

OFFICIAL RECORD OF PROCEEDINGS**Wednesday, 27 October 1993****The Council met at half-past Two o'clock****PRESENT**

THE PRESIDENT

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

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., 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 HUI YIN-FAT, O.B.E., J.P.

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

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

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

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

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN, J.P.

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

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

DR THE HONOURABLE LAM KUI-CHUN

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

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

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

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

THE HONOURABLE ALFRED TSO SHIU-WAI

ABSENT

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

THE HONOURABLE TIK CHI-YUEN

IN ATTENDANCE

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

MR MICHAEL SUEN MING-YEUNG, J.P.
SECRETARY FOR HOME AFFAIRS

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

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

MR HAIDER HATIM TYEBJEE BARMA, I.S.O., J.P.
SECRETARY FOR TRANSPORT

MR GORDON SIU KWING-CHUE, J.P.
SECRETARY FOR ECONOMIC SERVICES

MR DONALD TSANG YAM-KUEN, O.B.E., J.P.
SECRETARY FOR THE TREASURY

MR MICHAEL DAVID CARTLAND, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR STUART WREFORD HARBINSON, J.P.
SECRETARY FOR THE CIVIL SERVICE

MR LEUNG CHIN-MAN, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

THE CLERK TO THE LEGISLATIVE COUNCIL
MR CLETUS LAU KWOK-HONG

Papers

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

Subject

Subsidiary Legislation *L.N. No.*

Fire Services Department (Reports and Certificates) (Amendment) Regulation 1993 -----	408/93
Country Parks (Designation) (Consolidation) (Amendment) Order 1993 -----	409/93
Employees' Compensation Ordinance (Amendment of Second Schedule) Order 1993-----	410/93
Pension Benefits (Amendment of Schedule) Order 1993-----	411/93
Prisons (Hostel) Order -----	412/93
Declaration of Change of Title (Buildings Ordinance Office) Notice 1993 -----	413/93
Declaration on Change of Title (Government Structural Engineer, Buildings Ordinance Office) Notice 1993 -----	414/93
Employees Retraining Ordinance (Amendment of Schedule 2) (No. 10) Notice 1993-----	415/93
Pension Benefits (Prescribed Ages) (Directorate Ranks) Notice 1993 -----	416/93
Boundary and Election Commission Ordinance (40 of 1993) (Commencement) (No. 2) Notice 1993-----	417/93

Sessional Papers 1993-94

No. 17	—	Protection of Wages on Insolvency Fund Board Annual Report for the year 1 April 1992 to 31 March 1993
No. 18	—	Urban Council Annual Report 1992-93

- No. 19 — Urban Council, Hong Kong Accounts for the year ended 31 March 1993 with Report and Certificate of the Director of Audit

Written answers to questions

Spouse battering

1. MR LAU WONG-FAT asked (in Chinese): *The Green Paper on Equal Opportunities for Women and Men reveals that 16.2% of the victims of the battered spouse cases reported last year were men. Since it is a total disgrace in the eyes of many people for a man to be battered by his spouse, the actual number of male victims in this kind of abuse cases might be even higher. Will the Government inform this Council of the measures to encourage victimized husbands to report these abuse cases, and the types of services, including counselling and shelters, provided to them by the Administration and voluntary agencies?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, spouse battering is a form of domestic violence. Victims of domestic violence are not only restricted to women. Statistics indicate that men are also victims of spouse battering, although the figure is lower than women. According to police statistics, there were 178, 181 and 173 spouse battering cases in 1991, 1992 and 1993 (nine months only) respectively. Of these, 30 cases in 1991, 31 cases in 1992 and 28 cases in 1993 were cases in which men were the victims. In the past three years, there were 609 cases of spouse battering handled by the Social Welfare Department. Of these, 18 cases (3%) were cases in which the victims were men. The percentage is much smaller than that reported to the police, indicating that battered men are less ready to bring out the problem and seek assistance.

Marriage problems are traditionally regarded as private and personal matters and the fear of public embarrassment has discouraged many men and women from seeking assistance outside the family. Publicity is arranged through the media on the availability of services and assistance at the family services centres of the Social Welfare Department and non-governmental organizations (NGOs) for solving marital and other family related problems. As prevention is better than cure, people are encouraged to seek help early before their problems lead to family violence.

Services offered to victims of spouse battering are available to both men and women. These services include:

(i) *Medical service*

Prompt medical treatment at Accident and Emergency Departments of public hospitals is given to victims of abuse. With the consent of patients, their cases are referred to Medical Social Workers for investigation and counselling.

(ii) *Casework and counselling*

Victims of spouse battering, whether men or women, can approach family services centres for help. At present, there are 30 family services centres run by the Social Welfare Department and 23 run by NGOs. Counselling is rendered to help them to cope with stress and emotional problems. With the aim of reconciliation, advice is offered to spouses concerned on how to handle their marital problems such as infidelity, communication breakdown and personality conflicts. These centres also offer assistance in arranging temporary shelter, financial assistance and child care arrangements. Guidance on divorce proceedings and child custody will be given and referrals for legal aid will be made if necessary. Victims who feel that their safety is at risk can also seek an injunction from the courts against their spouses under the Domestic Violence Ordinance (Cap 189).

(iii) *Hotline service*

A hotline service is available for persons who require immediate counselling and advice on family problems. The Social Welfare Department operates a hotline (343 2255) during office hours and between 5:00 pm and 10:00 pm from Monday to Saturday and between 1:00 pm and 10:00 pm on Sunday and public holidays.

(iv) *Temporary shelters*

The majority of the victims of battered spouse cases are women. There are two shelters for them and their children. As for battered men who are in need of shelter, arrangements are made, where necessary, for them to stay at temporary shelters or hostels for single persons currently run by NGOs; further assistance is given towards short-term private accommodation. At present, there are nine temporary shelters and hostels for single persons with a total capacity of 296 places.

(v) *Financial assistance*

Financial assistance under the Comprehensive Social Security Assistance Scheme or from one of the charitable trust funds may be arranged for battered spouses who are in financial need.

(vi) *Housing assistance*

Conditional tenancy in public housing estates can be arranged under the compassionate rehousing category for battered spouses who meet the eligibility criteria. This aims to enable separated persons to move away from his or her spouse while awaiting a divorce.

Freedom of information

2. MISS CHRISTINE LOH asked: *Will the Government inform this Council whether it has conducted any survey among civil servants to ascertain their views on the introduction of any legislation on access to information; if so, when and how was the survey conducted and what was the result?*

SECRETARY FOR HOME AFFAIRS: Mr President, the answer to the question is no. The Government has not conducted any survey among civil servants to ascertain their views on the introduction of legislation on access to information. Currently, we do not have any plans to conduct a survey on this topic. However, were we to do so, we would not single out civil servants for particular consideration, as this issue is one of community-wide interest and concern.

Hong Kong Government Office in London

3. MISS EMILY LAU asked: *Regarding the Commissioner, London's proposal to reduce the size of the Hong Kong Government Office in London, will the Administration inform this Council:*

- (a) *the effective date and details of the proposal, including the size of the office, the future of the Grafton Street Office and the Commissioner's residence at Cowley Street; and*
- (b) *whether problems have arisen in implementing the proposal; if so, whether they have been overcome?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, in August 1992, the Commissioner submitted proposals for restructuring of the London Office in stages, as follows:

<i>Proposals</i>	<i>Year</i>	<i>Posts to be deleted</i>
1. To move the responsibility for appointments from the London Office to the Civil Service Branch and delete posts in London Office	1994-95	1 Superintendent of Police 1 Senior Executive Officer 1 Executive Officer I 1 Clerical Officer I 2 Clerical Officers II 1 locally employed Clerical Officer 1 locally employed Clerical Assistant 8 posts
2. To restructure and streamline the Community Services Division and the Student Affairs Division	1995-96	To be discussed in the context of the 1995-96 Estimates
3. To restructure and streamline the Parliamentary Liaison Division	1996-97	To be discussed in the context of the 1996-97 Estimates

Prior to receipt of the Commissioner's proposals, the Administration had informed the Finance Committee (vide FCR 90-91/94) that the London Office would be reorganized in stages into an economic and trade office as provided for under the Joint Declaration and the Basic Law commencing from 1990-91.

The Administration has accepted the Commissioner's proposal to move responsibility for appointments back to Civil Service Branch during 1994-95. The Hong Kong-based officers concerned will return to Hong Kong at the end of their current postings. The locally employed staff will be either redeployed within the office or be invited to apply for voluntary redundancy.

The Administration will review the Commissioner's proposals for 1995-96 and 1996-97 nearer the respective timeframes in the context of the Annual Draft Estimates.

The Commissioner, London had not submitted any specific proposals regarding the future of the Grafton Street Office or the Commissioner's residence at Cowley Street. The Administration is committed to a lease for the Grafton Street Office up to June 2004. The Commissioner is currently looking

into the feasibility of sharing the office with other Hong Kong based organizations with offices in London. The leasehold on the Commissioner's official residence at Cowley Street was purchased in 1978 for 75 years, and is owned by the Hong Kong Government until 2053.

No particular problems have arisen in implementing the Commissioner's proposals.

Legal aid service for illegal Vietnamese immigrants

4. MRS ELSIE TU asked: *Will the Government inform this Council:*

- (a) *what proportion of the Legal Aid Department's budget is used to pay private lawyers, and how much of that amount is spent on claims for refugee status by illegal Vietnamese immigrants;*
- (b) *how many lawyers engaged on Vietnamese cases of this kind are Hong Kong residents, how many are non-residents and what their relative costs to the public purse are?*

CHIEF SECRETARY: Mr President,

(a) The information requested is set out in the following table:

	(i) <i>Approved Provision for the Legal Aid Department (\$m)</i>	(ii) <i>Payment to Private lawyers for litigation/legal representation (\$m)</i>	(iii) <i>Expenses on claims for refugee status by illegal Vietnamese immigrants (\$m)</i>	(ii)/(i) <i>Percentage of Department's provision for payment to private lawyers</i>	(iii)/(ii) <i>Percentage of payment to private lawyers on refugee status claims</i>
1990-91	190.49	98.37	2.16	51.64%	2.20%
1991-92	225.20	113.32	4.93	50.32%	4.35%
1992-93	256.77	131.14	11.35	51.07%	8.65%
1993-94	259.50 (129.75)*	77.11*	1.14*	59.43%*	1.48%*

* part-year figure from 1.4.93 to 30.9.93

- (b) Since 1990-91, a total of five solicitor firms and 17 private barristers have been engaged on such Vietnamese cases. As the department does not make any distinction between "resident" and "non-resident" practitioners, no records are kept for such categorization and their relative costs to the public purse.

Flooding and relief

5. MR TIK CHI-YUEN asked (in Chinese): *Will the Government inform this Council:*

- (a) *the number of flooding cases on record and their geographical distribution;*
- (b) *the cash relief offered by the Government as a result of flooding; and*
- (c) *the expenses for the clearance and maintenance of drains in each of the past five years?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS:

Mr President,

- (a) The number of flooding cases on record and their geographical distribution in each of the past five years are as follows:

	<i>Hong Kong</i>	<i>Kowloon</i>	<i>New Territories</i>	<i>Total</i>
1989-90	67	61	76	204
1990-91	25	2	71	98
1991-92	28	133	141	302
1992-93	230	280	301	811
1993-94	80	377	442	899
(up to now)				

- (b) The cash relief offered by the Government as a result of flooding in each of the past five years is as follows:

\$ (to the nearest thousand)

1989-90	631,000
1990-91	11,000
1991-92	22,000
1992-93	683,000
1993-94	4,168,000
(up to now)	

- (c) The expenses for the clearance and maintenance of drains in each of the past five years are as follows:

	<i>\$ Million</i>
1989-90	16.6
1990-91	35.5
1991-92	43.2
1992-93	55.4
1993-94	68.0
(estimate)	

Occupational retirement schemes

6. MR MARVIN CHEUNG asked: *In order that the investment returns of funds held by Occupational Retirement Schemes can be maximized for the benefit of the employees, will the Administration advise this Council whether it is the Government's policy that all income earned by these schemes will not be subject to taxation, and if so, whether this can be explicitly provided in the relevant Ordinance?*

SECRETARY FOR THE TREASURY: Mr President, as a matter of policy, an approved retirement scheme is not subject to tax on profits arising from the investment of its assets. The Inland Revenue (Amendment) (No. 4) Bill 1993, which has recently been introduced into the Legislative Council, seeks to provide that a recognized occupational retirement scheme will be regarded as an approved retirement scheme for the purpose of determining its tax liability.

We are satisfied that with this proposed amendment, it would be sufficiently clear in law that recognized occupational retirement schemes which are established under statutory control to receive, hold and manage funds earmarked for the provision of employees' benefits are not liable to profits tax. It is thus not necessary to provide for this separately and specifically in the Inland Revenue Ordinance.

Intellectual impairment of company director

7. DR HUANG CHEN-YA asked (in Chinese): *Having regard to a recent case in which a person is still acting as Chairman of the board of directors of several listed companies, after being found to be suffering from dementia by the court, will the Government inform this Council:*

- (a) *whether there are plans to amend the Companies Ordinance (Cap. 32) relating to the section on the qualifications of directors, to ensure that the interests of minority shareholders of a company will*

not be jeopardized due to the loss of intellectual power or memory of any member of its board of directors;

- (b) if so, what progress has been made and prior to the amendment, what interim measures will be taken to safeguard the interests of these minority shareholders; and*
- (c) if not, what the reasons are?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, although this does not seem to be a widespread problem in Hong Kong, the Administration nevertheless acknowledges that there may be legitimate concern about individual cases where a person's mental fitness to continue acting as a director of a company is in question. Consideration, therefore, has been given as to whether additional provisions may be inserted into the Companies (Amendment) (No. 3) Bill, concerning the disqualification of company directors, which is now being examined by the Legislative Council and, to this end, advice of the Attorney General's Chambers has also been sought.

From the legal advice received, it is clear that there would be difficulties inherent in formulating good workable statutory provisions for the disqualification of directors on the grounds of intellectual impairment. The existing provisions relating to disqualification and the new provisions proposed in the Bill provide for disqualification from holding directorships of all companies on specific grounds such as misconduct and involvement in fraud. However, introducing disqualification on the grounds of intellectual impairment would change this concept. Outright disqualification in this case might not be appropriate as the person affected might be capable of undertaking a directorship of a company which conducts very simple and straightforward business, although probably not a company which engages in diverse and complex business. This is complicated by the fact that there is no objective common minimum standard of performance which must be attained by all directors. Different standards may be acceptable from different directors, depending on the individual's knowledge and experience. The Administration is not aware of any companies-related legislation in other countries that attempts to deal specifically with the issue of mental incapacity in directors.

One possible approach would be to examine what could be done through the medium of companies' Articles of Association. The standard Articles of Association contained in Table A in Part I of the First Schedule of the Companies Ordinance (Cap. 32) already provides, under Article 90(d), that the office of a director shall be vacated if the director, *inter alia*, "becomes of unsound mind". Although it is not a mandatory requirement upon companies to adopt the standard set of Articles — they may instead draw up their own — many Hong Kong companies do either adopt these in their entirety or follow them very closely.

At a recent meeting, the Standing Committee on Company Law Reform (SCCLR) came to the view that Table A, generally, was in need of review and decided to establish a working group to undertake the task. In the context of a review of Table A, the SCCLR will be asked to consider whether Article 90(d) could be strengthened to spell out more precisely procedures to determine whether a director has become mentally unfit to continue in office, and also to consider whether certain of the standard articles could be made mandatory for all companies. In addition, the Administration will ask the SCCLR to examine whether the existing provisions in the primary legislation for the removal of a director are adequate or need to be strengthened.

As regards interim measures, given our view that this is not a widespread problem, the Administration does not consider that there is an immediate need to introduce measures of a temporary or stopgap nature to deal specifically with possible instances of directors whose mental state may be in question.

It is of course always open to shareholders to seek independent legal advice on their position. Directors owe fiduciary and common law duties of care to the company and must at all times act in the best interests of the company. If any shareholder feels that directors are acting in breach of those duties, he can ultimately take legal action to protect his interests.

Employees' Retraining Fund

8. MR HENRY TANG asked: *On extending the coverage of the Employees' Retraining Fund to help the victims of industrial accidents, elderly and disabled workers to return to employment through retraining, will the Government inform this Council:*

- (a) what the current balance of the Employees' Retraining Fund is;*
- (b) whether additional funds will be injected into the Fund for the above-mentioned purpose;*
- (c) whether there is information on the additional number of workers to be retrained, the cost involved and the main trades in which they will be trained; and*
- (d) what impact will the proposal have on the training of the unemployed and underemployed?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) As at the end of September 1993, the balance of the Employees Retraining Fund was about \$433 million.
- (b) Given the healthy balance of the Fund, no additional funds will be required.
- (c) It is not possible to set any target number for specific types of workers to be retrained. The service will be made available to those in need. However, the Employees Retraining Board has decided to earmark \$10 million initially for the retraining of industrial accident victims, elderly and disabled workers. On the trades in which they will be trained, the Board will liaise with relevant government departments, related organizations and employer associations to ensure that the training provided will meet the aspirations and special needs of these groups, taking account of the employment opportunities open to them.
- (d) The proposal will have no impact on the training of the unemployed and underemployed.

Cost of primary and secondary education

9. MR HENRY TANG asked: *Will the Government inform this Council of the average cost in the past three years for providing education for each student in primary and secondary schools in Hong Kong, including those studying in government, subsidized, English Schools Foundation and International Schools, as well as for each of the students of the seven tertiary institutions, namely, Baptist College, Hong Kong University of Science and Technology, Chinese University of Hong Kong, University of Hong Kong, City Polytechnic of Hong Kong, Lingnan College and Hong Kong Polytechnic?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, the average unit costs for different categories of schools in the past three years are set out below. They represent costs met from the public purse and include, where applicable or available, the range of costs within each of the broad categories.

	<i>Average Unit Cost</i>		
	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
	\$	\$	\$
Government	10,902	12,399	13,613
Primary		(9,358 – 24,758)	(10,923 – 23,911)

	<i>Average Unit Cost</i>		
	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
	\$	\$	\$
Aided	8,034	9,084	10,229
Primary		(5,689 –	(6,496 –
(Note 1)		24,706)	29,277)
English	9,844	11,125	12,367
Schools Foundation			
Primary			
Government	19,654	22,207	24,338
Secondary		(17,555 –	(20,927 –
		33,091)	34,910)
Aided	12,396	13,964	15,521
Secondary		(9,561 –	(10,494 –
		18,086)	21,643)
English	16,590	18,445	19,791
Schools Foundation			
Secondary			
Direct	NA	3,424	3,813
Subsidy Scheme			
International Secondary			
Schools (Note 2)			

The average unit costs for tertiary institutions funded by the University and Polytechnic Grants Committee covering the three year period 1989 to 1992 are set out below. The figures represent costs to the Government and include the range of costs within the individual institutions. Statistics for 1992-93 are not yet available.

	<i>Average Unit Cost</i>		
	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
	\$	\$	\$
Hong Kong	119,954	130,562	168,397
University	(85,702 –	(92,639 –	(114,154 –
(Note 3)	250,419)	272,013)	521,048)
Chinese	95,955	104,319	128,051
University	(65,281 –	(73,357 –	(86,809 –
of Hong Kong	279,165)	291,772)	308,961)

	<i>Average Unit Cost</i>		
	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
	\$	\$	\$
Hong Kong Polytechnic	64,420 (58,972 – 76,089)	67,958 (60,680 – 80,691)	83,966 (72,086 – 99,945)
City Polytechnic of Hong Kong	84,809 (68,806 – 125,291)	83,880 (70,029 – 390,362)	115,139 (92,825 – 151,964)
Hong Kong Baptist College	70,170 (58,683 – 105,637)	76,111 (60,891 – 111,941)	94,520 (83,537 – 106,340)
Hong Kong University of Science and Technology (Note 4)	NA	NA	442,855 (387,957 – 464,789)
Lingnan College (Note 4)	NA	NA	74,076 (70,822 – 82,980)

The costs quoted above should be used with caution, owing to the inherent limitations of average unit costs. Direct comparison between tertiary institutions is particularly difficult, if not impossible, given the different range of faculties/departments/subjects, different mix of levels of studies (sub-degree, undergraduate, taught postgraduate and research postgraduate), different stages of development, different staffing costs and different staffing structures.

Note

- (1) Excluding schools with six or fewer classes.
- (2) Subsidy based on average unit cost of an aided school place and adjusted in accordance with actual fees charged — the higher the fee the lower the subsidy.
- (3) Costs for HKU have been adjusted to exclude expenditure on the Hospital Pathology Service, which is a service undertaken by the University on behalf of the Government and funded by the Hospital Authority.

- (4) The Hong Kong University of Science and Technology and Lingnan College only became UPGC-funded institutions in 1991-92. HKUST's unit cost as shown above is considerably higher than the other institutions because of the significant amount of front-end loading required for the establishment of the University *vis a vis* the student intake which was below the planned capability. The unit cost per student will gradually decrease as the University builds up its student population.

Monkey population in Hong Kong

10. MR LEE WING-TAT asked (in Chinese): *Will the Administration inform this Council:*

- (a) *of the estimated numbers of monkeys in the vicinity of the Kowloon and Shing Mun Reservoirs;*
- (b) *of the actual and expected population growth of these monkeys over the past five years and the next five years respectively; and the measures that have been or will be taken to restrain their growth;*
- (c) *of the number of sightseers who were harassed and scratched by monkeys in the past year; and*
- (d) *whether there is any intention to step up public education and whether consideration will be given to introducing legislation to prohibit monkey-feeding in reservoir areas and to prosecute the offenders?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The estimated number of monkeys in the vicinity of the Kowloon and Shing Mun Reservoirs is about 750.
- (b) The annual population growth rate is estimated to be around 10%. To restrain their growth, publicity programmes have been launched to educate the public, in particular visitors and morning-walkers, not to feed the monkeys.
- (c) In 1992, the Agriculture and Fisheries Department (AFD) received three reports of people being scratched by monkeys. There are no other records on harassment by monkeys.

- (d) AFD has been stepping up public education through leaflets, notices, educational displays and advertisements in the media, to advise visitors and sightseers not to feed the monkeys. Prohibition of monkey feeding could be introduced through amendments to the Wild Animals Protection Ordinance (Cap 170); but no decision has been reached to pursue this course of action to date.

Asbestos control

11. MR MAN SAI-CHEONG asked: *The Air Pollution Control (Amendment) Bill was enacted in February 1993. Will the Administration inform this Council:*

- (a) *what progress has since been made on asbestos control and management;*
- (b) *what would be the estimated total expenditure required for the removal of asbestos from all public hospitals under the management of the Hospital Authority;*
- (c) *whether there is sufficient technical expertise such as government officials, contractors, consultants and qualified workers to check on the asbestos problem and to carry out remedial work;*
- (d) *how the training of the technical staff required in asbestos service is developing; and*
- (e) *whether any guidelines for the relevant professionals and workers will be published and, if so, when?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Sections of the Air Pollution Control (Amendment) Ordinance 1993 providing for the control and management of asbestos came into operation on 6 August 1993. Under section 52 of the Ordinance, the Authority is now empowered to appoint an Asbestos Administration Committee and suitable committee members have been identified. Appointment formalities are now being finalized. Drafting instructions for the associated Asbestos Administration Regulations are now being prepared.
- (b) The amended Ordinance does not call for the removal of asbestos from public hospitals. It requires instead an investigation for asbestos to be conducted for premises specified by the Authority,

and for a management plan to be prepared. The Architectural Services Department has started a comprehensive survey of asbestos in all public hospitals. This survey will record the presence of any asbestos, assess any hazard there may be and establish priorities for any abatement work that may be needed. The cost of preparing and implementing such management plans will depend on the investigations' findings.

- (c) Many government and private asbestos removal projects have already taken place and this indicates that the pool of technical expertise available is sufficient.
- (d) The Hong Kong Occupational Safety and Health Council, with assistance from the Labour and Environmental Protection Departments (LD and EPD), runs a training course for supervisory staff engaged in asbestos abatement work. The Hong Kong Polytechnic, again with input from LD and EPD, has offered a training course tailored to meet the training needs for the registration of asbestos consultants. These courses will continue to be arranged in response to the need.
- (e) Draft Codes of Practice for professionals and workers concerned with asbestos removal and safety are now being prepared and will be submitted to the Environmental Pollution Advisory Committee shortly.

First Reading of Bills

IMMIGRATION (AMENDMENT) (NO. 2) BILL 1993

WASTE DISPOSAL (AMENDMENT) BILL 1993

PUBLIC HEALTH (ANIMALS AND BIRDS) (AMENDMENT) BILL 1993

OVERSEAS TRUST BANK (ACQUISITION) (AMENDMENT) BILL 1993

BOUNDARY AND ELECTION COMMISSION (AMENDMENT) BILL 1993

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

Second Reading of Bills

IMMIGRATION (AMENDMENT) (NO. 2) BILL 1993

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

He said: Mr President, I move that the Immigration (Amendment) (No. 2) Bill 1993 be read a Second time. The Bill seeks to delete or amend certain emergency provisions in the Immigration Ordinance and to make a number of other improvements which are needed to the Ordinance.

Section 18(3), Part VIIA and VIIB of the Immigration Ordinance have been re-enacted annually since 1979 when they were introduced in the face of the particular problems concerning illegal immigration from China and Vietnam at that time.

In December last year, when Members considered the motion to extend section 18(3) and Parts VIIA and VIIB for a further year, concern was expressed about some aspects of these emergency provisions. I agreed that a review should be conducted, with the intention of retaining only those powers which were justified and necessary, and that proposals would be brought forward for consideration by this Council.

In practice, section 18(3) has, in recent years, been used only in respect of Ex-China Vietnamese Illegal Immigrants (ECVIIs). The detention and removal of Vietnamese migrants coming directly from Vietnam has been effected under other provisions of the Ordinance. The recent review has confirmed that these provisions can serve the same purpose as section 18(3) in respect of ECVIIs. Therefore, section 18(3) need not be renewed. It will lapse at the end of this year.

Part VIIA, however, should be renewed. Illegal immigration from China remains a serious problem. The overall figures for this year are still over 10% up on the same period last year. The problem is likely to continue in the foreseeable future. It is, therefore, necessary to retain Part VIIA as a strong sanction against the "snakeheads" who engage in this illicit trade. We propose, however, to moderate the heavy penalties which were felt necessary for the emergency situation which we faced at the time of enactment in 1979; we propose to reduce the maximum term of imprisonment from life to 14 years. Given inflation since 1979, we do not intend to lower the maximum fine, which is \$5 million.

Part VIIB, which is analogous in many respects to Part VIIA, deals with offences committed outside the waters of Hong Kong. It has not been used in recent years, and it is not envisaged that the need will revive in the foreseeable future. Like section 18(3), it can be allowed to lapse at the end of the year.

The other provisions of the Bill include:

- (a) Firstly, amendment of section 19, to clarify that undesirable alien visitors and transitees are removable from Hong Kong. Under the existing provision, a removal order may be made against a person requiring him to leave if that person is an undesirable immigrant who has been ordinarily resident in Hong Kong for less than three years. The wording of this provision leaves room for legal argument that those visiting Hong Kong, or in transit, are not ordinarily resident and, hence, not removable. The proposed amendment will make it clear that the section also covers visitors and persons in transit.
- (b) Secondly, amendment of sections 20, 54, 55, to transfer authority to make and rescind deportation orders from the Governor in Council to the Governor. At present, the Executive Council has to consider a large number of applications for Deportation Order — 237 in 1991; 283 in 1992 and some 250 so far this year. The criteria for the deportation of those who have committed serious criminal offences in Hong Kong are well established. The Executive Council and the Administration have agreed, as part of a wider move to reduce the amount of routine and relatively minor business being brought before the Executive Council, to remove this type of item from their weekly agenda. Objections can still be lodged, under section 53(1), to the Governor in Council.
- (c) Thirdly, amendment of section 40, to increase the maximum fine for airlines carrying passengers without proper documentation to Hong Kong. We propose to increase the maximum fine from \$1,000 to \$10,000, which is in line with world trends. The present maximum fine has not been updated for more than two decades and is now much too low.
- (d) Fourthly, amendment of section 53C, to empower the Immigration Tribunal to dismiss repeated appeals against removal orders without a hearing. Some persons, who have been ordered to be removed, abuse the appeal system to prolong their stay in Hong Kong by repeated appeals which rely on the same facts that have previously been considered and rejected by the Immigration Tribunal. It is proposed that discretionary power should be vested in the Tribunal to dismiss an appeal without a hearing in such cases.
- (e) Fifthly, amendment of section 63A, to extend the use of evidence by certificate in cases of prosecution of site controllers. The prosecution of site controllers under section 38A requires evidence proving the status of illegal immigrants found on construction sites. Problems have arisen in proving the status of persons found on construction sites when the illegal immigrants concerned have been

repatriated prior to the trial. A certificate under section 63A would resolve the evidential problem and avoid unnecessary detention of illegal immigrants for the purpose of giving evidence under section 32(4).

Mr President, I beg to move.

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

WASTE DISPOSAL (AMENDMENT) BILL 1993

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the Second Reading of: "A Bill to amend the Waste Disposal Ordinance."

He said: Mr President, I move that the Waste Disposal (Amendment) Bill 1993 be read the Second time.

The pollution of our countryside and watercourses in the New Territories due to the indiscriminate disposal of waste is a major problem which we have put up with for a long time; many would say for too long. Over a wide area our rivers and streams are grossly polluted by livestock waste, making them not only unsuitable for irrigation and recreational enjoyment but also a health risk. We can be proud of our new towns and of our country parks — but we cannot be proud of the ribbons of filth that run between them and we cannot tolerate these any longer. To bring about improvement to the quality of both our watercourses and our coastal waters, we need to control livestock waste disposal properly.

A Livestock Waste Control Scheme was first introduced, following the enactment of the Waste Disposal (Amendment) Ordinance of 1987 and the making of the Waste Disposal (Livestock Waste) Regulations in 1988. Under the Scheme, Prohibition Areas covering the urban areas and new towns in the New Territories were established in which the keeping of livestock was banned. Controls on livestock waste disposal in the remaining areas were to be implemented in three phases over a period of nine years. Livestock farm operators who were affected could apply for a capital grant and low-interest loan for installation of basic on-farm waste treatment facilities to enable them to meet a specified discharge standard. Alternatively, farmers could choose to leave the business and be eligible for an *ex gratia* allowance.

In the first phase, controls on livestock waste disposal were introduced in Tolo Harbour, Mui Wo and Angler's Beach. These controls began in June 1988 and met with substantial objections from farmers. As a result, the Government agreed to review the scheme, and the review was completed in April this year.

The review recommended the introduction of a farm licensing system to ensure effective control over livestock keeping. Under this system, all livestock

farmers will be required to apply in a phased programme for livestock keeping licences from the Director of Agriculture and Fisheries. A licence will be issued when the Director is satisfied that a proper waste treatment system capable of achieving the appropriate discharge standard has been installed and other licensing conditions have been complied with. To ascertain the suitability of any waste treatment system proposed in a licence application, the Director will have regard to guidance notes on suitable waste treatment systems prepared by the Director of Environmental Protection.

To enable farmers to gain experience in operating the new treatment facilities effectively, they will be allowed to meet the discharge standard in phases over a three year period from the time of licensing. In technical terms, the discharge standard for Biochemical Oxygen Demand and Suspended Solids Discharge, BOD:SS for short, will be set initially at 250:250 milligrams per litre for all farms when the amending legislation comes into force. This standard will be revised to 100:100 and ultimately to 50:50 in two subsequent phases, and will be provided for in a schedule to be included in the amendment to the Waste Disposal (Livestock Waste) Regulations.

To avoid incompatible land uses, the review also called for the expansion of the Prohibition Areas in new towns, rural townships, port and airport development areas, environmentally sensitive areas and high grade recreational areas. Where there are existing livestock farms in operation in these expanded areas, they will be allowed to remain and continue operation, but subject to their compliance with the new licensing requirements and the discharge standards already mentioned. These areas will be called Restriction Areas and no new farms will be allowed in them.

Under the revised Scheme, farmers will continue to be eligible for financial assistance for the installation of waste treatment systems. Subject to funding approval by the Finance Committee, the level of capital grants will be increased substantially to reflect the market cost of installation. The rate of pig, chicken, duck and goose farmers, for example, will be adjusted from \$120 per sq m to \$225 per sq m. Professional advice where necessary will also be given to the farmers by staff of the Agriculture and Fisheries Department and the Environmental Protection Department.

These are the major components of the revised Scheme. To permit implementation, amendments to the Waste Disposal Ordinance and the Public Health (Animals and Birds) Ordinance, which I shall move following this Bill, are needed.

The Waste Disposal (Amendment) Bill provides for better control over livestock farms and livestock waste by the Director of Environmental Protection. Clause 7 of the Bill provides for the setting up of the livestock Restriction Areas and clause 12 provides the power for the Director of Environmental Protection to authorize the keeping of livestock in Restriction Areas. Clause 3 provides for more effective enforcement by defining waste

discharged from livestock premises as livestock waste in any proceedings for an offence under the Ordinance. Clause 13 enables the Director of Environmental Protection, as the Authority under the Waste Disposal Ordinance, to give appropriate directions to livestock farmers to prevent pollution arising from livestock waste.

After the Bill has passed into law, the Waste Disposal (livestock Waste) (Amendment) Regulation will be made to set out details of the revised Scheme.

The revised Livestock Waste Control Scheme has been devised after careful deliberation and extensive consultation. Livestock farmers, in particular, have been consulted at great length on the details of the proposals. Consultations have been held with farmer representatives on the Livestock Waste Disposal Consultative Committee, the Livestock Sub-committee of the Advisory Committee on Agriculture and Fisheries, and various livestock trade associations. Their views have been carefully considered and the revised Scheme has been adjusted to reflect these views as far as possible, having regard to the need to strike a balance with the wider interests of the community and urgent need to protect the environment. For example, farmers will be given three years after licensing to achieve the BOD:SS 50:50 standard. In addition, it is proposed that the rate of capital grant will be increased to cover up to half the market cost of installing waste treatment systems. Most farmer representatives have accepted the principles of the licensing system and are generally receptive to the revisions made to the Scheme. The Environmental Pollution Advisory Committee has been consulted and has given its support to the proposals and the related legislation.

Mr President, I will now briefly turn to a further amendment to the Waste Disposal Ordinance prepared under this amending Bill. It is generally recognized that a higher level of penalty is necessary to deter the illegal disposal of large quantities of waste, commonly known as "fly-tipping". Hence, the opportunity is also being taken to amend the Ordinance to provide for increased penalties. Clauses 14, 15 and 16 of the Bill will make fly-tipping an offence under the Ordinance and will carry a maximum fine of \$200,000 and six months imprisonment for the first offence, \$500,000 and six months imprisonment for subsequent offences, and a daily fine of up to \$10,000 for continuing offences.

Mr President, water quality is still very poor in areas where controls have not yet been fully enforced. Some streams are still of a quality approaching raw sewage. The revision to the control scheme and the legislative amendments proposed will help us move towards effective abatement of this serious pollution problem. In addition, we need to find a better way of dealing with the growing problem of fly-tipping.

Thank you, Mr President.

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

PUBLIC HEALTH (ANIMALS AND BIRDS) (AMENDMENT) BILL 1993

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the Second Reading of: "A Bill to amend the Public Health (Animals and Birds) Ordinance."

He said: Mr President, the Public Health (Animals and Birds) (Amendment) Bill 1993 will provide the Director of Agriculture and Fisheries with the power to license livestock keeping. This will be an important part of the revised Livestock Waste Control Scheme, the introduction of which is largely dependent on the passage of the Waste Disposal (Amendment) Bill referred to in my preceding speech.

I move that the Public Health (Animals and Birds) (Amendment) Bill 1993 be read the Second time. After the passage of the Bill, the Public Health (Animals and Birds) (Licensing of Livestock Keeping) Regulation will be made to assist implementation of the revised scheme.

Thank you, Mr President.

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

OVERSEAS TRUST BANK (ACQUISITION) (AMENDMENT) BILL 1993

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Overseas Trust Bank (Acquisition) Ordinance."

He said: Mr President, I move the Second Reading of the Overseas Trust Bank (Acquisition) (Amendment) Bill 1993.

The purpose of the Bill is to amend the Overseas Trust Bank (Acquisition) Ordinance so that the Overseas Trust Bank, which has been sold by the Government, can be put back on the same footing as other banks in the private sector. The Bill seeks to repeal a number of provisions relating to the management and control of the Bank by the Government because they are no longer appropriate.

On the other hand, it is necessary to leave some existing provisions of the Ordinance intact. Of these, section 6(3) to (5) provide for certain transactions to be disclaimed by the Bank if so directed by the Financial Secretary. It is in the public interest that such a right be preserved because the Government has given the purchaser of the Bank a limited number of warranties which might be related to liabilities incurred by the Bank before its acquisition by the Government.

In addition, since there is a possibility that some rights to compensation conferred by section 9(2) and (3) of the Ordinance would not be time-barred, the Bill also leaves these provisions intact, together with parts of section 10, which allows regulations relating to such compensation to be made.

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

BOUNDARY AND ELECTION COMMISSION (AMENDMENT) BILL 1993

THE SECRETARY FOR CONSTITUTIONAL AFFAIRS moved the Second Reading of: "A Bill to amend the Boundary and Election Commission Ordinance."

He said: Mr President, I move that the Boundary and Election Commission (Amendment) Bill be read the Second time.

The purpose of the Bill is to extend the latest date by which the Boundary and Election Commission is to submit to the Governor recommendations on the municipal council constituency boundaries for the 1995 municipal council elections. Clause 2 of the Bill seeks to extend this date from 31 December 1993 to 30 April 1994. I shall explain the rationale for this amendment.

Under existing legislative provisions, the Boundary and Election Commission is required to submit to the governor, by 31 December 1993, recommendations on the 1995 municipal council constituency boundaries. Before doing so the Commission is also required by law to produce provisional recommendations for public consultation for 30 days. To complete its tasks in time, the Commission will begin public consultation by the end of this month.

In drawing up its recommendations, the Commission must, again as required by law, work according to the number of elected municipal council seats as currently provided for in the Urban Council Ordinance and the Regional Council Ordinance; that is, 15 for the Urban Council, and 12 for the Regional Council. However, the composition of the two municipal councils is among the issues relating to the 1994-95 electoral arrangements which are now being discussed between the British and the Chinese governments. Clearly, therefore, if the Commission is to prepare recommendations and to proceed with public consultation on the basis of the existing number of elected municipal council seats, it could well be wasting time and resources not only of the Commission but also the public on absortive work if a decision is later made to change the number of such seats.

The Administration therefore proposes that the latest date by which the Commission is to submit its recommendations to the Governor should be extended to 30 April 1994. With this new date, the Commission will be able to await decisions and, if necessary, new legislation on the number of elected

municipal council seats as from 1995 before starting work on its recommendations on constituency boundaries.

In proposing 30 April 1994 as the latest submission date, we have had regard to the practical need to complete, before this Council goes into recess in July 1994, all the statutory and administrative steps for setting the municipal council constituency boundaries so that the final voter register could be published before early August 1994 as required by law. That voter register will be used for the municipal council elections in March 1995.

Thank you, Mr President.

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

FOREIGN CORPORATIONS BILL

Resumption of debate on Second Reading which was moved on 21 July 1993

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.

FOREIGN CORPORATIONS BILL

Clauses 1 and 2 were agreed to.

Council then resumed.

Third Reading of Bill

THE ATTORNEY GENERAL reported that the

FOREIGN CORPORATIONS BILL

had passed through Committee without amendment. He moved the Third Reading of the Bill.

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

Bill read the Third time and passed.

Member's motion

MOTION OF THANKS

Resumption of debate on motion which was moved on 20 October 1992

PRESIDENT: Council will now resume the debate on the Motion of Thanks.

CHIEF SECRETARY: Mr President, this debate is always a special occasion. It provides all Members with the opportunity not only to respond to the Governor's address but also to express their views on the general situation in Hong Kong and their hopes for the future. It gives us in the Administration the opportunity to respond to Members' views and to expand on the proposals put forward by the Governor. For me, there is an added dimension this year, as this may be the last major speech I will give in this Council.

In replying I know Honourable Members would expect me to be forthright, some might say characteristically robust. I will try not to let you down. *(Laughter)*

Traditionally this has been an occasion for me to thank Members for their constructive and helpful contributions to the public debate on the many issues raised by the Governor. Indeed, there were some constructive and thoughtful contributions. But I am sad to say that the overall impression we have after listening to Members' speeches is one of disappointment. Disappointment with the very negative, downbeat tone of many of the speeches, disappointment with the lack of constructive suggestions, disappointment above all with the pessimistic view of Hong Kong which Members seemed to hold on so many aspects of life here. Indeed listening to the debate many of us found it difficult to recognize the picture of Hong Kong painted by Members.

And from all we have seen and heard of the reaction of the community and the media to the Governor's address three weeks ago, the very negative views put forward by Members are not generally shared by the people of Hong Kong. There were, of course, complaints and criticisms from the public, but hardly the chorus of disapproval which emanated from these benches last Wednesday and Thursday.

This is not to ignore the genuine concerns which have been raised. They have been recognized, and will be addressed in some detail by my colleagues this afternoon.

But surely in any debate such as this we owe it to the community to assess progress in the round, to recognize successes as well as shortcomings, to present a considered balanced judgement on the issues of the day and not just indulge in party political point scoring.

And what do we see around us? We see one of the world's great cities, transformed in a generation by the hard work and ingenuity of our fellow citizens into the world's 10th largest economy. We see economic growth of more than 5% a year; we see a *per capita* income which is the highest in Asia outside of Japan and which rivals some of the better-off countries of Western Europe; we see an expanding programme of social services that is frankly the envy of many enlightened liberal communities. Whatever we are doing wrong, we must be doing something right!

The Governor's address laid out in very clear and precise terms plans to build on that success. Certainly he did not, as some Members have suggested, dwell on the successes of the past. It was a speech which spelt out the action for our vision of the future. A future which stretches well beyond 1997.

So a visitor from outer space descending on Central last Thursday morning, scanning the marvel of this metropolis, and reading a headline which accused the Governor of throwing "a handful of crumbs to a flock of pigeons" must have wondered what to make of it all. I dare say he regarded it as a close encounter of a curious kind.

Mr President, I do not propose today to deal with each and every one of the issues raised in the debate so far. I will leave most of that to my colleagues. But I would like to focus on a number of points which I feel need to be addressed in order to underline the fundamentals which have achieved so much for Hong Kong, and which will pave the way for our opportunities in the future.

We should start at the beginning, with the economy, which is now almost half as large again as it was when I became Chief Secretary in 1987. The Financial Secretary will deal with economic and financial matters later in the debate, and I will not take you through my cue cards of economic indicators which astonish international visitors and commentators.

We make no apology in Hong Kong for making the economy our first priority. A strong economy means strong government finances. It means we have the ability to meet public aspirations to create a society with a high and improving level and quality of public services.

What the community and the world at large needs to know is where we stand on the economy. Let me answer that question. We remain absolutely committed to free trade and free market principles that sustain our success; we are wedded to policies of low taxation; of tying growth in the public expenditure to growth of the economy; and above all — above all, I repeat —

we believe in leaving business decisions to the businessmen. We stick to these principles and policies not only because they have proven to be the right ones, but because they represent our future as it is enshrined in the Joint Declaration. But several Members, some of whom come from the business community and should know better, whilst apparently paying lip service to our fundamental philosophy, actually seem to want us to intervene in the economy, to intervene in business decision-making and intervene in the marketplace. We are not, frankly, attracted by the idea of detailed management of our economy comprising a strategy and concrete measures. Certainly we will not be lured into trying to plan our economy, a path which has led to the downfall of other so called western societies. We have a true, tried and successful formula. And we will stick to it. As we tennis players like to say, never change a winning strategy.

I now turn to our social services and I must say I was astonished to hear one Member declare that the life of the ordinary citizens had not improved in the past year and another assert that we had no commitment to improve people's livelihood. Let us look at the facts.

Hong Kong is not a welfare state, but it is a society which works hard to ensure the welfare of its citizens. We have a health care system that is very cheap at the point of use. We have a comprehensive social security net. We provide public housing to over 46% of our people. And all this at a time when public services have been under pressure all around the developed world. We have been able to continue to expand our social services because we have created growth in our economy, growth in the wealth of the community, growth in our financial and human resources in the public and voluntary sectors. And because of this growth we have been able to plough back the wealth created by the community into services for the community. We are committed to growth. That is another winning formula we are not going to change.

So where do we go from here? During the last year we have looked hard at our social services. We have looked below the headline statistics.

In the past, our goal was simply to meet the basic demand for services. Today, our challenge is twofold. First, to ensure that all our services meet modern standards. Quality as well as quantity must be our objective. Second, to ensure that special groups get a targeted service. The special needs of some of our sick and elderly are not luxuries. They are the basic requirements for a tolerable life. We have not forgotten them and we will not forget them.

Indeed, we have spent much of the last year concentrating on the needs of these people. Both the Governor and I have personally sought new, imaginative and constructive proposals to meet the very legitimate demands of those people in need.

As a result, we have been able to implement successfully last year's plans as well as to develop new proposals. The Governor has announced no less than

27 new initiatives to address the problems of the family, the elderly and the sick. They deal with the needs of small as well as large constituencies: the chronically and terminally ill, the mentally handicapped, the people who are too readily forgotten.

Second, let me touch on our proposals for healthcare. Here, in particular, we are making a determined effort to improve quality and to cater for those who need special care.

Last year, we announced proposals to raise recurrent spending on health by 22% in real terms by 1997. Earlier this year, the Financial Secretary made further provision for the construction of a new hospital in North District. Now we have announced further major improvements which will provide additional care for the chronically and terminally ill; reduce waiting times in clinics and for elective surgery; provide more help for the mentally ill in care and in the community; and extend kidney dialysis services.

Of course, there is still more to be done. We have to keep pace with improvements in medical technology. We have to meet the health needs of an increasingly elderly population. We have to protect the territory from the spread of AIDS. These and many other objectives will be met. They will be met without sacrificing our principles, that nobody should be denied access to healthcare for lack of means and that nobody should have to wait for essential treatment. With so many health care systems around the world under huge pressure, if not breaking down, we must and will learn the lessons of elsewhere. We will keep our system affordable, comprehensive and caring.

Next, let me turn to the problems of the family. Families in Hong Kong are very good at looking after themselves but sometimes they need support. Either financial support or advice and some relief in their role as carers of sick and elderly people. Over the past year, we have gone a long way towards meeting these needs.

Despite the range of our social services, our people still have a legitimate anxiety about the funding of their old age. Many groups in the community see the introduction of a provident fund as the only way to address these anxieties. We shall soon make proposals for the way forward. When we do so, I anticipate a vigorous debate. At least, I certainly hope the debate is vigorous because the issues are of the greatest importance. So far we have only scratched the surface. We have had much talk but little illumination.

But I can assure you we are conscious of our duty to come forward with proposals that are clear, that provide real, not illusory benefits for workers beyond what they can expect to receive from social security, and that meet anxieties about the security of contributions.

Mr President, I would also wish to say something about the quality of our civil and disciplined services.

I believe our public services have much to be proud of. That this city runs smoothly and efficiently is due largely to them. That people are treated fairly and honestly is also due to them and to the institutions they represent.

Over the last year, they have been under great pressure but they won through. They have embraced performance pledges enthusiastically because they care about the service they provide. They have implemented almost all of the 103 initiatives in last year's policy address quickly and efficiently. And all this whilst keeping the size of the public sector well under control. In my time as Chief Secretary, the government budget has increased by 56% in real terms. The public service has grown by only 6.6% in the same period.

We are a small government that does big things. The next few years will make even greater demands on the public service. They have new programmes to implement, bigger problems to deal with. But I have no doubt that the public can be sure that the men and women in the civil service and the disciplined services will rise to the challenge of the future.

Of course, they need the support of this Council and of the community. For our part, we have made arrangements to train them for the transition; we are developing plans for a pension reserve fund; and we have accelerated the localization programme. The consultation document we published on Monday on common terms of employment and conditions of service makes good another promise in the Governor's speech and provides a golden opportunity to modernize employment conditions for our civil servants.

Mr President, I turn now to the question which — understandably — occupied the thoughts of many Honourable Members, that of constitutional reform. As the 15th round of talks have begun today in Peking, I can appreciate why so many people feel this is the most pressing issue facing the community. Of course, it is, and that is why we on our side have tried so hard since the Governor unveiled his package of proposals in his first address last year to arrive at a solution acceptable to China, Britain and the people of Hong Kong. Alas, despite the concrete steps detailed by the Governor in his address three weeks ago, we have still not closed the gap between the two sides. But even at this late hour, all our efforts are geared to achieving agreement.

I do not need today to add much to the millions of words that have been produced on this subject. The Governor dealt with this subject as eloquently as it is possible to do.

I simply want to underline again how important it is that we end up with a legislature which is credible in the eyes of Hong Kong people, a legislature that has been fairly and openly elected, a legislature that is clearly accountable to the people it represents. Because unless we have such a legislature it would not be

able to carry out its responsibilities without fear or favour. It would not be able to monitor the Government effectively. For example in ensuring a level playing field in the Government's dealings with the community, including the business community. And to those in the business community who believe that the composition of the Legislative Council has no significance in guaranteeing the future of Hong Kong as a business and financial centre, let me just remind them, again, that the very fabric of Hong Kong's business success depends upon the fairness and openness of our systems, and the rule of law and those in turn depend upon a legislature fairly and openly elected which enjoys the confidence and respect of our community.

Mr President, I opened these remarks by promising to be forthright, if not robust. I hope I have not disappointed those who thought I might go a step further and become downright tigerish! The irony is that I donned my Tiger suit a few years ago to demonstrate that the Hong Kong Government was not a lame duck, if you follow the mixture of metaphors.

In these days, when we have been accused in this Chamber of lacking in vision, of a lack of commitment to improving people's livelihood, of getting our priorities wrong — or, even worse, of having no priorities — I find it interesting that at least nobody is accusing us of being a lame duck government.

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

ATTORNEY GENERAL: Mr President, I would like to respond to comments made by Honourable Members in the course of last week's debate in respect of four matters. The first of these is the question of localization of the Legal Department.

Localization of Legal Department

In order to understand the present position it is necessary to understand the past. Historically, it has been difficult to attract local lawyers into joining the Government, and also to retain those who did join. There were various reasons for this, but the principal ones were the shortage of local lawyers and the competing demand for those lawyers by the private sector. Local law degrees were not available until 1969 and the appearance of local law graduates coincided with an enormous expansion in the demand for local lawyers in the private sector during the 1970s and 1980s. As a result, an insufficient number of local law graduates joined the Legal Department in those periods.

Contrary to what some may believe, efforts to localize the Legal Department are not of recent origin but stretch back over more than 20 years. However, when it became apparent in the late 1980s that those efforts were not bearing fruit, we recognized that special measures were necessary and devised and implemented those special measures. I would emphasize that these measures

were a result of my department's own initiatives and indicate, for any that doubt it, a firm commitment to localization.

The first initiative was the creation, in 1988, the so-called "Double Ladder Scheme" for local Crown Counsel to improve their prospects of promotion to Senior Crown Counsel. Look at what this scheme has achieved so far: in December 1988 the percentage of local lawyers at the Senior Crown Counsel rank was 23%; in September this year it was 54%, and the figure is still rising.

The second initiative was the creation, in June 1991, of the Development Posts Scheme, designed for those at the Senior Crown Counsel rank to improve their prospects of promotion to the directorate. Although the scheme has only been in operation for just over two years, encouraging results are beginning to show. When the scheme began, only 11% of the directorate were local counsel; now it is just over 20%, and again that figure will continue to rise. I understand the feelings and, indeed, the frustration of those who believe the pace should be faster, but let us not devalue the efforts made so far to speed up localization.

Further initiatives are now being planned. I am proposing that the Development Posts Scheme should continue in being, but with 20 rather than 18 posts, each of which should be capable of being refilled when it is vacated by a particular developpee. Mr Simon IP suggested last week that the expansion should be more substantial than this. My response is to point out that there are restraints imposed on our capacity to enlarge this scheme by limited financial and training resources. I am also proposing that a new scheme should be introduced to enable selected local counsel at the directorate rank of Deputy Principal Crown Counsel to act as Principal Crown Counsel (that is, as deputy law officers) to give them early exposure to the work and responsibilities of these very senior posts. I am also proposing an expansion in our Legal Trainee programme from 10 to 15 recruits. That programme was introduced last year and enables local men and women who have completed their legal studies in our excellent tertiary institutions to receive their practical legal training in the Legal Department, and thereafter to make their careers with us.

The combined effect of these special measures will provide local counsel at all levels, from legal trainee to directorate officer, with opportunities for special training and promotion that are to be envied. I am confident that these measures will ensure that, in future, vacancies in my department can be filled by suitably qualified local lawyers, either from within or outside the department. This confidence is reinforced by the response to a local recruitment exercise conducted in January this year and another currently in progress, which is far in excess of any response that we have had to similar exercises in the past.

In addition to these special measures, Members will know from the Governor's policy address that it is intended to appoint local officers to three of the five Law Officer posts before the end of 1995. Two of those posts are

currently advertised for local applicants. The proposal in respect of Law Officer posts does not represent an abandonment of my policy to boost localization through the recruitment of local lawyers at the junior level and through training and promotion. It is simply one more measure being taken, in addition to the ones I have outlined, to ensure that there will be a large proportion of local officers at all levels well before 1997.

Mr Simon IP called for new targets to be established in respect of the localization of the Legal Department. There are several reasons why it is difficult to set realistic localization targets. These include the difficulty in assessing wastage rates among expatriate and local counsel, the practical implications of the recently announced changes in the Government's localization policy, and the fact that all promotions are determined on the basis of merit and ability. Faced with these uncertainties, any forecast figure must be heavily qualified. Given those qualifications, my own estimate is that by the end of 1995 the percentage of local officers in the directorate will have risen from 20% to about 50% and the overall percentage will be about 60%. I must emphasize that these projections also assume that, in the relatively short space of the next two years, at least 50 suitably qualified and experienced local officers will join the department. In the light of our current and past experience, that will present a major challenge.

Let no one doubt my commitment to the localization of my department. The measures that have been taken, and that are proposed, will, I believe, be effective. This is evident from the ever increasing number of local counsel at more senior levels, from the drop in the wastage rate of local counsel, and from the large response to our recent local recruitment exercises. I would add that the measures will require financial resources, and that I will be coming to Finance Committee shortly. I will be looking for the solid support of that Committee in order to achieve the goals I have just outlined.

Mr President, I would now like to address some wider legal issues raised in the debate.

Judicial efficiency

I turn to the question of judicial efficiency. Several Honourable Members spoke on judicial efficiency and welcomed the initiatives highlighted by the Governor to strengthen the administrative structure of the Judiciary. Let me reassure this Council that the Government attaches great importance to the efficient operation of our judicial system. The Chief Justice is embarking on an overhaul of the management of the Judiciary. He is committed to fostering a modern management approach and a service-oriented culture. This Council has supported the appointment of a senior Judiciary Administrator to assist the Chief Justice in this task. As indicated by the Chief Justice at his recent Meet-the-Media session, the advertisement in respect of the post has drawn encouraging responses and the recruitment board is making good progress. We expect the new Judiciary Administrator to be appointed before the end of the

year. Once in post, the Judiciary Administrator will take over from the Registrar of the Supreme Court as the administrative head and Controlling Officer of the Judiciary. He or she will play a key role in assisting the Chief Justice to modernize the management of the Judiciary.

To map out a broad strategy of new initiatives, the Chief Justice has set up a high-level Working Party under his chairmanship to conduct a comprehensive review of the administrative systems of the Judiciary and to make proposals for improvement. I am pleased to note that Mr Moses CHENG is a member of this Working Party. The Working Party held its first meeting two days ago. The Chief Justice said after that meeting that they recognized the pressing need to explore every way to reduce the long waiting time for cases to come to trial. He also emphasized that this issue was high on the agenda. Amongst the other priorities of the Working Party are the application of modern information technology, a review of the structure, operation and support services of the courts and tribunals, and the launching of performance pledges.

A few Members emphasized the importance of the localization of the Judiciary. On this, the Chief Justice has recently stressed that an increasing number of local lawyers were joining the Bench. Today there are 10 local judges in the Supreme Court and the overall proportion of local judicial officers has increased from 32% in 1988 to 43%. Of the 29 judicial appointments made since January 1992, 23 are local officers. This amounts to 80%. The Chief Justice is determined to explore all possible ways and means of speeding up the localization process. He expects that at least half of the judicial officers will be local by 1997, and he is confident of achieving this target.

Court of Final Appeal

Mr President, next, I would like to turn to the Court of Final Appeal. Mr Simon IP spoke on the legislation being drafted to establish the Court of Final Appeal in Hong Kong and stressed the importance of establishing the Court in conformity with the Basic Law. The Administration notes that the community generally favours the early establishment of the Court of Final Appeal and hopes the Court will continue to operate unaltered across 1997. To ensure that the Court of Appeal will have the firm guarantee of a life beyond that year, we are drafting the legislation on the basis of the agreement reached in the Joint Liaison Group in 1991. As we have said before, this agreement is consistent with the provisions of the Joint Declaration and the Basic Law.

The preparation of the legislation is a complicated task and will take time. However, it remains our aim to establish the Court of Final Appeal as early as possible. We firmly believe that it is in the interest of Hong Kong to have the court firmly established well before 1997, in order for it to provide continuity beyond 1997.

Corruption

The final matter I would like to deal with is corruption. Several Members voiced their concern about corruption and their comments were helpful and supportive. Let there be no mistake about it — this Administration will continue its war against corruption and will pledge whatever resources are necessary to ensure an unremitting attack on this evil.

The number of reports of corruption in this calendar year indicates a current surge in corruption. In dealing with this surge, the Commissioner of the ICAC and his staff believe that the importance of intelligence cannot be over emphasized. With adequate intelligence, operations can be effectively focused and targeted. This is a matter to which the Commissioner will give priority. The additional investigation group of 40 officers in the Operations Department, which was referred to in the Governor's policy address and which will be created next April, will assist considerably in this respect.

As the Governor pointed out in his policy address, there is mounting apprehension that our business sector will become tainted by lower ethical standards elsewhere. The Administration believes that this problem is as much a matter of concern for the Chinese authorities as it is for us. We believe that the authorities in China are serious in their attempts to improve their anti-corruption effort.

During his recent visit to China the Commissioner of the ICAC reached agreement with both the Supreme Peoples' Procuratorate and the Guangdong Provincial Peoples' Procuratorate for the establishment of a working group to be responsible for the development of long-term efforts in anti-corruption education. Among other things, the working group will consider publishing information on PRC anti-corruption laws and guidelines for Hong Kong investors.

We certainly share Members' views on the importance of providing clear guidelines to Hong Kong businessmen conducting business in China. A start has been made and more will follow. The Community Relations Department of the ICAC has recently produced a preventive education package entitled *China Trade and Prevention of Bribery Ordinance* to provide advice to Hong Kong businessmen on how to cope with the problems of corruption that can arise in the course of China trade; in particular what constitutes an offence under the anti-corruption legislation of Hong Kong. The package, launched in September, is being distributed and has been favourably received.

The Governor also referred in his policy address to the development of voluntary codes of practice to prevent malpractice. The objective is to provide a service to businessmen by helping them to conduct fair and open dealings with all customers, suppliers and contractors. It is not proposed to create an impediment to such dealings, nor is it envisaged that there will be standard codes of conduct. The codes will be drawn up by individual companies or

organizations taking into account their own individual needs. The codes will therefore be flexible and tailor-made and will be entirely voluntary.

Mr President, let me repeat that we shall not slacken in our efforts to stamp out corruption wherever it is found and no matter who is involved. As the Governor said, we will give no quarter to corruption.

Mr President, I support the motion.

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, the twin objectives of upgrading the quality of education and of our workforce have been further advanced in the many initiatives highlighted in the Governor's address. I shall focus on several key issues on which Members have commented.

Industrial safety

A major emphasis in this year's policy address is the Government's determination to tackle the poor record of industrial safety. We fully share Members' concern that more must be done. We look forward to Members' strong support for a series of legislative proposals in the coming months aimed at raising safety standards in construction sites. We will match these proposals with an enhanced enforcement capacity by the Factory Inspectorate. More posts will be created and additional officers deployed to tackle priority areas. The Commissioner for Labour will also undertake a special review on the operation of the Factory Inspectorate to further strengthen its efficiency and effectiveness.

Employees retraining

A number of Members have commented on employees retraining and have made some useful suggestions, for which I am grateful. Members can be assured that the Employees Retraining Board will continue to work hard to cater for the demands in tandem with economic restructuring. I should just like to make two points here. First, the Employees Retraining Fund now stands at a healthy balance of \$433 million. We are confident therefore that the Fund can pay for the additional responsibilities to retrain the less fortunate members of the workforce as proposed in the policy address, without affecting its present duties. Second, for those retrainees who have completed skills retraining courses, only about 10% require placement services, an indication that most retrainees have had no difficulty in moving on to new jobs.

Importation of labour

A few Members have linked their views on retraining to calls to stop the importation of labour. I would like to reiterate the Government's position on this policy. Hong Kong's economy is growing much faster than the workforce. This puts very serious strain on our manpower resources which in turn has imposed a serious constraint on the growth of our economy. Our aim under the

labour importation policy is to make good the shortfalls so that our economy remains competitive, without at the same time affecting the well-being of our own workforce. The General Labour Importation Scheme has been in operation for several years. It has helped to alleviate our acute labour shortage. Contrary to some criticism, there is no evidence to show that Hong Kong workers' interests have been affected as a result. There have so far been only a few allegations of displacement by imported workers. We shall nonetheless continue to be vigilant in monitoring the scheme and safeguarding workers' interests.

Retirement protection

A number of Members have accused the Government of stalling on the subject of retirement protection. This simply is not true. As clearly stated in the Governor's address, the issues involved are highly complex and difficult.

For example, the public may not be entirely clear about the implications of a Central Provident Fund (CPF).

- First, a CPF has been presented as some kind of goldmine for workers. It is not. It is a system of deductions from salary throughout a working life plus a contribution from employers in order to fund old age. Schemes elsewhere tend to have certain features that our workers might not regard as desirable. Deductions are enforced month in, month out. Rates of return are far from spectacular because the fund must be invested with the greatest prudence.
- Second, employers appear to see advantages for themselves. Some have suggested that workers will be more closely bound to their companies. They can think again. We have no intention of introducing any scheme that would penalize a worker for changing jobs.

That said, we are considering all possible options and announce our proposals in accordance with our declared timetable.

Education

I turn now to education. Our initiatives in the education programme form part of a comprehensive and coherent plan to enhance the quality of our school education. The blueprints have been mapped out largely in the Education Commission Reports No. 4 and 5. We have begun the improvement process since 1990 and much progress has been made. We are now building on that success by injecting additional funds and proposing additional measures to supplement that plan. Criticisms on these initiatives as being "piecemeal" and "nothing new" are therefore quite misleading, and they do no justice to our very substantial improvements which have been and are being made overall.

It is also a fallacy to say that our expenditure on education, as a percentage of GDP, is too low. First, at 3% of GDP, we compare favourably with Singapore and South Korea. Secondly, at 20.8%, spending on education constitutes the single largest item of government recurrent expending. Such an observation therefore reflects more on the size of the public sector than on the priority we give to education. There is no question that education ranks as one of the top priorities in the Government's overall policy programmes.

Tertiary education

A few Members have criticized the Governor's address for ignoring the tertiary sector. This simply ignores the fact that we have invested and are investing heavily in tertiary education. We are well on track in achieving our targets of providing, by 1994-95, enough first-year-first-degree places for 18% of our young people in the relevant age group, plus sub-degree places for another 6%. That no reference was made in the address in this direction is simply because the Government has to await the advice from the University and Polytechnic Grants Committee. It is high on our agenda and Members will hear more about it in the months to come.

Teacher supply

Some Members have expressed concern on the supply of graduate teachers and the adequacy of training. We have given careful thought to these issues and are confident that the initiatives will be achieved without compromising the overall teaching quality. The proposals in the Governor's address involve substituting non-graduate teachers in primary and secondary schools by degree holders. In primary schools, the graduate teachers will come mainly from the existing stock of teachers who have acquired or will be acquiring graduate qualifications in education. For secondary schools, graduate teachers will replace non-graduate teachers through natural wastage. While not all new graduate teachers may be trained in teaching, salary inducements and availability of training capacity should enable them to undergo such training in time. We are confident that the reforms in the Education Commission Report No. 5, together with the expanded output from the tertiary sector, will result in more of our graduates taking up teaching as a profession.

Language fund

I am pleased to note that the proposed Language Fund has received general support and many useful suggestions. We will listen carefully and consult widely in drawing up proposals for the use of the Fund. We intend to set up an advisory body drawing upon a wide range of expertise and community interests to advise us on the most effective and efficient use of the Fund. Some of our priorities should be, I think, to upgrade the standards of language teachers and to improve the communicative skills of our students.

Kindergarten education

Finally, I would like to clarify the Government's position on what is being done to improve kindergarten education. Contrary to some of the criticisms made in this Council, the Government has already contributed significantly over the last few years to increase financial assistance to parents. The early improvement to the Fee Remission Scheme in 1994 as proposed in the policy address will mean a 12-fold increase in government funding since the Scheme was first implemented in 1990. In practical terms, a typical family of four will be eligible for fee remission in 1994 if their family income does not exceed \$12,000 per month, compared to \$4,300 in 1990. Such increased assistance to needy families to afford reasonable fees will in turn help improve the quality of education. It is no coincidence that the introduction of fee remission has paralleled improvements in kindergartens. Since 1990, many more trained teachers have been employed, teachers' pay has been improved, and wastage of trained teachers has declined — it is now no higher than wastage in the aided school sector. About 70% of kindergartens have already met or exceeded the require guideline of having 40% trained teachers. Improvements in these directions will continue.

These improvements notwithstanding, the Government has undertaken to consider what more should and could be done. A Working Party is now examining the issues in detail. Careful analysis of different options will be needed before we take a decision.

Conclusion

Mr President, I shall not attempt to respond to each and every point made by Members in this debate. Suffice it to say that our emphasis on education and manpower training will continue to be on quality — better quality teachers, better school facilities, better language proficiency, and better working environment and retraining opportunities for our workforce. I have no doubt that, with the support of this Council and the community at large, we shall achieve further quality improvements in the years ahead.

Thank you.

SECRETARY FOR HEALTH AND WELFARE: Mr President, today we are here for a single purpose: to response to issues debated in the Governor's address. Whilst I admire the studied rhetoric, the stylistic eloquence and the poetic ease of some Honourable Members' debate, on health and welfare issues, I must admit to being disappointed in some cases at the lack of insight and in some other cases a blind refusal to recognize reality. No doubt there may be areas where philosophical conviction may genuinely differ. No doubt there may also be differences of opinion, even incapable of reconciliation. But we must work together in an atmosphere of mutual respect and confidence. We need to launch a future under conditions of good faith and good will. To my mind, we

are here to find a basis for accommodation to make life better for all of us. We are here to identify goals and devise ways to achieve them. We are here to do our part, within our ability and responsibility.

Turning now to specific issues: the recurrent spending on healthcare in 1993-94 alone amounts to some \$14,700 million, which is 8% over and above inflation. In the next four years, we will be allocating over a \$100 million each year for the proposed improvements in patient services and some \$850 million to upgrade our specialist clinics and hospitals. These are not mere piecemeal promises. These are vision put into effective action. Our patients will see for themselves the Government's clear commitment to improve the quality of healthcare service, with the help of dedicated doctors, nurses and other medical professionals. Their devotion to duty is certainly more than skin deep. Any suggestion that it is otherwise would be grossly unfounded and unfair.

On healthcare reform, let me put to rest the popular but mistaken notion that we are fundamentally changing our healthcare policy. Let me say once and for all that the cornerstone of our time-honoured healthcare policy is universal access to care. We have a "no turn away" policy. We have a strong safety net. But we need more consumer choice.

In primary healthcare, we have taken a step-by-step approach. Over the last two years, government expenditure in primary health care has increased by nearly 8% in real terms. We have reduced the maximum waiting time for patients at general clinics. The District Health System, which facilitates co-ordination of services and better continuity of care for patients, has firmly taken root and is poised for extension. Through the support of the community and private healthcare professionals, Hong Kong has achieved over 99% coverage in all vaccine preventable childhood diseases. We have also successfully eradicated poliomyelitis, well ahead of the World Health Organization's target for global eradication of the disease by the year 2000.

I am surprised that the Honourable Michael HO has once again asked for a review of nursing policy. Together with other experts, he has been offering advice to the Interdepartmental Study Group on Nursing Manpower for which I am grateful. We have conducted a comprehensive review of nursing to examine the need to realign and redefine the role of nurses and to assess the consequential educational requirements. We have made good progress, and I look forward to the Honourable Michael HO's further contribution in this respect.

I am very grateful for the special interest which Dr the Honourable LEONG Cheung has shown on AIDS. I hope Members will also join me in congratulating Dr LEONG on his recent election to the chairmanship of the Hong Kong AIDS Foundation.

Under the capable leadership of his predecessor, the Hong Kong AIDS Foundation has done much in supporting government policy on prevention of

HIV infection and AIDS. Whilst on this subject, I would like to put on record my sincere gratitude to Honourable Members for their support to the establishment of a \$350 million AIDS Trust Fund. We welcome worthy projects from community organizations including the AIDS Foundation to encourage public participation in the campaign against AIDS.

Hong Kong's initiative in this area has won considerable acclaim, both at the International Conference on AIDS held in Berlin this June and at the Western Pacific Regional Committee Meeting of the World Health Organization held in Manila this September. As the Chief Secretary indicated earlier in his speech, we will continue to work with our community to protect the territory from the spread of AIDS.

Dr LEONG also brought us back in history to the bygone days of the former Medical Development Advisory Committee (MDAC) and alleged that the lack of positive response from the Government on hospice care is attributable to the lack of proper co-ordination and perspective. Let us focus on facts.

The former MDAC first discussed this issue as far back as 1987 prior to Dr LEONG's appointment as chairman in 1989, and resolved that hospice care in Hong Kong should be financed by a combination of government subvention and private donations. We do appreciate the contribution made by voluntary agencies as pioneers of hospice care in Hong Kong, and have indeed been in close partnership with them. We have now taken the concept forward jointly with local and overseas experts including Bradbury Hospice and Macmillian Cancer Relief Fund. We intend to maintain the mutual understanding and co-operation with the voluntary sector.

Dr the Honourable Conrad LAM Kui-shing lamented the fact that the inequality of wealth is greater in Hong Kong than in countries such as Indonesia, Sri Lanka and Bangladesh. Frankly, I am a little bewildered. According to statistics published by the United Nations, the *per capita* gross domestic product for 1990 was US\$584 in Indonesia, US\$457 in Sri Lanka, US\$186 in Bangladesh, whereas for the same year in Hong Kong, it was already US\$12,493. To quote from our Governor: "Hong Kong is not a welfare state, but we are a society that cares deeply about the state of welfare". Indeed, quite recently, as a local expert on social security so succinctly put it : If you had to be poor, Hong Kong would be one of the best places in Asia to be poor in.

Despite the real, substantial improvements to the social security system earlier this year and the increase of \$100 per month to the children's standard rates to be implemented next April, there are still demands for further increases to social security benefits. I assure Honourable Members that all benefits are kept under review, However, if we took any measure to fundamentally alter our social security system, we should first re-examine our basic philosophy on welfare.

As regards the call to allow elderly persons to continue to receive the Old Age Allowance after they have retired to their native place in China, let me repeat the policy position. The Old Age Allowance is not a universal pension. It is not contributory. It is not portable. The existing rule of 180 days of permitted absence from Hong Kong is already very generous by international standards.

There has been considerable support for and interest in the Working Group on Care for the Elderly announced by the Governor in his address. The Working Group will be appointed by the Governor and will be responsible directly to him. It will conduct a general review of services for elderly persons and advise on the development of future policies. A new strategy will be formulated to meet the challenge of the social and economic impact of an aging population on the community.

I would like to thank Honourable Members for supporting the idea of a Senior Citizen Card to elderly persons. In Hong Kong we have a time-honoured tradition of respect for elderly persons. As a symbol of that venerated status in society, a Senior Citizen Card Scheme will be introduced from April next year. The card will facilitate public transport operators and other companies to introduce concessionary fares and discount rates for persons aged 65 and above. I appeal to the community to participate in this worthwhile scheme by introducing concessionary fares and discounts as a mark of respect for our senior citizens. I look to this Council to join me in my appeal.

The importance of public education to promote the integration of persons with disabilities in the community must be stressed. We have put in place a comprehensive programme together with a subsequent monitoring and evaluation mechanism. We will continue to work in close partnership with the community and sustain our public education effort in the coming years. We will continue to take the leadership role. I would like to take today's opportunity to urge Honourable Members to give their strong support for our effort.

Mr President, the health and welfare proposals in the Governor's policy address this year present a profile of positive and prudent planning. The proposals are focused and far-reaching. They aim to target new and improved services with greater precision towards specific needs of the community. They also provide a continuum of integrated health and welfare services for the public, whether they are in hospital, at clinics, in residential care or at home. These proposals will make a difference to the health and welfare of the community.

SECRETARY FOR RECREATION AND CULTURE: Mr President, I greatly welcome the Governor's statement in his policy address on the arts and on sports. It clearly reflects the Government's strong commitment towards providing a fuller life to the people of Hong Kong.

The Governor's announcement to set up a Provisional Arts Development Council in early 1994 to prepare the ground for a statutory Council in 1995 marks an important milestone in our efforts to foster and develop the arts more fully in Hong Kong. I am happy to see that this announcement, together with the Governor's pledge of a generous financial grant of \$100 million as seed money to the new Council, has been greeted by a wide cross-section of the arts community with enthusiasm, interest and support.

Regrettably, I have not noticed a similar degree of enthusiasm and interest from Members of this Council. Only a handful of Members have spoken on this issue and their remarks did not reflect any of the strong sentiments expressed in this Council during the motion debate on the arts policy five months ago. I hope this does not mean that Members now regard the development of the arts as a matter of little importance. The future Arts Development Council will have to rely on this Council, as well as the public at large, for continued support to achieve its objectives and I sincerely hope that strong support will be forthcoming from this Council, notwithstanding the lack of strong voices in this debate.

I would like to state today that the Government is determined to press ahead to make arts not only the preserve of the arts practitioners and the well-to-do, but also increasingly to have it accepted as a way of life for the public at large. This is, I believe, what the community wants, as reflected in their views during the recent arts policy consultation exercise.

The Government has wasted no time and a Working Group was appointed on 8 October, with a membership that represents both the arts community and the business and professional circles, to prepare for the formation of the Provisional Arts Development Council next year. The Working Group under the capable and energetic leadership of Sir Joseph HOTUNG, a keen and committed supporter of the arts for many years both in Hong Kong and overseas, has moved swiftly into action. So far, the Working Group has held two meetings and has set up five specialist committees on policy, legislation, management and finance, transitional arrangements, and community liaison to get on with the task; these committees have either held their first meetings or will be doing so shortly. The Working Group has also taken steps to set up its own secretariat by advertising to recruit an Executive Secretary and supporting staff. The Working Group and its committees will certainly have a hectic work schedule in the next few months to map out a sound and solid foundation for the setting up of an Arts Development Council that will both satisfy the aspirations of the arts community and help to develop the arts in a way that would enrich the life of the people of Hong Kong.

During this debate, a few Members have raised some specific issues which I would now like to address.

A few Members proposed that the future Arts Development Council should have a broad base representation, made up primarily of professional arts

practitioners, with independent policy making powers. I generally share these views and am sure that the Working Group, which has been tasked with drawing up, amongst other things, recommendations regarding the membership guidelines for the future Arts Development Council and its terms of reference, will take these views on board. What I would like to reiterate at this point is that the concept of a broadly based Arts Development Council with a large number of its members being drawn from the arts community has been accepted by the Government, and this is reflected in the composition of the Working Group itself, with seven out of 12 of the non-official members being drawn from the arts community. Those who have criticized that the visual art is not directly represented in the Working Group will be heartened to learn that a practising visual artist will soon join the Working Group.

On funding, one Member sought more information on the remit of the \$100 million grant proposed by the Governor. Let me answer by repeating that this grant is to provide seed money to enable the future Arts Development Council to make an impressive start. More information on the remit of this grant will be spelt out when the Finance Committee of this Council is approached to approve the allocation of this money. In the meantime, I shall have to consult the Working Group for its views on how this grant should best be used to promote and develop the arts in the years ahead. If any Members of this Council have any ideas, I shall certainly be happy to take them into account. I would, however, like to state clearly that this grant is additional to the sizeable funds already made available by the Government to develop the arts at present. These funds include the \$30 million arts development funds placed under the Sir David Trench Fund for Recreation and the recurrent allocation of over \$40 million to the Council for the Performing Arts to meet its staffing and programming needs. It is my intention, subject to approval of Finance Committee, to eventually transfer these existings funds to the future Arts Development Council when it is formally established to enable it to meet its administration as well as programming and development costs.

Whilst recognizing the importance of government funding to the future Arts Development Council, I consider it essential that the municipal councils and the community at large should continue to financially support the arts. I hope, through the efforts of the future Arts Development Council in creating a greater awareness of the community towards the arts, more private and corporate sponsorship is forthcoming to supplement the financial support currently given to the arts by the Government and the two municipal councils.

Finally, Mr President, I would like to say a few words on broadcasting. Although this subject was not mentioned in the Governor's address, it merits a mention in this debate. The Government's overall policy objective, endorsed by this Council last year, to enable the people of Hong Kong to have the widest possible choice of quality television services at an affordable cost is now being realized. We have granted our first subscription TV licence to Wharf Cable Limited on 1 June this year and in a few days' time, on 31 October, Hong Kong's first subscription TV service will be launched. The launch of this

service will more than double the number of TV channels available to the viewing public. Hong Kong viewers will now have a much wider choice, and this is only the beginning. By the end of this decade, upon full expansion of the Wharf Cable TV system, viewers will have some 40 to 50 channels to choose from. In addition, we are currently reviewing our licensing policy on satellite TV services with a view to relaxing the existing framework to enable more overseas, international satellite TV operators to originate their services from Hong Kong. I hope to put proposals to the Executive Council and to this Council early next year. This will not only bring more TV services to Hong Kong viewers, but will also help to develop Hong Kong into a major hub for satellite broadcasting in the region.

Thank you.

SECRETARY FOR SECURITY: Mr President, I should like to respond to points made by Members on law and order, and policing, and on immigration.

First, the crime situation, where it is certainly not the case, as has been claimed, that the current level of crime remains high in historical terms, even if it is slightly below the level of the past few years. Certainly there was an increase in the level of crime between 1989 and 1991. But the current crime rate is not only well below the level of those years, it is more than 10% lower than it was 10 years ago. The rate of violent crime is similarly well below what it was 10 years ago. In particular, the police have achieved a sharp reduction in recent years in the number of armed robberies, and the number of car thefts.

These are real improvements. They are a result of an increased police presence on the streets, and better cross-border co-operation on crime; both have produced encouraging results. Hong Kong remains a very safe city, in comparison not only with cities in Europe and North America, but also with our neighbours in the region.

We have also reversed the manpower problem faced by the Police Force. Police recruitment has been running at a high level for the past two years. In the first nine months of this year, the police recruited some 1 100 junior police officers, as against 700 who left the force; wastage is about 30% lower than in 1992. The Police Force is now up to its full establishment for the first time in 10 years. It can now afford to be more selective in recruitment. In the longer term, this can only improve the overall quality of the force.

Despite the improvements we are continuing to see in the overall crime situation, we are not complacent; there remain areas of concern, and one of these is juvenile crime. The juvenile offender rate increased slightly in the first nine months of this year. We need to devote more effort to prevent our young people from becoming involved in crime and from being influenced by triads; students are particularly susceptible to such influence. A Working Group under the Fight Crime Committee has proposed measures to tackle the problem of

triad influence in schools. These measures include increasing the police presence near schools before and after school hours and improving liaison between the police, teachers, parents and school social workers. The Working Group has just submitted its final report to the Fight Crime Committee.

Another area of concern is substance abuse by young persons. In the first half of 1992, the Central Registry of Drug Abuse received reports on 923 drug abusers aged under 21. In the first half of 1993, a total of 1 614 young drug abusers were reported. This 75% increase in a matter of great concern, although it needs to be seen in perspective: the number of young drug abusers reported in the first half of this year represents just 0.2% of the Hong Kong population aged between 11 and 20. Only a very small minority of our young people are involved with drugs.

Nevertheless, we are concerned about this increase and we are taking steps to tackle it on a number of fronts. Enforcement action has been stepped up. There were 5 631 arrests for narcotics offences in the first half of 1993, compared to 3 995 in the corresponding period last year, an increase of 42%. Preventive education has also been boosted. A new campaign, using television, posters and leaflets was launched over the summer with the aim of encouraging greater acceptance of responsibility by parents and their greater involvement in anti-drug activities. A new series of anti-drug talks for parents and children has been introduced, as well as a programme in schools for Primary VI students. Increased emphasis is being given to the treatment of young drug abusers, who are now targeted for intensive counselling. Research into the extent and underlying causes of drug-taking among youngsters is being organized by the newly formed Research Subcommittee of the Action Committee Against Narcotics.

I would now like to turn to complaints against the police.

We have been developing proposals to improve the existing arrangements for monitoring investigations into complaints against the police. We intend to introduce legislation to make the Police Complaints Committee a statutory body, with a clearly defined role and duties. We are considering the appointment of lay observers, drawn from members of the public, to sit in on any part of the complaint investigation process, and report their observations to the Police Complaints Committee. We are also proposing to enable the Police Complaints Committee to interview witnesses in complaint cases.

We also want to simplify for the public the reporting of crime.

There are already several channels for reporting crime: the 999 emergency hotline, the dedicated triad hotline or a newly installed facsimile line. The police have made Crime Information Forms widely available in some 700 convenience stores and retail outlets. These forms can be used to report crime anonymously. The police have also introduced Crime Information Forms, specifically designed for school children to report suspected triad

activities in schools. Some 400 to 500 arrests are made each year directly or indirectly as a result of the information which the public pass to the police by these means.

The police are also taking steps to improve the environment in Report Rooms, by providing interview rooms for members of the public to report crime. They are also developing a new computer system, which will be installed in all police stations, so that, in future, crime reporting procedures will be further simplified and reporting time further reduced.

We must equally encourage the public to give the evidence necessary to prosecute crime effectively. To this end, we will be introducing additional measures to ensure that witnesses are adequately protected. We have examined the recommendations on witness protection made by the Fight Crime Committee and by Mr Justice KEMPSTER's Commission of Inquiry. We intend to seek the views of the Executive Council on this important issue before the end of this year, and to introduce improvements early next year.

I should now like to turn to immigration.

Concern has been expressed about the ability of the Immigration Department to cope with the increased traffic between Hong Kong and China. The growth in the number of people crossing the border has been considerable, some 37% in the past four years. To meet this demand, we have simplified entry procedures for two-way permit holders, for Chinese nationals transiting Hong Kong and for tourists from China coming in groups.

At present the processing time for each passenger stands at 24 seconds, which is comparable to any world standard. On normal days, about 92% of the passengers can be cleared within 30 minutes. We are planning other changes to our entry procedures, which should help to reduce waiting times further.

Nevertheless, at particular busy times of the year, the waiting time can be too long. To cope with the increase in passengers, an increase in the Immigration Department staff is needed. In the next financial year, we will add 70 more immigration staff at Lo Wu. We are also intending to create a Task Force, which will be a mobile team to be deployed to control points during periods of peak demand, as well as doing investigation work on normal days.

For the medium to long term, we are investing in modern technology to eliminate the need for an ever increasing number of immigration staff at control points. Towards the end of next year, we will introduce Optical Character Readers, which will enable Hong Kong identity card holders and, subsequently, all machine readable travel document holders, to pass through the control point in much less time than at present. We are also studying the possibility of introducing Smart Cards, which could remove the need for all counters to be manned by Immigration Officers.

Illegal immigration remains a major problem. In the past year, we have introduced new deterrents against the employment of illegal immigrants: both the Government and the Housing Authority penalize contractors convicted of employing illegal immigrants, by suspending them from tendering; and sentences of imprisonment have been imposed on employers of illegal immigrants. There is some indication that these measures are beginning to stem the flow of illegal immigrants; but it is early days, and the level of illegal immigration is still worryingly high.

There is no question of our imposing an unfair burden on employers or contractors; we must get at the root of the problem and that is the lure of employment. Illegal immigrants face a prison sentence if found in employment, and it is right that employers should face a similar penalty.

Mr President, we are conscious that if Hong Kong is to continue to prosper in future, we must maintain law and order as one of our top priorities. We have made good progress over the past year in many areas of this programme. I am confident that we have the initiatives, the plans and the resources to make further improvements in the coming 12 months.

Thank you, Mr President.

SECRETARY FOR THE CIVIL SERVICE: Mr President, Honourable Members raised a number of important civil service subjects in their speeches. I am glad of the opportunity to set out the Government's position on these issues, and to explain the way in which we propose to proceed.

Civil Service Pension Reserve Fund

Several Honourable Members spoke on the Civil Service Pension Reserve Fund. Whilst this was generally welcomed in principle, detailed views varied.

As is the case in many other places, Hong Kong civil service pensions form part of the Government's recurrent operating expenditure and are paid for out of general revenue. The cost of pensions as a percentage of the Government's annual operating expenditure is forecast to remain at its current level of between 4% and 5% for the next 10 years. Nor is any sudden jump anticipated thereafter. Indeed in the very long term the percentage should decline slightly.

Pensions are a statutory right and a statutory charge on the general revenue. Our pensions legislation now also provides for annual pension increases in line with inflation.

In addition, the Joint Declaration and the Basic Law specifically guarantee the continued payment of pensions on terms no less favourable than before and irrespective of nationality or place of residence. Taken together with the

statutory provisions, these guarantees provide full security for the continued payment of civil service pensions for the future.

But despite these assurances which we have repeated almost *ad nauseam*, I may say, civil servants tell us that they remain very concerned. Whilst this may seem somewhat illogical, it is a fact that there is psychological concern within the Civil Service on this issue. This concern has been expressed to us at virtually all levels and right across the board. The staff associations have repeatedly, and over a period of years, asked the Government for a demonstration of its commitment to address their worries and in recognition of these concerns the Administration now proposes to establish a \$7 billion pension reserve fund.

As the Governor has said, the Fund would be established by resolution of the Legislative Council under section 29 of the Public Finance Ordinance. It would therefore be a statutory fund set up under the authority of the Legislative Council which could only be changed by a further resolution of the Council. The Fund would only be used if the Government was unable to meet its pension commitments from general revenue.

Some detailed questions have been asked as to how the Fund would operate. As we have indicated previously, we feel that a process of further consultation with staff would be appropriate at the present stage and I am therefore reluctant to go into further detail now. But we shall certainly answer the questions raised in due course. Indeed we shall have to do so in order to satisfy Members that the Fund should be set up.

One Honourable Member described the proposed Fund as a cosmetic gesture. Another queried why so much public money should be injected into a civil service pension reserve fund. On the first point, I would like to emphasize that the psychological factors I have mentioned are a reality and do need to be addressed if we are to ensure a smooth transition to 1997 and beyond. On the second point, the pension reserve fund could only be used in the almost inconceivable event that there was an insufficiency of recurrent revenue to meet the statutory pension charges. It is therefore most unlikely that this money will in fact ever be used. Moreover individual civil servants will not get a dollar more than they are already entitled to just because of the existence of a pension reserve fund. There is no additional expenditure involved.

As to the amount, we have proposed a reserve fund of \$7 billion in the light of the current and projected level of expenditure on pensions, and the nature of the concerns expressed to us. The proposal also has regard to our overall financial situation and our other commitments to the people of Hong Kong.

We have a fair way to go on this subject before we can approach this Council. We shall start further staff consultation shortly. It is worth noting however that all of the Central Staff Consultative Councils welcomed the

proposal in principle. It will of course also be necessary in due course to discuss the matter further with the Chinese side in the Joint Liaison Group (JLG).

Localization and common terms of service

The topic of civil service localization figured prominently in a number of speeches.

I would like to mention briefly the position with respect to the Principal Official posts. There are some 22 of these in all. Of this number, 11 are, or will be very shortly, filled by local officers who are potentially qualified in terms of the qualifications set out in the Basic Law.

In the Administrative Service there are already a large number of highly competent and experienced local officers at levels immediately below the future Principal Officials level who will be in a position to move up in the next couple of years. No insuperable problems are envisaged in the Police Force, Audit Department, Customs and Excise Department and the ICAC. As the Attorney General has again underlined, proposals have recently been announced to make further progress towards localization at senior levels of the Legal Department. The Government attaches great importance to continuity and succession at these senior levels of the Administration and will have suitable candidates in place in good time before the transfer in sovereignty.

Turning to the localization policy more generally, it is important to dispel a few misconceptions.

There has been no change to the basic tenets of this long established policy. Local candidates continue to be given preference for civil service appointments. And the contracts of overseas agreement officers are only renewed if a suitable local candidate is unavailable. The only change being introduced recently has been the need to ensure that all candidates who can establish permanent resident status are treated equally insofar as eligibility for employment in the Civil Service is concerned, as required by the Bill of Rights. This is a very important distinction. In line with this, the Government introduced an interim arrangement in late July under which an overseas agreement officer who has acquired permanent resident status could seek further employment on local terms.

This decision, as we knew it would, has brought to a head long-standing feelings about differences in terms of service between local and overseas officers. With the passage of time and the development of Hong Kong, it no longer seems necessary, or indeed desirable, to retain the distinction.

I am therefore pleased to report that on Monday this week we released a consultative document on civil service terms and conditions of service. This document sets out a proposal to establish one set of terms and conditions for the future. I am sure we will be talking to the Public Service Panel in more detail

about it. But there is one specific area covered in the document which I must mention because it is of importance for the future.

This is the definition of who is "local" for the purposes of employment in the Civil Service. There has of course been no definition of this term so far. As an interim measure in July we more or less equated "local" with "permanent resident". Clearly some people disagreed with that. I hope that all interested parties can now work together, with us, to come up with a definition which enjoys general support. Reaching agreement on who is "local" will provide a firm foundation for the future. That is the real task which lies ahead of us and on which we should concentrate our energies. There is a big opportunity here to achieve something constructive which will stand Hong Kong in good stead well into the 21st century and we must take it.

Naturally, there will also have to be appropriate consultation with the Chinese Government on these future-related subjects.

Performance pledges and efficiency

Civil service efficiency and performance pledges were also mentioned by some speakers. The Chief Secretary has already alluded to the significant strides we have made in this area.

It is indeed encouraging to note that some favourable comment has been passed by Members on our performance pledge programme. We have, I believe, made a good start but we know also that more remains to be done, both by way of broadening and deepening the pledges and by reducing bureaucracy and streamlining procedures. We are determined to build on the promising start that we have made.

We are also now encouraging departments to undertake critical reviews of their services and structures. Specifically, to challenge established thinking and procedures and to consider alternatives to traditional methods whilst remaining conscious of the changing economic, social and political environment. In this connection, the Civil Service Branch itself is also examining how human resource management functions can be both improved and delegated to departments so as to bring significant improvements in the speed at which heads of department, as line managers, are able to recruit, manage, incentiveize and train their staff.

Before leaving the general subject of civil service efficiency, I would just like to take this opportunity to rebut any misconceptions about the provision of the human resources necessary to implement agreed policy proposals. There is no zero growth policy for the Civil Service. Additional staff have been and will continue to be provided to meet commitments in accordance with agreed priorities. There should therefore be no question of later telling this Council that the policy initiatives announced in the Governor's policy address could not be implemented for want of the necessary staff resources.

Post-retirement employment outside the Civil Service

The final civil service issue I wish to touch upon briefly today, Mr President, concerns the rules governing the acceptance of post-retirement employment outside the Civil Service. The Government is well aware of the importance in this connection of maintaining the traditions of civil service neutrality and integrity.

Under the provisions of the two Pensions Ordinances, a retired officer requires prior approval before taking up any post-retirement employment or engaging in any business activity, in Hong Kong, within two years of his retirement. In the case of an officer at Secretary level or above the period is five years. Non-compliance with this requirement may result in the suspension of pension.

An Advisory Committee, chaired by an eminent non-official, considers and advises the Government on all individual applications from directorate officers.

We take all possible care to see that no unfair advantage is gained, or impropriety arises, as a result of post-retirement employment. But it should be borne in mind that former civil servants with substantial working experience can be of considerable value to the community and to the workforce as a whole. Their continued employment in the private sector, subject to there being no conflict of interest, should not be discouraged.

The Hong Kong pensions legislation and the rules set out thereunder clearly cannot cover officers who resign from the service. However these officers are still required to seek approval for any post-retirement or post-resignation employment while on final leave and they also remain covered by the provisions of the Official Secrets Acts.

Concluding remarks

Mr President, I am grateful for Honourable Members' comments on civil service issues during the Motion of Thanks debate and for the opportunity to respond. The Civil Service is efficient and well motivated. As the Chief Secretary has said, it has risen to the challenges of the past and it will continue to rise to the challenges of the future.

Thank you.

SECRETARY FOR HOME AFFAIRS: Mr President, in his address to this Council on 6 October the Governor announced that I would take on policy responsibility for human rights. For the first time, the related fields of the rights of the individual, the protection of personal data, freedom of information and press freedom will come under a single policy secretary. These are subjects

concerned with the fundamental values of our community — values that underpin our way of life. The more entrenched these are, the better the assurance that our way of life will be sustained far into the future.

By bringing together all these human rights related subjects under one policy branch, we are taking an important practical step to streamline the decision-taking process. We will be in a position to ensure that vigorous action is taken on the subjects concerned and that their inter-relationships are properly taken into account.

Members will wish to know how we plan to tackle the various important issues before us.

As Members are aware we are currently actively engaged in seeking the community's views on equal opportunities for women and men. Judging from the enthusiastic response that we are receiving from the various interest groups, I am confident that we will be able to find the point of balance in our community on the important matters covered by the Green Paper, including the necessary measures to safeguard women's rights. The question of Hong Kong acceding to the Convention on the Elimination of All Forms of Discrimination Against Women, which is an important issue raised by quite a few Members of this Council, will be considered by the Executive Council early next year, after the expiry of the consultation period.

Another important human rights issue is the question of compatibility of our laws with the Bill of Rights. A review by policy secretaries of legislation under their purview has resulted in the drawing up of a programme of legislative amendments to bring our laws in line with the Bill of Rights. Thirteen such amendment Bills have, so far, been enacted and another eight are in the pipeline. Progress has been steady and I will maintain the momentum to ensure that this work is completed at the earliest possible date.

A separate exercise has been carried out to identify legislative provisions which impact on freedom of information. As a result of that exercise, seven legislative provisions were identified for repeal or amendment, as and when the legislative programme allows. Work on this has begun and I will be monitoring progress closely.

Furthermore, new administrative measures have been put into place that give the public much greater access to information held by the Government. As a result, private individuals can now check personal information they have provided to the Government. In addition, access by the public under the 30-year rule to government records held by the Government Records Office has, subject to certain necessary safeguards, been extended to cover classified as well as unclassified records. In order to improve public understanding of the operation of the Government, directories on the organization of business in the Government Secretariat and major departments have been made available to the public through public enquiry counters of district offices.

I well appreciate the concerns of Members and others that underlie the calls for us to go further with respect to access to information. I will seriously consider what additional measures can be taken in pursuance of the general aim of greater openness.

The individual's right of access to personal data is, of course, a key principle in the field of data protection. There is growing awareness and concern in the community about the threat posed to the individual's right to privacy by the ever increasing quantities of personal data that are being collected, stored and transferred between different organizations, both public and private. I am also mindful of the growing trend of countries introducing restrictions on the transfer of data to places that are considered not to have an acceptable regulatory regime for the protection of personal data. This requires serious treatment because of its potential to impede the conduct of international business by any company with a base in Hong Kong.

In response to these concerns, we have already embarked on preparatory work for the drafting of legislation which would provide for a statutory system of control over personal data collection, storage and transfer. This work is taking place in parallel with the Law Reform Commission's own examination of the law in this area. As a result, finalization of our legislative proposals will need to dovetail with the publication of the Law Reform Commission's report, which is currently expected in the middle of next year. We aim to table a Bill before this Council during the 1994-95 legislative Session.

The taking up of overall responsibility for human rights related subjects is not an isolated development. It forms part of an overall plan to streamline the organization and to rationalize the responsibilities of the City and New Territories Administration (CNTA).

As a result of various developments over a number of years, CNTA has become a part of the government structure quite unlike any other. It is, in effect, a policy branch and department combined. As Secretary for Home Affairs, I am uniquely both a policy secretary and head of department.

There are other departments that do some policy work and other policy branches that have some executive functions. This is part of the Hong Kong Government's flexible approach to managing its affairs. However, only in CNTA are all policy and executive functions relating to the subjects under its purview consolidated in a single organization. This has resulted in a blurring between policy and operational functions, a lack of clarity in the lines of responsibility and a degree of unnecessary duplication of functions and effort.

These anomalies and shortcomings have led us to undertake a comprehensive review of CNTA's internal organization and management. The outcome of the review is our proposal to turn CNTA into a conventional policy branch, the Home Affairs Branch, and an executive department, the Home Affairs Department.

Indeed, in order to allow us to take on new responsibilities without delay, we have already put into place a proper policy branch structure with effect from the 15th of this month. This has been done within existing resources. Apart from the human rights subjects that I have already mentioned, the other new responsibilities taken on by the new Branch include policy on social and family law, government boards and committees, and the central government interface with municipal councils.

Although we are taking on additional responsibilities, Members can rest assured that we will continue to apply ourselves diligently to the subjects that we have traditionally been handling. I was very pleased to see the overwhelming public support for the Charter on Youth when it was promulgated in July this year. The status of young people in society is an area to which we have been paying keen attention because young people are our future leaders, opinion makers, and workforce.

The Home Affairs Branch will, of course, continue to give high priority to the development of district administration. Over the past years, we have seen an expansion in the role and responsibilities of the district boards. This expansion will continue in step with the community's desire to have a greater say in decisions that affect their daily lives. We are currently in the process of finalizing our proposals for the setting up the new Home Affairs Department. One of our key considerations in deciding on the appropriate structure for the new department is how best to facilitate the district boards to tackle district problems vigorously, promptly and effectively against a background of the expansion in the role and responsibilities of the district boards that has occurred in recent years. We plan to achieve this aim by, *inter alia*, providing a more senior presence on the ground.

Our proposals are being tailored to ensure that the Government's responsiveness to district level concerns and its performance in consulting local opinion matches the higher expectations of the public in general and district boards in particular. We are also conscious of the need for the Government to be placed in the best possible position to get its message across at the district level. Finally, we will be taking into account the fact that there are local issues that cut across district boundaries and require a broader-based response and liaison capability than can be provided by individual district officers.

Once we have finalized our proposals, the entire CNTA re-organization package will be submitted to the Finance Committee of this Council for consideration.

Thank you, Mr President.

SECRETARY FOR TRADE AND INDUSTRY: Mr President, concern has been expressed by some Members about our legislative proposals to enhance consumer goods safety and consumers' rights in the supply of goods and

services, the proposed establishment of a Consumer Representative Action Fund, and the need for fair trade legislation.

The legislative proposals are in different stages of drafting. The Bill on consumer goods safety is being finalized for introduction into this Council towards the end of this year. We have proposed in our consultative document that the Commissioner for Customs and Excise should enforce the legislation by conducting spot checks in addition to acting on complaints. The three Bills on the supply of goods and services have just been released for consultation. We will take into account public comments in finalizing our proposals in order to strike a balance between the protection of consumers and certainty in commercial transactions.

There seems to be some misunderstanding about the proposed Consumer Representative Action Fund. As rightly pointed out by Ms Anna WU, the type of consumer representative actions covered by our proposal is already permitted under existing law. The only element that is new is that assistance may in future be given by the Consumer Council to groups of aggrieved consumers through the proposed Fund. Members will be consulted on the *modus operandi* of the Fund before we submit a funding proposal to the Finance Committee.

A key objective in the formulation of any government regulatory controls in respect of specific business sectors is the promotion of competition and the protection of consumers. We consider it important to ascertain first what anti-competitive trade practices exist in those major business sectors affecting the daily life of the general public. It is therefore necessary for us to wait for the findings of the sector-specific studies being conducted by the Consumer Council before drawing any conclusions.

Turning now to industry — once again, several Members have called for a comprehensive policy towards the manufacturing sector, providing a blueprint for future development. Others have taken this still further, calling for an integrated economic development strategy, which meshes with the future development of China. I am frankly puzzled why this should be so. The rest of the world has turned away from a planned approach to economic development, towards the market-led approach which has self-evidently served Hong Kong so well.

Those who cling to the notion that we should have an industrial blueprint should read the recent World Bank analysis of successful East Asian economies, which naturally included Hong Kong. The study concluded that industrial policies were largely ineffective in altering industrial structures to promote productivity-based growth. Success owed much more to other factors, such as stable macro-economic policies, investment in a sound educational system, and the allocation of resources through the market. These are policies which benefit all sectors of the economy, including the burgeoning service sector.

Of course we have an industrial policy. But not one that is aimed at directing investment into specific sectors, or at trying to second-guess where market factors will push economic development. Our industrial policy places emphasis on facilitating and supporting industrial development, but not choosing its direction. It could also be described as helping industrialists to help themselves.

Let us take the topical example of technological upgrading, mentioned by Mr James TIEN and Dr HUANG Chen-ya. We already provide industrialists who wish to upgrade their operations in Hong Kong with many opportunities to help themselves. One good example of this is our Applied Research and Development Scheme. But on top of all that we are already doing, we are also proposing to provide the Industry and Technology Development Council with a budget of more than \$900 million over the next four years to support further industrial and technological development.

When it comes to pollution control measures, we have the same approach of helping industry to help itself. Many of the suggestions made by Dr HUANG are already in hand. In addition, the Hong Kong Productivity Council and the Centre for Environmental Technology already offer access to pollution control technology and technical assistance, and we shall be inviting them to boost their services to industry. Manufacturers prepared to take advantage of this help will find that there is much that they can do to upgrade their existing operations.

Several Members have pointed to the growing role of the service sector in the economy, and have called for policies to promote its continued growth. Just as we do not set specific goals or directions in our industrial policy, it would be inappropriate for us to do so in respect of the service sector. The service sector has reached its present healthy state by responding to the needs of its customers, not by following a government blueprint. Nor, indeed, would a single blueprint have any relevance — for while the marine insurer and the hamburger joint are both in the tertiary sector, they have little in common.

That is not to say that we do nothing to help the service sector. On the contrary, the service sector benefits in the same way as the manufacturing sector from sound macro-economic policies, a well-educated workforce and an excellent basic infrastructure. Perhaps less well known is the range of services offered by the Hong Kong Productivity Council which are used by the service sector. For example, the Council provides courses to bankers, writes software for jewelry retailers, and runs information technology courses attended by many service sector workers.

But plainly that is not enough for everyone. Some people still hanker after policies that look into the future, set challenging targets for the manufacturing and service sectors and seek to achieve them. But if such an exercise were to have meaning, it would have to be selective. Which bits of the manufacturing and service sectors would we select? And on what basis? Who could we trust with the omniscience to look forward and establish a blueprint?

Bureaucrats and advisory committees with nothing to lose? How should we ensure adherence to this blueprint? Surely not with subsidies — that would be a breach of our GATT obligations.

No, Mr President, our entrepreneurs are much more clever than us bureaucrats. They certainly did not need us bureaucrats to tell them that they should invest in manufacturing and other economic activities in China so as to take advantage of China's open-door and economic reform policies as well as China's far greater supply of land and labour. They have done it of their own volition. The 20 000 or more Hong Kong-connected manufacturing operations and the 3 million or more workers employed by Hong Kong entrepreneurs in the Pearl River Delta are there not because of any direction or blueprint developed by the Hong Kong Government. They are there as a result of tens of thousands of individual business decisions made by our entrepreneurs on the basis of market and profit considerations. Long may this well-proven Hong Kong formula last!

Thank you.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

Environment

The fact that many Members referred to environmental issues in their speeches this year was both a welcome and encouraging sign of increasing public concern about these vital matters. Any progress we make in other areas will be worthless if our environment is poisonous and degraded. I will touch on as many of the issues raised as possible. Inevitably, the speeches reflected some misconceptions and some persistent mythology, which only increases our resolve to inform and educate Members better.

Air pollution

On the top priority issue of air pollution, the thrust of Members' comments was that to overcome this problem we must embrace a variety of measures. By and large, their detailed views are consistent with the steps that we have either taken or are about to take.

For petrol vehicles, we already have emission standards that are among the highest in the world. Apart from the widespread availability of unleaded petrol, all new petrol vehicles must be equipped with catalytic converters and must meet stringent emission standards equivalent to those of the United States or Japan. But it is pollution from diesel vehicles which is our main air problem and the most difficult to solve, despite the increased enforcement against smoky vehicles. The number of smoky vehicle inspections rose from 16 233 in 1991 to

46 132 in 1992; and the number of vehicle licences cancelled for non-attendance or failure to comply with standards increased from 690 to 2 558.

But more needs to be done. We are therefore examining several possible ways of abating air pollution from diesel vehicles. These include encouraging a switch from diesel engines to petrol engines for smaller vehicles; adopting more stringent emission standards for larger diesel vehicles; using less polluting diesel fuels; introducing electric vehicles — I was glad to take delivery of the Government's first electric road vehicle just two weeks ago; and encouraging greater use of off-road transportation.

Regarding the choice between road and rail transport, our planning studies at both the strategic and the lower levels confirm that new roads will continue to contribute to meeting our transport needs. The essential point to remember is that whether the solution to our transportation problems involves road or rail, it must do so in as non-polluting a manner as possible. There is no contradiction between recognizing the need for new roads and aiming for a better environment.

While on the subject of air pollution we should, I feel, remember that there are sources other than motor vehicles. For example, the Environmental Protection Department is cracking down on additional categories of industrial sources of air pollution (such as cement batching plants), as provided for under a recent amendment to the Air Pollution Control Ordinance. The maximum penalties will also be increased from \$5,000 to \$50,000 and a term of imprisonment provided for. In addition, we will shortly release a Technical Memorandum under the same Ordinance which will provide an objective basis for enforcing health related Air Quality Objectives that cover the whole territory. Finally, Mr President, the Administration will table in this Council Regulations to ban open-burning, and to require construction works to comply with dust control permits. Both measures will help counter the high level of particulates in Hong Kong.

Water pollution

Also on enforcement, can I remind Members that the Water Pollution Control (Amendment) Ordinance has been with the Council since 9 December 1992 and needs to be passed without delay if we are to increase penalties and make further progress in this area too?

Clinical wastes

We have recognized that the current arrangements for the handling and disposal of clinical wastes are unsatisfactory and we have therefore devised a long-term strategy to correct this. This will involve the construction of a Central Incineration Facility — for which a tender will be invited next year — and for the introduction of a comprehensive Code of Practice to ensure the proper handling, disposal, storage and transport of clinical wastes in both the public and private sectors to very high standards. In the meantime, improved

methods of handling and disposing of clinical waste will be introduced through the stricter application of segregation guidelines by the public sector and the introduction of similar arrangements by the Hong Kong Medical Association in the private sector.

Waste minimization

With the introduction of arrangements for clinical waste, we will have completed a comprehensive programme for the environmentally acceptable disposal of a wide range of wastes. We can now turn our attention to the more fundamental issue of how to minimize the creation of waste in the first place. A consultancy to start early next year will examine this issue and see how we can build on Hong Kong's already promising record of recycling and the work done by the Environmental Campaign Committee and green groups in promoting the 4Rs message. For those who cannot yet remember them, the 4Rs are: Reduce, Reuse, Recycle and Replace.

Green managers

Mr President, the handling of wastes of whatever type will be improved — as will other environmental measures — when Green Managers become more common in our community. I was therefore heartened when several Members commended this initiative. My Branch will be increasing its liaison links with business and industry to encourage them to take up the green challenge and appoint Green Managers.

Environment fund

This brings me to the Environment and Conservation Fund, which was also commended by several Members. The Fund will help finance programmes that increase environmental awareness in the community and green management in the private sector. I will therefore take Members' advice that there should be wide consultation, with green groups among others, on how disbursements from the Fund are to be made. The intention is that spending from this Fund should not be restricted to interest on the capital sum but that the \$50 million capital may also be spent.

Blackspot taskforce

Members' support for the Government's proposal to clean up the countryside is much appreciated. Given the large areas involved and the complexity of the problem, our implementation plans need careful working out and full consultation. Our intention is to draw up detailed proposals, including the membership and terms of reference of the monitoring committee, as quickly as possible and brief and consult the relevant LegCo Panels and other committees and groups. Full support from the community, the cooperation of those affected, comprehensive planning and more stringent enforcement under the Town Planning Ordinance will all be required if the environment of these

despoiled parts of the New Territories is to be restored to an acceptable condition.

Energy efficiency

I should now like to comment briefly on another important issue raised by some Members — the need for a comprehensive energy policy. The Energy Efficiency Advisory Committee has already been active in devising a range of measures to promote energy efficiency. These include a comprehensive set of energy codes, the promotion of energy audits, the publication of advisory notes on energy efficiency for different sectors of the community, and enhancing public education on energy efficiency. We are also investigating with the power companies means of encouraging the more efficient use of energy through demand side management. These measures are all steps towards a comprehensive energy conservation policy. But a key factor in the development of such a policy is the availability of comprehensive data on energy utilization. The Energy Efficiency Advisory Committee is working hard on this requirement.

China contacts

In concluding my remarks on the environment, I would like to confirm that our contacts with China are already well-established — the Hong Kong-Guangdong Environmental Protection Liaison Group for example — and are broadening all the time. Earlier this month, a team from my branch, the Drainage Services and Environmental Protection Departments, visited Beijing. This week we are hosting a visit by the Director and 13 officers from the Guangdong Environmental Protection Bureau.

Flooding

The Government has long accepted that comprehensive drainage works are the long-term solution to the flooding problem. Last month's serious flooding in the North District pressed on us the importance and urgency of such measures. The Territorial Land Drainage and Flood Control Strategy Study completed in 1990 provides a solid basis for our planning. Several major projects, including the Stage I and II works of the Shenzhen River regulation project, are already included in the Public Works Programme.

Inter-departmental meetings at both territory and district level have been held this month to review the problems and the existing arrangements, and to re-examine both long-term and short-term flood control measures. We are also looking into ways and means of improving our flood forecasting and warning capabilities.

Shenzhen River

Further on the Shenzhen River regulation project: this is a joint project and we have been working closely with the Shenzhen authorities on its planning since September 1992. As soon as the preparatory work, including land survey, site investigation and environmental impact assessment has been completed, we will proceed with the project, subject to funds being available. Early in 1995 is the most likely start date; but, if we can bring this forward, we will.

Planning

Regarding progress on the Town Planning Ordinance Review, because of the complexity of the matter, the Government has decided that further consultation through the medium of a White Bill should be conducted. We aim to publish the White Bill early in the new year. District boards and other relevant organizations will be consulted on the Development Statements being prepared under Metroplan for West Kowloon, Southeast Kowloon and Tsuen Wan and Kwai Tsing early next year. In the New Territories, 30 Development Permission Area Plans will be replaced by Outline Zoning Plans by mid July 1994 to provide the planning framework for development and conservation in the areas they cover.

Housing

Two Members mentioned the daily average production figure of 140 public housing flats quoted in the Governor's address. I do not think we should be too concerned about the exact production figure achieved over a short period. The point we wish to make is that we are confident we will hit the target set last year of an average of over 100 new flats a day to be built between 1992 and 1997 by the Housing Authority and the Housing Society. According to our latest forecast, 201 000 public housing flats will be produced during this period, which represents a daily average of 110 flats.

Land for housing

Some Members called upon the Government to increase land supply for the provision of housing. Our strategy is indeed to adjust supply to meet changes in demand. Statistics speak for themselves. Since 1985, over 600 000 new residential units have been produced. We forecast that 236 hectares of land will be made available for private and public residential development in the next five years. These are no small achievements by any standard and to assist our urgent quest for even greater ones, rather than belittle the efforts or cast suspicion on the motives or the sincerity of those charged with these momentous tasks, perhaps the more strident critics could try to offer more constructive advice.

For the Housing Authority alone, we approved the allocation of almost 50 hectares of additional land in June this year to meet a shortfall of that order identified by the Authority. We will continue to produce and allocate land to meet clearly identified additional demand just as we have always done in the past. As a new priority, we will work to identify suitable sites in the urban areas to help the Housing Authority tackle the housing problems of the elderly.

Land Commission

I should take this opportunity to dispel a misconception held by one Member that the provisions of Annex III of the Joint Declaration have constrained the supply of land for housing. The Land Disposal Programme agreed for last year was 164.3 hectares and for this year it is 127.8 hectares. The total amount of new land provided for public housing and for private residential and commercial/residential development last year was 44.8 hectares and this year it is 46 hectares. The Land Commission has generally been sensitive to the need for land to meet demand.

Waiting List

Members continue to express concern about the Waiting List for public housing. They will also be aware that the Housing Authority is engaged in a critical review of its policies. One of its aims must be to ensure that subsidized rental housing is provided for those who need it and not permanently occupied by those whose need has long expired. Proposals being considered include resetting priorities and measures to encourage home ownership among sitting and prospective tenants who can afford it.

Housing management

The Housing Authority is also pursuing new measures to improve management, maintenance and security in its housing estates. For example, it will examine its maintenance contract system to achieve a quicker response on day-to-day repairs; it may place staff in entrance lobbies around the clock to deal with tenants' complaints; and it is assessing tenants' concerns about security and views on various security installations.

Financial arrangements

Some Members raised the issue of the financial arrangements between the Government and the Housing Authority. These arrangements are now being reviewed.

Authority composition

I note the points made by some Members on the Housing Authority's membership. In determining the composition of the Authority, we need to strike a sensible balance between sectoral interests, specialist expertise and the community interest at large. The Authority is generally very accessible and its regular meetings are open to the public. The Chairman and non-official members visit estates and housing sites regularly and meet interest groups.

Sandwich class

One Member described the response to the first phase of the Sandwich Class Housing Loan Scheme as below expectations. Why he should find a three and a half times over-subscription disappointing is hard to fathom. We think it was a very good start. We do not expect or want everyone in the sandwich class to become dependent on the Scheme. Judging from the response, we believe that the \$2 billion loan scheme will go a long way, as an interim measure, in helping sandwich class families who have an immediate need to buy a home.

As suggested by one Member, the Housing Society plans to pre-sell the flats to be produced under the main scheme before completion. The first flats will be available for sale in late 1994 or early 1995. We shall see how this scheme goes and review its future in the light of experience and any changes in circumstances.

Private sector

Some Members have suggested that the private sector should be involved more closely in the development process with a view to making more land available more quickly. The Government certainly welcomes private sector initiatives and gives development proposals very thorough consideration. Through the Land and Building Advisory Committee and direct dialogue with the Real Estate Developers Association, our development processing mechanisms are kept under constant review and subject to change where necessary to serve the community's interests as well as to assist developers. Developable land has to be backed up by suitable infrastructural facilities, the provision of which requires careful planning and matching resources.

I am happy to note that the proposal to increase staff resources to speed up lease modifications and exchanges has the general support of Members. We are continuing to explore the means to facilitate the process of urban renewal so that it achieves satisfactory social as well as development objectives as expeditiously but as painlessly as possible.

Property prices

Some Members seemed to suggest that if we increase the supply of land for private residential development property prices will be brought down

There has been a steady increase in the supply of private residential flats over the last 10 years. It increased from an annual average of 28 000 flats during the first five-year period to 32 000 flats in the last five years. But in spite of the steady increase in supply, there have been dramatic fluctuations in property prices during these years. I should add that we expect the supply of private residents flats in the coming years to climb further, to an average of 35 000 flats a year.

Once again convenient myths about the Government maintaining a so-called high land price policy and the private sector-led housing supply policy have been trotted out without much thought or regard to the facts. As I have said many times, our policy has always been to provide sufficient land to meet demand. Land and property prices are influenced by a complex of factors many of which are beyond the Government's control in a free market economy. Housing, land and infrastructure production programmes cannot be switched on like a tap. Our basic aim must therefore be to ensure that both public and private sector housing supply is maintained at a high level through sustained long-term policies and programmes.

At the same time, we share Members' concern over property price escalation and speculative activities involving private residential flats. A series of measures has been introduced to meet the situation: stringent requirements have been imposed on the presale of flats under construction, the Stamp Duty Ordinance has been amended to require payment of stamp duty on all sale and purchase agreements for residential properties, and more recently the banks have further tightened their mortgage lending policies. There appears to have been a noticeable effect in the property market in recent weeks and there are signs that residential property prices may be softening. But we shall continue to monitor the situation closely.

Thank you.

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

SECRETARY FOR TRANSPORT: Madam deputy, transport, or more to the point traffic congestion, is a subject on which many of us have strong and diverse views. Even though traffic conditions in Hong Kong compare more than favourably with other major cities, this provides little consolation. Our number one transport priority, as the Governor has remarked in his address, has to be to keep transport moving. I doubt if anyone will challenge this statement. Smooth flowing traffic is vital to our livelihood and to our economy. The Administration remains conscious of the need to tackle transport problems and in this respect, I am grateful to Honourable Members for the interest they have shown and for their observations and suggestions on transport issues in this debate.

Congestion during peak hours is a fact of life. And we do have some notorious traffic blackspots which are perhaps an inevitable consequence of community wealth and economic success. But there is no room for complacency — we do face up to our traffic problems and we are taking remedial measures. For example, at the Cross Harbour Tunnel we have introduced schemes to improve traffic flow. But the simple fact is that the tunnel's design has long exceeded its original capacity. As for Tuen Mun Road, work will start shortly on the construction of climbing lanes along the uphill, congested sections. This will increase the capacity of the Tsuen Wan bound carriageway by 15%. Meanwhile with the installation of closed circuit television cameras to improve surveillance and the imminent availability of heavy towing trucks, we can expect a quicker police response to accidents and breakdowns and hence less delays. As for the container port, the provision of additional container holding areas and the introduction of an emergency co-ordinating centre has helped to avoid gridlock at problem times, for example during the recent typhoons.

One other real nuisance relates to road openings. The Administration is determined to tackle this problem. A Working Group chaired by the Secretary for Works, in which I participate, is now devising a package of measures aimed at reducing their frequency and duration. We expect to have some answers within three months.

Despite the four problem areas that I have referred to, the fact remains, however much the public misconception, that average traffic speeds are maintained at mid 1980 levels and indeed in the New Territories they have generally improved.

The Government's decision to fund and build the \$3.5 billion Ting Kau Bridge has been unanimously endorsed by Members. This should substantially reduce congestion in the Tsuen Wan/Kwai Chung area and will also provide good access to Lantau and the container port. The pre-qualification of tenderers for this project began on 15 October. I expect construction to start by September next year with completion in mid 1997.

The ultimate solution to the northwest New Territories traffic problem lies in the construction of the remainder of the Route 3 Country Park Section from Au Tau to Ting Kau. Our proposals for this section have been welcomed although some Members have questioned why the Government is not funding the project itself and others have urged earlier completion. The short answers are that, firstly, we believe that the Build-Operate-Transfer approach with a 30-year franchise will prove attractive to the private sector. If the Government were to meet the estimated \$6 billion cost, this would inevitably mean a corresponding reduction in resources available for other essential projects which the community could benefit from. Secondly, no time is being wasted. We plan to invite bids from the private sector by the end of this year and to award the franchise 12 months thereafter. The intervening period is required to receive and evaluate bids, enter into negotiations and enact legislation to award

the franchise. Also, extensive land resumption will be required in the Yuen Long area and this in itself is time consuming. Construction will take four years. We are all agreed on the urgent need for this new road. But given the magnitude of the project and its complexity, there seems to be little prospect of it being completed before late 1998 even if the Government were to undertake the project itself.

Contrary to what some Members have said, our road building programme is not limited to the airport and the northwest New Territories. There are many ongoing projects. The recently completed update of the Second Comprehensive Transport Study clearly identifies our road building priorities up to the year 2011 for the territory as a whole. Admittedly, a large proportion of the \$9 billion to be spent in the coming financial year will be on airport related roads because this must be the immediate priority. But please remember these airport roads will benefit all road users and will greatly enhance communication in the western part of the territory, with Route 3 providing an entirely new link to Hong Kong Island.

The fact is that despite our unprecedented expenditure on roads, we can never hope to build our way out of congestion. Other measures must be considered.

A cornerstone of our transport policy is to encourage the greater use of public transport. Here we work very closely with public transport operators. In 1994-95, the franchised bus operators will spend no less than \$430 million to upgrade bus services. This will include the introduction of new routes to meet demand in developing areas such as Tin Shui Wai, Tseung Kwan O and Ma On Shan, the upgrading of existing routes and the provision of more comfortable, air-conditioned services.

Mini buses complement our franchised bus services. There has been comment that we lack a clear policy on public light buses. This is not so. The policy is to restrict their numbers, and to continue to convert as many red mini buses as possible to scheduled routes, that is to allow them to operate as green mini buses. To date, almost 40% of the public light bus fleet has been converted and 16 additional green mini bus routes are being considered.

Some Members have also urged the provision of better ferry services. This is in hand: ferry services between Tuen Mun and the urban centres have recently been upgraded through the introduction of new high speed catamarans on the existing Tuen Mun-Central route and the introduction of two new routes from Tuen Mun to both Wan Chai and Tsim Sha Tsui. To attract higher patronage, we are looking at the feasibility of effecting a better link-up between the LRT and public light bus services on the one hand and the ferry services on the other. This will reduce travelling time. We are also examining the possible introduction of additional ferry services between Tuen Mun/Tsuen Wan/Tsing Yi and the urban areas.

Several Members focussed on the need to expand our rail system. Railways now account for more than 30% of daily commuter travel, or 3 million passenger trips per day. The *White Paper on Transport Policy* recognized the important role of railways in our transport system. As off-road mass carriers, they are a reliable, high speed and a pollution free mode of transport. The Railway Development Study completed earlier this year identified a new western rail corridor connecting the urban area to the border and also an MTR extension to Tseung Kwan O as priority projects. Following public consultation, we are looking into the feasibility of extending the proposed western rail corridor to Tuen Mun and also a proposed line from Ma On Shan to Cheung Sha Wan. I hope that our rail strategy can be finalized by early next year. Engineering and financial studies for priority projects can proceed and we will certainly welcome private sector investment where this meets our strategic transport priorities.

We all recognize the critical importance of the border road crossing points. Some 21 000 vehicles use Lok Ma Chau, Man Kam To and Sha Tau Kok every day. Two more kiosks will be brought into operation at Lok Ma Chau from 1 February next year. We have quarterly meetings with the Shenzhen authorities to discuss a wide range of border transport matters and we will certainly pursue our proposal to open Lok Ma Chau crossing around the clock.

What I have described so far does not eliminate the thorny question of the ever growing number of vehicles on our roads. In round figures, we now have about 495 000 vehicles. The current rate of growth cannot be sustained indefinitely without there being a major adverse impact on both road conditions and the environment. I have no magic wand and can offer no instant solution. Many ideas have been floated and considered before: for example should we impose a limit on the number of new cars registered per annum? Should the cost of car ownership be increased? Should goods vehicles or private cars be banned from certain areas at specified times? Should Electronic Road Pricing be revisited? I will consider afresh the implications of these and other options. If we are to keep Hong Kong moving into the 21st century, the community may well have to face some hard and unpopular choices.

Some Members criticized the Government's transport policy as being piecemeal. I disagree. Different aspects of transport are involved and these are woven together. In short, the main thrust of our strategy remains:

- (a) to improve the transport infrastructure;
- (b) to expand and to improve public transport services; and
- (c) to manage the use of available road space.

Madam deputy, to conclude, let me say that I realize that there are, and will continue to be, many controversial transport issues that must be addressed. The Administration will consult Members in seeking solutions. Specific subjects

may well need to be fully debated to ensure that the general public understands the options. At the end of the day well all share the same objective, that is, to improve transport and traffic in Hong Kong to benefit the community.

Thank you.

THE PRESIDENT resumed the Chair.

SECRETARY FOR ECONOMIC SERVICES: Mr President, I would like to cover points raised by Honourable Members in relation to Container Terminal No. 9, our new airport, tourism, and our efforts to achieve fuller disclosure by public utility companies.

A number of Members have expressed concern at the implications of delay in reaching agreement with the Chinese Government on key aspects of our port and airport development programme. Let me state again the Hong Kong Government's commitment to get on with these projects which are vital to the development of our economy.

In the port we have an excellent record of bringing on new capacity as needed to meet growing demand. Container Terminal No. 8, the first berth of which came on stream earlier this year, will be completed, on schedule, in 1995. Although we have not resolved issues to the extent that work on CT9 can start, we are forging ahead with the planning of CT10 and beyond on the new Lantau port peninsula. Detailed design and planning of the necessary road links and backup areas is already underway and preliminary design work on CT10 and CT11 is in hand.

Some Members have suggested that CT9 should be built on Lantau and not on Tsing Yi. Members should be in no doubt that we shall need substantial container capacity over and above CT1-8 well before we can bring the first of the Lantau terminals into use. If we fail to do this congestion in the port and on the roads leading into Kwai Tsing can only get worse.

We should not lose sight of the fact that the extensive back-up area which will be provided adjacent to CT9 will provide a resource for the whole of the Kwai Chung port. It will provide much needed additional space not only for cargo handling, but also for new roads, for parking of vehicles and for stacking of containers. It will help alleviate pressure elsewhere and save many a wasteful journey by those container vehicles now obliged to travel to distant sites miles away from Kwai Chung simply to park or store containers. It will provide for better road circulation; for relocation of the busiest road links further away from residential areas and, more importantly, enable us to get on with duplicating the Tsing Yi south bridge, thereby improving access to the island. None of these benefits can be realized unless CT9 goes ahead, as planned, on

Tsing Yi. We will therefore continue to work towards getting CT9 from concept and design through to reality.

Turning now to our new airport, some Members have asked the Administration to reveal the content of talks with the Chinese side of the Airport Committee on airport financing. Here I must counsel patience. At this stage of the talks confidentiality must be preserved in order to provide the best environment for making progress. There can, of course, be no secret deal; it is only this Council which has the authority to approve the financial support agreement called for by whatever financing plan is eventually agreed. Members will have every opportunity to satisfy themselves that those arrangements are acceptable.

I have noted carefully comments Members have made on the Airport Bill. Today I shall refrain from taking up points of detail and thus anticipating what I am sure will be a lively discussion in due course on its contents. As Members will appreciate, the Memorandum of Understanding requires us to consider and take into account the views of the Chinese side of the Airport Committee when we are drafting this Bill. We are proceeding in accordance with this requirement. When we introduce the Bill into this Council we shall ensure that Members will have adequate time to consider it.

Mr President, as with the port, much has been achieved both at our new airport site and the associated road, bridge and reclamation projects. At Chek Lap Kok, site preparation work is proceeding well; 320 hectares or over 25% of the whole site has already been formed. The Provisional Airport Authority is also well advanced in its design work for the passenger terminal and in its discussions with those interested in investing in key facilities to be privately funded such as those for air cargo and aviation fuel.

Taking the airport core programme as a whole, contracts worth some \$45 billion have been awarded, over the past two years, by the Government, the Provisional Airport Authority and the developer of the Western Harbour Crossing. All have been awarded within budget estimates — a record of which we should be proud.

The port and airport infrastructure that we are planning and building will not just serve Hong Kong, but also southern China. I therefore fully agree with those Members who have emphasized the need to take into account the impact on our economy and infrastructure of rapidly developing cross-border links. I would like to assure Members that we do not plan in isolation. When forecasting demand for new port facilities, for example, we take full account of likely cargo movements from within southern China and we consult both shippers and managers of ports in the Guangdong Province. Members of the Port Development Board also liaise closely with their counterparts in China. In short, as we take forward our plans for the port, the new airport and other key economic infrastructure, we keep in the forefront of our minds the need to

ensure that the future Hong Kong Special Administrative Region will continue to play its part as the gateway to southern China, providing an efficient conduit for an ever-increasing flow of goods, services and people between China and the rest of the world.

Looking to the more immediate horizon, Mr BARROW has drawn particular attention to how visitors from China are driving the growth of our tourism industry. His call for a strategic assessment of the implications of this growth for government, the hotel industry and transport operators is timely and I will be discussing with the Hong Kong Tourist Association and my colleagues in the Administration on how best to carry out such a review.

The Governor's announcement that we are going to ask companies which provide essential utility and transport services to the public to accept new standards of financial disclosure has, I am sure, been welcomed by many Members, particularly those who have raised specific concerns on this issue with the Administration over the recent months. It will be necessary for us to discuss and agree specific requirements with each of the companies concerned. I can, however, assure Members today that they will be consulted further on the general principles we intend to adopt to ensure transparency and an adequate degree of public accountability.

Our intentions on fuller disclosure should be seen as part and parcel of an on-going effort by the Administration to strengthen and improve our monitoring of public utilities. As a result of previous initiatives, most utilities have now made public performance pledges and established customer liaison groups. My impression is that the general public welcome, and make full use of, these facilities.

For our part we have taken the opportunity of negotiations leading up to renewal of the Scheme of Control Agreements with our two power companies to write in more stringent requirements in respect of technical and financial audits and the monitoring of procurement procedures and affiliated company transactions. Requirements for public disclosure have also been incorporated into the terms of new franchise agreements with Citybus and the new Lantao Bus Company.

We have bolstered our ability to regulate an increasingly competitive telecommunications market by the establishment of the Office of the Telecommunications Authority (OFTA). Amendments to the Telephone Ordinance enacted earlier this year provide the OFTA with important new powers to oversee the inter-connection of competing networks and administer Hong Kong's new numbering plan. High on their agenda will be the need to protect consumers' interests where necessary through the regulation of charges and service standards of dominant carriers.

Mr President, if I had detected a sentiment of concern and frustration in the speeches I listened to last week, I would urge Members to take a look at

what we have achieved over the past two years. Hong Kong is literally changing shape around us right under our eyes: new land on the West Kowloon Reclamation has already risen out of the sea. That reclamation, when completed, will provide 334 hectares of additional space for homes, new transport infrastructure, community facilities and open space for recreation. On the northwestern shore of Tsing Yi Island, the main tower of the Tsing Ma Bridge has reached its maximum height, some 200 metres. Go further west, and Members will see the work done at Chek Lap Kok and Tung Chung. All these are visible evidence of the fact that Lantau will not be an island for much longer. Its joining to the rest of Hong Kong — and ultimately our southern Chinese hinterland — by high-speed road and rail links will open up vast new potential for residential, commercial and port and airport-related development. From here we shall go on, with patience, and with a resolve to do as much as we can and as quickly as we can and Mr President, we shall get there.

Thank you.

FINANCIAL SECRETARY: Mr President, I must confess to having been surprised by some of the comments made by Members during this debate. They included an intriguing (and at times frustrating) mixture of nuggets of wisdom and headline-grabbing comments of an extreme nature. At some points during this debate, many in the public gallery must have wondered whether there were two Hong Kongs and two policy addresses because of the considerable gap between some of the rhetoric delivered in this Chamber and the realities of every day life in Hong Kong.

Let me recall some of the astonishing statements which have been made during this debate:

- I was amazed to hear that Hong Kong has not had a rule of law except for those who could pay for it: that Bangladesh is in some sense better than Hong Kong.
- Another way of belittling the policy address was to describe it as a catalogue of giveaways. A peculiar way to describe such major initiatives as a new search for quality in education and a new anti-corruption programme to meet the private sector's concerns. A strange way to describe so many measures which had been asked for by both the public and Members of this Council.
- Then there was the claim that the many new measures in the Governor's speech contained nothing new. This is an astonishing assertion about major new programmes to help the elderly, for example, and to improve our interface with China.

That said, I can assure Members that serious points backed by rational argument are in turn taken seriously. I share the aim put so eloquently by my colleague, the Secretary for Health and Welfare - we must work together in an

atmosphere of mutual respect and confidence. I will focus in the following remarks on these key issues:

- the airport
- inflation
- capital gains tax
- privatization
- disclosure of financial data on government utilities
- Lotteries Fund
- 1994 and 1995 Elections.

The airport

There was an understandable wish to see more progress in the airport talks. Whilst the Secretary for Economic Services has covered this subject in some detail. I would like to underline some key points.

On the one hand it is a matter for some quiet pride that we have made the good progress we have, with contracts worth some \$45 billion awarded within budget estimates.

On the other hand, we cannot perform miracles, and continue to make progress on the airport in particular in the absence of an agreement with the Chinese side. The Governor made the point that "the date is not far off when the start of some key airport contracts will be held up if we cannot secure the Chinese Government's agreement of financing". We should not be in any doubt about that. It is not a threat; it is a statement of fact.

Our ingenuity is now being tested because key franchises and contracts need to be let very soon by the Provisional Airport Authority. I must make it clear that time is not on our side if we are to stay on course.

Inflation

Despite a more moderate rise in the consumer price indices in recent months, many Members have pointed out that the current rate of inflation, at nearly 8%, is still high. I share their concern.

Hong Kong's inflation is caused primarily by robust economic growth over a long period of time, in an economy with limited local resources. Let me remind the Council, however, that our competitiveness has so far not been affected by inflation. For example, in 1992 the index of export prices only increased by 0.7%. We remain competitive partly because we do not import inflation. The price of retained imports has shown a declining trend over the past two years. In addition, productivity continues to improve. Most of all, we benefit from our industrial co-operation with China.

Several Members have pointed to Singapore's experience. Inflation there has indeed been kept to a lower level than ours. I do not think it is unrelated that Singapore has also supported a much more ambitious and flexible labour importation scheme than we have here. That said, the Secretary for Education and Manpower has explained earlier today the delicate balance we aim for in our labour importation schemes between the needs of the economy and the need to protect our workers' interests.

The other side of inflation is rapid growth with full employment. I do not believe anyone in Hong Kong would prefer lower inflation at the cost of economic stagnation and high unemployment.

The other key aspect of our resource problem is of course land. Property prices are high mainly because demand is strong while land is scarce. The Government invests heavily in the production of sufficient new land. The Chinese Government too has been sympathetic in agreeing to the sale of land exceeding the 50 ha annual limit. The supply would be further improved if additional land associated with the new airport and airport railway could also be agreed and come on stream at an early date.

Capital gains tax

Like many Members, I am intrigued by any suggestions that could tackle speculation and reduce the pressure on prices. Some Members have called on us to introduce a Capital Gains Tax to achieve this purpose. I notice that Members of the Legislative Council Panel on Housing hold divided views on this issue. I must confess that I would take a lot more convincing on this subject. I believe we must remain committed to a simple and low tax system, which has proved very successful over a very long period of time in creating a favourable climate for business growth. It is more important to maintain this well-tried system than to embark on new taxes which may risk sending quite the wrong message to local and overseas investors.

Privatization

There are two specific issues raised by Members where I believe we have an identity of views. First, privatization. I too take a positive view of the merits of putting appropriate parts of the Government onto a more commercial basis. The fact that the most visible moves recently have been in the new area of establishing Trading Funds does not mean that we have forgotten the need to review from time to time other possible candidates for more ambitious changes. But we need to choose the timing and the candidates carefully.

Disclosure of financial data on government utilities

Secondly, I believe we already have quite a good story to tell on disclosure of financial details on government utilities. Details of their revenue and expenditure are available in the annual Estimates, as well as the Director of

Accounting Services Annual Report on the Accounts. But I believe we can go further, and I have asked the Director of Accounting Services to make available as well operating accounts of government utilities prepared on a commercial basis.

Lotteries fund

There is another specific issue where Members have been very persuasive — and that issue is the Lotteries Fund.

Earlier this year, Members of the Welfare Panel came to see me asking that the Administration reduce its share of lottery proceeds in favour of the Lotteries Fund. At that time, I said I saw no need to reduce lottery duty because of the massive \$2.3 billion injection we made last year. This had greatly extended the Fund's ability to expand its services to the disadvantaged in our community. Some Members have renewed this call in the debate.

I have taken careful note of Members' arguments, together with the fact that further improvements in welfare services were announced in the Governor's policy address (especially capital expenditure items such as the additional care and attention places and seven nursing homes). These initiatives may well result in additional demands on the resources of the Lotteries Fund. Thus I believe that there is now a good case for the Administration to review its position on this issue. My intention is to announce the results of that review in next year's Budget speech.

1994-95 elections

The election issue, and specifically how this legislature is to be elected in 1995, has been well covered by the Chief Secretary. But I would like to make very clear my own conviction that if we are to succeed in preserving Hong Kong's way of life — characterized among other things by an honest administration and the rule of law — then one of the key requirements is to have a legislature which is genuinely rooted in the community, elected in an honest manner, and so able to effectively monitor and question the executive, which is after all required to be accountable to the legislature. And it is essential to preserve our way of life, our system, if Hong Kong is to continue to prosper. The commitment to two systems really does matter.

Conclusion

In conclusion, the Administration has continued to create the conditions for economic success, and to ensure that the benefits are passed onto the whole community:

- We have provided stability and predictability for our currency through the link with the US dollar and for investment through a clear commitment to a low and simple tax system.

- We have invested heavily in our infrastructure.
 - We have developed a close economic relationship with China, the most notable recent development being the listing of Chinese companies on our stock market.
 - We have made a major effort to promote free, unmanaged world trade and a successful outcome to the Uruguay Round. I look forward to taking this process a stage further at the Seattle APEC meeting in mid-November.
 - We have a practical and successful industrial policy well described today by my colleague, the Secretary for Trade and Industry.

It is to the credit of the business and professional community that they have taken full advantage of this favourable environment, and of the opportunities posed by the economic growth of China, and indeed, most of this region. Their success has enabled us to achieve good economic growth, full employment and rising real wages.

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

PRESIDENT: Mrs TU, do you wish to reply?

MRS ELSIE TU: Mr President, I should like to thank those of our colleagues who have supported the Motion of Thanks to the Governor for his address.

I would be a brave person, or perhaps a fool, if I were to claim to reply on behalf of all my colleagues given the wide spectrum of opinions held by Members on the social, economic and political fronts. Nevertheless, I believe that there are some points on which we can all agree.

The Chief Secretary expressed disappointment and said that our speeches were negative and pessimistic. If we were pessimistic, I would say that the political cloud hanging over us gives us some reason for pessimism. So, no matter which political camp we support, that is the case.

In spite of that pessimism, I believe my colleagues would agree with me if I say that none of us can be unaware of the astonishing achievements that have been made in social, economic and environmental issues during the past decade. These achievements have been attained not only through the efforts of the Administration but also because of pressures put on the Administration by this Council, as well as by other non-government organizations and by the public at large.

The Government claims to be supporting democracy. So why should the Government's representatives be surprised or even disappointed when we point out where the Government may have failed or may have not progressed fast enough? Surely it is the essence of democracy that we should monitor the Government's performance and point out its shortcomings. How else can we or the Administration be accountable to the public?

I think the disappointment of the Administration, as expressed through the chief Secretary, springs from the fact that for so many years in the past they have operated without opposition. The Government has never had to worry whether it was a tiger or a lame duck. But if we are to be democratic, both the councillors and the Government will have to develop the skin of the rhinoceros (*Laughter*) because Members will be continually aiming their arrows at every vulnerable point of the Government. That is the essence of democracy, and provided the purpose is primarily for the benefit of the public at large, this kind of democracy should be encouraged and not be a cause for dismay or disappointment.

If my colleagues have seemed negative or pessimistic I am convinced that it is because their aspirations for the future are high. Their intention is not to denigrate the good work that has been done for this community in recent decades.

I am sure that my colleagues have listened with interest to the Administration's replies and that they will follow them up during this Session.

Thank you, Mr President.

Question on the motion put and agreed to.

Adjournment and next sitting

RESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 3 November 1993.

Adjourned accordingly at fifteen minutes to Six o'clock.

Note: The short title of the motion listed in the Hansard, with the exception of the Boundary and Election Commission (Amendment) Bill 1993 and the Foreign Corporations Bill, have been translated into Chinese for information and guidance only; it does not have authoritative effect in Chinese.