

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 9 March 1994

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

THE FINANCIAL SECRETARY

THE HONOURABLE SIR NATHANIEL WILLIAM HAMISH MACLEOD, K.B.E., J.P.

THE ATTORNEY GENERAL

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

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

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

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

DR THE HONOURABLE DAVID LI KWOK-PO, O.B.E., LL.D., 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 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 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 VINCENT CHENG HOI-CHUEN, O.B.E., J.P.

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., 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 LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

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

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HOWARD YOUNG, J.P.

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, C.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 RONALD JAMES BLAKE, J.P.
SECRETARY FOR WORKS

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

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

MR NICHOLAS NG WING-FUI, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

THE DEPUTY CLERK TO THE LEGISLATIVE COUNCIL
MR PATRICK CHAN NIM-TAK

Papers

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Public Revenue Protection (Business Registration) Order 1994	125/94
Public Revenue Protection (Dutiable Commodities) Order 1994.....	126/94
Public Revenue Protection (Estate Duty) Order 1994.....	127/94
Public Revenue Protection (Motor Vehicles) (First Registration Tax) Order 1994.....	128/94
Public Revenue Protection (Stamp Duty) Order 1994.....	129/94
Public Revenue Protection (Air Passenger Departure Tax) Order 1994.....	130/94
Public Revenue Protection (Betting Duty) Order 1994.....	131/94
Public Revenue Protection (Cross-Harbour Tunnel) (Passage Tax) Order 1994.....	132/94
Public Revenue Protection (Rating) Order 1994	133/94
Export (Prescribed Articles) (Amendment) Regulation 1994.....	134/94
Import and Export (Carriage of Articles) (Amendment) Regulation 1994.....	135/94
Import and Export (General) (Amendment) Regulation 1994.....	136/94
Immigration (Amendment) Regulation 1994.....	137/94
Merchant Shipping (Safety) (Passenger Ship Construction) (Ships Built before 1 September 1984) (Amendment) Regulation 1994.....	138/94

Merchant Shipping (Safety) (Passenger Ship Construction and Survey) (Ships Built on or after 1 September 1984) (Amendment) Regulation 1994.....	139/94
District Court Civil Procedure (Fees) (Amendment) Rules 1994.....	140/94
Supreme Court Fees (Amendment) Rules 1994	141/94
Food Business (Regional Council) (Amendment) Bylaw 1994.....	142/94
Frozen Confections (Regional Council) (Amendment) Bylaw 1994.....	143/94
Funeral Parlour (Regional Council) (Amendment) Bylaw 1994.....	144/94
Milk (Regional Council) (Amendment) Bylaw 1994	145/94
Offensive Trades (Regional Council) (Amendment) Bylaw 1994.....	146/94
Places of Amusement (Regional Council) (Amendment) Bylaw 1994.....	147/94
Public Swimming Pools (Regional Council) (Amendment) Bylaw 1994.....	148/94
Undertakers of Burials (Regional Council) (Amendment) Bylaw 1994.....	149/94
Places of Public Entertainment (Licences) (Specification of Fees) (Regional Council Area) Notice	150/94
Electoral Provisions (Miscellaneous Amendments) Ordinance 1994 (10 of 1994) (Commencement) Notice 1994	151/94
Import and Export (Amendment) Ordinance 1994 (1 of 1994) (Commencement) Notice 1994	152/94

Sessional Papers 1993-94

- No. 68 — The Hong Kong Academy for Performing Arts Annual Report July 1992 to June 1993
- No. 69 — Hong Kong Examinations Authority Financial Statements for the Year Ended 31 August, 1993 with Programme of Activities 1 September 92 to 31 August 93
- No. 70 — Consumer Council Annual Report 1992-1993

Addresses**The Hong Kong Academy for Performing Arts Annual Report July 1992 to June 1993**

SECRETARY FOR RECREATION AND CULTURE: Mr President, it gives me great pleasure to present the 1992-93 Annual Report of the Hong Kong Academy for Performing Arts for the year ended 30 June 1993 to this Council today.

At this juncture, the President told the noisy public gallery to observe order.

The 1992-93 academic year was a milestone in the development of the Academy. After the successful completion of the accreditation process, the Academy has now become a degree-awarding institution. The Bachelor of Fine Arts degree programmes in Dance and Music were introduced in September 1992, only eight years after the establishment of the Academy. The intake of students for degree courses in Technical Arts (Theatre) and Drama also commenced in September 1993. The speed of this development is a tribute to the dedication and professionalism of the Academy's staff who have made the institution an important feature of the academic and performing arts scene in Hong Kong.

As Secretary for Recreation and Culture, it is particularly gratifying for me to see students of the performing and technical arts given the same opportunity as students in other fields to pursue degree courses. I am sure that this will encourage more talented young people to take advantage of the outstanding training opportunities which are offered by the Academy. This can only be good for the long-term future of the performing arts in the territory.

Public performances constitute an integral part of students' training programme. The Report before you today lists the many performances in dance, music and drama which the Academy mounts each year as showcases for the talents of its students. The scope and variety of these performances is

impressive — ranging from BERNSTEIN's *West Side Story*, through original Cantonese drama such as *Niwa Mends the Sky*, to major operatic productions such as BIZET's *Carmen*.

The Academy has been active outside its campus, too. It is pleasing to find that it is always responsive to community needs and the wider interests of Hong Kong. At my invitation, the Academy took part in Festival Hong Kong 92 in Canada. For this, they mounted a special production of dance, music and drama entitled "*Hong Kong Heartbeat*" which they performed with great success in both Calgary and Ottawa. I was present at these performances and was proud of the way in which the Academy students acted as good ambassadors for Hong Kong both on and off stage.

Back here in Hong Kong as part of its outreach activity, the Academy responded to an invitation from the Governor to mount a series of public concerts in the Ballroom of Government House. They accepted this challenge with enthusiasm and gave five very successful early evening concerts during the year under report — all of which were well attended and applauded.

The Academy has already reached a significant level of achievement under the outstanding leadership of its Council, chaired by Dr Helmut SOHMEN and the capable directorship of Dr John HOSIER who retired last August. I would like to pay a warm tribute to Dr HOSIER for all he has done to build up the Academy to its present level of achievement. I am sure, under the guidance of its new Director Mr LO King-man, the Academy will continue to flourish and secure its position as a major feature of the cultural life in Hong Kong.

Consumer Council Annual Report 1992-1993

MS ANNA WU: Mr President and honourable colleagues, it gives me great pleasure to present the Annual Report of the Consumer Council for the Year 1992-1993.

During the year under report, the Consumer Council moved into its own permanent office in North Point purchased through mortgage arrangements.

My honourable colleagues undoubtedly have noticed the wide publicity during the past two weeks following the release of the Consumer Council's Banking Services Report, one on which I believe some of our Honourable Members will comment shortly. While it is perhaps premature at this stage to predict the ultimate acceptance of the Consumer Council's policy proposals by the parties concerned, the report's impact was reflected by the public reactions so far. In fact, you are witnessing the result of the project carried out under the competition study with the special financial assistance voted in early 1993.

While on monitoring trade practices, I am pleased to report that in the year more public utility companies have responded to the Consumer Council's call to establish consumer consultation groups with a view to improving consumer feedback. To cite a few examples, Hong Kong Telecom set up four customer advisory groups in June 1992; China Light and Power Company Limited formed a 10-member customer consultative group in September; the MTRC, KCRC, Hong Kong Electric Company Limited and Kowloon Motor Bus Company set up channels for public consultation.

As a result of the continuous urging of the Consumer Council, the "Code of Practice for Administration of Insurance Agents" was introduced in January, 1993. This Code provides guidelines in regulating the activities of insurance agents by requiring them to apply for registration with the Central Register of Agents. It lays down minimum qualifications for agents and restricts the number of insurers an agent can represent for the sake of improved control.

The year 1992-1993 ended on a strong footing with solid achievements in various other endeavours of consumer protection. On products safety, the Toys and Children's Products Safety Bill was enacted in November 1992 and became effective in July 1993 after years of lobbying by the Consumer Council with numerous product tests conducted on substandard and potentially dangerous toys and other children's products.

On codes of practice to encourage more ethical business practices, a major breakthrough was achieved when the Consumer Council and the Medical Association of Hong Kong jointly issued a set of patients' rights and responsibilities, under which patients are entitled to ask for the full disclosure of drugs prescribed to them and the schedule of charges.

In the year, the Consumer Council was again consulted on major government and legislative policies affecting consumer interest. Examples include the Deposit Protection Scheme, the policy on taxi services, the Securities Clearing House Bill and the Code on Takeovers and Mergers and Share Repurchases in relation to Schemes of Arrangement.

More generally, in the field of consumer research, the Consumer Council conducted 26 product tests, 69 in-depth studies and eight consumer surveys in the year under review.

Finally, I would like to affirm the Consumer Council's commitment to serving the consumer interest. In pursuing this objective, we will identify practices that may be unfair to consumers and recommend areas for improvements. We will also spare no effort in censoring those who set out to defraud consumers. We believe that business can be promoted through fair play and that the interests of consumers and service suppliers need not be in conflict.

I can assure you that the Consumer Council is always willing to come forward and collaborate with different sectors of society to foster business practices that are in the best interests of the community.

Thank you, Mr President.

Oral Answers to Questions

Independent police advisory committees

1. MR JAMES TO asked (in Cantonese): *Will the Government inform this Council whether consideration will be given to setting up independent police advisory committees, modelled on the system of advisory committees of the Independent Commission Against Corruption and composed of respectable members from different sectors of the community, to monitor all aspects of Police work in order to improve the accountability of the Police Force and enhance communication between the Police Force and the public; if so, what is the time-table; and if not, what are the reasons?*

SECRETARY FOR SECURITY: Mr President, we do not believe that it is either necessary or desirable to establish additional independent police advisory committees.

There already exist procedures to monitor the Police Force properly. Expenditure and performance, including the efficient and effective use of resources, are monitored on a continuing basis by the Central Government. Broad strategies for maintaining law and order are monitored by the Fight Crime Committee, which includes representatives from the community and this Council. The Committee regularly receives and assesses reports from the Police Force on the extent to which plans to reduce crime have been implemented. The work of the Police Force is also monitored by Members of this Council. The Security Panel takes a close and active interest in all aspects of police performance and regularly calls for, and receives, papers and reports from the Force.

There are also already adequate channels of communication between the Police Force and the community. The police place great emphasis on the development and improvement of relations with the public and communication between the police and the public. The Police Public Relations Bureau has in recent years strengthened youth liaison, through the Junior Police Call, and liaison with the public, through the Organized and Serious Crime Hotline and Crime Information Forms. At district level, the Force is represented, through the District Police Commanders, on all District Boards and a Police Community Relations Officer is assigned to each district to foster closer relations between the Police Force and the community it serves. The Fight Crime Committee,

together with the District Fight Crime Committees, further enhance dialogue between the Force and the community.

MR JAMES TO (in Cantonese): *Mr President, all the points mentioned in the Secretary's reply are in fact equally applicable to the Independent Commission Against Corruption. The ICAC has been replying on various committees, for example, the Operations Review Committee, which I particularly refer to, for advice. Will the Secretary advise this Council, insofar as implementation of prosecution policy and accountability are concerned, whether consideration will be given to setting up a body within the Force along the same line as the Operation Review Committee so as to ensure that the police are exercising their powers properly?*

SECRETARY FOR SECURITY: Mr President, I do not believe it would be possible or desirable to have a committee for the Police Force on the same line as the ICAC Operations Committee. The ICAC and the Police Force are really two entirely different organizations. The ICAC deals with about 3 000 cases a year. The Police Force handles over 80 000 cases a year, many of them are very urgent and require immediate action. The ICAC institutes some 600 prosecutions a year. The Police Force institutes over 33 000 prosecutions and that is not including prosecutions for minor offenses such as traffic and hawkker offences which alone amount to more than 100 000 a year. It would simply not be possible or practicable to have a system like the ICAC Operations Committee monitoring the Police Force's actions.

MRS ELSIE TU: *Mr President, the reply by the Secretary for Security has the same familiar ring with which the police approached the setting up of the ICAC 20 years ago. Could the Secretary inform us what kind of serious situation must exist in order to convince him that an independent CAPO is necessary to deal with complaints that we who work among the grassroots are aware of? How long will he allow the bad eggs to taint the reputation of the Police Force, which is improving but still not good enough?*

PRESIDENT: Mrs TU your question is directed towards complaints against the police and replacing the CAPO system. Right, Secretary, do you have an answer for this?

SECRETARY FOR SECURITY: Mr President, yes. I would perhaps first like to point out that the Police Complaints Committee is in all respects an exact replica of the ICAC Complaints Committee. There is no substantial difference between the two or the way they operate.

On the question of the Police Complaints Committee, I believe that in the way the CAPO office and the Police Complaints Committee operate at the moment, they investigate all complaints thoroughly and impartially. Certainly there are some changes and improvements that we can, and should, make and I have reported them previously in this Council.

MRS SELINA CHOW (in Cantonese): *Mr President, why are the Fight Crime Committee and the police still opposed to the idea of using the district boards as their advisory bodies at district level, and appoint instead the District Fight Crime Committees which are less representative than the district boards, to deal with relevant matters?*

SECRETARY FOR SECURITY: Mr President, I have not been aware of this complaint before. But I believe that the District Fight Crime Committees, which generally include certain members of the district boards, have been a very effective means of communication between the police and the community at district level.

MRS SELINA CHOW (in Cantonese): *Mr President, I do not think the Secretary has answered my question. I am not asking about*

PRESIDENT: *Not answered? Mrs CHOW, could you put it again please?*

MRS SELINA CHOW (in Cantonese): *Yes.*

MRS SELINA CHOW (in Cantonese): *Mr President, why are the Government and the Fight Crime Committee still opposed to the idea of using the district boards as the advisory machinery when it comes to matter of this nature? Obviously the district boards advise the Government on various policies other than this. Why are they not prepared to let the district boards deal with matters related to the Police Force?*

SECRETARY FOR SECURITY: Mr President, I do not think it is true to say that matters relating to the Police Force are not dealt with by district boards. As I said in my main answer, the Police Force is represented through its District Commanders on all district boards and I believe that police matters are discussed there, quite frequently and regularly. But in view of the importance of law and order, I also think it is appropriate, as the Fight Crime Committee has decided, that it should have specific district committees to discuss these matters on a district level and that is why we have established, and wish to maintain, the District Fight Crime Committees.

MR JAMES TO (in Cantonese): *Mr President, in his reply to my follow-up question, the Secretary has pointed out that it would not be possible to compare the number of cases handled by the ICAC and the Police Force; the former was in thousands while the latter was in tens of thousands. For this reason, my proposal for setting up an independent advisory committee cannot be accepted. But I would like to pursue the question further: Is the Secretary aware that prosecution actions taken by the police are very varied in nature, from parking offences to murder cases. As to whether the police are exercising their powers properly when enforcing certain policies, the Fight Crime Committee referred to in the Secretary's reply will only look at it from the angle of crime fighting. Should we therefore set up a committee to examine the problem from a wider perspective? Apart from workload, are there better reasons that the Administration can put forward to convince the community that such a committee should not be set up?*

SECRETARY FOR SECURITY: Mr President, I am not quite sure what the question is but I would say that the police do not generally on their own institute prosecutions. Those are instituted by the Attorney General. The police have to make their case to the Attorney General before prosecutions are instituted. I believe, as I have said in my main answer, that the present arrangements for ensuring that the police perform their duties impartially are correct. I believe that the question of police powers is regularly looked at in many areas by this Council. I think if one looks at the legislation on that subject that has been before this Council in recent years, it is very clear that the present system operates in a way very satisfactorily.

Ancillary development of Tsing Ma Bridge and Kap Shui Mun Bridge

2. DR SAMUEL WONG asked: *Will the Government inform this Council whether consideration has been given to reserving adequate land in the vicinity of Tsing Ma Bridge and Kap Shui Mun Bridge for parking tourist coaches and setting up souvenir shops, restaurants and so on, so as to facilitate the development of these places as major tourist destinations?*

SECRETARY FOR WORKS: Mr President, the Government certainly recognizes the potential for the Lantau Fixed Crossing to become a major tourist attraction. Consideration is being given to a number of sites in the vicinity of the Crossing, taking into account their location as viewing points for the whole of the Crossing and in particular the Tsing Ma Suspension Bridge. Careful attention is being given to the need for incorporating adequate parking facilities, as well as the potential for commercial activities such as souvenir shops and restaurants.

DR SAMUEL WONG: *Mr President, will the Secretary inform us whether there will be provision of vertical transportation on the towers on either side of the suspension bridge so that tourists could go up to the deck level and have a panoramic view of that part of Hong Kong, as well as to obtain a close-up experience of the bridge itself?*

SECRETARY FOR WORKS: Mr President, the towers of the bridge are certainly designed for vertical access, by way of lifts and staircases. However, this is purely designed for maintenance purposes and possibly for emergency purposes. It is not designed to accommodate tourists.

MR MARTIN BARROW: *Mr President, would the Secretary advise if tourism opportunities are being taken into account for all other Airport Core Programme projects, including the various waterfront layouts of the various reclamation areas. And could he confirm that he will be consulting with the tourism industry on this?*

SECRETARY FOR WORKS: Mr President, certainly in the planning of all of the areas which will form as part of the Airport Core Programme, those plans, particularly those in West Kowloon reclamation, take into account the needs of the community. I am quite sure that my colleagues, in their planning of these facilities and the detailed design, will take into full account the needs of the Tourist Association.

Organ donations

3. DR CONRAD LAM asked (in Cantonese): *In view of the divergent views recently expressed by members of the medical profession in Hong Kong on the acceptance of organ donations from executed prisoners outside the territory for the purpose of organ transplant, will the Government inform this Council:*

- (a) what policy has been established to deal with such issue in Hong Kong; and*
- (b) if there is no such policy, whether consideration would be given to formulating one?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, yes, we do have an established policy on the acceptance of organ donations from executed prisoners outside the territory.

First, any organ donation must be a voluntary act and the decision to donate must rest on the free will of the donor. Secondly, there must not be any commercial transaction of organs.

Unless these two conditions are fulfilled beyond a shadow of a doubt, acceptance of organs from executed prisoners is both repugnant and obnoxious. Thus, we will only accept a prisoner's express wish to donate if his offer is made voluntarily, without any coercion, and before impartial and reliable witnesses.

Therefore, in respect of donated organs from prisoners about to be executed, each case is carefully considered on its own circumstances and we need to be satisfied that the requirements of the policy, as stated above, are fully met.

DR CONRAD LAM (in Cantonese): *Mr President, as the Hospital Authority doctors have different views on the acceptance of organs from executed prisoners in other countries for transplant purposes, can the Administration request the Hospital Authority to take a clearer and consistent stance on, for example, organ transplant in its delivery of medical services so that the procedure will not bring any inconvenience to members of the public or make them feel that they are being unfairly treated. I said that because there were indeed such remarks: "If the doctors in the hospital I stay refuse to accept organs from executed prisoners in other countries, does it mean that I may have to wait longer?" Can the Administration ask the Hospital Authority to do something about this?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, I think the personal views of Hospital Authority doctors should not, and do not, prejudice the interests of patients, whose interests should always remain paramount. If a doctor opposes the use of executed prisoners' organs as a best match for transplant, then the doctor will refer the case to another member of the transplant team for the necessary procedure. Whilst doctors are entitled to hold personal views on the subject, I will nevertheless refer Dr the Honourable Conrad Lam's suggestion to the Hospital Authority for their detailed consideration of the appropriate procedure to adopt.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, can the Secretary inform this Council why the two teaching hospitals in Hong Kong have reservations about organ donations from executed prisoners, for example, they are unwilling to accept organs donated by executed prisoners in Singapore for transplant purposes here? And, does the Administration have the same stance towards organ donations from executed prisoners in China and other countries?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, a prisoner is first and foremost a human being. The acceptance of an executed prisoner's organs is an issue which concerns everyone of us. There should always be concern that, as an executed prisoner, the donor may be under duress. Therefore before we accept any donation, we must always satisfy ourselves beyond doubt that the organ is voluntarily given and that there is no coercion and there is no commercial transaction. The same principle applies to donations from any country, Singapore or China. It has got to be considered against the background of individual circumstances.

DR LEONG CHE-HUNG: *Thank you, Mr President. The two policies, that the Secretary has mentioned, obviously are very honourable ones and I am sure the medical profession and the transplant team will strictly abide by them. But does the Administration see any differences on a moral basis between the donation of organs by an executed prisoner, made voluntarily of course, and the donation of organs made by a victim, for example, of a traffic accident? If there are no differences, will the Administration do its best to ensure that organs procured this way would be used by both private and public hospitals, taking into consideration the fact that some doctors may have particular feelings themselves, so that organs procured in such a way will not be wasted?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, in this regard, we have the Human Organ Transplant Bill which is aimed at cracking down on commercial transaction. That Bill is still with this Council. I remember the Human Organ Transplant Bill was introduced by me into this Council on 8 April 1992. And I believe it is now being studied by an ad hoc group. I think that is a very important piece of legislation and I do appeal for early consideration of this piece of legislation because it is hoped that it will, amongst other things, eliminate the possibility of collusion and commercial trading of organs between donor and recipient. The current law, as it stands, allows anybody to donate his organs. And we need the Human Organ Transplant Bill to be enacted as a law.

The answer to the first part of the question is, basically, "yes". Any donor's genuine wish to donate the organ must be respected.

As regards the procedure between the public and private hospitals, I would say this: it is legally permissible for someone overseas to offer an organ to an individual, provided that there is no contravention of the existing law governing undesirable medical advertisements, and as I said earlier, the future Human Organ Transplant Ordinance, if it is passed. It is possible for this to be carried out.

DR HUANG CHEN-YA (in Cantonese): *Mr President, credit should be given to the policies mentioned by the Secretary as they respect the human rights of executed prisoners. Can the Secretary inform this Council whether hospitals need the prior approval of the Administration before accepting organs donated by executed prisoners so as to ensure that it is in line with the policies mentioned by the Secretary? If no, then do the policies remain just policies on paper? If yes, may I know how many applications were received in the last three years? Were all applications approved and the procedures mere formalities and that, after all, the human rights of executed prisoners had not been protected?*

SECRETARY FOR HEALTH AND WELFARE: First of all, statistics. There were three pairs of corneas and three pairs of kidneys donated to Hong Kong patients from Singapore for transplant purposes in the last couple of years. All corneas and the two pairs of kidneys were transplanted. Two kidneys were abandoned. In one case, the patient was medically unfit to undergo the transplant process. In the other case, blood screening tests showed controversial results after the kidney arrived in Hong Kong. And the patients in question were in Hong Kong. The doctors advised therefore not to proceed. Two other donors have recently withdrawn their offer. One has decided not to donate and the other has decided to donate to a Singaporean recipient.

I do not want to go into the detailed procedure in respect of individual cases, but generally we follow the following procedure in respect of the donation. The Hospital Authority will reconfirm the wishes of the potential donor by liaising, in the Singapore case, with the Singaporean authorities through the British High Commission. Proper consent from the donor will be obtained through liaison with the Singaporean Ministry of Health. The Hospital Authority will have to satisfy itself that the organs are given voluntarily, without duress, and must seek the specific approval from the Secretary for Health and Welfare before the organ is donated.

PRESIDENT: Mr Jimmy McGREGOR.

MR JIMMY McGREGOR: *Mr President, my question has been answered. Thank you.*

Condoms on sale in Hong Kong

4. DR LEONG CHE-HUNG asked: *In the light of the Consumer Council's recent findings on the quality of condoms currently on sale in Hong Kong, will the Government inform this Council whether it will:*

- (a) *conduct frequent testing on condoms to ascertain if they comply with international standards in view of their great impact on public health; and*
- (b) *consider changing the focus of its present AIDS-related publicity which urges people to use condoms for safe sex?*

SECRETARY FOR HEALTH AND WELFARE: Mr President,

- (a) *Since 1988, the Consumer Council has conducted three tests on condoms obtained from retail outlets. The results on each occasion have been widely publicized in order to allow consumers to make sensible and informed choices.*

Subject to the enactment of the Consumer Goods Safety Bill, introduced by the Secretary for Trade and Industry on 8 December 1993, the Commissioner for Customs and Excise will enforce the legislation to ensure that the consumer goods supplied are reasonably safe. He will be empowered to refer samples to the Government Laboratory for testing. This should provide an added safeguard for the public.

- (b) As regards part (b) of the question: as for the focus on the use of condoms in our AIDS-related publicity, let me emphasize once again that, in the absence of a cure or vaccine, prevention remains the only effective way to contain the spread of HIV and AIDS.

One of the most important ways to prevent AIDS, and particularly HIV transmission through sexual intercourse (which accounts for some 80% of all HIV infections in Hong Kong), is the practice of safer sex. I underline the words "safer sex" — as the only sure "safe sex" is no sex. In other words, no sex is safe.

But it is clearly unreasonable to expect everyone to be celibate. As Dr Samuel JOHNSON once said "Marriage has many pains, but celibacy has no pleasures". Safer sex covers many lifestyle choices varying in effectiveness from:

- (a) maintaining a mutually monogamous relationship with a single partner;
- (b) avoiding casual sex;
- (c) reducing the number of sexual partners; to
- (d) wearing a condom which, used on its own, may instil a false sense of security.

Our strategy therefore on AIDS is entirely in line with the World Health Organization's global strategy on the prevention of AIDS and HIV transmission. Our focus is on the importance of leading a healthy lifestyle, both in terms of AIDS prevention and generally. This message is targeted particularly at youth, women and also at the family.

I believe that the focus on the use of condoms in our overall AIDS message is about right. Still, I shall welcome expert advice through the Advisory Council on AIDS, or community organizations such as the Hong Kong AIDS Foundation, of which Dr the Honourable LEONG Che-hung is Chairman.

DR LEONG CHE-HUNG: *Thank you, Mr President. Given the fact that, as the Secretary has mentioned, the only real safe sex is no sex and given the fact that it is very difficult to ban sex, the safety of condoms obviously becomes a very important social issue. The question is: does the Government agree with the results of the Consumer Council that some two-thirds of condoms on sale are unsafe? If the Government agrees, will the Government impose an internationally approved safety standards test on imported condoms? And if the Government does not agree with the results of the Consumer Council, then why not?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, as I said in my main reply, lifestyle is a most important factor in avoiding the transmission of AIDS and HIV. In this respect, condom use should be a supplement rather than an alternative to a sensible and healthy lifestyle. The safest form of "safer sex" is to maintain a mutually monogamous, and I hope I said monogamous — not monotonous — relationship with a single partner. No barrier contraceptive devices are 100% foolproof. Correct and consistent use, coupled with the maintenance of a good lifestyle is of paramount importance. I value the research done by the Consumer Council. Indeed, it has found that a large percentage of the condoms used in Hong Kong through the retail outlets may not be as safe as we thought they might be. I am also aware that the quality of condoms elsewhere is controlled under the law. For example, in Singapore, it is governed under the Medicines Act. In New Zealand it is under the Contraception, Sterilization and Abortion Act. In this respect, the standard adopted in most developed countries is the internationally adopted standard — ISO 4074.

Not for one moment do I dispute the fact that this is a public health issue. It is also a very important social issue. The use of condoms and their adequate protection given to the consumer is of paramount importance. We do have a piece of legislation before the Honourable Members for your consideration. That is the Consumer Goods Safety Bill. When enacted the Bill will not only provide an enabling provision for certain standards to be kept but also for penalties to be measured. Again I appeal to this Council for early enactment of

such a very important piece of legislation which will be a suitable vehicle for adopting the adequate standards for the protection of consumers.

MR TIK CHI-YUEN (in Cantonese): *Mr President, some organizations are actively promoting the use of female condoms. Has the Administration conducted any studies on the effectiveness of female condoms in preventing pregnancy and AIDS? If not, is the Administration going to do that?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, female contraceptives, or rather female condoms in this context, are a new device. Indeed it was only last year we read in some newspapers that now we are talking about "his" and "hers". But, as I said earlier, any barrier contraceptive device, if correctly and consistently used, should provide for safer sex. The female condom is important in that it gives not only protection but it gives women the right to take charge of her body. So it has a dual message, that is, not only to protect the consumer but also to give a woman the basic right and self-dignity to be in charge of her body. However, given the limited experience of the use of female condom in Hong Kong, or elsewhere I think, it is somewhat premature for us to evaluate the role that it has to play in the overall scheme of things.

MR JIMMY MCGREGOR: *Mr President, I should declare that my interest is purely academic (laughter), at my age (laughter). In the light of the finding by the Consumer Council and if it agrees with this finding, will the Administration inform this Council whether Hong Kong is used as a dumping ground for substandard condoms? And if so, how long will it be before a standard can be established by law to introduce proper spot checks?*

SECRETARY FOR HEALTH AND WELFARE: Yes, we have suspicion that substandard condoms are on sale here. If we pass the legislation already with this Council soon, then we could, through the enabling legislation, make regulations to control the standard — to measure and to mete out suitable penalties to those who have put Hong Kong people at risk.

Capital gains tax on property transactions

5. DR YEUNG SUM asked (in Cantonese): *According to an information paper issued by the Finance Branch to the Legislative Council Housing Panel, the Government is opposed to the idea of introducing a capital gains tax as a means to curb property speculation because the imposition of such a tax would in its opinion contravene the existing policy of maintaining a simple and easy-to-administer taxation system based on low tax rate. Will the Government inform this Council:*

- (a) *how the respective criteria are drawn up to define the level of a low tax rate and a simple taxation system;*
- (b) *according to the findings of the study conducted by the Government, what advantages and disadvantages would be brought to Hong Kong by the introduction of a capital gains tax on real estate investment; and*
- (c) *in view of the limited effect of the existing measures in holding down property prices, what other measures can be taken to discourage property speculation if the Government refuses to introduce a capital gains tax on real estate investment?*

SECRETARY FOR THE TREASURY: Mr President, it is our fundamental policy to maintain a simple, stable and easy-to-administer taxation system based on low rates. Over a very long period of time, such a tax regime has made a significant contribution to creating a favourable climate for business growth in Hong Kong. It is business growth which contributes most to the wealth of Hong Kong, and allows us to leave as much of the workers' earnings in their pockets as possible.

A capital gains tax would send a strong negative signal to both local and overseas investors. The experience of some overseas countries suggests that punitive taxation on certain categories of capital gains is economically counter-productive. It is thus natural that the Administration has strong reservations about introducing such a tax, although the subject is not closed and we are still studying the possible ramifications of such a tax in Hong Kong.

Turning to the first part of Dr YEUNG's question, there is no universal rule for determining what constitutes a low tax rate and a simple taxation system. But a corporate tax rate at 16.5% is recognized as low both in absolute terms and by international standards. To achieve a real benefit, "low" must mean two things in particular: first, that it is low enough to make us attractive in comparison with competitors in the region, and second that rates should be low enough to make avoidance and evasion a relatively unattractive proposition.

It is impossible to pin down a specific level below which rates would be regarded as low. Our salaries tax regime, which also plays a part in attracting investment, is highly favourable both to the local workforce and to overseas investors. At present, no taxpayers are required to pay more than 15% of their salaries in salaries tax. The average effective tax rate for the salaries taxpaying population stands at only 8%, and this will be further reduced to 7% if Members accept the concessions announced by the Financial Secretary last week on salaries tax. We define a low salaries tax rate as one that naturally motivates the workforce to achieve higher productivity, and that assures the workforce that the Government will not seek to take more tax from their hard-earned

salaries than is strictly necessary. The Hong Kong tax system falls comfortably within this definition.

By the same token, there is no agreed definition of a "simple" taxation system. It is clear however that no government has yet managed to introduce an effective tax system that is so simple that every man in the street can understand all of it. But Hong Kong gets close to this. For us, the concept of "simplicity" must include "stability". That is, we must not keep chopping and changing it. No investor is going to want to commit his capital to a country which puts band-aid taxes to address temporary problems, and takes them off again when the need for them goes away or political whim turns against them. We have consistently been following a policy of simplifying and trimming our tax system so as to leave a core of readily understood measures which are productive, easy to enforce, and which meet public revenue needs with minimum requirements for adjustment.

On the second part of Dr YEUNG's question, our initial assessment is that a capital gains tax would have a significant, negative impact on property development and investment in Hong Kong. To provide an effective deterrent against property speculation, the suggested capital gains tax would have to be set at a relatively high level. This would dampen demand not only among speculators but also those who want to make a long-term investment in the property market. This would ultimately reduce the availability of premises for those end-users who opt to lease rather than to own property. There is of course the danger that property developers would respond by cutting back on their production. The longer-term development of the property sector would thus be jeopardized.

During the period 1989-93, private sector building expenditure took up 50% to 60% of the overall expenditure on building and construction in the economy. If you include the service margin of real estate developers, this expenditure accounted for 30% to 40% of the overall investment expenditure in our gross domestic products. A capital gains tax on property transactions would thus impact on a large segment of investment in the economy. In response to the views expressed by the Legislative Council Panel on Housing, we are now working on a quantitative analysis of the impact of a capital gains tax on the property sector and on the economy as a whole. This study has not yet been completed; but it is expected to illustrate the point I am making in more concrete terms.

There are also practical issues we must address in introducing a capital gains tax. They include:

- the appropriate treatment of gains attributable to inflation;
- whether losses should be deductible and, if so, whether they should only be offset against capital gains;

- whether gains should be averaged and brought to charge over a number of years; and
- whether the tax should apply to transactions in stocks and shares in property related businesses.

Indeed, whether a transaction is intended to be speculative is something one can only discover by reading the minds of those concerned. One man's speculation is another man's investment. To try to set out legal definitions, which will not unintentionally penalize genuine home-buyers or those for whom property transactions are the mainstay of a regular day-to-day business, is a tall order. It will never be achieved with 100% precision, and there would have to be avenues for appeal and assessment. It could also lead to widespread attempts to avoid or evade tax, thus increasing the administrative cost of the new tax. All this points to a cumbersome and controversial system.

As to the advantages of the tax, it might depress property prices and bring in additional revenue for the public coffers for a limited duration. But they seem to be an unconvincing argument for introducing a capital gains tax, given the unpredictably wide implications of such a tax and our present strong fiscal reserves.

On the third part of Dr YEUNG's question, I wish to assure him that as a responsible government, we are as concerned as the general public about property speculation and its negative impact on the economy and on individuals. To this end, we have obtained this Council's approval to require the payment of stamp duty on all agreements of sale of residential properties. This will increase the cost of speculation without harming genuine home-buyers. At the same time the Inland Revenue Department will continue its efforts in collecting profits tax from speculative property transactions. These measures have provided some relief.

The key to tackling rising property prices must be to increase supply. We shall pursue this on several fronts. Firstly, we are seeking to increase supply through the annual land disposal programme. In this connection, we have proposed to the Chinese side of the Airport Committee that we provide 62 hectares of new land for residential and commercial developments along the airport railway. Secondly, early next year the Housing Society will make available the first batch of the 10 000 flats for pre-sale under the main Sandwich Class Housing Scheme. Thirdly, we are taking measures to facilitate redevelopment of existing sites. An immediate measure is to boost the staffing of the Lands Department by over 100 in 1994-95 so as to speed up the processing of lease modifications and land exchanges. Fourthly, we are considering whether we can devise a fair and equitable mechanism to assist private developers with land assembly for redevelopment schemes. And fifthly, we are discussing with the Housing Authority on how we could mobilize its surplus funds in speeding up the construction of new housing and supporting infrastructure, instead of redirecting these funds to general revenue.

In conclusion, Mr President, we believe that on present indications, the short-term benefits which a capital gains tax might have are heavily outweighed by its long-term disbenefits. There is a serious risk that imposing a capital gains tax now, assuming it could be effective in curbing activity in the property market, would do no more than reducing prices for the present generation of home-buyers and increasing costs for future ones. If you accept that the demand for homes is going to be fairly stable, then temporary band-aid measures to suppress demand are just going to compound the problem until later. The fundamental solution must be to make better progress in satisfying demand through increasing land supply. We are well aware of the problems faced by aspiring home-owners as a result of the rising property prices. We are pursuing various options with a view to providing them with speedy and effective relief. And we have not closed our book on a capital gains tax.

Thank you.

DR YEUNG SUM (in Cantonese): *Mr President, the Secretary's reply seems to say that the introduction of a capital gains tax will have a significant impact on the property market, and so it has more disbenefits than benefits. But according to the law of the market forces, if the Administration will believe in it, when demand in the property market exceeds supply, trading will definitely yield profit. So the Administration needs not worry too much. My question is: Is the Administration aware that monopoly and hoarding are basically existent now in the private property market now? If so, how is it going to improve the situation; if not, how will it justify what it says?*

SECRETARY FOR TREASURY: I think it is a question, Mr President, which would best be answered by the Secretary for Planning, Environment and Lands.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Yes, Mr President. I thank my colleague for giving me the opportunity to reply. The question of a monopoly in the land market is actually a flag — a jargonistic flag — which is waved, rather like the flag which refers to a government high land prices policy, when generally people are actually unable to identify the problem and present cogent options for solving it. The fact of the matter is that the Hong Kong construction industry produces close to 70 000 flats a year and the market deals in, roughly speaking, 150 000 transactions, and of course whilst there may not be 150 000 sellers, there are obviously a considerable number of sellers. The suggestion therefore that the market is monopolistic, I believe, is over-simplification and as I say a convenient reference to a difficult problem.

As far as the question of land developers hoarding land is concerned, this is a flag of a very similar kind. And although the flag is waved extremely frequently and persistently, I have not yet had any clear evidence or indication of any piece of land or any land bank which could be described as being

hoarded by anybody. The point I think about the production of flats is that for almost all new land disposed of by the Government, and for many other cases where we impose conditions under land exchange and lease modification terms, building covenants are also imposed which require the production of a degree of the development within a fixed period, either in terms of a quantity of gross floor area or of value of the property. So there is plenty of discipline, apart from the market discipline, on developers to actually produce flats when they undertake development. So I am not sympathetic to the idea that there is either a monopoly or significant hoarding of land or flats, but I should be very pleased to see some evidence.

MR RONALD ARCULLI: *Thank you, Mr President. I am grateful to the Secretary for Planning, Environment and Lands for putting the record straight. But back to the question raised by Dr YEUNG Sum. The Secretary for the Treasury has given quite a comprehensive answer to his question. But I am disappointed that the Administration feels it needs to actually study the possible ramifications of a capital gains tax as a means to curb property speculation. Since the purpose of the suggested capital gains tax is to curb property speculation, would the Secretary for the Treasury agree that the phrase "property speculation" entails property trading, which under our present law, and simple and stable system of taxation, would be taxable in any event, so that there would be no need for introducing a complex and new and perhaps ineffective capital gains tax?*

SECRETARY FOR TREASURY: Mr President, I have explained clearly the Administration's views. We have strong reservations about introducing a tax which is going to be a burden on capital gains. However, this request was specifically made by the Legislative Council Housing Panel and it is a reasonable request. I think it is incumbent on the Administration to look into it in a systematic and a thorough way. This is what we are doing. And I do agree with Mr ARCULLI that we do have a simple and very effective tax system and we should be very wary of making any unnecessary modifications to it.

MR ERIC LI: *Mr President, can the Administration confirm that in considering the issue of capital gains tax at any time, they would take into account: firstly the general taxation principle that the same transaction must not be taxed more than once by way of capital gains tax and profits tax or stamp duty; secondly, officials are fully aware of a distinct possibility of making further modification to the existing combination of stamp duty and profits tax as superior alternatives to achieve, particularly in the long term, a simpler, more stable, efficient and effective tax system which is consistent with the present fiscal philosophy and much less disruptive to the home owners' market?*

SECRETARY FOR TREASURY: That seems to be quite a tall order, Mr President. But I am sure these issues will be touched upon in our study about whether a capital gains tax in Hong Kong should be introduced.

MR LEE WING-TAT (in Cantonese): *Mr President, I would like to follow up paragraph 12 of the reply that touches on land supply. In recent years, whenever the the issue of speculation in private properties was discussed, the Administration would say that it would try to increase land supply. In 1991 and 1992, both the Financial Secretary and Mr EASON estimated that there would be a supply of 70 000 private flats in 1992/93. But according to our estimate, the number of private flats made available up to the end of last year was only 54 000, that is, 16 000 short of the projected figure. I would like to ask Mr EASON: As far as land production is concerned, does the Administration have a precise figure on the amount of disposable land that can be made available annually? If not, what he has said about an annual increase of 35 000 private flats can only be a lie. Can he make up for the shortage of 16 000 flats in the last two years by way of land leases to be agreed upon with the Land Commission next year, and significantly increase the land supply in the future to a level which will enable an annual production of 45 000 to 55 000 flats?*

PRESIDENT: I do not think it would be in order to suggest that a Member of this Council or a public officer is lying, Mr LEE, but I am sure the question can be otherwise answered.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Thank you, Mr President. Certainly I would regret the suggestion that there might be a misrepresentation in anything that I seek to put before this Council.

I think a good deal of counting of flats and averaging of production is perpetually done. And the idea that if we say that the target for the Housing Authority's production is X flats in any one year and that in the private sector the production forecast is Y flats, and if that figure is not hit upon, then it is regarded as some major falling short, either by the Housing Authority or by the private sector, I think, is to look at these things in entirely the wrong way. A good deal of different factors can affect the production of a housing estate or a private development. I think that if one looks at the figures over a period, other than individually year by year, one will find that the production is consistently around the figures which we talk about as being the average annual figures. And the indications are that not only in the next four or five years will we be able to hit a production forecast of about 70 000, but if the measures that we have been talking about and which the Financial Secretary has outlined in his budget speech are effective, then we will actually be able to exceed the 70 000 production forecast within a reasonable period. I think, therefore, we should not get ourselves too excited about particular deviations from a trend. The

trend is clearly upwards and there are good chances that we can improve on that further.

DR DAVID LI: *Mr President, will the Administration inform this Council how it attempts to balance its act of controlling property speculation without damaging the property market and our economy as a whole?*

SECRETARY FOR TREASURY: Mr President, I think I have explained in my answer to Dr YEUNG Sum that we have, of course, been very cautious in not introducing any drastic measures and we will rely largely on the market to operate and find its balance. Indeed we have set out how this Administration will try to resolve the problem at its roots, that is, to increase the supply of land and we have set out a number of measures in doing this. I think we have struck the right balance.

Written Answers to Questions

Hung Hom KCR Station remodelling

6. DR SAMUEL WONG asked: *Will the Government inform this Council:*

- (a) why it is considered that spending \$1 billion in remodelling the existing KCR Station in Hung Hom is both cost-effective and of high priority, bearing in mind that the station has been operating quite smoothly for over 10 years;*
- (b) in selecting an architectural consultant to handle this project, whether a competition was held so that design concepts and professional fee levels could be obtained in a fair and open manner; and*
- (c) if a competition was held, whether it was limited to professional architects and engineers registered under the respective registration Ordinances?*

SECRETARY FOR TRANSPORT: Mr President, the capacity of, and facilities at, the Kowloon Station are grossly inadequate to meet present let alone future demand. Built in 1975, the existing terminal was not designed to cope with international traffic; nor was it designed to handle the current volume of 150 000 to 160 000 passengers per day which is four times its design capacity. Customs and immigration facilities have been provided on an improvised basis and through-train passengers have to wait in long queues outside the concourse. As patronage for both domestic and cross border traffic is forecast to grow substantially, it is imperative to upgrade the station to provide, *inter alia*, for a

station podium double its present size as well as modern international facilities. In view of its size and complexity, the total cost of the project, estimated at \$1 billion, is considered to be reasonable by the corporation.

In seeking conceptual solutions to the capacity and design constraints of the Kowloon Station and in line with its established procedure, the Kowloon-Canton Railway Corporation called for proposals from six established and experienced architectural and design consulting firms, whose professional members are fully qualified and registered locally. Following an internal assessment, the firm which best demonstrated its ability and experience in transport design solutions on a scale experienced at the Kowloon Station was selected to work with the corporation in examining the problems and identifying potential solutions.

The preliminary study has been completed. The Board of the KCRC will shortly consider the findings and decide how best the project should be implemented.

Community Awareness Programme

7. MRS SELINA CHOW asked (in Chinese): *Will the Government inform this Council how effective is the Community Awareness Programme introduced at earlier times under which residents of Tin Shui Wai take part in the escort teams of the Programme, and whether the police has any plan to extend the Programme to other districts?*

SECRETARY FOR SECURITY: Mr President, the Community Awareness Programme, introduced by the police in Tin Shui Wai, has been effective in securing public support to combat crime, following in particular the series of rape and indecent assault cases in the district. The Programme involves the training of local residents and secondary students in crime prevention and personal safety, so that they can then escort unaccompanied girls to their homes.

Since the start of the Programme in November 1993, 402 volunteers have registered, of whom 273 have been trained as volunteers to provide escorts. The Programme, combined with the efforts of the police, has had a clear deterrent effect; since its commencement, the Police Force has not received any further reports of rape or indecent assault in Tin Shui Wai.

The Community Awareness Programme in Tin Shui Wai was designed to tackle a specific law and order problem in a newly established residential district where community relations had yet to be fully developed. However, there are already well-established channels to address similar policing problems elsewhere, and so we do not consider it appropriate to extend the Programme to other districts. We will, however, consider introducing the Programme elsewhere if circumstances so require.

Convention on the Elimination of All Forms of Discrimination Against Women

8. MISS CHRISTINE LOH asked: *Will the Government inform this Council of the legislation to be amended or introduced, and the non-legislative measures to be undertaken, in order to extend the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to Hong Kong?*

SECRETARY FOR HOME AFFAIRS: Mr President, the Hong Kong Government hopes to be able to take a decision shortly on whether we should seek to have the United Kingdom to extend CEDAW to Hong Kong. If it is decided that CEDAW should be so extended, a set of legislative and non-legislative measures would need to be developed to enable us to comply with the provisions of the Convention. As CEDAW would introduce new international rights and obligations in respect of Hong Kong, it would be necessary to consult the Chinese side in the Sino-British Joint Liaison Group in accordance with the agreed guidelines.

Electronic newspapers

9. DR CONRAD LAM asked (in Chinese): *As a number of advanced European and American countries have launched their issue of the electronic newspapers, will the Government inform this Council:*

(a) *whether the Government would support the development of this form of newspapers in Hong Kong; and*

(b) *if so, what specific measures or plans the Government is going to adopt in this respect; if not, what the rationale is for not supporting such development?*

SECRETARY FOR HOME AFFAIRS: Mr President, the Hong Kong Government is fully committed to maintaining a free and active press in the territory. The Government also subscribes to the concepts of free market in services and an open society. As such, there are no restrictions on the introduction of new forms of media.

The Government has no plans to introduce electronic newspapers but would be happy to see their introduction by the private sector.

Banners in public places

10. MISS EMILY LAU asked (in Chinese): *Regarding the decision of the Lands Department to permit banners expressing views on basic human rights and political systems to be displayed in Wan Chai District only, will the Government inform this Council:*

- (a) *of the grounds and the policy papers or administrative instructions under which such permission was given;*
- (b) *whether such restriction has infringed the freedom of expression safeguarded by the Bill of Rights;*
- (c) *what measures are in hand to ensure that the legislation, policy and administrative arrangements governing the display of banners will not contravene the Bill of Rights, so that different political views can be expressed on a fair basis and the spirit of freedom and democracy will be upheld; and*
- (d) *whether the Administration will review the legislation, policy and administrative arrangements (including the Wan Chai Pilot Scheme for the Display of Publicity Materials) governing the display of banners and consult the views of the Legislative Council in this respect?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Under existing guidelines, District Lands Officers only approve non-commercial advertising involving the display of banners and posters on government land for special events. The main criterion for approval is whether the event to be publicized is non-commercial and of interest to the general public. Factors such as possible obstruction to the public and traffic safety are also taken into account. Applications which are not related to a particular event are normally not accepted.

In mid-1992, in view of the demand from some district board members and Legislative Council Members to erect signboards and banners in public places, for example on street railings, to publicize their activities, services and offices, a review was carried out to see if this demand could be met and to consider the regulatory aspects and resource implications as well as the environmental impact of any new arrangements.

In June 1993, a pilot scheme was begun in the Wan Chai District for a trial period of two months using a new set of guidelines, under

which applications for the display of signboards and banners would be approved provided that no commercial advertising or material of an invidious nature was involved. It was intended that if the scheme was successful, the Government would consider introducing it on a territory-wide basis subject, among other things, to resources being available. Two additional staff were specially deployed in the District Lands Office/Hong Kong West to implement the scheme. In August 1993, on completion of the pilot scheme, the two staff were removed but DLO/HKW continues to handle applications relating to the Wan Chai District based on the new guidelines but without the follow-through enforcement action which was part of the pilot scheme. Because of resource constraints, and other competing priorities, it has not been possible to extend the pilot scheme to other districts.

(b) and (c)

Bill of Rights implications would arise if favourable treatment were given to any group, be it charitable or public interest-based, and similar treatment was not given to other groups in respect of similar types of activity. This is not the case under the existing guidelines, which are applied to all groups in the same way. The same is true of the guidelines currently applied in Wan Chai.

(d) Consideration is being given to extending the guidelines now being applied in Wan Chai to other districts. Changes to current legislation should not be required to ensure fairness.

District Court cases backlog

11. MISS EMILY LAU asked: *In view of the private legal profession's offer to help clear the backlog of District Court cases by serving as temporary judges, will the Administration inform this Council:*

- (a) *whether this proposal will be accepted;*
- (b) *if not, what are the reasons; and*
- (c) *what plans are in hand to solve the backlog?*

CHIEF SECRETARY: Mr President, the legal profession's offer to serve as temporary District Judges has already been accepted by the Judiciary. The Chief Justice has issued invitations to a first group of 12 lawyers. Eleven of them have indicated willingness to serve for four weeks or more. Most of them will be available in the summer. Arrangements are now being made to fit the dates when they are available into the Court diary.

Other plans in hand to reduce the backlog in the District Court include:

- (a) the implementation on a trial basis of a recording system in the District Court to relieve District Judges from taking detailed notes and thus speed up the proceedings;
- (b) the introduction of computerization to provide assistance in the listing of cases; and
- (c) the temporary deployment of additional judicial officers to the District Court.

"Cleaning up the Countryside" project

12. DR TANG SIU-TONG asked (in Chinese): *With regard to the project of "Cleaning up the Countryside" which is due to start in 1994 as proposed in the Policy Address by the Governor in October last year, will the Government inform this Council of the detailed programme for this project, including all arrangements relating to deployment of manpower and financial resources and the proposed time schedule?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the "Cleaning up of the Countryside" exercise will be undertaken by a multi-disciplinary task force to be set up in the Lands Department. A core team was formed in November 1993 to carry out preparatory work and the full team of over 100 staff is expected to be established in phases over the next few years. A first request for funds will be submitted to the Finance Committee shortly.

Due to the scale and complexity of the problem, the exercise may last some years. The task force will target specific action areas and Shek Kong Valley will probably be the first target area. All possible existing administrative and legal measures will be taken in the short and medium term with a view to achieving an immediate impact. This will mainly involve the clearance of black spots located on government land and rehabilitating or landscaping the cleared land, and liaising with, and seeking, the cooperation of, operators on other land which is under government control. The Central Enforcement and Prosecution Section of the Planning Department will also be taking action under the Town Planning Ordinance against unauthorized development on private land. Other longer-term solutions, the formulation of which will need careful deliberation, will be devised to tackle the more difficult problems. A special committee comprising mainly non-official members will shortly be set up to advise the Government on, and help monitor, this exercise.

For more information, Members may wish to refer to the note on the Black Spots Task Force previously issued to the Legislative Council Lands and Works, Environmental Affairs and Community and New Territories Affairs Panels on 18 January, 17 and 19 February 1994 respectively.

Sports development

13. MR CHIM PUI-CHUNG asked (in Chinese): *In view of the forthcoming merger of the Hong Kong Sports Development Board and the Hong Kong Sports Institute, will the Government inform this Council:*

- (a) *whether there will be changes to the procedure of selecting local athletes for participation in international sports competitions, which organization is responsible for the selection and why is that organization assigned the responsibility; and*
- (b) *what criteria are adopted in selecting local athletes for international sports competitions, how to ensure that such selection will not be affected by personal preferences, and whether the selection criteria will be subject to review?*

SECRETARY FOR RECREATION AND CULTURE: Mr President, there will not be any change to the procedure of selecting athletes for participation in international sports competitions as a result of the forthcoming merger of the Hong Kong Sports Development Board and the Hong Kong Sports Institute.

The selection of athletes to represent Hong Kong is not a government responsibility. As with all other participating countries and territories, it rests with the national sports associations who are the sole authority in single-sports competitions.

The aim of the selection process is to ensure that Hong Kong is represented in the best way possible and in the spirit of fair play, without distinction of race or background and complying with the requirements of the sports associations concerned.

Generally speaking, the process goes through two stages which, in the case of multi-sports games, is done through the Amateur Sports Federation and Olympic Committee of Hong Kong:

- (a) the identification of potential high performance athletes through local open championships; and
- (b) the selection of representatives through a series of selection trials.

When selecting athletes to represent Hong Kong, the national sports associations ensure that:

- (a) the selection process is open and fair;
- (b) the procedures are publicized to all registered players, members and member clubs within a reasonable timeframe;
- (c) all national competitions and the selection of participants in international games are undertaken within guidelines laid down by the respective international federation; and
- (d) athletes must meet residential and other eligibility criteria applied by the international federation and/or the event organizer, and according to the rules and practice of the Amateur Sports Federation and Olympic Committee of Hong Kong as meeting the necessary conditions to represent Hong Kong.

The Amateur Sports Federation and Olympic Committee of Hong Kong is the authority to approve the selection and to control Hong Kong's representation in Olympic, Asian, Commonwealth, and other multi-sports regional and international games. Depending on the circumstances and requirements of each individual sport, the Amateur Sports Federation and Olympic Committee of Hong Kong may lay down additional considerations in consultation with the parties concerned, such as the minimum performance standard required in keeping with the known standards of other participating countries or territories, the training programmes expected, the results of medical fitness tests, and the size of the contingent for the sport. This is the general procedure among National Olympic Committee worldwide.

Flush water supply in Kowloon East

14. MR LEE WING-TAT asked (in Chinese): *In view of the nuisance caused to the residents in Kowloon East by frequent suspension of flush water supply, thereby constituting a waste of fresh water, will the Government inform this Council of:*

- (a) *the number of times when the flush water supply in Kowloon East was suspended over the past three years;*
- (b) *the numbers of such cases involving public housing estates and private buildings respectively; cause of the suspensions and the time required for resumption of flush water supply; and*
- (c) *the short-term and long-term measures in hand to alleviate such problem?*

SECRETARY FOR WORKS: Mr President, suspension of flush water supply can be caused by defects or planned isolations in the water supply system outside the boundary of the housing estates, as well as problems within the plumbing system of individual buildings or housing estates.

Records for suspension of the water supply system outside the buildings or housing estates in Kowloon East (Kwun Tong District) are indicated in the Appendix.

Suspension originated from the internal plumbing system of Housing Authority estates are indicated below. Note that 83% of the suspensions lasted for less than one day.

	<i>No. of Suspension</i>
1991	92
1992	77
1993	267
Total:	436

Causes of the suspensions generally include mains bursts and planned isolations (for maintenance and connection works and so on), and for the internal plumbing system, blockage of the strainers by moss and failures of pumping equipment.

The Government is aware of the frequent damage to water mains by roadwork activities in recent years. As a positive and immediate measure to tackle the problem, the Water Supplies Department has set up Inspection Teams to step up the surveillance of roadwork activities which are likely to affect the underground water mains as well as to provide guidance and advice to contractors and utility undertakers for the protection of water mains. It is anticipated that the impact of roadwork and/or other utilities' activities resulting in mains burst will be significantly reduced in future.

Within public housing estates, monitoring of the performance of maintenance contractors in this Region will be tightened up to bring about quicker response to pumping breakdowns and better repair service. The problem of strainer blockage has been satisfactorily resolved in 1993 by more frequent cleaning of the supply system. In the longer run, Housing Department has planned to upgrade internal pumping installations for old estates in the territory at a rate of 40 to 50 pumping systems per year in order to minimize the occurrence of equipment failures and hence supply interruptions.

Suspension of Flushing Water Supply in the Kowloon East

Year	No. of Suspension Affecting				Causes of Suspension			Average Time for resumption of supply (hour)
	Public Housing Estates only	Private Buildings only	Both Public and Private Buildings	Total	Mains Burst caused by road works	Mains Burst due to other reasons*	Planned Isolation	
1991	23	119	16	158	33	119	6	17
1992	45	121	28	194	19	167	8	15
1993	41	113	27	181	20	148	13	12
Total	109	353	71	533	72	434	27	-

* These include settlement/upheaval of ground, traffic vibration, external loading, movement of anchor or thrust block support the water pipe, corrosion, faulty materials and workmanship and so on.

Overseas students in UPGC-funded institutions

15. MR TIK CHI-YUEN asked (in Chinese): *The University and Polytechnic Grants Committee (UPGC) has set the standard that the ratio of overseas students enrolled in UPGC-funded institutions shall not exceed 20%. will the Government inform this Council of the percentage of overseas students attending degree and post-graduate courses respectively in each relevant tertiary institution in the past three years, and the monitoring measures to ensure adherence to this standard?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, in May 1993, the Governor in Council approved that the UPGC-funded institutions should be permitted to enrol a limited number of non-local students on UPGC-funded courses. Local students are defined as "students who have a right of abode in Hong Kong, or have resided or had their home in Hong Kong continuously for three years immediately prior to the commencement of their courses." All other students are considered to be "non-local students".

UPGC-funded institutions may enrol non-local students at sub-degree, first degree and taught postgraduate levels up to a maximum of 2% *over and above* the respective approved student number targets. For postgraduate research courses, however, institutions may enrol up to 20% of non-local students *within* the approved student number targets for these courses.

As regards the percentage of non-local students attending degree and postgraduate courses respectively in each UPGC-funded institution, the UPGC does not have such statistics before the academic year 1992-93. Statistics relating to the academic year 1992-93 are at Annex. Statistical information for the academic year 1993-94 will not be available until the end of March 1994.

The UPGC monitors the student enrolment situation in the UPGC-funded institutions, including the number of "non-local students" attending degree and post-graduate courses, in the context of the institutions' annual statistical returns.

Annex

Number (in fte) and percentage of non-local students
enrolled at UPGC-funded institutions in 1992-93

<i>Institution</i>	<i>Taught Undergraduate</i>	<i>Research postgraduate</i>	<i>postgraduate</i>
CPHK	0 (0%)	1 (0.2%)	7 (6.3%)
HKBC	0 (0%)	0.5 (2.0%)	3 (7.3%)
HKP	24 (0.4%)	4 (0.6%)	21 (12.4%)
LC	0 (0%)	-	-
CUHK	4 (0.05%)	9 (1.3%)	87 (12.7%)
HKUST	3 (0.2%)	10 (5.0%)#	21 (10.7%)
HKU	148 (1.9%)	72 (5.1%)#	151 (22.5%)#
Total	179 (0.5%)	96.5 (2.8%)#	290 (15.5%)

The policy on non-local students approved by the Executive Council in May 1993 only came into effect in the 1993-94 academic year.

Security measures at public housing estates

16. MR WONG WAI-YIN asked (in Chinese): *Will the Government inform this Council:*

- (a) *whether there are any specific plans to carry out improvement works on the security measures of all the public housing estates in the territory; if so, what are the implementation schedule and details and whether priority will be accorded to estates with poorer public order (for example, Tin Yiu Estate and Tin Shui Estate in Tin Shui Wai and Yau Oi Estate and Tai Hing Estate in Tuen Mun); and*
- (b) *whether consideration will be given to installing telephones and stationing security guards at the lobbies of the buildings before the completion of the necessary works?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The Housing Authority is committed to improving security measures in public housing estates. A three-year programme will begin in early 1995 to provide additional security measures to all new Harmony blocks now under construction and to 209 existing Trident and Harmony blocks. These measures include installation of security gates at main entrances, closed circuit television and doorphone systems and the provision of a 24-hour security guard service.

A working group has been set up by the Housing Department to examine suitable security measures and implementation details for the remaining 983 housing blocks of various designs and will submit its recommendations to the Authority in mid-1994. In addition to using the findings of a recent survey on security measures in public housing estates, the department will also consult Mutual Aid Committees on the proposed measures. The working group will take account of the security situation in particular estates in setting priorities for the improvement programme.

- (b) The possibility of installing telephones and stationing security guards in the lobbies of housing estate blocks before completion of the main security works will be considered by the working group.

Administrative Officers appointed to directorate posts

17. MR LEE WING-TAT asked (in Chinese): *Regarding the posts at directorate ranks in the Social Welfare Department, the Education Department and the Housing Department, will the Government inform this Council:*

- (a) *of the respective numbers of Administrative Officers and departmental staff at such ranks; and*
- (b) *whether a certain ratio is used as a basis for appointing Administrative Officers and departmental staff to the posts at each directorate rank in the above departments; if so, what is the percentage; please also state the policy in this respect.*

SECRETARY FOR THE CIVIL SERVICE: Mr President,

- (a) The breakdown of departmental staff, Administrative Officers and other General Grades staff (for example, Executive Officers, Treasury Accounts, Management Services Officers, and so on) in the directorate ranks of the three departments is:

<i>Department</i>	<i>Departmental grades</i>	<i>Administrative grade</i>	<i>Other general grades</i>	<i>Total</i>
Social Welfare Department	10	2	1	13
Education Department	23	1	2	26
Housing Department	45	2	4	51

- (b) There is no ratio for the appointment of Administrative Officers to the directorate ranks of these, or any other, departments.

MTR train frequency

18. MR LEE WING-TAT asked (in Chinese): *As the Mass Transit Railway Corporation has increased the frequency of its train services on the Tsuen Wan Line in the morning peak period to 31 trains per hour since 3 May 1993, will the Government inform this Council:*

- (a) *whether it is aware of complaints made by members of the public that since the frequency increase, train services on the Tsuen Wan Line have been subject to more frequent delays in the morning peak period as compared with train services on the other lines;*
- (b) *if so, what are the statistics on the numbers of such delays as from May 1993; please also list out the number of delays on the Tsuen Wan Line from May 1992 to February 1993 for comparison purpose; and*
- (c) *what measures are currently taken to improve the above situation?*

SECRETARY FOR TRANSPORT: Mr President, the Honourable LEE Wing-tat's question implies that there is a serious problem of delays on the Tsuen Wan line. That is certainly *not* the case as only a grand total of four complaints have been lodged with the Transport Complaints Unit in the periods referred to by Mr LEE. (Details are given in the annex to this reply). Moreover, the MTRC has confirmed that they have not received any feedback on delays during their "coffee times" with commuters or through other channels of liaison.

According to MTRC records, 90.4% of trains on the Tsuen Wan Line during the morning peak hour were on time between May 1992 and February 1993. This compares with 87.5% between May 1993 and February 1994. But

bearing in mind that there has been an additional scheduled train during the morning peak hour since May 1993, there has been no real significant delay in service. To put it in another way, the corporation achieved its target of 30 to 31 trains on the Tsuen Wan Line during the morning peak hour on 184 weekdays out of a total of 210 weekdays between May 1993 and February 1994 as compared with a total of 29 to 30 trains on 190 weekdays out of a total of 203 weekdays between May 1992 and February 1993.

The MTRC believe that the very slight decline in the level of service is attributable to longer embarkation and disembarkation time during rush hours rather than any technical or engineering problem. The records also show that, during the past three winter months, there has been an increase in the use of Passenger Alarms on the Tsuen Wan Line — this contributed to some delay in train movements.

MTRC will continue to ensure highest possible reliability from its equipment and seek the co-operation of its customers so as to maintain its high standard of services.

Annex

Complaints about delays in MTR service received by
Transport Complaints Unit

<i>Description</i>	<i>May 1992 to February 1993</i>	<i>May 1993 to February 1994</i>
Total number of complaints received	2	4
Breakdown:		
Complaints about -		
(a) Tsuen Wan Line	2	2
(b) Kwun Tong Line	0	1
(c) Island Line	0	1
	2	4
	<u>2</u>	<u>4</u>

Neon-light signboards control

19. MR FREDERICK FUNG asked (in Chinese): *In view of the strong overnight illumination of some giant neon-light signboards which has caused nuisance to the residents of nearby buildings, will the Government inform this Council:*

- (a) *which Government departments the affected residents should approach to lodge complaints; and*
- (b) *whether consideration will be given to introducing legislative control over the time and level of illumination of the neon-light signboards; if so, what time-frame has been drawn up to this effect; if not, what the reasons are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, there are no legislative controls nor is it intended to introduce control over neon lights or signs. A person who feels that a light or sign of this kind is a nuisance should seek legal advice as to whether it is actionable through the courts.

Motions

CRIMINAL PROCEDURE ORDINANCE

THE CHIEF SECRETARY moved the following motion:

"That the Legal Aid in Criminal Cases (Amendment) Rules 1994, made by the Chief Justice on 1 February 1994, be approved."

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

A scale of maximum fees payable to lawyers in private practice who are engaged by the Director of Legal Aid in criminal cases is set out in Rule 21(1) of the Legal Aid in Criminal Cases Rules under the Criminal Procedure Ordinance. Under section 9A of that Ordinance, these Rules are made by the Chief Justice and approved by this Council.

During the Finance Committee meeting on 16 October 1992, Members approved a two-phase increase in most of the fees prescribed in Rule 21(1) of the Legal Aid Criminal Cases Rules. The first phase of the increase came into effect on 1 November 1992, and the second phase is scheduled for 1 April this year.

The Chief Justice has made the Legal Aid in Criminal Cases (Amendment) Rules 1994, in order to bring the second phase of the fee increase into operation on 1 April. In accordance with section 9A of the Criminal Procedure Ordinance, the Rules now require the approval of this Council by resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

TRADING FUNDS ORDINANCE

THE SECRETARY FOR WORKS moved the following motion:

"That with effect from 11 March 1994 -

- (a) on the recommendation of the Financial Secretary, the Sewage Services Trading Fund ("the trading fund") shall be established to manage and account for the operation of the government service of sewage services;
- (b) the services to be provided under the trading fund shall be those specified in Schedule 1;
- (c) the assets set out in Schedule 2 shall be appropriated to the trading fund;
- (d) unless otherwise provided in a subsequent resolution in respect of the trading fund, the net value of the assets appropriated to the trading fund shall be shown in the Capital Investment Fund as a contribution of trading fund capital.

SCHEDULE 1

[para. (b)]

SERVICES TO BE PROVIDED BY THE TRADING FUND

1. During the period from 11 March 1994 until the date of the introduction of a scheme of charging for sewage services, design and construction of the following capital projects forming part of the "High Priority Programme of the Sewage Strategy" -
 - (a) Strategic Sewage Disposal Scheme Stage I;
 - (b) Tsuen Wan/Kwai Tsing Sewerage Master Plan;
 - (c) Northwest Kowloon Sewerage Master Plan;
 - (d) North and South Kowloon Sewerage Master Plan;
 - (e) East Kowloon Sewerage Master Plan;
 - (f) Chai Wan and Shau Kei Wan Sewerage Master Plan;
 - (g) Tseung Kwan O Sewerage Master Plan.

2. On and after the date of the introduction of a scheme of charging for sewage services -
 - (a) design and construction of capital projects of the "High Priority Programme of the Sewage Strategy" and other sewage services projects;
 - (b) maintenance and operation of public sewerage systems and sewage disposal facilities;
 - (c) billing and collection of charges for sewage services levied in accordance with an Ordinance.

SCHEDULE 2

[para. (c)]

ASSETS

\$6.8 billion in cash."

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

In March last year, this Council passed the Trading Funds Ordinance to enable certain government services to be financed and managed under special arrangements. Trading funds will improve operational efficiency and service standards, and will ensure value for money, in departments which are able to finance the services they provide through charges to the users.

In accordance with section 3(1) of the Trading Funds Ordinance, I now move that a trading fund, to be known as the Sewage Services Trading Fund, be established in the Drainage Services Department.

The Sewage Services Trading Fund as now proposed, will manage and account for the operation of sewage services. This will involve a number of key tasks and, in particular, the timely implementation of a programme of capital works urgently needed to reduce pollution in the Harbour. It will also be accountable for revenue accruing from new charges, which it is proposed will be introduced to cover the cost of operating sewage services.

My colleague, the Secretary for Planning, Environment and Lands, has said in this Chamber that unless we apply ourselves to dealing with the pollution in our harbour, we all may be able, literally, to walk on water. The Administration firmly believes that Members of this Council and of the general public having repeatedly called for this situation to be improved, now have the right to expect vigorous and urgent action to deal with the situation.

Following exhaustive studies of the options available, we have identified a High Priority Programme of capital works which will deal with at least 70% of the pollution in the harbour, within the shortest possible time-scale. This programme includes the provision of new and improved collector sewers in many urban areas around the harbour, and the construction of deep tunnels to carry the sewage to a primary treatment and disinfectant works on Stonecutters Island. This system is programmed to be commissioned by mid-1997, at a total cost of some \$8.1 billion at 1993 prices, providing that implementation begins immediately.

An initial \$1.3 billion from the Capital Works Reserve Fund (CWRF) has been earmarked for sewage works under the Public Works Programme. The Finance Committee, to ensure the early completion of the High Priority Programme, has recently allocated a further injection of \$6.8 billion, conditional upon the establishment of a Sewage Services Trading Fund to manage the capital build programme and the operation of sewage services thereafter. Operation as a trading fund provides full reconciliation between operating expenses and revenue from charging. Project implementation by way of design, contract award and construction will be specially reported on to this Council, and the award of contracts will follow existing public works programme procedures.

In December last year this Council endorsed the principle that users should pay for sewage services — the "polluter pays" principle. Within the next two months, we will introduce into this Council legislation aimed at implementing a scheme of charging for sewage services.

Following the introduction into law of the charging scheme, the Sewage Services Trading Fund will be responsible for the collection of charges and the proper use of the revenue to fund the operating costs of providing sewage services. May I again emphasize that it is only by way of a Trading Fund, with annual accounts audited by the Director of Audit, that Members of this Council and the public at large will be able to see clearly where the money raised from charges is being spent.

Turning briefly to the resolution itself, subparagraph (a) establishes the Sewage Services Trading Fund, whilst subparagraph (b) refers to Schedule 1 outlining the services to be undertaken by the Fund. Subparagraph (c) refers to the trading fund capital described in Schedule 2, and sub-paragraph (d) clarifies that, subject to any further resolution, the trading fund capital is the working capital of the Fund.

Schedule 1 to the resolution outlines the services to be provided by the Trading Fund. Section 1 of this Schedule provides that, pending the introduction of a sewage charging scheme, these duties are confined to design and construction of the projects in the High Priority Programme. Section 2 of the same schedule explains that, once a sewage charging scheme is in place, the

role of the Fund will extend to maintaining and operating sewage services and issuing bills for and collecting charges for those services.

Mr President, some Members of this Council have voiced concern that having a large amount of public money managed by way of the Sewage Services Trading Fund might in some way reduce public accountability for and transparency in the use of this money. Although I and my colleagues have been provided with opportunities to meet Members to allay such concerns, I feel that it is worth briefly reiterating a number of points.

First, the public will have direct access to much more detailed information on the construction phase of the High Priority Programme and the disbursements from the sewage charging scheme, than would be the case if sewage services were to remain within the "conventional" government department system. The Trading Funds Ordinance requires that annual reports be tabled before the Legislative Council along with an indication of longer-term business plans. This will result in far greater public accountability for the delivery of services.

Second, under section 6 of the Trading Funds Ordinance, the services to be provided by a trading fund are strictly limited to those prescribed by this Council when resolving to establish the fund. There will be a clear separation of trading fund activities from other activities handled by the Drainage Services Department, and this separation will be spelt out in the trading fund documentation available to the public.

Third, I have undertaken to give regular reports on the progress of capital works under the High Priority Programme to Members of this Council, which will show clearly how the Trading Fund's capital is being applied. These reports will include information on all contracts awarded under the programme and will show also that capital and recurrent expenditure under the Fund are entirely separate.

Under section 3(2) of the Ordinance the Financial Secretary is legally required to have regard to the capability of a Trading Fund service: "to provide an efficient and effective operation that meets an appropriate standard of service." I and the General Manager will be fully accountable in this regard, and I am fully satisfied that the Sewage Services Trading Fund will provide such a standard of service. May I therefore, Mr President, recommend, under section 3(1) of the Ordinance, that the Sewage Services Trading Fund be established on the terms set out in the resolution before this Council.

Mr President, I beg to move.

Question on the motion proposed.

MR VINCENT CHENG: Mr President, the subcommittee set up to study this motion has held four meetings with the Administration. Members of the subcommittee raised various points for clarification and put forward their views and suggestions on the operation of the trading fund as well as the capital works projects of the High Priority Programme of the sewage strategy to be funded by the \$6.8 billion Trading Fund Capital which the Finance Committee approved on 4 February.

Members also studied very carefully the proposed Framework Agreement to be signed between the Secretary for Works and the Director of Drainage Services governing the respective role and the responsibility of the two parties, in respect of the operation of the trading fund. A number of amendments have been made to the agreement eventually and I shall describe them in greater deal later on.

Members of the subcommittee have no dispute whatsoever over the need and urgency of the construction of the High Priority Programme in order to improve the water quality of our harbour. However, they are concerned about the need for establishing a trading fund, priorities to be monitored, the implications of the capital expenditure of the trading fund on the level of charges for sewage services and the way to handle operating surplus, if it appears.

With regard to the need for establishing the trading fund now, the Secretary for Works has just given the reasons in his speech and I do not want to repeat them here. We are all looking forward to the early implementation of the programme of the capital works involved and their timely completion in a cost-effective manner.

Some members of the subcommittee raised concern about the technology to be used for sewage treatment. The Administration has agreed to review, in parallel to the construction of the projects, other options for sewage treatment, to take account of emerging technologies and to report its findings to the Environmental Affairs Panel of this Council in due course.

It is the wish of the subcommittee that the most suitable technology will eventually be employed. I understand that there are several international contractors capable of producing a Stage I solution with the appropriate biological and chemical systems which could be completed within the Government's deadline and would produce a quality of effluent discharged into the harbour that would meet international standards. To achieve this, the Government may need to examine its own procedures so that design development arrangements can be put in place without delay. In the meantime, the first part of Stage I, covering the collection system to bring sewage into Stonecutters, can get underway without delay.

The Secretary has not mentioned in his speech just now the review which he promised and I would be grateful if he could confirm that the review covers

both Stage I, that is Stonecutters, and subsequent stages and may be completed as quickly as possible.

As for monitoring, the Administration has undertaken to submit quarterly progress reports for examination by Members through the Environmental Affairs Panel. These reports will contain information in a format similar to a PWSC paper on all the capital works projects involved against the financial and construction targets and other information relating to the operation of the trading fund. These reports will be discussed at meetings of the panel and members' concerns will therefore be addressed by the Administration.

The quarterly reports will also be provided on top of the normal annual statement of accounts and a report of the trading fund to be submitted to this Council in accordance with the Trading Funds Ordinance.

The Administration has also agreed to consult the panel before finalizing the trading fund's annual corporate and business plan which sets out its operational and financial objectives as well as the performance measures for the period covered by the plan.

Regarding the possible impact of the capital expenditure on the level of future sewage charges, the Administration has made it very clear to the subcommittee that there is no intention for the Government to recover the capital expenditure spent on the High Priority Programme through sewage charges. To reflect this policy intention, the Administration has introduced a new subsection to the Framework Agreement stating explicitly that the return on fixed assets to be employed for this trading fund will be zero percent. Two separate accounts will be kept, one for capital spending and the other for operating costs, and only the latter will be funded from the future charging scheme for sewage services.

In relation to the components of the operating costs, the subcommittee will also consider the question of whether, and to what extent, depreciation and fixed assets should be taken into account. The subcommittee's general view is that depreciation should only be provided for those assets necessary to be replaced and not to recover the cost for building the capital projects of the High Priority Programme.

The Administration has agreed to take note of the above views when working out the proposal for the future charging scheme for sewage services which will be submitted for consideration by the Environmental Affairs Panel around April or May this year.

On the point of how to handle operating surplus, the Administration explained that surplus in the operating account is not anticipated in the long run because the aim of the charging scheme is only for recovering the cost of operating sewage services. However, there may be some operating surplus in the initial period of the scheme, before all sewage projects are commissioned.

The Administration has agreed to set up a revenue rate reserve in the fund to hold such surplus which will be applied exclusively to covering the shortfall, when revenue from charges is lower than operating expenses in the following years.

The agreements reached between the subcommittee and the Administration has been incorporated in the Framework Agreement and the Administration has further agreed that the contents of the Framework Agreement will not be amended without first consulting this Council.

Finally, on behalf of members of the subcommittee, I would like to thank the two Secretaries — Secretary for Works and Secretary for Planning, Environment and Lands — and their staff for attending the subcommittee's meetings and a special briefing organized for all members at short notices, providing clear explanation on many points raised by members and responding positively to the committee's concerns.

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

MR PETER WONG: Mr President, the Sewage Services Trading Fund is somewhat a misnomer at this stage. Unlike the Trading Funds set up for the Land Registry and Companies Registry which are to enable existing departments to operate under commercial regimes, this Trading Fund is really a construction fund of a sewage service scheme which will not bring about any real sewage conveyance or treatment until well into 1997, that is pollution in the Victoria Harbour will not be improved before that time. Certainly, members of that Bills Committee had not contemplated that it would be used for such a purpose and hence we should be careful to ensure that this use does not contradict its intended objectives. It is with this understanding that we should examine the motion before us.

Somehow, I am not at all happy with the way the \$6.8 billion has been appropriated to this Trading Fund. Indeed, if we did not approve this Trading Fund today, and perversely endorsed it at the next sitting for ordinary business on 20 April 1994, our surplus would have been \$21.9 billion!

It is little wonder that I have met with such resistance from the Government in my call for introducing accrual accounting in the public sector. Under conventional commercial practice emphasizing true and fair accounts, the appropriation of \$6.8 billion would be a note in the accounts showing that there has been a commitment by the Government to spend up to \$6.8 billion on a particular project, but little or no firm contractual commitments have yet been entered into with third parties to do the work. There will be very little change in the cash position because money has not yet been spent. As the situation now stands, the \$6.8 billion has been neatly wiped off our surplus.

I thank the confirmation by the Secretary for Works that he will report at three-month intervals on progress made and plans in store for the period ahead. He should provide full report and justification of what has been done and take into consideration our comments. It was agreed at our House Committee that a working group of the Environmental Affairs Panel, to which all non-Panel members are welcome to join, will monitor the Trading Fund activities as well as any changes in the Framework Agreement.

Of particular concern has been the efficacy of the lime dosing treatment at Stonecutters Island and we were assured by the Secretary that a full independent study will be made of the various alternative methods of treatment at stage I and that no money will be wasted if any of the alternative treatments are employed. There will also be another study to examine whether the long oceanic outfall is the most appropriate method for Phase II of the Scheme, or more biological treatment is better so that the effluent can be discharged into Hong Kong waters without causing any environmental hazards. In fact I see no reason why a full study of the complete technical process cannot be initiated right away. Only when these studies are completed and the environmental impacts known, can we go ahead and decide on the best way forward.

Either way — the long oceanic outfall into Chinese waters, or the biological treatment which requires more land, we need to come to agreement with China through the Joint Liaison Group. I feel certain that if these alternatives are sincerely examined by the Administration and an objective conclusion made, there should be full co-operation by the Chinese side.

I strongly urge the Administration to confirm that the examination process will be open, fair and acceptable to the people and green groups of Hong Kong.

Another concern has been the charging of depreciation in the Trading Fund on the \$6.8 billion of assets that will be spent and capitalized in accordance with the so-called "generally accepted accounting principles", I would first caution that in Hong Kong, our accounting profession has been unable and is unlikely to lay down such specific rules for this particular kind of project of a very large magnitude but we can draw analogies with other activities.

Effectively, this Council has appropriated \$6.8 billion towards the deep sewage tunnels and so far as the public is concerned, the assets built has been paid for out of their pockets.

The Administration has the option of either providing for depreciation for fixed assets in the accounts of the Trading Fund but excluding the non-replaceable part from the calculation of charges; or it could provide against those assets on completion of the work, hence there is no necessity to include depreciation costs. Either way, the taxpayers should not be charged again for any depreciation on assets that will not be replaced.

Mr President, it is Hong Kong's wish that these deep tunnels are built as expeditiously as possible and that we have the most appropriate and cost effective means of sewage treatment for Hong Kong. Only thus can we regain the reputation of our fragrant harbour. Mr President, subject to the receipt of the confirmation requested, the Liberal Party will support this motion, but reserve our position on the sewage charging scheme which is about to come out.

REV FUNG CHI-WOOD (in Cantonese): Mr President, when the Administration unveiled, in the *1989 White Paper on Pollution in Hong Kong — A time to act*, the Strategic Sewage Disposal Scheme (SSDS), no one ever expected that it would not be until today — five years on — that the construction work would formally start. The main reason for this was the funding problem. Just when the Administration was trying to put together a huge sum of over \$10 billion to fund the Scheme, it happened to hear of the "polluter pays" principle put forward by environmentalists. Borrowing the idea, the Administration then proposed a charging scheme for sewage services in order to fund the construction of the SSDS. However in the preliminary consultation stage, many people raised objection to the proposed expensive sewage charge of \$40 to \$60 per month per household. Realizing that the proposal would inevitably meet with strong public opposition, the Administration changed its plan and undertook to bear the construction cost of the SSDS while the public would only be charged for the operating cost. Nevertheless, during last year's consultation period, members of the public felt that the sewage charges proposed by the Administration were still too high. I noticed that in calculating the operating cost for the provision of sewage services, the Administration had included the rate of depreciation of the capital works for sewage treatment and disposal. In so doing, the Administration would, in a disguised manner, be recovering the capital cost but it would then be reneging on its commitment to finance the entire construction project. I have proposed to officials concerned that the rate of depreciation of capital works should be excluded in calculating the operating cost and the Administration has agreed to consider this. When the future Bill on sewage charging is examined by this Council, I will follow up on this.

I appreciate that the Administration has agreed, at the request of Members of this Council, to brief this Council at quarterly intervals on the progress of the construction work. The Administration has also agreed to make some amendments in the Framework Agreement to be signed between the Secretary for Works and the Director of Drainage Services to ensure that the Trading Fund will not seek an financial return and, where there is surplus, it will not be diverted to the general revenue but will only be spent on sewage services. Moreover, this Council will be consulted when changes are to be made to this Framework Agreement. I hope the Administration will take note that this Trading Fund will probably need fresh injection of funds by the Administration since if the level of sewage charges is to be lowered according to the wishes of the public, the Administration will then need to inject funds again to meet part of the operating cost.

Another thing I would like to point out is that pollution in the harbour need to be reduced. Therefore apart from the SSDS, there is still another measure which need to be implemented in full scale and that is the scheme to declare water control zones. At present, only Victoria Harbour has still not been declared a water control zone. In the 1989 White Paper, the Administration pledged that Victoria Harbour would be declared a water control zone in 1991 but now it has been deferred to 1997. In other words, Victoria Harbour would only be declared a water control zone after a delay of six whole years. As the water quality of the Harbour is worsening, such a long delay is really unacceptable. This is a failure on the part of the Administration and the Administration should rectify this early and endeavour to declare Victoria Harbour a water control zone by 1995.

Lastly, I hope phase one of the SSDS can be completed before 1997 as scheduled so as to significantly improve the water quality of Victoria Harbour.

Mr President, the United Democrats of Hong Kong support the motion to set up the Sewage Service Trading Fund.

SECRETARY FOR WORKS: Mr President, thank you. I would like to respond very briefly to the main concerns raised by Members in supporting this motion.

Firstly, with regard to the monitoring of the Sewage Services Trading Fund, I am pleased to reconfirm the commitment to deliver detailed quarterly reports on Trading Fund activities to a working group of the Environmental Affairs Panel. These reports will allow Members of this Council not only to scrutinize closely the way in which the \$6.8 billion Trading Fund capital is being spent but eventually the operating performance of the Trading Fund against the annual plans.

In addition, the publication of the Framework Agreement, incorporating business plans of the Trading Fund, will ensure complete transparency in the operation of the fund.

Secondly, on the question of technology options for disinfecting sewage effluent and the options for Stage II of the Strategic Sewage Disposal Scheme, the Director of Drainage Services and the Director of Environmental Protection have implemented a review for a full study of the alternative options. This will be carried out as quickly as possible and the findings of the studies will be presented to members of the Environmental Affairs Panel.

It is not, I think, true however, to say that there will not be any improvement until 1997. We are all aware that time is of the absolute essence and the Director of Drainage Services of course is moving ahead very rapidly in other aspects of the overall sewage strategy. Some of those projects will indeed bring about earlier, although perhaps localized, improvement of the condition of the harbour.

Nevertheless we are taking fully into account all available technology. We are certainly in contact with international contractors who offer, and are very keen to offer, their specialist advice to us but I have to say that we must take into account not only the implementation of the capital infrastructure itself but we must also pay very close regard to the long-term recurrent costs. I am afraid that our international contractors perhaps may tend to put their priorities on putting into place a capital project. And perhaps it is on our account that we must pay particular attention to the long-term recurrent costs.

With respect to the charging for services, my colleague, the Secretary for Planning, Environment and Lands will introduce into this Council separate legislation governing charges for sewage services in the near future. At that time Members will have a further opportunity to examine the accounting practices of the Trading Fund and how these relate to the level of charges. And of course recurrent costs from the scheme will be an important factor in the level of charging that has to be applied.

I have undertaken to ensure that all relevant information arising from the Sewage Services Trading Fund will be presented to Members at that time in sufficient detail for reconciliation with the corresponding information supporting the proposed level of charges.

Finally, Mr President, on the question of depreciation we are, under the Trading Fund Ordinance, required to apply prudent commercial principles and this of course does include the question of depreciation. However, we have made it very clear that in these principles we are not seeking to recover capital cost. We must, nevertheless, be assured that we protect, into the future, the operating performance of the asset after it is completed and it is these principles that we have said we will discuss in detail with Members of this Council as part of the process of the discussion on the charges themselves.

Thank you, Mr President.

Question on the motion put and agreed to.

HOUSING ORDINANCE

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the following motion:

"That the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw, made by the Housing Authority on 29 January 1994, be approved."

He said: Mr President, I move the first motion standing in my name on the Order Paper. This motion seeks to put into force the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw.

Following the enactment of the Housing (Amendment) Ordinance 1993 on 26 February 1993, the Housing Authority is empowered to make Bylaws for the issue of fixed penalty tickets on its estates under section 30(3) of the Housing Ordinance. Consequently, the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw was made on 29 January 1994. The new Bylaw enables staff of the Housing Department to issue tickets to control the illegal parking of motor vehicles on restricted roads in public housing estates.

Thank you, Mr President.

Question on the motion proposed.

REV FUNG CHI-WOOD (in Cantonese): Mr President, the problem of illegal parking has long been existing in public housing estates, causing a serious nuisance to the residents. When vehicles are parked along the roadside, pedestrians, in crossing the road, have to emerge from between vehicles. It is very dangerous because they cannot see the oncoming traffic. Furthermore, the illegally parked vehicles will also pose a substantial hazard in obstructing emergency vehicles, such as fire engines and ambulances, from moving into housing estates to perform mission. Sometimes large goods vehicles are parked within some housing estates. The drivers start the engines for a long duration of time early in the morning when the residents are still asleep and the engine noise is so disturbing that the residents are awakened from their sleep.

Illegal parking is, in fact, very common in many housing estates and we can hear residents' complaints everywhere. In June 1992, the Transport Panel of this Council discussed the issue. The Panel proposed to amend the Housing Ordinance so that staff of the Housing Department would be empowered to issue fixed penalty tickets. Actually, even if such a measure is not adopted, the Housing Department can still tow the vehicles away, impound them or issue summons to the vehicle owners concerned. Normally Housing Department staff will impound the vehicles. Yet, the Housing Department still fails to improve the illegal parking situation with the aforesaid methods.

At present the car-parks in some housing estates are managed by private contractors. These contractors also adopt the measure of impounding the vehicles. According to my observation, these private operators are very efficient in impounding vehicles and there is almost no illegal parking in the housing estates where car-parks operated by them are located. How come the private operators can manage their car-parks so well? Obviously, where there is a will there is a way. Although we have a new by-law today for the issue of fixed penalty tickets, there still may not be remarkable improvement in stopping illegal parking if staff responsible for performing such enforcement duties are not willing to take positive action.

Mr President, I would stress that illegal parking in public housing estates must be rigorously stamped out because this has caused a great nuisance to the residents. In quite a number of housing estates, illegal parking is normally ignored and staff of the Housing Department will only take out summonses when they receive residents' complaints. This may be due to the fact that many goods vehicles or private cars are parked illegally in the housing estates overnight but driven away in the morning. Meanwhile, as no staff of the Housing Department are on duty to issue summonses at night, illegal parking during the night is being condoned.

Apart from illegal parking, another problem in public housing estates not yet satisfactorily solved is illegal hawking. Owing to the shortage of staff in the Housing Department and their fixed working hours, illegal hawking cannot be effectively stamped out especially during the evening hours. Furthermore, unlike the Special Duties Team, staff of the Housing Department have not received any special training to deal with hawkers. The authorities concerned should, in fact, consider empowering staff of the Housing Department to issue summonses to the illegal hawkers. In doing so, the illegal hawkers can be dispelled and driven away with minimal manpower. I hope the authorities concerned will pay more attention to this point and consider issuing summonses to illegal hawkers in just the same manner as issuing summonses to litter bugs by the Special Duties Team.

Furthermore, one of the many reasons for illegal parking is the shortage of parking spaces, including those for goods vehicles, especially in the new towns. For this reason, we should rigorously curb illegal parking and, at the same time, provide car owners with sufficient parking spaces. Only with this two-pronged approach can we really tackle the problem of illegal parking.

Mr President, the United Democrats of Hong Kong support the motion.

PRESIDENT: Secretary, do you wish to reply?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, thank you very much. I just wish to acknowledge briefly Rev the Honourable FUNG's remarks, which I am sure the Housing Authority and the Director of Housing will take careful note of, as to how their functions and their enforcement arrangement should be carried out. And I am sure also my colleague, the Secretary for Transport, will take account of the remarks regarding parking in the New Territories when the next regular review of the parking standard is conducted. Thank you.

Question on the motion put and agreed to.

HOUSING ORDINANCE

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the following motion:

"That the Housing (Traffic) (Amendment) Bylaw 1994, made by the Housing Authority on 29 January 1994, be approved."

He said: Mr President, I move the second motion standing in my name on the Order Paper. This motion seeks to amend the Housing (Traffic) Bylaw.

When the Housing (Traffic Contraventions) (Fixed Penalty) Bylaw comes into effect on a day to be appointed by the Authority, prosecutions by summons for parking offences by motor vehicles on restricted roads in public housing estates should cease so as to avoid duplication of penalties. In this connection, the Housing (Traffic) (Amendment) Bylaw has been made to disapply the existing offence provisions in the Housing (Traffic) Bylaw.

Thank you, Mr President.

Question on the motion proposed, put and agreed to.

PUBLIC FINANCE ORDINANCE

THE SECRETARY FOR THE TREASURY moved the following motion:

"That -

1. Authority is hereby given for a sum not exceeding \$53,146,695,000 to be charged on the general revenue in advance of an Appropriation Ordinance for expenditure on the services of the Government in respect of the financial year commencing on 1 April 1994.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure, and expenditure for each such head shall be arranged in accordance with the subheads, shown in the draft Estimates of Expenditure 1994-95 or, where such estimates are changed under the provisions of the Public Finance Ordinance as applied by section 7(2) of that Ordinance, in accordance with such estimates as so changed.
3. Expenditure in respect of any head shall not exceed the aggregate of the amounts specified in respect of each subhead in that head, by reference to percentages, in section 4(a) and 4(b).

4. Expenditure in respect of each subhead in a head shall not exceed -
- (a) in the case of a Recurrent Account subhead, an amount equivalent to -
- (i) except where the subhead is listed in the Schedule hereto, 20% of the provision shown in respect of it in the draft Estimates;
- (ii) where the subhead is listed in the Schedule hereto, that percentage of the provision shown in respect of it in the draft Estimates which is specified in relation to that subhead in the Schedule; and
- (b) in the case of a Capital Account subhead, an amount equivalent to 100% of the provision shown in respect of it in the draft Estimates,
- or such other amount, not exceeding the provision shown in respect of the subhead in the draft Estimates, as may in any case be approved by the Financial Secretary.

SCHEDULE [s.4]

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
22	Agriculture and Fisheries Department	452	Royal Society for the Prevention of Cruelty to Animals (Hong Kong)	25
		456	World Wide Fund for Nature (Hong Kong)	25
28	Civil Aviation Department	170	Airport insurance	100
43	Civil Engineering Department	255	Storage of explosives	30
31	Customs and Excise Department	010	Recruiting expenses	35
		292	Seizure management	45

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
40	Education Department	325	Direct Subsidy Scheme	30
		330	Assistance to private secondary schools and bought places	30
		350	Refund of rents and rates to kindergartens, private schools and study rooms	30
		489	Miscellaneous educational services	30
46	General Expenses of the Civil Service	013	Personal allowances	40
50	Government Land Transport Agency	225	Traffic accident victims assistance scheme — levies	100
60	Highways Department	273	Highways maintenance	30
62	Housing Department	294	Clearance and squatter control	25
72	Independent Commission Against Corruption	103	Rewards and special services	25
		203	Expenses of witnesses, suspects and detainees	35
		204	Investigation expenses	25
76	Inland Revenue Department	002	Allowances	25
		149	General departmental expenses	25
		189	Interest on tax reserve certificates	35
		209	Special legal expenses	30
34	Internal Security: Miscellaneous Measures	195	Defence Costs Agreement: cash contribution	30

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
90	Labour Department	280	Contribution to the Occupational Safety and Health Council	25
91	Lands Department	221	Clearance of Crown land — ex gratia allowances	50
92	Legal Department	234	Court costs	61
		243	Hire of legal services and related professional fees	25
120	Pensions	015	Civil, judicial service and police pension benefits and compensation	30
		017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases	30
		026	Employees' compensation	30
118	Planning Department	149	General departmental expenses	30
130	Printing Department	002	Allowances	25
160	Radio Television Hong Kong	102	Technical Services Agreement	30
170	Social Welfare Department	176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	25
		180	Social security allowance scheme	25

<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
		184 Traffic accident victims assistance scheme	40
		412 Refunds of rates	30
176	Subventions: Miscellaneous	437 Hong Kong — Japan Business Co-operation Committee	25
		446 Duty Lawyer Service	25
		475 Outward Bound Trust of Hong Kong	25
		487 Subventions for arts activities	30
		502 Hong Kong Archaeological Society	100
		503 Subventions to voluntary agency camps	25
		504 Hong Kong Council on Smoking and Health	25
		521 Skills centres for the disabled	25
177	Subventions: Non-Departmental Public Bodies	429 Consumer Council	25
		441 Hong Kong Productivity Council	25
		443 Hong Kong Tourist Association	25
		444 Hong Kong Trade Development Council	25
		520 Vocational Training Council	25
178	Technical Education and Industrial Training Department	001 Salaries	55
		002 Allowances	50

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
186	Transport Department	449	Road Safety Association	25
188	Treasury	002	Allowances	30
		163	Write-offs	50
		187	Agents' commission and expenses	80
		190	Other miscellaneous items	100
		191	Payment to Cross-Harbour Tunnel Company Limited	100
		192	Refunds of revenue	100
190	Universities and Polytechnics	002	Allowances	25
		149	General departmental expenses	50
		169	Visitation	35
		492	Grants to universities, polytechnics, Baptist College and Lingnan College	30
		496	Refund of rates — universities, polytechnics, Baptist College and Lingnan College	25
194	Water Supplies Department	223	Purchase of water	25

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

The purpose of this motion is to seek funds on account to enable the Government to carry on existing services between the start of the financial year on 1 April 1994 and the enactment of the Appropriation Bill.

The funds on account sought under each subhead have been determined in accordance with paragraph four of the resolution, by reference to percentages of the provision shown in the draft Estimates. As the draft Estimates are changed from time to time, by the Finance Committee or under delegated powers, the provision to which the percentages are applied will also change. Thus the provision on account under each head is not constant but may vary, with every increase being matched by an equal decrease. The initial provision on account under each head is shown in a footnote to this speech. The aggregate total under all heads is fixed, however, at \$53,146,695,000 and cannot be exceeded without the approval of this Council.

The resolution also enables the Financial Secretary to vary the funds on account in respect of any subhead, provided that these variations do not cause an excess over the amount of provision entered for that subhead in the draft Estimates or an excess over the amount of funds on account for the head.

A vote on account warrant will be issued to the Director of Accounting Services authorizing him to make payments up to the amount specified in this motion and in accordance with its conditions. The vote on account will be subsumed upon the enactment of the Appropriation Bill, and the general warrant issued after the enactment of the Appropriation Bill will replace the vote on account warrant and will be effective from 1 April 1994.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
21 His Excellency the Governor's Establishment	26,556	5,312
22 Agriculture and Fisheries Department	419,791	94,412
25 Architectural Services Department	984,135	197,549
24 Audit Department	83,536	17,160
23 Auxiliary Medical Services	42,206	8,518
82 Buildings Department	237,010	48,042

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
26 Census and Statistics Department.....	301,462	61,206
27 Civil Aid Services.....	58,819	12,404
28 Civil Aviation Department.....	430,866	99,252
43 Civil Engineering Department.....	508,039	110,192
30 Correctional Services Department.....	1,744,507	353,662
31 Customs and Excise Department.....	936,299	210,283
37 Department of Health.....	1,940,196	411,773
39 Drainage Services Department.....	645,446	138,011
40 Education Department.....	15,204,462	3,356,166
42 Electrical and Mechanical Services Department.....	920,292	230,735
44 Environmental Protection Department.....	1,203,519	363,263
45 Fire Services Department.....	1,667,947	398,035
46 General Expenses of the Civil Service.....	3,726,554	834,936
166 Government Flying Service.....	139,541	63,629
48 Government Laboratory.....	123,726	34,374
50 Government Land Transport Agency.....	126,832	93,083
51 Government Property Agency.....	1,547,730	309,546
52 Government Secretariat.....	709,172	149,745
53 Government Secretariat: City and New Territories Administration.....	659,667	148,487

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
29 Government Secretariat: Civil Service Training Centre.....	81,973	16,475
96 Government Secretariat: Overseas Offices	183,890	44,142
56 Government Secretariat: Planning, Environment and Lands Branch and Works Branch.....	226,113	67,289
55 Government Secretariat: Recreation and Culture Branch	93,862	29,710
58 Government Supplies Department	129,880	25,976
60 Highways Department	1,074,643	265,691
61 Hospital Services Department.....	117,145	23,429
62 Housing Department.....	439,756	109,939
70 Immigration Department.....	1,281,776	257,954
72 Independent Commission Against Corruption.....	446,204	90,677
73 Industry Department	295,794	229,718
74 Information Services Department.....	187,048	40,054
47 Information Technology Services Department.....	313,802	62,958
76 Inland Revenue Department	793,370	167,822
78 Intellectual Property Department.....	45,155	9,579
34 Internal Security: Miscellaneous Measures	1,478,648	444,419

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
80 Judiciary	494,609	106,059
90 Labour Department	352,093	71,165
91 Lands Department.....	885,119	191,567
94 Legal Aid Department	280,700	56,140
92 Legal Department	521,941	119,804
112 Legislative Council Commission.....	193,547	42,259
98 Management Services Agency.....	30,263	6,150
100 Marine Department.....	630,160	174,160
106 Miscellaneous Services.....	8,160,741	1,934,346
114 Office of the Commissioner for Administrative Complaints.....	16,103	3,221
113 Office of the Telecommunications Authority.....	87,717	25,926
116 Official Receiver's Office	69,137	14,668
120 Pensions.....	5,996,570	1,743,853
118 Planning Department	220,219	72,723
121 Police Complaints Committee	6,540	1,308
122 Police: Royal Hong Kong Police Force	8,208,915	1,720,379
126 Post Office	2,131,861	433,053
130 Printing Department.....	160,620	39,426

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
136 Public Service Commission	12,878	2,576
160 Radio Television Hong Kong.....	332,205	79,276
162 Rating and Valuation Department	176,608	35,322
163 Registration and Electoral Office.....	92,473	18,698
167 Royal Hong Kong Regiment (The Volunteers)	37,757	7,552
168 Royal Observatory	120,259	27,559
170 Social Welfare Department	9,352,792	2,184,172
174 Standing Commission on Civil Service Salaries and Conditions of Service	8,994	1,799
175 Standing Committee on Disciplined Services Salaries and Conditions of Service	4,536	908
173 Student Financial Assistance Agency	905,564	181,113
176 Subventions: Miscellaneous.....	214,926	66,213
177 Subventions: Non-Departmental Public Bodies.....	17,010,067	3,832,000
178 Technical Education and Industrial Training Department	653	358
180 Television and Entertainment Licensing Authority.....	36,290	7,746
110 Territory Development Department	177,135	35,427
181 Trade Department	191,704	39,664
186 Transport Department	430,303	110,660

<i>Head of Expenditure</i>	<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
188 Treasury	254,268	74,966
190 Universities and Polytechnics	7,539,946	2,262,682
194 Water Supplies Department	3,079,170	686,190
	110,002,752	26,046,695
184 Transfers to Funds	27,100,000	27,100,000
Total	137,102,752	53,146,695

BANKRUPTCY ORDINANCE

THE SECRETARY FOR FINANCIAL SERVICES moved the following motion:

"That the Bankruptcy (Fees and percentages) (Amendment) Order 1994, made by the Chief Justice on 23 February 1994, be approved."

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

The Bankruptcy (Fees and Percentages) (Amendment) Order 1994 was made by the Chief Justice on 23 February. It increases certain fees payable to the Registrar of the Supreme Court in relation to proceedings in bankruptcy and the related search, certification and photocopying of documents.

It is government policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. These fees were last reviewed in 1992. I now propose to increase the fees by about 10% in line with the increase in cost. The revised fees, if approved, will come into operation on 1 April 1994.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

COMPANIES ORDINANCE

THE SECRETARY FOR FINANCIAL SERVICES moved the following motion:

"That the Companies (Fees and Percentages) (Amendment) Order 1994, made by the Chief Justice on 23 February 1994, be approved."

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

The Companies (Fees and Percentages) (Amendment) Order 1994 was made by the Chief Justice on 23 February. It increases certain fees payable to the Registrar of the Supreme Court in relation to companies and companies winding-up.

It is government policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. These fees were last reviewed in 1992. I now propose to increase the fees by about 10% in line with the increase in cost. The revised fees, if approved, will come into operation on 1 April 1994.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills**THE LEGISLATIVE COUNCIL COMMISSION BILL****MINOR EMPLOYMENT CLAIMS ADJUDICATION BOARD BILL****AMUSEMENT RIDES (SAFETY) BILL****TOWN PLANNING (AMENDMENT) BILL 1994****LEGISLATIVE COUNCIL (ELECTORAL PROVISIONS) (AMENDMENT) BILL 1994**

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

Second Reading of Bills

THE LEGISLATIVE COUNCIL COMMISSION BILL

THE CHIEF SECRETARY moved the Second Reading of: "A Bill to establish a Legislative Council Commission, and to provide for matters ancillary to and connected with such purpose."

She said: Mr President, I move that the Legislative Council Commission Bill be read a Second time.

The Bill seeks to establish by statute an independent Legislative Council Commission and to empower it to act in all financial and administrative matters relating to the provision of support services for Legislative Council.

In his address to this Council in October 1992, the Governor invited proposals from the Council on how the Administration might assist Members to develop financial and managerial autonomy in organizing their administration and support facilities. Subsequently, under your chairmanship, Mr President, a working group drew up a list of recommendations for the reorganization of the Legislative Council Secretariat. After consulting the Executive Council on these, the Administration agreed that a statutory Legislative Council Commission should be established to provide the necessary legal framework to enable this Council to direct its own secretariat. Since then, we have been working closely with this Council in the drafting of this Bill and in the implementation of other agreed proposals.

During this exercise, the Administration's guiding principle has been that the future Legislative Council Commission should be given the managerial and financial autonomy it needs to organize its own administration and support facilities. However, as the Commission will be financed from public funds, the Administration also has to ensure that it is subject to the same degree of financial control and accountability as other publicly-funded organizations. The provisions in the Bill have been drawn up with these two principles in mind.

The opportunity is also taken to amend in the schedule of the Bill the references in various Ordinances to the Clerk to the Legislative Council and the re-titled Clerk to the Executive Council, so that the different roles and functions performed by these two officials can be clearly specified.

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

MINOR EMPLOYMENT CLAIMS ADJUDICATION BOARD BILL

THE SECRETARY FOR EDUCATION AND MANPOWER moved the Second Reading of: "A Bill to establish a Board having limited jurisdiction to adjudicate minor employment claims, to be known as the Minor Employment Claims

Adjudication Board, and to make provision for its jurisdiction, procedure and practice and for related matters."

He said: Mr President, I move the Second Reading of the Minor Employment Claims Adjudication Board Bill 1994.

The Bill seeks to establish a Minor Employment Claims Adjudication Board in the Labour Department to determine employment claims which are below a specified amount.

At present, the waiting time for claims to be heard at the Labour Tribunal is unduly long. This has been a subject of complaint from claimants and labour unions for some time. The Legislative Council Panel on Manpower has also expressed concern and asked for improvements.

We now propose to establish a Minor Employment Claims Adjudication Board in the Labour Department to help relieve the heavy workload of the Labour Tribunal. This proposal is intended to be a quick, simple and inexpensive service.

The Board will take over the jurisdiction of the Labour Tribunal in respect of claims involving not more than five claimants for a sum of money not exceeding \$5,000 per claimant. This maximum amount of \$5,000 will be subject to regular review. It is estimated that about 1 300 cases will be processed by the Board each year and this represents roughly one-third of the existing workload of the Labour Tribunal.

The procedures to be followed by the board in hearing claims will be as simple and informal as possible. Any minor claims arising from disputes of statutory or contractual rights of employment for which settlement cannot be achieved through conciliation of the Labour Relations Service will be referred to the Board for determination. The board shall be separate from, and independent of, the Labour Relations Service.

Senior Labour Officers with adequate experience in labour laws and labour relations in Hong Kong would be appointed as adjudication officers. Before taking up the appointment, they will be provided with training, especially in the legal aspect of the job.

Hearings will be conducted in public, and in an informal manner. No legal representation on either side will be allowed.

The adjudication officer may on his own motion or on the application of a party review an award made by the Board within 14 days. Appeal against the award of the Board shall lie with the High Court on the ground that the award is erroneous on a point of law or outside the jurisdiction of the Board.

A party may register the award in his favour in the District Court and, and upon registration, such award becomes for all purposes a judgement of the District Court and may be enforced accordingly.

It is estimated that the Board will come into operation within six months after the legislation is passed.

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

AMUSEMENT RIDES (SAFETY) BILL

THE SECRETARY FOR RECREATION AND CULTURE moved the Second Reading of: "A Bill to provide for the design, manufacture and installation of amusement rides, the regulation of the operation, maintenance and examination of amusement rides, the avoidance of dangerous conduct in relation thereto, and for matters ancillary thereto or connected therewith."

He said: Mr President, I move the Second Reading of the Amusement Rides (Safety) Bill.

This Bill seeks to introduce comprehensive control over the design, installation, operation and maintenance of amusement rides. Amusement rides are power-driven devices ridden by the public for amusement purposes. Examples are those devices installed in large amusement parks such as the Ocean Park and the Lai Chi Kok Amusement Park, but they also cover kiddie rides put up at children entertainment centres or at fun fairs. However, a more relaxed set of requirements will be applied to the less sophisticated machines and controls used for kiddie rides.

The enforcement of this piece of safety legislation will be carried out by the Director of Electrical and Mechanical Services (DEMS).

At present, the DEMS exercises control over the safety of amusement rides through conditions imposed in the permits issued by the Commissioner for Television and Entertainment Licensing (CTEL) under the Places of Public Entertainment Ordinance (PPEO). Though effective, this arrangement is unsatisfactory as the permit issued by CTEL is intended for the regulation of the content of the entertainment and not the equipment used. Thus the legal basis of these conditions is questionable. Furthermore, there is a separate proposal to overhaul the Places of Public Entertainment Ordinance to totally abolish the permit system. Thus, this Bill is needed to put in place proper legal control over the safety of amusement rides.

I would now like to briefly describe the main provisions of the Bill.

Clauses 4 to 9 regulate the installation of new rides. Owners will be required to obtain prior approval from the DEMS over the design, method and programme of installation before installation work can commence.

The operation, maintenance, repair and alteration of amusement rides are governed by clauses 10 to 16. Owners of amusement rides are required to maintain their rides in a safe condition and to carry out repairs and alterations specified by the Director.

Clauses 17 to 22 prohibit conducts which might endanger persons using, operating or being in the vicinity of a ride.

Under the Bill, the DEMS or a public officer authorized by him is empowered to enter premises to inspect the installation and the safety of amusement rides. The DEMS, or any police officer, can require the closure of a ride for safety reasons.

An appeal board will be established under clause 25 to hear appeals concerning decisions made by the DEMS. The appeal panel will comprise professional engineers to be nominated by the Hong Kong Institute of Engineers and representatives of amusement ride owners.

The Places of Public Entertainment Ordinance will be amended consequentially to exempt owners of amusement rides from the requirement to obtain a permit under that piece of legislation.

We have consulted amusement ride operators and the Hong Kong Institute of Engineers on the Bill. They have expressed full support in the interest of public safety.

To facilitate the operation of the legislation, a set of fees regulations and safety regulations will be made by the Financial Secretary and the Secretary for Recreation and Culture respectively after of the Bill is passed.

Thank you, Mr President.

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

TOWN PLANNING (AMENDMENT) BILL 1994

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

He said: Mr President, I move the Second Reading of the Town Planning (Amendment) Bill. The main purpose of the Bill is to introduce a transitional provision to the Ordinance so as to enable planning applications submitted under

Development Permission Area (DPA) plans to continue to be processed when DPA plans are replaced by Outline Zoning Plans (OZPs).

The Ordinance stipulates that a DPA plan is effective for three years after first gazetting and its effect will lapse when it is replaced by an OZP. Thirtyfive DPA plans have been gazetted so far. Of these, 30 DPA plans which were gazetted on 12 July 1991 will be replaced by OZPs before mid-July this year.

The Attorney General's Chambers have advised that when a DPA plan ceases to have effect, any section 16 application made under it cannot be considered or reviewed by the Town Planning Board since the Board's powers to consider or review the application derive from the DPA plan. Similarly, an applicant cannot appeal against the Board's decision on review under section 17 if the OZP replaces the DPA plan before the applicant lodges his appeal. We expect a number of section 16 applications which are being processed by the Board or by the Town Planning Appeal Board to be outstanding when these DPA plans are replaced by OZPs. In the circumstances, in fairness to the applicants and to maintain reasonable continuity in the work of the Board and the Appeal Board, we propose to introduce a transitional provision to allow for the continuation of planning application, review and appeal processes, until they have been exhausted.

We are also taking this opportunity to clarify what the power of the Planning Authority is under section 23 of the Ordinance. Under this section the Authority may enter a site on which there is unauthorized development and take whatever steps he considers necessary to ensure the discontinuance of such development, and to prevent adverse effects or reinstate the site concerned. In carrying out these functions, the Authority may have to take possession of, remove, detain and subsequently dispose of property remaining on land, such as containers, abandoned vehicles, and so on. However, the Ordinance does not state expressly that the Authority has the power to take such action before carrying out the functions, nor does it lay down procedures. It is therefore necessary to clarify what the power of the Authority is under section 23 and to provide for the making of regulations by the Governor in Council under section 14 to lay down the necessary procedures for the exercise of this power.

Mr President, the proposed amendments set out in the Bill are urgently required because, as I have said, 30 DPA plans are due to be replaced by OZPs before mid-July this year. Since enforcement action against unauthorized development is being stepped up, early clarification of the Planning Authority's power is also required. I therefore commend the Bill to Members for their favourable and speedy consideration.

Thank you, Mr President.

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

LEGISLATIVE COUNCIL (ELECTORAL PROVISIONS) (AMENDMENT) BILL 1994

THE SECRETARY FOR CONSTITUTIONAL AFFAIRS moved the Second Reading of: "A Bill to amend the Legislative Council (Electoral Provisions) Ordinance."

He said: Mr President, I move that the Legislative Council (Electoral Provisions) (Amendment) Bill 1994 be read the Second time.

This Bill sets out the Administration's proposed arrangements for the 1995 Legislative Council functional constituency and election committee elections. The aim of these proposals is to put in place electoral arrangements which are open and fair, consistent with the provisions of the Joint Declaration and the Basic Law, and acceptable to the people of Hong Kong.

On 24 February, this Council passed the first stage Bill on the more immediate issues relating to the 1994-95 elections. The time has now come for us to consider legislation for the remaining and more complex elements of the 1995 Legislative Council elections. Such legislation needs to be enacted before this Council rises for the summer recess in order to allow us to put in place the various practical preparations for the elections.

For instance, only after the primary legislation is passed can the Boundary and Election Commission get on with the preparation of all the subsidiary legislation on the registration of voters relating to the existing as well as the new functional constituencies. This would take about four months. The Commission will then have to embark on the mammoth task of not just reallocating electors to the 20 newly created geographical constituencies but also helping all those eligible to register as voters in the appropriate functional constituencies. The time-table is very tight as the voter register will close on 1 July 1995 for the 1995 Legislative Council elections. As Members can see, we must press ahead as quickly as we possibly can.

One of our proposals on the existing functional constituencies is to replace corporate voters with individual voters who are in control of the management of the companies or organizations which make up the particular functional constituencies. The franchise of some existing functional constituencies will also be broadened, for example, the inclusion of school managers in the Teaching Functional Constituency and members of the Hong Kong Social Welfare Personnel Registration Council into the Social Services Functional Constituency.

The Bill provides that in 1995 there will be nine new functional constituency seats. Our proposal is that they should be based on broad industrial sectors which, together with the existing functional constituencies, will encompass all those eligible to register as voters in our entire workforce of over 2.7 million. In other words, our proposals will allow all eligible working persons a vote in the functional constituency election. Obviously, such a

broadening of the franchise will strengthen the credibility of our functional constituency system as a whole.

The second main proposal in this Bill is the establishment of an Election Committee to elect 10 Members to this Council in 1995. The Bill stipulates that the Election Committee will comprise elected district board members and that candidature for the 10 seats is open to all persons who are on the General Electoral Roll and not just members of the Election Committee. Since all district board members are themselves elected, we believe this arrangement will ensure that the Election Committee would be one genuinely representative of the community.

Thank you, Mr President.

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

LEGISLATIVE COUNCIL (POWERS AND PRIVILEGES) (AMENDMENT) BILL 1994

Resumption of debate on Second Reading which was moved on 2 February 1994

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

Bill read the Second time.

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

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) BILL 1994

Resumption of debate on Second Reading which was moved on 2 February 1994

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

Bill read the Second time.

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

COPYRIGHT (AMENDMENT) BILL 1994**Resumption of debate on Second Reading which was moved on 2 February 1994**

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

Bill read the Second time.

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

Committee Stage of Bills

Council went into Committee.

LEGISLATIVE COUNCIL (POWERS AND PRIVILEGES) (AMENDMENT) BILL 1994

Clauses 1 to 5 were agreed to.

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) BILL 1994

Clauses 1 to 11 were agreed to.

COPYRIGHT (AMENDMENT) BILL 1994

Clauses 1 to 4 were agreed to.

Clause 5

SECRETARY FOR RECREATION AND CULTURE: Mr Chairman, I move that the clause specified be amended as set out in the paper circulated to Members.

It is a minor drafting amendment necessary to clarify that Schedule 1 mentioned in item 13 of Schedule 2 of the Bill refers to Schedule 1 of the Copyright Ordinance.

Mr Chairman, I beg to move.

Proposed amendment

Clause 5

That clause 5 be amended, in the proposed Schedule 2, in item 13, in section 14A(11), in paragraph (ii) and (v) of the definition of "cable programme service", by adding "to the Copyright Ordinance (Cap. 39)" after "Schedule 1".

Question on the amendment proposed, put and agreed to.

Question on clause 5, as amended, proposed, put and agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

LEGISLATIVE COUNCIL (POWERS AND PRIVILEGES) (AMENDMENT) BILL 1994 and

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) BILL 1994

had passed through Committee without amendment and the

COPYRIGHT (AMENDMENT) BILL 1994

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

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

Bills read the Third time and passed.

Members' Motions

PRESIDENT: I have accepted the recommendations of the House Committee as to time limits on speeches for the motion debates and Members were informed by circular on 7 March. The mover of the motion will have 15 minutes for his speech including his reply and another five minutes to reply to proposed amendments. Other Members, including movers of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

EARLY CONSTRUCTION OF THE NORTHWEST NEW TERRITORIES RAILWAY

MR ALFRED TSO moved the following motion:

"As the early construction of the Northwest New Territories Railway and its extension to Tuen Mun will substantially ease traffic congestion throughout the New Territories West and the New Territories South and will be conducive to China-Hong Kong economic development, this Council urges the Government to consider taking immediate action to work out a timetable for the construction of the project and to set aside the necessary funds or make other appropriate financial arrangements for its construction in order to ensure that the project will not be delayed."

MR ALFRED TSO (in Cantonese): Mr President, I move the motion standing in my name in the Order Paper.

Be it viewed from the macro angle of China-Hong Kong economic and transport development, or viewed from the angle of providing a long-term transport link between northwest New Territories and the urban areas, I believe that Members of this Council and the general public, as well as the Government, will agree that the proposed Northwest New Territories Railway will bring innumerable benefits and must therefore be built as soon as possible. Regrettably, however, such a railway, sought by the public for many years, remains on the drawing board to this day.

In Tuen Mun last Sunday, my office, jointly with the northwest New Territories office of the Liberal Democratic Federation, sponsored a seminar on the proposed Northwest New Territories Railway. One local person present at the seminar called this railway project "nothing but a mirage." Mr President, there was no way I could respond to him. For I myself do not understand why the Government, while reiterating that a Northwest New Territories Railway will be very important for Hong Kong, is dragging its feet in making a decision to go ahead and build it.

Let us count the benefits of the proposed Northwest New Territories Railway. Let us begin with its benefits for freight transport between China and Hong Kong. A Kowloon-Canton Railway Corporation (KCRC) study has found that 75% of the 6 million standard 20-foot containers leaving China annually do so via Hong Kong. This means that 4.5 million standard containers a year leave China via Hong Kong, a volume already equal to more than 50% of the throughput of the Kwai Chung container port. China will continue to develop container transport and the Beijing-Kowloon Railway linking Beijing and Shenzhen will be opened to traffic next year, sooner than planned. It is estimated that the number of containers coming annually into Hong Kong from China will have gone up to 6.2 million by the year 2001. KCR, which is used mainly to move passengers, will not be able to cope with the rising volume of freight transport between China and Hong Kong. The Northwest New

Territories Railway, if and when built, will precisely be the answer, serving as a major artery for China-Hong Kong freight transport. By the year 2010, it will be able to handle 1 million standard containers annually. It will be a tremendous help to Hong Kong in keeping the latter's position as an important entrepot in China trade.

Using a railway to move containers directly to the Kwai Chung container port will ease the traffic congestion now plaguing the area around the port. Does the Government intend to sit idly by as the problem worsens and threatens the viability of Hong Kong? Will it not recognize the importance of the proposed Northwest New Territories Railway? Will it not recognize this until everything becomes paralyzed in the area around the container port, until an electronic road toll system must be activated to control the number of container trucks entering the container port area?

The proposed Northwest New Territories Railway, if and when built, will perform another function. It will be the second cross-border passenger railway between China and Hong Kong. The KCR last year carried 38 million cross-border passengers, at the rate of 100 000 passengers a day. The through train service between Hong Kong and Guangzhou carried 3 million passengers last year. While the Lo Wu Station is being expanded and the project will be completed next year, the saturation point of its expanded capacity is expected to be reached in 1996. The KCRC estimates that the number of cross-border passengers will continue to increase by 8% or 9% a year and that 78 million passengers will be crossing the border at Lo Wu in the year 2001. This is twice the present number. The 100 million mark will be hit in the year 2010. I shudder to imagine what the scene of huge crowds of cross-border passengers would be when the time comes, unless the proposed Northwest New Territories Railway is built now. Lines of passengers waiting to cross into China might stretch all the way from Lo Wu to Hung Hom.

Now I would like to draw Members' attention to the western New Territories and to make them understand Tuen Mun, where I grew up as an indigenous inhabitant. The population of the western NT has exceeded 750 000, with 450 000 of them living in Tuen Mun. These are the pioneers of the new towns in Tuen Mun, but the Government has never paid attention to, or taken care of, them.

At present, 400 000 passengers a day have to be moved between the western NT and the urban areas. It is estimated that, in the year 2011, when the population of the western NT will be 900 000, the daily number of passengers requiring transport between there and the urban areas will be between 600 000 and 900 000. According to a KCRC study, about 200 buses an hour are moving on Tuen Mun Highway in either direction. The rate will go up to 350 buses an hour by the year 2011 if the proposed Northwest New Territories Railway is not built.

The people of Tuen Mun have once again been made the sacrificial lamb in the Government's plan for the proposed Northwest New Territories Railway. I really do not understand why both Route 3 and the proposed Northwest New Territories Railway must end at Yuen Long, while the transport needs of the 450 000 people of Tuen Mun are being ignored.

The Government's explanation is that it will cost an extra \$6 billion to extend the proposed Northwest New Territories Railway's Tin Shui Wai branch line to Tuen Mun and that the train service along this extension will affect the business of the Light Rail Transport (LRT). When this Council debated the Railway Development Study on 7 July last year, many Members accused the Government of trying to win its case more by high-handed pressure than by persuasion. Members said that plans for the proposed Northwest New Territories Railway should accommodate the needs of the people of Tuen Mun. They noted that, because the proposed Northwest New Territories Railway will be substantively different from LRT, which is a local transit system, the business of the latter is not likely to be affected. Members on that occasion showed up the Government's mistakes. I thank them on behalf of the people of Tuen Mun.

Last Sunday, at a forum held in my office, all participating local people said that they wanted the proposed Northwest New Territories Railway to be extended to Tuen Mun. Being their representative in this Council, I really must express this wish on their behalf. The Government should sober up and realize that the traffic and transport problems now plaguing Tuen Mun are the result of none other than its own short-sighted policy of the past. In terms of city development, it is the immutable law of history that railways lead to local economic development. Is this not known to our high officials in Government? I hope that the Government will wake up today to its mistakes of yesterday and stop being over particular about cost-effectiveness. The KCRC estimates that it will take only 20 minutes to travel from Yuen Long to downtown Kowloon by the proposed Northwest New Territories Railway and that it will take only 30 minutes to travel from northern Tuen Mun to Jordan. The people of Tuen Mun are really anxious that the day should arrive soon.

The Government will perhaps say that the Financial Secretary's Budget for 1994-95, delivered recently, has already made clear that the \$3.7 billion contract for Ting Kau Bridge will be awarded in August this year and that the contracted works will be completed before the end of 1997. In addition, the Government says that it hopes that the operating franchise for the country park section of Route 3 will be approved and awarded before the end of this year and that the project will be completed before the end of 1998. The Government thinks that these projects will solve the western NT's traffic and transport problems. I do not think so.

If the Government really thinks so, it cannot be more wrong. Even if Route 3 can open before the end of 1998, its capacity, in the Government's own estimate, will reach the saturation point by the year 2011. So there is really a

pressing need for the proposed Northwest New Territories Railway to be built and it should be built as soon as possible.

I would like to point out something else, which is the need to match a Northwest New Territories Railway with the development of Shenzhen. An academic on transport services tells me that Hong Kong's economic development is now inalienably linked to the economic development of Shenzhen and of the Pearl River Delta. Together, Hong Kong, Shenzhen and the Pearl River Delta will constitute a South China economic circle. Their transport infrastructures should be synchronized and mutually matching. Regrettably, the planning of the proposed Northwest New Territories Railway is done in an ivory tower. The Government is once more sick with border-phobia. It is totally ignoring the need to co-ordinate with the other side of the Shenzhen River. In the opinion of the same academic as well as the opinion of officials of the Planning Bureau of the Shenzhen Municipal Government, whom I met, the city centre of Shenzhen will be shifting westwards. If the proposed Northwest New Territories Railway joins Wong Kong at Lok Ma Chau, Shenzhen's urban planning and construction will be affected. Therefore, Mr President, I am afraid that, if the Government does not communicate with Shenzhen, the proposed Northwest New Territories Railway will be just a big white elephant if and when it is built.

Mr President, everybody should know that the proposed Northwest New Territories Railway will benefit not only the development of Northwest NT but also the people living in the areas along its entire length, including Tsuen Wan, Kwai Chung, Tsing Yi, western Kowloon and eastern NT. Regrettably, the Financial Secretary merely made a passing reference to such an important infrastructure project in his Budget speech for the new financial year. He announced no firm decision about it.

Because the Northwest New Territories Railway project straddles 1997, there must be Sino-British consultation on the railway's operating franchise and on financial arrangements for its construction. This makes me worry. Sino-British relations are now at a low ebb because of the quarrel over the issue of Hong Kong's political system. The Sino-British consultation process may be impeded. This will delay the commencement of construction work.

Honourable Members, in moving this motion, my purpose is to urge the Government to raise the priority of the proposed Northwest New Territories Railway and to lay down a timetable for the construction of the project and to set aside the necessary funds or make other appropriate financial arrangements for its construction so that the project will not be delayed.

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

Question on Mr Alfred TSO's motion proposed.

PRESIDENT: Mr Michael HO has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

MR MICHAEL HO moved the following amendment to Mr Alfred TSO's motion:

"To insert the words "Town Centre" between "Tuen Mun" and "will substantially", and to delete the words "consider taking" and "not be delayed" and substitute by "take" and "be completed in the year 2001 or before" respectively."

MR MICHAEL HO (in Cantonese): Mr President, I move to amend Mr Alfred TSO's motion. The essential purport of the motion moved by Mr Alfred TSO is basically very much identical to the standpoint of the United Democrats. We both hold that the Northwest New Territories Railway will substantially ease traffic congestion throughout the New Territories West and the New Territories South and will be conducive to China-Hong Kong economic development. We have sufficient statistics or data to substantiate these arguments. My amendment today comprises three points: Firstly, I urge to have the Tuen Mun Link extended to Tuen Mun town centre. Secondly, to delete the words "consider taking" in the motion. Thirdly, to have the Northwest New Territories Railway completed before 2001. In moving the amendment, I seek to deny the Government as much "manoeuvring room" as possible which might otherwise enable it to fulfil the task enjoyed in the motion without exerting any substantive effort after the motion was passed. What concerns me most is the words "consider taking" in the motion because if we urge the Government to consider, it may simply give us a reply several months later that the Administration has already considered it but the conclusion is that we are not going to build this railway. I am glad that Mr Alfred TSO told me before today's sitting that he would support my amendment motion. I would like to make a few points as regards my amendment motion. First of all, I would like to define it clearly that the Tuen Mun Rail Link should be extended to terminate at Tuen Mun town centre because the Government has once indicated that for cost-effectiveness reasons, it would only consider extending the Northwest New Territories Railway to Tuen Mun North, that is, in the vicinity of Siu Hong Court. However, should the Northwest New Territories Railway terminate at the fringe of Tuen Mun, it would not adequately meet the long-term transport demand of the several hundred thousand residents in Tuen Mun. We, therefore, would like to put it clearly that the Northwest New Territories Railway should be extended to Tuen Mun town centre instead.

When the Railway Development Study Public Consultation Document was released in April last year, the United Democrats had already made a response and requested that the high priority Western Corridor should be extended to Tuen Mun town centre. The Government's response at that time was that the

proposal was not feasible because of the huge cost and its adverse effects on the income of the Light Rail Transit (LRT). Later on, the Government realized that it had a weak case and, reversing what it had earlier said, professed that it would consider extending the Western Corridor to Tuen Mun North. However, it still rejected the proposal to have the railway extended to Tuen Mun town centre because such an extension would be too expensive to build and not cost-effective. There is one thing I would like to point out. The construction of an additional section of railway will of course cost more but the crux of the problem is whether or not the community there needs the railway. In view of this, we consider the Government's reasons not capable of standing up to challenge. Of the 600 000 population in Tuen Mun, most live around Tuen Mun town centre. Should the railway terminate at Tuen Mun North, there would be large numbers of passengers rushing to Tuen Mun North at peak hours, rendering local traffic even more congested. If we take a look at the present situation of the LRT, both the platforms and the vehicles along the entire route are already extremely crowded at peak hours. Should the railway be extended only to the LRT Tuen Mun North Link and no further, it would cause unnecessary confusion to local traffic at peak hours. This would substantially erode the transport function the Northwest New Territories Railway is meant to discharge, namely, to serve the 600 000-odd Tuen Mun commuters. To resolve the overall traffic problem of Tuen Mun, the extension of the Northwest New Territories Railway to Tuen Mun town centre is after all the long-term solution.

Almost one year has lapsed since the publication of the Railway Development Consultation Paper in April last year and the Legislative Council has held debates on the subject thrice. Judging from these facts and figures, it is true that both the public and the Legislative Council hope to see construction of the railway get started as soon as possible. On the other hand, the Government has already taken one year to examine the issue of railway development but a decision has yet to be made. It is of course usual practice for the Government to take one to two years to arrive at something definite. But to the residents of the New Territories West who have to spend three to four hours on commuting everyday, one to two years really seem to be a century. This is why my second point in the amendment is to delete the two words "consider taking". It is hoped that the Government will not only consider, but also take concrete actions. The United Democrats consider that the Government should get started on building the Western Corridor within one month after today's motion debate and provide details as regards the construction schedule and financial arrangement. The United Democrats hold that if we are to fully promote the effectiveness of this railway, we need to co-ordinate with the Chinese side to ensure the dovetailing with the railway there. Therefore, we hope that discussions with the Chinese side will be held while the construction study is being carried out. We believe that this railway will be conducive to China-Hong Kong transport and economic development. The Chinese side should have no reason whatsoever to impede or oppose it.

Lastly, I must point out to the Government that the railway should be completed in the year 2001 or before. The reason is that apart from being an

appropriate date as suggested by the Railway Development Study, the Kowloon-Canton Railway is under very heavy stress at the moment and is going to reach saturation by 1997. Worse still, the congested traffic condition in the New Territories West is getting graver and graver. We therefore hope that the railway will be completed before 2001. I very much hope that the Government will not adopt its past attitude of listening to our motion debate without any response by way of action. We want to see real action this time. Finally, I would like to thank Mr Alfred TSO for his support and am looking forward to more co-operation with him in respect of community work.

Mr President, with these remarks, I move the amendment.

Question on Mr Michael HO's amendment proposed.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I cannot express my support enough for the motion moved by Mr Alfred TSO urging the Government to embark on an early construction of the Northwest New Territories Railway so as to improve the traffic links between the northwest New Territories and the urban areas, and at the same time promote China-Hong Kong economic development.

Mr Alfred TSO and other Members have exhaustively dealt with the point that the completion of the Northwest New Territories Railway would improve immensely the traffic between northwest New Territories and the urban areas. I have no intention of repeating what they said. What I would like to emphasize is that the Northwest New Territories Railway will be of great significance in promoting passenger and freight traffic between China and Hong Kong and that it is high time the Government grasped this opportunity to make the right decision as soon as possible.

At present the Kowloon-Canton Railway is under tremendous pressure generated by passenger and freight traffic. A total of 5 runs of through passenger trains make use of the Kowloon-Canton Railway daily, carrying on average a total of some 8 000 passengers. This passenger volume represents about 102% of the passenger carrying capacity of the Railway which manifestly is becoming unable to cope with demand. Even for through freight trains, only 5 runs can be arranged each day, resulting in a backlog of cargo awaiting transportation at the marshalling yard across the border. It is necessary to transport them to Hong Kong in order of priority. No doubt the Kowloon-Canton Railway has reached saturation point in terms of its capacity. One can foresee that, with the growing volume and frequency of traffic between China and Hong Kong, it is necessary for Hong Kong to build another railway that can link up with the railway network in China in order to cope with the needs of long-term development.

In actual fact, the Chinese Government has long been preparing to make a rigorous effort to expand its railway network so as to meet the increasingly

pressing traffic needs. Last June, a delegation of the Democratic Alliance For the Betterment of Hong Kong paid a visit to the Guangdong authority for railway development and learned that the extension work of the Guangzhou-Shenzhen Railway would be completed this year. By then the the Railway will have been converted from a double-track line into a triple-track line, with one track being designated for the exclusive use of freight trains. Moreover, faster trains will be deployed to ply the Guangzhou-Shenzhen Railway while through trains and other trains that run on the said Railway will be fitted with double-deck carriages. The passenger and freight throughput of the Guangzhou-Shenzhen Railway will be greatly enhanced. The Beijing-Kowloon Railway will commence operation in 1995 while a large marshalling yard located at Pinghu, halfway between Dongguan and Shenzhen, will also open for use this year. Thus it can be seen that the future passenger and freight throughput of southward-bound rail transport out of Guangdong will be greatly enhanced, which will pose an enormous challenge to the railway system here in Hong Kong.

Nevertheless, although the Government realizes the pressing need to have the Northwest New Territories Railway built, and the Financial Secretary, in his Budget speech, has also placed this project under the category of high priority development, the Railway will not be completed until 2001. I am afraid, at such a laggard speed of development, Hong Kong will not be able to keep up with the fast pace of railway development in China, thus bringing harm to the economy of Hong Kong. More important still, we feel deeply that there is a lack of communication between the Government and the Guangdong railway development authorities. As a result, Hong Kong fails to tie in with the relevant development in China when formulating its own plans for railway development. In a debate on the consultation paper on Railway Development in July last year, I warned that if the Government did not make an effort to dovetail railway development with that of China, then there would arise a situation of "non-convergence" in which "each party goes its own way". This would lead to enormous waste and economic losses. Therefore, I hope that the Government, in laying its plans for the Northwest New Territories Railway, will take into consideration the factor of achieving proper dovetailing with the railway network in China.

Actually, if it does have the foresight, Hong Kong should realize the fact that speeding up the progress of railway development in Hong Kong will consolidate its status as an important port for China. According to statistical forecast, throughout the next century, the foreign trade of China will experience an annual growth of 10% while the freight traffic between China and Hong Kong will also grow by 6% annually. China has long since recognized the demand for infrastructural construction as a result of rapid economic growth and has therefore embarked on a massive construction effort to complete the Beijing-Kowloon Railway ahead of schedule. According to statistics of the Kowloon-Canton Railway Corporation, by the end of the century, the volume of cargo conveyed to Hong Kong by railway from interior provinces of China will constitute 36% of the China-Hong Kong freight volume. To Hong Kong, China

is indeed a very huge market for freight transportation. However, at present Hong Kong still lacks a railway connecting directly with the Kwai Chung Container Port, and the roads are congested too. As a result, on arrival of cargo at Hung Hom, it is necessary to make use of feeder trucks to convey the cargo to the Container Port. This is a process the cargo forwarders will naturally find inconvenient. If in future the pressure on freight traffic keeps growing, the forwarders may then be forced to choose seaborne transport services available along the coast of the Guangdong province, or simply to convey the cargo to and from Hong Kong by means of trucks instead. The competitive edge of Hong Kong will then be dulled and the burden of such traffic on roads will be increased as well.

Since the economy of both Hong Kong and China has been, in a sense, fused into one, the Government must study the various aspects of forward planning initiated by China and try, as far as possible, to tailor Hong Kong's planning to tie in with that of China so as to achieve the greatest economic efficiency under the principles of mutual support, mutual co-operation and benefit. With the imminent commissioning of the Beijing-Kowloon Railway and the completion of the electrification of the Guangzhou-Shenzhen Railway, the Government must act promptly in laying down a timetable governing the progress of construction of the Northwest New Territories Railway, which will have a significant bearing on the long-term economic development of Hong Kong, and make appropriate financial arrangement for it.

With these remarks, I support the original motion and the amendment.

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

MR EDWARD HO: Madam deputy, Hong Kong in the last few decades has constructed many significant infrastructure projects, notably the two cross-harbour tunnels, the mass transit system, the Tuen Mun Highway, the Eastern Island Corridor, to name a few. However, Hong Kong has always built its infrastructure projects after situations have become critical. The decision to build a replacement airport at Chek Lap Kok is a case in point: even if the new airport were to complete in time, without all the political problems currently affecting it, the present airport would have become critically saturated long before.

This was true also for domestic transport of passengers and freight. When the new towns in the Northwest New Territories were built and occupied, little thoughts were given to how, when population builds up, the tens of thousands of residents were to be transported to their places of work speedily and economically. In recent years, the effect of this lack of forward planning has been compounded by the rapid growth of cross-border trades which has added an unbearable burden on the already inadequate transport systems in the New Territories.

Certainly, planners have indicated in the long-term plans a network of trunk roads and mass transit systems. But these generally remained on the drawing board until demands have become so critical that the Government found it difficult to ignore that it would commit funds to plan and to implement the projects.

My very first speech in this Council in October 1987 urged that residents in the new towns should not be treated as if they have been "banished to the wilderness". Seven years hence, at last Route 3 is scheduled to start in about a year from now; its completion scheduled to be the end of 1998: 11 years after my call.

The northern section of Route 3 will be greatly welcomed by many in the Northwest New Territories, but that should by no means be regarded as the solution to all problems.

First of all, I understand that the capacity for Route 3 will be reached by the year 2011. Secondly, the population of Northwest New Territories is projected to reach a million people by that time. In my mind, this is a conservative figure: as I mentioned in the Territorial Development Strategy (TDS) Review debate in this Council, the population projection in the TDS Study could be unrealistically low. In my case, at least a million people have a long way to travel to the main urban area. A mass transit system would cut their journey time from around 40 minutes to just 17 minutes from Yuen Long to West Kowloon.

The time has come to make a decision to start detailed planning and implementation of the port of the Northwest New Territories Railway, also known as the Port Passenger Line, linking the border to the Kwai Chung Container Terminal. This is a strategic rail link that would facilitate the transport of goods between Mainland China and the future Hong Kong Special Administrative Region. This would ensure that Hong Kong shall remain a premier port in South China. We know that not only China is developing a number of container ports in the region, but also China has decided to give top priority to the development of rail.

The rail link would also relieve traffic of goods vehicles on the road, which has already occupied most of the capacities of the Tuen Mun Highway and the Tolo Highway.

Congestion of the trunk roads means not only inconvenience and social costs to all those who have to depend on such transport, it also means that transportation constraints will impose significant economic disbenefits to our trade and industry. I have stated in my speech on the motion debate on the Territorial Development Strategy that Hong Kong should make plans to cater for the extra high growth scenario: this rail link is vital to that scenario.

Recently, there have been much debates over the shortage of land supply which contributed to the spiralling property prices. Despite what most people would think, according to our planners, there is no real shortage of raw land in Hong Kong for the population projected. The problem lies in the lack of infrastructure to render this land buildable, transport infrastructure being a major element.

Madam deputy, major transport infrastructure projects require a long lead time to plan and to build. The Port Passenger Line, which is so vital to Hong Kong, will take seven years to put in place. The time to act is now.

MRS MIRIAM LAU (in Cantonese): Madam deputy, in recent years the rate of increase in the number of vehicles in Hong Kong has been higher than the estimated figure by the Government, and as traffic congestion in Hong Kong is becoming more severe, the Government does a kite-flying by saying that financial measures may be used to suppress the increase in the number of vehicles. All along, I have been of the opinion that tackling the traffic problem with financial measures is not the best way. I believe that in order to solve the problem on a long-term basis and thoroughly, the Government ought to concentrate on developing mass transit network and to encourage members of the public to use public transport.

Speaking of traffic congestion, I believe that no other region can be in a worse position than northwest New Territories. Residents of Tuen Mun and Yuen Long have been suffering from the traffic congestion of Tuen Mun Highway for years. They are bearing the consequence of the Government's mis-planning. It is only right for the Government to provide the means of relief. We certainly hope that Route 3 would be able to relieve the traffic congestion of Tuen Mun Highway, and that Route 3 could be completed by 1997. However, we must realize that when northwest New Territories further develops and the population reaches 900 000 in 2001, it would not be adequate to have only the road network to rely on. Therefore, it is absolutely necessary to build a railway to connect this region to the urban traffic network. During the debate on the Railway Development study last year, I urged the Government not to delay the plan on the Western Corridor Railway and to proceed with it as quickly as possible. Actually, it had already been proposed in the Second Comprehensive Transport Study of 1989 that the Government should develop the Northwest New Territories Railway by the early 1990s and have it completed by mid-1990s. The proposal was not negated by the 1990 White Paper on Transport Policy. However, it is not known why the Government has been reluctant to put into effect the project so far. The Railway Development Study reiterates the importance of building a railway in northwest New Territories and proposes that it should be accorded top priority so as to have it completed by the year 2001. As a matter of fact, it would already have missed the proposed completion date by quite a few years. It will be unacceptable if the Government delays it any longer. The Governor in his Policy Address last October said that the Government would give serious consideration to building a

railway connecting New Territories West. Hence, when the Financial Secretary disclosed the huge surplus this year, there was high expectation that he would, at the same time, also put into effect this important item of transport infrastructure and make commitments. However, the Financial Secretary mentioned nothing of it, which was really disappointing. I cannot understand why the Government is still in doubt, still in deliberation. As a matter of fact, studies one after another all highlight the importance and pressing need of this project. I think that if the Government does not trust the study reports by experts, it should not in the first place spend taxpayers' money to commission them. Once they have been done, the Government should attach importance to the proposals by these expert consultants.

The Railway Development Study proposes that the Western Corridor Railway is to include the connection to the China-Hong Kong long distance passenger and freight rail line as well as the suburban passenger rail line to Tin Shui Wai. Not only can this railway plan relieve the traffic pressure of northwest New Territories, but it can also help to meet the ever increasing passenger and freight demand between China and Hong Kong. This is a sound proposal both for internal and external purposes, and for the convenience of members of the public as well as the economic development of Hong Kong. By the time when the railway is completed, a huge circular mass transit network linking the Kowloon-Canton Railway and Mass Transit Railway will be in place in the New Territories. By that time, people can shuttle between places in all directions in the New Territories or between the New Territories and the urban areas by using mass transit transport, which will greatly reduce their need to drive their own cars, and the pressure of road congestion will be relieved as a result. Madam deputy, the proposed suburban passenger rail line will have to be extended to Tuen Mun, otherwise residents of Tuen Mun will have to take the Light Rail Transit System before they can take the heavy rail, and in having to do so, it will be both inconvenient and impractical, not to mention being unfair to them. From the point of view of transport, the purpose of any transport service is to facilitate the users. Therefore, it would be best of all to extend the relevant rail link to Tuen Mun town centre. The Government had said in the past that the cost of the project from Tin Shui Wai to Tuen Mun town centre would be as much as \$6 billion, that it would be too expensive to be cost effective. I hope that the Government can study the matter to look for ways to reduce the construction cost of this section of the railway, so that the relevant rail link can be both cost effective and meeting the needs of the residents there.

Madam deputy, I have to point out that any railway or road to the Chinese border must be able to connect to the transport network of the mainland, otherwise it would be useless. I read from the newspaper the other day that some Chinese officials had remarked that the Northwest New Territories Railway extending to the Chinese side via Lok Ma Chau would be unable to connect to the railway network of the mainland. This shows a problem of communication between the Government and the Chinese authorities. Whereas the Government has to put in effect this project, it is also necessary for the Government to keep in contact and to communicate with the Chinese

Government so as to seek its co-operation, so as to facilitate the implementation of this project which in fact will benefit both sides. Actually, there are quite a number of areas in transport infrastructure between China and Hong Kong that require integration work; the present contact on an operational level is obviously inadequate. Under these circumstances of inadequate communication, it follows that it would be difficult to carry out the project. It is only right for the Government to take the initiative and seek to solve the problem in order to avoid any delay or hindrance to the normal development of Hong Kong's important transport infrastructure.

Madam deputy, with these remarks, I support the original motion, and I also support the amendment to the motion.

MR MOSES CHENG (in Cantonese): Madam deputy, I have to, first of all, declare an interest in that I am a member of the Managing Board of the Kowloon-Canton Railway Corporation (KCRC). The Government is considering building a new Northwest New Territories Railway which runs through western New Territories to the Kwai Chung Container Port. Until now, the KCRC has still not been involved. We have received no notice from the Government regarding the construction or operation of the railway. I speak today in the hope that I can try to make a diagnosis on Hong Kong's overall economic development.

According to a popular description, transport is to the economy while arteries are to the human body. Traffic trunk routes are equated with the aorta. However, I am afraid that in the foreseeable future, the aorta of Hong Kong will burst as a result of embolism. In the past 10 years or so, an economic miracle has been created by combining the technological and financial expertise of Hong Kong with the cheap labour and land available in China. The production output of Hong Kong's manufacturing industry alone has achieved an increase of 20% in real terms over the past ten years. The entrepot trade of Hong Kong, focused principally on China-made products, records substantial increases while China's economy develops at rocketing speed. The freight volume between Hong Kong and Guangdong surges drastically as a result of the expansion of external trade in Guangdong. Last year, among the US\$27 billion worth of products exported from Guangdong, 80% were re-exported to other parts of the world via Hong Kong. These goods are carried to Hong Kong mainly by means of road transport, creating immense pressure on the three border crossing points and our road network. As many as 20 000 trips per day are made by goods vehicles and container trucks plying between Hong Kong and China. The normal waiting time for processing at crossing points averages one to two hours while a waiting time of eight to nine hours is not unusual in case of accidents. According to statistical data supplied by the Hong Kong General Chamber of Commerce, it is estimated that our freight and shipping industries suffer an annual loss of around HK\$3 billion as a result of traffic congestion. In the past, the economy of Hong Kong has derived impetus mainly from southern China, in particular the Pearl River Delta area; therefore the traffic pressure upon Hong

Kong also comes from these areas. But it is estimated that in the future we will have to cope with new demand and take up new challenges. Railway development will still be on the priority list in China's future development. In southern China, the transport capacity of the Pearl River Delta area will be greatly enhanced with the completion of Ping Nan Railway which is linked with Shekou and with the completion of Yan Tian Railway which is linked directly with the Guangzhou-Shenzhen Section. More importantly, the Beijing-Kowloon Railway will be completed in 1995. In other words, China's main economic centre with close ties to Hong Kong will shift northward from Guangdong. Can Hong Kong just stand still in face of these changes?

The existing design or arrangement as regards China's railway transport development is to develop high-speed rail services running from central China to the ports on the Mainland. The Northwest New Territories Railway under planning may form part of the Beijing-Hong Kong Line, in order to carry more goods coming from central or even northern China. Solely adopting measures such as reinforcing riverborne transport or extending the opening hours of crossing points can in no way cope with the challenging tasks lying ahead. Rail transport system is obviously the most effective and efficient solution. The existing Kowloon-Canton Railway is not capable of meeting the ever-increasing demand for China-related freight since a major portion of haul hours has given way to passenger traffic. Average daily ridership on KCR has reached 400 000, on top of which it has to cater for cross-border passenger traffic which experiences an annual growth of 8% to 9%. KCRC's forecast also reveals that the Lo Wu Station, the upgrading work of which is to be completed by next year, will become saturated in 1996 if its usage grows at maximum rate. Therefore, it is both necessary and urgent to establish another border crossing which can handle vast numbers of passengers. The KCRC has commissioned a study on the Northwest New Territories Railway, the result of which is very similar, or even consistent with the study commissioned by the Government. With its financial ability and experience in planning and operating heavy rail, the KCRC is in a position to develop the second heavy rail. In other words, we are now in a situation where everything is ready except for the crucial green light to the construction of the railway.

Madam deputy, I am not a quack but I am a pragmatic person. Basing on the above facts, my diagnosis is that the Government should prescribe medications as early as possible, so as to give the arteries of Hong Kong's economy a smooth run.

With these remarks, I support the motion.

MR FREDERICK FUNG (in Cantonese): Mr President, the Association for Democracy and People's Livelihood (ADPL) thinks that a Northwest New Territories Railway will be very good for the economy. The Northwest New Territories Railway, as now planned, will be a transport aorta. It will provide a rail link between the border and the Kwai Chung container port. It will be a

system for moving commuters between Hong Kong's urban areas and northwest New Territories and for moving travellers between Hong Kong and China.

However, ADPL and I myself have worries about such a course of railway development, which presupposes that Container Terminal No. 9 (CT9) will be built. We are worried that CT9 and such a major railway in support of it will make Tsuen Wan-Kwai Chung area an even busier hub of freight transport. The proposed Northwest New Territories Railway will also cater for passenger traffic. So too will the airport railway which will also pass through this area. Tsuen Wan-Kwai Chung area being an old developed community, what change should it undergo before it could cope with such heavy flows of traffic through it? This question really has to be asked. Regrettably, no detailed answer can be found in the Territory Development Strategy Review published towards the end of last year. If the Government is thinking of relying on private initiative for the redevelopment of a 20-year-old community into a modern transport hub, then this is a near impossibility, considering that private companies will have to grapple with the daunting difficulties in land repossession or compulsory acquisitions. If the Government is thinking of using its own resources for this redevelopment project, then it does not have the immense resources that will be needed. This is why ADPL has been suggesting all along that container terminals 1 to 5 and CT9 should be built on Lantau Island instead. If built there, they will not add to the traffic congestion already plaguing Tsuen Wan-Kwai Chung area.

On a separate matter, will it be necessary to extend the northern end of the proposed Northwest New Territories Railway to Tuen Mun? I believe that the people of Tuen Mun want it to be so extended. They have been expressing such wishes ever since the consultation paper on Railway Development Study was published last year. Mr Alfred TSO's motion seeks the extension of the proposed Northwest New Territories Railway to Tuen Mun which is a sprawling town covering a vast area. Now, there are reports that the Government intends to extend the proposed Northwest New Territories Railway by building a link to the north of Siu Hong Court. If these reports are true, then, considering that Siu Hong Court North is within what is generally known as Tuen Mun, the Government's intention should go a long way towards meeting the objectives Mr TSO's motion posits. On maturer consideration, we might ask: if the purpose is to solve the problem of road congestion, how useful will it be to extend the proposed Northwest New Territories Railway just to Siu Hong Court North? To us, the answer seems to be that it will not be useful. Siu Hong Court is in Tuen Mun but nowhere near the town centre; it is nearer Yuen Long. If the proposed Northwest New Territories Railway is extended just to Siu Hong Court North, no direct benefit will result for people living in central or southern Tuen Mun. They will still have to take connecting LRT or bus rides before they can board the train at Siu Hong Court and proceed to the urban areas. If they want to take the train, they will have to switch transport at least a few times before they can access the urban areas. They will have to take connecting rides before they will be able to take the train to Sham Shui Po. But they will still have to take bus or MTR rides to get to Yau Ma Tei, Tsim Sha

Tsui, Mong Kok or any part of Hong Kong Island. How likely is it that people will use such a "circuitous method" to access the urban areas? I hope that decision-makers will give more thought to how members of the public feel.

ADPL as well as I myself are of the view that, when studying the question of extending the proposed Northwest New Territories Railway to Tuen Mun, the Government should think in both long and short terms. A Northwest New Territories Railway must be able not only to meet long-term transport development needs but also to bring short-term benefits to the public. Therefore, we suggest that consideration should be given to extending the Tuen Mun link of the proposed Northwestern New Territories Railway beyond Siu Hong Court North. It should be further extended to Tuen Mun town centre and thence to the Butterfly Bay area as its last terminus. I think that the Butterfly Bay area's population of over 100 000, just as the population of Siu Hong Court, is plagued by inadequate transport services. The Butterfly Bay option has another advantage, which is that it will more readily dovetail with the long-term development plan. According to the Railway Development Study and the consultation paper on the Territory Development Strategy Review, over the long term, southern Tuen Mun will have an opportunity to be connected to the airport railway. Therefore, if the Butterfly Bay option is adopted, a Tuen Mun resident will be able to access Lantau Island or Central on Hong Kong Island by taking a Northwest New Territories Railway train to the Butterfly Bay area and then switching to an airport railway train. This, by cutting commuting time, will be good for economic activity.

Furthermore, we think that the Government should as soon as possible make a firm decision to proceed with the Northwest New Territories Railway project. There has been no more news about this project since the publication of the Railway Development Study consultation paper last year. The people of Tuen Mun are waiting anxiously for more news about when a firm decision will be made. I believe that, because the project straddles 1997, a lot of time will be taken to consult China on financial arrangements and on the proposed Northwest New Territories Railway's management structure. Therefore, I urge the Government to lay down a timetable. This timetable should set an early date for the determination of the route layout and the earliest possible date for the commencement of construction work. The people of Tuen Mun should be relieved early in the 21st century from having to put up with "the day-long, month-long and year-long congestion" of Tuen Mun Highway.

With these remarks, I support the motion.

MR LEE WING-TAT (in Cantonese): Madam deputy, the topic of today's motion debate has been discussed many times in this Council. To use a vernacular term to describe it, it is a hackneyed topic well worn with age. We have on many occasions, including the Transport Panel meetings and the regular sittings of this Council, repeatedly discussed the traffic problems of northwest New Territories. The Transport Branch has conducted many studies and

members of the public have expressed their views, but what have we achieved? We have had a consultative document called the Railway Development Study published by the authority concerned, and we are now waiting for the Transport Branch to decide when to start the various important construction projects proposed in this document in order to really solve the traffic problems in northwest New Territories.

I agree very much to the views expressed today by Members on this topic, and these views are similar to those expressed three years ago at the meetings of this Council and the Transport Panel. We are unanimous that the external transport system of Tuen Mun and Yuen Long has many problems and the road network in the region is unable to cope with the passenger and freight throughputs, especially when the volume of transportation between Hong Kong and China has increased significantly in the last few years, with the result that the frequency of using the Tuen Mun Highway and the Castle Peak Road by container lorries has greatly increased with an annual growth rate of over 10%. We know that in the next five to 10 years, economic development in southern China will drastically boost the freight volume between China and Hong Kong and the traffic problems in northwest New Territories will further deteriorate. As regards solutions, proposals by Members are basically the same, namely expediting the construction of road projects, including the Ting Kau Bridge, the Route 3 — Country Park Section, the Northwest New Territories Railway and so on.

The problem now is whether the Administration understands how anxious Members of this Council and members of the public are. The Administration has to build two major trunk routes these few years. The first one is Ting Kau Bridge to be completed in mid-1997. This project can to a certain extent relieve the congestion on Tuen Mun Highway affecting traffic bound for the urban areas (I hope that the Secretary for Transport and the Highways Department can closely monitor the construction work of this project such that the construction of Ting Kau Bridge can be completed in mid-1997 as scheduled). The second solution is to start as soon as possible the construction of Route 3 — Country Park Section. However, I am afraid that this project cannot be completed until mid or late 1998. We have asked the authority concerned several times whether arrangements can be made such that the completion dates of Route 3 — Country Park Section and Ting Kau Bridge can both be mid-1997. The Secretary for Transport's reply last year was no. I hope he can answer this question again today. Is it really impossible to expedite the completion of Route 3 — Country Park Section? Can the authority concerned speed up the land resumption work and streamline certain procedures involved such that the construction period of Route 3 — Country Park Section can be shortened by three to six months. The early completion of these projects will be tremendously useful to the residents in Tuen Mun and Yuen Long because they will not have to rely on the Tuen Mun Highway as the only route to the urban areas and the traffic volume of the Highway will also be greatly reduced as trucks and lorries will switch to using Route 3 — Country Park Section. In the long run, a mass transit system will of

course be the best solution to the traffic problems in the northwest New Territories.

According to the Railway Development Study, the Northwest New Territories Railway is expected to be completed in 2001, which is seven years from now, and as the consultative document was published last year, it means that the construction of the Railway would have to take eight years' time. As the Northwest New Territories Railway will have to go through Tai Mo Shan, its construction may take a longer time. But I still think that given Hong Kong's rich experience in railway construction, the Transport Branch and the Highways Department should consider starting the construction earlier for an earlier completion.

I would also like to talk about the design and the terminus of the Railway. After the publication of the Railway Development Study, one of the most controversial topics among residents in Tuen Mun is whether the terminus of the Railway should be located at Tin Shui Wai or the Tuen Mun town centre. The criticisms by the residents in Tuen Mun are clearly justified. They have pointed out that locating the terminus at Tin Shui Wai would be to protect the interests of the Light Rail Transit in that competition between the LRT and the Northwest New Territories Railway can be avoided. I think that locating the terminus at Tuen Mun town centre would be a correct choice. In the short run, I hope that the Transport Branch on the Secretary for Transport can adopt the following measures to improve the traffic situation of Tuen Mun:

- (1) Increase the frequency of ferry service between Tuen Mun and Central such that the public can go to Central without using the Tuen Mun Highway.
- (2) Ensure that the construction work of the uphill section of the Tuen Mun Highway can be completed in early 1996 as scheduled.

Finally, I would like to point out that one of the main causes of the traffic congestion at Tuen Mun Highway is that most container lorries use the Highway during daytime and very few container lorries use the Highway and the Container Port during nighttime. I hope that the Transport Branch and the Finance Branch can put their heads together to see if there are any measures which can attract more drivers of container lorries to use the Highway during the time between late evening and early morning, as this can relieve the congestion of the Highway during the morning and the afternoon.

Madam deputy, with these remarks, I support the amendment motion.

MR WONG WAI-YIN (in Cantonese): Madam deputy, the Meeting Point always thinks that mass transit systems in general and railway systems in particular are very important to Hong Kong's economic development and to the livelihood of

its people. We always insist that railway development should be able to serve three purposes:

- (1) Give support to the new airport and to the westward shift of sea terminals by providing a complete circular railway.
- (2) Provide a second complete circular railway system in view of the rapidly rising volumes of China-Hong Kong passenger and freight transport.
- (3) Ease traffic congestion in local communities; and provide transport to meet the needs of the people living in remote new towns and the needs of industrial and commercial development. These needs should cover second-choice needs in emergency situations.

In view of the above, the Meeting Point is of the view that there is a pressing need to extend the Western Corridor from Tin Shui Wai to Tuen Mun town centre. Our arguments are as follows:

- (1) Tuen Mun has a huge population. The number of passengers who need external transport services to travel from Tuen Mun to other parts of the territory has risen sharply.
- (2) The capacities of Tuen Mun Highway and Castle Peak Road have reached their saturation points. The situation will get worse in the coming years.
- (3) The further development of industry and commerce in Tuen Mun will be affected by the failure to build a railway to provide external transport service.
- (4) One project attendant on the westward shift of Hong Kong's sea terminals is the construction of piers for river boats in Tuen Mun. This will put huge additional pressure on land transport.

Madam deputy, on 7 July last year — 7 July, incidentally, is the anniversary date of the outbreak of the Sino-Japanese War — this Council held a motion debate on the Railway Development Study. Most Members said on that occasion that they found the degree of traffic congestion in northwest New Territories to be intolerable, and that they were in favour of giving high priority to the Western Corridor Railway. They also said that they were in favour of having the Western Corridor extended to Tuen Mun. But there was no agreement on whether it should be extended to Tuen Mun town centre or to northern Tuen Mun.

In his response to last year's motion debate, the Secretary for Transport said that it would be possible, by improving Light Rail Transit (LRT) operations, to provide sufficient connecting transport to move passengers from

Tuen Mun to Tin Shui Wai or Yuen Long to board the Western Corridor Railway train. I have news for the Secretary for Transport. LRT service in the Tin Shui Wai area is inadequate. LRT has no more new cars that can be put into service. Accordingly, under a so-called "route combination" plan, LRT has cancelled the Route 612 service from Yuen Long to Tuen Mun. As a result, the frequency of LRT service from Yuen Long to Tuen Mun has been cut from 35 departures per hour to 17 departures per hour. This is a sharp 22% cut. Now, during rush hours, LRT service is unable to cope with demand. The platforms are dangerously overcrowded with passengers. I believe that, with any further cut in LRT service, one will have to worry even more about the safety of passengers waiting for LRT cars at the platforms. Accordingly, the Western New Territories branches of Meeting Point and the United Democrats of Hong Kong launched a signature campaign in Yuen Long last Saturday, collecting signatures to support a strong protest against cutting the total number of LRT departures from Yuen Long to Tuen Mun. The signature campaign won enthusiastic support from the local residents. In just over three hours, we collected more than 5 000 signatures. Many of those who signed their names asked us why we did not launch a signature campaign to call for the dismantling of LRT service. They said that they would give us their strong support if we launched a campaign to call for the dismantling of LRT service between Yuen Long and Tuen Mun. Madam deputy, one can tell from these reactions that the many local residents are still strongly dissatisfied with the inadequacy of LRT service despite the fact that LRT has been in service for nearly six years. One really cannot have too much faith in LRT as the future mode of connecting transport to the Western Corridor Railway. The residents of Tuen Mun are totally lacking in confidence in LRT's ability to provide connecting transport. So they have no choice but to call for the extension of the Western Corridor Railway from Tin Shui Wai of Yuen Long to Tuen Mun. The Meeting Point fully supports the needs and demands of the more than 400 000 residents of Tuen Mun. The Government really has no reasonable excuse for ignoring their demand for external transport services.

The Government says that it is a matter of cost-effectiveness. Madam deputy, the Meeting Point wishes to stress here that its political platform contains a transport policy. This policy has a basic principle, which states that an efficient and safe transport system should be developed and maintained, that it should be consistent with economic and community needs and developments, and that the Government has an obligation to provide members of the public with a good-quality public transport system. Accordingly, the Meeting Point thinks that cost-effectiveness should not be the sole consideration where the transport infrastructure is concerned. Consideration should also be given to transport as the basis for urban development and to transport's benefits to the economy and the livelihood of the people. To look at the profit picture and to disregard the needs of the people of western New Territories, particularly the people of Tuen Mun, because there is no profit to be made, is to look at the trees and to disregard the forest.

Madam deputy, traffic between China and Hong Kong has been most busy. Between them, both the passenger volume and the freight volume have been rising from year to year. Therefore, the transport infrastructures of China and Hong Kong must be mutually matching. Each infrastructure can then be put to the most effective use. Accordingly, the Meeting Point suggests that there should be a China-Hong Kong transport liaison group set up by the transport departments of the two sides. This group should hold scheduled meetings to compare notes and to discuss mutual matching between the transport infrastructures of the two sides. If each side develops its own transport network and the two transport networks do not match, resources will be wasted. The transport liaison group will help to prevent this from happening.

Madam deputy, as far as I can remember, this Council held four debates during the past two years on the problem of transport services for western New Territories. Clearly, Members are well aware of the pains caused by traffic congestion to the people of western New Territories. Over the years, private groups and individuals in western New Territories have taken various actions to express their strong dissatisfaction with the inadequacy of roads and transport networks. I am a directly elected Legislative Council Member representing western New Territories. I live in western New Territories and I feel the problems as keenly as do many of the people living in Yuen Long and Tuen Mun. Therefore, I hope that, when he gives his response later on, the Secretary for Transport will say something specific about the early commencement of construction work on the Western Corridor, about its early completion and about extending it and moving its last stop from Tin Shui Wai to Tuen Mun town centre. The people of Tuen Mun will then be able to benefit from the project.

Madam deputy, with these remarks, I support the amendment.

DR SAMUEL WONG (in Cantonese): Madam deputy, Hong Kong is a small place with a high population density. Yet it will come as no surprise if somebody says that he spends about two hours every morning going to work and about two hours every evening returning from work. I believe that some of the Members of this Council have had the same experience.

Let me give an example. Suppose that you live in Tuen Mun and work in Wan Chai. You can commute in one of three ways. If you time your moves well, you first ride the Light Rail Transit (LRT) northwards, then take a bus to Sheung Shui, then take a train to Kowloon Tong, then ride the Mass Transit Railway if you can squeeze in, to Wan Chai. This takes about two hours. Your other choices are: using Tuen Mun Highway if you do not mind the discomfort of traffic jams, or taking a ferry ride from the Tuen Mun pier, if you do not mind the discomfort of standing in a long queue.

Hong Kong is an international commercial city known for its fast pace. How can we allow the above described state of affairs to continue? The railway as a mass transit mode will indeed be the best solution.

In fact, as noted in the Government's Railway Development Study, if a railway is built from Tin Shui Wai in Yuen Long and connected to West Kowloon via a Northwest Corridor tunnel, travel time from northwest New Territories to the near suburbs can be cut to about 20 minutes.

If this same railway is also connected to the Lantau airport railway trunk line, a person living in Tuen Mun can ride the LRT to Tin Shui Wai in Yuen Long and then take a train ride along the Northwest New Territories Railway to connect to the Lantau section of the airport railway bound for Central. The entire journey will take just between 30 and 35 minutes. This is the kind of efficient transit system that a modern city should have.

Therefore, the need to proceed quickly to build the proposed Northwest New Territories Railway is beyond doubt. However, I would like to raise one point for the Government's attention. In order to realize its full potentials, the proposed Northwest New Territories Railway will have to be connected to the airport railway. Otherwise, it will do nothing except moving passengers in vast numbers to West Kowloon, where they will only worsen local traffic conditions.

The Government's Railway Development Study suggests that it will take about four years to build the proposed Northwest New Territories Railway, with construction work commencing in 1998 and finishing in the year 2001. However, I believe that, if the Government expedites its decision process and quickly determines the mode of construction for project as well as the route layout for the railway, construction work can perhaps commence sooner. I expect that, if construction work begins in 1996 or 1997, the railway will be ready by 1999 or 2000. It will bring long-awaited relief to the people of northwest New Territories, who are plagued by inadequate transport services.

I expect that construction work on the airport railway project will commence as soon as agreement is reached on financial arrangements for the new airport project. I expect the airport railway to be ready by 1997 or 1998. This will mean that the function of the proposed Northwest New Territories Railway will be given full play as soon as it is ready.

Therefore, I hope that the Government will expeditiously reach agreement with China on financial arrangements for the new airport project and expeditiously make a firm decision as to the mode of construction in respect of the proposed Northwest New Territories Railway. The Government can choose to build the project itself or to award contracts to private companies under a "build, operate and transfer" (BOT) arrangement. In either case, land will be needed and must be reserved or repossessed, and other preparatory work must be done. Otherwise, the railway, when finished, may not have the support of

matching roads and facilities along its entire length, and this will necessitate costly and time-consuming remedial work afterwards.

Should the proposed Northwest New Territories Railway be extended to Tuen Mun town centre? I think that the answer depends on considerations of cost-effectiveness. The Government ought to study the question again and then decide.

We must realize that the proposed Northwest New Territories Railway is designed as a rapid suburban passenger transit system. The average distance between each train stop and the next is about three kilometres. Trains will move at the speed of between 120 and 150 km per hour. The proposed Northwest New Territories Railway will serve as a fast link between northwest New Territories and West Kowloon. This being the case, there should not be many short-distance train stops along its length. In this, it is different from the LRT.

In any case, there are several possible locations in northwest New Territories for the terminus of the proposed Northwest New Territories Railway. These possible locations are Hung Shui Kiu, North Tuen Mun and Tuen Mun town centre. The final choice should depend on considerations of cost-effectiveness and on the availability of land as the site for the terminus. People living in different parts of Tuen Mun can take the LRT or other modes of connecting transport to access the terminus.

Choosing Tuen Mun town centre instead of Tin Shui Wai as the location of the terminus will lengthen the proposed railway by 7.7 km. At 1992 prices, the additional construction cost, including tunnelling, will be about \$5 billion if the terminus is built underground or \$2.5 billion if the terminus is built above ground. \$2.5 billion equals just over 10% of the \$23 billion total construction cost of the 27 km railway. It is expected that more passengers will use the railway if its terminus is at Tuen Mun town centre than if it is at Tin Shui Wai. The difference will be over 60 000 passengers a year by the year 2001.

Lastly, I would like to make some additional points. There will be other uses for the proposed Northwest New Territories Railway. It can be connected to the border at Lok Ma Chau to take some pressure off the Lo Wu border checkpoint. It can serve as an alternative to the existing railway for freight transport. Freight trains can switch from the existing railway to the Western Corridor. This will take some pressure off the Kowloon-Canton Railway, Tolo Highway, Tuen Mun Highway and the future Route 3. The Government has to estimate the cost-effectiveness of the proposed Northwest New Territories Railway in terms of all of its uses for passenger and freight transport.

I so submit.

THE PRESIDENT resumed the Chair.

DR TANG SIU-TONG (in Cantonese): Mr President, today's debate is probably the Legislative Council's last on the transport and traffic problems of northwest New Territories. As a directly elected Member from that district, I can feel that I am being torn between two contradicting states of mind. Last year, this Council held at least three debates on traffic congestion in northwest New Territories and on the inadequacy of external transport services. I am glad that Members have kept up their pressure on the Government by continuing to draw attention to the serious congestion of roads in Tuen Mun and Yuen Long and by continuing to urge the Government to find a solution. I regret that, so far, no specific solution has yet been found for this problem, which has been plaguing the 700 000 people living in the area. The Government is still making no headway in this regard. It is doing nothing other than studying, planning and talking; it has taken no real action. In his Budget for the new financial year, delivered just recently, the Financial Secretary said that he could appreciate the local residents' wish for a quick decision to proceed with the construction of the proposed Northwest New Territories Railway. But he failed to tell us if the Government had made a specific implementation plan. I hope that the Secretary for Transport will, in his response later on, give this Council a concrete answer. Traffic conditions in northwest New Territories have ceased to be just a local problem. They are having direct effects on Hong Kong's overall transport planning and on transport services, the freight industry and economic development in China and Hong Kong. Even if Hong Kong proceeds immediately to build the proposed Northwest New Territories Railway, it is already a few years too late. So the construction of this railway can brook no further delay. It should be built to match and converge with the developments in Shenzhen.

The Transport Branch of the Government Secretariat published a consultation paper last year on the Railway Development Study. The paper recommended for the proposed Northwest New Territories Railway a route that does not go all the way to Tuen Mun. The people of Tuen Mun are very unhappy with this. How are they going to benefit from the proposed Northwest New Territories Railway? They will have to ride the Light Rail Transit (LRT) to Tin Shui Wai before they can take a train. Such a way of travelling will be both circuitous and time-consuming. Any plan that requires several hundred thousand people to travel so circuitously before they can take a train is basically wrong. Nor will the LRT have the capacity to provide connecting rides to such a large number of train passengers. In April last year, when Governor Chris PATTEN paid his first inspection visit to Yuen Long, many local district board members lodged with him a protest against the congested state of roads in northwest New Territories. They asked the Government not to forget them and not to ignore the transport needs of the people of Yuen Long and Tuen Mun. The recommendations of the Transport Branch were prepared crudely. Under these recommendations, which seek to protect the interests of the LRT, people living in Tuen Mun will have to ride the LRT to Tin Shui Wai to catch a train. This is really absurd. The recommendations seek to protect the interests of a public transport company at the expense of the interest of members of the public. I am sure the Government will be severely censured for this. It is

absolutely necessary for the proposed Northwest New Territories Railway to be extended to Tuen Mun. Though a Member has moved an amendment to today's motion, I feel that the motion and the amendment are similar in spirit. There is no conflict between them. Therefore, I support both the motion and the amendment.

A few years from now, the population of northwest New Territories will have increased sharply from 700 000 to 1 million. But the country park section of Route 3 will not be completed until the end of 1998. Meanwhile, more people will have moved to live in the New Territories; the opening hours of the border checkpoint at Lok Ma Chau will have been lengthened; and container truck traffic will have grown heavier. This will put additional pressure on Tuen Mun Highway, which is already being used to full capacity and which will become even more congested. External transport services will be further affected. True, the widening of Tuen Mun Highway will be completed in 1996. But how helpful this is going to be is still unknown. So I hope that not only will the proposed Northwest New Territories Railway be extended to Tuen Mun but also construction work will start sooner on the project. I hope that the proposed Northwest New Territories Railway will be completed and trains will start to roll before the year 2001, sooner than planned, thereby providing external transport service to the 1 million people of northwest New Territories who have to commute. Here, I would like to make some special comment on transport services to and from Tin Shui Wai. There are now two express bus routes connecting Tin Shui Wai to the urban areas. Tin Shui Wai's population, now barely over 60 000, will soon rise to 140 000. Even if more external bus routes are added, bus services will be affected by the congested state of Tuen Mun Highway. Tin Shui Wai, like Tuen Mun, does not provide local employment opportunities. This is yet another mistake in the Government's planning. True, the people of Tin Shui Wai will be able to benefit from the Northwest New Territories Railway when it is completed. But what are they going to do about their transport problem in the intervening years? So I call on the Government to take a square look right now at the problem of external transport services for Tin Shui Wai and devise a solution now when there is still time. Otherwise, Tin Shui Wai's transport and traffic problems will become another Gordian knot. The construction of a mass transit railway cannot brook a moment's delay.

I would like now to talk about the operating franchise of the proposed Northwest New Territories Railway. I think that the operating franchise should not be awarded to private companies. Like the Kowloon-Canton Railway and the Mass Transit Railway (MTR), the proposed Northwest New Territories Railway should be operated by a public corporation with Government injected capital. I believe that this method will have the following advantages:

First, if the proposed Northwest New Territories Railway is operated by a public corporation, the Legislative Council and Government can exercise a certain degree of control over its fares, operational efficiency and development plans. This will help to safeguard the interests of the public.

Secondly, it is inevitable that the proposed Northwest New Territories Railway will be competing with the MTR and the railway in eastern New Territories. If all of them are operated by public corporations, competitive operations may be turned through proper co-ordination into mutually supportive operations. Each of the railways will then be able to provide service with greater flexibility. I must point out that the Government should quickly set up a sound oversight body to oversee the services, fees and fares and operational efficiency of all public utility companies. The proposed Northwest New Territories Railway should be placed under its oversight. Some public utility companies are now not under any kind of oversight. This is unhealthy. It should not happen to the proposed Northwest New Territories Railway. To ensure the completion of the proposed Northwest New Territories Railway according to schedule or even ahead of schedule, work progress reports should be submitted to this Council's Panels on Lands and Works and Transport from time to time. This will enable the Council to monitor progress in the project.

Mr President, with these remarks, I support the original motion and the amendment.

MISS CHRISTINE LOH: Mr President, the Financial Secretary told us last week that the Government is "not yet in a position to make a firm decision on the best way forward" for rail development. I would like the Secretary for Transport to explain this point, given that when the Government in its 1990 White Paper on Transport Policy has already said that "priority must be given to mass carriers, especially off-street modes, to reduce pressure on the road system."

During the Budget speech last week, the Financial Secretary acknowledged and I quote "much of the cross-border freight is far more suited to be moved by rail than by road. But existing rail capacity simply cannot cope with the demand." He went on to say and I quote again that "everyday, more than 20 000 goods vehicles pass through the border crossing-points and the figure is growing by about 15% each year."

The statistics are really quite horrifying. Southbound cargo into Hong Kong alone is estimated to double by the year 2001 to 55 million tons per day. We are obviously not going to cope by just building more roads. The Railway Development Study commissioned by the Government also tells us that by then, it would be more cost efficient annually to move 2 million containers per year by rail. That seems to mean that the most cost effective way would be to move over 5 000 containers per day by rail by the end of this decade. But we are obviously not going to do that if we do not move very quickly because in 1993, we are only moving 16 containers, one-six by rail per day.

China is investing heavy in rail-links. But what about us? Are we going to continue to force containers to be unloaded in Shenzhen and then trucked to Hong Kong? The consultant who put together the Railway Development Study surmised, and I quote, "it would be an extraordinary circumstances that the

world's premier container port, which has all the logistics of finance and shipping, and has the vast hinterland of developing China, elects to constrain its role to serving nearby Guangdong largely through road transport and the rest of China by coastal vessels."

Mr President, I really have a problem trying to understand why Hong Kong has not developed rail links. How is it possible that the Administration, when they have all the numbers on port development and on new town expansion, have provided no rail development to move both the people and the goods?

I do not believe that it is due to any administrative oversight. I believe it has to do with the Administration's very narrow definition of financial viability. If I am wrong, I like to hear an explanation from the Secretary for Transport why Hong Kong has so far not developed better rail links.

The Administration must rethink, and I think rethink very very quickly, the so-called "trigger points" they set to give the green light to rail expansion. These trigger points are currently based on the rate of return to construction investments in new rail links — a consideration I believe which includes the financial return to the Government from land sales along the transport route but totally ignores their social and environmental consequences. These "trigger points" are simply people-unfriendly. Why should a "trigger point" mechanism not take into account such factors as lower commuting time, the psychological benefits from less stressful travel and reduced pollution?

We know we have to have a new railway to the Chinese border through the Northwest New Territories. The Financial Secretary admitted this much last week. So let us not debate any more whether we should develop railway. Let us, instead, discuss how best to plan railway development, raise the resources and co-ordinate with China. The amendment proposed by Mr HO add the much needed urgency to the original motion. I support the motion as well as the amendment.

MR JAMES TIEN: Mr President, while everyone is happy with the 5.5% GDP growth and the astonishing 20% growth of re-exports for the current fiscal year, we must remain alert to the fact that business will go away elsewhere if our infrastructure is not expanded to meet these added demands.

Currently, Hong Kong industrialists have investments in over 10 000 factories in the Pearl River Delta area. Everyday, over 40 00 trucks and lorries line up with goods to cross the border, causing unbearable traffic congestions that affect both the local residents and industrialists. From our view, fast and on-time delivery is the key to success. However, our present infrastructure is being stretched to its limits. The heavy congestion that happens daily in the Kwai Chung container terminal area is just the tip of the iceberg. In order to sustain the rapid growth of the economy, we need to find a long-term solution

right away. The proposed Northwest New Territories Railway, as the Honourable Alfred TSO pointed out, will not only ease traffic congestion throughout the New Territories West and the New Territories South, but will also be conducive to Sino-Hong Kong economic developments.

China's container trade amounted to about 6 million TEUs (twenty-foot equivalent units) in 1992. All of China's port combined handled only about 1.5 million TEUs, compared to Hong Kong's nearly 8 million TEUs a year.

According to Kowloon-Canton Railway Corporation (KCRC), the major difficulty for us in meeting that demand is that, of the 500-plus trains a day that operate on the line, only about 14 train paths are available for freight. And the freight trains do not have direct access to the port of Kwai Chung. Hong Kong's container port in Kwai Chung is one of the very few major ports in the world without a direct rail link. Current capacity of the rail traffic cannot keep up with China's export growth. The present practice of using trucks and barges to move rail cargo to the port in Kwai Chung has led to unmeasurable losses in time and efficiency. Hence, the construction of a railway leading to Kwai Chung is badly needed and of vital importance if we are to minimize the losses caused by traffic congestion and shipment delays.

To tailor the best solution for the matter, we must also take into consideration the infrastructural developments of Mainland China. The Chinese Government recently reiterated that top priority is being given to the development of rail. To substantiate this policy China is pooling vast resources to build a new railway trunk between Beijing and Shenzhen.

Obviously, this line holds tremendous opportunities for Hong Kong, as huge volumes of freight will arrive at the threshold of the territory. Hong Kong's ability to receive this rail freight, particularly containers, and to transport the volume efficiently to the rest of the world would enhance Hong Kong's role as an entrepot. To guarantee smooth and efficient developments of the rail systems on both sides of the border, negotiation between China and Hong Kong is inevitable. The research of KCRC also mentioned the possibility of providing a railway connection between Kwai Chung, the northwest New Territories, the existing KCRC line with freight trains operating every half hour. That would provide capacity for one million TEUs each year in each direction.

Mr President, since expanding the capacity of our infrastructure would certainly be an advantage to the territory, the industrial sector wholeheartedly support the early construction of the Northwest New Territories Railway.

With these remarks, Mr President, I support both the motion and the amendment.

PRESIDENT: Mr Alfred TSO, do you wish to speak on the proposed amendment? You have five minutes.

MR ALFRED TSO (in Cantonese): Mr President, as a resident born and bred in Tuen Mun, who have had many years' work experience as an elected Councillor, I believe I have a keener grasp of the transport problems suffered by Tuen Mun residents and their earnest expectation of the Northwest New Territories Railway than Mr Michael HO.

Of course, I welcome the amendment proposed by Mr HO that the terminus for the Northwest New Territories Railway extension to Tuen Mun be situated at Tuen Mun town centre. However, we should look at two aspects carefully. Firstly, there is no suitable open ground in the town centre for the purpose of the terminus, unless we can overcome the technical problem and have an underground terminus beneath the town park. Secondly, the town centre is not the hub of transport services (that is, the interchange), therefore, to have the terminus situated at the town centre may not necessarily benefit the residents there. This has yet to be worked out and considered. Mr Frederick FUNG proposed to have it situated in the Butterfly Beach area. I would say this is simply imaginative because we already have some flyovers or road network in the new town, which would make it impossible for railway to extend towards the south side. I would like to ask the Government to submit to the Tuen Mun District Board for consultation the detailed design once it is available. I myself will be willing to make representations and do the co-ordination work in order that the design will meet the actual needs of Tuen Mun residents.

On the other hand, Mr HO demanded of the Government to ensure that the Northwest Railway be completed in the year 2001 or before. This is also the goal I am striving to achieve. However, there is one thing that I am worried about, that is, as the development of the Northwest Railway straddles 1997, the question of franchise and financial arrangement has to be worked out by both the Chinese and British sides. Also, the linking up and planning of the railway networks of China and Hong Kong requires that both sides must work closely together.

In order that the above goal can be achieved in time, I think my duty is not only to secure the support of Members of the Legislative Council or a direct reply from the Secretary for Transport. The present situation is that Sino-British relations are on the verge of breaking down and that communication between the Hong Kong Government and China is being subjected to certain invisible constraints by Britain. So, if we want to have this project implemented, we ought to reflect to China our opinions and lobby for support through other channels, so as to make China understand that the construction of the Northwest Railway will not only help to promote the prosperity of Hong Kong, but will also bring enormous benefits to the economic development of Shenzhen and the Pearl River Delta. In doing so, the construction of this

important item of the transport infrastructure will be shielded from the impact of the Sino-British row and political repercussions.

The amendment proposed by Mr Michael HO is really to make perfection still more perfect with respect to my original motion. I appreciate the thoughtfulness of Mr HO. I also hope that Mr HO and Members from the United Democrats can understand and agree with me that many important Hong Kong matters or Sino-Hong Kong matters require communication with China and finetuning to be done. If we deal with matters with mutual understanding and help as well as in a constructive manner, then both sides would get the benefit. However, if we do not trust each other and adopt an antagonistic attitude, then both sides would be hurt. Therefore, I earnestly hope that Members of this Council who are from different parties or groups will work closely together and actively seek to communicate with China through various channels, so as to work towards the goal of stability, prosperity and a smooth transition for Hong Kong.

Mr Michael HO said he was looking forward to move co-operation on district matters or transport infrastructure of Tuen Mun. I certainly welcome this idea, and I will sincerely work together with Mr HO or other colleagues. We have a slogan for dealing with important matters of Hong Kong, especially the development of the Northwest New Territories Railway, and I would like to share it with Members. It goes like this:

"Transport problems in Tuen Mun are many,

Residents' suffering is lengthy;

Let all parties be in unison,

And press the Government into action".

Mr President, with these remarks, I support the proposed amendment.

SECRETARY FOR TRANSPORT: Mr President, I am grateful to the Honourable Alfred TSO for initiating this motion debate and to Members for their wide ranging comments on the proposed Northwest New Territories Railway. This is timely since the Administration is in the process of finalizing the railway development strategy.

The Honourable Alfred TSO and other Members leveled a degree of criticism against the Government for past delays in pursuing major infrastructural projects in the northwest New Territories in particular. Hindsight of course has 20/20 vision. But rather than arguing on this aspect, the Administration believes that what is most important, as Mr TSO and other Members have proposed, is to press ahead and that is precisely what the Administration will now do.

Several Members have also cited figures and facts on present and projected freight and passengers volumes. The Administration recognizes this and indeed has similar statistics and there is therefore no need for me to draw on such data to support the proposed railway. We all see eye-to-eye.

The Honourable Mr LEE Wing-tat and other Members have also commented on other infrastructural and road projects, for example Route 3 and questioned the timetable. The Administration's view is that our programme is realistic. But the point is well taken and of course if it is at all possible to accelerate the completion of these projects, we shall do so.

Let me now revert to the Northwest New Territories Railway and the project we have in mind and start by giving a brief resume of background.

Background

The Railway Development Study (RDS) was commissioned in 1991, and was completed last year. The purpose was to help the Government devise a blueprint for the future development of the railway network in the territory. The key recommendations centred on the establishment of two strategic rail corridors — a new Western Corridor through the northwest New Territories connecting the border and the urban area, and also an improved Eastern Corridor to serve the eastern New Territories and East Kowloon. The Study also identified a number of rail schemes for Hong Kong Island and other projects but these are long-term.

Because the Government recognized that the Study would be of such vital importance in the development of overall transport modes and services in the territory, a public consultation exercise was conducted from April to July last year.

What is most encouraging is that the overwhelming majority of respondents supported the unquestionable need for a new Northwestern Railway Corridor to provide three rail services: a cross border freight line, a cross border passenger line and a commuter link between the northwest New Territories and the urban area. Indeed, the Study accorded the highest priority for such a railway system recommending that it should be implemented by the year 2001.

The alignment envisaged in the Study is one that will run from Lo Wu via Kam Tin to Kowloon West with a short spur line to Tin Shui Wai.

Differences in public opinion related to alternative alignments for the railway system and the timing, and of particular relevance to this debate are:

First, some proposed a rail link from Tuen Mun to Tsuen Wan via a coastal alignment, whilst others proposed a rail link joining Tuen Mun to

the airport railway on Lantau. These ideas were put forward as alternatives to the Western Corridor or as additional rail lines;

Second, some Tuen Mun residents then at that time expressed doubts about the ability of the LRT to provide an adequate feeder service to the proposed railway and requested that the railway should be extended to Tuen Mun but views were mixed as to whether the extension should be to Tuen Mun North or to Tuen Mun Town Centre.

To tie in with the consultation exercise, Members also debated this subject in this Council last July and the Administration readily supported the motion then proposed by the Honourable LAU Wah-sum that the Government should fully consider and take into account the views expressed by the public before firming up plans for the future development of our railway system.

That is precisely why further studies were commissioned. These studies confirmed that:

Firstly, the Western Corridor system from the border via Kam Tin to West Kowloon was the best alignment as it was the most practical and most cost effective since it would allow three services to share the same tracks. Here, let me take up the point made by the Dr the Honourable Samuel WONG regarding a connection to the airport railway. There is, of course, capacity in West Kowloon to provide for this.

Secondly, the further studies also indicated that a spur line from Tin Shui Wai to Tuen Mun North was found to be feasible and viable. And in addition, with a purpose built interchange between the LRT and the Western Corridor railway at Tuen Mun North, travel times between Tuen Mun and the urban area could be much reduced;

Thirdly, the further extension of the Western Corridor from Tuen Mun North to Tuen Mun Town Centre using an underground alignment would be prohibitively expensive and could not be justified at present. The additional study looked for a more cost effective option. An alternative alignment to Tuen Mun Town Centre, mainly above ground was identified but it pinpointed that there were land, engineering and environmental constraints. A marker has however been put down for the reconsideration of this option at a later date.

Perhaps this last point illustrates why it is very difficult to achieve what the Honourable Michael HO in his amendment is pushing for, that is, an extension to Tuen Mun Town Centre. In this respect, it should be borne in mind that there are other ways and other measures which are now being taken so that transport needs from the town centre and northwest New Territories can be facilitated.

I know that the Honourable WONG Wai-yin holds a different view point but LRT services can be enhanced and provide an efficient link to Tuen Mun North:

- (i) where an interchange with the proposed railway system can best be provided; and
- (ii) there are now other measures now in hand to improve travel to the urban area, including, as Members know, the upgrading of public transport services, improvements to Tuen Mun Road, widening sections of Castle Peak Road and of course our plans to build the Route 3 (Country Park) Section. All these projects will of course take time but action is in hand.

Financial implications

The initial studies also indicated that the costs for this Northwest Railway Corridor would be in the order of \$23 billion in 1992 prices. Decisions on funding will have to await the outcome of detailed financial studies which will be undertaken once a strategy has been agreed. And of course one obvious approach would be to seek investment from prospective operators since the initial study indicates that the Western Corridor with freight and passenger volumes should prove to be financially viable.

The Honourable Moses CHENG has commented that the KCRC has still not been involved. I acknowledge the expertise and the experience that lies there and trust that when the time comes, the KCRC will take an active part together with other interested parties in this project.

Next steps

Mr President, we are now in the process of finalizing our railway development strategy. I expect to be able to obtain a policy steer and approval within the next three months, following which we will consult the Transport Panel of this Council. And also since most of the expenditure on the new railway will come after 1997, the Chinese side of the Joint Liaison Group will need to be briefed and consulted.

On this point, several Members including the Honourable Alfred TSO and TAM Yiu-chung, have touched on the need for dialogue with railway authorities in China to ensure compatibility. This has in fact started, for example, when the RDS was in progress, our team visited Shenzhen and Guangdong to discuss with the railway authorities there technical matters and to learn of their plans. This dialogue will continue.

I would also like to remind Honourable Members that we have, in fact, already passed our RDS to the Chinese and we have committed to consult them on the strategy and detailed proposals once these are available. Once policy

approval has been obtained, as I have said within the next three months, work would begin on the detailed planning and implementation, including an assessment of the financial and engineering aspects for this mammoth project.

Miss Christine LOH was emphatic in questioning delays as to why the Government did not plan earlier. Let me briefly recapitulate the sequence of events. We had the White Paper in 1990 which recommended that priority should be given to mass carriers and this includes rail expansion. The RDS was commissioned in 1991 and the results were available in the middle of last year. Because of the public interest, we have had further studies to take into account the views expressed. And I wholeheartedly agree that we must now press ahead with all possible speed.

Conclusion

To conclude, let me re-assure this Council that it is the Administration's firm intention to obtain policy approval and to formulate our rail development strategy and thereafter implement this as soon as possible. Indeed the Financial Secretary in his Budget speech last week has underlined the economic importance of a rail link in the northwest New Territories. And I do believe that an extension to Tuen Mun is justified and Transport Branch will firmly recommend this in seeking policy approval and endorsement for the strategy. Only thereafter can the detailed programme and funding arrangements be worked out. This is very much in line with what the Honourable Alfred TSO has proposed and the Administration can and will support his motion without reservation.

However, the amendments to the resolution proposed by the Honourable Michael HO are too specific in that they seek a firm commitment from the Administration regarding the extension to Tuen Mun town centre, and I have explained the difficulties in arriving at this decision at this point in time. There are also difficulties in making a commitment to the timetable and funding. Such commitments cannot be given until policy approval has been obtained. Therefore, even though the Administration sees and recognizes the need for a northwest New Territories railway system and the urgency for this and will try to implement this as soon as possible, the Official Members have no choice but to abstain from voting, should Mr HO's version be carried.

Thank you, Mr President.

Question on Mr Michael HO's amendment put and agreed to.

PRESIDENT: Mr Alfred TSO, do you wish to reply generally? You have four minutes nine seconds left from the original 15 minutes.

MR ALFRED TSO (in Cantonese): Mr President, first of all, I would like to take this opportunity to express my gratitude to all Members who spoke in support of my original motion and the amendment motion. Be it the original motion or the amendment motion, there is no variance in terms of spirit. There is no contradiction and our aims are the same.

I would like to thank Miss Christine LOH for the arguments she put forward to make up for certain deficiencies in my speech. As for Mr LEE Wing-tat, I totally disagree with him that this subject is a mere platitude. I understand that we have held debates on traffic, in particular railway development, many times but the objective of the past debates were not very clear-cut. My motion today urges the Government to take immediate action to build the Northwest New Territories Railway and to set aside the necessary funds for its construction in order to ensure that the project will not be delayed. Mr HO's amendment seeks to compel the Government to come to a decision on the issue rather than shying away from it.

So long as the Government refuses to give us a definite reply in respect of the Northwest New Territories Railway, we are going to try various channels, including moving motions in this Council to seek the help of this Council to compel the Government to make a decision as early as possible.

Dr Samuel WONG pointed out that maximum effectiveness may be achieved if we dovetail this railway with the Airport Railway Link. I accept this point. But I am opposed to Dr WONG's deliberate attempt to tie the Northwest New Territories Railway to the Airport Railway Link. Why? Construction of Route 3 has not yet started. I suspect that it has something to do with the Airport Railway Link and as a result, Route 3 is delayed time and again. After years of deliberation, tenders are finally called for in respect of the Ting Kau section this year. Should the Northwest New Territories Railway be pegged to the Airport Railway Link or the Airport Construction Projects, I am afraid that the progress of the Airport Construction Projects may affect the railway. This railway should, therefore, be built expeditiously according to plan and having regard to its urgency.

Mr Moses CHENG said that the whole scene was set and it was only the east wind we lacked. The Secretary for Transport's reply just now made me rather disappointed. He merely said that the Government supported the project but he could not give a definite answer on the actual date of commencement of work. He would need more time to discuss it with the central government to give the project the green light. I understand his position and I do not mind waiting a bit longer. However, I would like to inform the Transport Branch and the central government that we, residents of New Territories West, earnestly look forward to an early completion of this railway. With the commissioning of this railway, it will take less than 20 minutes to travel from Yuen Long to Tuen Mun and only 30 minutes from Tuen Mun to the urban areas. It will help a lot in terms of economic effectiveness and will ease the traffic congestion situation in New Territories West. Against this background,

the 750 000 residents in New Territories West, myself included, are going to breathe down the neck of the Transport Branch and the central government day after day. We will press for a definite answer until we get it.

Thank you, Mr President.

The digital timer showed 0409

PRESIDENT: Mr TSO, you have got to stop.

Question on Mr Alfred TSO's motion as amended by Mr Michael HO's amendment put and agreed to.

RENEWAL OF CHINA'S MOST FAVOURED NATION STATUS BY THE UNITED STATES

MR JAMES TIEN moved the following motion:

"That this Council urges the Government to request the United Kingdom Government to actively lobby the United States Government for the renewal of China's Most Favoured Nation status so that Hong Kong's economy will not be adversely affected by strained trade relations between China and the USA."

MR JAMES TIEN: Mr President, I move the motion standing in my name in the Order Paper.

In a few months' time, the decision of the renewal of China's MFN status will again be on the agenda of the United States Government. The decision not only determines the relationship between our two most important trading partners, but also affects the economy of Hong Kong even though this is no fault of our own.

People may say this debate is simply an annual ritual of this Council. Some may even cast doubt on my intention in moving this motion so to cause unwarranted embarrassment to my honourable colleagues of the United Democrats of Hong Kong. This is not the case.

First of all, we have to remind ourselves that the factors which determine the renewal of China's MFN are not the same as last year's. We must take into account that the Executive Order issued by President CLINTON last year specifies that China's MFN status be renewed on the consideration whether China has made overall, significant progress with respect to the Universal Declaration of Human Rights. We also have to bear in mind that President CLINTON is not going to veto a MFN non-renewal resolution if such be passed

by the Democratic Party dominated Congress. Against this background it is our responsibility to address this issue again now.

The renewal of MFN status for China is a trade issue between the United States and China. However, the Jackson Vanik Amendment of 1979 to the Trade Act of 1974 has imposed two specific conditions on China's MFN renewal, one of them being human rights. The United States politicians have never mixed up human rights issues with economic issues in such a manner with any other country except China. Of the some 170 countries in the world that are currently granted MFN, Bulgaria, China and Russia are the only ones subject to annual renewal. I do not believe this is right, or fair.

I believe that the renewal of China's MFN, being a trade issue, should be linked to other trade or economic matters such as the Special 301 Resolution, the Bilateral Agreement on Textile Quota, the protection of intellectual property rights, and the opening of China's domestic market to American products, and so on. The renewal of China's MFN status should not be linked to human rights or any other non-trade related conditions.

In yesterday's Legislative Council Trade and Industry Panel meeting, the Trade and Industry Branch's MFN information paper revealed and I quote, "..... at a media briefing in late January, Robert RUBIN, Assistant to the President for Economic Policy and Director of the National Economic Council, made reference to the United States Administration's wish to de-link MFN and human rights. He also said emphatically that "nobody around here wants to condition it (MFN)" The pro-MFN House of Representatives' China Task Force and the Business Coalition for United States-China Trade have stepped up their activities to advocate the de-coupling of MFN and human rights."

The Governor, Mr PATTEN, on 1 March, also said that it would be better to dispose of the MFN issue permanently. I share these views.

Mr President, it is an undeniable fact that the economy of Hong Kong is closely linked to China's economic development. Many of us will start worrying what will happen next year right after the day China is granted its MFN status this year. It has nothing to do with one being overly fretful, but rather it is because we industrialists need longer-term stability to plan our investment strategies.

Based on the Budget speech delivered by the Financial Secretary last Wednesday, and the Government's paper titled *Assessment of impact on the Hong Kong economy in the event of China's exports losing their MFN status in the United States*, the forecasts show that if China loses its MFN status, the following damages would happen to Hong Kong:

Firstly, there will be a reduction of 33% or about \$50 billion to \$77 billion worth of Hong Kong's re-exports from China to the United States;

Secondly, together with other related trade flows, there will be a reduction of 6% to 9% or \$133 billion to \$187 billion worth of Hong Kong's overall trade;

Thirdly, there will be a loss for Hong Kong of around \$19 billion to \$26 billion in income and around 54 000 to 75 000 jobs as a direct impact; GDP growth rate is likely to be curtailed by 2.2 to 3 percentage points;

Fourthly, a further loss in income and jobs if China cuts back on its imports as a result; and

Finally, there will be significant adverse effects on manufacturing investment ventures and other production arrangements by Hong Kong and foreign companies, including United States companies in Hong Kong. I hope the Secretary for Trade and Industry's speech later may also touch upon such effects.

To some, this may seem to be just a game of figures. However, to many of us who care about Hong Kong's stability and prosperity, this would mean an earthquake to the foundation of our economy. This is a price that Hong Kong, even with our enviable surplus budget this year and our projected surplus, can hardly afford.

Mr President, when talking about the renewal of China's MFN status, we inevitably have to turn to the social and economic situations in China.

In the past two years, China's economy has recorded a growth rate of 12% to 13%, a record that many western countries envy. A recent report drafted by United States officials said that China could become the second largest economic entity of the world by the 21st century. This confirms many western economists' prediction that China would become a global economic power in less than 20 years. This is encouraging news for Hong Kong and for the region.

With regards to the human rights condition in China, many may agree with Dr the Honourable HUANG Chen-ya's amendment and find it necessary to urge the Chinese Government to improvement. I do not disagree with them in their desire in urging the Chinese Government to improve human rights condition in China. I only disagree with the amendment. The amendment specifically links MFN renewal to improvement in human rights, which is a view I do not share. It is also unfortunate that some have overlooked that for the majority of the 1.2 billion people in China, they are more concerned with China's improvements on their civic rights rather than their political rights under the overall banner of human rights. It is also unfortunate that some have overlooked the crux of the development in China over the past 10 years, which is how economic achievements have impacted social developments of the country.

There are some 4 million people employed by Hong Kong industrialists in the Pearl River Delta where average monthly salary is about 400 RMB. Most of these people are not indigenous residents of Guangdong. They would send their earnings back to their home provinces. These family members, at the conservative estimate of about 10 million people, could and have thereby improved their livelihood.

Mr President, I believe anyone who has recently visited China could see that living standards have improved significantly. Nowadays, people are free to choose their jobs; people are free to move between provinces and cities; people are free to choose where to eat and what to wear. These are all different forms of freedom and improvements in civic liberties, all part of progress in the context of human rights improvement.

The overall progress that China is making is encouraging. It moves step by step towards better economic and social environments. Every country passes through different stages of political evolution. For example, in the United States, black American gained their freedom from slavery in 1863 by the famed Emancipation Proclamation. Yet it is not until 1965, over a hundred years later, at the height of the Civil Rights Movement, did they gain unconditioned voting rights through the 1965 Voting Rights Act. Further, even in the United Kingdom, the Suffrage Movement which began in the 15th century, did not reap fruit until the House of Lords, in 1918, conferred complete franchise to all women in Britain. And it was not until 1928 was women's age to vote reduced to 21. If both the American Civil Rights Movement and the British Suffrage Movement took over a century to come to success, on what historic basis are we judging the *pace of* China's progress on human rights?

Mr President, I urge this Council to call on the United States President and Congress not to politicize economic and trade issues, but to grant China permanent MFN status. This would also help to avoid trade wars which would definitely jeopardize economic developments of both China and the United States, as well as that of Hong Kong.

In the final analysis, revoking MFN will not help human rights progress in China. On the contrary, it will set back whatever progress we have witnessed so far.

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

Question on Mr James TIEN's motion proposed.

PRESIDENT: Dr HUANG Chen-ya has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

DR HUANG CHEN-YA moved the following amendment to Mr James TIEN's motion:

"To insert the following words after the word "That" where it first appears -

", in order to avoid any adverse effect on the economy of Hong Kong as a result of strained trade relations between China and the United States of America,";

and to delete all the words after the word "urges" and substitute the following -

"the United Kingdom Government to actively lobby the United States Government for the renewal of China's Most Favoured Nation (MFN) status; and also urges the Chinese Government to take the initiative in improving the condition of human rights so that it may secure the Most Favoured Nation status smoothly.""

DR HUANG CHEN-YA (in Cantonese): Mr President, like many members of the public in Hong Kong, the United Democrats of Hong Kong care very much about the Most Favoured Nation (MFN) status for China. Like Mr James TIEN, we are concerned that China's loss of MFN status will affect Hong Kong's economy. We are even more concerned that a trade war will affect China's economic and social stability at a time when China is facing the prospect of a budget deficit of almost 70 billion yuan this year and the prospect of over 100 million people losing their jobs in the rural areas. The issue of renewal of MFN status for China is different this year from what it was in the past. In the past, the United States Congress would lay down conditions which China must comply with or lose its MFN status. The US president would then veto such congressional resolutions. Therefore lobbying members of the US Congress against laying down conditions and lobbying the US administration used to be helpful towards the continuation of China's MFN status. This year it is different. The conditions have already been laid down. Lobbying will obviously be only marginally helpful. If China is to continue enjoying MFN status and thereby to avert adverse effects on the economies of China and Hong Kong, it must face up to the issue of human rights and move actively to improve its record in this regard.

In May last year, President Bill CLINTON signed an executive order laying down conditions for the continuation of MFN status for China after July 1994. China had to make significant improvements in its human rights record, abide by the nuclear non-proliferation treaty, make a commitment as to the non-proliferation of rocket technology and adopt a non-technical policy on trade with the United States. Majorities in both houses of the US Congress supported this Clinton policy. Regrettably, on 24 February this year, in his report to Congress, Mr Winston LORD, US Assistant Secretary of State, had this to say: "In the human rights area, China has so far done very little to meet US

expectations and demands. China knows what the United States wants but still does not believe that the United States will withdraw MFN status."

A few days ago, during his visit to Beijing, Mr John SHATTUCK, US Assistant Secretary of State for Human Rights Affairs, declared, "The American people think that people who respect basic legal standards are reliable trading partners and that a steady improvement in China's human rights record is essential to long-term stability in Sino-American relations." Therefore, we must never take it for granted that MFN status will be renewed. Some think that to ask China to improve its human rights record is to lay down a vicious condition with deliberate intent to harass. Those who think so have a low opinion of themselves. They regard China as a barbarian and backward country where human rights can be disregarded. They are therefore afraid to ask China to improve its human rights record. But for this kind of inferiority complex, why should they be scared by the US demand that China improve its human rights record? Suppose that the United States or any other country demands that China stop being poor and destitute and that Chinese people be well-fed and well-clothed. Will we find such a demand to be a harassing imposition of foreign standards on China? Suppose that a foreign country demands that China stop being "the sick man of Asia" and become a gold medal-winning country in the Olympic Games. Will we find such a demand to be an insult to China? Why are we so shocked by a similar kind of demand just because it has to do with human rights? Are foreign lives more valuable than Chinese lives? Are we to assume that white people can have freedom, democracy and constitutionally protected human rights but that Chinese people, being inferior, do not deserve such things? Are we to assume that Chinese people can only behave like dogs before foreigners or before one another? Are we to assume that Chinese people can only be dogs with the Ah-Q mentality which think that it is better to be Chinese dogs than to be foreign dogs? Are we to assume that Chinese people cannot stand erect like human beings and cannot have human dignity or human rights?

Mr President, human rights are certainly not the exclusive rights of white people. Nor should survival be the only human right to which Chinese people can aspire from cradle to grave. In the economic area, China has the lofty ambition to "overtake the United Kingdom and catch up with the United States". China should similarly have the ambition to become the world leader in the area of human rights. In a white paper on human rights conditions in China, published last year, the Chinese Government made this acknowledgment: "Attaining the noble goal of full human rights remains the long-term historical pursuit of the Chinese people and the Chinese Government." Therefore, the MFN issue aside, the Chinese Government still has the obligation to take the initiative to improve China's human rights record. This Council is just being very reasonable when it asks the Chinese Government to fulfil this obligation. For us to remain entangled in discussions at this late moment on whether economic issues should be linked to the human rights issue is a waste of time. Talking about such linkage is futile and will turn this Council into a "house of ostriches." The issue of continued MFN status for China has been linked to the

human rights issue. The choice for this Council to make is this: Should we lobby, knowing the marginal usefulness of lobbying, and let Hong Kong's economy risk going into recession? Or should we bravely offer honest advice to China, telling it to actively improve its human rights record and thus to avert damage to the economies of China and Hong Kong? I hope that Members and all political persuasions will stand together tonight and do what Hong Kong should do.

Mr President, with these remarks, I move the amendment.

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

DR DAVID LI: Mr President, not very much has changed since we last debated this issue in May 1993. But once again Members of this Council are called upon to state our views clearly and emphatically, as is our right and responsibility — indeed, as is our obligation — when decisions made by the United States Government could affect our stability and prosperity.

The truth of the matter remains the same. Quite simply, the withdrawal, or conditional granting, of the Most Favoured Nation status for China would be just as harmful to the interests of the people of China, and Hong Kong, as it would be to the people of the United States.

The far-reaching results of a reduction in trade would be felt by consumers, workers and entrepreneurs in both countries, as well as in Hong Kong. We would lose up to 3% of our gross domestic product (GDP), more than US\$3 billion in income, and up to 75 000 jobs. We could stand to lose even more if China retaliates by cutting back on imports — imports of American goods. The knock-on effect to the American economy, and so to Hong Kong and China, would be devastating.

When it comes to China's Most Favoured Nation status, it is not only unwise to mix trade and politics, it is dangerous. While some may argue that there is a time and a place in this world for political considerations to influence trade policy, this is clearly not one of them.

It is unwise because, too often, the American politicians who are pushing for greater progress on human rights in China through the manipulation of China's Most Favoured Nation status are using this issue as a political soap-box. Of course, no one will deny that a genuine concern about human rights is laudatory. It befits the great tradition of political liberty which runs through the history of the United States.

But it is dangerous to assume that any change to China's Most Favoured Nation status would necessarily lead to greater progress in human rights. Indeed, a reduction in trade could lead to economic conditions which would

harm that most basic of freedoms — the freedom that both ROOSEVELT and CHURCHILL called Freedom From Want.

The Hong Kong Government and the Hong Kong business community must ensure that the United States Congress does not want for any information about the reality of Hong Kong's and China's history and economic development. We must continue to educate our American friends and colleagues about China and Hong Kong.

I urge the Administration and the British Government to continue aggressively to educate the United States Congress about the reality of China's political and economic circumstances — not once a year, but all year long. I also urge the Administration and the British Government to represent forcefully Hong Kong's interests in a successful resolution to the Most Favoured Nation status issue.

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

MR NGAI SHIU-KIT (in Cantonese): Mr President, international trade should be conducted on an equal and reciprocal basis, and should not be subject to interference by political means. As regards the renewal of China's Most Favoured Nation (MFN) status by the United States, which is a matter that can seriously affect Hong Kong's economic prospects, my position has remained unchanged for many years. I therefore support Mr James TIEN's motion without reservation.

In the international economic arena, China is a fast awakening giant. To the United States, the economic recovery of which has only just started, China is undoubtedly a big market with unlimited potential. Development of trade between the two countries should have a good prospect. In the last two years, the United States' exports to China have increased significantly with an annual growth rate of around 25% and such a high growth is expected to continue this year. This economic cornerstone with a well-founded relationship behind it is the result of a gradual development based upon the principle of mutual respect and reciprocity.

Unfortunately, President CLINTON made a decision last year to link by way of an executive order the human rights issue with the renewal of China's MFN status, which is indeed a purely trade matter, thus casting a shadow upon the prospect of the developing Sino-US trade and putting himself in a difficult position as to what decision to make this June. Indeed, the promotion and improvement of human rights should be the obligation of every country. But each country has, within its own sovereignty and jurisdiction, its own standard of human rights. In a word, no country should impose its own standard of human rights upon other countries, any more than China should terminate its trade with the United States because the human rights problem of racial discrimination exists in the United States.

In a recent visit to Beijing, the European Union Commissioner for Trade Sir Leon BRITTAN has said that China's entering the GATT and its human rights record are two separate issues and should be treated separately. He also believes that a freer economy is conducive to the improvement of the human rights situation. A high level United States trade official who has just visited Beijing has also said that the United States Administration is not pleased with using trade as a means to pressurize China into making concessions on human rights issues. The official has also hinted that the United States Administration will ultimately separate trade issues from the annual review of China's human rights record.

In the United States, Treasury Secretary Lloyd BENTSEN has even openly expressed his support for permanently granting China MFN status. There are now signs that the United States Administration is moving in this right direction. President CLINTON now seems to understand that an unconditional renewal of China's MFN status will be beneficial to China, the United States and Hong Kong. Can we say that the European Union Commissioner for Trade and the United States Treasury Secretary are both fools who are not as intelligent as our medical doctors here in Hong Kong and cannot tell what is important and what is not?

If China loses its MFN status, it is estimated that it will annually lose US\$30 billion worth of exports to the United States. The United States will also lose US\$9 billion worth of exports and 180 000 jobs. Hong Kong will be subject to an even greater impact. In the 1994-95 Budget speech, the Financial Secretary has estimated that Hong Kong will see a drop of three percentage points in its GDP growth rate and lose 75 000 jobs if China loses its MFN status. I believe that the majority of the people of Hong Kong will definitely not agree to Hong Kong paying such a huge price just to support the political demand of certain people. I therefore oppose Dr HUANG Chen-ya's amendment.

Being a medical practitioner, Dr HUANG has good reasons to analyze the philosophy of being a dog. But as a Chinese person analyzing a Chinese dog, one must have, I believe, a dog's mentality before he can feel like a dog. Perhaps Dr HUANG is deliberately "exposing himself through strictures on others which also apply to himself". In speaking of himself as a dog, he may have such kind of mentality since he can analyze it so clearly.

As regard the lobbying effort to persuade the United States Administration to unconditionally renew China's MFN status, no matter this year's prospect is good or full of difficulties, the Hong Kong Government should still play a more active role, formulate a pragmatic and comprehensive strategy, and highlight the fact that China and Hong Kong have great potentials in improving the economy and trade performance of the United States, so as to persuade President CLINTON to make a wise and reasonable decision. This should be the duty of every Member of this Council.

Mr President, with these remarks, I oppose Dr HUANG Chen-ya's amendment and support the original motion.

MR MARTIN BARROW: Mr President, Most Favoured Nation (MFN) has been debated several times in this Chamber and once again there is an amendment which politicizes the issue. I see no merit in widening the scope of the motion and diverting the British Government's attention with the proposed amendment.

The Honourable James TIEN's motion is quite rightly aimed at the United Kingdom and the action that they should be taking on behalf of Hong Kong.

We must look at MFN in the wider context of overall Hong Kong/United Kingdom relations. Over the years, the experience has been that the United Kingdom Government often tells us that they cannot help on major issues such as passports for Hong Kong people and they try instead to slide out of these major obligations by saying they will vigorously promote Hong Kong's interests in whatever other ways they can, both within the United Kingdom and elsewhere. But what, Mr President, have they actually done? Take for example, the United States embargo against Vietnam which hindered a solution to Hong Kong's Vietnamese migrants problem. France, Germany, Japan and Australia all came above the parapet and publicly pressed the United States to lift the embargo. What did the United Kingdom do? They maintained a pathetic silence and did nothing to show Hong Kong that they were giving us vigorous and determined support on that issue.

On MFN, I would like to know if Prime Minister Major stressed in his recent meeting with President CLINTON the importance of MFN for Hong Kong. Was it raised and how did President CLINTON react? If it was not raised, why not?

Hong Kong has received excellent support from the American Chamber of Commerce who consistently give us good advice on our lobbying in Washington. We must, however, ensure that we do nothing to irritate our supporters in the United States. We have, for example, a Bill before us to give greater access to foreign lawyers. We must ensure that the final result is something which satisfies those in the United States who have been pursuing this issue, in order to demonstrate Hong Kong's openness to the outside world.

Mr President, the importance of MFN need not be repeated. The underlying issue is that Hong Kong's economy and thus the prosperity of our people is now underpinned by our economic links with China. In 1978, the start of the open door policy, 12% of our trade was related to China. It is now 56% China-related. We used to talk of our relationship with China being one of interdependence but the reality is now it is one of integration. China is poised to

achieve great economic strength and Hong Kong will play an important role in China's modernization, bringing benefits also to our own people.

Mr President, I support the motion.

MR JIMMY MCGREGOR: Mr President, I cannot say that I speak for my constituency today but I believe that most if not all of what I have to say will be supported by the Hong Kong General Chamber of Commerce members. Certainly the position I outline is strongly supported by the Hong Kong Democratic Foundation.

The importance of Most Favoured Nation (MFN) tariff treatment in the United States to goods of Chinese origin is very great indeed. If MFN is withdrawn by the United States, a large proportion of existing direct exports of Chinese products to the United States and re-exports of Chinese products through Hong Kong to the United States will face punitive increases in import tariffs. Many of these tariffs will increase by eight to 10 times. The new import duty on some may reach 100% of the cost, insurance and freight (CIF) landed price of the goods. There is little doubt that such huge increases will make the Chinese products unattractive to United States buyers and will certainly make many of them uncompetitive against similar products made in countries directly competing with China for the United States market. Remember also that the United States market is the largest, the most open, and the most competitive therefore in the world. There are no false sentiments in such a market. Buyers, faced with an additional 60% to 100% duty markup, will repudiate or cancel orders. A vast array of Chinese products is at risk.

I do not think that any member of this Council will misunderstand the enormous impact of removal of MFN status for Chinese products by the United States Government.

I believe that it would be an economic disaster for China. This is a country which during the last 15 years has expanded its economy, modified most of its trading and production systems, opened up its market to a considerable extent and embraced an open door economic policy to foreign investment and foreign participants. The results have been dramatic and we are all aware of them. There is hope that China can continue to record outstanding economic growth in the years to come. But that can only be done if China continues to receive MFN treatment for her increasing range of export products especially those aimed at the United States market. Many of these goods are produced by joint venture factories which utilize foreign investment, foreign technology and foreign skills. Much of this is the United States dominated but a lot of the investment comes from Hong Kong.

We have all been advised repeatedly of the losses which would occur in Hong Kong if MFN is removed from China by the United States. 75 000 jobs and 3% of our annual economic growth. But these are only indicators. They

do not take into account some other important factors. For example, any decision by the United States Government to remove MFN from China would not only have a short term impact of very large scale but would also be of a multi-year nature. Once removed, the United States Government would not easily restore MFN to China. The losses in trade could be semi-permanent as other countries rush to fill the gap. The confidence of investors in China's future would be severely shaken and it is impossible to say how serious this could become. The international financial system would certainly react to this situation especially if the Chinese Government responded by taking punitive action against United States products, services and companies. A trade and investment war could ensue in which there would be no victors, only losers.

Hong Kong has no right to interfere in the affairs of another country but when the two countries concerned in a dispute are Hong Kong's largest markets, largest investors and largest suppliers, it is impossible not to seek to do our utmost to bring about an amicable solution. The Hong Kong economy is directly associated with the Chinese economy. Any damage to the Chinese economy and Chinese export trade will be immediately reflected in damage to Hong Kong, possibly to an even larger proportionate degree. Remember also that Hong Kong's prosperity is based on international business confidence in our stability and strong record of continual steady economic growth. Remove the confidence and Hong Kong is very likely to suffer severely both in the short and long terms.

We have a right to take an interest in our well being and in our vital areas of interest. China and Chinese economic success are of paramount importance to us. We are therefore entitled to seek contact with both countries in order to do what we can to protect our vital interests. We have done so for some years and to good effect. The Hong Kong General Chamber of Commerce and other leading trade and commercial organizations in Hong Kong have organized missions to Washington and Beijing in recent years, and will do so again this year, to ask both Government to take note of the very serious situation Hong Kong will face if Chinese MFN is removed. We have encouraged both Governments, in our own small way, to seek solutions to the overall problems. This is not interference but rather special pleading. Both Governments have responded with understanding of our position and our fears. Neither Government would wish to damage our economy which means a good deal to each of them.

This debate does not require us to take a position on who is right and who is wrong nor do we need to support one side or the other. But by holding the debate at this point in time we can unanimously declare our anxiety that a solution be found to the problem and that MFN for China be continued by the United States without conditions.

It is usually the case that, with goodwill, answers can be found to most problems. It is certainly the case that China has come a long way in recent years from the harsh political regime which dominated the country after the

Cultural Revolution and until the late 1970s. Many of us thought at that time that human rights in China, as such rights were understood in Western democracies, were almost non-existent. Although there is a long way to go and although China resists the development of the human rights pressed upon it by much of the developed world, the situation in China today is greatly different from that in 1967. Many of the changes have been brought about by international contact and co-operation in a wide range of economic, social and cultural fields. As China has opened up its political system has moderated. It is inevitable that that process will continue. The China of 10 years from now will not be recognizable from the China of today. That must be Hong Kong's greatest hope.

American pressure on China for improvement of human rights must be America's own affair. But the MFN threat is very much Hong Kong's affair as well as China's. So we must continue to speak to our own vital interests and these demand that we fully support the retention of United States MFN for China without conditions. It is also in our longer-term interest that China secures re-entry as a member of the GATT as this will solve the MFN issue permanently.

I must also add that I believe that trade and political issues must not be linked. Serious distortions can occur when politics interfere with trade. These are often not the results sought and can in fact be seriously counter productive. So I support the original motion.

MRS ELSIE TU: Mr President, when the United States first made its Most Favoured Nation trade agreement with China, under military pressure by the colonial powers a century ago, the United States negotiator, Caleb CUSHING, on that occasion said: "I entered China with the formed general conviction that the United States ought not to concede to any foreign state, under any circumstances, jurisdiction over the life and liberty of a citizen of the United States, unless the foreign state be of our own family of nations, in a word, a Christian state."

Now, a century later, it is evident that this arrogant colonial attitude still pervades the thinking of some American officials, including even Presidents. The word "Christian" has simply been substituted by "human rights", but politics now, as in those days, are still being tied to trade.

It is my contention today that no country can claim to be totally free of human rights abuses. The United States in particular has a horrifying record of human rights abuses, having in the past four decades slaughtered, by superior arms, millions of people in many countries of the world to deprive their countries of their right to self-determination, and to try to force them to adopt the United States form of government.

And now in the old colonial way, President CLINTON, who in his younger days demonstrated against his country's inhuman war in Vietnam, has changed his humanitarian stance and is threatening the livelihood of millions of Chinese, and consequently tens of thousands of Hong Kong workers and their families, by trade sanctions.

The power to impose sanctions of any kind, military or economic, surely rests, at least in theory, with the United Nations. But the United States frequently mixes the roles and behaves as though the United States is itself the United Nations, and the United Nations all too often weakly allows it to do so.

Let no one imagine that I close my eyes to human rights abuses. I shudder to think of the human rights abuses that are taking place worldwide, especially abuses against women and children, and against political dissidents under military or other totalitarian regimes. What I am objecting to is the hypocritical singling out of one particular country because it does not bow down and pay lip-service to the United States form of government. Those countries that are willing to bow down, hold an election no matter how phoney, and call their government democratic, are then welcomed into the family of nations and are given MFN status. There is no place in my code of ethics for such hypocrisy.

I support Mr TIEN's motion to urge the United Kingdom Government to lobby the United States of America on behalf of Hong Kong, to renew the MFN status of China, and indeed to abolish the term MFN and just to carry on trade with China as with other countries. I cannot support an amendment that tacitly requires any country to bow down to United States demands on matters which are within its own jurisdiction.

The term MFN is a colonial term, used selectively. It should be replaced by international trading terms like GATT. Sanctions should be within the ambit of the United Nations and used only against countries committing aggression, or atrocities such as genocide and ethnic cleansing — crimes on which the United States has been remarkably slow to act.

Mr President, I support Mr TIEN's motion.

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, this is our third debate on the issue of the continuation by the United States of MFN status for China. It appears to be old wine in an old bottle. But, upon closer examination, one sees something new. The original version of Mr James TIEN's motion contained these very significant words: "..... for the renewal of China's MFN status considering that China has made improvements in its human rights record."

These words have since been deleted by Mr TIEN of his own accord. The deletion has very naturally set people's mind to probing as to what inference to draw from it. First of all, in the original version, the Liberal Party, for the first time in its three-year history, links China's MFN status to China's human rights record and makes an indirect acknowledgment that China's human rights record is the key factor militating against China's eligibility for MFN status. In other words, even the Liberal Party does not believe that economic issues can realistically be separated from the human rights issue. So this reality must be faced. Secondly, the deletion by the Liberal Party, executed on the quiet, of the reference to China's human rights record shows the conflict in the party's mind. Its conscience tells it to mention human rights. But then it cannot convince itself that China has made improvements in its human rights record. So the issue must be evaded. If one sees no filth, then there is no filth. So the Liberal Party has decided to delete the reference to China's human rights record.

However, one cannot, by deleting words in a motion, erase the history and reality of the breach of human rights committed by the Chinese Government, can one? One cannot erase the trauma in the hearts of the Chinese people or their pursuit of human rights, can one? In the estimate of Asia Watch, a human rights organization, there are still 1 700 people in prison in China for political or religious beliefs that they hold. According to America's annual global human rights report for 1993, China acknowledged towards the end of last year that there were still 3 172 people in prison in China for counter-revolutionary reasons. Mr President, please do not belittle this name list. Besides those on the name list, there are others: those without a name who are in prison for political dissent; the wives and children who are waiting for their husbands or fathers to leave prison and come home; and those good people and freedom fighters who, though released from prison, are still facing political persecution. It is unjust that anybody should, for political reasons or financial gain, forget all those people. Anybody who does so will probably be disturbed by a feeling of guilt when he wakes up in the middle of the night.

Mr President, let us return from statistics to reality. WANG Juntao, CHEN Ziming, REN Wandong, LIU Gang and BAO Tong, all well-known activists in the pro-democracy movement, are languishing in prison. They are seriously ill or even suffering from cancer. Their release from prison, even on bail and even for medical reasons, is not possible. Here, one is not even talking about human rights. One is talking about humanitarianism. Can we erase all this? Recently, on the occasion of US Secretary of State Warren CHRISTOPHER's visit to China and the occasion of the convening of the NPC and CPPCC, China savagely and unreasonably took WEI Jingsheng, WANG Dan and 12 other activists of the pro-democracy movement into custody. In other words, though these people are out of Qincheng Prison, they are still in prison, a bigger prison. This bigger prison is China. Can any Chinese, even though in business, remain silent about this? Can you remain silent? Silence is but one step removed from tacit approval, which, in turn, is but one step removed from indulgence. Dear friends, over the past five years, we have seen many tragedies about the violation of human rights. We have seen these tragedies unfold, act by

act, scene by scene. At such a time, do we still want to retreat step by step and condone the state's crimes against the people?

Mr President, because of their backgrounds, including family backgrounds, many members of the United Democrats of Hong Kong have deep feelings for China and Hong Kong. Precisely for this reason, we of course want China to be accorded MFN status by the United States. But, just as the original version of the Liberal Party's motion has noted, the real obstacle to MFN status for China is China's own human rights record. So, if we want to lobby, we must not lobby the United States alone. We should lobby both the United States and China. We should lobby China to improve its human rights record. By improving its human rights record, China will be given MFN status permanently. This is like killing two birds with one stone. Why hesitate? Some of our Members are members of PWC or advisers to China. They have close contacts with China. On such an important issue as the human rights issue, they should say a few fair words and take some conscience-guided actions. Thus, they will be rendering a very useful service. It has been three years. During these past three years, all they did was telling the United States that making money was the most important issue. They never did anything to urge the Chinese Government to improve China's human rights record. Clearly, they did not have a balanced strategy. Because of this strategy of theirs, one has the feeling that the business community is not aware of the pain of those who are without human rights and that the business community makes money but does not care for liberty.

Mr President, what needs to be said in this debate on the MFN issue was already said clearly three years ago. What needs to be criticized was criticized three years ago. Many friends and I have been supporting the pro-democracy movement and upholding human rights. We have never regretted doing so. It is what we choose to do. There is no need for us to keep reminding others of this. Those who understand us say that our worries are many. Those who do not understand us wonder what we are after. Therefore, there are moments in this debate when I really feel that I should simply ignore some of the things that are being said. But, in China, this week has begun with a new wave of arrests. So I feel that, as long as we still have the freedom of speech, we must not remain silent. We have the obligation to say the things that Chinese people, on Chinese soil, cannot or dare not say. Our voice may be weak. Our audience may be cold and unresponsive. Still, perhaps our voice will be like a candlelight shining in people's hearts. Perhaps it will give some warmth, some hope and some light to those who are persevering and those who are suffering, though they may not realize it today.

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

MR CHIM PUI-CHUNG (in Cantonese): Mr President, this is the Legislative Council's third debate on the MFN issue. I am convinced that the United States in June or July this year will give China MFN status for at least three years. My

prediction may of course turn out to be wrong, but it is based on facts. Let history be the judge as to whether the prediction is right.

We must first understand the meaning of free trade. Hong Kong has always been a believer in, and practitioner of, the doctrine of free trade. Any kind of goods are importable at any time subject only to payment or waiver of import duty. Hong Kong is an open market. Any country can come here to compete and to develop a market. Therefore, the definition of free trade is trade without conditions. To link trade to the human rights issue is to attach a condition to trade. It is wrong.

Secondly, what is meant by MFN status? A most favoured nation is a nation receiving favourable tariff treatment. To attach any conditions to MFN status is an act of bringing coercive power to bear. Any country able to attach conditions to MFN status granted to another country is necessarily a country that enjoys economic and military superiority.

Thirdly, we must find out the meaning of human rights. Different countries and different peoples in the world take different approaches to human rights. What is our criterion for human rights? Is one catty equal to 16 taels or 10 taels? Different criteria are possible. Let me give an example. What is beauty? Well, beauty is in the eyes of the beholder. The United States talks all the time about human rights. But the United States involved itself in the Vietnam War and the Korean War and is involving itself in the Somali War. Are such acts the acts of a country that respects human rights? The truth is that the United States is using the human rights issue to deal with China just as the United Kingdom is using the issue of democracy in Hong Kong to deal with China. This assertion is surely based on facts. Any country telling any other country to do something is interfering in the latter's internal affairs. True, any country has a right to raise the tariff rate on any kind of imported goods. However, any country imposing its will on any other country is basically engaging in an act of force. In the past, a country could use military force to occupy territory belonging to another country. No country can do so now. So some countries are now using human rights and democracy as weapons. We should be on the alert against this.

In moving its amendment to the motion, the United Democrats of Hong Kong (UDHK) made a serious mistake of principle. First of all, they identified themselves with the US mistake of linking economic issues to the human rights issue. This is not acceptable to us. As Hong Kong's second largest political party, the UDHK should be doing its best to win MFN status for China. Yet they support the US position. Are they running dogs and yes-men to the United States? The UDHK urge China to improve its human rights record, and say that it will be China's mistake if it does not do so. How can members of the public support such a position? Dr HUANG Chen-ya is the UDHK's spokesman on economic affairs. Many friends tell me that they were wrong to have voted for Dr HUANG in the Island South elections. More and more people are saying so. I am convinced that the Hong Kong Government and the Special Administrative

Region Government after 1997 will welcome Hong Kong residents holding Australian or other countries' passports to remain in Hong Kong and do useful work to create a better tomorrow. But this does not mean that holders of foreign passports can instigate members of the public to oppose China and undermine China's position in the world. As a citizen of Hong Kong and a Legislative Councillor who follows his own conscience, I must remind members of the public in Hong Kong of this point.

Mr President, I so submit.

MR FREDERICK FUNG (in Cantonese): Mr President, before I come to the subject, I have two comments to make about our present debate. I do not think that the debate is meaningful. We have been holding the same kind of debate every year. Everybody is now merely repeating what has been said before. Why do we need such repetition? Secondly, the Government knows that Mrs Anson CHAN will be going to the United States in late April to lobby that country to extend MFN status to China. I believe that Mrs CHAN knows this herself. Yet we have this motion urging the Government to do precisely the same thing. The Government has already decided to do it, without the urging of the present motion. This makes the motion superfluous, does it not? Thus, my first comment on the present motion is that it is not meaningful. It is not meaningful because it is a repetition of something that has been said before. The message is already very clear to everybody. My second comment is that the present debate directly affects me. I was looking for a time slot for a motion that I would move on the abolition of the agreement on bank interests. It would have been best to have a debate today that could have meant the Legislative Council's response to the Consumer Council's report. If my intended motion was not picked through lot drawing and slotted for debate today, I do not know when we will have another occasion to discuss my intended motion. The present motion has crowded out a timely debate on an issue affecting people's livelihood. I find this regrettable.

I have the following observations to make on the present motion and the amendment. I totally share Mr CHEUNG Man-kwong's feelings, perceptions and expectations where China is concerned. I hope that China will become an economically developed country and have a civilized society complete with the rule of law, democracy, freedom and respect for human rights. I hope that the Chinese society will provide stable conditions under which people can live peacefully and happily now and in the days to come. Such has been the dream of the Chinese people for 150 years. We had this dream before. We are having it now. I believe that we will continue to have it. But, for this dream to come true, we will need more than the things that have just been mentioned — civilization, the rule of law, freedom and respect for human rights. We will also need certain basic social conditions.

I am not sure if I was a dumb student at school. I studied at the Chinese University of Hong Kong for a master's degree in politics and administration.

But I did not graduate, probably because I was a dumb student. In one course, we studied the relationship between a democratic society and its economy. Some scholar had researched this relationship in 120 countries. He found that a stable society, such as an economically well-developed democratic country, had four characteristics or met four conditions: (1) A high literacy rate. The people are well educated to know and understand things. They react to events not only emotionally but also rationally and have enough learning to enable them to tell between right and wrong and to analyze their own behaviour; (2) A highly developed information system. The people can, through such a system, learn the meanings of democracy, freedom and the rule of law and communicate with one another, and can, through reading newspapers or watching TV, debate and discuss issues to get to the truth. A well-developed information system is very important to the propagation of democracy; (3) A high living standard. Many people have, in material terms, things like motor cars, air conditioners, the telephone, fax machines and refrigerators and (4) A numerically significant middle class. The middle class is often able to keep things in balance between the conflicting interests of the capitalist or wealthy class and those of the grassroots. There are fewer class conflicts where the middle class has a numerical majority.

Now let us see if China meets these four conditions. If we find that China meets these conditions but still does not have democracy, the rule of law, freedom and respect for human rights, then there is something very wrong with its political system or with its people. However, if we find that China does not yet meet these four conditions, then we may perhaps also find that it is heading in the direction of meeting them. I think that economic development takes time. An economically well-developed society is a diversified society with different classes and with the ability to improve material conditions. If China's is a developing economy, then the other three conditions, too, may still be in the development process.

Talking about the legal system, let us look at the western countries, specifically the developed capitalist countries. Their legal systems now extend to human rights and democracy. But these legal systems have evolved from the commercial contract system. When the validity of a contract is being questioned, who is to make a judgment and what is the legal basis for the judgment? In many cases, this was how the commercial contract system began. Examples are England's industrial revolution and France's popular revolution. The French Revolution was still at a "comparative" stage a hundred years after it had begun. It has been less than 100 years since France first had a democratic political system or a legal system that really pays attention to human rights. We hope of course that our legal system will be developed quickly. But how quickly? One year? 10 years? 50 years? 100 years? We hope that it will not take a hundred-odd years as it was the case with the western countries. But will it take only 20 years from 1979, the first year of economic reform? If somebody says yes, we probably will not believe him, considering that China has a population of 1.2 billion.

Thirdly, one thing is very important to the process of social development. The people themselves must speak out and take action to show that they want democracy and the rule of law. The spirit of democracy, democratic values, the spirit of law and legal values cannot otherwise propagate themselves in any community. I see that the Chinese Government is still in certain instances acting in violation of human rights. I hope that this is just part of the process of change coming to pass. I hope that economic development will lead to the emergence of different classes in China and that these classes will then cause democracy and respect for human rights to appear in China. Conversely, if China is denied MFN status, its economy will suffer, and economic damage will probably have a different kind of consequence. The material things mentioned above will be less abundant and different classes will not emerge. The chance for the emergence of democracy or respect for human rights will be less. Therefore, though I share Mr CHEUNG Man-kwong's feelings, I will not vote with him. I still feel that MFN status will be conducive to greater respect for human rights in China.

In view of the above, I support the original motion. Thank you, Mr President.

MR FRED LI (in Cantonese): Mr President, this is the third year in a row we have MFN as the subject of our motion debate. On 8 July 1992, Mr Vincent CHENG moved a motion which is more or less the same as this one. Then Dr HUANG Chen-ya moved an amendment to it; on 12 May 1993, Mr Allen LEE again moved a similar motion. There was no amendment then but the United Democrats of Hong Kong abstained from voting. This year Mr TIEN is moving a motion on the same subject. I remember that last year I said I wanted to repeat my speech of the year before. When I looked again at my speeches of the last two years, I found that they were exactly the same; so I need not speak again. Therefore, today I do not intend to discuss the meaning of MFN. There is no significance at all for this. I only want to indicate that I hope there will not be any motion debate on MFN again next year. Actually, all the people of Hong Kong know the importance of MFN to Hong Kong. As regards human rights, our final pronouncement is that we totally disagree the linking of the human rights issue with MFN by the United States Government. This is already clearly spelt out in our speeches over these years. Romania is an example which I often quote. If Honourable Members cannot remember this example, they can refer back to my past speeches which explained it in detail. I would not waste Members' time any more in recognition of the parliamentary spirit.

I support the original motion and oppose the proposed amendment.

MR HENRY TANG (in Cantonese): Mr President, this time every year, since 1989, the business community of Hong Kong would feel very tense and worried over whether China's MFN status would be unconditionally renewed by the United States. It has cast a shadow on long-term investment as well. Here in

this Council, the issue is the subject of a debate each year. This year is the third time that I spoke on the subject. As observed by Mr Fred LI a while ago, the subject has become a cliché and there is nothing new about it. However, given the significance of the issue, it is worthwhile to remind every body that once MFN is revoked, the economic impact on China, the United States and in particular, on Hong Kong would be very serious. Yesterday the Administration announced its fresh assessment of the impact on the Hong Kong economy in the event that China loses its MFN status. Mr James TIEN mentioned this already a while ago, so I would not repeat it.

I think this MFN issue should not be an issue that comes back to haunt us year after year. I believe the issue need to be settled permanently at an early date. I therefore urge Mrs Anson CHAN, the Chief Secretary, to make her best endeavour, in her lobbying trip to the United States next month, to seek permanent renewal of China's MFN status, bearing in mind Hong Kong's long-term economic interests and the well-being of six million people of Hong Kong. The lobbying effort should not be deemed a success with just another year of unconditional renewal leaving the people of Hong Kong at a loss as to what to do year after year.

Mr President, allow me to repeat, MFN trading relations between China and the United States are based on the spirit of mutual benefit. It is absolutely not just China who is to gain. It is entirely a fair deal. To link it forcibly with other non-economic issues would turn it to an unfair deal. We from the industrial and business sectors know it very clearly that China is a huge market and the whole world is eyeing it, hoping to get a share of this developing market. The United States is no exception. However, if exporters of the United States chose not to make an effort in respect of the quality and price of goods and to upgrade the quality of its products in order to bid for orders but, instead, it chose to compel developing China to open its door to let developed countries to launch their economic aggression by means of pretexts like MFN, 301 or the Special 301 Resolution, then it would have failed to make a convincing case. For decades, the United States has been using this tactic on Japan but to little avail. Just the day before yesterday, the United States still claimed that "Super 301" would be imposed on Japan. This negative approach of promoting trade is certainly not the best approach. I suggest the United States should rather send their people to Hong Kong to learn from our Trade Development Council. This would be even more practical.

Mr President, every country, in its own process of development, would inevitably experience a difficult stage in the development of a democratic constitutional system. The United States, the present so-called "defender of civil rights", was no exception. Only a few decades ago, the blacks in the United States were not allowed to ride in the same bus with the whites. They could not study in the same school with the whites and could not dine with the whites. Obviously, the human rights history of the United States is not that honourable. However it does indicate that human rights would improve as a country advances. We cannot assess the level of human rights of every country by

means of a single international standard. China's economic reform is a great successful step forward. It has, in general, enabled its people to rise above the sustenance level. I sincerely hope that China can find a pace which will suit itself and take a further step to become a moderately affluent society. As a country is getting rich and strong and its people's level of education is being raised, the government of the country will be more open. Hong Kong itself is a typical example. I am confident that China will also go towards this direction. I hope we can give China more time to decide for itself the correct path to take and not to coerce it into compliance by bringing foreign pressure to bear.

Mr President, with these remarks, I support Mr James TIEN's original motion.

MR JAMES TO (in Cantonese): Mr President, this year's motion debate on the issue of renewal by the United States of Most Favoured Nation (MFN) status for China is the third of its kind. The only difference this year is that the debate is no longer about conditional or unconditional renewal. The United States has already made it quite clear that there will be conditions. The position of the United Democrats of Hong Kong (UDHK) is the same as before. We hope that the United States will renew MFN status for China. Thus, harmful effects on the innocent people of Hong Kong and China can be averted. At the same time, however, we hope that the Chinese Government will on its own initiative improve China's human rights record, so that China can rest assured that its MFN status will be permanent. Harmful effects on China's developing economy can be thus averted. Foreign detractors will be denied an annual excuse.

Conditions proposed by the United States for renewing China's MFN status have not changed much over the years. The main conditions are that China should improve its human rights record, take steps to stop nuclear proliferation and make trade concessions to correct the Sino-American trade imbalance. The human rights issue, in particular, provides the United States with an important moral justification for putting pressure on China. I do not doubt the sincerity of the United States in propagating democracy and freedom to all parts of the world. The United States is but following the global trend. Its good intention should be respected and accepted. Still, some of the conditions laid down by the United States each year are more or less devised in its own interests. In Mrs Elsie TU's words, this has to do with "the colonialist mentality." I think that, even without the human rights issue, the United States will still want to find some excuse to talk to China about correcting the trade imbalance so as to put the US economy on an even keel. Look for instance at the trade row between the United States and Japan. The US economy is not doing well and protectionism is rearing its ugly head. Because of its huge trade deficit with Japan, the United States is forcing Japan to make trade concessions. It is doing so in its own economic interests. In the eyes of third parties, the trade row between the United States and Japan are purely clashes arising from conflicting interests. But the United States can never use the human rights issue to put pressure on Japan, since nobody sees a human rights problem in Japan.

We are Chinese. We all hope that China will become rich and strong and will not have to be overly dependent on the US market. More importantly, I really do not want the United States to be able to use the human rights issue as an excuse for criticizing our country. We really feel ashamed. I will use an analogy. Somebody wants to do you a favour (which may not seem a favour to you). His condition is that you should treat your children well. You should feel ashamed whether or not you accept his condition. You have not been treating your own children well. You have not been treating your own people well. So somebody intervenes. Should you not feel ashamed? What is the most saddening is that the Chinese Government has only itself to blame. The whole world is heading in the direction of democracy and freedom. But China is still sticking to its old ways and thereby giving others a justification to criticize it.

I know that most Members think first of Hong Kong's economic interests. They are right to do so. Should China lose its MFN status, the people of Hong Kong would lose a great deal. So we all hope that China's MFN status will be renewed. Some may think that UDHK are wrong to link economic issues to the human rights issue. Actually, that is not what we are doing. The United States has laid down the conditions. The question now is how China should respond. In 1982 and 1987, the United States denied MFN status to Poland and Rumania respectively, using the human rights issue to justify the denials. So, if China totally ignores its conditions, the United States may well do something harmful to the interests of both countries. It may do so either because its people's feelings are running high or, worse yet, because its own interests will be served. Both sides undoubtedly understand that non-renewal of MFN status will hurt Sino-American relations and do catastrophic damage to Hong Kong. The United States Government will also have to justify this action to the American people. Although the United States Government has to safeguard the interests of American businesses; it also has to maintain America's basic policy; in addition, it has to pay heed to the sentiment of the American people.

The UDHK sincerely hope that China will be rich and strong, will take a square look at its own shortcomings and will gradually improve its human rights record. China should be pragmatic and should not start any row out of pique. Nor should it appear weak and begging. It should proceed to correct its mistakes on its own and provide no justification to its detractors. Then, China will be able to fight for its rights and interests on an equal footing at the conference table. This will make every Chinese proud of his country.

Do we in this Council really have wide differences? I have noticed three kinds of attitudes over the human rights issue.

Firstly, one kind of attitude is that the human rights issue should be completely separated from economic and trade issues. I do not seem to recall that any Member held such an attitude in his public speeches delivered in debates over the past two or three years. I mean that none of them really believes that the human rights issue should be completely separated from economic and trade

issues. None really has said that the issues should be kept separate even if China is to kill 1 000 people today or 20 000 people tomorrow.

The second kind of attitude is that held by some of the Members who spoke just now, including Mr Fred LI of Meeting Point, Mrs Elsie TU and Mr Frederick FUNG. They think that the human rights issue probably should not be linked to economic issues. They say that this kind of linkage, meaning the use of economic pressure to force China to improve its human rights record, will not be helpful. Their analysis differs from mine. In fact, they do want China to improve its human rights record, but they think that the use of economic methods to force China to improve its human rights record will not succeed. Such then is the second kind of attitude.

Thirdly, some people think that economic development may result in improved human rights condition. Apparently, not many Members openly hold this kind of attitude. Last year, Mr Howard YOUNG said something that was quite remarkable. At first, he did not intend to speak. Latter, he made a speech that sent sparks flying. He said that he could testify that Mr Allen LEE led a delegation of members of the then preparatory committee for the Liberal Party to Beijing, and the delegation met with General Secretary JIANG Zemin and directly told it to his face that the best way for China to earn renewed MFN status was to improve its human rights record. If any Members now accuses the UDHK of deliberately trying to link the MFN issue to the human rights issue, then what is his real point? Everybody knows the answer inwardly. Some Members use more subtle methods. They do not openly call on China to improve its human rights record. But they do tell China that it should improve its human rights record and that, if it does not, there will be harmful economic consequences for China and for Hong Kong.

I think that we of the UDHK are just being frank, sincere and honest. We want MFN status for China. But, being Chinese, we also want China to improve its human rights record. When Dr HUANG Chen-ya moved his amendment, he was thinking that many Members could in fact accept the amendment even if they also supported the original motion. They would say so informally, but they would probably not say so in their public speeches.

Lastly, if Dr HUANG's amendment is rejected, the UDHK will abstain from voting on the original motion. We think that, as Chinese, we hope that China will improve its human rights record and will do so of its own accord, not in response to foreign pressure.

DR TANG SIU-TONG (in Cantonese): Mr President, I rise to speak for the original motion and against the proposed amendment.

The renewal of China's Most Favoured Nation (MFN) status is of paramount importance to the economic development of Hong Kong. This subject has been repeatedly discussed in this Council over the past two years and

Members have, one after another, spoken on the pros and cons. Today many Members have also repeated their arguments. I am not going to make any special point but only intend to explain why I cannot support the proposed amendment.

According to our understanding, the proposed amendment seeks to encourage the United States to consider making the renewal of China's MFN status a conditional one. In the recent years, whenever the United States reviewed the renewal of MFN status, there would be heated debate in the United States Congress. When I came across the proposed amendment, I almost felt that I was sitting in the Congress myself. Over the years China has been frequently suffering from the threat of being denied the unconditional renewal of its MFN status. Although China made it each time, albeit with a close call, the situation is worsening. As a Chinese myself, I find it very distressing. Trading is a two-way activity providing mutual benefits. The economic superpowers have, out of their sense of morality and justice, assisted the third world or the developing countries in providing the impetus for their development. If the superpowers use this as a weapon to intervene in the affairs of the countries receiving assistance, it will be against the principle of international equality. It is a bullying act which is shameful and definitely should not be encouraged. I protest against the United States' use of MFN as a weapon of aggression to intervene in China's internal affairs. The United States, as a superpower in the international area, often pokes her nose directly or indirectly into international affairs and the internal affairs of other countries. Not only do countries all over the world make adverse comments about this but the Americans themselves also frequently level a broadside at such deeds. This confirms that the United States' hegemonic approach is behind the times.

China and Hong Kong have a common origin and, as blood is thicker than water, they are closely dependent on each other. Why should we support the United States' hegemonistic move which seeks to intervene in others' affairs under the camouflage of offering assistance? Why should we support such deeds which will undermine our country's dignity and infringe upon our country's sovereignty? Even if we are not Chinese, we still should not incite or encourage the United States to do so.

The United States' conditional renewal of China's MFN status reminds me of the story of the "sleeping lion of East Asia" in modern history when the superpowers carved up the territory of China. The superpowers described China as a sleeping lion which must not be wakened up or they would not be able to take a share. History is ever moving forward but the sleeping lion rationale still remains unchanged. Seeing that China the sleeping lion is gradually waking up, quite a number of advanced countries are worried that they may lose their share in future. For this reason, they make every effort to give this sleeping lion an injection of sleeping dosage so that it will keep on sleeping. The conditional renewal of MFN status and the reluctance to let China join the General Agreement on Tariffs and Trade (GATT) again are strong sleeping dosages while the human rights issue is nothing more than an excuse for giving

the injection. To a Chinese person, it would be a moral wrong to refuse to assist in the development of his own country; yet with stronger reason, it would be unorthodox behaviour of the grossest kind for that person to assist and encourage a foreign country to force China, his own country, to take sleeping dosage, thereby intervening in his own country's affairs and hampering the country's development. In this case, how can I support the proposed amendment?

Yet, I fully support the point that a government should, in view of the shortcomings of its own country, make improvement on its own initiative and the people should have the responsibility and power to urge the government to make improvement. As is the case with Hong Kong, if any government policy has gone wrong and become unacceptable to the citizens, we can force the Government to make improvements through monitoring by boards and councils, pressure generated by public opinion and action by the masses. However, if we seek assistance from another country, not only will the problem remain unsolved as people will look down upon us causing the government to lose credibility but also the citizens will not forgive us for harming the government by acting as an accomplice. If the United States insists on not renewing China's MFN status unless it can intervene in the latter's affairs, I think China should object to it. The United Kingdom and the United States are allies in the international arena. The United Kingdom Government's lobbying would be conducive to solving the aforesaid problem but would she be willing to do so? I personally have my reservations. Last week the leaders of the United Kingdom and the United States met but we do not know the subject of their talks. Yet, the United States Government made an announcement after the talks in support of Mr PATTEN's political package. I myself am worried that the United Kingdom Government will not lobby for the renewal of China's MFN status. I, of course, hope very much that the United Kingdom will be willing to, in the interest of Hong Kong, play the role of "peacemaker" and put in a strong showing. In doing so, Hong Kong will be safe from the repercussions of non-renewal if it ever comes to that — and, at the same time, it will be conducive to relaxing the recent tension in Sino-British relations. This will enable China and the United Kingdom to resume co-operation in areas other than the constitutional question so that Hong Kong can have a smooth transition.

Mr President, with these remarks, I support the original motion and oppose the amendment.

MISS CHRISTINE LOH: Mr President, last year I abstained on Mr Allen LEE's motion because I could not see what good could have been served by a motion which so totally ignored the real problems of Sino-American relations. This year, I am happy to say that I have the choice to vote for Dr HUANG's amendment which takes a more positive, and therefore I think, a more useful, view.

Mr TIEN said that there are different circumstances this year than last year. Well, yes. The Americans have imposed human rights conditions. Whether we think it is right to link trade and non-trade issues or not. I must confess that when I first saw Mr TIEN's motion, I thought it was really rather cute and that it might be a good joke to try and amend the motion to say something like this: "This Council urges the Chinese Government to buy more American goods and to let its political prisoners out of jail, in the expectation that these steps will improve Sino-American relations and assist the renewal of MFN status to China, to the benefit of Hong Kong." This would, I think, hit the nail a bit harder on the head.

But joking aside, there is a tendency when discussing MFN to focus exclusively on how much money Hong Kong has to gain or lose from the presence or absence of tariffs. Even when attempts are made to argue in some sort of political context, as Mr TIEN and others have done today, the argument tends to turn on how soon and how far prosperity will encourage liberalization of China's political system.

But let us try to look at the other side of the equation. China's record on human rights; and the situation of China's prisoners of conscience. Why should people with different ideas be threatened or imprisoned? Why does the Chinese Communist Party fear them so much? The answer I believe is because the Chinese Communist Party feels insecure in its own rule. They need to banish or lock away all those who have ideas about how China might be run differently.

There are people in China who have useful ideas about how China might adapt and modernize, about how China might best evolve when its present phase of totalitarian rule is over. WEI Jingsheng is a bright example. He is not only a good man abominably treated by a foul system. He is also, by any standards, a very penetrating political thinker. By repressing, imprisoning, torturing, banishing or frightening such people into silence, China is denying itself the new thinking that it so desperately needs.

It may well be that we want MFN to be renewed because we genuinely believe that through prosperity, China will slowly move towards a more liberal society. But if we want that, then Hong Kong must see what useful role it can play to press China to improve its human rights record now Mr CHIM Pui-chung seems to have suggested that we should care about human rights not only in China, but in other countries as well. I cannot agree more with him. Yes, we should be prepared to speak up for injustices wherever they occur, whether they take place in the former Yugoslavia, in China, or right here in Hong Kong, such as with the Vietnamese boat people or the New Territories indigenous women. But we are likely to be able to exert the most effect on our own turf. Thus I hope Mr CHIM will support my amendment to the New Territories (Exemption) Bill seeking to give New Territories indigenous women equal succession rights.

As regards China, we will become a part of China in about 1 000 days, so we have a big stake in China's human rights. We must see that, in the long-term, Hong Kong's economic as well as political interests lie with having a liberal China as our sovereign, not a totalitarian one.

Mr President, I support the amendment.

MRS SELINA CHOW (in Cantonese): Mr President, many Members have indicated that they are fed up with the debates on the renewal of China's Most Favoured Nation (MFN) status because this is the third time that this Council discusses the subject. Although we are fed up, Members still have to perform our responsibility. It is our obligation to address this issue no matter how tired, how bored and how unhappy we are. Like the past two debates, today's debate is a necessary one because it has a bearing on the economic development of Hong Kong and on the livelihood of many Hong Kong people. In other words, we have to debate it again and again even though we are very tired of it. As a matter of fact, we hold debates on this issue every year in the hope that Hong Kong may, with one voice, tell the whole world our views on this topic. Should MFN status remain a recurring issue every year, we would hold debates annually. It is, after all, too important to us to be unconcerned.

Some Members asked just now why there was a change from the previous standpoint of the Liberal Party as was apparent from the way the present motion had been revised to give it its current wording. Actually, the standpoint of the Liberal Party has never changed and it is very clear and definite into the bargain. In contrast, we find several Members' position on the issue rather vague. They on the one hand ask for the separation of economic issues from political issues; for example, the Vice-Chairman of the United Democrats, Dr YEUNG Sum, mentioned on other occasions that political issues and economic issues should be separated. I wonder why he said that there was no need for separation in respect of the renewal of MFN status.

There is nothing improper in voicing our views on human rights during the debate. We all understand that our feelings towards China's human rights situation are mixed and we may not all find it satisfactory. However, some Members (even some Americans) find that China's human rights situation has improved but has not yet reached the desired level and therefore is in need of further improvement. That, however, is not the subject of today's debate. Instead, we should consider whether or not the human rights issue should be lumped together with economic issues and linked to the renewal of MFN status. It seems that some Members (in particular Members from the United Democrats who are moving an amendment motion today) are trying to confuse the public. It is because they have said on other occasions that human rights and politics should be separate issues but today they are saying that the two cannot be separated. We really do not know which side they are on.

I believe that Members' views on human rights differ, either in terms of how strongly the views are being held or from what angle the issue is being viewed. Why should we separate the renewal of MFN status issue from human rights issue? Because we should not and do not wish to reinforce the United States' bargaining position and become its bargaining chip. I trust that this point is very important. I fail to understand why whenever we touch on this topic and whenever we want to deal with the two issues separately, somehow some Members would grasp the opportunity to spout eloquent speeches on their dissatisfaction towards China or to throw in other questions. Miss Christine LOH has mentioned other aspects of human rights just now. But we are not debating these issues today. I hope that Members, in particular Members from the United Democrats, will consider the MFN issue having regard to the aspirations and interests of Hong Kong people rather than from their own perspective. Being the political party with the largest representative base in this Council, the United Democrats seem unwilling to listen or are not listening to what the people are saying. The public wants a united voice from the Legislative Council to tell the Hong Kong Government, the British Government and the United States Government what we expect them to do on this issue. We would not wish to see Members each voicing their own individual views during the debate. The most important thing is that we should be accountable to the people of Hong Kong.

PRESIDENT: Mr TIEN, do you wish to speak to the proposed amendment? You have five minutes.

MR JAMES TIEN: Yes, Mr President.

MR JAMES TIEN (in Cantonese): Mr President, I move this motion perhaps because I am a factory operator and my constituency is the Federation of Hong Kong Industries. The industries of Hong Kong have undergone a transformation in the last 10-odd years, as most of the operators of the plastic, toy and metal industries have relocated their factories to China because of the high property prices and high wages in Hong Kong. All these industries take Hong Kong as a centre for product design and order taking, while the manufacturing processes are done in China. Products manufactured in this manner will all be subject to the Most Favoured Nation (MFN) provisions to the effect that Hong Kong factories will not be treated differently from the Chinese ones. According to the information provided by the Administration, what is at stake in this problem is 75 000 jobs and \$26 billion. So whether it be during these few years or after 1997, this issue will be of vital importance to Hong Kong.

Let us imagine: if it were not for the \$7.7 billion surplus, would the Financial Secretary in this year's Budget so generously put the money back into the people's pockets by releasing 120 000 lower income people from the tax net and lowering the profit tax from 17.5% to 16.5%? All these are indeed based on our trade figures and economic development.

Mr Fred LI has said just now that what has been discussed in the last few years is being repeated over and over again without any fresh input of ideas. But in fact, as I have pointed out in my first speech this afternoon, the current United States President comes from the Democratic Party, which controls over half of the seats in Congress. Unlike the times of the BUSH Administration when the President, who was a Republican, could veto a Congressional decision and could safely pull through if Congress failed to muster 66.5% of the votes to override his veto. If the United States Congress now decides not to renew China's MFN status, President CLINTON cannot with justification exercise his veto.

In today's debate, many Members who are opposed to my motion have dwelt on the question of "people's rights" in China. I am not an expert on this matter, but I have to ask: What do the people need? I think that the most basic need of the people is the right to survive. Nowadays, we of course can no longer say that the right to survive includes no more than having housing, clothes and food. In today's world, these things have already been taken for granted and need not be mentioned. Many people therefore think that if we talk about "human rights", that automatically means "political rights" and things like "civil rights" are, needless to say, included. But as a matter of fact, if we now look back on the development of any society, including that of the United States and the United Kingdom, we will find that these countries underwent the same evolution process decades ago as they all relied first on economic development and then gradually developed other rights. Some Members who support my motion have mentioned that the status of the black people in the United States, in terms of what they can or cannot do, has already greatly improved nowadays. To what extent should human rights be improved before we can call it satisfactory? This is indeed a rather abstract matter. We may think that the scope for improvement of human rights is limitless. It can become better with each passing day. Even for the United States today, there can still be improvements. If the United States requires that China must first improve its human rights situation before its MFN status can be renewed and this condition will be imposed every year, then what should China do? What standards should China meet to satisfy the United States? This the United States has never mentioned.

So I think if we can separate the human rights condition from trade, China's loss will not be so great. We can briefly calculate China's possible loss. The Administration has told us that Hong Kong has ten thousand-odd factories in China, employing some 4 million workers each earning a monthly wage of about RMB 400 yuan. If we multiply RMB 400 yuan by 4 million and then by 12, that will, if I calculate correctly, work out to RMB 20 billion. This amount

will be enough for the workers across the border, especially those coming from the northern provinces, to support their families. How many such families are there? According to Hong Kong's standard, RMB 20 billion is not a small amount. To China, it is a huge figure. If these RMB 20 billion can enable the people to have freedom in choosing occupation and in buying food, that is already a measure of human rights.

Some Members said that the business sector cares only about making money with no regard to human rights. This is not correct because there are many places other than China where we can place our investments.

Mr President, with these remarks, I oppose the amendment.

8.00 pm

PRESIDENT: It is now eight o'clock and under Standing Order 8(2) the Council should adjourn.

ATTORNEY GENERAL: Mr President, with your consent, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this evening to be concluded.

Question proposed, put and agreed to.

SECRETARY FOR TRADE AND INDUSTRY: Mr President, I am grateful to the Honourable James TIEN for giving me an opportunity to restate the importance to Hong Kong of the renewal of China's MFN status in the United States, and to give an account, for the record, of the efforts which both the Hong Kong Government and the British Government have been making to lobby for the unconditional renewal of that status.

The British Government's unreserved and unfailing support of the Hong Kong Government's position on MFN, as well as the British Government's efforts in lobbying the United States Administration on this issue, were clearly spelt out in my speeches during this Council's previous debates on MFN in 1992 and 1993. In respect of this year's renewal, the British Government have again pressed the case for renewal of MFN for China with the United States Administration at a number of different levels, including briefly when the Prime Minister met President CLINTON last week.

As for the Hong Kong Government, we are again giving MFN lobbying the highest priority and are devoting more resources to it than in previous years. In May 1993, President CLINTON subjected renewal of China's MFN status in 1994 to conditions related to "overall, significant progress" in certain human rights areas. This places Hong Kong in a difficult position in our

advocacy of MFN renewal because whether "overall, significant progress" has been made in terms of President CLINTON's Executive Order is essentially a bilateral matter between the United States and China. We are simply not in a position to defend China's human rights conditions; nor are we so presumptuous as to try to do so. While we do need to make our concerns on MFN heard, we must do so without giving the impression that we care only about dollars and cents and do not care about human rights. Such an impression would be entirely wrong. For this reason, we need to be careful that our lobbying efforts in the United States do take account of American sensitivities on human rights.

Although the Governor will not be going to Washington this year to lobby personally for MFN renewal, he continues to take the keenest possible interest in securing the renewal of China's MFN status and will continue to lobby strongly for unconditional renewal. He has made known his strong views on this issue in press interviews. Only as recently as last week, in an interview published in the Eastern Express, the Governor said that MFN should not be "the annual hinge in Chinese-United States relations" and that "human rights are best pursued through political dialogue rather than economic decisions". The Governor will continue to make known his views forcefully in his contacts with American officials, politicians and businessmen, and to the American public through influential United States media. I have no doubt that the Governor's views on this issue will make a substantial impact on those in positions of influence in the United States.

As we announced yesterday, in April the Chief Secretary will visit Washington, where she will convey Hong Kong's concerns on MFN to senior members of both the United States Administration and the United States Congress. She will be setting out in no uncertain terms Hong Kong's commitment to free trade as a general principle and the importance to Hong Kong of the unconditional renewal of China's MFN status in the United States. The Chief Secretary is a persuasive and forceful representative of Hong Kong and, as our first local Chief Secretary, Mrs CHAN will be able to convey to her American interlocutors her own insights on Hong Kong's situation and give fresh impetus to the Hong Kong argument.

Dr the Honourable HUANG Chen-ya has proposed an amendment to the original motion urging not only the United Kingdom Government to lobby for MFN renewal but also the Chinese Government to improve human rights conditions in order to secure MFN renewal. It would be tempting to think that such an appeal to China would be entirely logical, given that President CLINTON's Executive Order has placed the onus on China to make "overall, significant progress" in human rights before she is eligible for MFN renewal. Nevertheless, we have decided to abstain from voting on this amendment because of the firm view which we have consistently held that it would not be appropriate to mix politics with trade; nor would it be appropriate to use MFN as an instrument to achieve policy objectives not related to trade. As I said in this Council last year, the grant of MFN status is not a preferential treatment, it is instead the normal condition under which international trade is conducted and

the standard treatment for America's trading partners, including even countries such as Iran and Libya.

Also, we are opposed to conditioning MFN, or cutting off MFN, if China does not appear to have satisfied the conditions in the President's Executive Order, because of our belief that trade is the most reliable agent of change for the better. Cut off trade and dialogue with China, and you cut off a most potent source of influence on China. You will be cutting off the chance for many millions in China to have sustained access to the outside world through trade, and to engage freely in the exchange of ideas and information. One only has to look at what has happened in southern China to appreciate the way in which trade and dialogue have helped to improve conditions all round, not just material conditions but also, for example, the ability of individuals to choose where to live and work.

The importance to Hong Kong's economy of China's MFN status is increasing year by year. As Hong Kong benefits increasing from the continuing opening up of China to external trade, the stakes for Hong Kong in the renewal of China's MFN status are becoming higher year by year. Some Members have referred to our most recent assessment of the damaging impact of the loss of MFN on Hong Kong's economy. This assessment has not taken into account the further loss in income and jobs if China were to cut back on its imports, either in retaliation against the United States or as a consequential economic retrenchment programme. Nor has it taken into account the extremely damaging effect on business confidence in Hong Kong as the gateway to China, or confidence in Hong Kong's ability to maintain steady and long-term economic growth. All this would happen at a time when Hong Kong is entering the final stages of preparations for a return to Chinese sovereignty, when the aspirations of our people for better and more comprehensive social services, as well as environmental and infrastructural improvements to enhance their quality of life, are getting ever higher.

Mr President, the Hong Kong story is not just about making profits. The Hong Kong story is, above all, about how 6 million people and their predecessors have managed to pull themselves up by their own bootstraps and transformed the backwater mired in poverty and instability that was Hong Kong in the years immediately after the Second World War, into a community which is not only prosperous and a prominent entity in the world economic order but which is, equally importantly, also free, fair and caring. A community which cares about our quality of life, about social justice and about civil rights. Take away MFN, and you cut back our economic growth sharply. Take away growth, and you take away the very foundation on which we plan to build a better Hong Kong — a Hong Kong able to cope with the aspirations of all of our people and the challenges of the future. Doubtless we would overcome the problems, if MFN was removed, as we have surmounted difficult problems in the past. It would be a tough challenge, but rising to challenges has always been Hong Kong's great strength.

To sum up, Mr President, the Hong Kong Government will continue to argue vigorously for the unconditional renewal of China's MFN status in the United States. The opening of China to external trade in the past 15 years has worked wonders in the economic arena, and is setting in train a process of gradual but steady progress across the board. I do believe, Mr President, that withdrawal of MFN would not only damage Hong Kong's economy, but also be unproductive, or even counter-productive, in terms of the objectives which the United States has set itself. The Official Members will vote for the original motion. Thank you, Mr President.

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

Voice vote taken.

The President said he thought the "Noes" had it.

MRS MIRIAM LAU: Mr President, I claim a division.

DR HUANG CHEN-YA: Mr President, claim a division.

PRESIDENT: Will Members now proceed to vote? Are there any queries? If not, the results will now be displayed.

Mr Martin LEE, Mr SZETO Wah, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Miss Christine LOH voted for the amendment.

Mr Allen LEE, Mrs Selina CHOW, Mr NGAI Shiu-kit, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr Frederick FUNG, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Fred LI, Mr Henry TANG, Mr TIK Chi-yuen, Dr Samuel WONG, Dr Philip WONG, Mr WONG Wai-yin, Dr TANG Siu-tong, Mr James TIEN and Mr Alfred TSO voted against the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr PANG Chun-hoi, Mr Roger LUK and Ms Anna WU abstained.

THE PRESIDENT announced that there were 13 votes in favour of the proposed amendment and 29 votes against it. He therefore declared that the amendment was negatived.

Question on Mr James TIEN's motion put and agreed to.

Adjournment and next sitting

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 23 March 1994.

Adjourned accordingly at fifteen minutes past Eight o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Trading Funds Ordinance, the Legislative Council Commission Bill, the Minor Employment Claims Adjudication Board Bill, the Amusement Rides (Safety) Bill, the Town Planning (Amendment) Bill 1994 and the Legislative Council (Electoral Provisions) (Amendment) Bill 1994, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.