aspect?

DEPUTY PRESIDENT: It is up to you, Mr CHEONG.

MR STEPHEN CHEONG (in Cantonese): I have already put it very clearly. Social progress includes everything. We wish to see social improvements. But conditionality definitely will not produce the effect that we desire.

There is no doubt that colleagues in this Council are in support of unconditional renewal of China's MFN status. The United Kingdom, being Hong Kong's sovereign state, has a responsibility for maintaining Hong Kong's prosperity and stability. The United Kingdom, therefore, should lend a helping hand when needed. For instance,

officials of the British Government may wish to consider lobbying the United States and conveying Hong Kong's position to them. This will be of great help to the Government of Hong Kong in its continuing strife for the unconditional renewal of MFN status for China.

Mr Deputy President, with these remarks, I support Mr Vincent CHENG's motion and am opposed to Dr HUANG Chen-ya's amendment motion.

MR DAVID LI: Mr Deputy President, it is not Hong Kong's place to instruct the United States as to what policies it should pursue. However, when decisions made by the United States Government may affect our stability and our prosperity, it is both our right and our responsibility to state our views clearly and emphatically.

As evident from the comments of many American citizens, businessmen and politicians, there exists considerable misinformation and misunderstanding in the United States about Hong Kong and China. These misconceptions are extremely dangerous, particularly when they begin to influence public policy. Hong Kong must work to set the record straight.

Since China's Most Favoured Nation (MFN) trading status became hostage to annual debate in the late 1980s, many Hong Kong Government officials, business leaders and Members of this Council -- myself included -- have made regular trips to the United States to discuss this crucial issue with key American business executives and politicians. MFN status for China has also been a top priority of the Hong Kong Government's offices in the United States.

These efforts have been vital to increasing general awareness in the United States of the full ramifications of this issue. Withdrawal of MFN status for China would be a brutal assault on Hong Kong and its people. Economic growth would be cut by a third to a half, and tens of thousands of jobs would be lost.

But MFN renewal remains a "political football" in the United States Congress. As such, short-term domestic political gain takes precedence over whatever pain revoking MFN status for China would cause to Hong Kong and indeed to American business in Hong Kong and China.

Hence, we must not relent in our campaign to expand American understanding of

the dynamics of Hong Kong, China, and trans-Pacific trade and investment. We must be even more aggressive. We must enlist the active support of our friends in the United States, as well as that of the British Government, in putting forward our case.

This motion underscores the importance of MFN issue to Hong Kong. It is imperative that the Members of this Council take this opportunity to send a strong, unified message to Washington in support of unconditional renewal of MFN status for China.

In the end, we must hope that our pleas do not fall on deaf or unwilling ears. From Hong Kong's perspective -- from any reasonable perspective -- it is difficult to comprehend what American Congress could possibly hope to achieve by turning its back on the spirit of goodwill and co-operation which currently exists between China and the United States.

Such harsh and unjustifiable behaviour would not become a nation which invariably stakes claim to the "moral high ground" on all issues.

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

MR NGAI SHIU-KIT (in Cantonese): Mr Deputy President, a bird that has been shot at with a bow and an arrow is for ever afraid of the twang of the bow. If somebody should, in describing the mental state of Hong Kong's business community with regard to China's Most Favoured Nation (MFN) status, compare it to that of the frightened bird, I believe that such a comparison would be the most apt.

In the past few years, particularly in 1989 and afterwards, the MFN issue was a source of great bitterness between China and the United States. Hong Kong is caught in-between. It is anxious, but there is nothing it can do. Following the liberalization of Eastern Europe and the disintegration of the Soviet Union, China became the biggest target of a series of purposeful actions taken by the United States. Non-market economy countries (that is, communist countries) that traded with the United States were required to satisfy the United States with the regard to human rights, exit freedom and so forth before the United States would extend MFN status to them. These requirements became fully evident during the past few months as several United States law makers introduced bills attaching conditions to the renewal of MFN status for China. They are the conditions described by Dr HUANG Chen-ya a moment ago.

Unfortunately, Hong Kong can do practically nothing about whether or not China's MFN status will be renewed each year, that is, nothing except sending representatives to the United States and China to talk and persuade. As everybody knows, Hong Kong's economic growth is really powered by the sharp increases in its trade with China. Therefore, China's trading prospects have an enormous impact on Hong Kong's industry and commerce and also on Hong Kong's employment situation and living standards. Precisely for this reason, over the MFN issue, the interests of China and Hong Kong are identical. If China's MFN status is renewed, Hong Kong can expect to prosper. If China should lose its MFN status, many factories and companies would fail in Hong Kong. Unemployment would become widespread in many trades. Wages and living standards would immediately suffer. Hong Kong's trade loss, as was described earlier, would amount to between \$12 billion and \$16 billion a year. About 60 000 jobs would be lost. All of this is true. What greatly puzzles me is why Dr HUANG Chen-ya said that everybody, specifically everybody in the business community, wanted money, money, money..... and that this was why everybody wanted the United States to renew China's MFN status. Can he not see the facts? Does he not know? He is indeed very ignorant!

A moment ago, I heard Dr HUANG Chen-ya's impassioned speech which was forcefully worded and emotion-charged. So I have to change my prepared speech a little bit.

Mr Deputy President, the MFN issue is not simply a trade issue between China and the United States. It is also a serious political issue, before which we feel so helpless. But what makes us feel angry is that whether China should be accorded MFN status or not has become a political issue in Hong Kong as well. Some people are using it as a weapon in blindly opposing China. These self-styled representatives of the people disregard the overall economic interests of Hong Kong. They disregard the people's living standards. They think that the United States should not unconditionally renew China's MFN status. They are opposed to the proposal of the OMELCO Industry and Trade Panel to write to United States legislators, urging unconditional renewal of MFN status for China.

DR HUANG CHEN-YA: A point of elucidation, Mr Deputy President.

DEPUTY PRESIDENT: Are you prepared to give way, Mr NGAI?

MR NGAI SHIU-KIT: Yes, Mr Deputy President.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, I would like to ask Mr NGAI Shiu-kit to explain who resist and oppose China. Can he produce evidence? This is something he said a moment ago.

MR NGAI SHIU-KIT (in Cantonese): I listened to your speech a moment ago. So I have a right to respond, whether you accept it or not. I welcome challenges from all. Actually, when I referred to "some people," the term might include you or it might not.

DEPUTY PRESIDENT: Mr NGAI, may I request you to address your remarks to the Chair, not to individual Members.

MR NGAI SHIU-KIT: Yes, Mr Deputy President, I am sorry.

MR NGAI SHIU-KIT (in Cantonese): What makes one feel angry is that, while China should be accorded MFN status, this matter has been turned into a political issue in Hong Kong and is being exploited by some people. It may be you. Yes, it may be you! These self-styled representatives of the people -- (not necessarily you, so do not argue) -- disregard the overall economic interests of Hong Kong. They disregard the people's living standards. As I was saying, the OMELCO Industry and Trade Panel proposed writing to United States legislators, urging unconditional renewal of MFN status for China. Why renew? We all know the answer. Is this rational behaviour? Is it based on consideration of the interests of Hong Kong? Is it responsibility to the people? Let us now go back to the motion for amendment moved by Dr HUANG Chen-ya -- (now I am referring to you) -- the economic affairs spokesman of the United Democrats of Hong Kong. He said earlier on, "Renewal of MFN status for China by the United States is very important for the economic development of China and Hong Kong..... It has importance for Hong Kong's economy." But then, later, he talked about the need to attach a human rights condition. In other words, he wished conditional renewal of MFN status for China. Suddenly, all the importance was gone, and all the

blows to Hong Kong people's living standards became unimportant. How inconsistent, how strange! However, listeners, please do not be surprised. Some people -- (again, not necessarily you) -- those self-styled representatives of the people -- (do you admit that you are one?) -- always put their personal political interests above all else and never give a thought to whether this might affect the important interests of the people of Hong Kong. All they want to do is to say: Human rights and democracy. Nothing else, not even life or death matters. If one understands this, one will not feel surprised.

Mr Deputy President, now, to those people, I would like to make a very sincere, a very sincere appeal. I call on them to open their minds, to open their closed minds about China, to take an objective point of view, to acquire an in-depth understanding of China's economic reform, to feel the hopes that the people of all stations of life in China have about reform and liberalization, to feel their enthusiasm as they pursue a better economy and better living standards and to feel the strength of their yearning for a rich and strong country. We must know that, if China should fail to win unconditional renewal of MFN status, its reform and liberalization would be set back and Hong Kong's economic development would be affected, and the victims would be the 1.1 billion people of China and the more than five million people of Hong Kong. About those politicians who wish conditional renewal by the United States of MFN status for China, is it not true that they, in disregard of the interests of so many, are indulging blindly in political games even as they accuse others of doing so?

Those with a conscience will certainly choose to regard the safeguarding of the living standards of millions of people as the most important objective.

Finally, I would like to point out that China is making an effort to improve its trading environment and to join the GATT. Its success will be of great help to the annual resolution of the problem of MFN status renewal. After China joins the GATT, unless the United States President initiates otherwise, it will enjoy a status similar to the MFN status, that is, the status of "a nation not discriminated against," as Mr Vincent CHENG has put it. In this way, the problems caused by the annual renewal of MFN status, which threaten the interests of Hong Kong's business community and make the economic future uncertain, will greatly diminish. The investment environment will be greatly improved in China and Hong Kong. Our economic prosperity and our people's high employment rate will continue. Therefore, I should support most strongly China's winning unconditional renewal of MFN status and joining the GATT. Help others; help yourself. Why not? Also, Mr Deputy President, Dr HUANG

Chen-ya said that the business community would disregard human rights and freedom for the sake of money. (You said that, can you deny it?)

DR HUANG CHEN-YA: A point of clarification, Mr Deputy President.

DEPUTY PRESIDENT: Yes, Dr HUANG.

DR HUANG CHEN-YA: I never made that statement as alleged by Mr NGAI.

MR NGAI SHIU-KIT: You did say so. You can go ahead to challenge me.

DEPUTY PRESIDENT: Please, gentlemen, no cross-talk. At this point, Dr HUANG, you can only make a point of elucidation if you want Mr NGAI to explain something he has said. Later, if you wish, Dr HUANG, with my leave, you can make a clarification.

DR HUANG CHEN-YA: I am much obliged, Mr Deputy President.

MR NGAI SHIU-KIT (in Cantonese): I have written it all down. Nothing is omitted. "For the sake of money; nothing else matters, including human rights and freedom, of course." About people's right to make a living and to find employment, is that, too, for the sake of money? I am afraid that it is for the sake of survival. I think the assertion about money is a hypocritical assertion serving an ulterior political purpose. How sad indeed! How sad indeed!

DEPUTY PRESIDENT: Mr NGAI, you are not to impute the motive to another Member. That is very important.

MR NGAI SHIU-KIT: Mr Deputy President, I was just responding to Dr HUANG's actual words which I had taken down.

DEPUTY PRESIDENT: You can respond, Mr NGAI, but you must not impute the motive to another Member. I hope you will observe that ruling.

MR NGAI SHIU-KIT: Yes, I will. Thank you, Mr. Deputy President. (in Cantonese) I will conclude by saying, "How sad indeed! How sad indeed!"

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

DEPUTY PRESIDENT: Dr HUANG, do you want to make a clarification?

DR HUANG CHEN-YA: Yes, Mr Deputy President, thank you. (in Cantonese): I did not make specific reference to the business community when I argued that point. I only said that if we pleaded with the United States for unconditional renewal of MFN, it would give the impression that Hong Kong people were disposed that way. I did not mention the business community. There was no word to that effect in my speech. I hope Mr NGAI Shiu-kit will note this.....

DEPUTY PRESIDENT: Please direct your comments to the Chair.

MR CHIM PUI-CHUNG (in Cantonese): That is right. The Deputy President wants you, Dr HUANG Chen-ya, to address the Chair.

DEPUTY PRESIDENT: Have you finished, Dr HUANG?

DR HUANG CHEN-YA: Yes, I have finished, Mr Deputy President.

DEPUTY PRESIDENT: You have finished.

DEPUTY PRESIDENT: Mr CHIM, what is your point?

MR CHIM PUI-CHUNG (in Cantonese): I was telling Dr HUANG Chen-ya that you, Mr Deputy President, wanted him to address the Chair instead of talking to Mr NGAI Shiu-kit.

DEPUTY PRESIDENT: Thank you, Mr CHIM.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, for more than 10 years, Hong Kong's fast economic development has been closely linked to China's open-door policy. Hong Kong manufacturers have been making full use of China's cheap labour and low cost of land. They have been moving labour-intensive production processes to China. This lowers costs and increases profit margins for them. It has also triggered a structural change in Hong Kong's economy. In the wake of the massive relocation of manufacturing processes across the border, Hong Kong's tertiary industry has grown from strength to strength. Hong Kong is gradually becoming a centre of service industry. Hong Kong's economy has switched its orientation from exports to re-exports. At the same time, Hong Kong's strategic geographical position has made it the stepping stone for foreign businessmen marching into the China market. This has brought more economic benefits for Hong Kong and increased the importance of its commercial position. In short, the economic relationship between China and Hong Kong is now so strong that it cannot be severed. They are like lips and teeth to each other. A blow to one will bring catastrophic consequences for the other. I think "catastrophic" is the right word, not an exaggeration.

In recent years, the question of whether the United States Government will renew Most Favoured Nation (MFN) status for China or not has cast a dark shadow over the prospects of Hong Kong's economic development. MFN status allows products made in China to enter the United States at a very low tariff rate. This low-tariff benefit is available also to Hong Kong products which are manufactured in China and bear the "made in China" label. The United States is one of Hong Kong's most important trading partners for the re-export trade. Should China lose its MFN status, the goods re-exported by Hong Kong to the United States would be subject to a tariff rate several times as high as it is now. The impact on Hong Kong's industry and commerce would be enormous.

According to studies made by relevant departments of the Government, if China should lose its MFN status in the coming year, Hong Kong's re-exports to the United

States would decline by between 35% and 47%, or between \$36 billion and \$49 billion. Hong Kong's total trade volume would drop by between 6% and 8% or by between \$91 billion and \$123 billion. More importantly, Hong Kong would lose between \$12 billion and \$16 billion in income, and at least between 44 000 and 60 000 people would lose their jobs. I think that this would not only be a heavy blow for Hong Kong's economy but a disaster to Hong Kong's workers. Hong Kong's present unemployment rate stands at 2.5%; an estimated 70 300 people are without jobs. This rate is the highest for the past six years. If China should lose its MFN status, the unemployment rate would further rise by at least between 1.5% and 2%, to as high as between 4% and 4.5%. This is a cause for even greater concern.

Given the close economic relationship between China and Hong Kong, we cannot but be concerned about whether or not MFN status will be renewed for China. I think that, for the sake of Hong Kong's prosperity and stability, the Government must do its best to lobby the United States authorities to renew MFN status for China. If needs be, the Government may wish to consider asking the British Government to provide greater support in this matter.

Mr Deputy President, some people think that China must improve its human rights record to ensure its MFN status to be renewed by the United States. In my opinion, however, a decision about MFN status is purely a trade decision based on mutual benefits and reciprocity and no strings in terms of other values and condition should be attached. In fact, China has extended MFN trading status to the United States without attaching any political condition to it. Besides, playing the MFN card to coerce China to improve its human rights record may bring very undesirable consequences. While the term "human rights" has a very broad definition, nobody can deny that one of men's basic rights is the right to work and earn a living. Just imagine, should China lose its MFN status, who would be the biggest victims? In Hong Kong, tens of thousands would lose their jobs, with social stability undermined. The livelihood of the millions in China who now work for Hong Kong's manufacturers would also be in trouble. Is this a proper way to show one's respect for human rights in China and Hong Kong? I hope that those self-styled human rights champions will refrain from doing things that will damage the rights of other people.

Mr Deputy President, with these remarks, I support Mr Vincent CHENG's motion and oppose the amendment motion which is not in line with the interests of the Hong Kong people.

MR MARTIN BARROW: Mr Deputy President, let me say at the outset that I have nothing to add to the argument in support of unconditional renewal of MFN. The key points have been made repeatedly over the past two years and it is a pity that the issue has now become politicized locally.

However, the one point I do wish to make is when we look at an issue such as this, it is important that we bear in mind the wider issues and by that I mean we must ensure we do not damage our case with some ill thought out action in another area. In this instance we are seeking support and interest in Hong Kong by the United States.

There is no doubt that this is already widespread and visits by Members of this Council to Washington have encouraged that interest. But we must be careful nevertheless to avoid actions which could threaten our potential support in Washington.

Let me give two examples:

Firstly, access to Hong Kong for professional people from overseas is too restricted and, in particular, there is a perception in the United States that the local legal profession maintains a closed shop and has prevented United States law firms from taking on local lawyers to advise on local law. This may seem a minor issue to some but let us not forget that it has been raised at a senior level by United States trade negotiators and it is an irritant which should be avoided if we are to gain maximum United States support.

Another example, which hopefully is now becoming a matter of history, has been Hong Kong's handling of the Vietnamese boat people. Although this issue is heading towards a solution, and I mention it now only by way of example, there are lessons to be learnt, even though the United States attitude is changing. The recent orderly repatriation exercises have avoided repeating the fiasco of December 1989, which led to Hong Kong being so severely criticized in the United States. Furthermore, it must be remembered that in the middle of 1991 when we were also pressing for MFN renewal, there were Members of this Council campaigning for an end to the policy of first asylum. What an appalling example of left and right hands going in different directions.

As I said, Mr Deputy President, I mention these examples only to illustrate that we must look at all aspects of a relationship when we are seeking support on one element. I hope this Council and the Administration will bear this point in mind, particularly

in conjunction with the overall theme of strengthening and promoting Hong Kong as an international city.

With these words, Mr Deputy President, I support Mr Vincent CHENG's original motion.

MR JIMMY MCGREGOR: Mr Deputy President, there has been a mountain of information available to all of us during the last three years or so on the importance of continued MFN tariff status for Chinese goods entering the United States. We are quite clear about the devastating economic effect that denial of MFN access to the United States will have on the Chinese economy. Mr TAM Yiu-chung used the word "catastrophic". The difference between devastating and catastrophic is not great; so we agreed on that. Economic disaster for China would quickly be followed by political action and the inevitable result would be a long period of political distrust and disengagement between China and the United States with, in all likelihood, serious repercussions for Asia/Pacific development and co-operation. Other speakers today have produced facts and figures which will substantiate my view that the loss of MFN in the United States for Chinese goods would be an unmitigated disaster for China.

My colleagues on this Council have also set out the effect of Chinese loss of United States MFN on Hong Kong. There must be no misunderstanding on this score. The effect on our economy will be very serious indeed. That effect will apply very quickly to re-exports to the United States, extensively to business in Hong Kong, to jobs in Hong Kong and in the widest sense to investor confidence both in the short and longer term. The economic adjustments in Hong Kong would be very painful indeed. We would not be able to turn to alternative methods of employment and creation of business. The Government has produced estimates of short-term loss. These are serious enough but they do not begin to tell the full picture.

The loss of MFN access to the United States for Chinese goods cannot be short-term. The United States system of trade regulation would ensure that any removal of MFN rights would be multi-year in nature. The redirection of investor confidence in the China/Hong Kong partnership could well result in extremely serious cross border losses and failures of commercial enterprises.

I am normally an optimist and especially so after being involved in one capacity or another in Hong Kong's economic development for several decades. We have always

found effective solutions to problems which initially seemed insurmountable. The United States embargo on trade with China, the disastrous consequences of China's Great Leap Forward, the Cultural Revolution and its effects on Hong Kong were all China related issues which posed great dangers for Hong Kong. We survived them all and went on to greater economic heights and prosperity.

I would rate the MFN issue as one of the greatest dangers to Hong Kong's economic health and prospects that we have ever faced. The solution is not in our hands nor can we interfere in the political and economic affairs of the two sovereign states involved. We can however exercise some influence on both of them since, for one reason or another, both countries have an interest in our continued well-being. It is of course for that reason that many Hong Kong missions have travelled to Beijing and Washington to explain our deep concerns and our anxiety that China should continue to enjoy MFN status from the United States. I believe that our sustained efforts, supported by the entire Hong Kong community, have had a helpful influence, and certainly United States politicians have been good enough to say so.

We must continue our efforts to assist China to retain MFN rights in the United States. That policy is overwhelmingly in our own selfish interest. I do not want to see the issue being clouded in any way by extraneous qualifications and conditions. United States Congressmen are perfectly entitled to seek to place conditions on an extension of MFN for China. That is not a matter in which we can interfere. However, I do not believe that we should in any way reduce the quality of our own representations to the United States by including reference to human rights in China. To do so would be to politicize and thus change the nature of our endeavour which is essentially economic in character.

I am not sure frankly why this debate was thought to be necessary. Hong Kong has made tremendous efforts to protect our essential interests in this complicated matter. There was no need in my view to debate an issue on which we are all 100% agreed yet which invites contentious discussion. Whatever the motives of the CRC in setting this debate in motion, the UDHK in my view should not have sought to attach reference to human rights in China. I am sorry that they have done so. We all want to see human rights in China improved but this is not the lever to use.

We cannot take any action that will hurt and seriously hurt the people of China. Our message to the United States on this matter must be unequivocal. We support and request the United States Government to continue to grant unconditional MFN access

for Chinese products and, in the longer term, to accept Chinese entry as a full member of the GATT.

So, I support the original motion.

MRS ELSIE TU: Mr Deputy President, other Members today have spoken on the economic reason why retaining the MFN status of China is not only essential for China but also for Hong Kong, for our trading partners, and in fact for the United States which has much to gain by trading freely with China. I shall concentrate on some of the political reasons why MFN status should be retained.

As a teenager before World War II turned my dreams into a nightmare, I lobbied for the use of economic sanctions as an alternative to war for settling international disputes. It was, and remains, my philosophy that peaceful negotiations between nations are more fruitful than punitive measures, but that when punitive measures do have to be used, they should be economic rather than military. However, I believe that even economic measures should be used only when a country is guilty of invading another. They should not be used to interfere in the internal affairs or political ideology of or another country.

If China had invaded another country, I might have considered cancellation of her MFN status as an economic constraint. But such is not the case. Indeed, if any country since World War II is more guilty than others of military intervention in the affairs of other nations, it is the United States itself.

Some politicians in the United States press for economic sanctions against China on the grounds of human rights, proliferation of missiles, and the use of prisoners in export production. These accusations may or may not be true. But let us not be hypocritical. There is well documented evidence of American complicity in child slavery in India, which produces carpets for American homes. Likewise there is well documented evidence of male and female child slaves used for prostitution to serve American troops in the Philippines, Thailand, and other countries which enjoy MFN status. There is even documented evidence of the use of Mexican child slave labour on farms in the southern states of the United States. And the recent riots in that country indicate lack of human rights for black Americans, a fate shared by American aborigines and other minorities. As to arms proliferation, I detest that in any country, but here again the United States leads the pack as if it were a God-given right.

I am not advocating that we should take economic measures against the United States for its flouting of human rights. What I do advocate is that the United States should address its own internal human rights issues and leave the Chinese people to deal with theirs.

If this kind of moral judgment became the norm, no country in the world would be master of its own fate, under the economic or even military pressures of well-armed superpowers.

As to the proposed amendment by Dr HUANG, the final clause implies that the United States has the right to deny MFN status, unless China improves its human rights record. I cannot accept this implied condition. Therefore, Mr Deputy President, I support Mr CHENG's motion.

PROF EDWARD CHEN (in Cantonese): Mr Deputy President, many colleagues have already spoken about how important unconditional renewal of MFN status for China will be for Hong Kong and China. For instance, according to some estimates, Guangdong's economic growth rate would otherwise decline by 10% and Hong Kong's growth rate would otherwise fall by between 1.1% and 1.8%. But what I propose to do now is to look at the matter from a different angle. In fact, failure to renew MFN status for China unconditionally would be even more harmful for the long-term interests of the United States.

Firstly, we must not lose sight of the fact that the economic growth of China in general and Guangdong Province in particular, as well as that of Hong Kong, directly affects the business interests of the United States' overseas enterprises in these areas. One thousand enterprises under this category now have investment in China; their investment amounts to US\$4 billion. There are 900 enterprises with American interests in Hong Kong, including 25 that have their regional centres in Hong Kong. Their investment in Hong Kong amounts to US\$7.7 billion. Should the economies of Hong Kong and Guangdong slump, the off-shore investment returns of these large American corporations would suffer very far-reaching consequences.

Secondly, China has become one of the major trading partners of the United States. Last year, China's imports from the United States amounted to US\$6 billion. Should the United States refuse to renew MFN status for China, China would retaliate by

reducing its imports from the United States. We believe that this would be a very significant reduction. Also, Hong Kong imports large quantities of American products. On a per capita basis, each person in Hong Kong annually spends US\$1,300 on American goods, an amount higher than that for many other economies, such as Japan, South Korea, Taiwan, the United Kingdom and Germany. Therefore, if our economy should deteriorate, this would have an impact on the United States' economy. According to some time-trend studies, if Hong Kong's gross domestic product should dip by 1.8%, Hong Kong's imports from the United States would decrease in \$160 million. This would be compounded by the fact that the Chinese authorities, too, would reduce imports from the United States. The estimate is that as many as 100 000 jobs in the United States would be affected. In other words, 100 000 American people might lose their jobs as a result of non-renewal of MFN status for China. Over the longer term, if China should reduce its imports from the United States, other countries would seize the opportunity to fill the vacuum, thus supplanting the United States. In the long run, this would seriously affect the American market share in China.

Thirdly, to be sure, American consumers would also suffer severely. If Chinese exports to the United States should be subject to a tariff rate of 60% or 70%, American consumers would have to pay more for Chinese goods or to switch to products of other countries that are less to their liking. This would be unfair to the American consumers.

I therefore think that the point is not that the matter is important for Hong Kong and China. It is indeed also important for the United States itself. For this reason, the United States must renew China's MFN status unconditionally.

To be sure, whether the United States will renew MFN status for China or not also involves other factors, such as some non-economic factors mentioned by Dr HUANG Chen-ya: human rights, the Sino-British Joint Declaration, MIAs and nuclear proliferation. My personal view about these conditions is that they are, to some extent or even to a large extent, nothing more than excuses. Actually, what the United States Government is actually concerned about is trade friction, which is the decisive factor in its consideration of whether or not to renew MFN status for China. We must not forget that Sino-US trade friction is worsening. In 1991, China had a trade surplus of \$13 billion with the United States. This accounted for 22% of the entire American trade deficit. After Japan, China held the second largest surplus among countries trading with the United States. The American people, or the United States Government, naturally find this situation worrying.

Therefore, I agree that the United States should unconditionally renew MFN status for China. This does not mean that I attach no importance to human rights or to the Sino-British Joint Declaration. I agree that we should censure the Chinese Government for its human rights record, with which we are very dissatisfied. But we must ask: What good will this do to deny a renewal of its MFN status unconditionally? Does the American Government really intend to safeguard human rights in China? Does the American Government really intend to defend the Sino-British Joint Declaration?

In this connection, I think that, firstly, the United States' real concern in the matter of MFN status renewal is the economy and the trade friction. Political consideration is secondary.

Secondly, I feel that the MFN issue should not be used as a means to a political end. The American Government should not use the MFN issue for a purpose unrelated to trade. Any dispute, whether or not it involves politics, should be settled through negotiation. For instance, the two governments were trying to settle the Section 301 and Super Section 301 trade disputes through negotiation. I am totally opposed to the American Government's use of the MFN issue for attaining non-economic purposes, or to be precise, political purposes.

Furthermore, I feel that it is very improper of the American Government to use MFN status as a weapon because MFN status is not a favour. Now we may tend to feel that the American Government, by giving MFN status to one country, is doing that country a big favour. In fact, MFN status is the most basic economic right every exporting country should be entitled to enjoy. In a multilateral global economic order or under a free trade system, it is the right of an exporting country to receive MFN status from all importing countries. This is a right and not a favour. It is beyond me why the American Government is using it as a weapon.

We have been arguing among ourselves here today. Some Councillors condemn those who oppose unconditional renewal of MFN status for China. Others condemn those who are in favour of unconditional renewal. In fact, what we should be condemning is not those who are opposed or those who are in favour. What we should be condemning may be the cause of the issue, the origin of the controversy. That is to say (if we can really say so), it is in fact the American Government's attempt to use the

issue to attain a political purpose that has given rise to all this controversy.

We know that it is very hard for economic sanctions to work, or to achieve political ends. We have seen the American sanctions against Iraq and the international sanctions against South Africa. These sanctions really did not achieve their goals. Also, given the temperament of China, if one should try to attain a political goal by coercing China with economic sanctions, the coercion would very probably only make it change its present course. This is something we would not like to see.

Therefore, I hope that the Government will bring the American Government and the American people to reason. We may need the co-operation of some major exporting countries in the lobbying. The purpose is to make the American Government and the American people understand that they should not use MFN status as a means to a political end. This requires hard work. I hope that Hong Kong's officials will continue to do their best.

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

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, in a Chinese dictionary, the simplest character is "yi" (meaning "one" or "consistent"). The next simplest is "ren" (meaning "man"). Man has a flaw, which is that he cannot remain "one", or consistent, from the beginning to the end.

Over the issue of whether the United States should renew Most Favoured Nation (MFN) status for China, I find that I have had three different identities.

My first identity is that of a Hong Kong person. Some people say that, because I have taken in the Legislative Council an oath of loyalty to the people of Hong Kong, I must look at this problem from Hong Kong's point of view. The motion for amendment moved by the United Democrats of Hong Kong (UDHK) puts it clearly: Renewal of MFN status for China is extremely important for promoting the development of economy of China and Hong Kong. Therefore, the Government should tell the United States in emphatic terms how important renewal of MFN status for China will be for the economy of Hong Kong. In this regard, the UDHK did not lose its bearing.

What really prevent us from supporting an unconditional renewal? As everybody knows, it is China's human rights record. From this arises my second identity, which is that of a Chinese. As a Chinese, I naturally hope that China will be rich and strong and that the Chinese people will have enough to eat and wear. If MFN status can help to realize this goal to some extent, I certainly will do my best to support it. If we find that China, by truly improving its human rights record, can permanently enjoy MFN status, why then can we not get to the bottom of the matter and persuade China to improve its human rights record?

Many colleagues in this Council have close relations with, and frequent access to, the Chinese Government. Can we ask them to convey to the Chinese Government the hopes of Chinese people all over the world, their hopes for a better human rights record in China, their hopes that China and Hong Kong will no longer have to worry about, and lobby hard for, MFN status renewal?

Mr Deputy President, my third identity is that of a human. A human has feelings. When I saw how the blacks in South Africa suffered from discrimination, I felt profound sympathy for them. The sight of the massacre of Kurds in Iraq broke my heart. I have seen more. I have seen our own compatriots butchered, hunted down, imprisoned and humiliated because of political dissent. I feel pain and sorrow. How can I remain dispassionate and unmoved?

Precisely because I am a human, a Chinese person in Hong Kong, I naturally wish to do my personal best to send a signal to the Chinese Government: Let our compatriots live in a free country, enjoy human dignity and human rights and know no fear and sorrow again.

Mr Deputy President, everybody with a conscience should do the same. However, when we do so, we are criticized for failing to look at problems from Hong Kong's perspective, for letting the people of Hong Kong down. My response to such criticism is: Whether I am a Hong Kong person or a Chinese person, I am, above all, a human. I will do whatever my conscience tells me to do. I will never regret and never turn back. I will also keep my eyes open for those who wept and spoke up at the time of the June 4 incident. I will watch how they change, how they each day lose a little more of their conscience, the most precious gift of man.

Mr Deputy President, with these remarks, I support Dr HUANG Chen-ya's amendment

motion.

8.00 pm

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

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

Question proposed, put and agreed to.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, the American Government always considers itself not only as the policeman who is the world peace keeper, but also, in the economic area, assumes airs of self-importance. In fact, one can say that the American Government's policy is this: Do unto other nations as the United States would not have other nations do unto the United States. Let us look at the recent history of the world. In Asia, there were the Korean War, the Vietnam War, the Cambodian Civil War, the Afghan War, the Middle East War between the Arabs and Israel, the Iran-Iraq War and the War of Iraqi aggression against Kuwait. Can you name one war in which the United States was not involved? The American approach to all of these wars was entirely based on self-interest.

Also, as a result of its over-enthusiastic internationalism, the United States' domestic economy is now in recession. I believe that a day will come sooner or later when the United States must auction off its own land to pay off its foreign debts and save itself from its hopeless plight. Now that I mention economics, I recall that the greenback was issued on the promise that it would be redeemed with gold at US\$35 per ounce. The United States then went back on this promise more than 10 years ago. The system was abolished. That already showed the United States' moral and spiritual irresponsibility.

The United States is now using preferential tax rates as a political weapon. This is in violation of the GATT and of the principles of free trade. We the people of Hong Kong have the responsibility and are in a qualified position to make a solemn

statement to the United States. We are qualified because Hong Kong practises the freest trade which is very much in line with the GATT's requirements.

Today's motion, strictly speaking, is not moved out of self-serving purpose. It represents our international moral obligation. The relationship between Hong Kong and China today can be described as one in which China is of service to Hong Kong. Should any harm come to China, Hong Kong cannot look on unconcerned. If the United States should attach any condition to the renewal of MFN status for China, this would be disadvantageous to China, the United States and Hong Kong. Even the President of the United States knows this. Why not then we the Legislative Council Members of Hong Kong! I believe that opposing unconditionality is tantamount to disregarding the interests of Hong Kong. As legislators, we must think about it very carefully. This is because a law may be made in the future to provide that all Legislative Council Members who disregard the interests of Hong Kong must "alight from the through train."

As far as the controversial issue of human rights is concerned, I would like to take this opportunity to reiterate that, as a matter of principle, one should not expect of China in the same way that one expects of European and American countries. This is because: (1) National characteristics are different. In European and American countries, a person's family name comes at the end of his first name. A Chinese's family name comes at the beginning of his full name. (2) European and American countries are generally in a better economic situation. There, an average of one or two persons own a motor vehicle. The average Chinese does not even own a bicycle. This is the economic difference. (3) The United States was able to send troops openly to arrest the President of Panama and to kidnap Mexicans in Mexico so that they might be brought to the United States to stand trial. So far, China has done nothing more than giving refuge to Prince SIHANOUK of Cambodia. (4) The United States allows itself to conduct nuclear tests and sell arms but criticize other countries for doing so. This is simply very unfair. The above being the differences, how can we expect a universal human rights standards? How can the human rights issue be used as a weapon?

Mr Deputy President, as Legislative Council Members, our most important job is to be responsible to the people of Hong Kong. If we violate this principle, how can we strive for a better tomorrow in the global scene?

Mr Deputy President, I unconditionally support Mr Vincent CHENG's motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, I think that the subject matter of today's motion debate is a little bit inappropriate. This is the election year in the United States. In presidential election years, there are always people who raise issues for debate, discussion and exploitation. It is inappropriate for us to get ourselves involved in some of the election politics. Also, as Prof Edward CHEN noted a moment ago, Sino-American dispute in the economic area may become a whirlpool in the present debate. I think that we should stay out of it.

The original motion, in effect, urges the Government to ask the United States Government to renew Most Favoured Nation (MFN) status for China unconditionally. I know that the Government has been doing something about this matter all along, with results that are not bad. Therefore, with or without this debate, the Government is certainly going to continue its effort. In other words, it makes no big difference whether we have this motion debate or not. Now we have this motion and the result is yet another factional heated debate among two or three political groups in this Council. I think that this is entirely inappropriate.

I believe that some Members have already said a lot about how important the MFN issue is for the people of Hong Kong and for China's economy and people. I will not repeat, although these points are contained in the text of my prepared speech. However, I do wish to point out a matter in another area, specifically the matter of political development, which I believe, has been taught by lecturers to those of us who are graduates of the Chinese University of Hong Kong in our college days. I wish to share what I have been taught with you. I hope that you will not accuse me of giving a lecture.

When we of the Hong Kong Association for Democracy and People's Livelihood discussed the issue within our own Legislative Council Member's working group, two different views were expressed. One was that no condition should be attached to the renewal of MFN status. Three reasons were given:

Firstly, democracy and human rights do not come with birth. They need to be learnt. As many in Hong Kong say, there is a need for education on democracy and human rights. Therefore, if we wish to see China to have this kind of democracy, perhaps China will need to go through the same process of learning. This is because Western-style democracy basically did not exist in the Chinese nation or in Chinese culture. If we wish China to accept what they are not given a chance to learn, then what are we asking them to accept?

Secondly, democracy and human rights cannot exist without certain social conditions. The matter with democracy and human rights is that we cannot conjure them up. Western scholars have surveyed 120 countries particularly those democratic countries enjoying greater social stability to find out about the state of democracy in them. "Stability" in this context refers to the relative absence of war and civil strife. It is found that four basic factors exist in those democratic countries: (1) A higher literacy rate, meaning that the people are better educated. (2) A more efficient communication network which includes telecommunications, television and the media. (3) A higher living standard, meaning that the people have motor vehicles, air conditioners, telephones and refrigerators. (4) A fairly large middle class. In other words, the countries where these four conditions exist are more democratic and socially more stable.

I will now go back to conditions in China. Which dynasties in Chinese history paid the greatest attention to benevolence, righteousness, propriety and learning? If we have studied history, we know that they were the Tang Era, the Yu Era, the Xia Era, the Shang Era, the Zhou Era, the Han Dynasty and the Tang Dynasty. Wars were incessant during the other times, such as the Spring and Autumn Period, the Period of Warring States, the Wei Dynasty, the Jin Dynasty, the North and South Dynasty, the Song Dynasty, the Yuan Dynasty, the Ming Dynasty and the Qing Dynasty. Thus, when social stability was at stake, it was difficult to promote benevolence, righteousness, propriety and learning. The same was true in the West as it was in China. Therefore, if China is to be prosperous and strong and to have a civilized, democratic and free society, it must begin by building a stable and sound economic base. After the economic base is firmly laid down, it will necessitate the establishment of a political structure that matches the changed economic base. And it takes time to build this matching political structure.

Thirdly, a country need to learn about democracy and human rights before accepting them. Democracy and human rights cannot be forced on it. To use a bait to lure it into accepting democracy and human rights will be worse; it may be dangerous. Therefore, we think that, on the human rights issue, the United States can talk things over with China. The people of Hong Kong, too, can make proposals to China. They can even censure China, demonstrate in the streets, file petitions or even lodge protests with New China News Agency. However, the MFN issue must not be used as a threat or a bait. This reminds me of marriage. (Marriage comes to mind probably because I got married recently.) Marriage is a covenant. Both parties must have love

and must be willing. If a couple gets married because they are forced to, the result will not be good in the long run. The marriage may even break up.

Exactly half of the members of the Legislative Council Member's working group of our Association were opposed to the above view. They think that attaching conditions to MFN status renewal, especially attaching a condition about an improved human rights record, will be good. Their reasons are: Firstly, human rights transcend national boundaries. Secondly, human rights are very lacking but very much needed in China. Thirdly, Chinese leaders must be made to understand the importance of human rights. As for myself, I remember that, when the issue came up for discussion at an in-house meeting last time, I cast a "yes" vote without having consulted with our Association in advance. I thought that I could do so because, for the reasons described above, I was in favour of unconditional renewal of MFN status for China. However, after consulting with the Association, I found that exactly half of them were in favour and half against. Neither half could prevail over the other half. Therefore, I will abstain from voting on either the motion or the amendment. There is an even split within the Legislative Council Member's working group of our Association. But it is clear to me that the 10 of us of our Association will not break up because of our differences. We all know that we are indelibly and inseparably linked to Hong Kong and China. We are all Chinese. We would like to see a prosperous and strong China. We would like China to be civilized. We would like to see a democratic China. But we are also Hong Kong people. We wish Hong Kong to remain stable and prosperous and to become a model Chinese society with democracy and freedom, with the rule of law and with self-government. We think that we cannot have this model society without you, nor can you have it without us. The issue has not caused us to break up. I very much hope that this information about how our Association handles our internal differences will be of use to Members of this Council, whether you agree or disagree about the motion. Thank you.

DR CONRAD LAM (in Cantonese): Mr Deputy President, the amendment moved by the Honourable HUANG Chen-ya today sends a very clear human rights signal. We can sit here and talk about anything. We can criticize our Government or the governments of other countries without fear of being charged with counter-revolutionary crimes. I believe that, if a motion like the present one should be moved after 1997, and if Dr HUANG should move a similar amendment, he would not only be ridiculed and cursed but perhaps also be "made a few inches shorter" (with his head cut off). It is no wonder that some people say that we, taking our good fortune for granted, do not

realize how fortunate we are. We are enjoying some human rights, the kinds of human rights that are denied to our more than one billion compatriots.

I am both appreciative and envious of Mr Vincent CHENG for moving this particular motion. I appreciate his concern for the living standards of our compatriots in China and of the people of Hong Kong. I envy him for being still so innocent and naive despite his age. However, I feel that, in asking China to improve its human rights record, I myself am sometimes as innocent and naive as Mr Vincent CHENG. Why do I think that Mr Vincent CHENG is innocent and naive? Let us think. If we have a scale for measuring importance, how important are the interests of the people of Hong Kong in the eyes of American politicians? How important are the interests of the Chinese people in the eyes of American politicians? Every country is bound to put its own interests first in foreign policy matters. We cannot imagine that the American Government is an exception. If renewal of Most Favoured Nation (MFN) status for China does not do the United States a bit of good, the Hong Kong Government and all of us Legislative Council Members might kneel on the ground and kow-tow and the American Government would still turn a blind eye. Of course, interests can be of different kinds. There are economic interests, political interests, cultural interests and so forth.

What Mr Vincent CHENG's motion refers to are economic interests. To many people in this capitalist society, if one does not talk about money, what else is there to talk about? Confucius said, "If you are rich and powerful but immoral, you are like a passing cloud to me." These words make no sense at all to those who look down on poverty but not on prostitution.

Anybody concerned about China's MFN status must have seen how American lawmakers used ploys, excuses or justifications to terminate China's MFN status or to attach conditions to the renewal of this status. So we hope that the competent authorities will study the problem and take the right remedial measure just as a physician diagnoses a disease and prescribes the right medicine. The one great obstacle facing China is its far from satisfactory human rights record. Let me cite a few examples below.

A 1984 study by American political scientist Stephen SHALOM estimated that, up to the end of 1970, there were as many as 30 million unjustifiable deaths under the Chinese Government. The 30 million figure was the least controversial estimate. Other estimates went as high as 60 million. The lowest estimate was between three

million and four million. Even this equals half of Hong Kong's population.

Mr Harry WOO, who served in a Chinese labour camp for 19 years and who is now a permanent China researcher of the Hoover Institute of Stanford University in the United States, made two secret trips back to China in 1991 to find out about China's labour camps and to find out how China, in open defiance of the international ban against exports of goods made by convict labour, was massively exporting such goods. His book *The Chinese Gulag* ("gulag" means "labour camp") contains statistics based on official Chinese figures published over the past 40 years. The truth is that as many as 20 million of our compatriots in China were sent to labour camps during these 40 years. According to statistics provided by WOO's own sources, the figure is least 50 million, among whom between 16 million and 20 million are still serving. It may be mentioned in passing that, according to statistics published by China, convict labour has earned 13 billion yuan in foreign exchange for the state by mass-producing goods for export.

In addition, human rights groups like Amnesty International and Asia Watch have published a continuous stream of reports pointing out flaws in China's human rights record.

If there are people who worry that Dr HUANG Chen-ya's amendment motion may invite charges of "interference in China's internal affairs" and "lack of patriotism," they may put their minds at ease. Did Nelson MANDELA of South Africa not go hither and thither and appeal to countries all over the world to apply economic sanctions against the South African Government? Did he not do this for the sake of the human rights of the blacks in South Africa? The Chinese Government, too, voiced full support for MANDELA. What the United Democrats of Hong Kong (UDHK) are doing now is more than making a strong request to the United States to renew MFN status for China. They are also expressing their concern for the basic human rights of our one billion compatriots. This does not clash at all with the original motion's expression of concern for the economic interests of our compatriots. Instead, it has the effect of embellishing the original motion. In addition, we the people of Hong Kong are always very sincere and warm-hearted in caring for our mother country. Examples are relief for the East China flood victims and Project Hope. China gladly accepted our help.

Mr Deputy President, we appeal to China to improve its human rights record. This will take away the United States excuse for denying MFN status to China. The matter

here is absolutely not one of "river water encroaching on well water." Water is water. There is a saying about "the ocean running deep because it does not reject water from the small streams." There is no animosity between the two bodies of water. The UDHK, the Co-operative Resources Centre and our colleagues in this Council are as one being concerned about Hong Kong and China. Mr Deputy President, we Chinese use water to denote wealth. The motion and the amended motion today are alike in spirit; both want wealth to roll in for the people of China and the people of Hong Kong. They can be called motions about water. However, because of this quarrel between two bodies of water, we see that sparks are flying, coming out of the water. This is really amazing.

Mr Deputy President, with these remarks, I support Dr HUANG Chen-ya's amendment motion which seeks to embellish.

MR FRED LI (in Cantonese): Mr Deputy President, we of Meeting Point think that the motion debate today basically does not have much practical significance. Our views are like those of several other Councillors, for example, the Honourable Jimmy MCGREGOR. Hong Kong has already written to the United States Government to express its wish, which is that the United States should unconditionally renew Most Favoured Nation (MFN) status for China.

The debate today has sent sparks flying. I feel that it is the most heated and most impact-laden motion debate in several months. I hope that everybody will calm down for a moment to consider the background of the MFN issue.

Lying behind the grant by the United States of MFN status to other countries is a complex reason, which may be the opposite of human rights consideration. For instance, the United States granted MFN status to Rumania during the 1970s. At the time, the great dictator CEAUSESCU was still in power. Did Rumania have a good human rights record in those days? Did the Rumanian people have a high degree of trust in their government? Certainly not. Rumania's human rights record was quite poor. Still, the United States granted it MFN status. The real United States motive was very simple: to split up the Soviet bloc. Rumania at the time was one of a few communist bloc countries which kept the Soviet Union at arm's length. This was why the United States granted it MFN status. Clearly, human rights were never the issue. In 1972, the United States Congress passed some bills that were the first to restrict the grant of MFN status. The conditions that needed to be met were quite simple.

Any country that allowed its people to leave freely would be eligible for MFN status. There was an explanation for this condition. It had to do with the Soviet Jews. The United States wanted them to be able to leave the Soviet Union for Israel. The particular condition was directed against the Soviet Union. The United States wanted to see if the Soviet Union would meet this condition. Once more, this showed that MFN status was not a human rights issue, nor a high ideal issue. It was a political weapon and nothing more. It was designed in the United States' own interests and for increasing its own power. So I hope that Councillors will not naively believe that the United States Government will carry out its MFN policy in a very righteous manner. We absolutely must have a clear understanding of the historical background of the United States position, a clear understanding of the United States criteria in the MFN matter.

Meeting Point are very much in favour of the position that China needs to improve its human rights record. I absolutely agree that China's human rights record at present is barely tolerable; it is unsatisfactory to us in many respects. But can MFN status be used as a mechanism for inducing China to improve its human rights record? Absolutely not. As Dr HUANG Chen-ya noted a moment ago, the United States Congress has been attaching more and more conditions. In the wake of the June 4 incident, we saw a clear United States emphasis on China's human rights record. Now, three years later, there is also mention of nuclear proliferation and trade imbalance. With the United States economy in such a sad state, the correction of the trade imbalance will become an increasingly important condition. So the situation is more complex than ever. We must not think that China, by improving its human rights record, will be assured of permanent MFN status. We hope that everybody will be more analytical. Mr Vincent CHENG's motion has a point about how important renewal of MFN status will be for Hong Kong. But it does not state the point as sharply as the amendment motion does. This is a bit regrettable. The amendment motion better conveys our reasons for being concerned about the issue. I have done my home work on Mr Vincent CHENG's speech. I will not repeat such things as how much money will be lost, by how much gross domestic product will decline, how many jobs will be lost and so forth. Actually, it is in the amendment motion that we see the economic importance of the issue. However, the amendment motion would have us believe that China, by improving its human rights record, will be assured of permanent MFN status. I do not agree with this. Therefore, both motions are in fact flawed. However, over the MFN issue, we of Meeting Point have a very clear-cut position. Our consistent position is that we should not ask the United States Government for conditionality.

We feel that politics should not be used as a weapon. Therefore, as to how we will vote, the three Councillors of Meeting Point will abstain from voting on the amendment motion and will vote "yes" on the original motion.

Mr Deputy President, I so make my submission.

MR HENRY TANG: Mr Deputy President, to date, countries that enjoy MFN status include some former Soviet republics, Bulgaria, Albania and Mongolia and, paradoxically, other nations least favoured by the United States such as Iraq, Iran and Libya. Unlike China, these nations are not subject to an annual "public examination" of its suitability. The paradox is particularly baffling when Iran and Libya are two of those countries which the United States would not like China to transfer information or dual-use technology to for fear of nuclear arms proliferation and yet they are enjoying unhindered MFN status.

Closer to home, any form of attrition between our two major markets ranging from MFN to Special 301, from anti-dumping charges to alleged illegal transshipments would invariably create severe repercussions on Hong Kong. Withdrawal of MFN status or conditional renewal with conditions which are unrealistic to China would mean that China stands to lose US\$15 billion of its export to the United States. But for us here in Hong Kong it would cost us up to US\$2 billion and also up to 60 000 of our workforce will lose their jobs.

In turn, when China retaliates, it is expected to cost the United States at least US\$7 billion in exports and around 100 000 jobs in its agriculture, aviation and technology sectors. The United States consumers, especially those in the lower income group, would be adversely affected with higher prices on footwear, apparel, toys and even electrical appliances imported from China. Hence, we can see that at the end of the day nobody wins; it is the ordinary people -- the people in China, Hong Kong and the United States who are going to bear the brunt of feuding politicians.

I share the same conviction as the United States and my fellow colleagues in this Council on the improvement of human rights, the containment of nuclear arms proliferation as well as the curtailment of forced prison labour. Nevertheless I firmly believe that the United States withdrawal of MFN or the slapping of unrealistic conditions on MFN renewal is not the right way to elicit a faster pace or a broader scope for human rights improvements in China.

Putting unrealistic and stringent conditions would only push China on the course of retaliation or, even worst, to look inwards. We would seek to encourage dialogue and links between China and the outside world. We should also encourage China to enhance its policy of economic reform. Through economic reform, China will achieve political reform as its society overcomes the problems of feeding and clothing the vast population.

Honourable Members, Dr HUANG is trying to lead us down the garden path by making absurd remarks about some of us accepting arms proliferation, American MIAs and so on from Korea. He is clouding the issue; it is a smoke-screen. This is not the key issue here. It is the conditionality that will drive China to retaliate. I urge all my fellow Members, especially the United Democrats of Hong Kong (UDHK), to search deep into their hearts before voting for conditionality. I am one of Hong Kong's thousands of voters who voted some UDHK members into this legislature in the 1991 elections. I am asking you to cast aside your colour glasses when you cast your vote.

With these words and my vested interest in the population of Hong Kong, I vote against the amendment.

MR JAMES TO (in Cantonese): Mr Deputy President, whether the United States will renew Most Favoured Nation (MFN) status for China and whether China will have its MFN status renewed by the United States -- these are simply the internal affairs of those two countries. Regrettably, their internal affairs would have some bearing on Hong Kong. This is why we have Mr Deputy President's permission to hold today's motion debate. Should the United States mix up trade with politics or not? Should it renew MFN status for China unconditionally or conditionally to compel the latter's compliance with an ideal or a pretense thereof? What we think does not matter. But there is one reality to which we must respond. Over the question of renewal of MFN status for China, the American people and American law-makers do base their consideration on certain conditions and certain facts. This is the inescapable truth. Therefore, realistically, supposing that our motion for adopting lobbying tactics to work for unconditional renewal of MFN status for China is carried, do you think that this will change the mind of the American law-makers? Suppose that we send the result of this motion debate to the American law-makers and add, "We hope that your country will unconditionally renew MFN status for China." Will this be very effective? Suppose that the American law-makers, in response, ask us, "Legislators of Hong Kong, do you

really care about China's human rights record? Are you concerned about both China and the United Kingdom to keep their promises to Hong Kong as contained in the Sino-British Joint Declaration?" How, then, should we respond? We may answer, "All you have to do is to renew China's MFN status unconditionally. Do not ask more questions. It will be inconvenient for us to answer." I feel that we are evading a question that will necessarily be asked if we are to adopt a lobbying strategy. We can tell the Americans that they are ugly and selfish. But what they have really been doing all along is putting their own interests first. In deciding for or against renewal of MFN status for China, the President of the United States will perhaps base his consideration on the fact that this is the election year. The American people, after listening to the speeches of Professor CHEN and Mr Vincent CHENG, will understand the harmful consequences of non-renewal of MFN status for China. But they probably will still wish to use their political influence to force their President and their Congress to attach conditions to the renewal. This is the people's decision. We feel that, if we totally fail to show any concern for the human rights record of our own country or to convey our hope that China will abide by the Joint Declaration, it will be very difficult for any serious lobbying to bear fruit.

Furthermore, I do not understand at all why some Members say that, unless we pass the original motion, we may be sending a wrong signal, making it appear that we are in favour of conditional renewal of MFN status for China. Then we will be in big trouble; the consequences will be very serious. Are we not too lacking in confidence in China perhaps? Are we trying to say that, should this Council be in favour of attaching conditions, China would assuredly fail to meet the conditions? I am leaving aside for the moment the question of whether or not conditionality should be used to force China to improve its human rights record. I would like to ask: Are we really so lacking in confidence in China to assume that it definitely will not be able to fulfill the conditions? I hope that our respected colleagues, particularly those who are able to gain access to Chinese leaders in private, will tell them matter-of-factly, while chatting or playing card games, "Try your best to improve. Do not get Hong Kong into such trouble. Our investors will otherwise lose confidence in Hong Kong's long-term development prospect." I think that many of the Members seated here are in a position to do so. I hope that they will do so and remove Hong Kong people's nagging worries.

Mr Allen LEE puts it well, "China's fate is our fate. Hong Kong will have its good days only with a rich and strong China which is forward-looking and committed to reform." I absolutely agree. Precisely because we agree, we wish China well. For

this reason, as far as this motion debate is concerned, the United Democrats of Hong Kong hope that the United States will renew MFN status for China.

Finally, I would like to respond to one point. I hope that you all will think about this question: Is the motion debate held at this time of more help than leaving it to the Government to continue its low-key lobbying effort both in the United States and in China?

DR PHILIP WONG (in Cantonese): Mr Deputy President, I must begin with a declaration of my interests. I am a pro-China permanent resident of Hong Kong and I have had a United States passport for many years.

I have already spoken on many public occasions concerning my position with regard to the Most Favoured Nation (MFN) issue. Today, at this meeting, I would like to point out simply that the best solution for China, the United States and Hong Kong -- a solution that has advantages and no disadvantage -- is for President BUSH to announce unconditional renewal of MFN status for China, just as China grants MFN status to the United States. All those who truly strive for the good of Hong Kong will support such a pragmatic and wise decision.

I am not in favour of the amendment motion. My reason is that MFN status stands for mutual benefit and reciprocity between China and the United States in matters of trade; no political conditions should be attached to it. The questions raised by the amendment motion touch upon China's internal affairs and should be left to be dealt with by China. As many of our American friends were saying to us when we, as a deputation from Hong Kong's business community, visited the United States this year, "the human rights issue is a matter solely for the sovereign country whose right in this regard should be respected".

Mr Deputy President, I dare not say that Dr HUANG Chen-ya did not do his home work. However, I feel that he did not do enough home work. This is because, if he had read the newspapers at all, he would have realized clearly that China's position is not to accept conditional renewal of MFN status. We will all agree that, over this MFN issue, non-renewal by the United States or non-acceptance by China will have the same economic impact on China, the United States and Hong Kong.

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

DR YEUNG SUM (in Cantonese): Mr Deputy President, before I begin my speech, I would like to make a brief response. Some people think that Dr HUANG Chen-ya's amendment motion, by expressing the hope that China would improve its human rights record, will hurt China. I would like to ask: Do they mean by this that Chinese leaders or the people of China will be hurt? Some people say that the amendment motion is contrary to the interests of the people of Hong Kong. My speech, which follows, will try to show that the amendment motion is moved with not only the interests of the people of Hong Kong but also that of our compatriots in China in mind. The United Democrats of Hong Kong (UDHK), as a political group, strive for democracy, promote a better quality of life and protect human rights for the people of Hong Kong. We are very concerned about whether Chinese exports will be able to enjoy long-term MFN treatment in the United States. This is because, if MFN status should fail to be renewed for China, Hong Kong's economic interests would be seriously impaired. According to government statistics, should MFN status fail to be renewed for China, Hong Kong's total trade volume would decline by between 6% and 8% or by between \$12 billion and \$16 billion, representing between 1.8% and 2.5% of gross domestic product; and between 45 000 and 60 000 jobs would be lost. Clearly, because of the close economic and trade ties between China and Hong Kong, non-renewal of MFN status for China by the United States would have major repercussions for Hong Kong's economy and employment.

Mr Deputy President, the UDHK think that, for the well-being of our compatriots in China and for the well-being of the people of Hong Kong, the Chinese Government should be firm and positive in its attitude and policy towards the MFN issue. As we all know, the United States Administration and Congress must annually review China's eligibility for MFN status, and this is due mainly to China's human rights record. This is a political reality.

Mr Deputy President, in view of this political reality, unless the Chinese Government takes the initiative and improves its human rights record, it must annually face the uncertainties brought about by the United States Government's policy review. This will affect the economic development of China and Hong Kong and the living standards of the people of China and Hong Kong.

The Chinese Government is the people's government. It has the duty to put the interests of the people above the interests of the party and to take active steps to improve the people's living standards and human rights conditions. Then, Chinese

society will become affluent and open. Therefore, Mr Deputy President, I hope that the Chinese Government will put the interests of the people first, take the initiative and improve its human right record. Firstly, this will enable China to enjoy MFN status permanently, something that is positively meaningful for economic development in China and for foreign investments in China. Secondly, it will enable people's individual value and human dignity to be respected and human rights to be protected in China.

Mr Deputy President, some colleagues think that the best way to improve the human rights situation in China is to create more job opportunities there. I am sorry that I cannot totally agree with this argument. Human needs and developments are multi-sided. Examples of needs and rights abound, such as those in terms of survival, thought, belief, employment, travel, assembly, association and election. Assuring individual survival is assuring one level -- and a comparatively low level -- of human rights. If we wish to assure individual worth, then we must get into such areas as civic rights, political rights and social rights.

Mr Deputy President, some people think that human rights are products of Western culture and do not exist in the Chinese nation or in Chinese culture. I do not agree. With advances in technology, cultural exchanges among nations have become more common-place. The so-called difference and gap between Chinese and Western cultures have become narrower and narrower. Any thinking person, irrespective of his cultural origin or the colour of his skin, will gradually come to realize and appreciate the significance and importance of his worth as an individual. He will then make an effort to seek the establishment of a social system under which this worth can be fulfilled. I think that Chinese will be no exception.

Mr Deputy President, to sum up, I would like to repeat that the UDHK support renewal of most favourable treatment for Chinese exports by the United States. However, in order for China to enjoy this status permanently (and I stress the word "permanently"), the UDHK also hope that the Chinese Government will take the initiative and improve its human rights record. When this wish of ours comes true, happy will be our compatriots in China and happy will be the people of Hong Kong!

Mr Deputy President, with these remarks, I support Dr HUANG Chen-ya's amendment motion.

MR HOWARD YOUNG (in Cantonese): Mr Deputy President, does China have to do something to encourage the United States to renew Most Favoured Nation (MFN) status for it? I think that the answer is "yes". It is an economic question. If China does not wish to let the American people play political games with this economic question every year, then it must resolve some economic matters. Can China adopt some of the customary international economic practices with regard to, for instance, the dual pricing system, tariff rates, the operation of state-owned enterprises, the transparency of trade figures and trade liberalization and reform? By doing this, China can rejoin the GATT quickly. I expect that these measures will put an end to the political game that some countries, particularly the United States, play every year with trade issues.

The motion moved by Mr Vincent CHENG today is very reasonable. Mr CHENG is an economist. His motion is very important for Hong Kong's economy and it is a motion about the economy. Also, I feel that it will be very constructive at this point to bring up this particular issue for discussion. To my surprise, some Members a moment ago denounced the motion as a political game. Now, after listening to the earlier speeches, I wish to ask: What is a political game? Mr Vincent CHENG, an economist, moved a debate on an economic matter and still this exposed him to an infinitely serious charge. As a result, colleagues of the Co-operative Resources Centre (CRC) have been made to look like advocates of nuclear proliferation, opponents of human rights and even promoters of arms sales. If this is not playing political games, what else is?

Some people have referred to a need to face the reality. I have also noticed that Dr HUANG Chen-ya reminded us to consider political realities in the United States. As far as I understand, he meant that some American law-makers had told him that they could not justify their position to their constituents and so had to do something about what had been described by many just now as political gimmicks. I would like to ask one question. What must Hong Kong's Legislative Council Members face: The political reality of the United States or the reality of Hong Kong? Do we have to worry about American law-makers' difficulty in justifying their actions to their constituents or do our self-styled representatives of the people have to worry about justifying their own actions to their own constituents? Many of our constituents depend on Hong Kong's economic prosperity to live and work. I remember that, when the Legislative Council was debating the issue of imported labour, many Members submitted that imported labour would affect the livelihood of over 10 000 people in Hong Kong. Colleagues of the United Democrats of Hong Kong (UDHK), too, stated a

moment ago that the issue of MFN status would have an impact on the livelihood of between 40 000 and 60 000 people in Hong Kong. Are we to sacrifice the employment interests of between 40 000 and 60 000 people for politics or for an ideal that may not necessarily be in the interests of Hong Kong?

I think that, in this connection, we must also consider whether, as Chinese, we should be led by the nose by other country. This is the Chinese's wish to fight for our right of equal treatment by the American people. As Mr Vincent CHENG also stated a moment ago, MFN status is not a special favour but a right of equal treatment. Therefore, I think that those who accuse others of playing political games with the issue are in fact playing political games themselves, and misleading the public. Who will benefit in the end?

A moment ago, Mr Allen LEE asked Dr HUANG Chen-ya, who moved the amendment motion, if he had been to China or Beijing to talk with Chinese leaders about the human rights issue. I do not know his answer. But I do know that colleagues of the CRC, during their visit to Beijing last month, talked face to face with Chinese leaders about measures for improving various things in China, including China's human rights record. I hope that other colleagues will not take the living standards or the livelihood of the people of Hong Kong as a bet to turn the issue into a political game. I also hope that all my Legislative Council colleagues, including colleagues of the UDHK, will frankly and sincerely seek a dialogue with China about the matter. Of course, if some UDHK or other colleagues, holding foreign passports, cannot easily travel to China, I, as the representative of the travel industry, will gladly help them with visa matters. They may travel to Beijing for talks in capacity of foreigners. Thank you.

DR HUANG CHEN-YA: Point of clarification, Mr Deputy President.

DEPUTY PRESIDENT: Yes, Dr HUANG.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, I wish to make a clarification. Unlike some lovely Members, I have not had the chance to find favour with the Chinese leaders, but I have visited the poor masses in China on many occasions.

MR VINCENT CHENG: Mr Deputy President, I want to thank Members for such active participation in the discussion. I have listened carefully to the eloquent arguments by Members, particularly those arguments supporting Dr HUANG's amendment. I was accused of being "innocent". I look like 16, but I certainly feel like 60 after this debate.

I will try to address the concerns raised by the Members supporting Dr HUANG's amendment. I oppose the imposition of conditions but it does not mean that I do not share the concerns expressed by Dr HUANG and some other colleagues here. I oppose such a move because relations between countries should only be built on mutual respect and co-operation, not threats, and imposing conditions is a threat.

We all treasure freedom. We all treasure the rights and dignity we enjoy, and it would be most unforgivable and we should be condemned if we say that other people should not enjoy the same degree of rights and dignity. But the rights and dignity we are enjoying would not have been possible without the years of painstaking hard work that built Hong Kong into a successful economy with a high standard of living. Without a free trading environment and GATT we would never have been able to get to where we are today. Free trade is vital to any developing country. Without economic success, human rights and human dignity would just be empty slogans. Depriving millions of people of their jobs and of their hope to improve their livelihood is not promoting human rights. On the contrary, only through economic progress can a country build a firm foundation for human rights improvements.

My opinion on Dr HUANG's amendment remains unchanged. If passed, this amendment will send a wrong message, because no one in this Council opposes China's MFN status -- no one. It would only cost Hong Kong tens of thousands of jobs and billions of dollars in income, it would undermine our financial ability to meet the aspirations of the people of Hong Kong. I therefore remain opposed to the amendment and I am sure my colleagues will vote according to their consciences.

SECRETARY FOR TRADE AND INDUSTRY: Mr Deputy President, Members who have spoken in this debate have all recognized that the renewal of Most Favoured Nation status for China by the United States is of crucial importance to Hong Kong. The damage that would be done to Hong Kong's economy as a result of the loss of China's MFN status has been spelt out in detail by many Members. Several Members have quoted very precise figures. So that there is no need for me to repeat them.

But I would like to emphasize a few points. If, as a result of loss of MFN status, China was to cut back on its imports from the United States either in retaliation or because of a reduced ability to earn foreign exchange, there would be further trade contraction which would result in further loss in jobs and income for Hong Kong. In addition, there would be a significant adverse effect on manufacturing investment ventures and other production arrangements by Hong Kong and foreign companies in China. Hong Kong's role as the gateway to China would likely be undermined considerably, thus affecting longer-term growth potential and business confidence in Hong Kong. All these would damage Hong Kong at an important time in our history.

In spite of the consensus that has emerged from this debate on the importance of MFN renewal, some Members have questioned our support for unconditional renewal. In order to avoid repetition, I will deal with this point later on when I address the amendment that has been proposed to the motion.

Although President BUSH has approved the extension of unconditional renewal of MFN trading status for China for the current year ending 3 July 1993, this has not gone unchallenged. A joint resolution of disapproval, introduced in the House of Representatives to revoke the President's decision, is now waiting to be put to the House for a vote. If approved by both the House and the Senate, China would be denied of MFN status within 60 days of passage of the joint resolution unless the President exercises his veto and is able to sustain it in any veto-override attempt.

In addition to the attempt to deny MFN trading status for China this year, two bills attaching conditions to MFN renewal for next year have been introduced respectively in the Senate and the House of Representatives. In brief, both bills would deny MFN treatment for exports from predominately state-owned enterprises should China fail to meet a number of conditions relating to improvements in human rights, trade practices, weapons non-proliferation and others.

This approach, although more selective than withdrawal of MFN status altogether, would not insulate Hong Kong from the ensuing adverse economic consequences. Leaving aside the Chinese response to conditionality, the United States Administration have stated very clearly that the two bills are unworkable because it would be very difficult to determine which exports are produced by state-owned enterprises. Confusion about the applicability of the legislation would not only give rise to chaos and be detrimental to trade, it would also create uncertainty among investors in Hong

Kong and China. While the impact on Hong Kong could not be quantified in view of the lack of data on exports by Chinese state-owned enterprises, one thing for certain is that Hong Kong will suffer because of its close economic ties with China.

In recognition of the importance of the matter, Members of this Council have helpfully issued a letter earlier on to key Senators to urge support for unconditional renewal of China's MFN status in 1992-93. The private sector has also been working vigorously on this front. In May, two missions of businessmen visited Washington DC to lobby the support of both the business sector and the politicians in the United States. On the part of the Government, our Washington office have worked with groups in the United States having business or exporting interests in China, urging them -- successfully -- to impress upon their Congressional representatives the damage that non-renewal or conditional renewal would do to the United States economy.

In addition, through the sustained efforts of my colleagues in our Washington office and through my own visit there in May, we have ensured that Congressional leaders and senior United States Administration officials are fully aware of the importance to Hong Kong of unconditional MFN renewal. Furthermore, to ensure that a coherent Hong Kong message is conveyed in the multiple lobbying efforts by the Government as well as the private sector, we have met with chambers of commerce and other trade and industrial groups regularly in both formal and informal settings, updating them on the latest developments. This process is continuing.

The key to the MFN battle, if I may use such a word, lies in President BUSH's very firm stand that withdrawal or conditional renewal of MFN status for China would not achieve the United States' other policy objectives. However, we in Hong Kong cannot afford to be complacent given that the President was only able to sustain his veto against the bill introduced last year attaching conditions to MFN renewal by a narrow margin of five votes in the Senate in March this year. The position this year is made more difficult because of domestic election politics in the United States.

Mr Deputy President, I would like to state for the record that while Hong Kong possesses full autonomy in the conduct of its external commercial relations, the United Kingdom Government has all along been very supportive of Hong Kong in respect of the MFN issue and, when necessary, has on previous occasions approached the United States Administration as well as members of the United States Congress to express concern at the damaging impact on Hong Kong if China were to lose its MFN trading

status in the United States. Some of these contacts were at the highest levels of the United Kingdom and United States Governments. We are most grateful for the United Kingdom Government's support and have no doubt that, if necessary, the United Kingdom Government will again offer us every assistance in this matter in the future.

On a related point, Members may wish to note that, at an open meeting of the Trade Sub-Committee of the Ways and Means Committee of the House of Representatives, which took place on 23 June 1992 in Washington, when China's MFN status was being discussed, a certain Congressman did say that, at a recent meeting with some Members of Parliament in London, he had been told that MFN revocation would deal a devastating blow to Hong Kong's economy and business confidence.

In concluding my comments on the motion, I would like to assure Members that the Administration will continue to do its utmost to work for the unconditional renewal of MFN trading status for China which is so important for the well-being of Hong Kong. We will concentrate our efforts on securing enough support in the Congress to sustain any Presidential veto of a joint resolution of disapproval or conditionality bill. The official Members of this Council will vote for the motion.

As regards the amendment proposed by Dr HUANG Chen-ya, the official Members will vote against it. I must emphasize that this vote has nothing to do with the human rights situation in China.

The reasons for voting against the amendment are, first, that it does not contain the most important requirement, from our point of view, that the extension of China's MFN trading status should be unconditional. A conditional renewal of China's MFN status would be taken by businessmen and investors as an advance notice to wind down operations and investments in China. The Hong Kong Government have, therefore, consistently supported unconditional renewal on the grounds that conditional extension will be very damaging to Hong Kong.

My second point is that we have all along believed that MFN is a trade issue which should not be linked to other issues, such as those included in the two conditionality bills. Our position has nothing to do with the merits or otherwise of these other issues. In this respect, I would like to note once again that the United States Administration's position is also that MFN is not the right tool to achieve other policy objectives.

Finally, calling for extension of MFN without specifying that it should be unconditional and linking MFN extension with a non-MFN issue may well be perceived elsewhere as a weakening in our support for unconditional renewal and risk playing into the hands of those who are trying to defeat the United States Administration in order to achieve their own domestic political ends.

A few Members speaking in favour of the amendment have said that our support of unconditional renewal is unrealistic. I do not agree with this view. Our position is a realistic one. In terms of United States domestic politics, Hong Kong is but one factor in the MFN equation. In our efforts to help maintain China's MFN status our best course of action lies in supporting the United States Administration's firm stance that China's MFN status should be renewed without conditions.

Thank you, Mr Deputy President.

Question on Dr HUANG Chen-ya's amendment put.

Voice votes taken

THE DEPUTY PRESIDENT said he thought the Noes had it.

DR HUANG CHEN-YA: Mr Deputy President, I claim a division.

DEPUTY PRESIDENT: Council will proceed to a division. The division bell will ring for three minutes and the division will be held immediately afterwards.

DEPUTY PRESIDENT: Would Members now please proceed to vote? I will check with Members before the results are displayed.

DEPUTY PRESIDENT: Does any Member have a query before the results are displayed? If not, the results will be displayed.

Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr James TO and Dr YEUNG Sum voted for the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mr Stephen CHEONG, Mrs Selina CHOW, Mr HUI Yin-fat, Mr David LI, Mr NGAI Shiu-kit, Mr TAM Yiu-chung, Mr Andrew WONG, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mrs Elsie TU, Mr Peter WONG, Prof Edward CHEN, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Mr Gilbert LEUNG, Mr Eric LI, Prof Felice LIEH MAK, Mr Steven POON, Mr Henry TANG, Dr Samuel WONG, Dr Philip WONG and Mr Howard YOUNG voted against the amendment.

Mr PANG Chun-hoi, Mr Federick FUNG, Mr Fred LI, Mr TIK Chi-yuen and Mr WONG Wai-yin abstained.

THE DEPUTY PRESIDENT announced that there were 12 votes for the amendment and 37 votes against it. He therefore declared that Dr HUANG Chen-ya's amendment was negatived.

DEPUTY PRESIDENT: Mr LEE, I believe you have a short point to make.

MR LEE WING-TAT (in Cantonese): Thank you, Mr Deputy President. On behalf of the United Democrats of Hong Kong, I would like to put forward our stance on the original motion. First, we think that.....

MR ANDREW WONG: Is this the time to make a statement, Mr Deputy President?

DEPUTY PRESIDENT: Strictly, under Standing Orders a Member who has not already spoken may speak to the original motion. I understood that Mr LEE wished to make a short point and he is entitled to speak on the original motion. Please proceed, Mr LEE.

MR LEE WING-TAT (in Cantonese): I rise to speak because the original motion causes misunderstanding on the part of the United States Congress as well as the American people who may think that we object to all the attached conditions, one of which being that China will abide by the Joint Declaration. Second, it is alleged that the United Democrats of Hong Kong (UDHK) support the use of the MFN issue as a weapon to force China to improve its human rights record. This is not a policy adopted by the UDHK and we indeed disagree with some of the American policies. What we are asking everyone to consider is in what ways we can ensure that China would be awarded the MFN status on a long-term basis. We think that the motion proposed by Mr Vincent CHENG cannot achieve this long-term objective. A method to solve the problem of the MFN status is for China to take the initiative to improve its human rights record. The UDHK are only trying to voice their wish and suggest a solution to this long-term problem, therefore we will abstain from voting on the original motion.

MR ANDREW WONG: Mr Deputy President, could I speak? I have not already spoken.

DEPUTY PRESIDENT: Yes, you have a right to speak, Mr WONG, on the original motion.

MR ANDREW WONG (in Cantonese): Mr Deputy President, I have not spoken yet. But I think the motion today is not very meaningful. Since Members have debated for such a long time, it would be meaningless to carry on the debate.

The Most Favoured Nation (MFN) issue was discussed once at an In-house meeting. The vast majority of Members at the meeting agreed that in the long-term interest of Hong Kong, it would be most ideal if the United States could grant China the MFN status. I, therefore, am of the opinion that the motion is worth supporting.

Mr Deputy President, I support the motion.

Question on Mr Vincent CHENG's motion put.

Voice votes taken

THE DEPUTY PRESIDENT said he thought the Ayes had it.

MR HOWARD YOUNG: Mr Deputy President, I ask for a division.

DEPUTY PRESIDENT: Council will proceed to a division. The division bell will ring for three minutes and the division will be held immediately afterwards.

DEPUTY PRESIDENT: Would Members please proceed to vote?

DEPUTY PRESIDENT: Has one Member not registered his vote? You are not obliged to, of course. There are 53 Members excluding myself and we have only 52 persons registered.

DEPUTY PRESIDENT: You have not registered your presence. Thank you, Miss LAU. Do Members have any query before the results are displayed? The results will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mr Stephen CHEONG, Mrs Selina CHOW, Mr HUI Yin-fat, Mr David LI, Mr NGAI Shiu-kit, Mr PANG Chun-hoi, Mr TAM Yiu-chung, Mr Andrew WONG, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mrs Elsie TU, Mr Peter WONG, Prof Edward CHEN, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Mr Gilbert LEUNG, Mr Eric LI, Mr Fred LI, Prof Felice LIEH MAK, Mr Steven POON, Mr Henry TANG, Mr TIK Chi-yuen, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG and Mr WONG Wai-yin voted for the motion.

Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LEE Wing-tat, Mr James TO and Dr YEUNG Sum abstained.

Miss Emily LAU registered her presence

THE DEPUTY PRESIDENT announced that there were 41 votes for the motion and none against it. He therefore declared that Mr Vincent CHENG's motion was carried.

Private Bill

Second Reading of Bill

MIDDLE EAST FINANCE INTERNATIONAL LIMITED (TRANSFER OF UNDERTAKING) BILL

Resumption of debate on Second Reading which was moved on 1 July 1992

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 Bill

Council went into Committee.

MIDDLE EAST FINANCE INTERNATIONAL LIMITED (TRANSFER OF UNDERTAKING) BILL

Clauses 1 and 3 to 17 were agreed to.

Clause 2

MR DAVID LI: Mr Chairman, I move that clause 2 be amended as set out under my name in the paper that has been circulated to Members of the Council. The English text of this Bill is in order. However two technical terms in clause 2 of the Bill in the Chinese version are inconsistent with those used for similar terms in the authentic Chinese text of the Interpretation and General Clauses Ordinance. The Chinese text therefore is to be changed to eradicate these inconsistencies.

Mr Chairman, I do not believe that this amendment will in any way affect the substance of the Bill. Mr Chairman, I beg to move.

Proposed amendment

Clause 2

That clause 2(1) be amended --

in the definition of "property", by deleting " " and substituting " " and by deleting " " and substituting " ".

in the definition of "existing", by deleting " " and substituting " ".

Question on the amendment proposed, put and agreed.

Question on clause 2, as amended, proposed, put and agreed to.

Preamble was agreed to.

Council then resumed.

Third Reading of Bill

MR DAVID LI reported that the

MIDDLE EAST FINANCE INTERNATIONAL LIMITED (TRANSFER OF UNDERTAKING) BILL

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

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

Bill read the Third time and passed.

Adjournment

CHIEF SECRETARY: Mr Deputy President, I move that this Council do now adjourn.

DEPUTY PRESIDENT: Prof Felice LIEH MAK has given notice to raise a matter for reply by the Government. Could I remind Members that in an adjournment debate there are 45 minutes for Members to speak. At that point or after all the Members wishing to speak have spoken, whichever is the earlier, I will call upon the Secretary for Health and Welfare to reply.

Patient's rights

9.22 pm

PROF FELICE LIEH MAK: Mr Deputy President, all countries, regardless of their stages of economic development, take as one of their ideals the availability of quality medical care which is defined by accessibility to high technology and respect for the patient as an entitled consumer of treatment.

I have proposed this debate on patient's rights for two reasons:

(1) A greater understanding of the rights and responsibilities of patients by both patients and doctors can greatly improve the quality of medical care in Hong Kong;

(2) This issue is applicable to all professional public and private services provided in Hong Kong. Outlining the expectations of the people as consumers, and doctors as providers of services, will be a significant step towards greater quality and satisfaction.

I will, in this speech, be more general in my approach, leaving it to my various colleagues, who I am sure will support this endeavour, to elaborate on specific points.

The doctor-patient relationship requires trust, mutual respect and good communication. We all know or have experienced situations in which none of the above conditions have existed. No information from the doctor about the ailment, medicine

dispensed without labels or instructions, little warning of the side-effects from a certain treatment, and rude doctors or nurses are just a few of the common complaints from patients from both the private and public sectors. Patients deserve better, they deserve in their time of suffering to be treated with dignity and respect. The patient has a right to know and understand his condition to the best knowledge of his doctor. Doctors should explain the prescribed treatment as well as the outcome of the illness. Possible alternatives, the benefits of receiving treatment or no treatment or alternative treatment, must be explained, as well as the cost and potential side-effects of all treatment. This will enable the patients to make a truly informed decision on the treatment of their choice.

All medicine should be labelled with name and directions for use. This will enable other doctors as well as the patients to know accurately what sort of medication they are taking. The doctor should explain the reasons for his prescription and also the path which the patient will take in order to improve his health and also to co-operate in the treatment.

The patient has a right to choose and refuse treatment and this should be based on the recommendations of his doctor. In addition, patients must have a right to know the medical charges and be presented with a properly itemized copy of their bill. Patients must be allowed whenever possible to have access to their records and to have in their possession the results of their investigations.

I have spoken at length about patient's rights; however, as a member of the CRC, we always believe in balance. Rights therefore have to be balanced with responsibilities. Patients must do their part to help health care professionals give them the best care. Patients should volunteer all useful information and tell the doctor if they do not understand his or her explanation. They must follow the treatment plan and co-operate in all aspects of the treatment once it is explained and agreed upon. The patient is responsible for acting upon the recommendations of his doctor and for the consequences of not adhering to the prescribed course of treatment.

There are a number of health care problems that exceed the direct relationship between patients and doctors. Hospital patients have many justifiable complaints about the state of and the facilities in both public and private hospitals. There is an improper distribution of beds and in this respect we think that this problem should be rectified as soon as possible to provide patients with an environment which

will be conducive to their recovery. Many of the floors and the hallways of hospitals are dirty, and the public toilets on the wards are often filthy. Hygiene must be a first priority in a hospital. What faith can patients have in their hopes of recovery if they fear catching an infection in the hospital?

Long waiting lists are another complaint, symptomatic of overcrowded wards and an inadequate number of staff and resources.

The community deserves, and our patients deserve, to have these problems resolved in the interests of quality medical care. I am very pleased to know that the Hospital Authority is in fact now initiating an attempt to look at what rights patients should have and what provisions the Hospital Authority can give in order to ensure that the patients will indeed have their rights respected.

I ask the Government to improve health care in Hong Kong by drafting and distributing an outline of patient's rights and responsibilities. As consumers of medical care provided by both public staff and private professionals, the public should know what they can expect from health care and what is expected of them. A clearly stated guide of these expectations will strengthen the relationship between patient and doctor, increase understanding of medical conditions and treatment, and improve the quality of health care. I hope the Government will consider these words and their implications for the attainment of not only better health care but also of a more open, more accountable government that is dedicated to quality services.

I shall welcome the views of my honourable colleagues on this subject. Thank you.

MRS SELINA CHOW: Mr Deputy President, there is little doubt that we are at our most vulnerable when we are taken ill, and if that illness is serious enough to warrant hospitalization, then we are at the mercy of the entire staff of that institution, not just the doctors or nurses but others, be they general or professional, regardless of whether we as patients come into direct contact with them or not.

Judging from the complaints that patients have about hospitals, my point was adequately reflected. For example, the hospital toilets have been a main case for complaint. They are of course the responsibility of the cleaning staff but the poor standard of cleanliness is a statement of neglect on the part of management.

Another common grievance is the food being served on patients. Dieticians may be responsible for the nutrition of such provisions but the kitchen is to blame for meals being tasteless, cold and unappetizing.

Such complaints are but minor when compared to the substantive grumbles that doctors and nurses have not explained the condition, diagnosis and treatment to patients. Related to this is the frequent failure to draw patients into the decision making process by respecting the right of consent to certain treatments, and naturally the one issue with private patients is the determination of fees.

When I was on the Consumer Council I have been asked often: Why is it that the Council could not handle complaints of overcharging? The reason was simple, we did not have the professional competence to assess accurately, and we believed it was best left to the professional bodies to self-regulate. The problem is that such an avenue is not readily available to the public when it should jolly well be.

In short, I support the drawing up and the extensive promotion of patient's rights, and logically this should be undertaken now by the Hospital Authority. The patient's rights and responsibilities drawn up by the Council of Social Service last August is perhaps a good start. The American Patient's Bill of Rights and the United Kingdom's Patient's Charter are useful references from which we can borrow where appropriate. It is important that when such statement of rights is adopted there must be channels for redress when the rights are infringed.

MRS RITA FAN: Mr Deputy President, nearly 20 years ago, a young professional in his early thirties went to a doctor for a minor illness. During the consultation he mentioned in passing that he was sensitive to iodine. The doctor treated his ailment and suggested that he should go for a further medical examination. He obeyed. He went into the hospital in a robust manner but he never left the hospital. Somehow iodine was injected into his body as part of the medical examination process. His wife, who was pregnant then, left Hong Kong in grief. If he had been made aware of the medicine that would be employed in the examination, the tragedy could have been avoided.

Another incident happened to one of my family members. He had always had an ulcer and he received medication from time to time as necessary. Once when he was

travelling in another country he suffered from minor internal bleeding. He immediately went to a doctor. The doctor asked what medicine he had been using and what portions he had been given. He could not answer these questions because it was not usual for patients to be told by their doctors in Hong Kong what medicine they were given. It did not occur to him that he should ask. Without this information readily available, the doctor needed more time to treat him by trying out medicine of a lighter portion first. This incident, of course, simply caused some discomfort but had no significant or permanent effect on the patient.

Mr Deputy President, I refer to these two incidents because I sincerely hope that the doctors in Hong Kong would take it upon themselves to inform patients of the treatment and medicines given to them so that it becomes the norm. The patients do know what is done to them and what they are taking into their bodies.

The Government should educate the public on patient's rights and encourage doctors to respect the patient's right to know. Let us hope that patients in Hong Kong can enjoy the same rights as their counterparts in other countries because our doctors do care for them and because this society respects self-discipline and other people's rights, without having to employ the use of legislative power.

DR LEONG CHE-HUNG (in Cantonese): Mr Deputy President, the controversial Most Favoured Nation (MFN) issue was debated for two and a half hours and I believe that this adjournment debate on patient's rights may not arouse so much enthusiasm. Nevertheless, I hope that my colleagues will not belittle patient's rights. As a member of the medical profession, I feel that patient's rights are as important as MFN insofar as the people's livelihood is concerned.

Mr Deputy President, most members of the Medical Functional Constituency belong to the Hong Kong Medical Association. The Association has an important motto of "preserving people's health". With that as an objective, the medical profession of Hong Kong has always attained to put the patients first, providing the best services where possible and be responsive to their needs. With that objective in mind, the medical profession has always urged that our citizens be provided with the best public medical services as far as possible regardless of their means. In short, the medical profession of Hong Kong recognizes and supports patient's rights and we have reminded our members to adhere to the principle of safeguarding patient's rights. We will also launch a territory-wide publicity campaign through the mass media to educate

the public on patient's rights.

In view of the principle regarding patient's rights, the medical profession is of the view that apart from the various types of human rights being enjoyed, people should have the following rights as well: (1) Patients should reveal to their doctors their medical conditions; (2) Patients may inquire about the fees and charges before consulting a doctor; (3) Patients should ask doctors what illness they are suffering from, what their present conditions are, at what stage their illness is and whether there will be any sequela; (4) Patients should be informed of the modalities of diagnosis and treatment so that they can make a choice; (5) Patients should also be told what medicines they are given, the action, dosage and effectiveness of the medicines prescribed and whether there are any side effects; and (6) Patients may request that their medical conditions be kept strictly confidential. The Patient's Charter issued by the Ministry of Health of the United Kingdom last year not only recognizes the right of a person to consult a doctor when being taken ill, but also establishes links with a registered general medical practitioner. Under the arrangement, a patient may be referred to a consultant when necessary. The Charter also states that patients should have access to their medical records and the right to decide whether or not to take part in medical researches or to receive treatment by medical students as part of their training.

The medical profession of Hong Kong fully supports any move that helps to enhance public awareness of patients' interests. However, we need to protect patients' interests and be flexible in handling different cases. Let me cite two examples. The first one is that it may not be appropriate for a doctor to tell a patient suffering from terminal cancer about the conditions of his illness. Sometimes, it may not be in the best interest of the patient if the whole truth is revealed. The best compromise is to inform the patient's family and discuss the situation with them. The second example is that some psychiatrists have told us that if they disclose to their patients the names of the drugs prescribed, very often these drugs will not achieve their optimum effect. Under such circumstances, the psychiatrists need to be more flexible and the details and properties of the drugs prescribed should be disclosed to the patient's family instead of the patient himself.

The medical profession of Hong Kong has always been eager to seek full protection of patients by various means. As members of the medical profession, we believe that having received appropriate training and with our clinical experience, we have the expertise to preserve people's health and serve the community. Thank you.

PROF EDWARD CHEN (in Cantonese): Mr Deputy President, generally speaking, the market providing medical services is, from an economic point of view, far from being perfectly competitive. As a result, normal market forces cannot be relied upon for providing any protection to the rights of patients. And the reasons are simple:

First of all, the providers of medical services stand on a very different level of technical knowledge from that of the recipients. Patients have no medical knowledge whatsoever to question their doctors, nor do they have the same bargaining power like the doctors. Besides, to question or even challenge a doctor requires evidence to be given by another doctor, but since doctors would not like to give evidence against one another, the bargaining power of patients is thus very limited.

Second, medical services are of an emergency nature. In an emergency, a patient usually does not have the privilege to select doctor or ask about the fee. How can you imagine a critically ill patient going hither and thither to ask about the charges before choosing a doctor to perform an operation on him? Under such disproportionate flow of knowledge, market competition is far from ideal. Patients can only accept services of whatever quality and pay whatever charges required. Therefore some countries or regions have enacted legislation for the protection of patient's rights. For example, many states in Australia have enacted legislation on patient's rights. But in Hong Kong, we can only rely on the self-discipline of the medical professional bodies. Although the medical bodies in Hong Kong have indeed been doing well in various aspects, they cannot handle complaints outside their terms of reference. They can handle complaints concerning irregular practice and immoral or unprofessional behaviour, but they cannot act on complaints concerning fees and other matters. We do not have an independent body which can accept and respond to patients' complaints, and this is very disadvantageous to patients' interests.

In the last three years, the Consumer Council has received quite a number of complaints on medical services, directed against dentists, doctors or paramedics, with an annual figure in the order of 100 cases. But we think that these 100 cases represent just a small part of the whole picture, because many complainants who came forward to the Consumer Council were foreigners who had been accustomed to enjoying patient's rights, and it is rare for local people to lodge complaints about medical services or against the doctors that they trust. After all, there have been about 100 complaints every year. Recently, there were two complaints about charges that

deserve our attention. Both involved simple appendectomy, and the fees charged were as high as \$45,000 to \$60,000. The insurance companies refused to pay compensation on the reason that the charge for simple appendectomy in Hong Kong should normally range from \$12,000 to \$20,000. One of the complainants said that such operation would cost less than HK\$10,000 even in the United Kingdom. I was once in Kuala Lumpur where a friend of mine who was a Thai told me that a similar operation would cost only HK\$100 in Thailand. But our complainant in Hong Kong had no choice but to pay the charge of \$45,000 to \$60,000 and he had nowhere to lodge his complaint. For this reason, I would like to make the following proposals regarding patient's rights:

Firstly, patients should have the right to be informed of the medical charges. Doctors should provide a schedule of charges especially those for operations. But the charge of an operation may include more than one item of charges. We understand that different patients may be in different conditions, so there may be different charges for the same kind of operation. However, if every doctor can provide a schedule of charges for major operations, that will be of use for the patients to exercise their rights to know.

Secondly, patients should have the right to know the prescriptions. They should be informed of the effects of the medicine prescribed to them, so there have to be proper labels indicating the effects of the medicine.

Thirdly, patients should have the right to know their own condition or case histories. Normally, doctors do not let their patients take away their case histories, X-ray negatives or other medical examination reports. I believe that patients should have the right to obtain these kinds of information.

Fourthly, patients should have the right to lodge complaint. Currently, there is no organization which can independently handle patients' complaints or conduct arbitration accordingly.

MR MICHAEL HO (in Cantonese): Mr Deputy President, many issues surrounding patient's rights have been raised by various colleagues. But from the discussion so far, I have discovered a very obvious phenomenon which is that the discussion has been narrowly centred on doctors. This is exactly one of the reasons why we have not been able to ensure the protection of patient's rights. If only the doctors, but not other supporting medical staff, are doing well, there is no way that patient's rights can

be protected. So I would like to remind my colleagues that if we are to safeguard patient's rights, this message must be passed on to all the people in Hong Kong, all the doctors, nurses, occupational therapists, physiotherapists, and other paramedical staff.

Basically, I think, we all agree that protection of patient's rights is insufficient. It can be seen in recent years that the knowledge and understanding of the people in Hong Kong on consumer's rights have increased due to the active publicity of such rights through television and the mass media. Today, if consumers feel themselves being unfairly treated, they will lodge a complaint. But if we look at our patients today, we will find that most of these consumers of medical services still do not know their own rights in the market of medical services. As a matter of fact, every patient or user of health services is a consumer. Even patients in public hospitals who can only afford the charge of \$43 per day are entitled to all the rights of a consumer of medical services, because what they are receiving are not charity but something that they have already paid for in their taxes.

I would like to outline some proposals here. I remember that several years ago the Association of Government Nursing Staff launched a patient's rights campaign in public hospitals. But given the limited financial and human resources of the Association, such a publicity campaign was bound to be of a temporary nature. Today, the Hospital Authority has taken over the management of 38 hospitals. I do hope that the government officials concerned can convey the message brought out by my colleagues this evening to the relevant administrative departments. It is our earnest hope that organizations like the Hospital Authority and the Health Department, being the main medical services providers and having fixed resources, can systematically promote patient's rights in all institutions under their management and compile a guideline on patient's rights to ensure that every patient or medical services user, in receiving such services, knows clearly about his own medical conditions or the purposes, side effects and results of the medical examinations. Patients should also have the right to know the progress of treatment and be provided with sufficient information to make an appropriate decision.

I know that the Hospital Authority is prepared to issue a questionnaire in the near future to all patients when they are discharged from the hospital in order to solicit their opinions on the services provided. I do hope that the Authority can also find out through the questionnaire or other modes of contact how much the patients know about their own rights and whether they think that their rights have been

respected. It is also my hope that the guideline mentioned above or some other new attempts can help patients in Hong Kong know about their own rights.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, due to the time limit, I will only speak on a few main points concerning the topic. Firstly on patient's rights, patients should be entitled to equal rights of treatment, which means that patients should be entitled to treatment commensurate with the objective needs of their illnesses; they should not be denied treatment or inappropriately treated due to economic or political reasons. We are very lucky in Hong Kong, because no patient will be subject to discrimination for political reasons, whereas such discriminations, as we know, are very common in the communist, Nazi and many totalitarian regimes. We hope that nobody in Hong Kong is and will be subject to such discrimination. Regarding the economic factor, I wish to raise the two following points:

(1) if equal treatment regardless of economic means is to be provided, one must not lose sight of the fact that the vast majority who seek medical treatment from public medical institutions are relatively poor and old. So if the resources allocated to public hospitals are insufficient, it is only natural that the quality of medical services provided in such hospitals may be inferior to that in private hospitals. We must therefore bear in mind that if we are to attain the objective that no person will be denied appropriate treatment for economic reasons, we must ensure that every person in Hong Kong, no matter rich or poor, shall be accessible to appropriate treatment. In other words, we must ensure that patients in public hospitals will receive appropriate treatments, and we must provide sufficient resources to make it a reality;

(2) in the United States, it is not uncommon that patients suffering from acute diseases are not given even minimal treatment in private hospitals because they do not have enough money on them. Such situations also happen in some other countries. I hope that it should be ensured that, in Hong Kong, patients suffering from acute diseases will be given minimal treatment when they go to private hospitals or any other medical institutions. We should legislate to the effect that this is a patient's rights to forestall the scenario that one is denied treatment even when he is bleeding or his life is in danger.

Secondly, I think that patient's rights should include the right to know. That is to say, the patient and his family should be informed of his conditions, the

approach of treatment and the progress of recovery. Before an operation, the patient and his family should be briefed the chance of success, the necessity of the operation, the possibility of complications and danger of the operation. Patients should also have the right to request medical practitioners or institutions to provide information on treatment and diagnosis. At present, the explanations given to patients are very often insufficient, no matter in public or private hospitals, but especially so in the former. This has long been criticized by the public. Besides, it is always time consuming for a patient in public hospital to get back the records of his case. He has to sign documents, submit an application, pay a fee and then wait some time before he can obtain the records. Such arrangement is in fact violating the patient's right to know. I hope that there will be changes to this arrangement. I think that hospitals should be able to issue to patients on their being discharged a card wherein simple information concerning the diagnosis and some other basic data are recorded. As regards prescription, I think that patients should have the right to know the prescription given. Where operations are concerned, I think that there should be a set of standard explanations, otherwise doctors, in explaining to patients their cases, may understate some complications and danger such that the patients may think that they are all right while in fact their condition may be very dangerous. The best solution, I think, is to have a set of standard explanations for patient's information. This will be more appropriate. Concerning whether patients and their families should be informed of the patients' condition, I must raise one point which has also been mentioned by Dr LEONG Che-hung, and that is doctors frequently have to face the difficulties of whether or not to inform the patients that they are suffering from fatal or serious diseases. In my own experience, I have seen at least one such case: I remember that the mother of a friend of mine was suffering from cancer, but her family had all along withheld the truth from her up until a week before her death. When she finally learned of her condition, she was furious, because she said if she had known it earlier, she would have spent her remaining days to do something that she had wished to do, like travelling abroad, but then she had been deprived of such opportunity. She was so furious that she did not even wish to see her family before she died, because she thought that she had been deprived of a basic right. So I think doctors, in handling similar situations, should take into account that patients themselves should have the right to know. I think Hong Kong is a very peculiar place where the family of a patient are often given powers as if they can supervise the patient and determine whether he has the right to know. This, I think, is utterly undesirable. I can of course understand the situation mentioned by Dr LEONG that it may be difficult for patients to accept the truth. This is of course another problem that we have to face.

Thirdly, I think we have to recognize patient's right of decision. Under the protection of the right to know, patients should be given access to essential and sufficient medical information and be able to accept doctors' approaches of treatment or otherwise out of his own free will. As regards those who do not possess the capacity to decide, like the vegetables, severely mentally handicapped and babies, they should be entitled to the right to decide subject to the approval of their legal guardians. This is in fact a very serious problem in medical law and in the United States there have been many debates over this issue. Due to the time limit, I do not wish to go into details about this, but I think that Hong Kong must review the laws in this regard.

As a way to safeguard patient's rights, a "participating type of treatment" should indeed supplant the traditional "receptive type of treatment". Explanations by doctors about a patient's condition is not only a matter of the patient's right to know, but also an essential stage in the course of therapy which is of significant effect in enhancing relationship between patients and doctors. Patients' understanding of their own conditions will serve to ease their tension and bring about positive effect to the treatment. Moreover, patients will cease being passive and become positive which is also something good for their health.

DEPUTY PRESIDENT: I should be in a position to call on the Secretary for Health and Welfare at 10.09 pm, which gives the four remaining Members, I fear, just over two minutes each.

DR CONRAD LAM (in Cantonese): Mr Deputy President, being a member of the medical sector, I would like to pay my respects to Prof Felice LIEH MAK, who, being herself a doctor, has initiated today's debate on patient's rights.

I concur with the views expressed by many Members just now, and today I just wish to examine, together with my honourable colleagues, the issue of patient's rights by citing a few real life cases. The first case is about a patient who complained against his doctor who, he alleged, failed to come up with a diagnosis even after treating him for a week. What actually happened was that the doctor explained to the patient that medical examination reports indicated there were signs of renal failure and the patient asked the doctor what disease he was suffering from. At such a stage, it was just impossible for the doctor to tell the patient what caused the renal failure. This case shows that misunderstanding will arise due to lack of

communication and insufficient health knowledge on the part of the patient.

The second case is about a patient who complained against the dispenser in a hospital for not having clearly explained to her the way of taking the medicine. What happened was that the patient, who was an aged woman, attended the hospital for treatment with her grandson. When collecting the medicine, she was told by the dispenser that the instructions on how to take the medicine had been printed on the labels and she was to read them carefully herself at home. The causes of the dispute were the unduly heavy workload in the dispensary which was depressing to the staff there, and the poor hearing of the aged woman. This case shows that sometimes we need to consider the difficulties in communication.

The third case is about a pregnant woman who complained against the unfair registration system in a hospital. We know that there are only a limited number of beds in the obstetric ward; so there can only be a fixed quota every month for registration by pregnant women, otherwise if all the beds are occupied, there will be no beds available for delivery. The expected date of childbirth is usually calculated on the basis of the last menstrual date. According to the ordinary way of calculation, the expected date of childbirth of the complainant would be in December 1992. But if the ultrasound method were used, her expected date of childbirth would be one month further on, that is, January 1993. Since the December quota of the hospital were fully taken up and the nurse concerned was using the old way of calculation, the complainant could not make a registration. She thought that the arrangement was unfair and not scientific, and therefore lodged a complaint. Eventually, the officer-in-chief of the obstetrics department allowed her request. So the conclusion we can draw from this complaint is that we have to handle everything with flexibility, and old rules are not to be rigidly followed. Such rules should be amended in accordance with the development of technology.

The fourth case is from my personal experience. A few years ago, I made a call to the Medical Board to inquire about the number of complaints against doctors in that year. The answer given was that such information could not be revealed. The conclusion therefore is: if the Medical Board lacks transparency, it may arouse patients' suspicion that the Board is covering up for the faults of doctors.

From the cases above, we can draw the following conclusions: Firstly, patients may complain out of a diverse range of reasons; secondly, there is some distance between ideal and reality; thirdly, if the protection of patient's rights is to be

realized, we will need more resources and co-operation from various parties; finally, my proposal is not to "just talk", but to take the first step towards improvement. Therefore, I propose to set up as soon as possible a patient's rights committee. I so make my submission.

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, in Hong Kong, the rights and interests of patients are neglected. I understand that the Hospital Authority is following the example of the United Kingdom by formulating a patient's charter. This is welcomed by Meeting Point. As far as the various patient's rights and interests are concerned, I think that the "right to know" and the "right to complain" are of utmost importance. In the districts where we work, we receive several complaints too, all of which are dissatisfaction expressed by the residents in this respect. About the right to know, Meeting Point propose the following:

First, the Hospital Authority should provide information from which members of the public would get an idea of the conditions and level of service as well as the waiting time for such service provided by each hospital, so as to help those receiving such service.

Second, at present the waiting time for out-patient service varies with different hospitals and clinics, and the Hospital Authority is conducting an exercise on the computerization of data and statistics in the hope of shortening waiting time. We consider that computerization should be conducted in full gear and that the waiting time in respect of all regional hospitals and clinics throughout the territory should be announced.

Third, the Government should draw up a code of practice to help the patients understand the effects and side-effects of various medicines.

As for the right to complain, we propose:

First, the Hospital Authority is currently drawing up a set of criteria called the "Public Complaints Procedure". As this document is for internal circulation only, it is impossible for the public to have a concrete understanding about the complaint procedures. We are of the opinion that the Hospital Authority should work out a simple and convenient method of complaint and announce it for the information of the public.

Second, in 1990 when Meeting Point discussed the formation of the Hospital Authority, we already suggested setting up a "Consumer Response Centre" to deal with complaints lodged by patients, and we made suggestions to the Authority for improvement too. The "Consumer Response Centre" should invite participation by members of the public.

Finally, we think that the Government should actively promote education in connection with the rights and interests of patients, while the Hospital Authority should actively come into contact with members of the public. In-depth surveys should be carried out biennially so as to gather information about the needs of patients. Thank you.

MR JAMES TO (in Cantonese): Mr Deputy President, (1) I agree with what Dr LEONG Che-hung and Prof Edward CHEN said about patient's rights; (2) I hope to see non-professionals participating in the Medical Council of Hong Kong. As in the case of the Legal Practitioners (Amendment) (No. 2) Bill 1992 passed today by this Council, the man in the street is from now on allowed to participate in the handling of complaint cases, so that such cases are deemed to be dealt with in a fair and just manner; (3) I hope to see a complaints committee being set up in each regional hospital comprising doctors, executives, social workers, patients' representatives and people who enjoy a certain degree of public trust in society, so that the channels for complaints can function more effectively.

DR YEUNG SUM (in Cantonese): Mr Deputy President, thank you for giving me yet another chance to speak. The relationship between doctors, medical staff and patients is basically not equal, because members of the medical staff have the required professional knowledge, status, information as well as rights, whereas the patients are basically on the "receiving" end. That is why in Hong Kong, patient's rights depend very much on the moral integrity of individual doctors and the supervision and control by the Medical Council of Hong Kong. As far as legislation is concerned, the ordinary patients are not protected, particularly in areas such as methods of treatment, directions for medication, conditions of illness, fees and charges as well as handling of medical records. The United Democrats of Hong Kong suggest that the Government should consider drawing up a charter on patient's rights as well as setting up a committee on the rights and interests of patients.

10.08 pm

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, may I thank Prof the Honourable Felice LIEH MAK and other Members of this Council for their views. I am particularly grateful for this debate which enhances patients' rights and professionals' obligations. There is nothing like a debate of this sort to concentrate one's mind on an important subject. Here I would also like to take the opportunity to say how much I appreciate the work of the students and teachers from the Baptist College who have taken the trouble and the initiative to do research and survey to promote awareness of the patient's rights. I refer to this booklet which is very well done. It is an admirable piece of work and an admirable effort. I congratulate them and I thank the many health professionals in this Council who have individually and collectively pledged support for the rights of patients with such clarity and vision. Although I think, Mr Deputy President, it is early hours yet, it would be arrogant and discourteous of me to repeat or attempt to say what has already been said, and said so eloquently.

However I would like to add just a few points which I do not think have been mentioned. Everybody has an obligation to himself, his family and the community to maintain a healthy lifestyle. The Department of Health, which is sometimes forgotten, is actively involved in promoting this message. All the rights and medical care in the world cannot protect a person from himself if he chooses to neglect the benefits of preventive medicine.

In the famous words of a leading scribe in the Health and Welfare Branch, Mr Derek GOULD, patients need to remember that what is good for their body is also good for their rights. Each needs to be exercised in moderation or it will waste away. And if a patient allows his rights to waste away, he has but himself to blame.

In brief, the best protector of a consumer's rights is still the consumer himself. Naturally we must all endeavour to help the consumer to enhance an awareness of consumer's or patient's rights. It will deserve a concerted effort. Here, Mr Deputy President, we in the Government will bear in mind Members' advice, particularly in the context of our frequent discussions with members of the Hospital Authority and in particular in the Green Paper that we are drafting.

Thank you, Mr Deputy President.

Question on the adjournment proposed, put and agreed to.

Next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 15 July 1992.

Adjourned accordingly at twelve minutes past Ten o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of Middle East Finance International Limited (Transfer of Undertaking) Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.