

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 20 April 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 HUI YIN-FAT, O.B.E., J.P.

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE 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 EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

THE HONOURABLE ALFRED TSO SHIU-WAI

ABSENT

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 RONALD JOSEPH ARCULLI, O.B.E., J.P.

THE HONOURABLE VINCENT CHENG HOI-CHUEN, O.B.E., J.P.

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

DR THE HONOURABLE PHILIP WONG YU-HONG

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 CHAU TAK-HAY, J.P.
SECRETARY FOR TRADE AND INDUSTRY

MR ANTHONY GORDON EASON, J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

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

MR JOHN TELFORD, J.P.
SECRETARY FOR TRANSPORT

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

MR KWONG KI-CHI, J.P.
SECRETARY FOR THE TREASURY

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RICKY FUNG CHOI-CHEUNG

THE DEPUTY SECRETARY GENERAL
MR LAW KAM-SANG

Papers

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Air Pollution Control (Motor Vehicle Fuel) Regulation	196/94
Public Health and Municipal Services (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 2) Order 1994	206/94
Declaration of Constituencies (Districts) Order 1994 (L.N. 93 of 1994) (Commencement) Notice 1994	207/94
Declaration of Districts Order 1994 (L.N. 94 of 1994) (Commencement) Notice 1994	208/94
The Legislative Council Commission Ordinance (14 of 1994) (Commencement) Notice 1994	209/94
Rectification of Errors Order 1994	210/94
Fixed Penalty (Criminal Proceedings) (Amendment) (No. 2) Regulation 1994	211/94
Fixed Penalty (Traffic Contraventions) (Amendment) Regulation 1994	212/94
Gambling (Amendment) Regulation 1994	213/94
News Agencies Registration (Amendment) Regulation 1994	214/94
Newspapers Registration and Distribution (Amendment) Regulation 1994	215/94
Port Control (Public Water-Front) Order 1994	216/94

Hawker (Regional Council) (Amendment) (No. 2) Bylaw 1994	217/94
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Sessional Paper 1993-94

No. 73 — Mass Transit Railway Corporation
Annual Report 1993

Address

Mass Transit Railway Corporation Annual Report 1993

FINANCIAL SECRETARY: Mr President, in accordance with section 16(4) of the Mass Transit Railway Corporation Ordinance, I table the Annual Report and Accounts of the Mass Transit Railway Corporation for the year ending 31 December 1993.

In 1993, the Mass Transit Railway Corporation carried 779 million passengers, 3.7% more than 1992. Fare revenue increased by 12.8% to \$3,824 million while total operating costs increased to \$1,970 million. Interest and finance charges were \$1,251 million, 4.5% lower than last year.

The corporation earned a net profit of \$735 million in 1993 compared with \$403 million in 1992. Cumulative losses were reduced to \$2,333 million and the corporation expects these to be reduced to zero by 1996.

I am pleased to note the corporation's continued commitment to improving its services and that \$8 billion will be spent on capital improvement programmes over the next seven years. For the second consecutive year, the corporation will improve the morning peak train service on the Tsuen Wan Line from the current 31 train trips per hour to 32 per hour in May this year. Service will be further improved to 34 per hour in 1996 when a completely new signalling system is installed. Other improvements include new air conditioning systems, noise reduction measures and new passenger information systems.

The corporation is continuing to plan for the airport railway project. Government's contracts to prepare the sites for the railway tracks are progressing well. We and the corporation look forward to a speedy conclusion of discussions between the British and Chinese Governments on the financing of the airport railway.

I would like to thank the Chairman, the Board, and all staff of the MTRC for achieving good results and maintaining an efficient railway service in the past year.

Oral Answers to Questions**Waiting List for public housing**

1. MRS ELSIE TU asked: *Would the Government inform this Council whether it is true that applicants for Public Housing are no longer permitted to register on the Waiting List:*

- (a) if their income is above the current income limit at the time of registration; and if so, why, in view of the fact that incomes and income limits fluctuate during the waiting period; and*
- (b) if they have not resided in Hong Kong for seven years at the time they seek to register?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the administration of the Waiting List for public housing is carried out by the Housing Department on behalf of the Housing Authority. The aim is to ensure that the Waiting List reflects eligibility and therefore likely demand as far as possible and that its administration is a process which uses resources as efficiently as possible. The answers to the questions posed are as follows:

- (a) Applicants for public housing whose household income is above the limit which defines eligibility at the time of application are not now entered on the Waiting List. This avoids misleading the applicants and inflating the Waiting List. Whenever circumstances change, fresh applications can of course be submitted and this is happening all the time.*
- (b) While those applicants who have resided in Hong Kong for less than seven years can submit applications, these will not actually be processed until they fulfil the residence criterion.*

MRS ELSIE TU: *Mr President, I would like to remind the Secretary that what I said in my question was that incomes fluctuate. For example, children get married or people retire. Incomes will subsequently be reduced. And the reply given by the Secretary says that the aim of the Waiting List is to reflect demand. Would the Secretary agree that in fact it does not reflect demand and it actually covers up the need for housing, and it also has resulted in a reduction in the production of rented flats in public housing? And I would like to ask if the Secretary would ask the Housing Authority to reconsider and to reinstate the original policy of letting people stay on the Waiting List with the possibility of getting housing when their income level qualifies them.*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, first of all, I think I can assure Members that all matters relating to the Housing Authority's responsibilities, which are the subject of question or debate in this Council, are reported fully to the Housing Authority and taken into account, I am sure, in the Housing Authority's deliberations. As far as the question of reflecting demand and need is concerned, I think it is important that the Housing Authority should maintain accurate information in its records. It is true that incomes can fluctuate but I think that it would be an unsafe assumption in many cases that the incomes of those who apply for inclusion in the Waiting List at a time when their incomes are above the eligibility limits will actually fall below eligibility limits and therefore qualify the applicants. It therefore would lead to the keeping of inaccurate information. So I think it is a question here of ensuring that the Waiting List reflects accurate information at the time that the information on an individual applicant is included in the Waiting List. This does not in any way preclude a previous ineligible applicant being included in the Waiting List when he or she becomes eligible.

Visa applications from mainland residents

2. MR MARTIN BARROW asked: *Will the Government inform this Council of its policy towards the processing of visa applications from mainland residents visiting Hong Kong and, in particular, whether arrangements will be made for applicants to apply directly to Hong Kong rather than through the British Embassy?*

SECRETARY FOR SECURITY: Mr President, there are two main categories of visitor covered by this question. First, ordinary residents of China wishing to visit Hong Kong have to apply to the Chinese authorities for Two-Way Permits. Their applications are processed by the Chinese authorities but the visitors do not require a visa for Hong Kong. Secondly, visitors coming under the auspices of the PRC Government, who are holders of official or semi-official passports issued by the Ministry of Foreign Affairs, have to apply for visas. Normally, applications for visas are submitted, through the Chinese Ministry of Foreign Affairs, to the British Embassy in Beijing, which, in turn, refers them to Hong Kong. However, there are arrangements for those from Guangdong, Guangxi, Fujian, Hainan, and Shanghai to submit their visa applications to the Immigration Department in Hong Kong instead of through the British Embassy in Beijing.

MR MARTIN BARROW: *Mr President, contrary to the Secretary's belief that the procedures are working well, there are increasing complaints regarding the bureaucratic steeplechase involved in obtaining approvals. Would the Secretary consider the following steps to ease the situation:*

Firstly, could the use of the British Embassy be totally eliminated as it only acts as a post-box?

Secondly, could the many thousands of People's Republic of China (PRC) nationals working for Hong Kong companies in China be able to obtain visit approvals via the channel of their Hong Kong companies?

Thirdly, could the Government produce a pamphlet explaining the various steps and procedures involved?

And finally, could visit visas be eliminated as has been done for PRC nationals in transit?

SECRETARY FOR SECURITY: Mr President, I do not think it would be correct to categorize the British Embassy as a post-box. It provides a service which is valued by many applicants who need advice and assistance on the spot in applying for visas. However, I do take the point that many other applicants would prefer to apply direct or through a sponsor in Hong Kong and we are intending to revise our arrangements to allow this.

Employment visa applications from both foreign and Chinese nationals have to be submitted by individuals. But we are prepared to consider changes to this procedure for visitors who now have to apply for visas to come to Hong Kong.

MR HOWARD YOUNG: *Mr President, as streamlining procedures through which Chinese visitors apply to come to Hong Kong can only be good for Hong Kong, will the Secretary please advise whether the British Embassy in Beijing — which he has admitted is a post-box now — does have performance pledges so that processing can be done within a reasonable short time, and also, whether the Immigration Department has performance pledges that apply to this sort of application?*

PRESIDENT: Mr YOUNG, of course questions can only go to matters for which this Government is responsible. Do you wish to rephrase your question?

MR HOWARD YOUNG: *Alright. Then can the Secretary inform this Council whether the Hong Kong Government has asked the British "post-office" Embassy in Beijing to have performance pledges to process these visas in the shortest possible time, and whether the Immigration Department in Hong Kong has performance pledges in processing such visas?*

SECRETARY FOR SECURITY: Mr President, I think perhaps I should, just for clarification, repeat yet again that I did not say that the British Embassy was merely a post-box. I said, in answer to Mr BARROW's supplementary, that I do not think it should be categorized simply as a post-box, it does provide a service for those who want advice and assistance in applying for visas.

Certainly, the Immigration Department does have performance pledges and targets on this. I am afraid I do not know right now what they are but I will certainly try to provide in writing some information on the time that it normally takes to obtain a visa, including time processing through the British Embassy in Beijing, and I will also put in writing what the performance pledges are on this. (Annex I)

MR TAM YIU-CHUNG (in Cantonese): *Mr President, will the Administration inform this Council how long it will normally take to process a visa application from visitors of the second category, and whether the authority concerned can set a time limit for visa processing, like two to three working days, since I understand that very often mainland applicants and inviting organizations in Hong Kong are troubled by the fact that they do not know whether they or the persons being invited can attend the meetings as scheduled?*

SECRETARY FOR SECURITY: Mr President, I am afraid the question has me stumped. Could I be informed what a category two applicant is?

MR TAM YIU-CHUNG (in Cantonese): *Mr President, the Secretary may refer to the third line of the Chinese version of his reply where it is said that the category two applicants are visitors coming under the auspices of the PRC Government, who are holders of official or semi-official passports issued by the Ministry of Foreign Affairs.*

SECRETARY FOR SECURITY: Thank you, Mr President. I will certainly provide some information on the amount of time it normally takes to process these visas, as I said in reply to Mr YOUNG. I am afraid I do not have this information with me at the moment. (Annex II)

MR LAU CHIN-SHEK (in Cantonese): *Mr President, referring to the category two applicants mentioned in the third line of the Chinese version of the reply, that is, visitors coming under the auspices of the PRC Government, who are holders of official or semi-official passports issued by the Ministry of Foreign Affairs, will the Administration inform this Council whether these visitors include those working in Chinese official organizations; if so, whether they have to inform the Hong Kong Government of the type and nature of work that they*

have applied and whether they are subject to any restriction on their length of stay?

SECRETARY FOR SECURITY: Mr President, the short answer to those questions is, yes. I should perhaps try to make it clear that in my answer I was referring to visitors rather than people coming here for employment. But certainly, most, if not all, of those who are coming to work in Hong Kong in Chinese official organizations would hold official or semi-official passports and in applying to come to Hong Kong they would have to give the purpose of their coming here and the details of their employment.

PRESIDENT: Not answered, Mr LAU?

MR LAU CHIN-SHEK (in Cantonese): *Mr President, will the Secretary provide this Council with some information on the type and nature of work of those who have applied to come to work in Hong Kong? If the Secretary does not have the information now, could he provide them in writing?*

SECRETARY FOR SECURITY: Mr President, I am not quite sure that I know what Mr LAU is asking for. Is the request that I should give some statistics for recent years on the number of people who have come from China to work in Hong Kong and the broad categories of the sort of work they have asked to come here for?

MR LAU CHIN-SHEK (in Cantonese): *Mr President, besides the number of people who have come from China to work in Hong Kong, I would also like to know the type and nature of work that they are employed. The Secretary's reply just now seems to say that applicants have to provide such information when applying to the British Embassy. Can the Administration provide such information to this Council?*

SECRETARY FOR SECURITY: Mr President, yes, I will see what information we have and supply that in writing. (Annex III)

Applied Research Centre

MR JAMES TIEN: *Mr President, in accordance with Standing Order 19(6) and with the consent of Mr NGAI Shiu-kit who cannot attend this sitting, may I ask Question No. 3 on his behalf?*

PRESIDENT: Yes, please do.

3. MR JAMES TIEN asked (in Cantonese): *In his policy address last October, the Governor proposed the establishment of an applied research centre drawing together the expertise of our tertiary institutions and of the Chinese Academy of Sciences, and the Industry Department will endeavour to put this proposal into effect in the new financial year. Will the Government inform this Council:*

- (a) *whether China has agreed to the proposal and consented to such joint projects; and*
- (b) *of the proposed location of the applied research centre and any other details of the proposal?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, in his policy address to this Council last October, the Governor indicated that the Industry and Technology Development Council would be asked to advise on the creation of an Applied Research Centre. We shall be seeking that council's advice in May on matters concerning the Applied Research Centre, including the location. On the basis of that advice, and taking into account the views of other interested parties, a more detailed proposal will be prepared. We intend to approach the Chinese authorities later this year.

MR JAMES TIEN (in Cantonese): *Mr President, since the proposal involves the intellectual property rights of two different places, will the Administration advise this Council whether the existing intellectual property rights protection laws in China and Hong Kong are similar? If not, how is the Administration going to deal with any legal problems in this connection as the Industry and Technology Development Council will not be the proper forum to discuss these problems?*

PRESIDENT: I do not quite understand what you meant by "similar", Mr TIEN, similar to what?

MR JAMES TIEN (in Cantonese): *Mr President, the intellectual property rights protection laws in China and Hong Kong may be different. If we go ahead with the co-operation and set up the applied research centre with China, then how will the "technology" developed be dealt with; will they be registered in Hong Kong or in China? Will there be conflicts between the two sides when it comes to registration of ownership? If yes, how will this problem be solved legally?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, the intellectual property rights protection laws in China and Hong Kong are not entirely similar. As to the question of how the intellectual property rights ownership will be dealt with, basically we intend that the Hong Kong client will be the owner of the intellectual property rights. But other details have yet to be worked out and I am afraid that I cannot provide a full answer right now.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, I have a follow-up to Mr James TIEN's question. If there are innovations or discoveries, who can claim ownership? As intellectual property rights mainly concern patents (which we all know ownership is worldwide), so who is going to have ownership in this case of joint venture? We can avoid any future disputes if we have taken a view on this in the first place.*

PRESIDENT: Yes, I think you are not strictly asking a question to elucidate the main answer, Mr CHIM. You are seeking to elucidate an answer to a supplementary question which was only marginally relevant to the main question. Do you want to ask another question or rephrase it?

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, my question is: Since we have spent money on setting up this research centre with China, who will have ownership if there are innovations or discoveries; and how best can this money be spent to achieve good results?*

PRESIDENT: I still think you are not within Standing Orders, Mr CHIM. Any further questions?

MR JAMES TIEN: *Mr President, in his reply, the Secretary said that ITDC's advice will be sought in establishing this Applied Research Centre. I just want to make sure that it is the Government's point that this centre will be established. What happens if ITDC's advice is that no such centre should be established, would that mean that the Government would not establish it?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, I think that is probably a hypothetical question. I must say that we would obviously have to take a view if the ITDC should advise us against the setting up of the applied research centre, but I think that would be most unlikely.

Handling of minor road accidents

4. MR SIMON IP asked: *In view of the increasing occurrence of traffic congestions caused by minor road accidents in which no serious damage is caused to any vehicle or person, will the Administration inform this Council whether and how it will educate the public that there is no requirement to wait for police attendance, and that drivers concerned should move on as soon as possible after exchanging all necessary particulars?*

SECRETARY FOR TRANSPORT: Mr President, we agree that the failure of some motorists to move their vehicles to the side of the road after they have been involved in traffic accidents can cause road congestion and is a source of irritation to other road users.

Section 56 of the Road Traffic Ordinance provides that drivers should stop if their vehicles are involved in accidents which cause injury or damage. As the Honourable Member has rightly pointed out, however, there is no need to wait for police attendance if the accident is minor. Those involved should move their vehicles to a safer location as soon as possible, so as to minimize obstruction to other road users. They should then exchange personal particulars.

Measures have been taken to convey this message to motorists, for example, through the Road Users Code, copies of which are given to all learner drivers. In addition, the Accident Insurance Association of Hong Kong distributes leaflets to applicants for vehicle insurance specifically advising drivers to move their vehicles to the side of the road if they are involved in minor traffic accidents and there are no injuries. Our efforts to publicize this message are continuing and it was emphasized most recently at a press briefing to mark the opening of six emergency lay-bys in Tuen Mun Road and in the latest Road Safety Quarterly publication. We will restate this advice to motorists in future at every appropriate opportunity, for example, through road safety and road courtesy campaigns and through the efforts of police officers attending the scene of traffic accidents.

MR SIMON IP: *Thank you, Mr President. Has the Administration carried out any studies on the annual loss of man hours and hence the loss of productivity caused by traffic congestion resulting from road accidents? If so, what were the results? If not, will one be carried out in order to ascertain the economic damage caused by road accidents?*

SECRETARY FOR TRANSPORT: Mr President, I am not aware that such studies have been carried out. I would imagine it would be an extremely complex process but certainly we could consider such a study.

MR ERIC LI (in Cantonese): *Mr President, section 56 of the Road Traffic Ordinance provides that drivers should stop if their vehicles are involved in minor accidents which cause damage, while drivers are also advised, through publicity campaigns, not to stop in case of minor accidents. Will this make the latter inconsistent with the spirit of law? And will amendment of section 56 of the Ordinance be a better way to get round this problem? If so, how should "minor damage" be defined? If not, are there any practical difficulties in introducing amendments?*

SECRETARY FOR TRANSPORT: Mr President, we are not suggesting, and I did not intend suggesting, in my main reply that people should not stop in the case of minor traffic accidents. The advice is, and the law is, in the case of any accident where there is injury or damage, then the vehicles must stop. But where the damage is minor then the advice of the police is that the motorist should move his vehicle to the side of the road so he is not causing obstruction and interfering with other traffic.

MRS MIRIAM LAU (in Cantonese): *Mr President, most of the minor traffic accidents involve careless driving or other traffic contraventions, so very often people dare not move their vehicles away from the scene. Can the Secretary inform this Council whether members of the public will be educated so that they may know which kind of accidents they are or are not required to call the police?*

SECRETARY FOR TRANSPORT: Mr President, in fact the Road Users Guide already makes this clear. The advice which is given to motorists is quite specific on what is a minor accident. A minor accident is one where there is no injury and no serious damage. Under section 57 of the Ordinance, where there is injury or death or major damage to vehicles then the vehicle must not be moved. It must be left *in situ* as evidence for the police to examine. But where the accident is minor and there are no casualties, then in that case the car can be moved to the roadside.

MRS ELSIE TU: *Mr President, would it be possible to ask the police if they could put it on "Police Call", because it seems to me that very valuable advice could be given there?*

SECRETARY FOR TRANSPORT: Mr President, we welcome all suggestions for further publicizing the message, and that suggestion will certainly be considered.

Curbing runaway property prices

5. MR WONG WAI-YIN asked (in Cantonese): *The Financial Secretary stated in his Budget speech that property prices had risen to "increasingly uncomfortable levels", and the Government has proposed to this Council to introduce measures to curb the rise of property prices. Will the Government inform this Council:*

- (a) *what price level of private residential property the Government considers to be "comfortable";*
- (b) *of the criteria used in determining this level;*
- (c) *whether the Government treats this price level as a target to be achieved through the measures outlined in the Government's proposal to this Council; and*
- (d) *when the proposed measures will achieve the target?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Administration has already announced the setting up of a task force to tackle the issue of land supply and property prices. A package of measures to address these issues will be drawn up within two to three months. I do not wish to pre-empt the work of this group by going into detail at this stage. My reply to the question for the moment is therefore as follows:

- (a) There is an extremely wide range of properties on the market by type and quality catering to different demands and the situation is changing all the time. The Government intends to examine the position in all sectors. It is not therefore possible to state a single, specific affordability target. The Government is not comfortable either with the present high level of flat prices, or with the prospect for further movements upward in the market. The task force will examine all aspects.
- (b) Clearly, price levels are now such as to be causing concern in the general community as regards both affordability to would be home buyers, and the effect on Hong Kong's competitiveness — concern which the Administration shares.
- (c) The Administration is working towards achieving more moderate property prices through gradual and orderly measures.
- (d) The Administration's efforts will be directed at achieving short and long term effects.

MR WONG WAI-YIN (in Cantonese): *Mr President, I am very unhappy with this perfunctory reply by the Secretary. I would say it is only a waste of words and paper. Actually, he could just put down "no details can be provided" in his reply. According to Mr EASON, a package of measures ("measures" is the word he used in his answer) would be drawn up by the task force within two to three months. But what I asked was the criteria used in determining price level and whether the latter was the target to be achieved. So it is a question on the Government's policy rather than measures. Mr President, referring to the four measures outlined in the Financial Secretary's Budget to curb the rise of property prices, what target in respect of price level is expected to be achieved?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, at this stage I think in response to that question I can add nothing useful to what I said in my main reply.

MR EDWARD HO: *Mr President, will the Secretary inform this Council whether the task force will consider that any government intervention on property prices will be limited to those which will facilitate the operation of a free economy and that they will not be in such a manner that they will have any adverse impact on the economy as a whole?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think I can confirm that we are concerned that the operation of the market should not be distorted by measures that are introduced. But at the same time we are concerned that those who are, if I may put it this way, disadvantaged by the existing distortions in the market receive some relief.

MR LEE WING-TAT (in Cantonese): *Mr President, when Mr Canice MAK, Deputy Secretary for Planning, Environment and Lands, attended the City Forum on 3 April, he advised members of the public that they should refrain from purchasing any properties for the time being because he expected that property prices would go down in two to three months. In the event that property prices should go up instead of down in two to three months, will the Administration compensate prospective buyers who have followed the advice of the Administration and as a result have to purchase properties at higher prices?*

PRESIDENT: I do not think you are within Standing Orders, Mr LEE.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, recently there are signs that property prices are going down by about 5% to 10%. Will this in any way affect the work of the task force in drawing up measures?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think the information which Mr TAM has referred to, so far, is largely anecdotal and certainly the task force will be considering real information and solid facts in pursuing its task.

MR FRED LI (in Cantonese): *Mr President, may I ask Mr EASON to clarify one point which I find it very contradictory from what he has said. In paragraph (a) of his reply, Mr EASON says: "It is therefore not possible to state a single, specific affordability target". In other words, it is very difficult to set a so-called reasonable or affordable level. However it is said in paragraph (c): "The Administration is working towards achieving more moderate property prices through gradual and orderly measures". What are in fact "more moderate property prices" (when there is no objective target)? What does he really want to say?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think the words should be taken at their face value if I may suggest. The question of comfort and the question of moderation of course are not deliberate attempts at specific quantification. And I think that I have already sought to explain what is meant by discomfort in my main answer. As regards moderation, if I could refer back briefly to Mr TAM's question. He referred to a range of figures and if one were to seek to interpret moderation in specific terms I suppose Mr TAM's figures would give us some indication of what is meant. But I do not wish, at this stage, as I said in my main reply, to get drawn into detailed statements as to how the task force is going to carry out its extremely complex task and what the outcome of its deliberations will be in specific terms.

MR ROGER LUK (in Cantonese): *Mr President, it is said in paragraph (d) of the Secretary's reply: "The Administration's efforts will be directed at achieving short and long term effects". Will the Secretary elaborate what those effects are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think I should have to defer a reply to that question until the task force has gone through the two to three months' work that it has been required to undertake to reach conclusions. I think it is far too early to be being specific about that sort of information.

DR YEUNG SUM (in Cantonese): *Mr President, in paragraph (c) of its reply, the Administration seems to suggest that some gradual and orderly measures would be adopted to bring property prices down and to take off some of the*

heat from the present market. Will the Secretary advise whether taxation will be one of those gradual and orderly measures?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: I think in response to that question, Mr President, I can confirm that the task force will be considering the widest possible range of measures. And certainly in considering measures I have no doubt that taxation and penalties and punitive measures will all be examined. But that is not to say, I must emphasize, that they will be recommended.

MR HOWARD YOUNG (in Cantonese): *Mr President, in considering the approach to tackle the issue of property prices, will the Administration agree that from an economic point of view, prices are the result of supply and demand? Therefore, when the Administration considers this issue, should it not adopt such positive measures as increasing supply and such negative measures that are designed to dampen demand? Thus, in looking for solutions to the problem, should the focus be more on the side of positive rather than negative measures?*

PRESIDENT: I think that is a question, Secretary. *(Laughter)*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I admit that it is a question. *(Laughter)* We will consider, as I said on my last reply to a supplementary, a very wide range of possible measures and these will be both positive and negative. What measures in the end we will recommend depend on the deliberations of the task force. So whether in the final analysis the measures recommended and introduced tend to fall more heavily towards positive than negative simply remains to be seen.

MR LEE WING-TAT (in Cantonese): *Mr President, thank you for allowing me to raise a second supplementary. At the end of 1991, the Administration attempted, as it had done before, to cool the property market by introducing measures like the 70% mortgage limit and advance payment of stamp duty. However, property prices rose again after easing off for just half a year. In his reply in this year's Budget debate, the Financial Secretary stated that he would introduce measures to cool the property market in a bid to bring property prices down. My question is: How long would the Administration like to see the downward trend last — a few years or just a few months — and if it is just a few months, then is it just a cosmetic measure, that much is said but little is done?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the implications of the question are that the Government is the most influential actor in the property market and indeed in the economy. I think it is a fact of life in Hong Kong and in similar economies that the Government is not the sole actor. And it is not possible to predict with complete certainty what the effect and the reaction of other players will be to government measures.

The tone of my replies this afternoon I am sure will have been considered by some Members as negative and defensive. I would like to say this. The situation is extremely complex, much more complex, I believe, than many observers and commentators allow. The risks of precipitate reactions to anything which is either done or said by officials is extremely high, it is therefore incumbent on us to be extremely careful at this stage what we say and this is why I am at pains not to pre-empt the extremely careful work that will be undertaken by the task force.

Disposal of personal particulars of British passport applicants

6. MR JAMES TIEN asked: *In view of the statement made by Chinese officials that Hong Kong people who have been granted British passports under the British Nationality Scheme are not entitled to British consular protection while in Hong Kong after 1997, will the Government inform this Council:*

- (a) *how the Government keeps the personal particulars of the applicants under the scheme;*
- (b) *whether the personal particulars of the successful applicants would be destroyed after the issuance of passports; and*
- (c) *whether the personal particulars of the unsuccessful applicants would also be destroyed?*

SECRETARY FOR SECURITY: Mr President, all information on applicants of the British Nationality Scheme is protected by law and by strict internal procedures. Under the British Nationality (Miscellaneous Provisions) (Amendment) Ordinance 1990, it is an offence to disclose the identity of, or any information on, applicants for the scheme.

After completion of the British Nationality Scheme, information on successful applicants will be transferred to the British Government for record purposes. Information on other applicants will be destroyed.

MR JAMES TIEN: *Mr President, the second phase of the British Nationality Scheme was just completed a while ago and we will have the result soon on that. And in view of the current relationship between the British Government and the Chinese Government, Would the Secretary please inform this Council whether the Hong Kong Government will consider requesting the British Government to expand the British Nationality Scheme to include all the 3.7 million BDTC passport holders in Hong Kong?*

PRESIDENT: You are not really seeking elucidation of the main answer at all, Mr TIEN.

MR JAMES TIEN: *Thank you, Mr President, I thought I would try to pull a fast one. If that is not allowed, may I replace it with another question?*

PRESIDENT: Yes, please go ahead.

MR JAMES TIEN: *Mr President, may I ask the Secretary, on the second part of his answer, after completion of the British Nationality Scheme, if the information on the successful applicants which will be transferred to the British Government for record purposes would be kept separate from that of ordinary residents of Britain who hold a British passport? I want to make sure that these records will not be identifiable. And secondly for those unsuccessful applicants, will their records be destroyed before July 1997?*

SECRETARY FOR SECURITY: Mr President, the answer to the second part of the question is yes, they will be destroyed before 1997. We are likely to start destroying the information on unsuccessful applicants in phases from about the middle of this year.

As regards the first part of the question, the records need to be kept by the British Government because they must have records on who has British citizenship. Now in many cases, or perhaps in most cases, those would be simply records in the form of birth certificates for people born in Britain. Those obviously will be records of an entirely different nature from the British Nationality Scheme records. Those will be certificates of registration as British Citizens, the British Nationality Scheme records, and those will be kept together with all other such certificates of naturalization and registration.

PRESIDENT: Not answered, Mr TIEN?

MR JAMES TIEN: *Not answered. I am not asking about things such as birth certificates. I am asking about the complicated form that applicants were required to fill in for the British Nationality Scheme, which ordinary British residents will not have to fill in if they apply for British citizenship passport in England. I am referring to that particular form. May I ask whether that would be kept separate from the rest of the others?*

PRESIDENT: So I suppose you are asking whether this Government knows what the British Government will be doing in the way of keeping records, Mr TIEN.

MR JAMES TIEN: *Yes, Mr President.*

SECRETARY FOR SECURITY: Mr President, it is not an application for a passport, it is an application for British citizenship. The application for the passport has to be made separately and it is in the same form as any other application for a passport and the passport issued is exactly the same as any other passport.

MISS EMILY LAU: *Mr President, recently a Vice-Director of the Xinhua News Agency publicly asserted that on the transfer of sovereignty in 1997, all the property and belongings of the Hong Kong Administration has to be handed over to the SAR Administration. Will the Secretary for Security please inform us whether the Chinese Government has demanded that all the information regarding the applicants for the British Nationality Scheme should be handed over to them and has the British Government or the Hong Kong Government explained to the Chinese that this information belongs to the British Government and will be shipped back to London?*

SECRETARY FOR SECURITY: Mr President, I am not aware of any questions or discussions on this subject but I can say categorically that the information on successful applicants will be transferred to Britain. It will not remain in Hong Kong.

DR LEONG CHE-HUNG: *Thank you, Mr President. Quite a few of the Hong Kong citizens who went to submit their applications under the BNS were unfortunate enough to be photographed. I wonder whether the Government has any advice or whether there are any concrete plans to tell them how to maintain their anonymous status in the future?*

SECRETARY FOR SECURITY: Mr President, inevitably there was press interest in the applications for the scheme, particularly on the last day, and it is possible that photographs of certain people did appear in the press; all I can say is that the Immigration Department did take all reasonable steps to try to persuade the press that they should not take photographs in such a way that individuals could be identified.

MR JIMMY MCGREGOR: *Mr President, can the Secretary confirm that the numbering of passports issued under the British Nationality Scheme is randomly applied, thus making tracing of recipients more difficult and does the Secretary agree that the Chinese statement which is the subject of this question can only serve to undermine confidence in Hong Kong?*

PRESIDENT: Certainly the first part of the question, Secretary.

SECRETARY FOR SECURITY: Mr President, yes, the passports issued to successful applicants are the same as those issued to all other British citizens. There is no way either from the number or from the place of issue, which is not specified now on the passport, that it could be identified that someone had obtained British citizenship.

As regards the second part of the question, could I ask which statement Mr MCGREGOR is referring to?

MR JIMMY MCGREGOR: *The statement that Emily LAU just referred to.*

SECRETARY FOR SECURITY: I am sorry, Mr President, I did not catch that.

PRESIDENT: Could you repeat that please, Mr MCGREGOR?

MR JIMMY MCGREGOR: *Yes, Mr President. A Chinese official has stated that information on the issue of these documents shall be passed over to the SAR Government and in that way identifying the recipients of British passports. What I am asking is whether the Government would agree that that statement is damaging to confidence in Hong Kong in the future?*

PRESIDENT: I am going to have to rule that out of order because it does not seek to elucidate the main answer.

MRS SELINA CHOW: *Will the Government inform this Council whether holders of the British passport issued under the Nationality Scheme will have British consular protection after 1 July 1997? Was that a question that you ruled out of order?*

PRESIDENT: Yes.

MRS SELINA CHOW: *But I would have thought, Mr President, that it did flow out of the original question which is about the statement which concerns the consular protection status of these passports.*

PRESIDENT: I will allow that question, Mrs CHOW.

MRS SELINA CHOW: *Thank you.*

SECRETARY FOR SECURITY: Mr President, under international law a person with dual nationality cannot claim protection against the country of which he is also a citizen. This will apply to all Chinese nationals in Hong Kong after June, 1997. Whether a beneficiary of the British Nationality Scheme remains a Chinese national is a matter for the Chinese Government to determine under Chinese Nationality Law, and I cannot give an unequivocal answer to that. However, what I can say is that we will be discussing with the Chinese, in the context of our discussions on the Basic Law and the right of abode in Hong Kong, the question of the application of Chinese Nationality Law to all residents in Hong Kong and we will be asking, as we have asked, for clarification as to who a Chinese national is.

DR TANG SIU-TONG (in Cantonese): *Mr President, will copies of the records on successful applicants be kept in Hong Kong in future? Once these applicants have acquired British nationality, will they lose their Hong Kong permanent residents' status?*

SECRETARY FOR SECURITY: Mr President, the answer to the first part of the question is, no.

The answer to the second part of the question is that that depends upon whether they are Chinese nationals and it depends upon their residence in Hong Kong. And I cannot give an answer to that in general but certainly we would expect that the overwhelming majority, if not all, of successful applicants under the scheme will retain the right of abode in Hong Kong after 1997. That

certainly is the intention of the proposals we have put to the Chinese on the question of right of abode in Hong Kong after 1997.

MR PETER WONG: *Mr President, can the Secretary answer Miss Emily LAU's question to confirm whether the information in relation to the applications under the British Nationality Scheme and all the information extracted from the applicants are part of British government property and there is no question of the British Government releasing such information to anybody unless the British Government desires to do so?*

SECRETARY FOR SECURITY: Mr President, yes. I think I have said that four times in the last five minutes.

Written Answers to Questions

Pre-school services for disabled children

7. DR YEUNG SUM asked (in Chinese): *From the projections of previous rehabilitation programme plans, it is revealed that there have been great variations in the Government's calculation of future demands for pre-school services for disabled children. Will the Government inform this Council:*

- (a) why the previous projections made by the Social Welfare Department on the demands for pre-school services varied substantially from each other;*
- (b) how many different formulae have been tried by the Social Welfare Department in calculating the demands for these services since 1987;*
- (c) of the details of the new formula that is now being used by the Social Welfare Department in projecting demands for these services; and*
- (d) how the Social Welfare Department is going to prepare adequate programme plans for the provision of this kind of services and apply for the required resources if the projected demands for these services keep on changing?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the Rehabilitation Programme Plan (RPP) sets out a comprehensive picture of the current and planned provision of rehabilitation services over the next 10 years. It is reviewed regularly by representatives from concerned departments as well as the non-governmental sector. The next review will start soon.

The formula adopted by the last RPP was endorsed by the Rehabilitation Development Co-ordinating Committee (RDCC) in the context of the RPP review in 1987. It used known demand, that is, enrolment plus the number of clients on the waiting lists, as the basis for calculating the demand for rehabilitation services. As available data on unidentified demand were insufficient, an arbitrary figure of 30% was adopted as hidden demand.

To improve the accuracy and reliability of projections for demand for services in the coming RPP review, the Social Welfare Department in consultation with the non-governmental sector reviewed the formula and came up with a new approach last year. This new formula, endorsed by the RDCC in January 1994, adopts a more statistically significant approach of accounting. It takes into account all known factors affecting the demand and supply of services (such as annual discharges) with annual updating of known and projected data, which has now been made possible by the accumulation of more data in the Central Referral System. Additionally, the revised projections have regard to the updated population projections.

Apart from the adoption of the new formula, the variations in demand can be accounted for by an increase in the number of new applications in recent years, probably due to an enhanced awareness of the need for early training. This is welcome news.

The new formula being used by the Social Welfare Department is to take into account annual demand, that is, number of enrolled clients; waitlisted applicants plus new applicants. This is amended against actual provision of places, including new planned places. Other factors include major variables affecting the shortfall/surplus such as annual discharge rates. The new formula will provide a reliable basis for the Social Welfare Department to bid for the necessary resources to meet the projected demand for rehabilitation services.

Residential and office accommodation purchased by the Government in 1993-94

8. DR SAMUEL WONG asked (in Chinese): *Will the Government inform this Council:*
- (a) *of the total number of residential flats which the Government purchased from the property market in the 1993-94 financial year for the accommodation of civil servants; the total floor area of these units and the amount of public funds spent;*
 - (b) *of the total area, in terms of square feet, of office space which the Government purchased from the property market during the same period; and the total expenditure incurred; and*

- (c) *what impact the Government's purchase of such property has on the current tight property supply and demand situation; whether the Land Commission will be requested to allocate under next year's proposed land grant additional land to make up for the land so taken up by the Government from the private sector?*

SECRETARY FOR THE TREASURY: Mr President, in 1993-94, the Government purchased residential accommodation at a cost of \$1,989 million, and office accommodation at a cost of \$1,502 million on the open market in Hong Kong.

The residential accommodation comprised 856 units having a total gross floor area of 618 508 sq ft, whilst the office accommodation totalled 390 657 sq ft gross. However, as a result of the office purchases, 165 000 sq ft gross of leased office accommodation has been given up and put back onto the market.

We estimate that these purchases have had no significant impact on the present supply and demand for residential or office accommodation, given the total volume of market transactions in 1993-94. Accordingly, it will not be necessary to augment land supply in 1994-95 to cater for the purchases made by the Government in 1993-94.

Geriatric services

9. MR FREDERICK FUNG asked (in Chinese): *Will the Government inform this Council of the development plans and policies to cope with the increasing demand for geriatric services in the next few years?*

SECRETARY FOR HEALTH AND WELFARE: In line with our policy objective to safeguard and promote general health of the community, meeting the needs of elderly people is an area of priority.

On primary health care, for example, the Department of Health will consider extending the priority consultation scheme for elderly patients, the advanced appointment system for elderly chronic patients, and the special consultation arrangements for residents of elderly homes to general out-patient clinics in the pipeline. Seven new Elderly Health Centres will also be established by 1997 to strengthen preventive and promotive care through on-going counselling and health education programmes to prevent diseases or disabilities and to promote a healthy lifestyle among elderly people.

As for hospital services, the Hospital Authority is planning the provision of 260 new acute geriatric beds and 200 new geriatric day places by 1997 to meet the projected demand in full. A total of 1 200 infirmary places and seven

nursing homes with 1 400 beds will also be provided by 1997 for elderly people requiring residential nursing care.

Furthermore, new initiatives to develop outreach services will be implemented through the setting up of five additional specialist teams in 1994-95 to provide medical assessment and rehabilitation services in the community setting. This will help to facilitate the interface between medical and welfare services as well as to achieve a better continuum of care for elderly patients.

More importantly, the Working Group on Care for the Elderly, appointed by the Governor, is tasked with identifying areas for improvement in the overall provision of services across the board for elderly people in Hong Kong.

Disposal of industrial wastes

10. MR MICHAEL HO asked (in Chinese): *In view of the frequent burning of abandoned vehicular tyres and plastic waste by some people on empty sites in the New Territories, will the Government inform this Council of:*

- (a) the measures in place to deal with such acts of environmental pollution; and*
- (b) the measures already being adopted and/or to be taken, in order to positively promote and assist local industries in their collection and recycling of industrial wastes?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Burning rubber tyres and plastic waste on open sites emits air pollutants, and is therefore within the ambit of the Air Pollution Control Ordinance. Under section 43(1)(j) of the Ordinance, the Secretary for Planning, Environment and Lands, after consultation with the Advisory Council on the Environment, may make regulations to control such emissions. Regulations to prohibit the open burning of rubber tyres, cables with plastic insulation and construction waste are being drafted. The aim is to bring them into effect before the end of this year.
- (b) Our policy is to examine and promote measures to limit the amount of waste produced and to encourage waste recovery and recycling. Because these activities are normally undertaken by industry on a commercial basis direct involvement by the Government is not appropriate.

Some of the measures adopted by the Government and non-government bodies to promote and assist local industries in recycling industrial wastes include:

- the possible establishment of an intermediate sorting plant at Tsueng Kwan O to assist the construction industry to separate out putrescible waste so as to provide useful fill material;
- active discussions between interested parties to promote the recycling of used tyres;
- encouragement to the Chemical Waste Treatment Centre operator to recycle industrial solvents; and
- introduction by the Centre of Environmental Technology of a Waste Exchange/Recycling Information Service to business and industry.

The Government has also started a full consultancy study on waste reduction which will examine ways in which recycling and recovery can be further advanced.

Marine Police's fleet and operation

11. MR ALBERT CHAN asked (in Chinese): *Will the Government inform this Council:*

- (a) *how many marine police launches are currently in service for carrying out patrol duties;*
- (b) *of the number of arrests made by the Marine Police at sea in 1993 and the number of prosecutions taken out thereafter; and*
- (c) *whether there is any plan to review the fleet of the Marine Police, including the equipment and the number of vessels, in order to strengthen its law-enforcing ability?*

SECRETARY FOR SECURITY: Mr President,

- (a) At present, the Marine Police fleet consists of 66 police launches, ranging from 6.9 m motor boats to 40 m command launches, and 100 police open boats ranging from small rubber dinghies to fast 9.5 m rigid hull inflatables.

- (b) In 1993, the number of arrests made by the Marine Police at sea was 5 350, of which about 60% were related to illegal immigrants. The number of prosecutions was 1 350.
- (c) Reviewing the fleet size and equipment of the Marine Police is an ongoing task. Overall fleet numbers have increased from 76 in 1980 to 166 at present, and there have been over the same period improvements in navigational aids, communications and other equipment. There are no specific plans at present to increase the size of the Marine Police fleet.

Second trial of a defendant on the same charge

12. MISS EMILY LAU asked: *Regarding a statement delivered in the High Court on 29 March 1994 in relation to Magistracy Appeal No. 1005/93, in which the Crown expressed profound regret that the defendant had been subjected to the ordeal of a second trial on a charge of which he had earlier been acquitted, will the Administration inform this Council:*

- (a) of the circumstances leading to the second trial of the defendant on the same charge;*
- (b) who were responsible for causing this ordeal to the defendant;*
- (c) what actions will be taken against the persons concerned; and*
- (d) whether and how the defendant will be compensated?*

ATTORNEY GENERAL: Mr President, the answers to Miss LAU's questions are as follows.

- (a) The defendant in the case referred to was originally charged with indecent assault. The magistrate hearing the case found that there was no case for the defendant to answer on that charge, but convicted him of common assault.

The defendant appealed to the High Court against his conviction. The appeal was allowed and the judge ordered that there should be a new trial before another magistrate. The legal effect of that order was that the defendant was to be retried on the charge of which he was convicted, that is, the charge of common assault.

The judge who heard the first appeal, the judge's clerk, the counsel who conducted the first appeal, the police officer in charge of the case, the appeal clerk and the First Clerk of the magistracy concerned, all recorded either that there was to be a "new trial" or

"another trial" or "a retrial". It was apparently assumed that it would be understood that this meant a new trial on the charge of which the defendant had been convicted, and that the precise charge to be faced did not have to be specified.

The court prosecutor who handled the retrial did not appreciate what was involved in a retrial and did not receive advice on this point. It was not the practice to issue a fresh charge sheet in respect of a retrial in the magistracy and the court clerk, at the retrial, placed before the magistrate the original charge sheet. The magistrate was not informed that the case was a retrial. As a result, the defendant was asked to plead to the original charge of indecent assault.

- (b) It is apparent from what I have said that there were several factors that contributed to the error. An internal Board of Inquiry appointed by me to investigate the case made several recommendations designed to prevent any recurrence of the problem. I have accepted the findings and recommendations of the Board, and my department is working in liaison with the Judiciary to implement the recommendations. So far as conduct in my department is concerned, the board concluded that fault could only be properly attributed to one person, namely the officer who should have advised the court prosecutor handling the retrial.
- (c) Disciplinary action has been instituted against the officer considered by the Board of Inquiry to have been at fault.
- (d) The Government has offered an *ex gratia* payment to the defendant. He has been invited to provide details as to his personal circumstances and to make such representations as he wishes the Government to consider before the amount of the *ex gratia* payment is determined.

Properties held by the Crown

13. DR HUANG CHEN-YA asked (in Chinese): *Will the Government inform this Council:*
- (a) *of the existing number of properties, with details of the relevant legal interest, held by the Crown as bona vacantia either in accordance with legislation, for example, section 292 of the Companies Ordinance (Cap. 32) or common law;*
 - (b) *how many such properties have been or are subjected to advice or order from Buildings Department as requiring repair works on ground of safety;*

- (c) *of the estimated amount of financial resources required by the Crown for such repairs; and*
- (d) *why should the Crown bear or, in cases where the Crown is a co-owner, share the responsibility for the repair of such properties?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) There are currently 166 cases of *bona vacantia* vested in the Crown by operation of section 292 of the Companies Ordinance. There are no other cases.
- (b) 18 properties have been or are subject to advice or orders from the Buildings Department requiring repair work on safety grounds.
- (c) A total amount of \$22,627.34 has been contributed by the Crown towards the repair work on three properties. As regards the other properties, no claims have yet been received. Even if claims were made, they are unlikely to be for substantial amounts.
- (d) Where the Crown is co-owner of a property, it is liable to contribute to the cost of repairs to the common parts. Where the Crown owns part of a property exclusively, for example, external walls and roofs, it should bear the full cost of repairs to these parts.

Succession to small house land

14. MS ANNA WU asked: *Will the Government inform this Council:*

- (a) *of the number of registrations made under section 17 of the New Territories Ordinance (Cap. 97) since the commencement of the Hong Kong Bill of Rights Ordinance (Cap. 383) on 8 June 1991, and whether all the successors registered have been male;*
- (b) *of the number of applications for land under the Small House Policy received since 8 June 1991, whether eligibility to apply for or to be granted such land is restricted to males only, whether any applications were granted, and whether such grants were made to males only; and*
- (c) *whether there have been any instances of succession along the male line to small house land since 8 June 1991?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Since 8 June 1991, 848 registrations of succession have been made with the district offices under section 17 of the New Territories Ordinance. All but one of the registered successors are male.
- (b) Statistics on small houses are maintained on a quarterly basis. During the period from 1 July 1991 to 31 December 1993, 13 033 small house applications were received and 1 672 small house grants were executed, all in respect of male indigenous villagers. Statistics for the first quarter of 1994 are not yet available.

Under the Small House Policy, to be eligible for a grant, the applicant must be male, at least 18 years old and descended through the male line from a resident in 1898 of a recognized village in the New Territories. However, if an indigenous villager who is eligible for but has not received a small house grant has disappeared, or died, or is considered unsuitable to hold property for any reason, the District Lands Officer may regard his wife or widow as eligible for a small house grant. So far, there is no record of any applications having been submitted by wives or widows of indigenous villagers or indeed other women.

- (c) Separate statistics on succession along the male line to small house land since 8 June 1991 have not been kept.

Cross border incidents involving Hong Kong drivers beaten up by Chinese officials

15. MRS SELINA CHOW asked: *Will the Government inform this Council:*

- (a) *whether it has received any reports on beating up of Hong Kong drivers by public security or military personnel in China in the last two years; if so, how many such reports have been received;*
- (b) *what the Administration has done about them by way of communication through the usual channels with the Chinese authorities; and*
- (c) *what action the Administration intends to take following the incident that occurred on 26 March 1994 to ensure that Hong Kong drivers operating in China will not be subjected to these risks?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) We are aware of two such incidents involving Hong Kong drivers and Chinese officials so far this year, but have no information on previous years.
- (b) The Hong Kong and Shenzhen authorities have established border liaison channels which can be activated very quickly to deal with cross border incidents. These channels were used successfully in helping to resolve the dispute that occurred earlier this year. For the most recent incident on 26 March 1994, we understand that this was resolved on the spot.
- (c) We will continue to use established border liaison channels to try to ensure that such problems do not arise in future. Representatives of the trucking industry can also express their concerns on cross border transport issues at their regular meetings with the Transport Department. Where appropriate, these concerns will be addressed through the border liaison machinery so as to try and reduce the likelihood of future misunderstandings.

Skating facilities for youngsters

16. MR TIMOTHY HA asked (in Chinese): *Indoor skating is a sport event in the Olympic Games and is also a favourite game of many youngsters in the territory. However, Hong Kong has hardly any public facilities for this sport apart from a few privately-run skating rinks. The lack of such facilities impedes the development of this sport. Will the Government inform this Council:*

- (a) *what suitable sites are available in Hong Kong for the construction of public skating rinks; and*
- (b) *whether there is any plan for the construction of public skating rinks to facilitate the promotion of this sport; if so, what the plan is; if not, why there is not such a plan?*

SECRETARY FOR RECREATION AND CULTURE: Mr President, I take it that the question refers to ice skating.

Indoor arenas measuring between 56 m x 26 m and 61 m x 30 m are required for competitive figure-skating and short-track speed skating. Speed-skating is normally performed on open air two-lane circuits measuring 333 1/2 m or 400 m long and 4 m to 5 m wide, with curved ends each of 180 degrees and the radius of the inner curves between 25-26 m. Any easily accessible site large enough to accommodate either of the above, together with

ancillary facilities and spectator stands, would be suitable. However, in view of the priorities set by the Hong Kong Planning Standards and Guidelines and the existence of privately-run skating rinks, no site has at present been earmarked for the construction of any public skating rink.

Although there is no public ice-skating rink in Hong Kong, the arena of the Hong Kong Coliseum is capable of being transformed into a suitable surface for ice skating.

There are, however, four privately-run ice skating rinks in Hong Kong which are open to public use, catering for some 6 500 active skaters and other casual users. Two more privately-run rinks are expected to come on stream by June 1994. Another such rink of international size is expected to be ready by December 1996.

The privately-run ice skating rinks are considered adequate to meet the needs of those persons interested in taking up skating. There is no indication that the development of this sport has been impeded by the lack of a public skating rink.

At present, the municipal councils do not have any plan to provide dedicated public ice skating rinks. The reasons are:

- (a) priority is accorded to the development of basic recreation and sports facilities, such as indoor recreation centres and sports grounds, for core activities to meet more popular needs as provided in the Hong Kong Planning Standards and Guidelines; and
- (b) the private sector has been quite successful in providing these facilities at affordable prices and at convenient locations.

Legislators' visit to villages

17. MR HENRY TANG asked: *In connection with the visit to villages in the New Territories on 26 March by Legislative Council Members, will the Government inform this Council of:*

- (a) *the total number of police officers mobilized to ensure the safety of Members, broken down by number of uniformed staff, plainclothes policemen and those providing logistic support; and*
- (b) *the total man-hours involved and the estimated cost of the whole operation?*

SECRETARY FOR SECURITY: Mr President,

- (a) During the visit by Legislative Council Members to the New Territories on 26 March this year, 187 police officers of the New Territories North region were available for the first part of the visit to Fanling, but only 65 were deployed for specific tasks during the visit. During the subsequent visit to Sha Tin, 234 officers were available, 35 of whom were deployed. The total number of police officers deployed throughout the entire visit was 45 uniformed and 55 plainclothes staff. The remaining officers, who were available but not deployed, were also available for other tasks in the two regions.
- (b) Police officers were committed to these duties for less than four hours in each police region. This involved in total 380 man-hours. The estimated total staff cost was about \$63,000.

Crowd control measures

18. MR ERIC LI asked (in Chinese): *In the recent series of protest activities, a Legislative Council Member was assaulted and there was conflict between reporters and security personnel. In the light of this, it is expected that political activities in public places are bound to become more frequent and violent during the forthcoming three-tier elections to the Legislative Council/municipal councils/district boards. Will the Government inform this Council:*

- (a) *whether the police will re-assess the crowd control problem that might be brought about by such activities during the periods leading to the three tier elections;*
- (b) *in the face of such political and electioneering activities, whether police presence will be reinforced for crowd control purpose, so as to ensure the personal safety of the participants, councillors and reporters; and*
- (c) *if so, what is the number and deployment of additional manpower?*

SECRETARY FOR SECURITY: Mr President,

- (a) The Police Force carefully assesses the potential crowd control problems for all major public events, including electioneering activities, and plan the most appropriate deployment of resources to meet potential problems. The assessment involves factors such as the likely number of participants, the purpose of the event, emotions on the issue, and the likely disruption to traffic and pedestrian flow where the event is to be held.

- (b) In preparing for the forthcoming elections to district boards, the two municipal councils and the Legislative Council, the police will liaise closely with the Boundary and Election Commission and the government departments involved in the planning and organization of these elections to assess the level of general police deployment required. At district level, Police Commanders will maintain close contact with district officers (as returning officers) on any particular local problems and the potential for conflict. Adequate police resources will be deployed to prevent breaches of the peace and to ensure the safety of all those participating in the elections.
- (c) It is not possible, at this stage, to provide a realistic estimate of the police resources to be deployed for the coming elections; much will depend on individual circumstances at the time. The police will take into account any particular difficulties at individual polling stations in each district and will arrange for sufficient manpower to be deployed. Police Tactical Units, uniformed police officers, traffic police and CID officers will be mobilized, as appropriate, to ensure public order and safety.

Psychogeriatric outreaching teams

19. DR CONRAD LAM asked (in Chinese): *Regarding the psychogeriatric outreaching teams set up by the Hospital Authority in three of its hospitals in the latter half of last year to provide outreaching medical service, assessment service, emergency admission arrangements and respite service to the elderly in need of such services in their respective region, will the Government inform this Council of:*

- (a) *the establishment of each of these outreaching teams; and*
- (b) *the total number of patients served by each of these outreaching teams in the past six months and the average number of patients served by these teams on each working day?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, each psychogeriatric team is led by a consultant psychiatrist and comprises up to three doctors, three nurses, one physiotherapist, one occupational therapist, one clinical psychologist and one medical social worker. To facilitate the interface between hospital and outreach services, some team members are also responsible for the treatment of in-patients in their respective hospitals.

During the last six months, 2 340 patients were served by the three psychogeriatric teams and the average number of patients served each week was in the region of 730.

Outreaching social work service

20. DR TANG SIU-TONG asked (in Chinese): *Will the Government inform this Council:*

- (a) *what planning criteria have been adopted by the Government in determining the number of outreaching social work teams to be provided for each administrative district;*
- (b) *how many outreaching social work teams have been set up for the New Territories West; whether the number of these teams tallies with the planning standards set by the Government; and*
- (c) *whether the Government has any plan to increase the number of outreaching social work teams for the New Territories West in correspondence to the need of the expanding population of the region, which is expected to grow by more than two hundred thousand in the next five years?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the answers, *seriatim*, are as follows:

- (a) Outreaching social work service is provided to help young people who are vulnerable to undesirable influences. The teams are established in areas which have a higher population density, a relatively larger youth population and higher juvenile crime rates. For this reason, the establishment of teams does not strictly relate to administrative districts. The general service boundary used for each team is a population of 100 000.
- (b) There are four outreaching social work teams in the New Territories West, three in Tuen Mun and one in Yuen Long, which have been identified as areas meeting the above mentioned criteria and, therefore, in need of such a service.
- (c) Two additional outreaching social work teams will be established by June 1994: one in Yuen Long (Tin Shui Wai) and one in Sha Tin (Ma On Shan). By then, there will be 30 teams in total — the target laid down in the Social Welfare White Paper. The Steering Committee on Outreaching Social Work Service, comprising representatives of the subvented sector and the Social Welfare Department, is currently conducting a review to examine the demand for this service, how effective it is and whether it should be expanded. This will take into account the needs of areas with a growing population.

Motions**OFFICIAL LANGUAGES ORDINANCE**

THE ATTORNEY GENERAL moved the following motion:

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

He said: Mr President, the authentic Chinese text of the Bills of Sale Ordinance has been carefully examined by the Bilingual Laws Advisory Committee and the Legislative Council Subcommittee on the Authentic Chinese Texts and has their support. In accordance with subsection (4) of section 4B of the Official Languages Ordinance, a draft authentication order in respect of this text has been prepared and is being put before this Council for approval this afternoon prior to being submitted to the Governor in Council for authentication. Mr President, I now move that the draft Official Languages (Authentic Chinese Text) (Bills of Sale Ordinance) Order, proposed to be made by the Governor in Council, be approved.

Question on the motion proposed, put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

THE SECRETARY FOR EDUCATION AND MANPOWER moved the following motion:

"That the Construction Sites (Safety) (Amendment) (No. 2) Regulation 1994, made by the Commissioner for Labour on 10 March 1994, be approved."

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

Under section 7(1) of the Factories and Industrial Undertakings Ordinance, the Commissioner for Labour is empowered to make regulations to ensure the safety and health of employees in industrial undertakings including construction sites. The Construction Sites (Safety) (Amendment) (No. 2) Regulation 1994 was made by the Commissioner for Labour on 10 March 1994. In accordance with section 7(3) of the principal Ordinance, I now move that the amendment regulation be approved by this Council.

The construction industry has the highest accident rate in Hong Kong, almost six times higher than the average for all industries. In spite of our continued efforts to warn young people and students of the dangers in working in high-risk industries, accidents continue to happen to young persons in

construction sites. In the last five years, two of the five young persons below the age of 18 killed at work worked in the construction industry. In 1992 and 1993, 152 and 122 young persons respectively were injured while working on construction sites. We, therefore, consider highly necessary to restrict the employment of young persons in these sites.

Under the amendment regulation, we propose to prohibit the employment of young person under 18 years of age on any construction sites unless he is undertaking or undergoing apprenticeship scheme or an approved training course. The maximum penalty for contravening these regulations is \$50,000.

We propose that the amendment regulation should be brought into effect two months after the enactment to allow time for proprietors and contractors to make suitable arrangements.

Some Members of this Council raised the concern that the proposal may deprive people under 18 of the right to work in the construction industry. I would like to reassure Members that the intention of this proposal is to protect rather than discriminate young people. For those young people who are receiving or have received appropriate training, they are still allowed to work in construction sites. We shall liaise with relevant authorities concerned to ensure that adequate spaces are available in these sites to underage young people interested in construction industry.

Mr President, I beg to move.

Question on the motion proposed.

MR MICHAEL HO (in Cantonese): Mr President, the Legislative Council has set up a sub-committee to study the two Bills concerning the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) (Amendment) (No. 2) Regulation 1994 and the Construction Sites (Safety) (Amendment) (No. 2) Regulation 1994.

During the sub-committee's discussion of the Construction Sites (Safety) (Amendment)(No. 2) Regulation 1994, a Member queried whether there were sufficient grounds to put forward this amendment regulation. He considered that this amendment regulation might, in fact, deprive young people of their option to work on construction sites. He also considered that the relevant data on industrial accidents over the past two years did not show that young people were more accident-prone. Moreover, the time currently taken to train young people for the construction industry is too long and the allowances given to trainees are also too low. Such allowances compare very unfavourably with the daily wages earned by young people through working on construction sites, thus making the training courses very unattractive. However, some Members thought that safety was of utmost importance. The amendment regulation should be passed and enacted as legislation as soon as possible. The Administration's

explanation was that it had no intention to prohibit all young people under 18 from working on construction sites but was concerned that young people who lack the experience of working on construction sites or have not received any basic training should be protected to prevent them from working in a dangerous environment. Young people under 18 who are undergoing or have completed suitable training are still allowed to work on construction sites. Members thought that more young people would be attracted to enrol in the relevant training courses if the allowances for trainees could be increased. The Administration undertook to pass on Members' concern and proposals to the Construction Industry Training Authority for consideration.

As the summer vacation is about to come, to prevent inexperienced young people from engaging in summer jobs on construction sites, Members have agreed to support the amendment of this regulation. We also hope that the relevant allowances can be raised as soon as possible. As regards the resolution on the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors)(Amendment)(No. 2) Regulation 1994, Members were of the view that more time would be needed to consider the impact of the relevant regulation. The Administration also agreed to defer placing before this Council the resolution to amend this regulation.

With the above remarks, I recommend to Members the Construction Sites (Safety)(Amendment)(No. 2) Regulation 1994.

MR LAU CHIN-SHEK (in Cantonese): Mr President, I speak in support of the Administration's motion. As it is well known that Hong Kong has an appallingly high industrial accident rate, the introduction of varied measures to improve industrial safety is worthy of support. In relation to the work on construction sites which has the highest industrial accident rate, restriction on the employment of untrained young people will undoubtedly be a safeguard to young people. In 1993, an average of three out of 10 people working on construction sites got injured. Since a great number of young people engage in summer jobs every year during the summer vacation, it is indeed very dangerous for those who have received no training at all to work on construction sites. It should be noted that construction sites are different from any other workplaces, in that there is normally no admittance for unauthorized persons. Moreover, given that construction sites are places where different types of works are carried out on a basis of interlocking operation, they are absolutely not suitable workplaces for untrained young people who are completely unfamiliar with the environment thereof.

As the next summer vacation is about to come, I urge more earnestly for an amendment to the relevant legislation, and also request the Administration to step up its publicity and education efforts targeted at schools and students so as to ensure the safety of young people at work.

Mr President, with the above remarks, I support the motion. And I hope that the Administration will conduct an overall review of the Ordinances relating to industrial safety and effect comprehensive improvements to industrial safety in the territory.

PRESIDENT: Secretary, do you wish to reply?

SECRETARY FOR EDUCATION AND MANPOWER: Thank you, Mr President. I wish to thank Mr HO and Mr LAU for their comments on this proposal and for their general support. I wish to confirm first of all that there are ample training opportunities in the industry concerned for young people under 18 to undergo training. We will pass on the request for the planning of the courses and for the allowances to the industry concerned to consider as early as possible. I would also like to confirm that the schools and the industry have been in close touch since last summer. And this will continue in the coming summer. We shall be launching the publicity campaign as soon as possible to ensure that young people under 18 are fully aware of this provision.

Thank you.

Question on the motion put and agreed to.

MATRIMONIAL CAUSES ORDINANCE

THE SECRETARY FOR THE TREASURY moved the following motion:

"That the Matrimonial Causes (Fees)(Amendment) Rules 1994, made by the Chief Justice on 15 March 1994, be approved."

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

Under section 54 of the Matrimonial Causes Ordinance, the Chief Justice may, with the approval of the Legislative Council, make rules prescribing the fees payable under the Ordinance. The purpose of the amending rules is to increase the fees by about 10% in line with the increases in costs.

These increases, if approved, will take effect on 22 April 1994. I estimate that they will bring in additional revenue of about \$671,000 a year.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

MAGISTRATES ORDINANCE

THE SECRETARY FOR THE TREASURY moved the following motion:

"That the Magistrates (Fees) (Amendment) Regulation 1994, made by the Chief Justice on 15 March 1994, be approved."

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

Under section 134(1) of the Magistrates Ordinance, the Chief Justice may, with the approval of the Legislative Council, make regulations fixing a scale of fees payable at the magistrates' court in respect of any proceeding or the issuing, service or execution of any process. The purpose of the amending regulation is to increase the fees by about 10% in line with the increases in costs.

These increases, if approved, will take effect on 22 April 1994. I estimate that they will bring in additional revenue of about \$29,000 a year.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills

CHINESE PERMANENT CEMETERIES (AMENDMENT) BILL 1994

PUBLIC ORDER (AMENDMENT) BILL 1994

BUILDINGS (AMENDMENT) BILL 1994

CORRUPT AND ILLEGAL PRACTICES (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

CHINESE PERMANENT CEMETERIES (AMENDMENT) BILL 1994

THE SECRETARY FOR HOME AFFAIRS moved the Second Reading of: "A Bill to amend the Chinese Permanent Cemeteries Ordinance."

He said: Mr President, I move that the Chinese Permanent Cemeteries (Amendment) Bill 1994 be read a Second time.

The Chinese Permanent Cemeteries Ordinance was enacted in 1964 to give statutory recognition to, and regulate the provision of, permanent cemeteries for persons of Chinese race permanently resident in Hong Kong. Up to that time the cemeteries concerned had been administered by a Board of Management under various Deeds of Appropriation. The Ordinance established the Board of Management as a body corporate with various powers of administration and regulation with respect to the cemeteries governed by it.

Today, the Board of Management administers four cemeteries. In total, they comprise about 65 000 burial plots and over 110 000 niches. A further 15 000 or so burial plots and 91 000 niches are due to be available when later phases of the cemetery at Junk Bay are brought into use in the next three years.

Given such a large operation providing an essential public service, it is clearly desirable that the Board of Management should have all necessary legal powers to operate efficiently and effectively. The Chinese Permanent Cemeteries (Amendment) Bill 1994 seeks to enhance the Board of Management's ability to do this by giving it several additional powers. These new powers are already successfully enjoyed by similar bodies supervised by Home Affairs Branch, such as the Sir Edward Youde Memorial Fund Committee and the Brewin Trust Fund Committee. The details of the powers concerned, as provided for in the Bill, are as follows.

Clause 2 of the Bill provides that the Board of Management and any committee duly appointed by it may transact business by circulation of papers.

Clause 3 provides that the Board of Management may invest in such investments as it thinks fit. For the avoidance of doubt, it also provides for the Board of Management to make any such investments whether or not they are authorized by section 4 of the Trustees Ordinance.

Clause 4 provides that the Board of Management may appoint a professional fund manager to manage the investment of its moneys. It also provides for the Board of Management, or a committee duly authorized by it, to issue directions on investment matters to such a fund manager.

The opportunity is also taken to replace references to "the Colony" in the Ordinance with "Hong Kong". Clause 5 provides for this.

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

PUBLIC ORDER (AMENDMENT) BILL 1994

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

He said: Mr President, I move that the Public Order (Amendment) Bill 1994 be read a Second time.

The purpose of this Bill is to modify and update the provisions of the Public Order Ordinance, in particular those provisions relating to the regulation of public meetings and processions.

We are aware of community concern about some of the present provisions in the Ordinance dealing with public gatherings, which have been criticized as bureaucratic, inflexible and cumbersome. Experience in policing public meetings and processions has also prompted the need for a review of the Ordinance to ensure that its provisions meet present-day needs.

The proposals contained in the Bill now before Members are the result of this review.

To ensure that the requirements for maintaining public order and public safety are easy to understand, the Bill sets out, more clearly than hitherto, the procedures for organizers of public gatherings to follow. The general conditions and obligations covering the holding of public meetings are now incorporated in the principal Ordinance. We have standardized the procedures and conditions relating to the organization of public meetings and public processions. In particular, we propose to replace the previous requirement for the licensing of public processions with a requirement for advance notification, which already exists for public meetings. We believe that we need to retain a requirement for advance notification, in order that the Police Force may exercise its responsibilities for ensuring public order and public safety.

In this respect, the Bill also specifies more clearly the grounds on which the police can prohibit or impose conditions on public meetings and processions. We propose that the Commissioner of Police should have the power to impose conditions or prohibit the holding of such gatherings in the interests of public order and of public safety only.

Given the changes and improvements in recent years in police mobility and communications, we propose also to increase the threshold number for requiring notification of public meetings and public processions. The existing standards were drawn up under different circumstances more than a decade ago.

We have taken the opportunity to modify a number of other provisions relating to police powers on stop and search, the designation of closed areas, and the requirement to provide identification.

We are also proposing the repeal of section 4(29) of the Summary Offences Ordinance, which requires the issue of a police permit for the use of loudhailers in public places. We believe that the provisions of the Noise Control Ordinance adequately cover the prevention of nuisance, while the proposed amendments to the Public Order Ordinance will cover sufficiently the requirements of public order.

Mr President, the Bill seeks to strike the right balance between an individual's right to freedom of assembly and freedom of expression and the community's need to maintain public order and to ensure public safety.

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

BUILDINGS (AMENDMENT) BILL 1994

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

He said: Mr President, I move the Second Reading of the Buildings (Amendment) Bill 1994.

The main purpose of the Bill is to update the Ordinance and to introduce new provisions for closing wells and to promote energy conservation in buildings. Four significant and two minor amendments are involved.

First, the Bill seeks to introduce a new system for determining appeals. The Building Authority is at present involved in the appointment, constitution and functions of committees, boards and appeal tribunals which may be formed from time to time to determine appeals against the Authority's own decisions. This is not satisfactory. We therefore propose a new system whereby the Governor will appoint a panel of persons from which tribunals can be selected to hear appeals in cases where the Building Authority has exercised its discretion under the Ordinance. Such tribunals will be independent and impartial and the Governor in Council will not be empowered to review their determinations. Building (Appeals) Regulations will be made to provide detailed procedures.

Second, the Bill seeks to introduce a new registration system whereby renewal of registration will be initiated by authorized persons, registered structural engineers, registered contractors and registered ventilation contractors themselves by submitting applications to the Building Authority. New provisions are made for the removal of names from the registers and for the procedures for restoring them. Minor consequential amendments to the Building (Administration) Regulations will also be made.

The third amendment seeks to empower the Building Authority to close wells in an area of the northwest New Territories in order to stop the abstraction of groundwater, which may cause buildings to become unsafe.

The fourth amendment seeks to authorize the Secretary for Planning, Environment and Lands to make regulations to control the overall thermal transfer value of all new commercial and hotel buildings to promote energy conservation. The Building (Energy Efficiency) Regulations which are being prepared will set out performance requirements for affected buildings and require developers to provide information on such matters as the materials used in external walls and the size and disposition of windows.

The fifth and sixth amendments relate to the designation of an Assistant Director of Buildings as the chairman of the registration committee for registration of authorized persons and registered structural engineers, and to the transfer of power to allow extension of the time for claiming compensation from the Chief Justice to the Land Tribunal.

Thank you, Mr President.

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

CORRUPT AND ILLEGAL PRACTICES (AMENDMENT) BILL 1994

THE SECRETARY FOR CONSTITUTIONAL AFFAIRS moved the Second Reading of: "A Bill to amend the Corrupt and Illegal Practices Ordinance."

He said: Mr President, I move that the Corrupt and Illegal Practices (Amendment) Bill 1994 be read the Second time.

The Corrupt and Illegal Practices Ordinance is to tackle corrupt and illegal practices in elections. Experience in recent years has revealed that some provisions of the Ordinance should be modernized or further improved. The proposals in the Bill before Members are the outcome of a review conducted earlier on that Ordinance.

The object of the Bill is to help bring about open and fair elections overall. Specifically, it will:

first, make the Ordinance easier to enforce and to understand;

second, remove from the Ordinance certain anomalies and inconsistencies; and

third, achieve greater deterrence through heavier penalties.

Let me briefly explain each of the amendments.

Clauses 3, 8, 16 and 17 increase the maximum penalties for various offences under the Ordinance. In proposing the new penalty levels, we have taken into account the serious nature of electoral offences, as well as the need to bring the penalties for electoral offences into parity with those in force for other corrupt offences under other pieces of legislation.

Clause 4 sets out in a clearer and more concise manner what constitutes electoral bribery. In essence, any corrupt offering, soliciting or accepting of advantages in relation to a voter's voting or refraining from voting, or procuring the return of any person to serve on a public body will be prohibited.

Clauses 11 and 12 provide that it shall be a "corrupt practice" for a candidate to accept a bribe to withdraw from an election. At present the offence is classified as an "illegal practice" and attracts a much lighter penalty.

Clause 8 makes it an offence for any person who exerts undue influence on others to canvass or not to canvass, as the case may be, for particular candidates.

Clauses 2, 9, 10 and 18 set out more clearly the respective liabilities of a candidate and other persons who incur election expenses on his behalf. This will facilitate enforcement and prosecution in the event that the prescribed election expenses limit is exceeded.

Clause 11 provides that a candidate who makes a false statement regarding himself may avoid prosecution if he is able to prove that he did honestly believe in that statement. This proposal recognizes that a candidate may wrongfully, but honestly, believe in something about himself, for example, his academic or professional achievement.

Clauses 13(a) and (b) provide that a candidate who fails to include, as required by law, the necessary printing details in any printed election material may seek a remedy by making a statutory declaration giving the omitted details within seven days of the publication of the offending election material. Experience in past elections is that candidates often forget to provide printing details because of genuine oversight. In our judgement, such cases are not worth prosecuting.

Clauses 13(c) and (d) provide that any performance reports published by an incumbent Legislative Council, municipal council or district board member standing for election in the same tier of representative government he is serving, and which are distributed during the period from the commencement of nomination of candidates up to election day, will automatically be regarded as election material. These reports will in turn be counted towards the incumbent's election expenses. This proposal is to strike a balance between allowing incumbent candidates to carry out their constituency work on the one

hand, and ensuring that they will not have an unfair advantage over their non-incumbent competitors on the other.

Clause 14 removes an existing disqualification provision which debars a candidate who is found, during election petition, to have breached section 19 of the Ordinance from candidature for 10 years. The offences under section 19 relate to printed election material. These are minor offences and do not warrant 10 years' disqualification.

Finally, clause 15 provides that any person shall have the right to apply to the court to exempt himself or any other persons from the liabilities of illegal practices where such practices have been committed out of inadvertence or similar causes. At present, only candidates have the right to make such applications. It is logical and equitable to extend this right more widely.

Mr President, I should like to say a few words on timing for this piece of legislation. As these various amendments will bring obvious improvements to the Ordinance, they should be brought into effect as quickly as possible to tie in with the district board elections this September. Working backwards, and given that:

first, the Boundary and Election Commission will need time to make any consequential subsidiary legislation; and

second, aspiring district board candidates will want to know in good time the new provisions which will apply to them,

the Bill needs to be enacted by early June at the latest. I would therefore urge this Council to give early and favourable consideration to it.

Thank you, Mr President.

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

BREWIN TRUST FUND (AMENDMENT) BILL 1993

Resumption of debate on Second Reading which was moved on 1 December 1993

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

Bill read the Second time.

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

TOWN PLANNING (AMENDMENT) BILL 1994**Resumption of debate on Second Reading which was moved on 9 March 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.

BREWIN TRUST FUND (AMENDMENT) BILL 1993

Clauses 1 to 3 were agreed to.

TOWN PLANNING (AMENDMENT) BILL 1994

Clauses 1 to 5 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

BREWIN TRUST FUND (AMENDMENT) BILL 1993 and

TOWN PLANNING (AMENDMENT) BILL 1994

had passed through Committee without 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 16 April. 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.

PUBLIC OFFICERS (VARIATION OF CONDITIONS OF SERVICE) (TEMPORARY PROVISIONS) ORDINANCE

MR TAM YIU-CHUNG moved the following motion:

"That the Public Officers (Variation of Conditions of Service) (Temporary Provisions) Ordinance (95 of 1993) shall expire on 6 July 1994."

MR TAM YIU-CHUNG (in Cantonese): Mr President, I move that the expiry date of the Public Officers (Variation of Conditions of Service) (Temporary Provisions) Ordinance be extended from 20 April 1994 to 6 July 1994.

The above-mentioned Ordinance went through its Third Reading in this Council on 15 December 1993 and was duly enacted. Issues such as the background and content of the Ordinance had been debated during the various legislative stages prior to its Third Reading, and I am not going to repeat them here. In short, the Ordinance imposes temporary restrictions on the variation of the conditions of service of certain public officers, and allows time for the Administration to conduct thorough negotiations with the various local and expatriate civil service associations and listen to the opinions of the general public and thereby work out an arrangement which is considered fair and acceptable to the whole of the Civil Service and all parties concerned.

During the Second Reading of the Bill, I had pointed out that if an acceptable solution could not be worked out before the expiry of the Ordinance, Members would consider extending its effective period. Regrettably, up to now, the Administration and the parties concerned still cannot reach any agreement. After listening to the report of the Secretary for the Civil Service on 24 March this year, the Legislative Council Panel on Public Service considered that though some progress had been made during the discussions between the parties concerned, this was still a long way from reaching an agreement. Members therefore decided to extend the freeze imposed by the Ordinance to 6 July 1994, to allow further time for the Administration to reach an acceptable solution with the parties concerned. The extension of the freeze on the arrangement for expatriate officers to switch to local terms to 6 July 1994 (the date of the last sitting of the current session of the Legislative Council) by

way of a resolution is a flexible approach. If the problem of arrangement for expatriate officers to switch to local terms is solved by the Administration before the end of the freeze, Members will only have to pass a resolution in order to lift the freeze on the arrangement. This decision was also endorsed by the Council's House Committee.

In a paper circulated to Members of this Council on 14 April, the Civil Service Branch pointed out that the Administration had exchanged views with the Senior Non-expatriate Officers Association and the Association of Expatriate Civil Servants of Hong Kong, and made known the stand of the Administration to the two associations. The Association of Expatriate Civil Servants of Hong Kong had strong reservations on some of the proposals raised by the Administration. The Senior Non-expatriate Officers Association also put up some new conditions in response to the stated stand of the Administration. The Civil Service Branch pointed out in the paper that the new conditions put up by the Senior Non-expatriate Officers Association would pose some difficulties to the Administration. Thus, it can be seen that the parties concerned do need some more time to negotiate and work out solutions to this problem. Extension of the expiry date of this Ordinance will therefore have positive effects and is necessary.

In a letter to some of the Members of the Legislative Council on 18 April, the Civil Service Branch indicated that extension of the effective date of this Ordinance would unlikely be of any help to this problem and would only prolong the suffering. I consider that since the suffering has stemmed from the Administration, the blame for failure to remove the suffering should also fall on the Administration. Now that Members have done their part by allowing time for the Administration to reach an agreement with the parties concerned, we hope the Administration will learn a lesson from this incident.

The appointment system of the Civil Service and its stability concern the whole community of Hong Kong. Members are disappointed that the Administration failed to find a solution acceptable to all parties concerned over the past four months. The Panel on Public Service hopes that the Administration can solve the problem regarding the arrangement for expatriate officers to switch to local terms in the coming two and a half months, that is, before 6 July 1994. I believe that this Council would not want to have to consider another motion to extend the freeze again by then.

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

Question on the motion proposed.

PRESIDENT: I would remind Members of the revised procedure agreed with the House Committee. After the mover of a motion or amendment has spoken, I will call for a show of hands and under Standing Order 27(3) select a Member and call on that Member to speak. After that Member has spoken, I will call for

a fresh show of hands and so on until all Members who wish to speak have spoken. I would request Members not to raise their hands before the Member speaking has finished his speech unless they wish to raise a point of order or to have a matter elucidated. Do any Members wish to speak?

MR MARTIN BARROW: Mr President, I am afraid that I cannot support an extension to this Ordinance. The Administration has clearly worked hard to find an acceptable solution to this complex issue and progress has been made with the Government now modifying its implementation of the interim measure, subject to the expiry of the Ordinance. In the light of where the Government has now reached I see no merit in prolonging matters and I believe the revised package should form the basis of the way forward. A further extension is most unlikely to help and will only add more complications given that contracts continue to expire. Thank you.

SECRETARY FOR THE CIVIL SERVICE: Mr President, since the Public Officers (Variation of Conditions of Service) (Temporary Provisions) Ordinance came into effect last December, we have made strenuous efforts to try to find common ground between ourselves and the major staff associations involved in this issue.

Frankly, it was always unrealistic to expect that a magic solution, completely acceptable to all sides, could be identified. Especially given the entrenched opposing positions of the staff associations involved.

Nevertheless progress has been made. The Administration eventually concluded that, in the interests of reaching an overall settlement, it might be prepared to modify its method of implementation of the so-called "interim measure" — in other words the policy of allowing contract staff on overseas conditions of service who are permanent residents of Hong Kong to switch to local conditions for one contract only. The major elements of our proposed "package" were, briefly:

First, any period of contract extension given to an overseas officer to enable him to naturalize as a BDTC, or because of the "freeze" instituted by the Ordinance, would be deducted from the one-off contract on local conditions.

Secondly, no extensions for purposes of naturalization would be allowed for staff whose contracts expire after 1 January 1995.

Thirdly, any officers on overseas conditions who had already been notified before 30 July last year that they would not receive another overseas contract because of localization would, if they were successful in transferring to local conditions, have to drop down one rank.

Fourthly, we would undertake to consider taking special measures on a case by case basis to address any problems caused for particularly meritorious individuals by the change in policy.

Finally, we said we would consult the staff associations about introducing a more open and competitive system for considering contract renewals in future.

Not all of these elements are completely new. But their combination, together with some new ideas, amounted, we thought, to a substantial package. Although we ourselves had reservations in one or two respects we felt, as I have said, that we could go along with it as long as an overall settlement emerged.

The Association of Expatriate Civil Servants (AECS) also had some major problems with the package. But, after some considerable soul searching on their part, they indicated informally to us that they would accept it, subject to fine tuning of some of the administrative arrangements on transfer and also to the Senior Non Expatriate Officers Association (SNEOA), doing likewise.

The SNEOA however declined to accept. It insisted that no extensions should be granted for naturalization purposes, even as a transitional measure. More importantly, it also took a firm stand that all successful applicants for transfer currently serving at Directorate levels, whether now or in future, should drop to a rank just below the Directorate, while those now in senior ranks below the Directorate should drop to the bottom rank of the grade concerned. Furthermore those demoted in this way would not be eligible to be considered for promotion during the contract under the interim measure.

The conditions set out by the SNEOA, particularly in relation to demotion and consideration for promotion, seem to us to be unreasonable. We do not see how we can move further towards them.

Following these intensive negotiations, we now believe that all the parties, ourselves included, have reached their bottom lines and that, while our door is always open, for the present at least, the process of negotiation has been exhausted.

Nevertheless, in a last ditch attempt to make progress we recently advised this Council's Public Service Panel that we are still prepared to implement our package if the Ordinance is not extended.

Our rationale for taking this position is that we feel that it would be unrealistic to expect the AECS or the SNEOA to move further from their public positions. But they might eventually acquiesce in our package, grudgingly perhaps and no doubt reserving the right to criticize, if it is implemented.

From our point of view the offer must of course be conditional on the lapsing of the Ordinance. This is primarily because, as a matter of principle,

we do not believe that it is right for this Council to be attempting to manage the Civil Service through legislation. Furthermore, as a matter of practicality, the package cannot be implemented while the Ordinance is still in force because transfers to local terms cannot take place.

Honourable Members now have a choice, a self-inflicted choice to make. Their decision will have serious consequences for the management of the Civil Service.

On the one hand Members can accept that, in a less than ideal world, a solution fully acceptable to all sides is an unrealistic aim; that the package on offer is as good as can be achieved in all the circumstances; that it is time to put this issue behind us and look to the future; and that it should be left to the Administration to manage the Civil Service. If they take this view they should oppose the motion.

On the other hand Members can choose to vote to prolong the life of the Ordinance. I have to say that in this case they will have to advance their own rationale for doing so. Since bottom lines appear to have been reached, the Administration can see no point in an extension. The Ordinance itself of course offers no solutions. It brings politics into the management of the Civil Service. It ignores the very real issue of principle that Members have still to address. And it simply creates more uncertainty for both employer and employees.

Furthermore if the Ordinance is extended we will have missed the current window of opportunity, which may well not present itself again, to take a significant step towards a resolution of this issue.

It will be crystal clear from what I have said that in the Administration's view the Ordinance should be allowed to lapse. And the Official Members will therefore oppose the motion.

MR TAM YIU-CHUNG (in Cantonese): Mr President, both Mr Martin BARROW and the Secretary for the Civil Service have spoken on the motion. According to Mr BARROW, the Administration has worked hard enough to find an acceptable solution to the issue and there should be no merit in prolonging matters as there is already available to the parties concerned a basis for the way forward. As I see it, the Administration has been holding talks with the associations concerned for more than four months and some progress has been made. However, the civil service staff associations still have strong reservations with regard to the proposed solution. They also hope that the "freeze" period can be extended. The Secretary said that it would be very hard to find a solution completely acceptable to all sides, describing it as unrealistic to expect such a solution. It seems that the Administration already considers that the issue is settled and that we will let slip the chance for settlement if the "freeze" period is further extended. I think Members will not accept the Administration's attitude because the issue is, in fact, virtually unsettled. When

I moved the motion a while ago, I also pointed out that today's dilemma had stemmed from the slow implementation of the localization policy. Similarly, when the Administration introduced the revised localization policy, it made further mistakes. For this reason, the Administration should take up the responsibility of rectifying today's situation. It should not blame Members of the Legislative Council for intervening in the management of the the Civil Service because none of us are willing or indeed have the intention to take over from the Administration the management of the Civil Service. The contradictions and disputes among civil service staff associations or between the Civil Service and the Administration are simply caused by an erroneous government policy (the revised localization policy). We would not like to politicize the issue but merely intend to give the Administration more time and hope that it will in a *bona fide* or no-holds-barred manner, find a solution. We look forward to hearing the Administration's positive response and seeing positive actions taken before 6 July 1994.

Thank you, Mr President.

Question on the motion put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Members please proceed to vote.

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr LAU Wong-fat, Mr Edward HO, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mrs Elsie TU, Mr Peter WONG, Mr Albert CHAN, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Fred LI, Mr Steven POON, Mr TIK Chi-yuen, Dr Samuel WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Dr TANG Siu-tong, Mr James TIEN and Mr Alfred TSO voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Andrew WONG, Mr Martin BARROW, Mr Jimmy MCGREGOR, Mr Simon IP, Mr Eric LI and Miss Christine LOH voted against the motion.

Mr Timothy HA and Miss Emily LAU abstained.

THE PRESIDENT announced that there were 37 votes in favour of the motion and 9 votes against it. He therefore declared that the motion was carried.

HEALTH CARE FINANCING

DR LEONG CHE-HUNG moved the following motion:

"That, in view of the strong public opinion against the concept of cost recovery and other funding methods for hospital services proposed in the consultation document *Towards Better Health*, this Council urges the Government:

- (1) to consult the public and this Council before accepting any proposal of the Assessment Committee set up to work on the health financing options endorsed by the Governor in Council; and
- (2) to work out ways and means of reducing the rapid increase in hospital expenses, and identifying additional funding sources for health care within the affordability of the public so as to ensure a funding system that can sustain a high standard of health care for the population into the next decade."

DR LEONG CHE-HUNG: Mr President, I move the motion standing in my name in the Order Paper.

On 13 October last year, my honourable colleague Dr LAM Kui-chun moved a motion in this Council to debate on the Government's consultation paper *Towards Better Health*. The focus rightly was on "health financing" or to put it bluntly "fees and charges". Some 26 Honourable Members gave their views and the Government gave a reply stressing on the need for "change", in particular, "structural change in fees and charges". It may therefore sound superfluous that I should be raising another motion for debate today.

So let me therefore take this opportunity to explain the background why this motion was put forward; what I actually mean in the words of the motion; the fallacies in the implementation of the concept of "achieving a change"; and some of my own suggestions and that of my constituents in relation to health funding directions.

Mr President, to put it simply, this motion was put forward first of all to clarify a "confusion". Let me explain. As the curtain fell and the fanfare of the extensive consultation of the "Rainbow Paper" came to a halt, recommendations were passed from the Administration to the Governor in Council upon which decisions were made.

In this very case, according to the Legislative Council brief, it was the order of the Governor to set up an in-house Assessment Committee which is charged with, amongst other things, "to formulate proposals on an appropriate level of cost recovery for public beds in hospitals run by the Hospital Authority".

In essence, Mr President, therefore, the principle of cost recovery was established. Yet, in presenting the Executive Council's decision to the public the Secretary for Health and Welfare was extensively quoted by the media:

"The proposal of pegging charges to cost of public hospital beds has been shelved due to strong public opposition."

"The current fee charging method of public hospitals will not be changed and the pegging of public hospital beds to cost will not be implemented."

Of course, we all realize that the current charge of public hospital beds was set at the cost of catering, as amply clarified by the Secretary for Health and Welfare on a debate in this Council on 29 April 1992.

Government confuses the public

Mr President, the public, the political parties and, of course, the politicians alike are therefore thrown into disarray. Who is right and who is wrong? Are we all being led up the garden path? Is wool being pulled over our eyes, or is it a misquote from the many media in the press briefing?

I ask that the Government should quickly put an end to this confusion and come clean with whether the principle of charging public hospital beds as a percentage of cost has been accepted; whether this will be implemented and when; and if so, the reasons to take this step in the presence of strong public opposition.

I further ask that the Government should bring forward any recommendation by the in-house Assessment Committee on health financing options for consultation with this Council and the public before ultimate implementation.

But, Mr President, this debate is not on the merit nor the demerit of "percentage cost recovery". The concept of percentage cost recovery will not blend with the principle of "nobody will be denied proper medical care because of lack of means" unless there is a comprehensive waiver system that caters on different percentages to the different income groups of the public.

I call on the Government to put an end to the argument of cost recovery. For statistics of the Hospital Authority have shown that the projected revenue possibly generated basing on a 5% cost recovery plus the itemized charges as

proposed in the "Rainbow Paper" amounts to only something in the region of \$210 million — a meagre 1.5% of the total Hospital Authority's annual budget.

Time wasted to lead possible reform to nowhere

Mr President, the second part of my motion calls for the Government to "identify additional funding sources for health care". It may again sound superfluous, for after all we have been given a "Rainbow Paper" on this recently. And again let me explain why.

Following the establishment of the Hospital Authority, and the recommendations of a working party on how to improve primary health care, it is very obvious that the next step then should be to look at health funding or financing — in other words, fees and charges.

As such and rightly so, some three years ago, the Government set up two high powered working parties chaired by the Secretary for Health and Welfare — one is on medical insurance and another is on fees and waivers. The public and this Council invariably awaited with great expectation. But with respect and regrets the final product — the "Rainbow Paper" *Towards Better Health* — was to me a disappointment to say the least. There was very little in the way of new innovations and the "run of the mill" type of recommendations leave much to be desired.

To wit, B-class beds were proposed. These were not much different from the existing second class wards in many public hospitals. Nor does it need the extensive fanfare to put it into existence. Voluntary private medical insurance has also been recommended but this has been existed for many decades in Hong Kong and would only benefit the private hospitals. Furthermore, the old and the needed will never be accepted into any medical insurance policies. Itemized charges were again one of the recommendations, but this has already been practised unknown to the public for many years and all it is needed now is to have them streamlined.

In short, the effort of these two working groups on medical insurance and fees and waivers have not paid dividend; and the "Rainbow Paper" was set to fail from the word "go".

This particular paper was never aimed at providing "better health", rather it was aimed to rally support for additional funding for public health care. With such a misnomer, the public was set on a suspicious path that the Government is to shed its responsibility in shouldering the cost of health care. Little wonder that "negative" feedbacks are received.

So, why the hullabalos about consultation? Why should it take the Government three years to take us to nowhere?

Mr President, like it or not, health cost will increase. This is the result of our aging population, our increasing patients demand and the balance we have to consider between rise in medical cost and facing up with advances of medical sciences. These are not local problems but global ones — this "toothache" of health systems which every country in the world has sought to address but so far has never succeeded.

To me, there are two basic solutions: try to curb with medical costs and look out for additional funding sources.

Curbing health costs

The less people get sick, the less number of sick people we have, the less burden we will have on our public care budget. Furthermore, old age should never be synonymous with illnesses. Many common diseases are to a certain degree preventable: smoking versus lung disease, for example; smoking and fatty diet versus heart disease is another example; hepatitis B and sexual transmitted diseases versus safe sex is another example.

I call for the Government to set up health targets without delay and urge the Government to ensure that such targets will be met.

Similarly the Government must show its leadership and political will by imposing proper defined health care policy directions. A balance between spending money on medical development so that medical treatment in Hong Kong can always be in the forefront, and money to provide treatment for common-or-garden illness for the population must be achieved. Are we going to do an unlimited number of heart transplantation for example where the cost of one may be enough to provide for vaccine for a third of our Hepatitis B population?

Additional funding sources

Additional funding sources, on the other hand, must be sought and in my mind there are only three directions:

- (1) increase government injection;
- (2) those who can pay, must be asked to pay more; and
- (3) the use of pooled resources.

Whilst the Government is spending an average of some 2% gross domestic product on public health financing in the last decade, the Government can do no worse than by increasing this percentage especially in these yieldful years. Being aware of the fluctuation of the GDP, my constituents actually request that this should be brought to the level 2.5% to 6% of GDP.

It sounds ironic, Mr President, that no matter who you are, how wealthy you are, you only pay \$54 for the cost of food for any hospital services irrespective of whether you are removing a mole from your face or you are requiring an emergency coronary angioplasty, like what the Governor had. It only stands to reason to adopt the concept of "those who can pay, pay more".

In effect, Mr President, some 65% of my constituents support the percentage subsidy or percentage cost recovery approach.

The Government must again exert its leadership to determine the level of essential treatment that it will provide to the public at next to no charge. Above that the patients will have to pay either through a complete waiver system (if so needed), or through private medical insurance, or out of their own pocket for those who can afford.

Finally, the most effective way to add funding in our health system is to pool our resources, so that I, when I get sick, could use yours and other people's money when I am sick and vice versa. The concept of compulsory territory-wide contributory type of medical insurance must be further explored. For it is the only way to ensure a significant pool to effectively support the cost of medical treatment of all levels and complexity.

All these, Mr President, are attempts to identify additional funding sources for health care well within the affordability of the public and yet to ensure that our standard of health care remains high and beyond.

Mr President, I so do move.

Question on the motion proposed.

PRESIDENT: Mr Frederick FUNG and Dr Conrad LAM have given notice to move amendments to this motion. As Members were informed by circular on 18 April, under Standing Order 25(4) I shall ask Mr Frederick FUNG to speak first, to be followed by Dr Conrad LAM; but no amendments are to be moved at this stage. Members may then express their views on the main motion as well as on each of the two amendments listed in the Order Paper. Members who wish to speak should so indicate by a show of hands under the revised procedure agreed with the House Committee. I will then under Standing Order 27(3) select a Member and call on that Member to speak. After that Member has spoken, I will call for a fresh show of hands and so on until all Members who wish to speak have spoken.

MR FREDERICK FUNG (in Cantonese): Mr President, health care is a form of welfare for the people. As service providers, the health care agencies should adopt the principle of serving the community. To enable the community to enjoy these services, we have to ensure that each and every citizen can afford

the fees and charges. In view of the prerequisite that health care serves as a form of welfare, the Government should endeavour to bear as much of the cost as possible. For this reason, the Association for Democracy and People's Livelihood (ADPL) and I oppose the proposal of pegging medical charges to cost, which will, in effect, add to the burden of the community.

According to the Hospital Authority's Business Plan for the year 1993-94, the monthly household income of 73.4% of patients in public hospitals ranges from \$4,000 to \$17,999. In other words, the general public may not be able to afford the service charges of private hospitals and a majority of people using the services provided by public hospitals come from the lower class, such as people receiving public assistance. If the service charges of public hospitals keep on increasing as a result of the rising cost, the ultimate victims will be the public at large. The Administration introduced to us the consultation document entitled *Towards Better Health* last year, but most of our citizens do not support the proposed percentage subsidy approach. Such being the case, the Government should listen to public opinion and withdraw the proposal.

The Government has all along based its arguments on rising medical cost. It holds the view that given the present advances in medical sciences and the soaring cost of medicine and other treatment courses the public are duty bound to shoulder the cost of the health care services they enjoy. The medical cost has indeed risen but there is no corresponding improvement in the service quality and shortening of the waiting time. In such circumstances, I think it is unfair to the public if we ask them to pay for the rise in cost by increasing the service charges. Besides, pegging costs to charges is not a way to uproot the problem. Increasing the charges is in no way conducive to curbing the rising cost, but, on the contrary, it will push the fees and charges of private hospitals and clinics to a high level. At that time, the ones to be affected will be members of the public.

Last February, the Executive Council endorsed the increase of the fees and charges of hospitals under the Hospital Authority and government clinics. The increase surprisingly exceeded 20%. Yet, the Government simply explained that it was just a routine adjustment to reflect inflation. According to our information, the new fees and charges constitute 3% of the cost of hospital beds. The ADPL and I are worried that this may serve as a precedent for further and higher percentage increases in the coming years and, as a result, the burden of medical cost will be passed onto the public. For this reason, I will move my amendment to Dr LEONG Che-hung's motion, proposing that the increase for medical charges should be calculated on the basis of the existing scale and at a rate of a certain percentage below the inflation rate of the year. Such a percentage can be zero or otherwise but I hope that the increase will not be higher than the inflation rate. For this reason, one cannot say that my proposal is without flexibility. Since the wages of people in the lower income bracket normally cannot catch up with the increase in the inflation rate, the increase in medical charges should not exceed the inflation rate either. In my proposed amendment, I have employed the inflation rate as a ceiling with reference to which a mechanism can hopefully be set up whereby one will

consider whether the increase in medical charges has gone beyond the ceiling when such charges are being raised.

The recent fare increase by the Kowloon Motor Bus Company (KMB) has reflected that any increase proposed by a public utility will be opposed by the general public if the increase exceeds the inflation rate. But eventually the Executive Council still endorsed the increase. In order to prevent the medical charge increases from going the same wrong way as did the KMB fare increases, I propose that any future application for increase in medical charges be examined by the Legislative Council before being endorsed. As consumers of health care services, members of the public are definitely entitled to require charge increases to be monitored by the Legislative Council as well as by themselves. This will enable the health care policy to conform with the principle that no one should be denied adequate medical treatment through lack of means.

I think it behoves the Government to look squarely at the problem of ever rising medical cost. If the Government intends to address the problem by pegging medical charges to cost, the outcome will be totally at odds with the Government's original target. I urge the Government to expeditiously come up with a solution to curb the rising medical cost. We can get at the root of the problem by setting up committees of different functions to monitor and study the use of unnecessary treatment courses and medicine. Meanwhile, the Government should study again whether the resources allocated have been appropriately utilized and for the right purpose. Apart from inflation, the consultation fees set by service providers have also indirectly led to the rise in medical cost. It is incumbent upon the Government to get to the heart of the issue with courage by formulating a policy to monitor the fees charged by private practitioners. We propose that the Government should set a series of fee indicators showing the difference between the highest and the lowest fees and require private clinics to issue receipts to patients after each consultation so that the fees charged can be monitored and the public can also have a choice. I also propose the establishment of an independent statutory body with an expanded function to cover examination of the quality of health care services and determination as to whether the fees charged by health care service providers are reasonable. If the public thinks that there is a problem to be addressed, this body can raise queries on behalf of the public. The body will operate on the model of the monitoring committee in Germany.

The Hong Kong Government has all along spent less money than the western countries on health care. According to our information, our gross domestic product (GDP) for the year 1992-93 was \$742.58 billion but public expenditure on health care services was a meagre \$13.74 billion, which accounted for just 1.9% of GDP. In order to address the problem of increasing demand and the ageing population, I think the Government should allocate more funds to finance health care services by raising the percentage from some 2% to the 4% — 6% level.

Finally, I would like to urge the Government again to look squarely at the problem of rising medical cost instead of merely passing the burden on to the public, which is just a stopgap measure but not a radical remedy. Furthermore, health care services should not be regarded as an ordinary commercial consumer item. Under the circumstances that users are poorly informed and deprived of the right to choose, it is absolutely unfair to peg medical charges to cost

PRESIDENT: Mr FUNG, the buzzer did not work at six minutes so you have to watch the clock please.

MR FREDERICK FUNG: I have got two more sentences.

MR FREDERICK FUNG (in Cantonese): I call upon the Government to shelve the percentage subsidy approach and take positive actions to solve the problem of rising medical cost.

These are my remarks.

DR CONRAD LAM (in Cantonese): Mr President, I speak today mainly to explain why I move an amendment to the motion. Being an elected Member of the Medical Functional Constituency, Dr LEONG Che-hung has been speaking in this Council on behalf of the medical practitioners to fight for reasonable rights and to provide in copious measure invaluable advice on the improvement of the local medical and health care services. I, being a member of the medical profession, am really proud of him.

Doctors and the general public alike, of course, hope to establish a health care system which is ever-improving and sophisticated. The foremost task of a doctor is to save people. As for other issues such as fees and charges they are all secondary. However, patients with financial difficulties usually rely on the services provided by government clinics and hospitals. Furthermore, doctors and patients often hold divergent or even opposite views on the charging for health care services.

Some may say that the charge for government health care services bear no relationship whatsoever with the charges for services provided by the private practitioners. But whenever the public sector increases the charges due to an increase in costs, the private practitioners will follow suit for the same reason. This is the so-called "when the river rises the boat rides high". As representatives of the grassroots people, the United Democrats bear responsibility for safeguarding the general public's interests and speaking their minds. With this in mind, the United Democrats will be moving a slight amendment to Dr LEONG's motion by deleting the words "within the

affordability of the public" and substituting "without affecting the financial burden of the patients". The major reason for moving the amendment is that we are concerned that the above-mentioned wording of the original motion may have adverse effects on the financial burden of the patients in future.

Some may say that there is not much difference in meaning between the two sentences mentioned above. I would like to point out that, firstly, there is a difference between the "public" and the "patients"; secondly, an even greater difference exists between "within the affordability of the public" and "without affecting the financial burden of the patients". As a matter of fact, the average person prefers private practitioners and private hospital services if these are within his affordability. Patients who make use of government health care services are basically the less well-off ones. The original motion fails to make a distinction between the rich and the poor but rather treats everyone equally. Take for an instance the Members of this Council. The affordability of individual Members varies greatly, let alone individuals in our community where disparity between the rich and the poor is growing. A case in point is home ownership. Many people can afford to purchase their homes on mortgage. But they have to live frugally in order to pay off the mortgage. Their quality of living is thus affected. In view of this, the connotation of "within the affordability of the public" is simply too broad and has no definite standard. Besides, the so-called affordability varies with individuals.

The words "within the affordability of the public" imply that "those who have the means, pay more". Actually, Dr LEONG has clearly explained just now that he really favours "those who have the means, pay more". If we acknowledge this point of view, we are undoubtedly giving the Government the imperial sword to increase fees and charges at will. The original motion does not lay down an appropriate mechanism to restrict the use of this sword. There is no knowing whether the sword will be used to cure disease, to rip off people or both. "Those who have the means pay" carries an entirely different meaning from "should or should not pay". The former is compulsory in nature whereas the latter is in accordance with the principle of equity and reasonableness. Just like the salaries tax and the rates, we cannot simply say that those who have the means should pay. The Secretary for Health and Welfare has repeatedly said that nobody should be denied adequate medical treatment through lack of means. The amendment to be moved by the United Democrats is based on this principle so that those with financial difficulties may enjoy health care services as well.

We hold that public health care service is a social welfare service and should not be based on the principle of "those who have the means pay". The original motion points out clearly right from the beginning that there is strong public opinion against the concept of cost recovery and other funding methods for hospital services proposed in the consultation document *Towards Better Health*. If we are to adopt the concept of "those who have the means pay", it will be self-contradictory and contrary to the general public's aspiration. As for the amendment to be moved by Mr Frederick FUNG which calls for the calculation of the increase for medical charges "on the basis of the existing scale

and at a rate of a certain percentage below the inflation rate of the year", the United Democrats feel that the scale of increase for medical charges is basically different from the inflation rate in general. Moreover, the Legislative Council is not assuming the role of the Executive Council at the moment; it does not, therefore, have the power to approve or disapprove an increase in charges. Should Mr Frederick FUNG really mean to change the role of the Legislative Council and to extend our power, I suggest that he had better put forward his proposal to the Chinese officials in his capacity as a Hong Kong affairs adviser.

In view of the above-mentioned reasons, the United Democrats are going to vote against Mr Frederick FUNG's amendment motion and abstain from Dr LEONG Che-hung's original motion.

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

MR JIMMY McGREGOR: Mr President, I support Dr LEONG's motion and wish to make the following points. I am speaking in this debate for the Hong Kong Democratic Foundation. I do not have the specific views of my constituency but I believe many members of the Hong Kong General Chamber of Commerce will agree with most if not all the points I make.

The last White Paper on health care policy was issued in 1974. During the last 20 years, medical technology, population demographics and Hong Kong's economic status have all changed significantly, resulting, for example, in annual public expenditure of more than \$15 billion on health care. It is disappointing therefore that the Government Green Paper *Towards Better Health* dwelt solely on the narrow issue of funding public hospitals rather than the much wider and urgent issue of health care policy.

It is felt by the Foundation that the Government lacks an up to date policy on health care which recognizes the capability of the economy to provide more and better services with higher productivity. It is surprising that the Government sees fit to implement policy initiatives without further consulting the public or this Council. From the information provided in the Legislative Council brief *Towards Better Health — Strategy for Implementation*, it is quite apparent that the general consensus is strongly against more than a small increase in the present level of cost recovery of expenditure in public hospitals. It would be difficult for the Administration to sustain a credible case that there is a strong consensus for the introduction of semi-private beds in public hospitals and that there is majority support for a co-ordinated voluntary insurance scheme.

It is therefore appropriate that Dr LEONG should make a call through this motion for the Administration to consult the public and this Council before accepting any proposals on levels of cost recovery from the Assessment Committee that has been established.

I would also like to use this opportunity to urge the Government not only to reconsider the implementation of semi-private beds in public hospitals and the introduction of a co-ordinated voluntary insurance scheme but to refrain from implementing any health care initiatives until it has issued and debated a White Paper on health care policy in general.

There is little doubt that the public responses to the Green Paper reflect the difficulties in commenting authoritatively to piecemeal proposals which are not set within the framework of an updated health care policy.

A comprehensive policy on health care should address the following issues:

- (a) the desired mix of public and private health care services;
- (b) the integration of the provision of primary health care and other ancillary services with secondary and tertiary health care;
- (c) the role of the Department of Health;
- (d) the real present cost of providing public health care services;
- (e) measures required to control the cost involved in the provision of both public and private health care services, including the fostering of a more competitive environment among providers; and
- (f) incentives to steadily move the consumption of health care services away from the public to the private sector.

The Foundation believes the preference of the general public is for private medicine. Therefore we should be seeking to encourage the shifting of the burden of provision of secondary and tertiary services from the public to the private sector, over a period of years. Some impetus for this shift will be provided by the development of an increasingly affluent community, through the continued growth of our economy. More people would be prepared to pay for private medicine. Companies would be prepared to assist through the provision of medical benefits.

Additional initiatives are needed to accelerate this process. Reduction in the cost of private medicine through the introduction of competition should be a major aim. A key stimulus to this would be the retraction of the prohibition against the formation of closed panels of doctors by medical insurers, which effectively prevents the development of managed care groups such as Health Maintenance Organizations and Preferred Provider Organizations.

Increased competition would put pressure on hospitals to reduce costs through more professionals and effective management. There is a good case to be considered for the Government to provide financial assistance to encourage

the less well off to take up medical insurance. The Government might for example institute a pilot scheme whereby it issues vouchers to say, up to 300 000 people, not presently covered by health insurance, subsidizing the cost of purchasing a year's worth of health insurance.

The subsidy value would be \$1,000-\$1,500 each. An estimated 30 000 public hospital patients would shift to the private sector and probably many more for primary health care services. If the scheme was successful, at least one million people might eventually be helped in this way.

The public sector should focus on the provision of medical care to the less well off and for ensuring the availability of "high cost" treatment, such as transplants, certain types of cancer therapy and even AIDS management.

The Department of Health ought to have no involvement in the provision of any type of health care service. Its role should be concentrated on the development of health care policy and the regulation and monitoring of all the provider services for health care needs.

It would be sensible for four or five year plans, including cost estimates, to be established and towards the end of these cycles a review of the public's view of the service provided and future expectations be undertaken to provide the basis for planning the next cycle.

Annual expenditure should be indexed to the inflation rate. Improvements should always be sought so as to try to keep the cost of providing the existing services, at least at the same standard, below the rate of inflation.

The granting of additional funds over and above the provision to compensate for inflation, to provide for expanded or enhanced services should be governed by a formula based on, but not necessarily commensurate with, the rate of growth of GDP.

The system should allow the Hospital Authority the flexibility to offer relevant services to the private sector, where it is either the only provider or it can do so at a lesser cost. The revenue generated would be retained by the Hospital Authority. In cases where the private sector can provide services cheaper than the Hospital Authority, it should not hesitate to contract these out to the private sector, where practicable. Thank you, Mr President.

MR LAU WAH-SUM (in Cantonese): Mr President, I oppose Mr Frederick FUNG and Dr Conrad LAM's amendment motions and support Dr LEONG Che-hung's original motion. My reason is that to take care of a less well-off patient, the best approach is to have a highly efficient and low cost waiver system. The principle of the waiver system should be simple. All patients are classified into categories by means of a not so complicated method whereby waiver on a graduated scale is granted to them to mitigate their financial

burden. This principle is in line with the Government's medical policy which states that no one should be denied adequate medical treatment through lack of means. As for the target waiver groups and the assessment criteria, I have the following suggestions to make.

- (1) For the elderly people, we should establish a progressive scale of waiver. For instance, we take 60 years as the starting point. For each additional year in age, a certain percentage of waiver is granted and this goes on up to a certain age, say 70 years, where full waiver is granted. This is an early administered scheme because it requires a mere check of the identity card.
- (2) Should there be more than one member of the family being hospitalized, waiver will be granted on a progressive scale according to the length of stay up to a point where hospitalization is completely free of charge.
- (3) As for people who cannot take care of themselves, such as the mentally retarded or the physically handicapped, Public Assistance recipients or the chronically ill, large percentage of waivers or full waiver should be granted to them. The administration of the waiver system must be simple and easy for the patient to understand. If necessary, a cap should be set. Complicated vetting methods should be avoided. Simple approach should be adopted as far as practical, such as the verification of age by checking the identity card, the calculation of the length of hospitalization and the checking of Public Assistance recipients' documents. All these are simple processes which do not require additional manpower to implement. It is important that no additional administration costs be incurred to implement the waiver system. As a matter of fact, the Government should refrain from the existing system of income vetting and means testing. Such measures not only incur extra work and expenses, but also have little effect. It is the Government's responsibility and moral obligation to take care of the needy in the community. Whether or not this policy will benefit people of every sector will really depend on a sound waiver system.

Mr President, with these remarks, I support Dr LEONG Che-hung's original motion.

MR HUI YIN-FAT (in Cantonese): Mr President, during the period of public consultation last year in respect of the consultation document *Towards Better Health*, the Hong Kong Council of Social Services (HKCSS) to which I belong had clearly expressed its stand on such aspects as the policy of medical charging and increase of resources. The stated stand of the HKCSS also carried a stern objection to the "pegging fees to costs" policy. Therefore, the HKCSS is certainly glad to learn, and indeed welcome, the Government's recently

announced decision to give up the study relating to this policy in view of the strong opposition from the public. However, we all know that the problem has not yet been satisfactorily solved. For this reason, the Administration has set up an Assessment Committee to work out proposals on financing and charging for medical services. I think this is, after all, a compromise measure by the Government that will enable it to face up to the problem and at the same time account itself to the public.

However, in order that no strong reaction from the public will be caused, I agree with what Dr LEONG Che-hung is urging for in the first part of the motion, that is, to consult the public and this Council before the Governor in Council accepts any proposal of the Assessment Committee. In fact, we all know that Hong Kong as well as other developed countries are faced with the problem of ever rising health cost. It is certainly the view of the HKCSS that the problem is a cause for worry. However, the HKCSS thinks that given the present *per capita* income of Hong Kong and fiscal reserve of the Government, the Government is really able to continue to increase its financial commitment in respect of health care to raise it to a reasonable level, before a better financial arrangement can be found. However, any resource arising from the increase in appropriation or savings in expenditure should only be used on the patients. I think that when the Hospital Authority was first set up, the recruitment of qualified personnel on attractive terms should be no cause for criticism. But now, apart from nurses, there is basically no difficulty in recruiting personnel for other posts. Therefore, in order to save expenditure to accord with the expectation of the public, it will be necessary to review the fringe benefits and other terms of employment subject to the quality of service not being thereby affected.

As to developing new resources, I think as soon as the Government is willing to make a specific financial commitment to long-term medical and health care expenditure, and formulate a clear policy on medical and health care together with charging, a mandatory comprehensive medical insurance system should be implemented in Hong Kong. I think that if we are prudent enough to consider carefully the special circumstances of Hong Kong, we will certainly be able to work out an insurance and compensation system suitable for Hong Kong which will eradicate or reduce abuses. Lastly, however, I have to emphasize that the Government must ensure that no one in our community will be denied proper medical service whenever it is needed because of lack of financial means.

Mr President, I so submit.

MRS PEGGY LAM (in Cantonese): Mr President, cancer is the number one killer in Hong Kong. Even if it is cured, for many people, there are the sequelae. Yet such permanent damage can sometimes be avoided.

I recently watched a medical documentary on television. According to that documentary, owing to the lack of resources, hospitals can only adopt a

treatment approach which reduces the number of times of chemotherapy but increases the dosage of radiation each time it is administered. The consequence of this is that whilst cancerous cells are killed, other cells are also permanently damaged. On the other hand, the best way of treatment is to reduce the dosage but increase the number of chemotherapy treatments. By doing so, cancer patients have a good chance of recovery.

This is absolutely deplorable. How could we just watch helplessly, as people suffer the trauma of cancer for the rest of their lives when they could well have escaped from cancer in the first place?

Does this community of ours actually have any determination and any means to solve the problem of lack of medical resources?

Last October, at the beginning of the current Legislative Council Session, more than 20 Members of this Council debated the issue of medical costs. Members agreed on that occasion that it was necessary to increase medical resources to cope with the needs of the public as well as the development in medical science. But Members had reservations on the proposal to peg medical charges to cost.

As I said in that debate, medical services differ from other social services in that people, rich or poor, may fall sick and be hospitalized. Therefore, the "whoever has means pays more" principle may be applicable in terms of medical charging, but we have to be careful with regard to the system of the graduated scale of charging and waiver. It is because it will not suffice to set the minds of the public at ease with just the slogan of "the sick will be given treatment".

As to the study to be made by the Assessment Committee on percentage cost recovery, I hope that the committee will go about it cautiously in order to take into full account the wariness and fear of the public towards percentage cost recovery.

As to medical insurance, I hope that the Assessment Committee will be able to provide sufficient information on a co-ordinated voluntary private medical insurance system. After all, medical insurance is still something new to the general public. I believe we had better promote it through education.

Should a voluntary private medical insurance system be successfully implemented, it would relieve the Government of subsidizing those who can afford to pay more for medical expenses. In other words, we would have more resources to be used on those who are genuinely in need.

I very much agree with what the Secretary for Health and Welfare said in last year's debate, namely, that any reform of the health care system had to be supported by the public before it could take root. Therefore, I think not only must the Government consult, but it must also listen fully to the opinion of the

public before it accepts any proposal of the Assessment Committee on health financing and charging. This will be the best way to go about it.

What concerns the public most is whether one would have the extra means to pay for the unexpected medical expenses, and the sandwich class are probably the most worried as they are among the "users" who can afford to pay more. However, I do not for one moment agree that some people are to use up their savings and lower their living standard in order to obtain proper medical services, even though we know that health is priceless.

I must reiterate that, if the existing mode of medical charging is to be changed, the mechanism for charging and the waiver system will have to be acceptable to the majority of the people, and the charges received must be used on improving services.

On this basis, the Government should not expect that medical charges received may go towards reducing commitment to medical services. On the contrary, with the community making a concerted effort to increase medical resources, the Government should look for ways to increase funding sources and cut expenditure.

The recurrent expenditure on health and medical care for this financial year is only 2% of GDP, which is lower than that of South Korea and Singapore, and is far less than the 13% of the United States of America. However, given Hong Kong's financial position, the Government should be able to increase the appropriation for health and medical care to ensure that the level of Hong Kong's medical services is capable of meeting the demand of the public.

Since the setting up of the Hospital Authority, we have been witnessing improvements made to both the organization of hospitals and their management; and at the same time the promotion of primary health care has been stepped up. With these improvements, medical resources can be used more effectively. I have also heard from the relevant quarters that these measures have born fruit. I sincerely hope that the Government will announce the progress in more specific detail to the public so that the public can have more confidence in and higher expectation of the Government's sincerity in improving the medical and health services of Hong Kong.

As a matter of fact, we have in Hong Kong first-rate medical and health care staff and advanced equipment and technology. It is never our wish that the staff be subject to various constraints because of the lack of resources or the improper use of resources. As to the "Broken Heart Campaign" launched by nursing staff, I urge the Government to respond to it speedily. Their commitment is crucial in ensuring quality medical and health care services. This problem that we are now faced with is a test of the Government's sincerity to improve medical and health care services.

With these remarks, I support the original motion by Dr LEONG Che-hung.

MR PETER WONG: Mr President, let us turn the clock back to 29 April 1992 when a motion debate on fee charging for health services was conducted in this Chamber. The debate brought out the significant message that the spiralling cost of health care is posing a major obstacle to the further development of our health services. Indeed, if increases in medical cost continue at 8% per annum, Hong Kong could face a deficit of up to \$5.5 billion by the year 1996.

In her concluding remarks at the motion debate, the Secretary for Health and Welfare said, and I respectfully quote: "But times have changed. High technology beyond our wildest dreams has made possible medical wonders — but the cost is high — and we need to spread the cost more equitably." I fully endorse this principle of cost-sharing among users of medical services as many do not pay now, even though they can afford to do so. I wholeheartedly support the user pays principle under which those consumers who want the luxury of choice of medical services or extra comfort should pay a higher fee. I believe that reasonable percentage cost recovery will not only help to meet soaring medical costs, but will also serve the much-needed gate-keeper function to prevent over-burdening the public health sector.

Thus, the question at stake is not whether medical cost should be recovered, but how. Regrettably, the *Towards Better Health* consultation paper does not tell us how percentage cost recovery is to be achieved based on cost principle and price structure. Here, I must register my strong dissatisfaction over the Administration's stalling of the Percentage Subsidy Approach. The reasons for inaction cited by the Government are public misconception about the increases and misinterpretation of the cost-recovery principle. However, if that is the case, has any concerted effort been made to explain the truth to the general public? The real reason, I believe, is the lack of a strong political will to steer public opinion towards this direction. As such, cost recovery has become a lost cause.

Our public health programme cannot expand just by increasing taxes because that will violate Hong Kong's low taxation policy. It is therefore necessary for any implementation strategy to recover a greater portion of medical cost from the target group who can so afford and to relieve the strain on limited resources. However, the two strategies now adopted by the Administration are not without their problems. First, the Target Group Approach. Concern has been expressed over the appropriate price mechanism for fixing charges for semi-private rooms in public hospitals — high charges for Class B beds will raise people's expectations for service quality, while low charges will fail to recover the cost needed for improved services. More importantly, the creation of semi-private rooms is likely to be a further drain on the short supply of nurses and defeat the original objective of easing the pressure on the general wards.

Second, although the Co-ordinated Voluntary Insurance Approach falls in line with Hong Kong's economic growth conducive to free market competition and I support the Managed Interface Model proposed by the Hospital Authority, several questions need to be asked. How do we resolve the problem of the elderly, disabled and chronically ill, who being the at risk group, are often denied health insurance coverage by the insurers? How can abuse be minimized under the existing system whereby insurers are not allowed to choose from their own panels of doctors? Has consideration been given to the restrictions imposed by the public sector medical insurance? How do we avoid the unwanted effects of private medical insurance in the United States? In 1990, the average medical spending per person there was \$19,758 or US\$2,566; but that country had the biggest proportion of people without health care protection.

Mr President, many times before in this Chamber the Government was asked to spell out its financial commitment in health care which stands at 2% of GDP. The stock answer was that medical services will be "heavily subsidized". I suppose this is as far as we can go and we have to put up with a health care system deprived of development initiatives. Despite the managerial reforms aimed at maximizing the usage of resources by the Hospital Authority, there is no targetted drive to explore and develop new funding sources.

The Strategies for Implementation have wrongly focussed on fees and charges, without adequate attention paid to the improvement of health services. Care and attention homes which cost less can be increased, while specialist clinics with day beds can also be used to relieve pressure on general hospitals. In particular, I note with dismay the lack of planning for the integration of primary health care with hospital services, and inadequate funding for the proposals drawn up by the Primary Health Care Working Group. Here, I can only pin my hopes on the in-house Assessment Committee set up to study the proposed strategies, and look forward to the *Health For All — 2000* White Paper to provide us with a blueprint for providing quality health care affordable to the people of Hong Kong.

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

DR HUANG CHEN-YA (in Cantonese): Mr President, the experiences of countries around the world have proved that the problems of escalating medical expenditures and insufficient resources are actually insoluble, even if resources for this purpose are increased to a level which is not affordable to society. In order to solve these problems, we must therefore strike at the root causes, concentrating our efforts on the control of the growth in medical expenditures instead of trying to recover the costs from patients. The methods for reducing medical expenditures are already there for some time; it is only that the Administration has been reluctant to implement them. We have pointed out many times that the Administration must first formulate a social policy for health care promotion and a macro policy on medical services. The medical policy should be related to the social and economic policies. These policies are

inseparable and more importantly their objectives should not be in conflict with one another. Let me illustrate with some examples. Due to insufficient support from their families and society, elderly patients are very often unable to receive medical attention at the early stage of their illnesses and for this reason have to use a lot of hospital resources at a later stage. The suicide rate of these elderly people is higher than the other age groups and the injuries that they have sustained are mainly caused by domestic accidents. These situations can in fact be improved by enhancing the care for elderly persons. Many studies have shown that poverty and financial pressure will increase the incidence of illness. During the period of economic transformation, the elderly persons and the relatively unskilled workers will not only have to face the problem of lower income but also a higher risk of becoming ill. So an appropriate labour policy and a social policy that will narrow the gap between the rich and the poor are both essential for tackling these problems.

From the viewpoint of a macro medical policy, the Administration should do the following:

1. Set a target for reducing the incidence of the three killer diseases.
2. Reduce the number of persons who have to frequently make use of hospital services.
3. Strengthen the co-operation between the public and private medical sectors.

The Hospital Authority has now taken a number of micro-management measures to contain the rise in expenditures. For example, the use of less expensive drugs and a more efficient way of using manpower and facilities are of course effective to a certain extent in cutting the unit costs for the treatment of different diseases. But experiences of other countries around the world have shown that these micro-management measures can only reduce part of the expenditures. The reason is simple. If the number of patients keeps on rising or if among the various kinds of patients the number of those requiring expensive medical services increases, then notwithstanding the implementation of the most stringent cost-effective measures, the medical expenditures will still increase. A medical system that only emphasizes improved efficiency in treating diseases will ultimately have to keep on asking the public for more money. To solve this problem, we must change our existing treatment-oriented strategy to a preventive strategy that aims to change the proportional mix of diseases in Hong Kong. Take the examples of some common diseases like cancer, cardiovascular diseases and cerebral vascular diseases. Expensive facilities are required for diagnosis, and the costs of the drugs used and operations done for treating these diseases have accounted for a significant amount in our medical expenditures. If the Administration can step up the effort to prevent these diseases such that their incidence can be reduced, then the medical expenditures will drop. Regrettably, the Administration has so far refused to adopt this kind of macro approach. This year, both the Hospital

Authority and the Department of Health have said that they will give prior attention to the prevention of these three killer diseases. However, these are mere words without any real contribution towards mitigating the problem, as there is no specific plan whatsoever. The Administration should set up a working group to formulate a strategy for preventing these three diseases in order to reduce the incidence of these diseases in a step-by-step manner through the setting of an overall target, the carrying out of public education and the drawing up of specific plans for controlling the factors causing these diseases. Furthermore, early treatment of these diseases should be encouraged.

Secondly, many hospital patients are indeed frequently hospitalized and many of them are suffering from chronic diseases like tracheitis, pulmonary emphysema, nephrosis and mental illness. Giving these chronic patients a better out-patient clinic service and social support will not only bring relief to these patients but will also reduce their frequency of being hospitalized, and thereby reducing the medical expenditures.

Thirdly, it is a distinguishing feature of Hong Kong to rely on private medical practitioners for the provision of out-patient clinic services and on the Hospital Authority for the provision of hospital services while there is no co-operation or liaison between the public and private medical sectors. If the services of the private clinics are inadequate, then the expenditures of the hospitals will only rise because the responsibilities for primary treatment and prevention of diseases fall principally on the private clinics. Therefore, the Administration has to strengthen the co-operation between the private and public medical sectors and establish a liaison mechanism between the services of the Hospital Authority and those of the Department of Health.

As far as financial resources are concerned, there can only be three sources of income: the patients, the Administration and the public. Cost recovery is an attempt to squeeze resources out of the patients. It is virtually a measure that profits from the misfortune of others. Not only will it exert additional psychological pressure on the patients, it will also impoverish many patients and create many social problems as is the case in the United States or the rural areas of China. So, the patients should definitely not become the source of income for meeting any additional expenditures. The theoretical basis of the cost recovery system is precisely the principle of the itemized charging system. However, many studies have proved that the whole package system is better than the itemized charging system in containing the rise in expenditure. The reason is simple. Under the itemized charging system, the more illnesses the patients have, the more will be the income of the doctors and the hospitals, and there is simply no reason to cut down the number of illnesses in order to improve the effectiveness of treatment. If the whole package system is used for protecting the health of the public, then the more illnesses the patients have, the less will be the income of the doctors and hospitals and it will be natural for those concerned to think of preventive measures and early diagnosis and treatment as the means to reduce the incidence of diseases. Therefore, the Administration should change its way of thinking, instead of confining itself to

the itemized charging system, and set up a whole package system based on tax revenue or a community-wide insurance system. As for the voluntary insurance system, the experience of the United States has shown that it cannot solve the problem because many members of the public simply cannot afford the expensive private insurance. As regards a community-wide insurance system implemented on a compulsory basis or a relevant government-run system

The buzzer sounded a continuous beep.

PRESIDENT: Dr HUANG, You Have to stop.

MR TIK CHI-YUEN (in Cantonese): Mr President, last October when this Council discussed the consultative document *Towards Better Health*, I on behalf of the Meeting Point expressed our disappointment at this document, the reason being that it only talked about medical charges without touching on other medical issues. Since the scope of the document is so narrow, we have not been expecting much from the result of the consultation. In fact, judging from the outcome of the consultation, we can see little prospect for major reforms. The Administration has made three proposals:

- (1) increase the number of "B" class beds;
- (2) establish a co-ordinated voluntary insurance scheme; and
- (3) recover the costs to an appropriate extent.

It seems that these proposals will fail to really solve the medical problems now confronting Hong Kong, such as the ageing population, the rising medical costs, the control of costs and so on. The Administration's only conclusion is that medical charges should be based on the principle of cost recovery.

The Administration's way of going about it this time seems to me to be a little furtive without being able to offer a reasonable explanation to the public and this Council. Very obviously, the public is against the principle of cost recovery. In fact, the views that the Administration has collected during the consultation have reflected that the public are against the concept of cost recovery. The survey conducted by the Meeting Point after the publication of the consultative document *Towards Better Health* has revealed that 70% of the people are against this concept. Their opposition and apprehension are well justified.

First, the public is worried that if the medical costs are to be recovered, the burden of such costs, which will increase as the medical system develops, will be shifted onto the public.

Second, as the public is unable to control the rise of medical costs, so when these costs do rise, the burden of such increases will be shifted onto them. Furthermore, the public simply lacks the ability to determine what a reasonable level of costs should be. So it would be unfair to the public to use such a cost recovery approach. Currently, medical charges only account for 3% of the medical expenditures. So I think that increasing the charges will not help much in solving the problem of finance. We hope that the Administration can abandon the principle of cost recovery. If the Administration has to stick to this principle, I hope that it can give us a reasonable explanation in its reply later on.

We hope that the Administration can adopt an active and forward-looking attitude towards the development of medical services instead of evading the various problems concerned. The Meeting Point reiterates the following proposals:

- (1) We consider that the Administration should expeditiously conduct a comprehensive review of our medical system. I remember that the Secretary for Health and Welfare has openly indicated that the Administration intends to conduct a comprehensive review of our medical services. However, what have been done in the past few years are only some piecemeal reviews. So what will be the next step of the Administration and what will be the subjects of review? We have no idea whatsoever. The Administration seems to be only feeling its way forward. We consider that the Administration should conduct a comprehensive review and reform its policy to make it one that has a direction and is forward looking. The scope of the review should at least include the staff establishment, the roles of public and private medical service agencies, the co-ordination between primary health care services and hospital services and so on. All these matters should be subject to review.
- (2) We propose that the charges for government medical services should be maintained at the current level. We can see that among the many social services, the charges for the medical services have been maintained at a low level. This is a benevolent policy which is rare nowadays. We think that it is unnecessary for the Administration to increase the medical charges. If the medical charges are pegged to the costs, the burden on the public will become heavier. The Meeting Point is against such an idea, which is in fact an evasion of the responsibility of providing medical services through increasing the charges. We find this unacceptable.
- (3) The Administration should control the costs so that the services provided will really be worth the charges. We have very often observed that low efficiency and wastage exist in our medical services system. It will be regrettable if the extra expenditure caused by such low efficiency and wastage is to be borne by the

users. The lack of proper management of the medical facilities and the undertaking of non-health care duties by nurses are examples of waste of resources. We know that the Hospital Authority now intends to conduct an in-depth study to improve the situation. We hope that the Hospital Authority will have progress in this regard and carry out the reform as soon as possible such that we will have a better medical system.

Finally, we consider that the Administration should examine as soon as possible the feasibility of a central medical insurance system. I believe and Members will also understand that we will not agree to shifting the costs of development of our medical services onto the public. However, it will not be practical, either, to expect the Administration to be responsible for all the costs associated with the future development of medical services. So it is necessary to have an effective financing system. We consider that a central medical insurance system will have the following benefits:

- (1) there will be more new resources to improve services and cost-effectiveness;
- (2) there will be a healthy competition between the public and private medical service units, which should be helpful to cost control and improvement of service standard.

Today, two Members will be moving amendments to the motion. The Meeting Point is slightly taken aback by the amendment to be moved by Mr Frederick FUNG because he proposes to peg charges to inflation. We simply do not understand how the development of our medical system and the rise in costs would have anything to do with inflation. When the inflation rate is high, the public will have already been subject to a very great pressure. So if the medical charges are to rise in tandem with the high inflation rate, the burden on the public will be even heavier.

The amendment to be moved by Dr Conrad LAM is the same as the original motion. Although Dr LAM has explained it in detail, the difference, according to my understanding, is not great. There is not much difference between the two in terms of their spirit. For the reasons given above, the Meeting Point will fully support the original motion of Dr LEONG Che-hung.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I have criticized the Administration for seeking to rationalize the increase of medical charges by relating medical charges to better health. The Democratic Alliance for the Betterment of Hong Kong (DABHK) and I have all along been opposed to the Administration's proposal to peg medical charges to costs.

Regrettably, the Administration told us in mid-January this year, when explaining the decision of the Executive Council, that in addition to

implementing the proposal of creating semi-private rooms in public hospitals and the co-ordinated voluntary insurance scheme, it will also set up an internal assessment committee to thrash out details of the "percentage subsidy approach", that is, the specific details of the cost recovery proposal, which has been the subject of a long-drawn-out controversy. In other words, the Administration has disregarded the oppositions of the various parties concerned to the cost recovery proposal and intended to obstinately go its own way by implementing the proposal. However, the officials of the Health and Welfare Branch have been vague in their explanation, and they are unwilling to candidly admit, in replying to Members' queries, that the Administration has in fact accepted the cost recovery proposal. They have only said that the Administration has not abandoned the cost recovery principle.

I find it very regrettable that the Administration dares to do it but dares not admit it. I support the motion of Dr LEONG Che-hung, which requests the Administration to consult the public and this Council before deciding whether or not to accept the proposal of cost recovery. However, the consultation must be genuine and not just a cosmetic exercise which only seeks to persuade the public to accept the pre-determined principles of the Administration.

In fact, soon after the publication of the consultation document *Towards Better Health* in July last year, DABHK conducted a territory-wide opinion poll. The results indicated that over 70% of the respondents are against the Administration seeking to increase medical charges substantially to meet expenditures and also its attempt to rely on the excuse of making up for rising medical costs to justify such a substantial increase. Besides, according to the views collated during the consultation period, with the exception of the medical profession which tends to accept the cost recovery proposal, the great majority of the other political parties, social organizations and the district boards are against this proposal. How can the Administration turn a deaf ear to these voices of opposition?

As regards the amendment moved by Mr Frederick FUNG, I consider it to be more specific and practical than the original motion. DABHK has all along agreed that medical charges should only be adjusted in accordance with the annual inflation rate. The question of whether the adjustment should be the inflation rate minus a certain percentage can be examined later, but our principle is that medical charges must not be pegged to costs.

Moreover, as the Hospital Authority is a public body under the aegis of the Administration, its application for increase of medical charges should in the future be subject to the examination and approval of this Council.

Mr President, relying solely on the recovery of cost and the levying of other medical charges to meet the expenditures cannot thoroughly resolve the financial problem now confronting our public medical system. The Administration should tackle the problem through reducing expenditures and developing funding sources. It should on the one hand cut all the unnecessary

expenditures and by way of a highly efficient utilization of resources in order to achieve the objective of cost control, and on the other hand provide semi-private rooms to attract those who can afford higher hospitalization charges subject to the precondition that the resources for and the health care services provided to the patients of ordinary public hospital beds should not be undermined.

In conclusion, DABHK's fundamental stance in relation to the charging policy for public medical services is that the Administration should be committed to the provision of low price and good quality public medical services and should not peg medical charges to costs, thereby passing the pressure of the costs onto the public. In the long run, the Administration should all the more pay attention to measures that would improve efficiency in cost control and utilization of resources.

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

DR LAM KUI-CHUN (in Cantonese): Mr President, regarding the two amendments in our debate this time, Dr Conrad LAM is seeking, primarily, to have "the affordability of the public" revised to read "the financial burden of patients". In fact, some members of the public are ill and some are not; the concern over "the financial burden on the sick" has already been embodied in the concern over "the affordability of the general public". To narrow the meaning of the wording in order to exclude the healthy people would be tantamount to reducing an all-sided approach to a one-sided approach, which would have a negative impact on the formulation of a financing package. With reference to his question of whether "those who can pay" have to "pay", I will respond to it later. The Liberal Party is of the view that although it does not amount to bad intention to move such an amendment, the amendment is not meant to improve the original motion either.

The amendment moved by Mr Frederick FUNG will not offer the worse-off patients such comprehensive protection as the waiver system proposed by Mr LAU Wah-sum would offer. Mr FUNG has erred in that he has indiscriminately applied benchmarks associated with technological services and public utilities to medical services. For example, new information technology may lower the cost and keep it below the inflation rate, but on the medical front, new technology will drive the cost to heights far exceeding the inflation rate. Mr Peter WONG has pointed out that the Hospital Authority could face a deficit of up to \$5.5 billion by the year 1996. Mr FUNG makes no mention of the ways and means to develop additional resources, but erroneously applies the game rules of the information field to the medical field, which will result in "restricting the funding sources while increasing the health costs". It seems that the Association for Democracy and People's Livelihood (ADPL) is trying to play Chinese chess with an incompatible set of chess rules and is attempting to break the rules wherever expediency so demands, which suggests that they are totally ignorant of the way the medical field operates. Unless Mr FUNG

advocates a tax increase, otherwise the framework as suggested by ADPL can in no way safeguard the health of the people. Therefore, the Liberal Party is against this amendment.

Mr President, let me turn to the main subject. Tremendous and swift advances have been made in the realm of medical science. It is a pity that at the time when we are happy with the rise in medical quality, at least 18 developed countries are, at present, confronted with the problem of soaring medical expenses.

There are two principles wherewith to resolve the problem: "to identify additional funding sources" and "to curb the medical costs".

At the beginning of this Legislative Council Session, I moved a motion debate on the consultation document *Towards Better Health*. My focus at that time was to "explore new funding sources". But in today's debate, time will only allow me to focus on "curbing the medical costs".

I think that the escalation of medical expenses is a result of three major and three minor causes. If we regard these six causes as diseases, they are not incurable but there is a tumour on which we shall consider performing an excision.

The first major cause is the ageing population. As many as 40 years ago, the medical profession has made a distinction between chronological age and physical age. There are some villages in the world, where the villagers aged 100 or above enjoy a physical state equivalent to that of middle-aged people of 50 to 60. The Government of Hong Kong cannot prevent people from getting old, but the promotion of a healthy life-style is one of the effective means by which the physical ageing process can be retarded, thereby preventing the occurrence of geriatric diseases.

The second major cause is the high cost of medical services. By the same token, the Hong Kong Government cannot stop the cost of new medical technology and new products from escalating, but it can conduct disease-prevention campaigns and provide regular health checks, in order to cure the serious diseases at an early stage. As calculated from the actual figures set out in this year's Budget, by spending \$347 on regular check-ups and on some reasonably-priced medicines to successfully prevent a heart attack case, at least over \$60,000 can be saved on the expenses for new medical technologies. In view of this, the Government should establish the ten geriatric and well-woman clinics as soon as possible.

The third major cause lies in the high proportion of expenditure on staff outlays, which stands at 83% of the Hospital Authority's (HA) total expenditure. This is a result of the fact that the housing benefits and leave balances are converted into indirect costs and are paid in cash by the HA. A slight curb on staff outlays can bring about considerable increase in the funds available for

procuring medicine and equipment. For example, a slight drop of staff outlays from 83% to 80% will lead to an increase from 17% to 20% in expenditure for medicine and equipment. This 3% increase will represent an 18% jump from the original allocation! At this stage, it has become an established fact that the staff enjoy high salaries; we should not seek to reduce the salaries; rather, it is of urgent need for the HA to lay off the redundant staff. This is the tumour excision that I have referred to earlier. It is obvious that some services, such as catering, laundry and so on have been privatized and the respective departments have no more commitment to these service areas; however, the original staff members are still retained. There are truly redundant staff. Moreover, the HA recruits additional well-paid executives and, eventually, the total staff outlays surge while the tension in the supply of frontline staff still persists.

Apart from the three major causes, there are three minor causes:

- (1) Medical resources not fully utilized: to avoid mistakes and omissions, public hospitals have always been upholding the principle of "better do more than less", thereby additional expenditure is incurred. Under compulsion, the HA managed to save \$140 million worth of medicine last year without sacrificing medical effectiveness. Although these reductions have drawn some criticism from the outsiders, more efforts should be directed to this end.
- (2) Subsidy resources not fully utilized: in the public wards of public hospitals, the charge is uniformly subsidized to the tune of 97% to 98% from public money, regardless of the patients' financial means. The Liberal Party has always been supporting the increased supply of "B" class beds for the patients to choose freely, so as to reduce unnecessary subsidies. In response to Dr Conrad LAM's amendment, my opinion is "those who can pay and are willing to pay" have to pay while "those who can pay and are not willing to pay" should be encouraged to pay.
- (3) Manpower resources not fully utilized: it is a fact that 90% of Hong Kong people choose to consult private medical practitioners for minor ailments. But it has been an established practice for the HA to arrange for all the discharged patients to have subsequent visits at the out-patient clinics under its charge. This has made the out-patient clinics overflow with people while medical practitioners there have no time to carefully examine the patients. This is an artificially convoluted phenomenon where a lot of public medical resources have been expended. It is an urgent task for the Government to seek proper co-operation between the public and private medical sectors, and to rectify the practice of holding patients in the public medical sector, so that the patients can choose between public and private medical services in a natural and voluntary manner and the limited manpower resources can be fully utilized. If I were to add one more sentence to explain the concept

of further identifying funding sources, I would urge again for the introduction of a voluntary central medical insurance scheme. As regards some Members' suggestions of increasing funding for the medical sector, I would say that the demand for funds is insatiable. The United States Government has gradually increased its medical expenditure up to 14% of its GNP, but it is still seeking to reform the financing package in that regard. I do not think that to develop additional medical funding sources by raising tax is the correct answer.

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

DR TANG SIU-TONG: (in Cantonese): Mr President, the Government and the public always look at the issue of medical funding from different angles and standpoints. The Government's thinking is that, for the sake of keeping public expenditure within reasonable limits and avoiding the need for a substantial tax increase, the Government cannot increase its commitment to medical funding infinitely because the resources available are limited. Reducing subsidy to the medical sector and at the same time increasing its income is of course the only way out. However, on the part of the general public, they would not wish to see the Government curtail its commitment to medical welfare and transfer the pressure of soaring medical costs onto the general public, thereby subjecting them to exorbitant medical charges. There are substantive contradictions between the Government's thinking and the public's aspirations.

The Government has all along been at a loss as to what to do to control escalating medical costs. The principal question arises from the wastage of medical and nursing staff. Because of staff shortage, it is necessary to increase salaries and enhance fringe benefits in order to attract and retain staff, while on the other hand, the expenditure on staff training also soars. Staff wastage has not only led to a decline in the quality of service but has given rise to a situation where many hospitals are unable to provide full-scale service due to understaffing, and beds are left vacant and resources thus wasted. This is what has been happening in Tuen Mun Hospital in western New Territories.

Another crucial question relates to administration of the Hospital Authority (HA). Of the funds allocated to the HA, most are not being spent on making substantive improvement to medical services. Some 80% of the funds go towards staff remunerations while only a limited proportion is spend on improving services and increasing the number of hospital beds.

In the coming years, it is anticipated that staff remunerations, as a percentage of the total expenditure of the HA, may go further up. This will directly affect the allocation of resources within the HA and the medical services and facilities will not be immune to the impacts thus caused.

The Government, on the one hand, cannot effectively control the medical costs while, on the other hand, it is also reluctant to increase its appropriation in this respect. Rather, it seeks to address the problem by increasing the charges. This is of course unacceptable to the public. The consultation document *Towards Better Health*, published last year, proposed to peg medical charges to costs, but this was met with strong public opposition. This fully reflects the public's dissatisfaction with the policy on medical development and with the fee structure. Although the proposal has been shelved for the time being, it appears that the Government will not give up this basic principle. It is really regrettable that the Government insists on pegging medical charges to costs.

From February this year, the bed charges in public hospital and the fees payable for attending government clinics have been adjusted substantially. The daily bed charge has increased from \$43 to \$54, representing an increase of 25.6%. The outpatient charges have been raised from \$21 to \$29, up 38.1%. This has been the third increase since 1989 when the bed charges and outpatient charges were set at only \$29 and \$15 respectively. This means that the charges have more than doubled over a period of five years. In the Hospital Authority's Business Plan 1993-94, it is revealed that some 54.4% of households whose incomes are above \$18,000 still make use of public hospital services. These figures show that a majority of our population has to rely on public medical services. For the low income group, those who survive on public assistance and those who are chronically ill, public medical services are what ensures their continued survival. In view of this, it is absolutely impracticable to increase medical charges.

The Prince of Wales Hospital in Sha Tin is going to organize a fund-raising Star Show at the Hong Kong Coliseum next Tuesday (26 April). If adequate funds had been allocated to the Prince of Wales Hospital, it would not have had to organize such a show to raise funds. In the normal course of events, only subvented hospitals will tap funding sources in such a way. May I ask whether the Government is going to adopt this strategy in the future for the purpose of exploring additional funding sources and curbing costs and whether other public hospitals are going to follow suit?

I invariably hold the view that the provision of public medical services is one of the social responsibilities that the Government cannot shirk. The Government has to, on the one hand, explore every means to control medical cost whilst, on the other hand, it has to appropriate more funds so as to continue with the implementation of the primary health education strategy. Through education and the launching of extensive publicity campaigns, the Government can enhance the public's knowledge of diseases and the public can then become more prepared to adopt prevention measures, whereby the chance of contracting diseases will be lowered, the public demand for medical services reduced and the medical costs diminished correspondingly.

I agree that the Government should seek to explore funding sources for medical services, but it cannot do so by raising charges drastically, nor should it exploit the patients. Some of the Government's proposals, such as the provision of semi-private beds or the Co-ordinated Voluntary Insurance Approach, have their own merits. However, I worry whether the increased provision of semi-private beds will affect the services provided to the general ward beds. I also query whether the insurance companies would accept the chronically ill and the elderly to be their clients if a medical insurance scheme were to be launched. Will the payment of premium put the low-income families under economic pressure? It is necessary for the Government to look more closely into these questions. To perfect the schemes, the Government needs to conduct extensive consultation with the public and the professional bodies or with this Council before specifying the details of the schemes.

Mr FUNG's proposal of setting charges on the basis of the inflation rate seems to be too rigid but his suggestion of limiting the level of charges within the affordability of the public shows that he understands the general public's hardship.

Dr Conrad LAM requests that the charges be determined "without affecting the financial burden of the patients". I think that his view is more or less similar to Mr FUNG's. As regards some Members' suggestions of introducing a waiver system under which the charges are waived having regard to the patients' age and economic background, a lot of vetting procedures will be involved and the administrative cost can be substantial. The Government should think twice.

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

MR MICHAEL HO (in Cantonese): Mr President, the term "cost recovery" is really frightening for the people will feel worried, upon hearing this term, about the percentage to be recovered. The current cost per day is over \$2,400; therefore to recover one or two more percentage points will have significant effects on the public's financial burden. In recent discussions — starting with the consultation document *Towards Better Health* there has emerged certain terminologies, such as the "percentage subsidy approach", "pegging fees to costs", and the term "cost recovery" was recently mentioned again. These terminologies, though different, contribute to the same end; they are subject to different interpretations under different sets of circumstances but eventually they all amount to more or less the same thing. The principle of "cost recovery" means the percentage to be recovered by the Government. The principle of the "percentage subsidy approach" means the amount of subsidy paid by the Government. The part which is not subsidized will have to be recovered. Following this logic, it is plain to see that the two principles are basically very similar.

If the Government really accepts "cost recovery" as the guiding principle, the United Democrats of Hong Kong (UDHK) will say that it is unacceptable. The reason is that once we accept this principle and continue to implement it, the Government can keep adjusting the percentage of recovery whatever the starting percentage may be. This will translate into a very heavy financial burden on the public. Of course, at the present stage, we believe that the Government would not increase the fees and charges drastically, nor would it adjust the percentage of recovery substantially. This might set people's mind at ease for the time being as far as charging or adjustment is concerned. Yet it will never rid us of our misgivings once we know that the principle of percentage cost recovery is with us and to stay. It is because, in our view, this principle permits of an adjustment to the percentage at any time. We can see that the workings of the in-house Assessment Committee of the Government is far from transparent and the way it proceeds with the assessment is very worrying. The fact that the Assessment Committee is to determine an appropriate level of cost recovery will only make us feel all the more worried. This Assessment Committee will of course examine other options, for instance, the options as mentioned in the consultation document *Towards Better Health*, which includes the approach of "itemized charges". "Itemized charges" is another issue that we are worried about. The reason is that when we are admitted to a hospital, the daily bed charge may not be expensive, but the additional services to be provided may create very heavy burden on the public. Of course, it is easy for me to imagine the response of the Government regarding cost recovery. The Government may tell us, "We have all along been adopting the principle of cost recovery. To recover even one dollar is also a kind of cost recovery." However, if this is to be upheld as a principle, we will feel very worried and we find it difficult to accept.

Regarding itemized charges, the Government may also tell us that it has been an established practice to have itemized charges. It is true that the practice of "itemized charges" has all along been in place. This is so because, in the past, subvented hospitals were short of subsidies at most times and they would have to create some itemized charges from time to time in order to increase income which in turn was used to eke out their own expenditure. This is a problem inherited from the past. After coming under the aegis of the Hospital Authority, all the hospitals should be on an equal footing. Under this circumstance, we do not agree with the formalization of the practice of "itemized charges" and the transformation of this practice into a principle.

The Assessment Committee may come up with some suggestions after deliberation. We hope that another consultation exercise can be conducted because the earlier discussion only focuses on some abstract principles and concepts. When some specific proposals are raised, we hope that the public will be consulted in a practical way over these specific proposals. It is mentioned in the motion today that we will have to work out ways and means of reducing the rapid increase in medical costs. I agree with this in principle but we have to be very careful in that medical costs have to be controlled but never forcibly.

In fact, the expenditure on Hong Kong's public medical sector compares less favourably with many other countries. The public is not so satisfied with the existing services. We are also not contented with the Government's existing funding. If the existing allocation is basically not adequate, or if our community can basically afford to pay for more medical expenditure in exchange for better services, we hope that there will be growth in medical expenditure. Compulsory constraints will only stunt the development of our medical services and will lead to problems in the quality of services to be provided. Dr LEONG Che-hung said that most of his constituents support some adjustments to the level of charges. It is true that most people may not mind a slight increase, but I would like to point out that a marginal increase in charges will be of no help in boosting the medical revenue. In response to Dr LAM Kui-chun's question over the difference between patients and members of the public, I would say that "patients" refers to those who are sick and who are to be hospitalized, in other words, the users of medical services. This meaning of "patients" is narrower. The "public" refers to each and every person in the territory. If all the people are to share the burden, this will be a collective commitment system. A collective commitment system is one in which we all share the risks. This is the major difference. However, I support Dr LAM Kui-chun's argument that medical costs will rise with the introduction of new technologies. In this respect, we cannot support Mr Frederick FUNG's amendment. Regarding the criticism that staff outlays form the major portion of expenditure incurred by the Hospital Authority, we have to admit that within the Hospital Authority medical services are provided by manpower. For other departments where the services are to be provided by manpower, for examples, the police, the Social Welfare Department or the Education Department, a lot of their resources are spent on staff employment because they have to rely on manpower to provide the services. I cannot see how this can be described as a major change. Regarding the civil servants who are with the Hospital Authority, their fringe benefits, such as housing and pension, are now converted to become the substantive expenditure items were listed under the column of because, in the past, these expenditure items were listed under the column of "general expenditure of civil servants" instead of under the column of "medical expenditure". Therefore, some Members may not have noticed it.

I so submit.

DR YEUNG SUM (in Cantonese): Mr President, Members from the United Democrats of Hong Kong have just clearly expressed their stance on medical policies as well as the consultation document. I only want to make one point, which is to strongly protest against the decision made by the Executive Council in respect of the outcome of the consultation exercise on medical charges.

The consultation launched by the Government on medical charges was widely responded to by various groups and individual members of the public. The Government also specifically pointed out that the proposal of pegging medical charges to costs met strong and widespread public opposition.

Nevertheless, the Executive Council decided, after a close-door meeting, that such a policy is appropriate. The Secretary for Health and Welfare now, however, said that due to public opposition and fear of public misunderstanding, the policy will not be implemented for the moment. It was fortunate that the Secretary said this and did not give in, otherwise it will cast a very ugly blot on her work record when she leaves the post. It is fortunate that she has held fast and stood by her ground.

Yet, I would like to raise my protest here formally. Should the Executive Council in future have no intention to heed public advice, it had better not carry out any consultation. Since the public has made explicit its objection to the pegging of medical charges to costs and yet the Executive Council is ignoring it and doing the opposite, this completely runs counter to Governor PATTEN's principle of open government. I have to raise my protest here formally!

SECRETARY FOR HEALTH AND WELFARE: Mr President, right from the outset and before we confuse ourselves and the general public with terminology which is interpreted by different people differently, it is important for us all to understand what we mean by (a) cost recovery, (b) percentage subsidy approach and (c) "pegging fees to costs". I will go over each terminology in turn to reassure Honourable Members and the community that there is no reason for fear.

First, cost recovery. Cost recovery is not a new principle. It is inherent in our existing fee charging policy and has been so for decades. Any service which is not free contains an element of cost recovery. For example, at present, our fees for general ward beds recover 2% of the average operating costs in acute general hospitals, 5% in convalescent hospitals and 10% in psychiatric hospitals. The fees for second class beds recover 100% of costs and for first class beds recover 150% of costs. All this is based on the principle of cost recovery. Never in the past has this principle been challenged by the community. It is the level of cost recovery which is contentious and is often debated. But it is certainly not a lost cause.

Indeed, in the consultation document, the idea of recovering a higher percentage of costs from those who choose and can afford to pay more for, say, semi-private beds was generally supported, as Dr the Honourable LEONG Che-hung himself just said that 65% of his constituents agreed.

For Honourable Members to reject this principle of cost recovery is to say that the Government should forgo all revenue and make all medical services absolutely free. Is this what you mean? Is this what we want? Is this what the community can afford?

Secondly, percentage subsidy approach. Our percentage subsidy approach proposes a rationalization of the existing cost recovery principle for public hospitals accompanied by an attendant rationalization of the waiver system. The

nature of treatment in acute general, convalescent and psychiatric hospitals is different, and the cost of providing each type of service is also different. Yet all patients now pay the same fee. This represents different levels of cost recovery and different levels of subsidy. From the taxpayers' point of view, this cannot be rational; from the patients' point of view, this is decidedly unfair.

Thus, in the consultation document, we propose that all general ward patients should have the same percentage of their fees subsidized, based on the average operating cost for each type of hospital. That is to say, it is a fairer implementation of the cost recovery principle for every patient to contribute the same percentage according to the type of hospital used. For example, in a convalescent hospital, the patient will pay less than a patient in an acute general hospital because the average operating cost is less.

The consultation document offers this approach as an option within the general principle of cost recovery. It does not suggest what the actual fee should be or what the level of subsidy should be.

Having noted the public misunderstanding of the percentage subsidy approach, and having regard to the importance of maintaining the principle of cost recovery and the concept of price mechanism in the allocation of resources, the Assessment Committee is now studying the fee structure and a final decision has yet to be taken. Had it not been for the unfortunate misunderstanding by some sectors of the public, the percentage subsidy approach might have already been adopted to the advantage of elderly people and chronic patients. What a great pity.

I would like to emphasize that this percentage subsidy approach has been described as "an appealing option". It sends the right message to all and is in line with the general spirit of Hong Kong. It has the added attractions of administrative simplicity, accountability and transparency. This option will also greatly assist in cost control — a matter clearly of concern to Honourable Members.

Thirdly, "pegging fees to costs". The notion of "pegging fees to costs" has not been advocated anywhere in the consultation document. Yet this has excited great anxiety in the community. Probably as a figment of some people's imagination. Such anxiety is hardly founded. To put it simply, "pegging fees to costs" implies that each general ward patient will pay a fee calculated on the basis of the cost of treatment. If someone receives extensive treatment, such costs could be prohibitive. Indeed the consultation document distinguishes between the flat fee proposal under the percentage subsidy approach and variable fees which could arise from such concepts as "pegging fees to costs".

Having regard to the above distinction in terminology, let me assure Honourable Members that the brief we in the Administration wrote to this Council reflecting the Governor in Council's advice tallied with the press statement we issued. We wrote both. There was no conflict. There was no

confusion in our minds as to the words deployed on both occasions. We carry out what we believe to be right. And certainly we have the courage to claim ownership to reform.

In determining the way forward, our paramount policy remains that nobody should be denied adequate medical treatment through lack of means. This is what we said. This is what we meant. This is in the law.

The underlying principles of cost recovery, rationality and fairness to patients remain valid. The Assessment Committee will work within these principles to develop ideas and to structure appropriate levels of fee subsidy for future adoption.

In the democratic process of reform, public consultation is important. However, a balance must be struck between genuine consultation and unnecessary procrastination.

The healthcare financing options which have been endorsed by the Governor in Council have already been the subject of extensive public consultation lasting many months. Public support has been indicated for the preferred options. Experts in healthcare reform have also studied the Hong Kong model and concluded that it is headed in the right direction. Honourable Members have, on previous occasions, asked for early introduction of reform measures. Whilst I always welcome any views which Honourable Members may care to express, to conduct further rounds of formal public consultation when the principles have already been widely accepted will inevitably mean further delay.

Mr President, feedback on the consultation document *Towards Better Health* has shown the way ahead. Let us build on the results of recent extensive consultation and the useful suggestions made by Honourable Members today. Reform requires reformers with courage. Reform is never for the faint hearted. Let us support reform. Let us support change for the better. Not just for our own sake, but also for the sake of our children. The process of change is headed in the right direction and we have both the conviction and the courage. Only then can we begin to poise ourselves for the White Paper for the 21st century. Our healthcare reforms and future evaluations will meet the challenges ahead.

Thank you, Mr President.

PRESIDENT: Mr K K FUNG 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 move his amendment now.

MR FREDERICK FUNG moved the following motion:

"To delete all the words in subparagraph (1) and substitute "to calculate the increase for medical charges on the basis of the existing scale and at a rate of a certain percentage below the inflation rate of the year and to require any proposed increase in medical charges to be considered and endorsed by the Legislative Council; and" and to delete the words "within the affordability of the public so as to ensure a funding system that can sustain" in subparagraph (2) and substitute "so as to establish a funding system that is adequate to provide"."

MR FREDERICK FUNG (in Cantonese): Mr President, I move that Dr LEONG Chi-hung's motion be amended as set out in the Order Paper.

Question on Mr Frederick FUNG's amendment proposed.

PRESIDENT: Dr LEONG, do you wish to speak? I would remind you that under the recommendations of the House Committee which I have approved you have a total of five minutes to reply to all amendments.

DR LEONG CHE-HUNG (in Cantonese): Mr President, I am very glad to see that Members are not only concerned with the political system and the Sino-British row but also pay much attention to livelihood matters. I have to further thank you, Mr President, for allowing me to amend the wording of my motion in these last few minutes. Just as I have explained to you, Mr President, the purpose of amending the motion in the last few minutes is to combine different views expressed by different political parties. By doing so, I hope that the motion may then gain the full support of all Members so that we can with one voice urge the Government to take action. Unfortunately, I have failed this time.

Today, there are altogether two Members amending my motion but I do not mind this at all (because at least I shall then have five more minutes to speak). Mr Frederick FUNG's amendment can be described with one very simple word — "ridiculous". He himself and the Hong Kong Association for Democracy and People's Livelihood (HKADPL) call for the increase for medical charges at a rate below that of inflation. He may not know that the current charge at public hospitals is \$54, which accounts for food only. Medical charges are adjusted according to the inflation rate every few years. If hospitals have to charge a rate lower than that of inflation, then does this indicate that the quality of meals will have to be lowered or our patients will have to eat less?

Mr FUNG seeks to delete what I have emphasized in the original motion, that is "identifying additional funding sources for health care within the affordability of the public". Does this mean that Mr FUNG and HKADPL will support any funding proposals provided that the Government will then be able

to provide proper and high-quality medical services, despite the fact that these proposals are beyond public affordability? For instance, if the Government levy a heavy medical tax, will he and HKADPL still support it? I firmly believe that the medical and health care professions will not accept his amendment. I dare say that neither will the general public accept it. It is most surprising that Mr FUNG should put KMB's fare increase on a par with medical charges. Everybody knows that KMB's fare increase will benefit its shareholders while the revenue from the increase of medical charges will eventually be ploughed back and used on patients. Therefore, Mr FUNG's amendment shows his limited understanding of our medical system. I hope that Honourable Members will use their wisdom and vote against Mr FUNG's amendment.

Question on Mr Frederick FUNG's amendment put.

Voice votes taken.

THE PRESIDENT said he thought the "Noes" had it.

MR FREDERICK FUNG: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr TAM Yiu-chung, Mr Frederick FUNG and Dr TANG Siu-tong voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Mr Edward HO, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mrs Elsie TU, Mr Peter WONG, Mr Albert CHAN, Mr Moses CHENG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Timothy HA, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr Steven POON, Mr TIK Chi-yuen, Mr James TO, Dr Samuel WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted against the motion.

Mr PANG Chun-hoi and Mr CHIM Pui-chung abstained.

THE PRESIDENT announced that there were three votes in favour of the amendment and 43 votes against it. He therefore declared that Mr Frederick FUNG's amendment was negatived.

PRESIDENT: Dr Conrad LAM, you may move your amendment.

DR CONRAD LAM moved the following motion:

"To delete the words "within the affordability of the public" and substitute "without affecting the financial burden of the patients"."

DR CONRAD LAM (in Cantonese): Mr President, I move that Dr LEONG Che-hung's motion be amended as set out under my name on the Order Paper.

Question on Dr Conrad LAM's amendment proposed.

PRESIDENT: Dr LEONG, do you wish to reply? You have still two minutes six seconds.

DR LEONG CHE-HUNG (in Cantonese): Mr President, first I would like to thank my alumnus Dr Conrad LAM for praising me. As regards his amendment, I have a few points to make as follows:

First, Dr LAM's amendment, in principle, bears no substantive difference from my original motion. I can therefore say that in moving his amendment, Dr LAM is merely indulging in hair-splitting. His amendment seeks to identify additional funding sources "without affecting the financial burden of the patients". May I ask what is the meaning of "without affecting the financial burden of the patients"? To many people, even an increase of one to 10 cents will cast a heavy burden on them. Does this mean that we cannot adjust the charges then?

Second, Dr LAM expressed the objection of the United Democrats against the pegging of charges to costs. Neither my motion nor my speeches have indeed advocated such a peg. I only advocate the concept of "those who have the means, pay more". Dr LAM said that to give consent to such a principle is equivalent to giving an imperial sword to the Government to charge the public any fees they like. (I do not know if the Government can also give me such a sword to let me do whatever I like?) But I have to stress that the implementation of this concept of "those who have the means, pay more" is conditional upon the Government providing a proper waiver system. I hope Honourable Members can vote according to their conscience. I particularly hope that Members from the United Democrats will not be held back by their party rules but will vote freely according to their own conscience and wisdom.

Question on Dr Conrad LAM's amendment put.

Voice votes taken.

THE PRESIDENT said he thought the "Noes" had it.

DR LEONG CHE-HUNG: I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr MAN Sai-cheong, Mr James TO, Dr YEUNG Sum and Dr TANG Siu-tong voted for the motion.

Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr Andrew WONG, Mr Edward HO, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Peter WONG, Mr Moses CHENG, Mr Frederick FUNG, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted against the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr PANG Chun-hoi, Mr TAM Yiu-chung, Mr CHIM Pui-chung, Miss Emily LAU, Mr Fred LI, Mr TIK Chi-yuen and Mr WONG Wai-yin abstained.

THE PRESIDENT announced that there were 14 votes in favour of the Dr Conrad LAM's amendment and 24 votes against it. He therefore declared that the amendment was negatived.

PRESIDENT: Dr LEONG, you are now entitled to reply generally and you have, out of your original 15 minutes, five minutes 17 seconds.

DR LEONG CHE-HUNG: Thank you, Mr President. May I first start off by thanking Members for their contribution today, and especially those of you who voted no against the amendments.

I would like also to thank the Secretary for clearing up certain points that I raised in the debate. Of course, I may not entirely agree with some points she made, in particular, what she said about the fact that cost recovery has always been an element of the government policy of fee charging. I would like to quote her own words that were rendered to this Council on 29 April 1992 and I quote:

"Dr the Honourable LEONG Che-hung has eloquently questioned the basis for calculating our current fees. So have I. Why, for example, are fees set at the cost of catering, when many of our patients do not eat our food? Where is the logic? Is there indeed any logic? The rationale has clearly been lost in the mist — or shall I say, the mystery — of time."

I am, of course, extremely disappointed with the fact that the Secretary has blatantly refused to conduct further consultation with the public and this Council on any recommendation of the in-house Assessment Committee, which I understand will be formed by government officials. In other words, there will be a complete lack of transparency.

But be that as it may, I do hope that the views that Members have put forward today will get into the ears of the Administration and for them to consider future funding policies for health care and to pass this, in particular, to the members of the in-house Assessment Committee to make the final judgment.

I would like to also make a few points in general. First of all, I have to stress again that I feel that we should not be drilling on this so-called percentage cost recovery any longer. The fact remains, as I quoted just now, that even on a 5% cost recovery basis what we are getting is less than 1.5% of the annual budget that the Hospital Authority uses.

What we should look at is a more comprehensive waiver system. And in this regard I would like to thank Mr LAU Wah-sum for expressing the view that such a waiver system should be simple and easy to administer.

Proper co-ordination between private and public medical service must be established so as to shift some burden away from the public service itself.

I am glad to hear from the Honourable HUI Yin-fat who represents the Social Welfare Functional Constituency, that he and his constituents also agree that there should be a comprehensive, territory-wide compulsory contributory type of medical insurance and this should be further explored, hopefully to tie in with the Central Provident Fund.

Perhaps a more important thing is that a proper health care policy and a proper health policy must be established. Now the Secretary has repeatedly said that Hong Kong has a health care policy and that nobody is devoid of care if they are needy and fall sick. But there is a difference between health care policy which looks after the ill, and I consider that as an "ill" policy, compared with a "health" policy which basically prevents people from getting sick. This has been very eloquently expressed by Dr the Honourable HUANG Chen-ya and Dr Conrad LAM, both of them have pointed out the fact that through such you can actually cut down the health costs and at the same time establish health targets to achieve the WHO's motto, which Hong Kong has accepted, that there should be health for all by the year 2000.

I heard, Mr President, with some sadness and disappointment of the imminent retirement of the Secretary of Health and Welfare. I sincerely hope that some of her remarks, of course, are misquotations. But with regard to what she mentioned today in an attempt to refuse a possible consultation with us, in my view, she has not given us a good parting gift. I do hope that she and indeed the Government will reconsider this. Thank you very much.

Question on Dr LEONG Che-hung's motion put and agreed to.

AIRPORT

MR STEVEN POON moved the following motion:

"That this Council urges the Hong Kong Government to take further positive steps, including consideration of additional equity injection, to reach an early agreement with China on the financing arrangements for the Chek Lap Kok Airport and the airport railway so that the Airport Core Programme can be completed as soon as possible, thus further enhancing Hong Kong's economic growth and improving the living standard of the people of Hong Kong."

MR STEVEN POON (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper.

When the new airport project was announced in 1989, it had positive political and economic implications. Described as a "rose garden", the project did set a new target for Hong Kong.

However, despite the Memorandum of Understanding Concerning the Construction of the New Airport and Related Questions (MOU) signed by the Chinese Premier and the British Prime Minister in September 1991, China and Britain have so far been unable to reach an agreement on the financing arrangements for the New Airport and Airport Railway. The new airport project had an ill-starred birth: it coincided with the Sino-British row over political reforms and got dragged into the political maelstrom.

Today, the political stances of the Chinese and British Governments are very clear. The British Government will carry out its planned political reforms in Hong Kong before 1997, while the Chinese Government is determined to overhaul the political system in accordance with the Basic Law after 1997. This disagreement is already an indisputable fact. In these circumstances, the new airport project should cease to be a political consideration to both parties. I believe that the great majority of the people of Hong Kong hope that the Chinese and British Governments will return to the basis of the MOU and work hard according to its spirit in order to reach an agreement on the New Airport and Airport Railway.

Putting aside the dispute over the political system, the cause of the dispute over the financial arrangements of the new airport can in fact be traced to the wrong estimation of the costs of the New Airport and Airport Railway. In the few months from September 1991 when the MOU was signed to April 1992, the costs of these two projects rose tremendously, with the cost of the Airport Railway having increased by as much as 80%.

Such an upsurge in costs has rendered the financial arrangements extremely difficult. The first, second and third financing packages proposed by the Administration have all been rejected by China due to the huge amount of borrowing or so-called contingent liability involved.

On 1 February this year, the Government announced that a fourth financing package had been proposed to China. Under the new package, the equity injection into the two projects will amount to \$60.3 billion and the total borrowing will be reduced to \$23 billion. One of the conditions of the fourth package is that the 62 hectares of land along the Airport Railway will have to be disposed of in one go and should not be included in the annual land grant of the Sino-British Land Commission. I would like to point out that although the Administration has disclosed the guiding principle of the fourth financial package, it has not announced its details, like how much will be injected into the New Airport and how much into the Airport Railway, the estimates of the cash flow accounts of the two projects, the schedule of the disposal of the land concerned, and how to deal with the situation if the value of the land concerned exceeds \$40 billion. All these have not been specified. I request the Administration to announce to this Council and the public the details of the fourth financial package.

Mr President, the Liberal Party supports in principle the fourth financial package, as it is economically and financially viable.

However, the reality is that besides obtaining the approval of this Council, the package must also win the consent of China before the financial market is willing to provide the capital required under the financial package. In fact, the MOU is a political document signed between Britain and China, so it is imperative for the two countries to consider in accordance with this document the financial package of the New Airport and Airport Railway.

We can see that today the Administration has still been unable to reach an agreement with China on the fourth financial package. Obviously, China still considers that the fourth package cannot meet the requirements of the MOU as they understand it. China has reportedly considered that the borrowing of \$23 billion is still far higher than the \$5 billion specified in the MOU and the disposal of the 62 hectares of land should be decided by the Sino-British Land Commission in accordance with the provisions of the Sino-British Joint Declaration.

In these circumstances, I think that the Administration has to actively take further measures to tackle the problem.

First on the question of borrowing, it is in fact not extremely difficult to cut the amount of borrowing. The Administration may consider the following points:

- (1) According to the papers recently provided by the Administration to this Council, the costs of the projects under the Airport Core Programme for which the Administration is responsible and which amounted originally to \$60 billion, have been reduced by \$7.6 billion, equivalent to a reduction of 12.6%. I consider that the amount saved can be injected into the New Airport and Airport Railway.
- (2) As there is a 12.6% saving in the Airport Core Programme for which the Administration is responsible, it is therefore possible for there to be savings in the construction costs of the New Airport and Airport Railway. It has been reported that there is already a saving of \$3 billion in one-fourth of the airport construction contracts awarded by the Provisional Airport Authority. The total costs excluding interests of the New Airport and Airport Railway is \$82 billion. An eventual saving of \$8 billion may be possible.
- (3) The interest incurred by the New Airport and Airport Railway is calculated on the basis of an interest rate of 10% to 11%. However, the London Interbank Offered Rate (LIBOR) and Hong Kong Interbank Offered Rate (HIBOR), both of three months' maturity, are 4% to 4.5%, and the Commercial Interest Referenced Rate (CIRR) of eight-and-a-half years' maturity is now 6.94%. So the estimated interest rate of 10% to 11% is relatively high. If the interest is calculated on the basis of 8%, then the interest cost of the New Airport and Airport Railway can be reduced by \$1.2 billion.
- (4) The value of the land along the Airport Railway was estimated at \$40 billion in 1991. Given the spiralling property prices in the last two years, the value of the land is now obviously higher than that in 1991. A most conservative estimate will be at \$60 billion.

Therefore, the Administration's revenue from land sale will be \$10 billion higher than the original estimate.

Mr President, for the four reasons listed above, there will be around \$26.8 billion made available for use. With this amount of capital, it will be absolutely possible to reduce the \$23 billion of borrowing proposed in the fourth financial package to near \$5 billion.

If all else fails, the Hong Kong Government has still sufficient fiscal reserve to increase the capital injection in order to reduce the borrowing. The Financial Secretary has estimated in his Budget that towards the end of March 1997 the fiscal reserve of Hong Kong will reach \$120 billion. This figure is \$50 billion more than the \$72 billion estimated by him in his first Budget in 1992 when he had just taken up the post of Financial Secretary. It is also \$90 billion higher than the fiscal reserve of \$25 billion which is provided by the MOU as the minimum amount to be left on 30 June 1997.

Mr President, given our robust fiscal reserve and the savings in construction costs, we have no reason to let the dispute over additional capital injection further delay the construction of the New Airport and Airport Railway. Therefore, the Liberal Party considers that if it is necessary to increase the capital injection for the purpose of reducing the borrowing to near \$5 billion such that an agreement can be reached with China, the Administration should be encouraged to actively consider such an arrangement.

I would like to point out that the construction of the New Airport and Airport Railway will not only in the long run be able to consolidate Hong Kong's position as an economic centre in southern China, it can also in the short run stimulate Hong Kong's economic activities, thereby increasing the incomes of the people and businesses of Hong Kong, the volumes of trading on the stock market and eventually the fiscal reserve of Hong Kong.

I would also like to call upon the Chinese Government not to be too rigid about the \$5 billion borrowing stipulated by the MOU. In fact, the MOU has already stated that "the Chinese Government will adopt a positive attitude to necessary and reasonable borrowing". If the Chinese Government considers that the borrowing cannot exceed the stipulated \$5 billion, how can there be any "positive attitude"? In fact, the maximum borrowing of \$5 billion stipulated in the MOU is to a certain extent related to the required fiscal reserve of \$25 billion. Now that the fiscal reserve is estimated to amount to \$120 billion, it is reasonable to raise accordingly the amount of borrowing. I hope that the Chinese Government can give it flexible consideration.

Another controversial issue surrounding the new airport financial arrangements is the disposal of land along the Airport Railway. The British side wants the Chinese side to agree to exclude the 62 hectares of land from the annual land grant ceiling of 50 hectares as provided in the Sino-British Joint Declaration. But this proposal has not been accepted by China. The Liberal

Party does not consider this problem insoluble. Because the land in question is supposed to be made available in the market for development, so in considering the issue, attention should be paid to the factors that are indicative of how much land the market can absorb. As long as the market can absorb it, it will not be inappropriate to make special arrangements in respect of the land along the Airport Railway. I believe that the problem of land disposal can be solved through the Administration's detailed arrangements for a more active approach towards the disposal of such land.

Besides the problems of borrowing and land, there is still the question of the monitoring of the New Airport and Airport Railway. The monitoring of the new airport is to be primarily based on the Airport Corporation Ordinance. After the Administration published the Consultation Paper on the Airport Corporation Bill in January, the Liberal Party put forward on 20 January 26 substantive proposals in response to the consultation paper. Now that the consultation period has ended, the Administration should give an account of the consultation results to this Council as soon as possible and hold discussions with China such that the Bill can be passed earlier.

Mr President, the New Airport and Airport Railway, being the core projects of the Airport Core Programme, have an important bearing on the economy and people's livelihood of Hong Kong. This issue should not provide an arena for the political tug-of-war between Britain and China. In fact, the controversy over the financial arrangements for the New Airport and Airport Railway has lasted too long, and the people of Hong Kong are already becoming very impatient about it, which will not be helpful at all to the stability of Hong Kong. The Liberal Party hopes that Britain and China can lay to rest their inability to co-operate on the political front, and adopt a *bona fide* co-operative attitude in dealing with the problem concerning the New Airport and Airport Railway such that these two projects can get off to a smooth start.

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

Question on Mr Steven POON's motion proposed.

PRESIDENT: Mr Albert CHAN and Mr Fred LI have given notice to move amendments to this motion, and Mr Howard YOUNG has given notice to move an amendment to Mr Fred LI's amendment. As Members were informed by circular on 18 April, under Standing Order 25(4) I shall ask Mr Albert CHAN to speak first, to be followed by Mr Fred LI and Mr Howard YOUNG; but no amendments are to be moved at this stage. Members may then express their views on the main motion as well as on each of the proposed amendments listed in the Order Paper.

MR ALBERT CHAN (in Cantonese): Mr President, I move that the motion moved by the Honourable POON Kwok-lim be amended. My purpose is to oppose the Liberal Party's request that the Hong Kong Government increase without limit its equity injection towards financing the airport.

When the former Governor Lord WILSON announced the construction of the Chek Lap Kok Airport in 1989, it was widely supported by the people of Hong Kong. But since then, China and Britain have been bickering over the financing of the airport, and the Hong Kong Government was even required to submit the fourth financial package in February this year.

When the Government first proposed to build a new airport, both the Chinese side and the Hong Kong people hoped that the financial pressure on the Government arising from the project could be kept to a minimum, and it was strongly requested that the ratio of private investment be increased. In April 1992, the Government announced its first financial proposal which focused on loan financing; it was proposed that the Hong Kong Government would only inject into the PAA and MTRC equity to the tune of \$20.3 billion for the construction of the Chek Lap Kok New Airport and the Airport Railway. Although the UDHK took a different view with regard to part of the financial proposal, on the whole they accepted loan financing as the principal means to finance the construction of the New Airport and Airport Railway. However, it is regrettable that many political bodies have consigned to oblivion the consensus at the time that the people of Hong Kong hoped that private investment be increased as much as possible.

Mr President, this debate was initiated by the Liberal Party (formerly the Co-operative Resources Centre (CRC)). The Liberal Party's image is one of wavering and without a firm stand, which is not surprising and is known to everyone. If any of the Members here intend to support the motion moved by the Liberal Party, I hope that having heard my criticism of the Liberal Party's stand on the question of equity injection in respect of the airport project, they will think twice before making a decision.

After the Government announced in April 1992 its first financial package which focused on loan financing the then CRC indicated that it found the level of equity injection in respect of the airport project to be reasonable. In June 1992 when the CRC happened to be visiting Beijing for the first time, it put forward a conception quite close to the Chinese way of thinking, which was to reduce the cost of the Airport Railway by \$5 billion.

In the past, the Liberal Party had been criticizing the UDHK for not being professional enough. However, the arguments advanced by the Liberal Party are simply not correct, and they change with the change of the political climate. In this regard, I shall produce proof.

The Government put forward its second financial proposal in September 1992, in which it was proposed that \$25 billion from the \$40 billion proceeds of airport land sale were to be injected into the PAA, and the other \$15 billion were to be injected for the purpose of construction of the airport railway. The then CRC queried the Government of the need to make such enormous injection of equity, and it contended that \$20 billion should be sufficient and reasonable.

However, when China raised objection to the second financial package, the Liberal Party again changed its tone and asked the Government to increase its injection to \$25 billion. And this time, the reason relied on by the Liberal Party was that it would be desirable to have a one to one ration between equity injection and borrowing.

As a matter of fact, the Liberal Party is deceiving itself as well as others in putting forward from time to time reasons for increasing equity injection. And the real reason is to cover up the fact that it has no stand whatsoever. After the Government put toward the fourth financing package, the Liberal Party claimed that the ratio of equity injection was reasonable. Saying that every ratio of equity injection is reasonable is tantamount to saying that there need be no ratio. So this vacillating stand turns out to be the epitomy of the co-called professionalism of the Liberal Party.

On the other hand, I am rather surprised at the constant errors of the Liberal Party in grasping information concerning the airport. After the Government had announced its first financing package, the spokesman for the then CRC, the Honourable POON Kwok-lim, claimed that they conducted an analysis of the Government's airport financial information with the help of computer models. Mr POON said that the ratio between equity injection and borrowing with regard to the Airport Railway was found to be 1 to 9.7, which was too high. Actually, I have no idea how they had arrived at this figure. According to the information provided to me by the MTRC, in the first financial package, the maximum ratio between equity injection and borrowing with regard to the Airport Railway was a mere one to three under normal circumstances. Obviously, the Liberal Party had not been careful enough in studying the information provided by the MTRC in that it had omitted to take account of the deferred dividend and other financing provided by the Government. Hence this amazing ratio of 1 to 9.7.

By moving this amendment, I hope that the worries of Hong Kong people concerning the rise in costs resulting from the repeated delays to the new airport works can be reflected once again to both the Chinese and British Governments. We are not like the Liberal Party who are bent on putting the blame on the Hong Kong Government and asking the Government to grovel for peace and to consider increasing equity injection so as to satisfy China's unreasonable demand.

The UDHK do not approve of sacrificing the interests of Hong Kong people in order to reach agreement with China, by increasing time and time again equity injection towards financing the airport. It is patent to all that substantial increase in equity injection will not only increase Hong Kong taxpayers' burden arising from the airport project, but will also reduce the internal rate of return of the project. This is contrary to China's long held stand on the new airport's financial arrangement. There are contradictions in terms of theory as well as concept. We are at a loss as to why China is continuously demanding that the Hong Kong Government substantially increase the injection of equity. Unless China can provide a reasonable explanation, we should not hastily accept it.

As to other grounds of objection, Dr HUANG Chen-ya will give a further explanation.

In this latter part of Hong Kong's transition, the massive programmes of civil engineering works, such as the infrastructural construction of roads, airport and port facilities, are to get under way in synchronous step with the building of the basic institutions associated with the overall development strategy of a democratic society.

Recently, there was the XI Yang incident which dealt a heavy blow to Hong Kong people's confidence in freedom of expression and protection of human rights. On the issue of the Hong Kong new airport financing, we should respond to unreasonable demands under the principle of "Hong Kong people ruling Hong Kong" and "a high degree of autonomy", in order that the interests of Hong Kong people will not be sacrificed and exploited.

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

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

MR FRED LI (In Cantonese): Madam Deputy, Mr Steven POON of the Liberal Party has moved a motion on the New Airport today. After careful consideration of the motion, the Meeting Point has decided that I should put forward an amendment. For clear comparison, I would like to read out my amendment again. As there are several Members proposing to move amendments, I hope I can clarify my own position.

My amendment motion is as follows: "That this Council urges the Hong Kong Government to take further positive steps, including consideration of additional equity injection, and to submit at the earlier opportunity concrete proposals for the scrutiny of this Council, so that the Airport Core Programme can be completed as soon as possible, thus further enhancing Hong Kong's economic growth and improving the living standard of the people of Hong Kong." In fact, in proposing my amendment to Mr Steven POON's original

motion, I am, in terms of wording, emphasizing the part on submitting proposals for the scrutiny of this Council and deleting the phrase "to reach an early agreement with China".

It is indeed very interesting to compare the original motion on the airport issue with the amendment that I am proposing because they reflect two completely different views. Yet, it is even more interesting to find that Mr Howard YOUNG will propose an amendment to my amendment by reinserting the phrase "to reach an early agreement with China", which I am proposing to delete from the original motion. But at the same time Mr YOUNG will retain the phrase "and to submit at the earliest opportunity, concrete proposals for the scrutiny of this Council" which is added by me. It is really interesting. I think Mr Howard YOUNG will give his explanation in a moment.

Why do I say that Mr Steven POON's motion and my amendment reflect two completely different views? I will give Members a detailed analysis now.

The Chek Lap Kok Airport has become a subject for political wrangle between China and Britain over the question of Hong Kong. I believe all of us are only too well aware of this. Ever since British emissary Sir Percy CRADDOCK paid a secret visit to China and reached an agreement with the Chinese Government, that is to say, the existing Memorandum of Understanding (MOU) on the New Airport, both China and Britain have spent two whole years on negotiating with each other about the financial arrangements for the new airport projects. The Hong Kong Government has submitted, one after another, four sets of financial proposals to the Chinese side (we can only guess that there have been four sets of financial proposals as the Government has kept the proposals strictly confidential without disclosing any detail to this Council). Up to now there is not yet any result. Disputes over the airport have not been resolved despite the signing of the MOU. This is precisely due to the double defects of the MOU itself. First, a purely political means has been chosen to solve what is actually an economic and technical problem. Second, China and Britain have attempted to solve a wholly domestic problem of Hong Kong with diplomatic negotiations.

Mr POON's motion and my amendment reflect exactly our different views on the second defect. The view of the Meeting Point and mine is obvious. The airport project is just one of Hong Kong's domestic affairs, which should be discussed and tackled by our local decision-making mechanism. The Legislative Council, as a body representing public opinion and monitoring public expenditure, is naturally entitled to scrutinize such an expensive project. More importantly, as this is our own airport, the central governments of the two sovereign states, China and Britain, should respect the decision reached by the decision-making mechanism of Hong Kong.

The view reflected in Mr POON's motion is, in fact, an extension of the MOU method — the overriding guiding principle being that the two sovereign states, China and Britain, must reach an agreement and the problem will be

resolved afterwards. Our local decision-making mechanism, especially the Legislative Council, which has a mandate from the people after the direct election in 1991, has no role to play in this matter. Even if it has, it will be nothing more than affixing a seal of endorsement to the agreement reached by the two sovereign states. The Legislative Council will have to give its endorsement or China will accuse the United Kingdom of manipulating the Legislative Council and breaking the diplomatic agreement reached by the two sovereign states. From this point of view, the contents of the agreement itself are not so important. Even if such contents are inconsistent with the interests of Hong Kong people, we will be obliged to accept them because it is a mutual agreement between the two sovereign states, China and Britain. This was exactly Sir Percy's logic and that was why the question of the New Airport of Hong Kong, which is such a small place, had to be resolved diplomatically through a memorandum signed by the government heads of the two sovereign states. It was indeed very strange!

Viewing the matter from this angle, we think that Mr YOUNG's proposed amendment serves only to avoid the problem before us, because he has not mentioned what roles our local decision-making mechanism and the two central governments should play in the airport issue (the relationship among the three parties).

My amendment, of course, serves to posit a view on our airport which is specifically a domestic affair and also seeks to find a feasible way out — that is to say, there is virtually no reason for China and Britain to have such disputes because both of them should respect the opinion of Hong Kong people. This view does not exclude the roles both central governments should play during the transition period. For instance, we know that both governments should, through negotiation, resolve diplomatic issues such as those involving international treaties. Yet, the most important point is that both sides should respect Hong Kong people's will and our local decision-making mechanism.

As regards Mr Albert CHAN's amendment, the Meeting Point will abstain from voting because even though it can bring out the political aspect of the airport issue, it nevertheless highlights the demand for an early agreement to be reached with China and neglects the most important principle in my amendment, that is, the construction of the New Airport should be Hong Kong people's own domestic affair.

Madam Deputy, with these remarks, I move my amendment motion.

MR HOWARD YOUNG (in Cantonese): Madam Deputy, the financial arrangements for the New Airport is a tug-of-war between the ideal and the reality. Our ideal is to build, before the Kai Tak Airport reaches saturation and before the handover of sovereignty over Hong Kong in 1997, a perfectly equipped and highly cost-effective New Airport. However, in actual fact, we must plan our expenditure in the light of our income. We have to leave a

certain amount of reserve and at the same time take care of other social expenditures. the tug-of-war has cost Hong Kong a great deal of time, which also affects the timetable for the completion of the Chek Lap Kok Airport. I think the motion moved by Mr Steven POON is timely in that it fully reflects the mood of anticipation of Members of this Council as well as the public.

Indeed, the present development of the Kai Tak Airport has almost reached its limit, and the Airport can no longer keep up with the high-speed growth of air freight and the tourist industry in Hong Kong. In the tourist high season of the Lunar New Year which has just passed, more than 250 flights have been unable to come and land in Hong Kong because there is no more space available in the airport for landing. Madam Deputy, the arrivals of 250 flights means 500 landings and take-offs. Generally speaking, barring two circumstances, flights which land in Kai Tak will take off afterwards. A similar situation will arise in the high season this summer. The demand of the airlines for landing and take-off slots exceeds what the Civil Aviation Department can provide by as many as 250 flights every week. Before the commissioning of the New Airport, we must strike a balance between increasing the number of flight landings and take-offs and the control of noise and environmental nuisance. It is a delicate job to strike this balance. So, while trying our best to ensure economic growth and to enhance the living standard of the people in Hong Kong, we can only hope that the New Airport can be completed and commence operation as soon as possible, bringing a gleam of hope to our predicament.

With regard to the argument that the loans incurred by the Provisional Airport Authority (PAA), the Airport Corporation and the Mass Transit Railway Corporation (MTRC) should not be included as part of the Government's liability which is subject to a \$5 billion cap under the Memorandum of Understanding Concerning the Construction of the New Airport, I believe that not only China, but even an average man in the street of Hong Kong, will feel that since both the Airport Corporation and the MTRC are wholly-owned by the Government which will ultimately be held responsible, how can we say that the loans incurred "should not be counted as part of the Government's liability"? This is not so convincing after all. I would also like to propose the "one rising in tandem with the other" concept again, and that is, to raise by \$25 billion each the government loan ceiling as provided under the Memorandum of Understanding as well as the fiscal reserve to be left behind to the SAR Government. On the other hand, the loans incurred by the PAA, the Airport Corporation and the MTRC should then be subject to the new limit under the Memorandum of Understanding. If we do that, not only can we apply the principle of flexible financial management of commercial lending, but we can also allay the worries and fears of China. This would achieve two objectives in one go. With the huge reserve it now possesses, it is indeed possible for the Government to increase the amount of reserve to be left to the SAR and to raise the ceiling of the loans. Being able to do that does not necessarily mean an increase in the amount of equity to be injected. On the contrary, the amount injected may be reduced, and no one can know for sure. This all depends on the actual circumstances.

About today's debate, Dr LEONG Che-hung said earlier that many of the amendments proposed by Members served no purpose other than splitting hair. If Members do think that those who move their amendments mean to split hair, then maybe today everyone is vying with everyone else to do so. However, even if the Member thinks all motions are but hair splitting exercises, I for one will not mind in the least. We can vote against all the amendments and go back to the original motion. Everything will be fine so long as the Member maintains his position. Several Members keep asking me what we are supposed to do today and how each amendment is different from the others. I can offer a very simple explanation. The amendment moved by Mr Albert CHAN (already explained) does not propose additional equity injection, but proposes rather that there should be agreement between China and Britain. Just now Mr Fred LI, in explaining his amendment, pointed out that it was possible to consider additional equity injection but there was no proposal in his amendment for agreement between Britain and China. I feel that in their interpretation of the original motion and my amendment, the two Members seem to have used the tactics commonly adopted by many people recently and that is, to pervert the viewpoints of others or to take such viewpoints out of context and attack them in an unfair and exaggerated manner. The original motion proposed by Mr Steven POON does not, as Mr Albert CHAN puts it, insist on increasing the equity injection endlessly. According to the "one rising in tandem with the other" principle, if the loan ceiling can be raised to as much as \$25 billion, may be we do not need to inject so much money eventually. Another point is, Mr Fred LI is of the opinion that the requirement for China and Britain to reach an agreement is a sign of disrespect for the mechanism and views of this Council. I do not think so. I have had a word with Mr Steven POON a minute ago. My amendment does not remove the words "for the scrutiny of this Council". I feel that "agreement between Britain and China", "scrutiny by this Council" as well as "consideration of additional equity injection" and so on are all equally important. I think my amendment has incorporated all the amendments proposed by other Members.

DR SAMUEL WONG (in Cantonese): Madam Deputy, in June 1991, three months before the Memorandum of Understanding Concerning the Construction of the New Airport was formally signed, I said on a public occasion that the estimated cost of \$98.6 billion for the 10 airport core projects will inflate to nearly \$200 billion by 1997. Then, just as we expected, the revised estimate for 1992 at money of the day was \$163.7 billion, which, when added to a contingent liability of \$21 billion, financing cost of \$11.6 billion and an emergency fund of \$3.7 billion for seven government projects, makes a total of \$200 billion. Luckily for the past three years, lending rate was at an extremely low level. There was a low ebb worldwide in capital investment which therefore caused a drastic drop in the construction prices of civil engineering projects. By the end of last year, over 80% of the tenders for seven government projects had been awarded at fixed prices. Although the estimates for the Airport and the Airport Railway could not be reduced accordingly, the estimates for the projects for which the Administration is responsible were reduced by \$7.6 billion. On the

other hand, the estimates for the two major projects, namely, the Airport and the Airport Railway were increased by \$2.1 billion because of a delay in the commencement of the construction works. Therefore the actual estimate was only adjusted downwards by \$5.5 billion. This year the estimates for the 10 core projects, after deducting the contingent liability and financing costs as presented by the Administration to the Members here, are \$158.2 billion (at money of the day). The breakdown is as follows:

- (1) A total of \$52.5 billion for the seven government projects together with various government facilities for the New Airport (originally \$4.9 billion);
- (2) Private investments: about \$21.9 billion for the four Airport projects including the Western Harbour Crossing;
- (3) The original cost of \$48.2 billion (including an equity injection of \$16.6 billion) for the Airport itself, planned and co-ordinated by the Provisional Airport Authority, has increased to \$49.8 billion;
- (4) The original cost of \$33.5 billion (including an equity injection of \$3.7 billion) for the Airport Railway, planned and co-ordinated by the Mass Transit Railway Corporation, has increased to \$34 billion.

All of the above make a total of \$158.2 billion.

It has been possible to reduce the total estimated cost of \$163.7 billion in 1992 to the present \$158.2 billion as a result of the concerted efforts of various government departments involved in the Airport Project, the Works Branch as well as officials and advisers to the New Airport Projects Co-ordinantion Office in trying to control the various expenditures and costs. The supervision exercised by Members of this Council through the Legislative Council Sub-Committee on Financing of the Airport Core Programmes, the Lands and Works Panel and the Finance Committee has also played an essential part in achieving the above. The requirement for cost-effectiveness as set out in the Memorandum of Understanding especially in terms of the projects directly supervised by the Government, has been met.

As for the proposal of acquiring the necessary funding either through equity injection by the Administration or through loan financing provided by banks or financial institutions, the development over the past three years is as follows:

- (1) In the proposal put forward in April 1992, the Government intended to inject an amount of \$16.6 billion into the Provisional Airport Authority and \$3.7 billion into the Airport Railway, which means injecting a total of \$20.3 billion.

- (2) Around July and August 1993, sources said the Hong Kong Government had proposed to China that half of proceeds from the sale of land along the Airport Railway, about \$20 billion, should be set aside, and on top of that, another sum of \$5 billion should be added, making a total of \$25 billion.
- (3) In 1994, the Government announced again the injection of another \$15 billion, making a total equity injection of \$60.3 billion (that is the so-called fourth proposal.)

The above, expressed in percentage terms, is as follows:

- (a) A total of \$52.5 billion for the seven infrastructure projects undertaken by the Government, and, together with an injection of \$60.3 billion, the total amount is \$112.8 billion (representing 71% of the cost of the 10 Core Projects);
- (b) \$21.9 billion (14%) being private investments;
- (c) \$23.5 billion (15%) being amount outstanding (financing required).

In other words, according to the fourth financing proposal, the Government is responsible for more than 70% of the construction costs (including equity injection) of the 10 projects, whilst only 15% of the remaining costs need to be raised by loan or other financing arrangement.

According to the Memorandum of Understanding, the Hong Kong Government can arrange for loans to the tune of \$5 billion, but this ceiling was arrived at in 1991 on the basis of about 5% of the estimated \$96.8 billion capital cost. Taking the present overall estimate of \$158.2 billion as base, 5% of this amount will be \$8 billion. That is to say the amount can be changed to \$8 billion through negotiation with China. I also raised this issue with Mr CHEN Ziyang, Deputy Director of the Hong Kong and Macau Affairs Office, during a trip to Beijing last month when I was a member of a visiting delegation from the Hong Kong Institution of Engineers. Mr CHEN responded that according to the Memorandum of Understanding, the raising of the loan ceiling is negotiable between the two sides.

Therefore, on the assumption that Chinese agreement to raising the loan limit to \$8 billion is forthcoming, the additional equity that will need to be injected as proposed in the fourth financing proposal in accordance with the Memorandum of Understanding will only be \$15.5 billion. If this amount is injected, the Government will be responsible for \$128.3 billion or 81% of the costs of all the projects.

Up till now, the amount that the Government has proposed to inject as equity has been increased from the original \$20.3 billion to \$75.8 billion (3.7 times), while the costs of constructing the Airport is only \$49.8 billion.

Even after bearing all the said costs, the Government will still have \$26 billion to inject into the Airport Railway.

Should this really happen, during the five years between 1992-93 and 1996-97, the Government will spend \$128.3 billion on the 10 Airport Core projects, that is, an average of \$26 billion will be spent on the above each year. That is to say half of the funds used for infrastructural construction every year will go into the new Airport and related facilities. In order to avoid causing any disruption to other infrastructural construction works, such as road, hospitals and schools, in the coming three years, it is necessary on the part of the Government to increase the appropriations for infrastructural construction accordingly.

On the other hand, the completion date of the New Airport has been put off time and again. Such delay has caused enormous economic loss as well as an increase in costs. The urban section of the Airport Railway, originally intended to relieve traffic congestion along the Nathan Road Corridor, cannot be completed within three years as scheduled and therefore cannot solve the transport problem of the public in getting from one place to another, which will also cause economic loss to a considerable extent. Balancing the pros and cons, I think the proposal of additional equity injection is a feasible way of resolving the matter. Therefore, I shall support the motions moved by Mr Howard YOUNG and Mr Steven POON.

MR EDWARD HO (in Cantonese): Madam Deputy, I will concentrate on issues relating to land along the Airport Railway in today's motion debate. First, I would like to declare my interest as a member of the Board of the Mass Transit Railway Corporation (MTRC) but I would only air my own opinion in this speech.

When the Hong Kong Government put forward the fourth set of airport financing proposals, one of the controversial issues is the proposed grant of 62 hectares of land along the Airport Railway. The Government has proposed in the Airport Railway programme the grant of 62 hectares of land to the MTRC which, in return, will have to pay the Government a premium according to the market price. The MTRC can make use of the profits derivable from development of the 62 hectares of land to subsidize the construction of the Airport Railway. Conversely, if the MTRC does not have such a subsidy source, it will need more loans or government equity injection. Previously the construction of the MTR was also based on this method of subsidization which proved to be very successful. Subsequently, some of our neighbouring countries or regions also followed this approach.

According to newspaper reports, the Hong Kong Government has proposed to the Chinese side, as another condition attached to the Airport Railway programme, the grant of 62 hectares of land over and above the quota

of 50 hectares per year. Yet, we do not have any information on the specific contents and details of this attached condition.

Besides, the Liberal Party is at a loss as to what to make of the dispute over such grant of 62 hectares of land because it has been stated clearly in the Sino-British Joint Declaration that the Sino-British Land Commission is responsible for granting land. In fact, the Land Commission has been in place for 10 years during which China and the United Kingdom have all along been positive and co-operative and land has been granted flexibly according to Hong Kong's needs. The Land Commission did, as a matter of fact, grant land in each of the preceding three years in excess of the 50 hectares limit stipulated in the Sino-British Joint Declaration. It granted 93 hectares of land in 1991-92, 164 hectares in 1992-93 and 128 hectares in 1993-94. Actually the Airport Railway programme is just like many previous major projects of infrastructural development which need a lot of land for construction purpose. How come there is such serious controversy over the grant of land along the Airport Railway this time? For this reason, we hope that China and Britain will flexibly handle the grant of land along the Airport Railway.

Apart from the important economic effects it will have on the construction of the Airport Railway, development of the land along the Airport Railway will also ease land supply in Hong Kong. In view of the steady rise of property prices recently, I have repeatedly stressed in my remarks that increasing land supply is the only way to curb property prices. When the Financial Secretary delivered his Budget speech in March this year, he also supported this view and mentioned that the grant of land along the Airport Railway will be an important source of future land supply. For this reason, we must grasp this opportunity to boost land supply in order to curb the soaring property prices. Although land along the Airport Railway will not be granted instantly because we will have to rely on the absorption power of our market, we hope that China and Britain can reach an early agreement on land supply and financing arrangements. The two parties should also convey to the public a message that land can be granted within a short period of time to relieve pressing demand. Not only will such a measure help curb property prices, but it will also achieve the aim of adjusting property prices downwards as mentioned in the Budget.

Last year, land granted through the Sino-British Land Commission amounted to 128 hectares, which far exceeded the limit of 50 hectares per year. Among the 128 hectares of land, domestic and commercial sites take up 46 hectares. If the grant of the 62 hectares of land along the Airport Railway is spread evenly over three years, there will be merely about 20 hectares each year. In the light of the acute shortage of land in Hong Kong, an additional grant of 20 hectares per year will not constitute an oversupply of land.

Apart from the grant of land along the Airport Railway, few people mentioned the grant of land for the airport site itself. The site actually exceeds 1 000 hectares in area. Although the grant of this site and that of the land along

the Airport Railway are different in nature, the problem is the same. If China and Britain fail to reach an early agreement on this issue, it will also hinder the construction of the New Airport.

I believe the Chinese and the British Governments have a profound understanding of the pressing need to have the New Airport and the Airport Railway built. However, I regret very much that China and Britain, because of other factors, have been unable to give effect to the Memorandum of Understanding Concerning the Construction of the New Airport signed by them in 1991 in that they have failed to reach an agreement on specific arrangements.

I hope both countries will set aside their prejudices and adopt an objective, sincere and pragmatic attitude. This will enable them to reach an early agreement on the bulk of unresolved problems so that the Airport Core Programme can be commenced at full speed and the land shortage in Hong Kong can be eased.

With these remarks, I support the motion.

THE PRESIDENT resumed the Chair.

MR JIMMY MCGREGOR: Mr President, I support Mr Fred LI's amended motion. I have not the slightest doubt that the continued delay in securing agreement on the financing of the new airport lies directly at China's door. The Hong Kong Government has taken every possible step to secure approval from China whilst at the same time pressing on with construction of the airport. This Council has shown maturity and political sense in approving the expenditure of tens of billions of taxpayers' dollars in ensuring that work can continue whilst China sulks and postures in an atmosphere of hostility.

It is incredible that the Chinese authorities can exhibit such an inward looking posture in regard to the construction of what will be one of the largest and most efficient airports in the world, built to standards that far surpass those in use in China. The airport is not only vital to Hong Kong's future prosperity but also vital to China's future economic development. The new airport will be a source of technology, training and operational expertise that will help Chinese aviation authorities long after 1997.

I do not think there can be a single Councillor who does not know that the delay in Chinese approval of the funding arrangements is directly related to Mr PATTEN's political proposals. There is no doubt about that. But I would remind Councillors that we were already in trouble with China over the airport financing package during Lord WILSON's governorship. The airport has become a political pawn and the game is not yet over.

However, the hugely successful economy of Hong Kong and the resultant rapid increase of government revenue and reserves have provided a sound basis for decisions on expenditure on the airport and its related infrastructure which, taken together, mean that, despite continued Chinese difficulties placed upon us, work on the airport will continue.

It has been clear for quite some time that Hong Kong has the money and will have the money almost to go it alone, if need be. The railway is an essential element of the airport. The Hong Kong Government can provide additional equity to get the railway construction underway and to have it completed soon after the airport opens.

I would go further. I have to say that it is irresponsible of China to use the airport in this game of political chess. The Hong Kong Government and this Council have very clear obligations to the people of Hong Kong to get on with the airport and to finish it as quickly as possible. In doing so, we are not only promoting the interests of Hong Kong and Hong Kong people but also those of China and the people of China.

The Memorandum of Understanding on the airport is poorly worded. It does not state whether or not MTRC and PAA debt counts as Hong Kong Government debt subject to the \$5 billion limit. Sir Percy CRADDOCK has to answer for this, to some extent at least, although to be fair to him the Chinese also seem to prefer vague documents that provide the maximum scope for discretionary interpretation afterwards. However, it is difficult to believe that the negotiators of this document intended that the total debt for Hong Kong to construct the whole of the airport and airport railway together should amount to no more than \$5 billion by 1997. How can you possibly build a \$200 billion airport with just \$5 billion of debt?

I doubt that the Hong Kong Government's new proposals will satisfy the Chinese on this point. However if the Chinese had this intention they should have drafted the MOU properly.

The question of land supply along the route of the railway is clearly important in the context of costs. It has also much wider implications. The airport land, in my view, should be released in one go. Hong Kong's overwhelming need is for more land now; the 50 hectare limit is restricting the development of the Hong Kong economy and restricting Hong Kong people's living standard. If the airport land is released in one go, or mostly at one time in addition to the annual 50 hectares, that is 112 hectares in one year or not much more than that, the price achieved per hectare will obviously be less if the release is only 50 hectares. However the Hong Kong Government's total revenue may be greater because of the larger number of hectares sold. The pent-up demand for land is probably so great that the additional 62 hectares can be absorbed easily.

However, the basic policy of restricting land release by the Government seems to be wrong. The land release policy is effectively a form of taxation on Hong Kong people, and a very heavy tax which increases the cost of accommodation and feeds through into general inflation. There are complaints about property developers hoarding their land banks and keeping property prices artificially high. Yet the Government itself has the greatest impact on land price through its land release policy.

If the land release along the line of the airport railway and in the environs of the airport is spread over a period of years, it would undoubtedly give the Chinese Government further opportunity to interfere in the airport and Hong Kong affairs generally.

We have the means and we have the will. We should not lack this Council's approval to get on with the further steps now necessary.

One further point that is worth making on the airport is the incongruity of China, or Britain for that matter, seeking to advise Hong Kong on the building and financing of a major infrastructure project. Britain's record in such projects is uninspiring; China's is abysmal. China knows still less about large scale international financing.

The amended motion by Fred LI is concise, precise, and, I think, entirely appropriate to our present situation and I support him.

MRS MIRIAM LAU (in Cantonese): Mr President, although several Members have proposed to amend Mr Steven POON's motion, there is in fact a very strong consensus among Members that the New Airport is extremely important to Hong Kong and Hong Kong needs it badly. This was recognized by the Chinese and British Governments when the Memorandum of Understanding concerning the Construction of the New Airport (MOU) was signed in 1991. As the Financial Secretary has pointed out in this year's Budget, if Hong Kong does not have the New Airport after 1997, it will suffer a loss of \$3 billion in 1988, \$6 billion in 1999 and \$10 billion in 2000. As Hong Kong people, we of course do not wish to see such huge losses. The Chinese and British sides have the responsibility to prevent Hong Kong from suffering such losses.

The delay in the construction of the New Airport will not only bring financial losses to Hong Kong, it will also cause shame to Hong Kong as an international financial centre for not having a modernized airport. The New Airport programme include 10 projects, one of them is the Airport Railway. In order to develop the New Airport fully into an efficient and user-friendly international airport, a railway linking the airport directly to the urban area will be indispensable. I believe that anybody in Japan who has to travel several hours by vehicle to reach the Narita Airport will share this opinion. Moreover, the proposed New Airport railway will not only bring convenience to airport passengers. The new Airport Railway will provide two kinds of services, that

is, the Airport Express and the Lantau Airport Link. The former caters solely for airport passengers, while the latter is a Mass Transit Railway (MTR) service for the area which will be very helpful in alleviating the congestion of the Nathan Road Corridor of the existing MTR Tsuen Wan Line. At present, the MTR Tsuen Wan Line is already very congested. Although the number of trains has increased to 31 per hour, the ridership during the rush hours has reached or even exceeded the safety level of 77 500 passenger trips per hour. At the moment, the number of MTR passengers has kept on increasing. It seems that in two or three years' time, the MTR will hardly be able to cope with the increase in passenger volume. The road traffic condition of the affected areas is not good either. The ever-rising utilization rate of the roads in Tsuen Wan, Kwai Chung and Tsing Yi has now almost reached the saturation level. Consequently, traffic jams often occur. The traffic problems of "severe overcrowding" of the MTR and congestion of road traffic have been bothering residents of New Territories South and West Kowloon for many years. It will indeed be very unfair to them if a solution to the problems is no longer being sought in their behalf. The most thorough solution is to add an MTR line linking Central and Kowloon, so as to divert the traffic flow of the existing Tsuen Wan Line, alleviate the congestion at present, as well as to provide more speedy service to passengers.

Mr President, the Liberal Party is very disappointed with the present failure of the Chinese and British sides to reach an agreement on the financial arrangements for the New Airport. The various arguments between the Chinese and British sides over the financial arrangements for the New Airport often neglect the construction of the Airport Railway. The Airport Railway is not only meant for perfecting the operation of the airport, it can also enhance the local traffic condition which badly needs improvement, and complement the future development of Hong Kong, particularly the development of districts like Lantau, Tsing Yi and West Kowloon. Therefore, the Airport Railway will have enormous effects and impacts on the Hong Kong society. The main reason why the Chinese and British sides fail to reach an agreement is that the Chinese side thinks that the proposed borrowing is still too much. From a commercial point of view, it is of course most clever to run a business with borrowed money because one is using other people's money to earn money. However, from the citizens' point of view, it may not be the most beneficial to them, since the interests and financial expenses of the loans will eventually be paid and shared by them. Take the MTR as an example. In the early years, the loan to capital ratio was over 5:1; it was not until recent years that the ratio was lowered to about 2:1. Although MTR's income has increased from over \$2 billion each year in the 1980s to over \$4 billion yearly at present, the MTR right now still has aggregate losses exceeding \$3 billion and outstanding loans amounting to \$18 billion. The MTR even has to increase its fares annually to ensure its loan repaying ability. Since its operation, the MTR has paid about \$16 billion in interests and financial expenses, that is, an average of over \$1 billion per year. If the MTR had not raised such a huge amount of loans, it would not have had to pay a hefty sum of interests each year. Since the operation of the MTR has kept on improving, the annual fare increase need not be linked with inflation.

Mr President, I am not suggesting that the Airport Railway should be fully financed by the Government. Unlike what Mr Albert CHAN has said, the Liberal Party's stand does not espouse unlimited capital injection into the New Airport. Nevertheless, reduced borrowing and as much increased capital injection as possible will have a stabilizing effect on the long-term operation of the Airport Railway and it will also be fairer to the passengers. Since Hong Kong is currently quite well off, such a measure should not affect other social services. Therefore, the Government should definitely consider doing so. With the increased capital injection from the Government, the total borrowing will be reduced to \$5 billion as stated in the MOU. This will probably break the present deadlock, and the Chinese and British sides can reach an agreement as soon as possible. In addition, the important Airport Railway included in the new airport programme can thus be completed at an early date so that the Hong Kong economy can continue to grow and the traffic problem can be eased.

Mr President, it is of course important to increase the capital injection. However, the reaching of an agreement by the Chinese and British sides will be crucial. All types of airport services, for example, aircraft maintenance, luggage, transportation, catering, freight depots and so on require franchises to be granted. According to Article 133 of the Basic Law, as air service agreement can only be concluded with specific authorizations from the Chinese Government. All these will not be possible without the Chinese Government's consent. Therefore, if we cannot secure co-operation from the Chinese side, even if we are financially capable of building the New Airport ourselves, it cannot be put into operation upon completion. Hence, any suggestion that the Chinese side can be ignored is impractical.

Mr President, with these remarks, I oppose Mr Albert CHAN's and Mr Fred amendment motions.

MR MARTIN BARROW: Mr President, agreement with China on the financing of the new airport and airport railway, and the earliest possible completion of the Airport Core Programme, are essential for the continued healthy expansion of the territory's tourism industry.

While renovation work at Kai Tak has increased capacity, the existing facility cannot hope to handle a maximum arrival throughput of more than 24 to 25 million passengers each year. It will be operating at full capacity over the next year and consequently impose a limitation on the arrival of visitors and the growth of tourism.

When the first runway of the new airport opens, it will immediately allow for an arrival capacity of 40 million passengers. And once the second runway opens and 24-hour operations are possible, capacity will be boosted dramatically to 87 million passengers a year.

Conservative estimates show that for the tourism industry, this expanded airport handling capability could mean the arrival of 11 million "international" visitors by the year 2000, who could be spending between \$120 and \$130 billion here. Clearly this would constitute a major contribution to Hong Kong's economic well-being.

Furthermore, there are considerable economic spin-offs for the tourism industry, not least in the greater availability of land resulting from the airport and railway development for hotel and recreational purposes. I am thinking of the West Kowloon Corridor in particular and Kai Tak itself.

Without the urgent resolution of the financial log-jam of the airport project, tourism will certainly not be able to fulfill its potential as an even greater contributor to the territory's economic prosperity.

I like to remind colleagues that tourism is now the territory's second-largest earner of foreign exchange, being surpassed in this respect only by textiles. Total revenues of no less than \$60 billion were generated last year — or equivalent to over 7% of the total GDP of the territory.

We are also talking about an industry which directly employs at least 180 000 people, and indirectly supports many thousands more.

Hong Kong currently enjoys the position of being Asia's most popular tourist destination.

We are conspicuously successful in an industry which is already the world's largest and fastest-growing.

But if we are to take full advantage of the many opportunities ahead, we need to build our new airport and overcome the constrictions facing us at Kai Tak. The alternative will be stagnation and the loss of our competitive advantage in an increasingly competitive environment.

Mr President, I support the original motion.

DR HUANG CHEN-YA (in Cantonese): Mr President, the people of Hong Kong are already fed up with the Sino-British procrastinations over the New Airport. We all know it for sure that it is not an economic issue at all but rather a political one. Otherwise, arrangement should have already been reached. As a matter of fact, the money comes from three sources only, that is, equity injection, land sales and borrowings.

The Liberal Party urges the Government to take positive steps. I was thinking if that might mean some new initiatives or gimmicks that neither Government have thought of. But it turns out that the Liberal Party is merely telling the Government to play a game on figures, saying that the interest rate

on loans may not necessarily be high and that we may set a higher value for the land. However, we all know that global interest rates are on the rise. Will it not backfire on oneself for one to say that interest rates for loans can be lowered thus making the Chinese Government feel that the Hong Kong Government is trying to fool it again?

As for the revenue from land sales, is it possible to fix a high asking price unilaterally? Should we be able to increase equity injection through the high land value policy, the resultant cost to be paid will be heavier burden on those who purchase property. In this case, is it fair to the people who have to pay more to own a flat? In view of this, having undone the wrapping, what emerges as the Liberal Party's substantive proposal amounts to no more than calling for an increase in equity injection. It merely seeks to convey the message to the Chinese side that the Liberal Party considers it the Hong Kong Government's fault in failing to reach an agreement and should the Hong Kong Government take the Chinese side's advice, all issues will have been resolved at once. The Liberal Party urges the Government to increase the equity injection so as to reach an agreement with China. We, the United Democrats, find it a totally irresponsible act.

The updated construction costs of the airport and the airport railway amount to \$83.8 billion. The Government's fourth financing proposal proposed to appropriate \$40.3 billion from our reserve and \$20 billion from land sale proceeds and to obtain borrowing of between \$27 billion and \$28 billion. We have \$120 billion fiscal reserve as at 31 March this year. \$32 billion are reserved for the future Special Administration Region and the pension fund for the Civil Service. The Government's Medium Range Forecast shows that in 1994 and 1996, our revenue will experience negative growth in real terms and our reserve will drop. The reserve will again go up by 1997-98. In other words, the reserve available is actually very limited. China has been repeatedly violating human rights recently, thus casting a shadow over the issue of Most Favoured Nation (MFN) status. The MFN status once revoked, our real growth in Gross Domestic Product (GDP) may have to be adjusted downwards by two to three percentage points.

Should the political situation become unstable after the death of DENG Xiaoping, it would certainly deal a serious blow to our economy. Furthermore, various uncertainty factors stand in our way before 1997. It is imperative that the Government manage our money prudently rather than spending extravagantly to please Communist China the way Mr POON has suggested. A further point worth noting is that Hong Kong still has many major infrastructure projects to build. The Northwest New Territories Railway and the Tseung Kwan O MTR extension will need \$32 billion whereas in respect of people's livelihood the provision for retirement protection will require \$7 billion annually. With the transformation of our economy, resources for adult and children education and retraining are proving inadequate. As the population gets older, there will be a growing demand for welfare services. For this reason, should the Government substantially increase equity injection

the way the Liberal Party has suggested just now so that we only need to borrow about \$5 billion, the amount to be injected will need to be nearly \$60 billion. Consequentially, there will be three alternatives. Firstly, the reserve will have to be reduced to a risky level. Secondly, people's livelihood and indispensable infrastructure constructions will have to be sacrificed. Thirdly, profits tax will have to be raised by two to three percentage points. We all know that, according to this year's computation, every percentage point will represent an increase of almost \$10 billion in revenue within three years. Would the Liberal Party inform me whether it will support such an arrangement?

The United Democrats will absolutely not agree to sacrifice people's livelihood and indispensable infrastructure constructions to beg for an agreement. The airport is certainly an important project but people's welfare, health and quality of life are as important. It is totally unacceptable that the procrastinations over the North west New Territories Railway and other infrastructure projects should set back our economic development.

Frankly speaking, we all realize the importance of the New Airport to Hong Kong and to China as well. A delay in its construction will not only adversely affect Hong Kong's economy, but will also result in a bottleneck that will militate against the future development of southern China's economy. From the point of view of economic effectiveness, there is no reason why the Chinese and British sides cannot come to an agreement on the borrowing limit. The Guangzhou subway costs \$10 billion, 40% of which is being funded by foreign loans. The Three Gorges project costs \$95 billion with about \$50 billion coming from loans. It is apparent that there are no predetermined factors which weigh against the raising of funds by means of debentures or bonds.

Furthermore, in respect of the new airport the injection of \$40 billion from land sale proceeds may fully meet the funding needs. The United Democrats are, therefore, against any proposal to increase substantially the equity injection. The airport is going to benefit Hong Kong people, not only the people of today but also tomorrow. The construction cost of the airport is so enormous that it should not be shouldered by people of this generation alone. The Liberal Party says that, without the consent of the Chinese side, the construction of the airport cannot commence and that we should, therefore, satisfy the demand of the Chinese side. However, being a Member of this Council, I feel that we have the responsibility to make a conscientious decision on behalf of the people. Never act unconscionably in order to curry favour with either the Chinese or the British side.

MR LAU WAH-SUM (in Cantonese): Mr President, for the sake of maintaining Hong Kong's long-term economic development and improving our people's quality of living, I support Mr Steven POON's motion. I hope there will be an early agreement on the financial arrangements for the airport.

I would like to concentrate my arguments on the Airport Corporation Bill. I have to point out that a large part of the Bill is modelled on the Mass Transit Railway Corporation (MTRC) Ordinance, which is rather out of date now. I took part in drafting the MTRC model 20 years ago but today we have a totally different situation. For instance, according to Clause 18 of the Bill, the Governor-in-Council may, if he considers the public interest so requires, give directions to the Airport Corporation and the Government shall pay to the Corporation an amount equal to such loss as has been reasonably incurred by the Corporation by reason of compliance with such directions. This clause has very obviously undermined the Government's authority of leadership in regard to the Airport Corporation. I would like to tell Members how we arrived at this particular clause in the MTRC Ordinance in those days. At that time the financing ratio of the MTRC had to be 8:1, that is, eight times the amount of capital because the Hong Kong Government did not have any credit rating in the world financial markets. Yet, after 20 years of time our credit rating is very high but our borrowing is not even on a 1:1 ratio. Then why should we still model the Bill on the MTRC Ordinance? In fact, the Ordinance was drafted in the interest of some consortia in those days. As regards the dispute over the title "Airport Authority" or "Airport Corporation", I think it is of little significance. The most important point should lie in aspects such as the management, accountability and monitoring of the Corporation. At present Hong Kong's public corporations, that is, listed companies, are subject to monitoring by the Securities and Futures Commission and the Stock Exchange in accordance with the codes and guidelines. In order to protect the interests of minor shareholders, at least two non-executive directors in the top echelon of the Corporation should be appointed to monitor two committees, namely the Audit Committee and the Remuneration Committee. The Airport Corporation is wholly owned by the Hong Kong Government. It must act in the public interest and its investments are huge. In view of these factors, it is even more incumbent upon the Government to establish a sound managing mechanism to meet present social needs. The people cannot accept it as an adequate fulfilment of public accountability if no more than an annual report is released. For this reason, I think all the non-executive directors of the Airport Corporation should not only represent the interest of the Corporation and its shareholders but also that of the public and, what is more, the operation of the Corporation must be monitored in an open and fair manner. In view of this, I propose the establishment of at least four monitoring bodies chaired by these non-executive directors and, at the same time, half of the members of these bodies should be non-executive directors. Only by doing so can they monitor the Corporation effectively.

The first one is an audit committee, which, for the purpose of getting the best value for money, must be conferred with statutory auditing and internal auditing powers.

The second one is a finance committee responsible for financial monitoring, which includes the scrutiny of business projects, budgets, fees and charges, liabilities and so forth.

The third one is a tender committee. Since we must treat tenders from places all over the world fairly, the tenders for major works should be monitored by the tender committee.

The fourth one is the most important, that is, a committee on the conditions of service. This committee should not only monitor issues concerning remuneration, promotion and so forth but also be accountable to the public especially when senior executives are recruited or dismissed. In addition, I would like to mention that an even more important function of the committee is to put the localization policy into practice. At present the Hong Kong Government has already implemented this policy but not the subsidiary corporations wholly owned by it. Apart from other advantages of the localization policy, there is still one point to pay attention to, that is, the transfer of high technology. During the first phase of the construction of the MTR, many experts were invited to take part in the project but there was absolutely no transfer of expertise to local people. When it came to the second and third phases of the construction, such experts had still to be employed. At present, even the Airport Authority has to employ the former MTR experts. By way of contrast, let us look at Singapore. In those years Singapore also employed expatriate engineers from Hong Kong but each engineer was required to teach the local engineers. Afterwards (up to now), Singapore's local employees proved to be fully competent when the country developed its own underground railway. This has much to do with the localization policy or the transfer of high technology. For this reason, I think the localization policy must be implemented in all subsidiary corporations wholly owned by the Hong Kong Government.

At present, we should urge the Chinese and the Hong Kong Governments to reach an early agreement on the financing arrangements for the airport and, what is more, expeditiously come up with appropriate ways to deal with future accountability and monitoring channels. In mid-February this year, the Liberal Party already put forward a considerable number of specific proposals in respect of the Airport Corporation Bill for the Government's full consideration. Any amendment to the Bill should be submitted for the scrutiny of this Council to ensure that the public interest can be properly protected. I would further propose that the Government should introduce changes to all its wholly-owned subsidiary corporations, such as the MTRC and the Kowloon-Canton Railway Corporation. They must be subject to monitoring by non-executive directors who will establish the aforesaid four monitoring committees. Only by doing so can we follow the fair trading principle and safeguard the public interest.

Mr President, with these remarks, I support Mr Steven POON's motion.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I remember that application was made to the Finance Committee of this Council by the Administration early this year for allocation of additional funds to the Provisional Airport Authority. The application provoked strong reaction from the Chinese side which considered it to be a kind of "bit-by-bit" approach to

seek funds. Continued allocation of funds in breach of the Memorandum of Understanding on the Airport would pose obstacles to the talks on the airport financing arrangements between the British and Chinese sides. Moreover, the continued application for funds by the Administration before an agreement is reached by the British and Chinese sides on the financing arrangements for the airport also aroused public worries. At that time, in order to break the deadlock of talks and to dispel public worries, the Democratic Alliance for the Betterment of Hong Kong put forward on 26 January a proposal which would lower the cost, reduce borrowings and increase injection of equity for the positive consideration of the Administration.

Although the fourth set of financing proposals of the Administration has narrowed the gap between the British and the Chinese sides, yet with the talks on the financial arrangements for the airport failing to come to fruition over the past few months, and Hong Kong's demand for the New Airport ever increasing, members of the public are very concerned about whether the New Airport can come into operation in July 1997. Since the Financial Secretary has announced in his Budget speech that there will be a huge surplus, I hope that the Administration can give serious consideration to the feasible proposal of the Democratic Alliance for the Betterment of Hong Kong again. In fact, once the funding problem of the New Airport and Airport Railway is solved, the deadlock over the financing arrangements for the new airport can be broken easily. At present, if the final cost of the whole airport project is \$158.8 billion, it will still be necessary to borrow more than \$20 billion even if the fourth set of financing proposals recently presented by the Administration can be implemented and a sum of \$20 billion from the proceeds of land sale along the route of the Airport Railway is injected into the airport project. Since the Administration has a reserve of over \$100 billion and it is believed that there will be stable economic growth in Hong Kong in the coming years, the Administration should be able to give consideration to further injection of equity into the airport project so that the project can be completed as early as possible.

In fact, additional equity injection by the Administration will do more good than harm. Given the present relatively buoyant financial situation, additional equity injection is completely affordable by the Administration. I also believe that this will not have any adverse effects on the livelihood of the people. Moreover, additional equity injection will not only completely sort out the financing arrangements for the airport, enable the talks between the British and Chinese sides to reach an early agreement, but will also bring about an early completion of the airport project. Furthermore, additional equity injection will also eliminate the interest burden incurred from loan, and alleviate the financial burden on the future government of the Special Administrative Region. To the Administration itself, additional equity injection will enable smooth implementation of the airport project, promote further economic development of Hong Kong and enable the Administration to get more financial resources thereby to improve the standard of living of the people.

I therefore hope that the Administration can give positive consideration to this feasible proposal which can lower costs, reduce borrowings and increase equity injection so as to sort out the financial arrangements for the new airport as early as possible. In the meantime, to dispel public worries, I would also like to urge the Administration to disclose as far as possible all information relating to the progress of the airport project, its estimated final cost as well as the schedule for application of funds.

Mr President, these are my remarks.

MR LEE WING-TAT (in Cantonese): Mr President, the failure of Britain and China to reach an agreement on the New Airport and the Airport Railway projects so far has been holding up the commencement of the funding arrangements and construction of the Airport Railway. I would like to express my dissatisfaction with and regret over this. The United Democrats of Hong Kong consider that, as the Mass Transit Railway Corporation (MTRC) has a steady source of income, it is capable of initiating on its own with a minimum government commitment the construction of the section of the Airport Railway from Central to Tsing Yi to relieve the traffic problems in Nathan Road and Kwai Tsing District. The United Democrats of Hong Kong are of the view that the construction of the Airport Railway by phases is feasible on the following grounds:

- (1) The recommendation that Hong Kong needs another cross-harbour mass transit railway was first put forward in the Second Comprehensive Transport Study conducted by the Government in 1989. The primary aim of this project is to help ease the traffic congestion in Nathan Road. However, the former Governor Sir David WILSON later named this railway the Airport Railway, leading many people to the misunderstanding that the railway is mainly intended for the New Airport.
- (2) The MTRC also adopted the section-by-section approach when it constructed the Tsuen Wan Line, the Kwun Tong Line and the Island Line. The section of Island Line from Chai Wan to Admiralty was completed one year earlier than the section from Admiralty to Sheung Wan.
- (3) At present, the section of Mass Transit Railway (MTR) along Nathan Road is already very busy. During peak hours, the MTR has a ridership of 77 500. During the summer vacation, the number of passengers travelling by the MTR may reach 80 000. the MTRC has plans to increase the frequency of the services and improve the signalling system. However, these measures can only cope with the growth in ridership up to 1996. If no new railway extensions come into operation by 1997, the MTRC will take passenger control measures by limiting the number of passengers or take in passengers

batch by batch. This would have serious impacts on the transport modes of Hong Kong people and would result in people switching to buses, making road traffic more congested.

- (4) The Airport Railway construction cost to which the Government has committed itself since 1991 has amounted to \$5 billion. At present, the Airport Railway is being constructed in bits and pieces on a phase by phase basis. It is being done in a haphazard manner. The completed portions of the railway cannot be operational. This is a resource-wasting approach. It would be better to devote the resources to building a whole section which would satisfy urgent transport needs.
- (5) The construction cost of the section from Central to Tsing Yi is about \$20 billion. The MTRC is in a very sound financial situation at present with on average a surplus of \$4 billion per year. It is believed that the Corporation will have more surplus two years later and should be able to pay off all its debts in a few years. As long as the Government is willing to make some commitment, the Corporation, with its good credit record, can, through loan financing, construct the section from Central to Tsing Yi expeditiously.
- (6) According to an analysis, the construction of the section from Tsing Yi to Central on a "decoupled" basis is not cost effective as the majority of passengers along the route are already patronizing the existing Nathan Road Line. However, it must be borne in mind that the Airport Railway is a one-track-two-line system. The completion of the Nathan Road Line first would mean the completion of part of the Airport Railway. Moreover, at the inception of the Airport Railway, there would be a daily patronage of 39 000 only in peak hours. If the section from Central to Tsing Yi can be completed earlier, it can absorb the growth in passenger volume of the Nathan Road Line in 1996 as well as the additional passengers from Tsing Yi Island. Once the funding arrangements of the Airport Railway are resolved, the Airport Railway can come into full operation within the shortest time.
- (7) According to a recent estimate by the Government, there would be a rise of \$2 billion in cost for every delay of six months in the Airport projects. If the construction of the Tsing Yi to Central section is held in abeyance, there would be a decrease of 39 000 passenger trips only in the first year of operation of the Airport Railway. Taking the fare to be \$50 per trip, the Government estimates that the income from fares in the first year would decrease by \$0.7 billion. If it had not been for the undue concern over the cost-effectiveness of construction by section, early construction of the railway would, on the contrary, have saved the cost increases

arising from delays in the project. It would have also avoided incurring the huge losses of \$2 billion for every delay of six months of \$4 billion for a whole year.

- (8) the delay in the Airport Railway Project has directly impeded the development of the territory's other urgently needed MTR extensions, including the development of the Tseung Kwan O Extension.

Mr President, last week, the Housing Panel of this Council discussed the land use of the coastal reclamation area at West Kowloon after its completion in 1996 to 1997. The Panel found that the Government would allot very little land in the area for the purpose of public housing and Home Ownership housing, probably less than 5% of the land. Although the layout plan for the West Kowloon Reclamation Development has been drawn up, I hope that the Government will review the land use of the coastal area at West Kowloon in the light of the present upsurge in property prices and other problems, and increase the land supply for public housing and Home Ownership housing to alleviate the acute shortage of housing supply in Hong Kong.

Mr President, with these remarks, I support the Honourable Albert CHAN's motion.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, three Members will be moving amendments to today's motion. I consider them too complacent and bumptious. If they are unhappy with the original motion, they may simply vote against it. I hope that Members will exercise self-discipline in future and do not always regard themselves as infallible. Should the motion be carried, it does not necessarily mean that the Government will accept it in full and implement it. We should show mutual respect and have the debates conducted in a streamlined manner. This is the sort of parliamentary demeanour to be expected in parliament.

The Governor has said that the new airport will be the biggest dowry since Cleopatra. Earlier this year, he also referred to the financing proposal in respect of the new airport as the best New Year gift to China. Undoubtedly, the Governor's eloquence is worth learning or emulating by politicians but he is after all too dogmatic, and we should not follow suit.

It is an indisputable fact that Hong Kong is in need of a new airport and the question of its siting had been settled. What we are faced with now is primarily the financial arrangements for the new airport. This is the fourth time the Hong Kong Government puts forward its financing proposals to the Chinese Government. But up to the present, the new proposal has yet to be accepted by the Chinese Government. The reasons are as follows:

First, it is understandable that the Chinese Government., on behalf of the future Special Administrative Region (SAR) Government, should show concern over the repayment of loans in respect of the Airport Railway. The Hong Kong Government says repeatedly that the SAR Government is not going to incur any debts because the Mass Transit Railway Corporation (MTRC) is of high credit rating. However, we are all aware that the MTRC is a government-owned corporation and in case it has a problem, the Government is going to shoulder the responsibility at the end of the day. If the Government can take actions to prove that the future SAR will not be required to take up the liabilities, I trust that the Chinese Government representing the future SAR Government will not be so stubborn that it will not listen to reason.

Secondly, the Hong Kong Government seeks the Chinese side's consent to sell the 62 hectares of Airport Railway related land. But it has been agreed by the Sino-British Land Commission that 50 hectares of land will be disposed of annually. Both the Chinese Government and the Hong Kong people are concerned that should the 62 hectares of land be released for auction in one go, it will have a great impact on the property market. I cannot agree to this point. Local property developers are powerful and rich and there should be little problem if several big-league property developers join hands in development to absorb the offered land. As a matter of fact, it is stressed by the Chinese Government that only 50 hectares of land can be released for sale annually. The 62 hectares of airport railway related land which the Hong Kong Government is seeking the Chinese Government's consent for sale in its new financing proposal have already exceeded the annual quota of 50 hectares.

The Financial Secretary indicated in this year's Budget speech that there would be about \$141 billion in fiscal reserve by 1997-98. Since we have such a mammoth sum of reserve and the Financial Secretary cannot take it away when he retires next year, why not have part of the reserve injected into the airport programme so that an early agreement be reached with the Chinese Government on the financial arrangements for the New Airport and the Airport Railway? I believe that no Hong Kong resident will ever oppose this. The Financial Secretary should be more "generous" whereas Members should not bicker over the issue of airport financing any more.

Dr HUANG Chen-ya has kept on criticizing the Chinese Government just now. It is really unwise to adopt such a confrontational attitude. Even if the United Democrats, the Meeting Point and all Members of this Council form a united front to urge the Chinese side to accept the new financing proposal, the Chinese Government may still make no concession. Being Members of this Council, our pressing obligation is to join the government in a concerted effort to resolve the issue rather than passing the buck to the Chinese Government.

Mr President, with these remarks, I support the original motion. I do not wish to see Members turning the airport issue into a political one.

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.

DR TANG SIU-TONG (in Cantonese): Mr President, in February, the Government put forward the fourth financing proposal in respect of the New Airport. The fourth proposal proposes to have an additional equity injection of \$15 billion from the fiscal reserves and \$20 billion from the Hong Kong Government's share of proceeds to be obtained from the Airport Railway related land sales. In this way, the total equity injection by the Government will amount to \$60.3 billion which represents one third of the \$170 billion total construction cost. The amount to be borrowed by the Mass Transit Railway Corporation and the Airport Corporation will thus be reduced to between \$20 billion and \$25 billion. There is no doubt that this financing proposal is not in line with the \$5 billion loan cap as stipulated in the Memorandum of Understanding (MOU). However, it seems to have narrowed the discrepancy between both parties. Although the Chinese Government has reiterated that the loan to be borrowed should be further reduced, it does point out at the same time that the \$5 billion cap is adjustable subject to negotiation. This reflects that the discrepancies between both parties in respect of the financial arrangement can be resolved through *bona fide* discussions.

I personally feel that the reasons for the delay in settling the financing arrangements are manifold: First, the parties do not trust each other well enough. Secondly, the liabilities exceed the \$5 billion upper limit provided under the MOU. Thirdly, the Hong Kong Government is reluctant to increase the equity injection so as to lower the liabilities. Fourthly, the Hong Kong Government would like to grant the 62 hectares of the Airport Railway related land at one go. Fifthly, the Hong Kong Government demands that the income generated by the development of the Airport Railway go to the Government. Sixthly, the liabilities of the Mass Transit Railway and the Airport Corporation are not clear-cut such that the future Special Administrative Region may have to shoulder the commitment. Seventhly, the powers vested by the Airport Corporation Bill in the Airport Corporation are so sweeping that serious consequence may occur if the Corporation goes out of control.

The majority of the above-mentioned reasons are money related. Maybe money is the culprit. Many Members of this Council and members of political parties and the Airport Consultative Committee have put forward various

proposals, including injections from the land sale proceeds, borrowing from the fiscal reserves, "contingent" injection and so on. Both the Chinese and the British Governments should give these proposals full consideration. At this stage, should the Hong Kong Government undertake to increase the equity injection and the Chinese Government give up its insistence on a \$5 billion loan cap, I would feel optimistic about the money dimension. Nevertheless, I find the question of the Airport Corporation Bill the most difficult to resolve. If the Government does not make sensible amendments to the Bill to contain the Corporation's powers and establish an effective monitoring mechanism on its operation, the Corporation will directly impede the progress of the new airport project. On the face of it, the Airport Corporation is not directly related to the financial arrangements. But the Corporation shall have supreme power under the Airport Corporation Bill. The Corporation may acquire, hold and dispose of all kinds of property including land; grant leases of land, charge or otherwise encumber all or any part of its land or other property and so on. It is capable of incurring huge liabilities on its own without any restrictions whatsoever. This being the case, the Chinese and the British sides should reach an agreement on the New Airport as soon as practicable. We should never ignore the Chinese side's worry about the Airport Corporation Bill.

Today's motion mainly seeks to have the New Airport completed as soon as possible in order to further promote Hong Kong's economic prosperity. Mr Steven POON's motion calls for an additional equity injection to meet the requirement of the MOU. It is after all a good idea that the Chinese side wants to keep the loan amount at no more than \$5 billion. Mr Fred LI's amendment motion is nothing but "a covering up to save face". His calling for the submission of financing proposals for scrutiny by this Council is merely a face-saver. As a matter of fact, under the existing legislation, appropriations are approved by this Council. In other words, his amendment motion has no substance at all. Mr Howard YOUNG's amendment motion is the same as the original motion in principle except that it stresses the importance of reaching an agreement with China. This is actually a down-to-earth approach. Practically speaking, we all understand that without the Chinese side's co-operation, it will be impossible to put the New Airport into operation in 1997. This is an unchangeable fact. Mr Albert CHAN's amendment emphasizes that both the Chinese and the British Governments should reach an early agreement but it does not put forth any solution. "Fine words butter no parsnips." He does not even mention equity injection. I wonder how he is going to solve the problem. Therefore, I am not going to support his amendment motion. As for Mr Steven POON's, Mr Fred LI's and Mr Howard YOUNG's motion and amendment motions, I support them.

Mr President, these are my remarks.

FINANCIAL SECRETARY: Mr President, I am grateful to the many Members who reaffirmed their conviction that it is in the best interests of Hong Kong for the Airport Core Programme to be completed as early as possible. I believe this

conviction reflects a widely accepted recognition that the programme will provide the infrastructure we must have if Hong Kong is to continue to grow and maintain its lead as a leading centre for trade, finance, manufacture and tourism. Nor is it only the people of Hong Kong and its Government who recognize the need for the early completion of these projects. The Memorandum of Understanding records the view of both the British and Chinese Governments that we should all make every effort to complete these projects to the maximum extent possible by 30 June 1997.

Since all parties so clearly agree that we should get on with it, I share Members' frustration that we are having difficulty in moving from statements of intent to the resolution of the few issues which continue to stand in the way of reaching the goal we all wish to achieve.

Nevertheless, we are energetically pursuing two parallel courses of action:

First, we continue to take positive steps to seek to reach agreement with the Chinese side on the financing arrangements for the airport and the airport railway.

Secondly, we continue to seek funds from the Finance Committee on a step-by-step basis to ensure that we maintain momentum in carrying forward Airport Core Programme projects as far as we can, to minimize delay and the additional costs associated with it.

Although our talks with the Chinese side have not yet produced a full agreement on the airport and airport railway financing, we have maintained the momentum of physical works with our step-by-step approach to the funding of projects.

You only have to look out into the harbour to realize the tremendous achievements we are making: the West Kowloon Reclamation, which is now more than 70% complete; and the twin towers of the Tsing Ma Bridge, which have reached their full height and are now being linked up with wires that will form a catwalk for construction workers. Overall on the Airport Core Programme, contracts totalling some \$48 billion have been awarded, all within budget and progressing well.

Since early 1992, we have submitted four sets of financing proposals to the Chinese side. In each of these, we have tried to meet their known concerns to the extent possible while still providing for cost effective arrangements to allow work connected with the new airport and airport railway to be carried out speedily and efficiently. To recapitulate, our first set of financing proposals in early 1992 involved a total equity injection of \$20.3 billion, and up to \$21 billion as callable equity to meet downside risks. These were for the Provisional Airport Authority (PAA) and the Mass Transit Railway Corporation (MTRC).

In September 1992, the Chinese side suggested the idea of ploughing back premium income from the airport railway land grant to fund the airport and the airport railway. Building on that idea, we made further proposals, the most recent of which was the fourth financing proposal made on 2 February. We believe that this proposal fully meets the Chinese side's concerns. I outlined its key points in my Budget speech.

In brief, the fourth proposal increased the proposed equity injection dramatically. In addition to the original \$20.3 billion, two further sums were proposed. First, a further injection of \$20 billion from the reserves. And secondly, half of the approximately \$40 billion additional revenue to be obtained from airport railway related land in the period to June 1997.

All this shows, I would suggest, that we have done our best to be as flexible and as positive as we can in response to the views of the Chinese side. We are already having discussions at the expert level with the Chinese side on the fourth set of financing proposals. To talk, as do Mr POON, Mr LI and Mr YOUNG, at this sensitive stage pessimistically about alternatives, including additional equity injection, will certainly not help both sides reach an early agreement. On the contrary. Let me speak clearly. This debate, given the wording of the motions, is unfortunately timed. Is it really likely to be helpful, while talks are still proceeding, for the Legislative Council to say publicly that we should consider putting in even more equity? Will the taxpayer think this is in his best interests?

Nor am I convinced by Mr LI and Mr YOUNG that it would be helpful or practical to submit concrete financing proposals for the whole of these two projects to this Council now whilst talks with the Chinese side are still continuing. Would that really help us reach an early agreement? What proposals am I supposed to put — abandon the fourth financing proposal even though it is still being discussed and put to Members proposals which involve even larger sums from the taxpayers? That is the implication of the motion, or I should say, of some of the amendments.

But let me also say that I believe Members' motives are intended to be helpful — we have the same aims — but I do not think the motions actually achieve those aims.

Let me now turn to the second prong of our policy on the airport and airport railway financing, which is to continue to fund essential works on a step-by-step basis. With the support of the Finance Committee, the PAA has already completed 92% of the design for the passenger terminal building and about 35% of the design for other essential systems and equipment. The site platform is about half complete, with over 600 hectares of land formed. This is about the size of two Kai Tak airports. Contracts for the Automated People Mover and Baggage Handling systems have now been let and foundation works for the passenger terminal building are about to start.

Likewise, with the support of Finance Committee, we have started some essential route protection and advance works for the airport railway. If these advance works were not allowed to proceed until an agreement on the railway financing was in place, the works would be deferred, technical interface issues complicated, disruption to the public prolonged and cost of works eventually increased.

Thus, our step-by-step approach has enabled us to make a great deal of progress in the physical construction of the Airport Core Programme, including the airport and the airport railway. Had we waited for the talks to be completed before proceeding along this line, we could have lost over two years of valuable construction time; with extra costs for the deferred works.

In conclusion, I can assure Members that we will consult you on the financing arrangements as soon as we are in a position to do so. This Council and this Council alone, or I should say the Finance Committee of this Council, can approve the equity which will be required for the financing of these projects. In seeking approval for that equity, the Administration will in due course need to explain the full details of the financing arrangements proposed. But the aim must be to first reach an understanding with the Chinese side.

With respect we must not get into the frame of mind that because at present we have healthy finances, we should abandon the sensible project-financing and privatization which has served us so well, and simply pay whatever it takes. If we had taken that attitude in the past, we would not now have healthy reserves. And if we spend more and more, we shall:

- first, have less of a cushion to meet downside risks, and
- secondly, less available for all the other desirable projects that will be needed in the coming years, and I think, for example, of the railway proposals and the railway strategy study, the further stages of sewage programme, and, dare I mention it, I have no doubt, the second runway on the new airport.

So, we need to strike a sensible balance. The need right now is to get on with the talks about the fourth financing proposal.

Mr President, the Administration attaches the same importance as do Members of this Council to the need to reach an early agreement on the airport and airport railway financing arrangements. For that reason, I shall not go into more details, as some Members have urged me to do. We believe that we have, in our fourth financing proposal, met the Chinese side's concerns about the level of equity, and hence of borrowing, in the two corporations. The Administration has also been trying its best to take forward the physical works for the Airport Core Programme projects. Members will by now have gathered that whilst we support some of the sentiments in the various motions, the only one which does not contain phrases which we find extremely unhelpful, the only motion that

will not make it more difficult to bring the talks to an early and successful conclusion, is that by Mr Albert CHAN. The Official Members will vote accordingly.

PRESIDENT: Mr Albert CHAN 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 move his amendment now.

MR ALBERT CHAN moved the following motion:

"To delete all the words before "to reach an early agreement" and substitute by "That this Council expresses dissatisfaction with, and regret for, the fact that the Chinese and British Governments have yet to reach an agreement on the financing of the Airport, which has resulted in a delay in the completion of the Chek Lap Kok Airport and the airport railway and an increase in cost. This Council urges both the Chinese and the British Governments"; and delete the words between "to reach an early agreement" and "so that" and substitute by ", taking into account the overall interests of the community and the livelihood of the people of Hong Kong," and replace "the Airport Core Programme" by "the whole Airport Core Programme Project"."

MR ALBERT CHAN (in Cantonese): Mr President, I move that Mr Steven POON's motion be amended as set out under my name in the Order Paper.

Question on Mr Albert CHAN's amendment to Mr Steven POON's motion proposed.

PRESIDENT: Mr POON, do you wish to reply? You have five minutes, as you know, to reply to all the proposed amendments.

MR STEVEN POON (in Cantonese): Mr President, Mr Albert CHAN has used six and a half minutes out of his seven minutes to fire a broadside at the Liberal Party. There was no time left for him to tell us his reasons for proposing the amendment or explain the contents of his amendment. Frankly speaking, no changing of tack can be more serious or flagrant than the merger of the United Democrats of Hong Kong (UDHK) and the Meeting Point in the hope that co-operation with China will then become possible. I therefore think that it is meaningless to take one to task for one's change of tack. Besides, Mr Albert CHAN is not so good at arithmetic. The cost of building the Airport Railway is \$33.5 billion and the equity injection is \$3.7 billion. Just a simple calculation will show that the ratio is 9.7:1. Even a primary student is able to do this. I believe Mr CHAN was simply referring to the information he obtained from the Mass Transit Railway Corporation (MTRC). The MTRC claimed that it profits

could be factored in. Yet, is it not true that the MTRC should use its profits to repay old debts instead of meeting new ones? I believe Mr CHAN should understand only too well such legerdemain. Did he really fail to do the calculation or did he deliberately flunk it in order to oppose China? I am indeed at a loss.

The Liberal Party has already indicated its support for the fourth set of financing proposals. If the Government has reached an agreement with China on the fourth set of proposals and is able to submit the proposals to the Legislative Council today, we will give our support. However, the problem is that the fourth set of proposals cannot be laid before us because no loans will be forthcoming from the loan market without the consent of China. This is reality. The Liberal Party thinks that a way must be found to solve these problems and, as a result, we have this debate today. The difference between the Liberal Party and the UDHK lies in the fact that the Liberal party has taken positive actions to address the issue while the UDHK have, apart from hurling abuses in a pessimistic manner, put forward not a single set of solutions. Worse still, the UDHK even put forward some specious arguments time and again to confuse the public. One of the obvious examples is that Mr Albert CHAN of the UDHK requested the Government to issue bonds maturing in 1997 to pay for the cost of the new airport projects when he met Mr Donald TSANG, the Secretary for the Treasury, on 9 January 1994. Such a proposal is intriguing, to say the least. As the Government has its own reserves, why should it bother to solicit loans which would have to be settled before 1997? What sort of problem can such a proposal solve? What struck us as even more ridiculous was that five representatives of the UDHK (including Dr HUANG Chen-ya, who has voiced a torrent of opinion just now) arranged a meeting with the Secretary for the Treasury after the Government had indicated in the fourth set of proposals its decision to beef up the equity injection. They requested the Government to increase the non-recurrent expenditure by more than \$20 billion so as to balance out the Government's injection of a huge part of the reserves into the new airport projects. This is indeed very ridiculous! Non-recurrent expenditure should be decided according to non-recurrent needs and it should not be the case that non-recurrent needs will grow suddenly because of the Government's injection of funds into the new airport projects. The UDHK's proposal will, in fact, add to the difficulties plaguing the construction of the New Airport. I am not sure whether the UDHK actually do not understand the economic operation of Hong Kong or they do not want the airport or, in fact, they intend to make use of the airport issue to attack China or the future SAR Government. We are, indeed, at our wits' end. I am lost for words, too. Mr President, Mr Albert CHAN's amendment seeks to delete from my motion the words such as "consideration of additional equity injection". This shows that he does not understand what the point in issue is. The point in issue relates to the excessively high borrowing level and the land question. Quite a number of Members have already mentioned this point and I therefore find it impossible to accept Mr Albert CHAN's proposal. In fact, I think his proposal will obfuscate rather than help the negotiations. The Liberal Party will not support Mr Albert CHAN's amendment. I hope Members will, after listening to my arguments, be

able to see that Mr CHAN's amendment is of little avail. Thank you, Mr President.

Question on Mr Albert CHAN's amendment put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Do Members have any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Mr Albert CHAN, Mr Marvin CHEUNG, 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 and Dr YEUNG Sum voted for the motion.

Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Edward HO, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mr Peter WONG, Mr Moses CHENG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Miss Christine LOH, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted against the motion.

Dr LEONG Che-hung, Mrs Elsie TU, Mr Eric LI, Mr Fred LI, Mr TIK Chi-yuen and Mr WONG Wai-yin abstained.

THE PRESIDENT announced that there were 17 votes in favour of Mr Albert CHAN's amendmnet and 20 votes against it. He therefore declared that the amendment was negatived.

PRESIDENT: I will first call upon Mr Fred LI to move his amendment to the motion. After Mr LI has moved his amendment, I will then call upon Mr Howard YOUNG to move his amendment to Mr Fred LI's amendment. We will vote on Mr YOUNG's amendment first. I now call on Mr Fred LI to move his amendment.

MR FRED LI moved the following motion:

"To delete the words "to reach an early agreement with China" and to add after "Chek Lap Kok Airport and the airport railway" the words "and to submit at the earliest opportunity, concrete proposals for the scrutiny of this Council,"."

MR FRED LI (in Cantonese): Mr President, I move that Mr Steven POON's motion be amended as set out in the Order Paper.

Question on Mr Fred LI's amendment to Mr Steven POON's motion proposed.

MR HOWARD YOUNG moved the following motion:

"To add "so as to reach an early agreement with China," after the words "and the airport railway"."

MR HOWARD YOUNG: Mr President, I move that Mr Fred LI's amendment be amended as set out in the Order Paper.

Question on Mr Fred LI's amendment to Mr Steven POON's motion, as amended by Mr Howard YOUNG's amendment proposed.

PRESIDENT: Mr Steven POON, do you wish to speak? You have still one minute five seconds.

MR STEVEN POON (in Cantonese): Mr President, I would not use Dr TANG's words to comment on Mr Fred LI's amendment. To put it simply, I can understand why Mr Fred LI has taken the trouble to add that sentence. Even though it is a bit superfluous, I feel that it is all right to have that sentence. Since all of us are here to discuss the issue of the airport, I do not have much to comment on his amendment. However, because this amendment proposes to delete the phrase "to reach an early agreement with China" but which is very essential, I feel that we had better put that back. Such being the case, I have two options before me: one is simply to oppose him, which will be best for me. However, I do not want to upset Mr Fred LI in particular, because he is not here to create trouble. Therefore I think we would rather propose an amendment and restore that phrase so as to bring a happy ending to the matter. This is what I originally intended. Mr President, in view of the above, we shall not oppose Mr Fred LI's amendments in the amendment moved by Mr Howard YOUNG, and that means both amendments will be fine for us. Thank you, Mr President.

Question on Mr Howard YOUNG's amendment put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Mr McGREGOR, Yes?

MR JIMMY McGREGOR: Mr President, could you repeat the proposal? *(Laughter)*

PRESIDENT: Yes, the question that has been put is that Mr Howard YOUNG's amendment to Mr Fred LI's amendment be approved. You are voting on Mr Howard YOUNG's amendment to amendment.

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Edward HO, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Peter WONG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Miss Christine LOH, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the motion.

Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Dr LEONG Che-hung, Mr Jimmy McGREGOR, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Dr YEUNG Sum and Mr WONG Wai-yin voted against the motion.

The Chief Secretary, the Attorney General, the Financial Secretary and Mrs Elsie TU abstained.

THE PRESIDENT announced that there were 21 votes in favour of Mr Howard YOUNG's amendment to Mr Fred LI's amendment and 18 votes against it. He therefore declared that Mr Howard YOUNG's amendment was carried.

Question on Mr Fred LI's amendment as amended by Mr Howard YOUNG's amendment to Mr Steven POON's motion put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: For Members' information, you are now going to vote on Mr Fred LI's amendment as amended by Mr Howard YOUNG. If that amendment is carried, you will then be asked to vote on Mr Steven POON's original motion as so amended. If you vote against Mr Fred LI's amendment, you will then be asked to vote on Mr Steven POON's original motion without amendment. Will Members please now proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Edward HO, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Peter WONG, Mr Moses CHENG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Miss Christine LOH, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the motion.

Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mr Albert CHAN, Mr Marvin CHEUNG, 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 Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Dr YEUNG Sum and Mr WONG Wai-yin voted against the motion.

The Chief Secretary, the Attorney General and the Financial Secretary abstained.

THE PRESIDENT announced that there were 20 votes in favour of Mr Fred LI's amendment as amended by Mr Howard YOUNG to Mr Steven POON's motion and 20 votes against it.

PRESIDENT: In accordance with convention and in the light of two precedents before this, I cast my vote against the question and the proposed amendment is therefore negated.

Question on Mr Steven POON's motion put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members now proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr TAM Yiu-chung, Mr Edward HO, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Peter WONG, Mr Moses CHENG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mr Albert CHAN, Mr Marvin CHEUNG, 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 Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Dr YEUNG Sum, Mr WONG Wai-yin and Miss Christine LOH voted against the motion.

Mrs Elsie TU and Mr Eric LI abstained.

THE PRESIDENT announced that there were 18 votes in favour of Mr Steven POON's motion and 23 votes against it. He therefore declared that the motion was negated.

Private Bill**Second Reading of Bill****HONG KONG CHRISTIAN COUNCIL INCORPORATION (AMENDMENT) BILL
1993****Resumption of debate on Second Reading which was moved on 19 January 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 Bill

Council went into Committee.

**HONG KONG CHRISTIAN COUNCIL INCORPORATION (AMENDMENT) BILL
1993**

Clauses 1 to 3 were agreed to.

Council then resumed.

Third Reading of Bill

MR MOSES CHENG reported that the

**HONG KONG CHRISTIAN COUNCIL INCORPORATION (AMENDMENT) BILL
1993**

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

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

Bill read the Third time and passed.

Adjournment and Next Sitting

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm tomorrow Thursday 21 April 1994.

Adjourned accordingly at eighteen minutes to Nine o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Official Languages Ordinance, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

WRITTEN ANSWERS**Annex I****Written answer by the Secretary for Security to Mr Howard YOUNG's supplementary question to Question 2**

The Immigration Department does have a performance pledge on the amount of time taken to obtain a visa, including processing through the British Embassy in Beijing; the pledge is that 70% of all the applicants will be issued with visas within six weeks. The Department has been unable to meet this target in the last 12 months, averaging only 68.1%.

Annex II**Written answer by the Secretary for Security to Mr TAM Yiu-chung's supplementary question to Question 2**

It normally takes one to two weeks to process visa applications from visitors coming under the auspices of the Chinese Government. It would require a considerable increase in resources to shorten the processing time to two or three days. I am afraid that this increase could not be justified at present, in view of many other competing demands faced by the Immigration Department.

Annex III**Written answer by the Secretary for Security to Mr LAU Chin-shek's supplementary question to Question 2**

A person can come from China to work in Hong Kong if they are:

- (a) coming under the official auspices of the Chinese Government which is signified by the possession of a diplomatic, service or ordinary People's Republic of China passport issued by the Ministry of Foreign Affairs;
- (b) recruited under the General Importation of Labour Scheme; or
- (c) recruited under the Importation of Labour Scheme for the new airport and related projects.

WRITTEN ANSWERS — *Continued*

On (a) above, according to the records, the number of visa applications approved were 1 999 in 1991, 2 603 in 1992, 2 955 in 1993 and 571 in the first three months of 1994.

On (b) above, the number of visa applications approved for workers from China were 12 391 in the 1990 scheme, 11 289 in the 1992 scheme and 11 975 in the 1993 scheme.

On (c) above, the number of visa applications approved for workers from China was 1 659.

Statistics on the nature or type of work are unavailable.