

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 30 November 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 MICHAEL LEUNG MAN-KIN, C.B.E., J.P.

THE FINANCIAL SECRETARY

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

THE ATTORNEY GENERAL

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

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

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

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

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

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

THE HONOURABLE FONALD JOSEPH ARCULLI, O.B.E., J.P.

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

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

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

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 EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

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

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

ABSENT

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

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

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., J.P.

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE LAU CHIN-SHEK

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

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ALFRED TSO SHIU-WAI

IN ATTENDANCE

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

THE HONOURABLE MICHAEL SZE CHO-CHEUNG, I.S.O., J.P.
SECRETARY FOR THE CIVIL SERVICE

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

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

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

MRS KATHERINE FOK LO SHIU-CHING, O.B.E., J.P.
SECRETARY FOR HEALTH AND WELFARE

MR LAM WOON-KWONG, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE CLERK TO THE LEGISLATIVE COUNCIL
MR LAW KAM-SANG

PAPERS

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Boilers and Pressure Vessels (Amendment) (No. 2) Regulation 1994	622/94
Clubs (Safety of Premises) (Fees) (Amendment) Regulation 1994	623/94
Land Registration Fees (Amendment) (No. 2) Regulation 1994	624/94
Land Registration (New Territories) Fees (Amendment) (No. 2) Regulation 1994	625/94
Immigration (Vietnamese Migrants) (Detention Centres) (Designation) (Amendment) (No. 2) Order 1994	626/94
Prisons (Amendment) (No. 3) Order 1994	627/94
Public Health and Municipal Services Ordinance (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 7) Order 1994	628/94
Foreign Lawyers Registration (Fees) Rules	629/94
Overseas Lawyers (Qualification for Admission) (Fees) Rules	630/94
Immigration (Vietnamese Migrants) (Detention Centres) (Amendment) (No. 2) Rules 1994	631/94
Regional Council (Fees for Official Signatures and Miscellaneous Services) (Repeal) Bylaw	632/94
Antiquities and Monuments (Declaration of Historical Building) Notice 1994	633/94
City Polytechnic of Hong Kong (Amendment) Ordinance 1994 (92 of 1994) (Commencement) Notice 1994	634/94

Hong Kong Baptist College (Amendment) Ordinance 1994 (93 of 1994) (Commencement) Notice 1994	635/94
Hong Kong Polytechnic (Amendment) Ordinance 1994 (94 of 1994) (Commencement) Notice 1994	636/94
Waste Disposal (Amendment) Ordinance 1994 (28 of 1994) (Commencement) (No. 2) Notice 1994	637/94
Official Languages (Authentic Chinese Text) (Estate Duty Ordinance) Order	(C)31/94

Sessional Paper 1994-95

- No. 43 — General Chinese Charities Fund Income and Expenditure Account with Balance Sheet and Certificate of the Director of Audit for the year ended 31 March 1994

ORAL ANSWERS TO QUESTIONS

Land Grant for Private Hospitals

1. DR CONRAD LAM asked (in Cantonese): *Mr President, in regard to private hospitals built under land grants by the Government free of premium, will the Government inform this Council:*

- (a) *of the criteria for making such land grant for the purpose of building private hospitals;*
- (b) *of the mechanism through which the operation of such hospitals is monitored to ensure that they meet the standards set by the Government; and*
- (c) *whether any standards or guidelines have been drawn up to govern the ratio between medical/nursing staff and beds in such hospitals?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, there are 13 private hospitals in Hong Kong, of which nine are non-profit making and four are profit making. Only non-profit making hospitals are eligible to apply for the grant of land at nominal premium.

The conditions for granting land to non-profit making private hospitals are:

- (a) the proposal must conform with local development plans;
- (b) it must represent full use of the site applied for; and
- (c) the applicant is financially capable of completing the project.

The conditions under which the land is granted prohibit the grantee from assigning, mortgaging and subletting the land for profit. The grantee is also required to commence to operate the hospital by a stipulated date.

Only a hospital and such ancillary facilities as approved by the Director of Lands may be built on the granted site. Building plans for the hospital must be approved by the Director of Health and any subsequent major changes to the buildings or use of facilities also require the Director's approval before formal submission to the Building Authority. If the grant ceases to serve its original purpose, the site will be taken back by the Government.

Since 1981, private non-profit making hospitals have been required to set aside not less than 20% of their beds to be low-charge beds, to which the Director of Health and the Chief Executive of the Hospital Authority may by mutual agreement refer patients, other than chronic long-term cases.

Private hospitals are required under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) to be registered with the Director of Health, subject to conditions relating to accommodation, staffing and equipment. They are also subject to other statutory controls including registration of medical and paramedical personnel, and requirements as may be imposed by other government departments like fire safety, building requirements and dangerous good storage.

After the licence is granted, the hospital will continue to be monitored through the various ordinances which are in force. In addition, the hospitals will be required to submit regular statistics and other relevant information to the Department of Health and the institutions will be inspected by the Department of Health before renewal of licence and as and when necessary.

All private hospitals, whether in receipt of land grant or not, are also expected to comply with the "Guide to Hospital Standards" which was issued by the Director of Health in April 1992.

The appropriate level of staffing for a hospital depends on the nature and scope of service provided, the case-mix and number of patients served. Accordingly it is considered not practical to impose a rigid staffing ratio on private hospitals. These hospitals are allowed to exercise discretion and

flexibility to deploy human resources to meet the needs of patients subject to the satisfaction of the Director of Health.

DR CONRAD LAM (in Cantonese): *Mr President, in her reply, the Secretary for Health and Welfare mentioned that non-profit making private hospitals are required to set aside not less than 20% of their beds as low-charge beds. I believe that when citizens go to private hospitals for treatment, they are not aware that there are such kind of low-charge beds. Would the Secretary please explain to us in detail how the non-profit making private hospitals determine the charge for these low-charge beds? When citizens go to private hospitals for treatment, is it possible for them to know how many low-charge beds are available at that time? As mentioned in the reply, the Hospital Authority may refer patients to occupy these beds. Will the Secretary consider allowing patients to take up these low-charge beds through direct application rather than through reference by the Hospital Authority? It is because in such a way, patients can be benefited directly while the citizens' reliance on public hospitals can be relieved. Thank you, Mr President.*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the requirement to provide low-charge beds was only introduced in 1981. As Members will be aware, all the non-profit making hospitals, with the exception of Bradbury Hospice which only provides 26 beds, all the other eight non-profit making hospitals were established prior to 1981. So the low-charge beds have not been implemented in any of the non-profit making private hospitals because when they were set up this condition was not imposed.

DR TANG SIU-TONG (in Cantonese): *Mr President, in the reply concerning the conditions for granting land to non-profit making private hospitals, the Administration stated that "the conditions under which the land is granted prohibit the grantee from assigning, mortgaging and subletting the land for profit". Is it a kind of subletting activities if a non-profit making hospital imposes charges on the use its car park?*

PRESIDENT: Is that a hypothetical question, Dr TANG? Are there such cases? Or was that purely a hypothetical question?

DR TANG SIU-TONG (in Cantonese): *Mr President, I know that some non-profit making hospitals have car parks and the parking fees are rather high. Is this a kind of subletting activities?*

SECRETARY FOR HEALTH AND WELFARE: If any Member has a specific case of any suspicion that a hospital is not complying with the requirements of the Director of Health, I shall be pleased to look into it.

DR LEONG CHE-HUNG: *Mr President, we are given to understand that a piece of land has been granted by the Governor in Council through private treaty to the Hong Kong Canadian International Hospital Foundation Limited. We are also given to understand that this hospital will ultimately be filled by professionals, especially medical staff, recruited from North America. Some of them may not be registrable in Hong Kong.*

Now without pre-empting the possible direction of the Hong Kong Medical Council, can the Administration confirm to this Council that these medical staff from North America will have to comply with the registration criteria as determined by the Medical Council to comply with adequate medical standards? And can the Administration also inform this Council, under what criteria will these medical staff be registered?

PRESIDENT: Are you able to answer, Secretary?

SECRETARY FOR HEALTH AND WELFARE: Mr President, I can certainly confirm that doctors and other professional staff employed by this new Canadian hospital will also be required to possess qualifications that are registrable in Hong Kong.

Old Age Pension Scheme

3. MR JIMMY MCGREGOR asked: *Mr President, In view of the remarks made recently by the Director of the New China News Agency which suggested that the Chinese Government was not in favour of the proposed Old Age Pension Scheme, will the Government inform this Council:*

- (a) how the Government will assess the position of the Chinese Government towards the proposed Scheme; and*
- (b) secondly, whether the Government will proceed with the proposed Scheme or consider other alternatives of providing the territory's elderly citizens with an institutional system of retirement benefits?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, on 15 December 1993, I announced in this Council that the Government would pursue an Old Age Pension Scheme subject to three provisos, one of which is consultation with the Chinese Government before reaching a decision. The

forum for such consultation should be the Sino-British Joint Liaison Group. It is through discussions at the Joint Liaison Group that the Government will assess the views of the Chinese Government towards the proposed Scheme. We remain ready to discuss with them details of the proposed Scheme and to provide any additional information that may be required.

Turning to the second part of the question, the Government is still analyzing and evaluating the wide spectrum of public opinions expressed in the more than 6 000 submissions that we received in the consultation period. We are therefore not yet in the position to announce a decision on the way ahead.

MR JIMMY MCGREGOR: *Mr President, I find it strange that the Secretary makes no mention of the very specific remarks made by Mr ZHOU Nan in an obvious reference to the proposed Old Age Pension Scheme. Has the Government sought information from the Chinese authorities on the significance of Mr ZHOU's remarks and does the Government recognize that they amount to a rejection by the Chinese Government of the proposed Old Age Pension proposals?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, we have read Mr ZHOU's speech carefully. We remain ready to discuss the Scheme with the Chinese Government any time, anywhere.

PRESIDENT: Mr MCGREGOR, not answered?

MR JIMMY MCGREGOR: *Mr President, I think the question was not specifically answered. I realize the Government remains very willing to discuss the Scheme but my question was whether they recognize the significance of Mr ZHOU's remarks and are now seeking out advice from the Chinese Government?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, we have said time and again that we would be ready to discuss the proposed Scheme with the Chinese Government through the Joint Liaison Group and this remains our position.

MR TIK CHI-YUEN (in Cantonese): *Thank you, Mr President. The Government has mentioned that decision on whether the Old Age Pension Scheme is to be implemented will be made by the end of this year. Does the Government now have a clear understanding of the position of the Chinese Government on this Scheme? If not, since there is still one month to go before the end of the year, has the Government arranged any specific activities or*

meetings within this month so as to have further discussions with the Chinese Government so that it can have a clear picture of the position of the Chinese Government on the Scheme?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, for the past three and a half months, we have conducted consultation on a very broad basis and have listened to the opinions of various sectors. At present, we are carrying out an analysis and assessment of the opinions so collected. Opinions expressed by various organizations published in newspapers are also included. I believe that the opinions we have consulted so far are rather comprehensive. Basically, we have obtained the opinions of various sectors of the community on the Old Age Pension Scheme. We hope to have further communication and discussion with the Chinese Government on the details of the Scheme as soon as possible.

PRESIDENT: Mr TIK, not answered?

MR TIK CHI-YUEN (in Cantonese): *Mr President, I think the Secretary has not answered my question definitely. Does the Hong Kong Government know or understand the stance or position of the Chinese Government on the Old Age Pension Scheme? I agree that we should have further discussion with the Chinese Government. However, the Hong Kong Government has promised to finalize the matter by the end of the year. That means the Government will have to know what position the Chinese Government has on the matter before the end of the year. If the Government still fails to have any idea up to the present moment, when will the Government arrange specific activities or meetings so that both sides can have further discussion in this respect?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, I have mentioned time and again on public occasions and in this Council that we think the best way to understand the position of the Chinese Government is through discussion and not speculation or by regarding the opinions found in newspaper as those of the Chinese Government. We hope that in the communication process, both parties can have discussion. This is the best way to enable us to have a clear understanding of their position. I believe everyone would agree that in the communication process, discussion is far better than speculation.

MR HENRY TANG (in Cantonese): *Mr President, it has almost been a year since 15 December 1993 when the Old Age Pension Scheme was first proposed. At that time, three provisos were set down. First, it to be acceptable to the general public of Hong Kong. Second, it is to be acceptable to the Legislative Council and third, the Chinese Government is to be consulted. A year has*

lapsed and yet, just now, Mr LAM Woon-kwong is still saying that we hoped to discuss the Scheme with the Chinese Government as soon as possible. Why waited for a whole year without proceeding to discuss with the Chinese Government?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, we have already stated our position, that is, we are willing to have further discussion with the Chinese Government at any time they want. We will provide all the basic information relevant to the proposed Scheme to the Chinese Government. If necessary, we are willing to supply further information and have further discussion at any time.

MR JIMMY MCGREGOR: *Mr President, what I am trying to get to, on a roundabout route I think, is to question the Government whether it has provided detailed information to the Chinese authorities with an offer of discussion of these details should such discussion be found helpful by the Chinese authorities? In other words, Mr President, are the Chinese authorities in possession of an offer by the Hong Kong Government to discuss this Scheme in detail before, in fact, all of the many thousands of submissions have been considered and final plans laid for an Old Age Pension Scheme? What is the degree of discussion between the Hong Kong and Chinese authorities on this issue?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, we have indeed offered all available information on this Scheme to the Chinese Government and we have also offered to discuss the proposed Scheme and any further details they want any time. When we are ready with the analysis of the public submissions, we will also provide information to the Chinese side at the same time as we make this information public.

MR HENRY TANG (in Cantonese): *Mr President, I would like to ask two questions in another way. Earlier on, Mr LAM Woon-kwong mentioned that they hoped and were very willing to discuss with the Chinese Government as soon as possible. I would like to ask Mr LAM whether this issue is included in the agenda of the meeting of the Sino-British Joint Liaison Group? If so, when was it being discussed? If not, then why?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, the answer is yes.

MR HENRY TANG: *When?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, we have related our stance clearly to the Chinese Government at a very early stage, that is, we are very willing to have discussion on this Scheme. In September when the Sino-British Joint Liaison Group (JLG) met, we have proposed to place this issue on the agenda. We hope this issue will remain on the agenda during the next meeting of the JLG.

Public Statements by Civil Servants

2. MR NGAI SHIU-KIT asked (in Cantonese): *Mr President, the Chairman of the Local Inspectors' Association was earlier reprimanded by the senior levels of the Police Force for making a public statement appealing for the reinstatement of the death penalty. In connection with this, will the Administration inform this Council:*

- (a) *whether there are any internal guidelines restricting the open expression of opinion by civil servants' unions or individual civil servants; and*
- (b) *if the answer to (a) is in the affirmative, what factors have been taken into account as the basis for formulating such guidelines?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, there are no guidelines issued to civil service unions restricting them from making public statements. However, as provided for in the Civil Service Regulations, individual civil servants may not publish anything which may reasonably be regarded as of a political or administrative nature without prior approval. The definition of "publish" includes making public by interviews and speeches, by letters and articles in the press, or by talks and discussions on radio and television programmes. The purpose of this provision is to ensure that such publications do not:

- (a) conflict with the interests of the department concerned;
- (b) bring the department, or the Civil Service generally, into disrepute; and
- (c) bring into question the impartiality of the Civil Service.

MR NGAI SHIU-KIT (in Cantonese): *Mr President, are there any rules restricting civil service unions or individual civil servants from making public statements to any specific persons? If the answer is in the affirmative, who are the people on the restriction list and why are they being included in the list?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, as I have said, there are no rules restricting the trade unions from making statements to anybody. They are governed by the Trade Unions Ordinance and by their own constitution. As regards individual civil servants, apart from the rule that I have just quoted in my main reply, there are no other rules, and indeed we do not restrict civil servants from talking to whoever they wish to talk to.

MR SIMON IP: *Mr President, can the Administration clarify whether the Chairman of the Local Inspectors' Association was speaking in his personal capacity or in his representative capacity; and if the latter, would the Administration not agree that it is a much more serious matter because the message to the community would be that the entire Association was in favour of reinstatement of the death penalty? If that is the case, then would the Administration not consider a mere reprimand to be insufficient?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, there was indeed some doubt as to which capacity he was speaking in and that was why the Police Force management issued a written advice to him and not a reprimand, pointing out that the particular statement had the effect of compromising the neutrality, impartiality and independence of the Police Force in discharging its duties and upholding the rule of law. And I think it is for that reason that the Police Force management felt that a strong letter of advice was necessary.

MR RONALD ARCULLI: *Mr President, in view of the political development in Hong Kong today, could the Secretary inform us whether it is time to actually review the Civil Service Regulations regarding the seeking of prior approval before a civil servant can make any sort of statement of a political or indeed an administrative nature, and if so, when does he intend to carry that out?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, naturally, we will always keep all things under review. However, I think the public does expect civil servants to behave in a discreet manner and that is why there are rules and regulations imposed on the Civil Service, for example, in participating fully in the political life of Hong Kong. For example, I could not run for election to this Chamber and remain a civil servant.

MR HOWARD YOUNG (in Cantonese): *Mr NGAI proposed this question because a civil servant has made a public statement concerning death penalty. In his reply, the Secretary stated that there were three provisos which a civil servant might not publish anything: that would (a) conflict with the interests of the department concerned; (b) bring the department into disrepute and (c) bring into question the impartiality of the Civil Service. Will the Secretary inform this Council which proviso does the case mentioned by Mr NGAI belong to?*
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cannot see that this case will in any way conflict with the interests of the department concerned or bring the department into disrepute or bring into question the impartiality of the government departments.

SECRETARY FOR THE CIVIL SERVICE: Mr President, in my reply to the Honourable Simon IP's question, I pointed out that the Police Force management, in issuing a letter to the chairman concerned, was indeed concerned that the statement he made, concerning the possible reinstatement of the death penalty, does bring into question the neutrality of the Police Force and its impartiality, and in particular its independence in discharging duties and upholding the rule of law. Therefore, in my view, it would compromise the rule of bringing into question the impartiality of the Civil Service.

DR CONRAD LAM (in Cantonese): *In his reply, the Secretary mentioned the definition of "publish". Does this definition include the official reply of the Secretary given in this Council?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, when I said about individuals making statements, it is individual civil servants making statements as an individual; it does not relate to the fact that the civil servants are discharging their responsibilities when they are answering particular questions, whether it be inside this Chamber or outside this Chamber. And as regards making statements within this Chamber, I understand that I am as privileged as any Member of the Council.

Extortion Cases among Businesses and Shops

4. MRS SELINA CHOW asked (in Cantonese): *Mr President, will the Government inform this Council:*

- (a) *of the number of reports of extortions that have been made by businesses and shops in the last three years; of these, how many are triad-related;*
- (b) *of the number of prosecutions resulting from these reports; and*
- (c) *whether the Government intends to step up publicity action to stamp out such activities so as to deter criminal elements from further attempts to victimize innocent business operatives and owners?*

SECRETARY FOR SECURITY: Mr President, the number of reports of extortion made to the police by businesses and shops in 1991 was 92, of which 63 were triad-related; in 1992, it was 108, of which 86 were triad-related; in 1993, it was 87, of which 59 were triad-related; and in the first 10 months of 1994, it was 70, of which 57 were triad-related.

We do not have statistics on the number of prosecutions resulting from these reports. However, the number of persons arrested in relation to these reports in 1991 was 60, of whom 59 were charged with blackmail; in 1992, it was 67, of whom 66 were charged with blackmail; in 1993, it was 101, all of whom were charged with blackmail; and in the first 10 months of 1994, it was 58, all of whom were charged with blackmail.

The police conduct regular visits to business operators and owners, to encourage them to report cases of extortion and to obtain their co-operation in combating such activities. The Government conducts regular publicity campaigns against all triad-related crime, including extortion, through television and radio, posters, leaflets and mobile displays. This is one of the main themes of the Fight Crime Committee publicity campaign this year.

MRS SELINA CHOW (in Cantonese): *Mr President, according to the reply of the Secretary, it is obvious that most of the cases of extortion are triad-related. Can the Secretary inform this Council whether the Organized and Serious Crimes Ordinance can provide substantial help in the police efforts against the offence in question since its adoption by this Council?*

SECRETARY FOR SECURITY: Mr President, I am confident that the Organized and Serious Crimes Ordinance, when it is brought into operation, will help considerably in the police efforts against all triad-related crime, including extortion of this type. But the Ordinance has not yet been brought into force and so it is obviously not possible to say that it has helped yet to tackle this sort of crime.

MR RONALD ARCULLI: *Mr President, could the Secretary for Security advise this Council of the picture as he sees it. In other words, looking at the information and the statistics supplied, what sort of picture do we see? Is it a very serious problem? Is it not a serious problem? How widespread is it? Is it concentrated on certain industries or businesses, and so on?*

SECRETARY FOR SECURITY: Mr President, extortion must be considered as a serious problem and certainly the involvement of organized crime and triads in this sort of offence must be considered as serious. All the evidence and statistics we have do not point to the fact that it is getting worse; it seems to have been relatively stable in the last few years. I would say that extortion

specifically related to shops does seem to be a relatively small proportion of the overall total. It is an offence which tends to be directed primarily against certain types of activities. The entertainment industry, minibuses, hawkers, as well as shops and other businesses, are affected by this and it does tend to congregate in certain districts, particularly those which have a high proportion of the entertainment industry, for example, Wan Chai, Yau Tsim and Mong Kok.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, according to the figures concerning cases of shops being extorted, the proportion of triad-related cases is quite high. Does the Government agree that the number of reported cases of shops being extorted are far less than the actual number of such kind of cases? It is because many shop operators may worry about their own safety and fear that their shops may be damaged, hence they dare not report to the police even if they are blackmailed by the triads. They have the fear of "the villains are close whereas the police are distant". They would rather pay the triads as per their demand than take the risk and report to the police. How would the Government life these shop operators from their plight?*

SECRETARY FOR SECURITY: Mr President, I would not deny that, in this sort of crime, non-reporting and possibly the tendency of shop owners and other business operators to treat these sorts of demands as one of the overheads of the business, are problems; they certainly are problems in Hong Kong as they are anywhere else. I would hope, and I do believe, that when the Organized and Serious Crimes Ordinance is brought into operation this would help to address this problem. It is by definition impossible to gauge the extent of under-reporting, although I would hope that the Crime Victimization Survey, which is to be carried out next year, would help to give us some better information on the extent of this problem.

MR JAMES TO (in Cantonese): *Mr President, just as what the Secretary has said, results of the last Crime Victimization Survey conducted years ago has indicated that the reporting rate of extortion was far below 50%. The crime victimization survey I conducted last year on a small scale in Mong Kok and Yau Tsim districts further indicated that the reporting rate was below 20%. Besides conducting such crime victimization survey, does the Crime Intelligence Bureau of the police have any intelligence about the reporting rate? Is there any information on the amount a shop which is blackmailed has to pay in a particular district? Shop operators may not report to the Police formally. However, they might be willing to tell the authority the actual situation if we try to handle it in a way that it is just some sort of gathering of intelligence.*

SECRETARY FOR SECURITY: Mr President, the answer is no. As I have said, by definition, we do not have an accurate picture of the extent of under-reporting of crime. If we knew that, it would not be unreported crime. And I certainly would not, I am afraid, with due respect to Mr TO, put any reliance on his figure of 20%. But as I have said, I think that we will get a better picture of this from the Crime Victimization Survey to be conducted next year.

MRS SELINA CHOW (in Cantonese): *Mr President, when this sort of offence is disclosed and the offenders prosecuted, it will no doubt encourage other victims to report if we carry out large scale publicity. Will the Government consider launching large scale publicity campaigns after each successful operation in order to encourage reporting?*

SECRETARY FOR SECURITY: Mr President, yes, I agree with Mrs CHOW. I think it will have that effect. I would say that there have been some quite encouraging developments on this in the past year. For example, earlier this year, I think, there was widespread publicity to the police arrest of many Sun Yee On members in connection with construction site extortion activities in Kowloon and the New Territories. And also earlier this year, there was widespread publicity in connection with many arrests which the police made in connection with extortion activities in Times Square. I think that further such operations and further such publicity may indeed encourage others to come forward and report.

MR JAMES TIEN: *Mr President, on the question of encouraging business to report more on this blackmail situation, I think they would be more interested in the end result. Could the Secretary please tell us, for example, of the 101 cases reported and charges made in 1993, how many actually resulted in conviction? It is because obviously, if the businesses see that after reporting to the police something actually could be done about it — criminals were charged and actually convicted — that would probably encourage their reporting.*

SECRETARY FOR SECURITY: Mr President, I do not have that specific figure asked for by Mr TIEN. But I think what I can say is, looking at the overall detection rate for blackmail cases in the past four years, it tends to have been at or slightly above 75% which in overall terms is, I think, quite a good detection rate.

Police Management and Establishment Review

5. MR JAMES TO asked (in Cantonese): *Mr President, with regard to the Report on the Command Structure and Manning Level Review of the Royal Hong Kong Police Force, which was completed after a two-year study, will the Government inform this Council:*

- (a) *when the details of the Report will be disclosed, so that the public and Members of this Council can have specific and accurate information for analysis and discussion and will thus be able to reflect their views to the Government; and*
- (b) *whether the Government is of the view that the appropriate time to release details of the Report is when it applies to the Finance Committee for funds to implement the measures recommended in the Report; if so, what the reasons are and whether the Report will be released in full then?*

SECRETARY FOR SECURITY: Mr President, the Police Management Review, which seeks to determine the appropriate level of management which the Force needs to carry out its functions, consists of some 42 detailed reports. It is a comprehensive examination of the establishment of the Police Force, including the scope for further civilianization and greater use of technology. We are finalizing our study of all these reports, and would expect to have reached our conclusions in the next two months. We will then be ready to report to this Council, probably in the first quarter of next year. At that stage, we will make available the detailed reports.

MR JAMES TO (in Cantonese): *Mr President, in his reply, the Secretary for Security indicated that the entire Police Management Review consists of some 42 detailed reports. However, he said just now that it would not be until the first quarter of next year when he would be ready to report to this Council. I recall that several months ago, the Secretary said he would apply to the Finance Committee for funds in the next financial year. Would it not be too demanding and unfair to Members of this Council if they were given only a very short period of time to reflect their views to the Administration and to decide on whether or not to make appropriations to implement the important recommendations contained in the reports while the Administration has taken more than two years to conduct its study and examine the results? Furthermore, would it be better to gather and consider our opinions first before coming to any conclusions by the end of the year?*

PRESIDENT: Two question there, Secretary.

SECRETARY FOR SECURITY: Mr President, on the first question, we are providing funds, I believe, in the year 1995-96 to implement some nine of the reports which we have so far examined, but this will be done through internal redeployment of resources. The recommendations that we will be implementing next year will be funded from savings which we have achieved in other areas.

As regards the second part of the question, I think I would say this, that we would like to come to a preliminary view within the Administration before we put these reports to this Council and hear their views because inevitably, the first thing that this Council is going to do when it gets the report is to ask us what our conclusions are and so I think we might as well have our conclusions ready first. But having said that, when we do make the reports available, then we will of course be very willing to listen to Members' views on the reports.

PRESIDENT: Mr TO, not answered?

MR JAMES TO (in Cantonese): *Mr President, the Secretary has not mentioned how much time he proposed to allow Members to have for studying the reports before he applies to the Finance Committee for appropriations.*

SECRETARY FOR SECURITY: Mr President, I cannot answer that in a single statement because we do not know yet when we shall propose to implement these recommendations; there is no doubt that they will be implemented in phases, some earlier than others. What I think I can say is this, that apart from the nine reports that we intend to implement through redeployment of savings within the financial year 1995-96, I do not envisage that we shall seek funding for any further recommendations until the following financial year. So I think that the Legislative Council will have quite some time to study these reports and let us know its views on them.

REV FUNG CHI-WOOD (in Cantonese): *Mr President, the general public is very concerned about staffing problems in the Police Force. Why does it take the Administration so long to study the reports? Why can it not come to conclusions earlier so that recommendations in these reports or otherwise can be implemented? Moreover, would the Secretary formulate a set of procedures through which views of this Council or the public on the relevant reports can be sought?*

PRESIDENT: Secretary, two questions.

SECRETARY FOR SECURITY: Mr President, this study is a very major undertaking. The fact that it has produced 42 detailed reports and has looked at every single formation in the Police Force, asking such fundamental questions as whether the police should still be doing a particular job, whether there are better ways of doing it, whether civilianization and modern technology could help to do it more efficiently, indicates the wide scope of the review, and I do not believe that there has been any delay in reaching conclusions on this. I think it has been done very expeditiously.

As regards the second question, as I have said, we will be making available full details of the reports to this Council and we will be very glad to have their views.

MRS SELINA CHOW (in Cantonese): *Mr President, in its study, has the Administration considered the public's demands on the service provided by the Police Force, in particular, in respect of that of patrol, the establishment of Neighbourhood Police Units, the maintenance of law and order in the housing estates and so on? If so, would such demands be listed in detail in the Secretary's report to this Council and would corresponding arrangements in manpower and resources be made to meet these demands before any determination in relation to the study can be arrived at?*

SECRETARY FOR SECURITY: Mr President, yes indeed. One of the priority areas that has been looked at was the question of the deployment of policemen on the street. And next financial year, we will be increasing the number of policemen available for deployment on the street very considerably. I think it is somewhere in the region of 450 additional posts for this purpose. So that is an area to which the review has given priority and we have given priority in implementing it.

MR JAMES TO (in Cantonese): *Mr President, at a meeting of the Security Panel held several months ago, representative of the Security Branch said that among the 42 detailed reports, preliminary conclusions had been reached in respect of nearly half of them. Would the Secretary consider making these reports available earlier, while those in respect of which no conclusions have been made yet may be publish later, instead of waiting until for all the reports have been concluded?*

SECRETARY FOR SECURITY: Mr President, as I said, I do not think we are that far advanced and I would want to have more than preliminary conclusions before I make the reports available. Nevertheless, there are some of the reports, a number of them, on which we have reached conclusions and I will certainly see whether we can make those available earlier.

WRITTEN ANSWERS TO QUESTIONS

Local Employment of Overseas Professionals

6. MR FREDERICK FUNG asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the number of overseas professionals who have applied to work in the territory, and the number of such applications which have been approved, in each of the past three years;*
- (b) *of the nationalities of those overseas professionals where applications have been approved;*
- (c) *whether there are any quota restrictions on the employment of overseas professionals for the private sector; and*
- (d) *of the criteria used for approving overseas professionals to work in the territory?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) Our current statistics do not contain a breakdown by professions. The best possible information we can provide is the number of applications for entry for employment (excluding applications to work as domestic helpers, and as skilled labours under the General Importation of Labour Scheme or the Airport Scheme) for the past three years:

	<i>Application</i>	<i>Approval</i>
1991	17 547	12 867
1992	18 525	13 859
1993	22 019	17 202

- (b) A breakdown by the nationalities of the successful applicants is shown below:

	1991	1992	1993
Australian	617	652	1 042
Canadian	330	409	491

	1991	1992	1993
Filipino	859	968	1 147
German	391	385	521
Indian	546	479	697
Japanese	1 991	2 368	2 508
Korean (S)	472	559	644
Singapore	418	456	605
Taiwanese	699	813	1 122
United States	1 632	1 661	2 229
Others	4 912	5 109	6 196
Total	<u>12 867</u>	<u>13 859</u>	<u>17 202</u>

- (c) The employment of these expatriates are not subject to any quota. However, the employers have to justify the need for recruitment from outside Hong Kong.
- (d) The policy governing the entry for employment is that the applicant must possess a special skill, knowledge, or experience of value to and not readily available in Hong Kong, or that he is in a position to make a substantial contribution to the economy of Hong Kong. Consideration will also be given to whether the applicant's qualifications or experience is relevant to the position offered. It is also of importance that he will be paid the going market rate. This is to ensure that the local workforce will not be subject to unfair competition from overseas.

Government Subsidies to Youth Centres and Social Centres for the Elderly

7. DR CONRAD LAM asked (in Chinese): *At present, the operating costs of youth centres run by subvented non-government organizations are fully subsidized by the Government, whereas social centres for the elderly run by these organizations are granted subsidy to meet 80% of their operating costs. In view of this, will the Government inform this Council:*

- (a) *of the reasons for the difference in the level of subsidy given to these two types of service centres;*
- (b) *whether the current subvention policy will be reviewed in order to dispel any public perception of the Government neglecting the well-being of elderly people; and*
- (c) *of the respective utilization rates of youth centres and social centres for the elderly in the past three years?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the reply is as follows:

- (a) Different levels of subvention for the two services were based on the findings of a major review on welfare subventions conducted in 1981. Youth centres, which aim to foster the developmental needs of young people, were placed under those services which receive 100% subvention. Financial support for social centres for the elderly, which provide social and recreational activities for the elderly, was fixed at 70% of the operating costs. Subsequently, the level of support for social centres for the elderly was raised to 80% in 1990 in view of the increasing role the centres played in meeting the social and recreational needs of elderly people.
- (b) The Working Group on the Care for the Elderly has recommended that a separate consultancy study on the objectives and functions of social centres be conducted. The Government will examine the question of subvention following the completion of this study. It should be noted, however, that the proposed provision of 100% subvention to social centres for the elderly would constitute a fundamental change to the subvention policy and that the Government would need to consider the implications in detail.
- (c) Youth centres and social centres for the elderly have no fixed capacity. Utilization rates of the two services in terms of average attendance per session in the last three years are as follows:

<i>Type of service</i>		<i>No. of centres</i>	<i>Average membership per month</i>	<i>Average attendance per session</i>
Social	91-92	123	321	50
Centres for	92-93	126	335	54
the Elderly	93-94	137	360	55

<i>Type of service</i>		<i>No. of centres</i>	<i>Average membership per month</i>	<i>Average attendance per session</i>
Youth	91-92	48	603	68
Centres	92-93	44	631	77
	93-94	41	593	72

Enforcement of Toys and Children's Products Safety Ordinance

8. DR LEONG CHE-HUNG asked: *As the Toys and Children's Products Safety Ordinance came into operation on 1 July 1993, will the Government inform this Council:*

- (a) *of the total number of samples of toys and children's products tested from 1 July 1993 to 30 June 1994;*
- (b) *of the proportion of the number of tested samples to the number of items available for sale in the local market in the same period;*
- (c) *of the respective total number of prohibition notices and recall notices served in the same period;*
- (d) *of the total number of prosecutions in the same period, how many of such prosecutions have resulted in conviction and what is the highest, lowest and average penalty imposed by the Court; and*
- (e) *whether the Administration will consider providing more manpower to carry out spot checks so as to strengthen enforcement measures?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President,

- (a) In the period 1 July 1993 to 30 June 1994, the Customs and Excise Department sent 1 835 samples of toys and children's products to the Government Laboratory for testing.
- (b) We have no information on the number of items of toys and children's products available for sale in the local market. The Customs and Excise Department identifies potential unsafe toys and children's products based on complaints or information received. The Department has developed administrative guidelines to ensure

that sufficient and representative samples of target toys and children's products are selected for testing their compliance with the safety standards prescribed in the Ordinance.

- (c) In the same period, 76 prohibition notices and two recall notices were served.
- (d) Two importers of unsafe toys were prosecuted and convicted. They were fined \$1,500 and \$2,000 respectively.
- (e) When the Ordinance was brought into effect in July 1993, the Customs and Excise Department established a dedicated team of 11 officers to enforce the Ordinance. In June 1994, another team of 11 officers was created to strengthen the enforcement efforts. We will keep under review whether additional enforcement resources are required for the better protection of consumers.

New Fixed Telecommunications Networks

9. MR ALBERT CHAN asked (in Chinese): *As the Government has agreed in principle to license three consortia to operate new fixed telecommunications networks, will the Government inform this Council:*

- (a) *how it can ensure that the three consortia will start their service as early as possible in a fair and competitive environment; and*
- (b) *what is the progress in the negotiation between the three consortia and Hong Kong Telecom on the setting up of a joint network?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, the Fixed Telecommunication Network Services (FTNS) licences to be granted to the four operators, including Hong Kong Telephone Company, to provide competitive local fixed network services after the expiry of Hong Kong Telephone's monopoly on 30 June 1995 will include a comprehensive set of competitive safeguards to promote and enforce fair competition. These include:

- obligations on each operator to interconnect with all other networks efficiently, promptly and on a non-discriminatory basis; in the event of dispute, the Telecommunications Authority (TA) is empowered to intervene and determine fair terms and conditions for interconnection.
- detailed provisions to protect consumer interests together with powers for the TA to prohibit anti-competitive practices such as collusion between operators, bundling of services to restrict

consumer choice, abuse of market power, predatory pricing, discriminatory practices, and so on.

- requirements to comply with the Telephone Numbering Plan administered by the TA to ensure fair allocation and use of telephone numbers by the four competing operators.
- arrangements to enforce the price capping of Hong Kong Telephone's basic charges and to require any operator who is in a dominant position to provide a service to submit the charges for that service for approval by the TA.

In addition, to ensure that the new operators will introduce their services expeditiously once they have been granted the licences, special conditions have been included in their licences committing them to a specific programme of investment and network roll-out. As a condition for the grant of their licences, the new operators will be required to take out a performance bond which will be forfeited if they fail to meet commitments without a valid reason. All four licences will be made public and available for inspection after they have been granted.

As regards interconnection, the four operators are being encouraged to reach agreement through commercial negotiation. This is to provide them with the maximum flexibility to reach interconnection arrangements that best meet their individual operational and commercial requirements. Should the negotiations fail, or the agreements reached between any of the operators be deemed to be anti-competitive or against consumer interests, the TA is empowered under the Telecommunication Ordinance (Cap. 106) and in the licence conditions to intervene and determine fair terms and conditions for interconnection. The TA is monitoring the progress of the interconnection negotiations closely and will consider taking a more active role if he feels that the negotiations are not proceeding satisfactorily.

Government's Action to Tackle Inflation

10. DR DAVID LI asked: *The core inflation (excluding such items as food and energy) during the second quarter of 1994 has remained stabilized at 9.1%, suggesting that inflation may not be subsiding despite recent moderations in the inflation rate. Will the Government inform this Council of the concrete action to be taken in the near future to tackle inflation as a means of maintaining and improving Hong Kong's competitiveness in the region?*

FINANCIAL SECRETARY: Mr President, primarily because of on-going resource limitations, the underlying inflationary pressures in the economy remain strong notwithstanding the recent easing in the inflation rate as food prices settle to a normal level. This is borne out by the components in the latest

Consumer Price Indices. In general, consumer price inflation continues to be driven mostly by the domestically-oriented components such as housing, consumer services and transport, the prices or costs of which continue to rise faster than average. Imported inflation seems to have increased in relative significance more recently, as reflected by the more rapid increases in the prices of clothing and miscellaneous consumer goods which are largely imported. But relative to domestically generated inflation, imported inflation is still of only minor influence.

It is clear that domestically generated inflation is closely linked to constraints in the key resources, notably land and labour. Measures to alleviate the resource constraints will therefore not only help to alleviate inflation, but will also enhance Hong Kong's productive capacity, thereby contributing to Hong Kong's economic growth and competitiveness.

On land resources, the two reports of the Government's Task Force have led to conscious action being taken, including the establishment of the Housing Branch, to ensure that there will be adequate supply of housing and land to meet demand. Up to 120 hectares of new land have been identified over and above the normal land disposal programme for residential development in the medium to longer term. As to commercial development, additional land for office premises will be made available from the Central and Wan Chai Reclamation and along the Airport Railway. Moreover, the new category of industrial/office (I/O) building projects will provide a complementary source of supply of new office space. In general, where development plans are lodged the Government will see to it that they are processed expeditiously.

On labour resources, although the economy is currently benefiting from a faster increase in the labour force due to more former emigrants returning and more expatriates coming to Hong Kong, the demand for labour is persistently strong giving a tight labour market overall. For the longer term, raising labour productivity offers the best solution to the labour shortage. But in the interim, additional labour supplies from imported sources are helpful. This is indeed the case with our Airport Core Programme, where the massive workload and the tight time schedule, along with an already heavily loaded construction industry at present, dictate that a substantial amount of imported labour will be required to ensure smooth and timely completion of the projects. We bring in foreign workers judiciously according to need, and in a controlled manner so that the interest of local workers will not be unduly affected. Inasmuch as a less constrained labour supply can help to enhance capacity for economic growth and lower inflation, the community at large will benefit.

The Government also strives to avoid taking measures which could have the effect of aggravating inflation. Our budgetary guideline of keeping public expenditure growth in line with the trend rate of economic growth has this crucial consideration in mind. Moreover, necessary increases in Government fees and charges are spread out to the extent possible, with the likely impact on inflation assessed in each case.

Hong Kong's competitiveness as a major business centre in the region hinges on many factors. The cost of doing business is one amongst many important factors. Measures on the supply or resource side are instrumental in addressing it. But Hong Kong does possess attractiveness on many other scores — our basically non-interventionist policy on business, a low and simple tax system, sound regulatory environment, our efficient infrastructure and services, our entrepreneurship, our competent workforce, and so on — upon which our competitiveness is underpinned. The Government is not losing sight of these factors, just as it is not complacent about inflation, in the interest of maintaining and wherever possible improving the competitive edge of Hong Kong.

Stolen Vehicles

11. MR STEVEN POON asked (in Chinese): *It was learnt that shooting occurred in the course of a police operation carried out recently in the car park of a building in Kowloon Tong which was suspected of being used by a vehicle-stealing syndicate for parking stolen vehicles. In connection with this, will the Government inform this Council:*

- (a) *whether the use of parking spaces in car parks inside buildings for parking stolen vehicles by vehicle-stealing syndicates is a common phenomenon; and what are the statistics on such cases for the past 12 months;*
- (b) *whether, in the light of such cases, the Government will draw up guidelines and distribute them to building owners' corporations and committees to assist their management offices in monitoring the use of car parks inside their buildings; and*
- (c) *whether the police has publicized any advice in its radio or television programmes (such as "Police Magazine") on how building management offices should handle such cases?*

SECRETARY FOR SECURITY: Mr President,

- (a) We do not believe that car parks in residential buildings are commonly used by car theft syndicates for parking stolen vehicles. The case referred to in the question was an isolated incident. It is unlikely that car theft syndicates would rent private parking spaces, as the records maintained by the building management could help the police to trace them. There is no record of any other such cases in the past 12 months.
- (b) The Crime Prevention Bureau of the Police Force offers guidance to property management offices to ensure vehicle and car park security. Such advice, in the form of a Car Park Security Manual

drawn up in consultation with the Carpark Operators' Association has been distributed to operators of private and commercial car parks.

- (c) The police provide regular advice to car park operators and property management offices on crime prevention and specifically, on security in car parks. This includes the possible use of car parks in private buildings for criminal purposes. Publicity by the police to combat car theft in car parks has been included in radio and television programmes. The adoption of improved security measures by property management offices and car park operators, with the assistance of the police, has contributed to the overall decline in car thefts over the past year.

Local and Expatriate Directorate Staff

12. MR ALLEN LEE asked (in Chinese): *Will the Government inform this Council of:*

- (a) *the number of local and expatriate officers at the directorate level in each of the departments and policy branches of the Government; and*
- (b) *the number and name of local and expatriate directorate staff at the department head/deputy department head and the secretary/deputy secretary levels in each of those departments and policy branches?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, with reference to (a), there were 739 local and 420 expatriate officers at the directorate level in the Government as at 1 July 1994 (the latest available figures), comprising a total of 1 159 officers. A breakdown of these officers by departments and Policy Branches is at Annex 1.

With reference to (b), there were as at 24 November 1994, 178 officers at Branch Secretary/Head of Department and Deputy Secretary/Deputy Head of Department level. Of these, 117 are local and 61 expatriate officers. A name list of these officers by departments and Policy Branches is at Annex 2. These include officers both substantive and acting.

Annex 1

Number of Directorate Grade by Status as at 1 July 1994

<i>Department</i>	<i>Local</i>	<i>Overseas</i>	<i>Total</i>
Agriculture and Fisheries	5	0	5

<i>Department</i>	<i>Local</i>	<i>Overseas</i>	<i>Total</i>
Auxiliary Medical Services	1	0	1
Architectural Services Department	17	10	27
Audit	10	1	11
Buildings	15	6	21
Customs and Excise	7	3	10
Census and Statistics	6	0	6
Civil Aviation Department	8	6	14
Civil Aid Services	0	1	1
Civil Engineering Department	10	10	20
Companies Registry	2	4	6
Correctional Services Department	8	1	9
Department of Health	44	1	45
Drainage Services Department	5	5	10
Education Department	20	2	22
Electrical and Mechanical Services Department	10	4	14
Environmental Protection Department	9	11	20
Fire Services Department	13	0	13
Government Flying Service	1	3	4
Government House	1	2	3
Government Laboratory	2	1	3
Government Land Transport Agency	0	1	1
Government Property Agency	1	2	3

<i>Department</i>	<i>Local</i>	<i>Overseas</i>	<i>Total</i>
Government Secretariat			
- Civil Service Branch	23	9	32
- Chief Secretary's Office	13	5	18
- Constitutional Affairs Branch	6	1	7
- Economic Services Branch	5	3	8
- Education and Manpower Branch	3	4	7
- Finance Branch	6	10	16
- Financial Services Branch	8	3	11
- Health and Welfare Branch	4	3	7
- Security Branch	3	9	12
- Trade and Industry Branch	19	9	28
- Transport Branch	7	2	9
- City and New Territories Administration	17	6	23
- Planning, Environment and Lands Branch	13	13	26
- Recreation and Culture Branch	4	2	6
Government Supplies Department	3	1	4
Housing Department	44	5	49
Hospital Services Department	2	0	2
Highways Department	11	5	16
Immigration Department	9	0	9
Industry Department	9	2	11

<i>Department</i>	<i>Local Overseas</i>		<i>Total</i>
Intellectual Property Department	1	4	5
Inland Revenue Department	17	2	19
Information Services Department	6	1	7
Information Technology Services Department	8	1	9
Judiciary	61	81	142
Labour	7	0	7
Lands Department	17	22	39
Legal Department	14	39	53
Land Registry	4	0	4
Marine Department	10	9	19
Management Services Agency	3	2	5
Office of the Commissioner for Administrative Complaints	1	0	1
Office of the Telecommunications Authority	5	1	6
Official Receiver's Office	1	6	7
Police Complaints Committee	1	0	1
Planning Department	20	2	22
Post Office	3	1	4
Royal Hong Kong Police Force	30	50	80
Public Service Commission	1	0	1
Printing Department	1	1	2
Rating and Valuation Department	5	6	11

<i>Department</i>	<i>Local Overseas</i>		<i>Total</i>
Royal Hong Kong Regiment (The Volunteers)	0	1	1
Registration & Electoral Office	1	0	1
Royal Observatory	5	0	5
Regional Service Department	9	1	10
Radio Television Hong Kong	5	0	5
Standing Commission on Civil Service Sal. and Conditions of Service	1	0	1
Standing Committee on Dis. Ser. Sal. and Conditions of Service	1	1	2
Student Financial Assistance Agency	0	0	0
Senior Staff Course Centre	0	1	1
Social Welfare Department	9	2	11
Transport Department	14	0	14
Territory Development Department	15	2	17
Television and Entertainment Licensing Authority	2	1	3
Trade Department	6	3	9
Treasury	6	2	8
University and Polytechnic Grants Committee	1	1	2
Urban Services Department	16	5	21
Water Supplies Department	20	1	21
Grand Total	739	420	1 159

Secretaries, Deputy Secretaries, Head and Deputy Heads of Department

Name	Post	Status
GS		
CHAN Anson (Mrs)	Chief Secretary	L
MacLEOD, N.W.H.	Financial Secretary	O
SZE Cho-cheung, Michael	Secretary for the Civil Service	L
JACKSON, C.I.C.	Deputy Secretary (Civil Service)1	O
STONE, M.V.	Deputy Secretary (Civil Service) 2	O
TSO Man-tai, Thomas	Deputy Secretary (Civil Service) 3	L
HO Suen-wai, Francis	Director of General Grades	L
HANSON, M.J.J.	Review Coordinator (Training)	O
NG Wing-fui, Nicholas	Secretary for Constitutional Affairs	L
LAI Hing-ling, Peter	Deputy Secretary of Constitutional Affairs 1	L
LEE Lap-sun	Deputy Secretary of Constitutional Affairs 2	L
SIU Kwing-chue, Gordon	Secretary for Economic Services	L
BOSHER, E.M. (Mrs)	Deputy Secretary of Economic Services	O
CLARK, A.R.	Secretary, Port Development Board	O
LEUNG Man-kin, Michael	Secretary for Education and Manpower	L
LAM Woon-kwong	Deputy Secretary for Education and Manpower (1)	L
MAK Iu-kwan, Kevin	Deputy Secretary for Education and Manpower (2)	L
Cartland, M.D.	Secretary for Financial Services	O
WEI CHUI Kit Yee, Lessie (Mrs)	Deputy Secretary of Financial Services	L
TAM Wing-pong	Deputy Secretary (Financial Services) Special Duties	L
TANG Kwong-yiu	Government Economist	L
FOK LO Shiu-ching, Katherine (Mrs)	Secretary for Health and Welfare	L
LAU LEE Lai-kuen, Shelley (Mrs)	Deputy Secretary for Health and Welfare 1	L
WILLIS, J.A (Miss)	Deputy Secretary of Health and Welfare 2	L
ASPREY, A.P	Secretary for Security	O
WOODHOUSE, K.J.	Deputy Secretary for Security 1	O
MORRIS, J.F.	Deputy Secretary for Security 2	O
CHAU Tak-hay	Secretary for Trade and Industry	L
IP LAU Suk-Yee, Regina (Mrs)	Deputy Secretary (Trade and Industry)1	L
WONG Chi-kong, Alan	Deputy Secretary (Trade and Industry)2	L
BARMA, H.H.T	Secretary for Transport	L
YAU TSANG Ka-lai, Carrie (Mrs)	Deputy Secretary for Transport (TS)	L
TELFORD, J.	Deputy Secretary (TM)	O
TSANG Yam-kuen, Donald	Secretary for Treasury	L
KWONG Ki-chi	Deputy Secretary (Treasury)1	L
ROWSE, M.J.T.	Deputy Secretary (Treasury)2	O

Name	Post	Status
SO Yiu-cho, James	Secretary for Recreation and Culture	L
TING Fook-cheung, Fred	Deputy Secretary (Broadcasting, Entertainment and Administration)	L
CARTLAND, R.M.B. (Mrs)	Deputy Secretary (Recreation and Culture)	O
EASON, A.G.	Secretary for Planning, Environment and Lands	O
COOPER, A.G.	Deputy Secretary (Environment)	O
MAK Chun-fong, Canice	Deputy Secretary (Lands and Planning)	L
	Secretary for Housing	
KWAN Wing-wah, Leo	Deputy Secretary for Housing	L
BLAKE, R.J.	Secretary for Works	O
KWOK Ka-keung, Keith	Deputy Secretary (Programme and Resources)	L
COLLIER, J.	Deputy Secretary (Works Policy)	O
LAM Chung-lun, Billy	Director, New Airport Projects Co-ordination	L
SUEN Ming-yeung, Michael	Secretary for Home Affairs	L
HUNG KWOK Wai-chung (Mrs)	Deputy Secretary for Home Affairs (1)	L
FING YUE Mui-fun, Brenda (Mrs)	Deputy Secretary for Home Affairs (2)	L
WONG Wing-ping, J.	Regional Secretary (HK and K)	L
CHOK Kin-fun, Philip	Deputy Regional Secretary (HK and K)	L
PO Pui-leong	Deputy Regional Secretary (NT)	L
HOARE, R.J.F.	Director of Administration	O
HUI Chi-wai, William	Deputy Director of Administration (1)	L
LAI Nin, Alan	Deputy Director of Administration (2)	L
WILSON, R.C.	Deputy Secretary of Special Duties	O
FOOTMAN, R.C.L.	Head, Efficiency Unit	O
WEEKS, D.J.	Deputy Head (Special Duties), Efficiency Unit	O
McGLYNN, K.F.	Information Coordinator	O
A and F		
LEE Hay-yue, Lawrence	Director of Agriculture and Fisheries	L
LEE Yau-shek, Michael	Deputy Director of Agriculture and Fisheries	L
AMS		
LOK Cham-choi, Anthony	Chief Staff Officer	L
ASD		
CHAN Yat-sun, Kenneth	Director of Architectural Services	L
PAU Shiu-hung	Deputy Director of Architectural Services	L
AUD		
JENNEY, B.G.	Director of Audit	O
CHAN Yin-tat, Dominic	Deputy Director of Audit	L
BD		
YU LAI Ching-ping, Helen (Mrs)	Director of Buildings	L

Name	Post	Status
C and E		
WATSON, D.M.	Commissioner of Customs and Excise	O
LI Shu-fai	Deputy Commissioner	L
C and SS		
HO Wing-huen, Frederick	Commissioner for Census and Statistics	L
LEE Man-kong, Joseph	Deputy Commissioner For Census and Statistics	L
CAD		
LOK Kung-nam, Peter	Director of Civil Aviation	L
SIEGEL, R.A.F	Deputy Director of Civil Aviation	O
CAS		
KAVANAGH, F.S.	Chief Staff Officer, Civil and Services	O
CED		
BRAND, E.W.	Director of Civil Engineering	O
CR		
JONES, G.W.E.	Registrar of Companies	O
CSD		
McCOSH, F.S.	Commissioner	O
LAI Ming-Kee	Deputy Commissioner	L
DH		
CHAN FUNG		
Fu-chun (Mrs)	Director of Health	L
SAW Thian-aun, Paul	Deputy Director of Health	L
DSD		
NG Yee-yum	Director of Drainage Services	L
TSE Hon-sum	Deputy Director of Drainage Services	L
ED		
WONG Shing-wah,		
Dominic	Director of Education	L
CHUNG Lai-kwok, Elaine (Miss)	Deputy Director of Education	L
EMS		
PHILLIPSON, H.B.	Director of Electrical and Mechanical Services	O
TONG Kin-wah	Deputy Director of Electrical and Mechanical Services	L
EPD		
REED, S.B.	Director of Environmental Protection	O
LAW, R.J.S.	Deputy Director	O
FSD		
LAM Chek-yuen	Director of Fire Services	L
CHEUNG, Peter	Deputy Director of Fire Services	L
GFS		
CLUER, C.B.	Controller, GFS	O

Name	Post	Status
GH LEUNG Po-wing, B.J.	Private Secretary	L
GL LEE Nam-sang	Government Chemist	L
GLTA WALKER, P.B.	Government Land Transport Administrator	O
GPA WOTHERSPOON, I.	Government Property Administrator	O
GSD SHIPMAN, N.C.L. LEUNG Wing-lup, Gregory	Director of Government Supplies Deputy Director of Govt Supplies	O L
HD FUNG Tung LEE Kai-fat LIM Yew-guan	Director of Housing Deputy Director/Administration and Policy Deputy Director/Housing Management and Works	L L L
HSD GOODSTADT, Rose (Mrs) HO Chun-keung, A.	Administrator, Hospital Services Department Deputy Administrator, Hospital Services Department	L L
HYD KWONG Hon-sang YU Kwok-leung	Director of Highways Deputy Director of Highways	L L
IMM LEUNG Ming-yin, Laurence YEUNG Hin-chung	Director of Immigration Deputy Director of Immigration	L L
IND YUE Chung-yee, Denise (Miss) LAW Yiu-ming, Dominic	Director-General of Industry Deputy Director-General of Industry	L L
IPD SELBY, S.R. WATERS, A.C. (Miss)	Director of Intellectual Property Deputy Director of Intellectual Property	O O
IRD AU-YEUNG Fu, Anthony GILL, A.K.	Commissioner of Inland Revenue Deputy Commissioner of Inland Revenue	L O
ISD YAU LEE Che-yun, Irene (Mrs) KHAN, A.	Director of Information Services Deputy Director of Information Services	L L
ITSD LAU Kam-hung	Director of Information Technology Services	L

Name	Post	Status
JUD		
YANG Ti-liang	Chief Justice	L
TAI Yuen-ying, Alice (Ms)	Judiciary Administrator	L
YEK Chek-ming, Nicholas	Deputy Judiciary Administrator	L
LAB		
YIU Yan-nang	Commissioner for Labour	L
CHAN Wing-kit, Alfred	Deputy Commissioner for Labour	L
LAD		
CHEUNG CHENG, P.L. (Lady Cheung)		Director of Legal Aid
NORTH, A.J.C.	Deputy Director of Legal Aid (A and P)	O
PRITCHARD, D.M. (Mrs)	Deputy Director of Legal Aid (Litigation)	O
CHIU Yuen-chu, L	Policy and Administration Coordinator	L
LD		
POPE, R.D.	Director of Lands	O
LEG		
MATHEWS, J.F.	Attorney General	O
LR		
PANG Tsan-wing, Kenneth	Land Registrar	L
MD		
PYRKE, A.C.	Director of Marine	O
DALE, I.B.	Deputy Director of marine	O
MSA		
MACRAE, J.	Director of Management Services	O
OFTA		
ARENA, Alexander A.	Director-General of Telecommunications	O
WONG Sik-kei	Senior Assistant Director	L
ORO		
HEARDER, A.R.	Official Receiver	O
BROWN, M.E.	Assistant Official Receiver	O
PCC		
WAN Suet-ming	Secretary, Police Complaints Committee	L
PD		
PUN Kwok-shing, Peter	Director of Planning	L
PO		
PAGLIARI, M.	Postmaster General	O
LAW Tak-yin, Nancy (Miss)	Deputy Postmaster General	L
POLICE		
HUI Ki-on	Commissioner of Police	L
SO Lai-yin	Deputy Commissioner of Police Management	L
WONG Tsan-kwong	Deputy Commissioner of Police, Operations	L
THORPE, J.A.	Director of Special Branch	O

Name	Post	Status
PT MYERS, H.	Government Printer	O
P and V WOODROFFE, B.J.C. WONG Chun-shiu	Commissioner of Rating and Valuation Deputy Commissioner	O L
REO WILLIS YAU sheung-Mui (Mrs)	Chief Electoral Officer	L
RO SHAM Pak, Patrick	Director of the Royal Observatory	L
RSD HSU Hsung, Adolf LAI Kwok-ying, Albert TANG Kwok-bun, Benjamin	Director of Regional Services Deputy Director (Administration) Deputy Director (Operation)	L L L
RTHK CHEUNG Man-yea (Miss) CHU Pui-hing	Director of Broadcasting Deputy Director of Broadcasting	L L
SC LEUNG Sai-wah, Paul MIU Wah-on, A	Secretary General Assistant Secretary General	L L
SCDS DWODING, D.K.	Secretary	O
SSC GATES, R.B.	Director, Senior Staff Course Centre	O
SFAA WONG Wai-kin, Alfred	Controller, Student Financial Assistance Agency	L
SWD STRACHAN, I.R. WONG YAU Sin-yu, Louise (Mrs)	Director of Social Welfare Deputy Director of Social Welfare	O L
TD HUI Si-yan, Rafael PANG Hau-chung	Commissioner for Transport Deputy Commissioner for Transport	L L
TDD LEE Shing see AU Chi-lau	Director of Territory Development Deputy Director of Territory Development	L L
TELA LAU NG Wai-lan, Rita (Mrs)	Commissioner for Television and Entertainment	L

Name	Post	Status
TRADE		
MILLER, J.A.	Director-General of Trade	O
HO Chi-ming, Kevin	Deputy Director-General of Trade (Rest of the World and Systems)	L
YIU Kei-chung, Thomas	Deputy Director-General of Trade (Multilateral and North America)	L
TRY		
RICHARDSON, A.	Director of Accounting Services	O
SHUM Man-to	Deputy Director of Accounting Services	L
LPGC		
FRENCH, N.J.	Secretary-General	O
LUI Kit-yut, Grace (Ms)	Deputy Secretary-General	L
USD		
LAM Chi-chiu, Albert	Director of Urban Services	L
CHAN Yuk-tak, Eddie	Deputy Director (Administration)	L
O'Hara, R.	Deputy Director (Culture)	L
WHITE, M.J.	Deputy Director (Environmental Hygiene)	O
LEUNG Pak-chung	Deputy Director (Leisure Services)	L
WSD		
HU Man-shiu	Director of Water Supplies	L
KO Chan-gock	Deputy Director of Water Supplies	L

Total No. of Officers: 178; Local Terms: 117, Overseas Terms: 61

- Note: (1) List shows names of incumbents of posts
(including both substantive and acting Officers) as at 24.11.94
- (2) L=Local Terms; O=overseas terms

Working Hours of Judges

13. MISS EMILY LAU asked: *At the Special Meeting of the Finance Committee on 18 March 1994, the Chief Secretary, in her capacity as the Chairman of the Committee, requested the Registrar, Supreme Court to refer the question raised at the meeting about statistics on the working hours of judges to the Chief Justice to reply, but so far no reply had been received. In view of this, will the Government inform this Council:*

- (a) *when the Chief Justice will be able to produce such statistics; and*
- (b) *what measures have been taken to shorten the respective waiting time for cases to be heard in the High Court, District Courts and Magistracies?*

CHIEF SECRETARY: Mr President,

- (a) Following the Special Meeting of the Finance Committee on 18 March 1994, the Judiciary has conducted a survey of the working hours of judges of the High Court and District Court. The findings are being analyzed and Members of the Legislative Council will be informed of the results shortly.
- (b) The Judiciary has taken a number of measures to reduce court waiting times in the High Court, the District Court and the Magistrates' Courts, including:
 - (i) launching a second Criminal Running List in the High Court and in the District Court as from 1 July 1994 and 26 September 1994, respectively;
 - (ii) introducing a pilot scheme for a computerized audio recording and transcript production service for the District Court with effect from 7 October 1994. The scheme aims to relieve District Judges of the need to take hand-written notes of proceedings themselves, thereby speeding up hearings;
 - (iii) introducing a Pilot Scheme for Hearing Personal Injuries cases in the High Court with effect from 17 October 1994. All cases in contract or tort where a claim is made for damages for personal injuries may now be assigned to the list;
 - (iv) designating a High Court Judge to be responsible for listing matters in the High Court as from 1 November 1994;
 - (v) appointing 13 barristers in private practice to sit as Deputy District Judges, each for about a month, since this summer; and
 - (vi) appointing three Temporary Magistrates to ease the pressure on the Magistrate's Courts and to cope with the increasing caseload.

As a result, the court waiting times at different levels have reduced considerably. For example, whereas in 1993 it took an average of seven months for a criminal case to come to trial in the High Court from the filing of an indictment, the average waiting time has now dropped to slightly over five months. Indeed, for cases on the Criminal Running List, the waiting time is only down to slightly over two months. As regards the District Court, the waiting time for civil cases fell significantly from an all-time high of 420 days in February this year to 177 days in October. Continuing efforts are being made by the Judiciary on all fronts to keep court waiting times within reasonable limits.

Recognition of China's Academic Degrees

14. MR HENRY TANG asked (in Chinese): *In view of the concern expressed by the public over the recognition of degrees awarded by the 560 accredited tertiary institutions in Mainland China, will the Government inform this Council whether:*

- (a) *consideration will be given to altering the current consultative role of the Hong Kong Council for Academic Accreditation, which is limited to the exchange of views with overseas accreditation organizations only, by extending its accreditation authority to cover overseas tertiary institutions (including those in Mainland China and Taiwan); if so, in what way this will be done; if not, what the reasons are, and what arrangements the Government will adopt to assess the standard of academic qualifications obtained from these institutions; and*
- (b) *any graduates from tertiary institutions recognized in Mainland China have applied for civil service posts and teaching posts in the public sector in the territory in the past three years; if so, what is the total number of applicants and how many are successful in their applications, and what are the criteria adopted by the Civil Service Branch and the Advisory Committee on Teacher Education and Qualifications in assessing their qualifications; if not, what are the reasons for rejecting these applications?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Hong Kong Council for Academic Accreditation (HKCAA) acts as an independent accrediting authority to assess the standards of degree programmes offered or to be offered by local non-university tertiary institutions. It also provides advice and information on the comparability of academic standards and accreditation systems in other countries. It would not be appropriate for a local accrediting authority to accredit courses that are offered and approved elsewhere in the world. There is no plan, therefore, to extend the HKCAA's accrediting authority to cover non-local tertiary institutions.

The recognition of non-local qualifications are matters in which the tertiary institutions, the professional bodies, and employers are free to exercise their own discretion on the basis of their own academic, professional and employment needs. HKCAA is, however, a useful source of information to facilitate assessment of the standard of non-local qualifications for the purpose of appointments to the Civil Service.

- (b) On applications for civil service posts, the Government does not keep a record on the number of applicants who hold qualifications from a particular country. In general, assessment of non-local qualifications are made on a case-by-case basis having regard to the standing of the issuing institution, the content of the academic programme, as well as the advice from the accreditation authority concerned or the relevant professional and educational bodies, where such advice is considered necessary. The benchmark is whether the non-local qualification is of a comparable standard to that of a local qualification.

As regards applications for teacher posts in the public sector, again no separate record is kept on the number of applicants who hold non-local qualifications only. In general, holders of non-local qualifications that are not regarded as of a comparable standard to local qualifications may become teachers in the public sector either —

- (i) through completing a Post-graduate Certificate in Education or Diploma in Education at a local university, the successful completion of which will enable the person to become a Non-graduate Teacher in local secondary schools. Currently there are 25 such persons holding People's Republic of China (PRC) degrees so employed in the public sector; or
- (ii) through passing the Non-graduate Teacher Qualification Assessment (NGTQA) Scheme, following which the person can be employed as a Certificated Master or Mistress in local primary schools. According to questionnaire surveys undertaken by the Education Department in 1993 and 1994, of those candidates who succeeded in the NGTQA Scheme in those years and who hold post-secondary and degree qualifications from PRC institutions, 30 and 15 respectively were in employment as teachers in public sector schools; or
- (iii) through direct employment by aided schools to teach specific subjects such as Putonghua, Music or Physical Education. They are not eligible for government salary subsidy because their qualifications do not meet the requirements for appointment under the relevant code of aid. It is not known how many such persons are so employed.

The Advisory Committee on Teacher Education and Qualification does not assess individual qualifications. However, it will shortly forward to the Government its advice concerning the postgraduate qualifications necessary for appointment as Graduate Teachers in local secondary schools.

Bailiffs' Working Guidelines

15. MRS SELINA CHOW asked (in Chinese): *Will the Government inform this Council of the following:*

- (a) *what are the guidelines which bailiffs have to follow when registering items collected in the course of taking possession of premises; and*
- (b) *whether there are any complaints against bailiffs for not carrying out their duties properly in the past three years; if so, what is the number of such complaints?*

CHIEF SECRETARY: Mr President,

- (a) In executing writs of possession, bailiffs act under the provisions of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) and Rules of the Supreme Court (Cap. 4) and follow strictly orders made by the Court. There are also administrative guidelines in respect of seizure of goods and taking of inventories of seized goods:
 - (i) bailiffs should take detailed inventory and make appraisal of all goods and chattels of the judgment debtor on the premises;
 - (ii) if recovery of rent or mesne profit is included in the writ of possession, bailiffs are empowered to seize goods and chattels, up to the amount claimed plus the estimated cost of execution, including possession guard fees and expenses of auctioneers;
 - (iii) personal clothing, bedding and tools of trade of judgment debtors are normally exempt from seizure; and
 - (iv) if the appraised value of seizeable goods and chattels falls below the estimated costs of execution, bailiffs will seek instructions from judgment creditors or landlords as to whether seizure should still be effected.
- (b) In the past three years, bailiffs made a total of 75 000 attempts of execution of orders and warrants. Two complaints involving bailiffs were investigated by the Commissioner for Administrative Complaints. One of them was found partially substantiated and the other was found not substantiated. There were five other complaints which were satisfactorily resolved between the complainants and the Judiciary. Most of these complaints were due to misunderstanding

of the functions and duties of the bailiffs, in particular, the scope and limits of their powers.

Route Restructuring of Kowloon Motor Bus

16 MR FRED LI asked (in Chinese): *The Kowloon Motor Bus Company's plan to restructure 23 of its urban bus routes to 13 routes will affect passengers in that they will have to use more expensive modes of transport, change buses more frequently or pay higher fares. In view of this, will the Government inform this Council of the following -*

- (a) *the actual effects of the restructuring on the passengers travelling on the original 23 routes, such as the number of passengers affected on each route, the number of bus stops to be added or cancelled on each route after restructuring and its fare changes;*
- (b) *the criteria used by the Government in examining the restructuring plan and whether Members of this Council will be consulted; and*
- (c) *what corresponding measures the Government will take to redress the inconvenience caused to the public as a result of the restructuring, such as introducing new green minibus routes in the affected areas?*

SECRETARY FOR TRANSPORT: Mr President, the Kowloon Motor Bus Company Limited (KMB) has taken the initiative in conducting a thorough review of its bus services in urban Kowloon and has come up with a number of proposals to restructure 23 routes. Its recommendation is to rationalize services with a view to improving operating efficiency, frequencies, routings and service quality.

KMB has advised that the vast majority of the existing 160 000 passengers travelling on these 23 routes each day would not be affected. Most restructuring proposals involve route combinations which do not necessarily mean a cut in service. On the contrary, those using the restructured routes would find the services more frequent and reliable and some passengers would enjoy lower section fares. There would also be extensions on some routes to provide new links. Some routes would be upgraded to air-conditioned services. If the restructuring proposals are implemented, there would be substantial savings in operating costs for KMB and less pressure on KMB bus fares.

KMB is now consulting relevant district boards on these proposals and will take into account local views and suggestions. At the same time, KMB has also submitted its proposals to the Administration. We will await the outcome of KMB's consultation exercise with district boards before processing these proposals and, in this respect, will take into account the following factors:

- (a) the transport needs of the travelling public;
- (b) general impact on current fare and service levels;
- (c) more balanced allocation and more efficient utilization of bus resources;
- (d) frequency and capacity enhancement resulting from restructured services; and
- (e) the need for alternative transport services, for example, Green Minibus routes, to supplement revised bus schedules.

The Administration will also brief the Transport Advisory Committee and the Legislative Council Panel on Transport on the restructuring proposals, and fully take into account the views expressed before any decisions are made.

24-Hour Clearance Service for Goods Vehicles

17. MR TIK CHI-YUEN asked (in Chinese): *Regarding the introduction of 24-hour clearance service for goods vehicles at the Lok Ma Chau border crossing point, will the Government inform this Council whether the Government will consider introducing similar arrangement at other border crossing points?*

SECRETARY FOR TRANSPORT: Mr President, there is at present no demand for opening the Man Kam To and the Sha Tau Kok border road crossings round the clock and we have no plans to do so. However, in reviewing the 24-hour service at the Lok Ma Chau border crossing point early next year together with the Chinese authorities, we will consider the need for and the feasibility of extending the overnight facilities at that crossing point to vehicles with permits to use the facilities at Man Kam To and Sha Tau Kok.

Off-course Betting Centres

18. MR WONG WAI-YIN asked (in Chinese): *Regarding betting centres operated by the Royal Hong Kong Jockey Club, will the Government inform this Council:*

- (a) *what is the existing number of off-course betting centres in the territory; whether the Government has laid down any limit to the number of such centres, and whether the Government has any plan to relax the limit; and*

- (b) *whether the Government will support the proposal of the Jockey Club to set up mobile betting centres?*

SECRETARY FOR HOME AFFAIRS: Mr President, my reply is as follows:

- (a) At present, there are 124 off-course betting centres in Hong Kong. The total limit laid down by the Government for the establishment of off-course betting centres is 134. The Government does not have any plan to relax the limit.
- (b) The Government has so far not received any application from the Jockey Club to set up mobile betting centres.

Bus Only Lanes

19. MR LEE WING-TAT asked (in Chinese): *Regarding the bus land issue, will the Government inform this Council:*

- (a) *of the total number of bus lanes in use throughout the territory;*
- (b) *whether it will consider conducting a comprehensive study to look into the feasibility of providing more bus lanes in various districts; and*
- (c) *of the average percentage of travelling time saved by buses running on bus lanes as compared with those not using such lanes?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) At present, there are 65 bus priority schemes in operation, including 49 bus only lanes. These can be used by both franchised and private buses, including school buses and residential coaches.
- (b) The review of traffic management measures by the Transport Department is a continuous process and, in line with our policy to give priority to public transport, new bus priority schemes are provided whenever practical. Six new bus only lanes will be introduced by the end of the year and another 12 bus priority schemes are now under consideration. District Boards are consulted on traffic management schemes, for example, on the feasibility of providing a bus only lane on Tuen Mun Road.
- (c) It is difficult to be specific about the time saved by buses, since it is not possible to have bus only lanes for entire routes, that is, from one destination to another. Much depends on the length of lanes, the

local traffic situation and the extent of congestion. As a rough indication, it is believed that the time saved is about two to three minutes per kilometre. As examples, the 2.5 km bus only lane in Lion Rock Tunnel Road reduces bus journey times during peak hours from 15 to eight minutes, and the 1.4 km bus only lane in Pok Fu Lam Road reduces journey times during peak hours from 19 to eight minutes.

Leakage of Contract Details of Government Projects

20. MR LEE WING-TAT asked (in Chinese): *As the details of the contracts for the construction of the Stonecutters Island naval base, including such details as the name of the tenderers, their bids and designs, have been reported in the local press, will the Government inform this Council whether:*

- (a) *the Government has released such information to the press for publication, and whether such information has been provided to the Chinese delegates in the Joint Liaison Group or other institutions of the People's Republic of China stationed in the territory; and*
- (b) *the disclosure of the tendered price submitted by a commercial corporation in respect of a project is consistent with the Government's established practice in processing tenders; if not, whether the leakage of such information will be investigated?*

SECRETARY FOR THE TREASURY: Mr President, the answers to the two questions are as follows:

- (a) We have not released the information to the press. We did pass to the Chinese side of the Joint Liaison Group information on the tender procedures in awarding government public works contracts and explained how we had followed these procedures scrupulously in this case. This took place after we had awarded the contract. We told the Chinese side that we had invited bids from seven prequalified tenderers and that we had awarded the contract to Gammon which had submitted the lowest bid that fully met our specifications. We told the Chinese side the names of all the other six tenderers. We also released information on the value of the individual bids received, without identifying which bid had been made by whom.
- (b) Our present practice is to publish in the Government Gazette the name of the successful tenderer, and the amount of the contract following its award. It is not our present practice to reveal the identity of unsuccessful bidders or their bids. We are building the naval base for use by the Chinese military authorities, and they are

our client for the project. We have given the Chinese side the information outlined in (a) above because of their special client relationship in this case. The list of bidders is not itself commercially sensitive. Only the amount of their respective bid is treated as sensitive under present arrangements. We do not believe that there has been any "leak" from government sources for which an investigation is needed.

BILLS

First Reading of Bills

OCCUPATIONAL DEAFNESS (COMPENSATION) BILL

PRISONERS' EDUCATION TRUST FUND BILL

MERCHANT SHIPPING (SEAFARERS) BILL

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

Second Reading of Bills

OCCUPATIONAL DEAFNESS (COMPENSATION) BILL

THE SECRETARY FOR EDUCATION AND MANPOWER moved the Second Reading of: "A Bill to provide for the compensation of persons who have been exposed to noise in their working environment and have suffered noise-induced deafness and for connected matters."

He said: Mr President, I move the Second Reading of the Occupational Deafness (Compensation) Bill.

The Bill seeks to set up a scheme for compensating employees suffering from occupational deafness due to prolonged exposure to excessive noise in the workplace, and to establish the Occupational Deafness Compensation Board to administer the scheme. To be eligible for compensation, an applicant must meet the disability and occupational requirements. The applicant should be suffering from substantial hearing loss which amounts to severe difficulty in understanding human speech and must have at least 10 years of employment in specified noisy occupations in Hong Kong. Besides, he should have a period of continuous employment in a specified noisy occupation within the 12 months preceding the application for compensation.

In addition, a person who has been under continuous employment in a specified noisy occupation within the 24 months immediately preceding the commencement of the scheme would be eligible for compensation if he fulfils the other disability and occupational requirements. The intention is to cover persons who have been engaged in noisy occupations but have left such employment in the period of two years before the commencement of the scheme.

Regarding the determination and payment of compensation, we propose that the computation of compensation for occupational deafness should follow the formula for compensating permanent incapacity under the Employees' Compensation Ordinance. Compensation would be paid a lump sum payment calculated according to an applicant's age, earnings and degree of permanent incapacity. Under the scheme, total deafness, as an occupational disease, would be equated to 60% incapacity.

As to the funding of the scheme, we propose that the scheme should be established on the basis of collective liability of employers. The reason is that occupational deafness develops insidiously over a period of several years and it is very difficult to track down all previous employers of the employee for the purpose of determining compensation on an individual liability basis.

An Occupational Deafness Compensation Fund, to be financed by a 1.5% levy on employees compensation insurance premium, will be established to pay compensation to eligible claimants. The Government, as an employer, would contribute to the Fund. To enable claimants to receive their compensation as early as possible without awaiting the build-up of income for the Fund, the Government has decided to inject \$100 million as start-up fund and provide a further \$115 million interest free loan to the fund.

I should emphasize that a compensation scheme is only a remedial measure for dealing with the problem of occupational deafness. As an established policy, the Government is committed to addressing the issue of prevention of occupational deafness. Employers are required by law to take necessary steps to reduce noise at source in the workplace and to provide ear protectors to employees. Employees also have the responsibility under the law to use ear protectors when they are likely to be exposed to excessive noise at the workplace. In parallel with enforcement action, the Government will continue with promotional activities and education on hearing conservation. With the support of the Occupational Safety and Health Council, measures will continue to be taken to inculcate an awareness among employers as well as employees of the importance of hearing protection.

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

PRISONERS' EDUCATION TRUST FUND BILL

THE SECRETARY FOR SECURITY moved the Second Reading of: "A Bill to establish a trust fund called the Prisoners' Education Trust Fund and to provide for the due administration thereof and for connected matters."

He said: Mr President, I move that the Prisoners' Education Trust Fund Bill be read a Second time. This Bill seeks to establish a Trust Fund to help prisoners who wish to study and pursue academic courses while in prison.

Hong Kong has a penal system which places emphasis on rehabilitation. As part of their rehabilitation, prisoners are encouraged to pursue academic and vocational studies to prepare themselves for reintegration into the community upon release. This is based on the premise that prisoners with better education and vocational skills are better able to reintegrate successfully into society upon their release.

The Correctional Services Department has developed different programmes of education and vocational training for inmates as part of the rehabilitation process. Young offenders aged between 14 and 21 are required to attend educational and vocational training classes conducted in the correctional institutions.

Opportunities for study are offered to adult offenders on a voluntary basis. These are provided in the form of remedial classes, correspondence courses and special self-study courses. In 1993, 420 prisoners were enrolled in correspondence course; 93 in technical courses and 29 in external degree course. The results of adult and young offenders in external examinations are very encouraging. In 1993, they achieved a 81% pass rate in the Hong Kong Certificate of Education Examination, and between 60% and 70% pass rate in most of the subjects in the London Chamber of Commerce and Industry Examination. These rates are better than those achieved by students in open society.

In view of the benefits to prisoners of pursuing academic studies, every assistance is provided by the Correctional Services Department to encourage more prisoners to study. Library books are available in all penal institutions, while part-time and full-time teachers are recruited to conduct classes and to assist prisoners in their self-study courses.

However, it is not possible for the Correctional Services Department to cater for the needs of each and every prisoner. It is with this in mind that I put forward the Prisoners' Education Trust Fund Bill. Under this Bill, a Prisoners' Education Trust Fund will be established to provide financial resources to prisoners for academic studies. It will also be used to set up educational facilities, such as a language laboratory and a computer room, for prisoners' use. The Fund will be available for all prisoners, although it is intended

primarily to assist those adult offenders with no alternative educational opportunities available to them.

The Commissioner of Correctional Services will be the Trustee of the fund, and a Trust Fund Committee will be set up to manage the Fund. To advise on the investment of the Fund, I will appoint an Investment Advisory Committee.

Mr President, for prisoners, education is a very important part of their rehabilitation and eventual reintegration into the community. I therefore commend this Bill to the Council.

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

MERCHANT SHIPPING (SEAFARERS) BILL

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to consolidate and amend the law relating to seafarers; to introduce new provisions relating to seafarers and to certain persons carried on but not employed in ships; and to provide for matters incidental thereto or connected therewith."

He said: Mr President, I move that the Merchant Shipping (Seafarers) Bill be read a Second time.

The purpose of the Bill is to:

- (a) localize those items of United Kingdom merchant shipping legislation which apply to Hong Kong; and
- (b) to consolidate existing Hong Kong legislation which regulates the employment and conditions of work of seafarers into one single enactment.

This is part of an on-going localization of laws exercise which aims to ensure that the existing system of laws will continue after 1997. The systematic localization of merchant shipping legislation has been underway for some years. The process involves the enactment of primary and subsidiary legislation addressing such issues as marine pollution, shipping safety and the establishment of the Hong Kong Shipping Register.

The Seafarers Bill is in 15 parts. It is drawn up with a view to achieving four objectives:

- (a) to consolidate existing Hong Kong laws relating to the employment and conditions of work of seafarers, including the Merchant Shipping (Recruitment of Seamen) Ordinance;

- (b) to repeal certain United Kingdom enactments which apply to Hong Kong, in particular, the Merchant Shipping (Hong Kong) Order 1936, and other related statutory instruments;
- (c) to provide powers to make, in Hong Kong, regulations equivalent to those made under the United Kingdom Merchant Shipping Act 1970; and
- (d) to modernize and rationalize the law relating to seafarers so that it becomes fully complementary to the Merchant Shipping (Registration) Ordinance which established the Hong Kong Shipping Register.

Mr President, seafaring is a long-established profession. Hong Kong now has a very comprehensive system of laws dealing with the employment and certification of seafarers. This is in line with the standards and procedures which are widely recognized and practised in other major maritime jurisdictions. It is necessary that we continue all these existing well proven arrangements after 1997 so that we can maintain Hong Kong's position as one of the world's major maritime centres. The Bill will help to achieve that end.

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

SECURITY AND GUARDING SERVICES BILL

Resumption of debate on Second Reading which was moved on 10 November 1993

Question on Second Reading proposed.

MR WONG WAI-YIN (in Cantonese): Mr President, the security industry in Hong Kong has now developed into a large and sophisticated profession which offers a wide range of services. It is indeed necessary for the Administration to introduce a better regulatory system for the industry because the only existing legislation, the Watchmen Ordinance, is obsolete. The Watchmen Ordinance was enacted in 1956 to deal with the specific problem of law breaking elements extorting protection fees. At that time there was no security industry as such and the legislation was not intended to control security services.

The Security and Guarding Services Bill, once enacted, will introduce control, through a licensing system, over:

- (a) individuals who do security work for others; and
- (b) persons who supply individuals to do security work for others.

A Bills Committee was formed by this Council to study the Bill. The Bills Committee had held seven meetings and had met and discussed the provisions of the Bill with seven concerned organizations.

Members and the representations received were generally in support of the spirit of the Bill to regulate and improve the quality of the service of the security industry. However, they were particularly concerned over the criteria to be adopted by the Administration for the issue of permits to security personnel and the possible impact on the existing watchmen, especially those elderly persons who were currently working as watchmen in private residential buildings. There were worries that if an age limit was to be imposed as one of the criteria for the issue of permits, thousands of elderly watchmen would be rendered jobless.

Members were strongly of the view that in reality there were significant differences in the requirements for and the standard of service required of the security guards or armed guards in the commercial sector and the watchmen in private domestic buildings. The latter received very low salaries and they were only expected to perform very simple door guarding duties. The Administration should, therefore, consider delineating different categories of security work in the legislation and setting different licensing requirements for the security guards and the watchmen or caretakers. Moreover, the criteria governing the issue of permits should be set in subsidiary legislation so that they would be subject to the scrutiny of this Council.

The Administration fully appreciated Members' concerns and finally agreed to make a proposal to the future Security and Guarding Services Industry Authority that no upper age limit should be imposed for security personnel working in single domestic buildings although they might be required to undergo a biennial medical examination after reaching a certain age (for example, the age of 70), to ensure that they were still physically fit to undertake the required duties. The specified age would only be used as a trigger point for a fitness test. Security personnel would be categorized, as suggested by Members, but the detailed provisions of the categorization would be made by the future Authority. Many Members of this Council were of the opinion that there should only be one set of criteria for the same category of jobs. The Administration also agreed that the criteria for issuing security personnel permits would be laid before and approved by this Council before they were published in the Gazette.

With the establishment of the Administrative Appeals Board (AAB) in July 1994, both Members and the Administration shared the view that the possibility of transferring the functions of the Appeal Board under this Bill to the AAB should be explored as the nature of such appeals seemed to fall within the scope of the AAB. After due consultation with the relevant policy branches, such a proposal was accepted and a Committee stage amendment would be moved to reflect the proposed change.

Since "public interest" was not defined in the Bill, Members suggested that consideration should be given to amending it and making it more specific as to what "public interest" was and under what circumstances a meeting of the Authority should not be held in public. The Administration, in response, explained that it was not practicable to stipulate in the provisions all the specific circumstances under which hearing should not be open to the public. It was felt that the Authority should be given the discretion to determine whether a hearing should be held in private to cater for circumstances whereby any disclosure of the information in a public hearing would jeopardize the investigation of the case in question or that the information to be disclosed was commercially sensitive in nature, which may produce other adverse effects. Members finally accepted the Administration's explanation.

Besides, Members queried whether there was a real need to empower the Commissioner of the Police to specify the geographical area within which the permit holder might do security work. The Administration explained that the proposed restriction by geographical areas aimed to control the type and quality of personnel tasked to operate within such designated areas as the Airport and the Frontiers. Sites or areas would be identified and only qualified, suitably trained or vetted security personnel would be allowed to work there. However, such persons would not be restricted from working elsewhere. Members raised no further queries in this regard.

The Administration also acceded to a Member's suggestion to provide an alternative definition for "controller" to avoid the difficulty of making a cross reference to the definition of the same word in the Banking Ordinance (Cap. 155). The proposed amendment was accepted by Members.

Members noted that the Fight Crime Committee and the Security Association has been consulted on the Bill, and that they have agreed to the relevant proposals. The Security Association will also be further consulted on the licence and permit fee structure.

Mr President, with the enactment of this Bill, the security industry will be better regulated and the legislation will help promote and encourage higher standards in the industry, thus protecting consumers' rights.

Mr President, with these remarks, I commend this Bill to Honourable Members.

MRS SELINA CHOW (in Cantonese): Mr President, the Liberal Party supports the spirit of the Security and Guarding Services Bill. That is, while consumers' interests have to be protected by means of supervision of the quality of services provided by security companies and security personnel, a balance has to be struck in view of the co-existence of good and poor security services and the interests of the public, in order that gradual improvements could be made.

The Bills Committee has worked very hard in these two respects. In respect of the qualifications of watchmen working in private residential buildings in particular, the Committee has proposed amending the Government's original conception to set an age limit to not setting a fixed upper age limit for the time being. Introducing an upper age limit too hastily may result in the unemployment of thousands of watchmen and may also give rise to a problem of serious labour shortage in the guarding and management of private residential buildings.

We support the proposal of allowing people who reach retirement age to continue with their work provided that they pass regular physical examinations. Some suggest that the age for physical examination be set at 70 or above, but the Liberal Party thinks that since security personnel will be allowed to continue with their job upon reaching retirement age, they should be required to take a physical examination at the retirement age of 65 in order to ensure that they are physically healthy and provide quality service. The relevant arrangements should be discussed further after the Authority has been set up.

Mr President, it seems that security personnel still have certain worries and misunderstandings about the Bill. First, they are worried that the repeal of the Watchmen Ordinance with effect from the implementation of the new legislation will lower the standard of security services. According to my understanding, although the Watchmen Ordinance is going to be repealed, Clause 1(3) of the Security and Guarding Services Bill clearly provides that the Watchmen Ordinance shall continue to apply for a year after the enactment of the Ordinance. Although the section under the Summary Offences Ordinance which provides that negligence of security personnel can constitute a crime will be repealed with immediate effect, section 8 of the Watchmen Ordinance empowers the Commissioner of Police to revoke a permit without the need for reasons to be given. This power should be exercised on derelict security personnel to make sure that they will not neglect their duties. In other words, although they will no longer be prosecuted for sleeping or loafing on the job or neglecting their duties, they may lose their "rice bowl" because their permits may be revoked. After setting up the Security and Guarding Services Industry Authority, the Authority can prescribe a code of practice for watchmen and incorporate it into the practising permit. Besides, the Commissioner of Police can make an application to the Authority under section 18 of the Ordinance to disqualify undesirable security personnel in order to safeguard the standard of service of the trade. I hope that the Government will pay attention to this respect and relate the concerns of the trade, especially those of the management, to the Authority to be set up, so that the discipline and conduct of the security and guarding personnel can be ensured.

Second, the determination of remuneration given to members of the Authority deserves attention. I totally agree that remuneration should be used to repay expenditure actually advanced by members. However, I think it is inappropriate to pay remuneration as compensation for the possible loss of income members may receive in their original positions because it is difficult to

determine the basis of calculation of possible loss of income. The possible loss of income of people from different occupational background may vary greatly. Besides, this method of calculation may increase the operational costs of the Authority which may be shifted to licence fees, and in turn, business operators and consumers have to pay. In fact, the remuneration policies of the existing advisory and management committees vary greatly. It is necessary for the Government to have an overall review and work out objective and fair principles to assess the level of remuneration. In view of the fact that many members of these committees are not full time members and they only take up these duties with serving the public in mind, their remuneration should not be linked to their income.

The Security Association is a fairly representative body with professional knowledge in the trade. Throughout the course of discussion on the Bill, they have submitted their opinions through a working group report to the authorities concerned. Unfortunately, this consultative channel has recently failed to give its effect, hence the worries of the trade have not been taken seriously. I hope that after the Bill has been passed today, the Government can resume communication with the trade, so that the setting up and operation of the Authority, as well as the exercise of its various powers, will be understood and supported by the trade.

Mr President, I support the motion.

MR TAM YIU-CHUNG (in Cantonese): Mr President, much time has lapsed since the Security and Guarding Services Bill was first introduced into this Council during the last legislative year. We are now able to resume Second Reading debate on this Bill. Although the time spent on it is longer than expected, I believe the discussion has not been futile because the Government's attitude has changed from initially rejecting Members' proposals to readily accepting most of them.

Both the Democratic Alliance for Betterment of Hong Kong and the Hong Kong Federation of Trade Unions (HKFTU) are in favour of the spirit of the Government in drafting this Bill and agree that monitoring of the security industry should be strengthened, and that security companies and security guards engaged in armed escort of property in transit shall be required to obtain licences and permits. But we notice that the duties of watchmen or caretakers in ordinary high-rise buildings are completely different from those of security guards. If it becomes compulsory for them to obtain their permits on the same conditions as security guards, it would be too harsh on them. Moreover, according to the information provided by the HKFTU, quite a number of middle to old age workers from the manufacturing or declining industries are being absorbed into the watchman industry. If the Ordinance sets down a strict requirement on their age, they would even lose their jobs as watchmen, and this is unfair to them.

Our opinion is that the Government should classify security personnel by the nature of their duties and set down different age limits for different classes. Therefore, the Government now promises that it will propose to the Authority which will be set up in future that age limit should not be imposed on security personnel working in single residential premises, but that once they have reached a certain age (for example, 70), they will be required to undergo a physical examination once every two years to ensure that they are still suitable to carry out their required duties.

The proposals including details for the classification of security personnel and the nature of jobs as well as the criteria for permits to be issued to security personnel will be worked out by the future Authority. In my opinion, the views of the trade unions and people from the industry should be sought first as to the structure and function of the Authority concerned, as well as the criteria for the issuing of permits. Moreover, provisions relating to these areas should be worked out in the form of subsidiary legislation so that the Legislative Council can examine and amend the relevant provisions.

I sincerely hope that the Authority will seriously consider the views of the trade unions, people from in the industry or relevant associations and the Legislative Council when imposing classifications on security personnel. I also hope that the age limit imposed on security personnel working as watchmen in buildings can be removed so that workers can earn a living by working as such.

Mr President, with these remarks, I support the Second Reading of the Bill.

SECRETARY FOR SECURITY: Mr President, I would like to thank Mr WONG and Members of the Bills Committee for their thorough study of the Security and Guarding Services Bill. The Committee stage amendments, which I am going to move later this afternoon, are the agreed outcome of discussions in the Bills Committee.

The Bill seeks to improve the standard of service provided by the security and guarding services industry through a licensing system on two levels: the granting of permits to security personnel and the licensing of security companies. It also provides for the establishment of an independent authority to determine the conditions and criteria for issuing licences and permits, and to process applications for licences.

I am pleased that these basic principles have the support of the Bills Committee. There were, nonetheless, certain aspects of the Bill which were the subject of discussion by the Bills Committee. One question which was raised was whether there should be an upper age limit for security personnel, in particular, those working in single residential buildings. Security personnel, by the nature of their work, require alertness, vigilance, personal commitment and fitness for the job. An upper age limit may well be necessary in order to ensure

that they are capable of carrying out their duties. Whether an upper age limit is necessary for particular security duties should be determined by the Independent Security and Guarding Services Industry Authority, to be set up following enactment of the Bill.

It is certainly not our intention to deprive existing watchmen and caretakers of their ability to work while they are fit to do so. But we must recall that the purpose of regulating the security industry is to improve the standards and the service which the public is entitled to expect. It is not the purpose of this law to provide income assistance for the elderly, worthy though that purpose is. Nevertheless, to address the concern of some Members of the Bills Committee on the impact of an upper age limit for security personnel working in single domestic buildings, and given the generally sedentary nature of their particular duties, we will propose to the Authority that there should not be a fixed age limit for security personnel working in such buildings. Rather, when such security personnel reach a certain age, they should be required to take and pass a regular medical examination to show that they are fit to undertake their duties.

Some Bills Committee Members have also suggested that the criteria for issuing permits, which specify detailed requirements for security personnel engaged in different types of security work, should be subject to this Council's scrutiny. We accept this. The criteria for issuing permits will be submitted to this Council for approval.

The question was also raised whether the term "controller" should be redefined in the Bill. Some Members pointed out the difficulties caused by the present definition arose from the fact that it relied on the definition of "controller" in the Banking Ordinance, which was not the same for all references to "controller" in that Ordinance. This lack of uniformity then introduced uncertainty into what the term meant for the purposes of this Bill. We agree with this point and have redefined the term. I am pleased that the revised definition of "controller" has the support of the Bills Committee.

There was also discussion in the Bills Committee of whether appeals under the Bill could be made to the Administrative Appeals Board set up in July this year. We consider this appropriate because the nature of appeals under the Bill falls within the scope of the Administrative Appeals Board, because the major provisions for the Appeal Board under this Bill are similar to those for the Administrative Appeals Board, and because it will be more efficient if the Administrative Appeals Board hears these appeals as it has already been established and it is not necessary to set up another board of similar nature and composition. I am pleased that this also has the support of the Bills Committee.

Mr President, I believe it would be helpful if I were at this stage to explain briefly the amendments which I will move at the Committee stage. The first amendment relates to clause 2 of the Bill. Since appeals under the Bill will be made to the Administrative Appeals Board, it is not necessary to set up an

Appeal Board under this Bill. We therefore propose to delete the definition of "appeal board" in clause 2. We also propose to amend clause 26(1) to specify that appeals under the Bill will be made to the Administrative Appeals Board; to delete clauses 26(2) and 27 to 30, which provide for details of the Appeal Board under the Bill; and to delete the reference to Appeal Board and its Chairman under clause 35.

Clause 6 provides for the functions of the Authority clause 6(1) provides that the Authority can specify the criteria that must be satisfied by a person before the Commissioner of Police may, without the approval of the Authority, issue a permit to him. Some Members considered it not necessary to include the phrase "without the approval of the Authority" in this subclause because clause 14 has already provided that an application for a permit shall be made to the Commissioner of Police. I accept this point and will propose to delete the phrase.

I will also propose, as I have earlier explained, to create a new clause 6(3) to provide that the criteria for issuing permits will be submitted to this Council for approval. However, to allow flexibility for amending the criteria, we propose that this should not be in the form of subsidiary legislation.

In respect of clause 21(6), the term of "controller" will be redefined to avoid uncertainty. We also propose to replace the amount of fines specified in clauses 35(1), (2) and (3) with the equivalent fine levels as set out in the Criminal Procedure Ordinance. The last amendment to Item 1 of Schedule 3 makes a numbering correction.

Mr President, with these remarks, I recommend the Bill to Members. Thank you, Mr President.

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

Bill read the Second time.

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

PENSIONS ORDINANCES (MISCELLANEOUS AMENDMENTS) BILL 1994

Resumption of debate on Second Reading which was moved on 9 November 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.

SECURITY AND GUARDING SERVICES BILL

Clauses 1, 3 to 5, 8, 10 to 13, 16, 19, 22, 24, 25, 31, 33, 34 and 36 to 38 were agreed to.

Clauses 2, 6, 7, 9, 14, 15, 17, 18, 20, 21, 23, 26 to 30, 32 and 35

SECRETARY FOR SECURITY: Mr Chairman, for the reason I have explained earlier, I move that the clauses specified be amended as set out in the paper circulated to Members.

Proposed amendments

Clause 2

That clause 2 be amended, by deleting the definition of "Appeal Board".

That clause 2 be amended, in the definition of "公司", by deleting "法團" where it twice appears and substituting "法人團體".

Clause 6

That clause 6(1)(b) be amended —

(a) by adding "subject to subsection (3)," at the beginning.

(b) by deleting ", without the approval of the Authority,".

That clause 6 be amended, by adding —

"(3) A notice shall not be published in the Gazette under subsection (1)(b)(i) unless and until it has been -

(a) laid before; and

(b) approved by,

the Legislative Council.

(4) For the avoidance of doubt, it is hereby declared that any notice under subsection (1)(b) is not subsidiary legislation."

Clause 7

That clause 7(a) be amended —

- (a) by deleting "接受" where it first appears and substituting "收取".
- (b) by deleting "接受" where it secondly appears and substituting "接納".

Clause 9

That clause 9 be amended, by deleting "訴訟" and substituting "法律程序".

Clause 14

That clause 14(3) be amended, by deleting "法團" and substituting "法人團體".

That clause 14(7) be amended, by deleting "一般" and substituting "概括".

Clause 15

That clause 15(3) be amended —

- (a) by deleting "另訂" and substituting "另行施加".
- (b) by deleting "訂下" and substituting "施加".

Clause 17

That clause 17 be amended, by deleting "處以" and substituting "判".

Clause 18

That clause 18(5) be amended, by adding "猶如" before "沒有".

Clause 20

That clause 20(1) be amended, by deleting "斷定" and substituting "決定".

Clause 21

That clause 21(2) be amended, by deleting "訂下" and substituting "施加".

That clause 21(3)(b) be amended, by deleting "主管" where it twice appears and substituting "控制".

That clause 21(5) be amended, by deleting "訂下" and substituting "施加".

That clause 21(6) be amended, by deleting everything after "'controller'" and substituting —

"(控制人), in relation to an applicant, means a majority shareholder controller, minority shareholder controller or indirect controller, within the meaning of the Banking Ordinance (Cap. 155), of the applicant."

Clause 23

The clause 23(4) be amended —

- (a) by deleting "另訂" and substituting "另行施加".
- (b) by deleting "訂下" and substituting "施加".

Clause 26

That clause 26(1) be amended, by deleting "Appeal Board" and substituting —

"Administrative Appeals Board within 10 days after receiving notice of the decision".

That clause 26 be amended, by deleting subclause (2).

Clause 27

That clause 27 be amended, by deleting the clause.

Clause 28

That clause 28 be amended, by deleting the clause.

Clause 29

That clause 29 be amended, by deleting the clause.

Clause 30

That clause 30 be amended, by deleting the clause.

Clause 32

That clause 32(2) be amended, by deleting "起誓" and substituting "經宣誓而作的".

Clause 35

That clause 35(1) be amended, by deleting "of \$100,000" and substituting "at level 6".

That clause 35(2) be amended, by deleting "of \$10,000" and substituting "at level 3".

That clause 35(3) (a) be amended, by deleting", the Appeal Board or the Chairman of the Appeal Board".

That clause 35(3)(b) be amended, by deleting "or the Appeal Board".

That clause 35(3) be amended, by deleting "of \$10,000" and substituting "at level 3".

Question on the amendments proposed, put and agreed to.

Question on clauses 2, 6, 7, 9, 14, 15, 17, 18, 20, 21, 23, 26 to 30, 32 and 35, as amended, proposed, put and agreed to.

Schedules 1 and 3

SECRETARY FOR SECURITY: Mr Chairman, I move that Schedules 1 and 3 be amended as set out in the paper circulated to Members.

Proposed amendments

Schedule 1

That Schedule 1 be amended, in item 2, by deleting "階" and substituting "陞".

Schedule 3

That Schedule 3 be amended, in item 1, in the proposed amendment, by deleting "72" and substituting "76".

Question on the amendments proposed, put and agreed to.

Question on Schedules 1 and 3, as amended, proposed, put and agreed to.

Schedule 2 was agreed to.

PENSIONS ORDINANCES (MISCELLANEOUS AMENDMENTS) BILL 1994

Clauses 1 to 14 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

SECURITY AND GUARDING SERVICES BILL

had passed through Committee with amendments and the

PENSIONS ORDINANCES (MISCELLANEOUS AMENDMENTS) 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.

PRIVATE MEMBER'S MOTION

PRESIDENT: I have accepted the recommendations of the House Committee as to time limits on speeches for the motion debate and Members were informed by circular on 28 November. The mover of the motion will have 15 minutes for his speech including his reply; other Members 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.

STOCK FUTURES CONTRACT

MR CHIM PUI-CHUNG moved the following motion:

"That this Council is of the opinion that it is grossly inappropriate for the Government to introduce the trading of stock futures contracts without consulting fully all sectors concerned and assessing critically its merits and demerits."

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I would like to declare interests as the representative of the Financial Services Functional Constituency and I would like to declare that I am not, either directly or indirectly, a registered member of the Stock Exchange of Hong Kong or the Hong Kong Futures Exchange. My comments on the motion today will be divided into two parts.

First of all, consultation exercise has not been fully conducted before the Executive Council, as well as the Securities and Futures Commission (SFC), give the green light for the Futures Exchange to introduce stock futures contracts. The Government's approval for the Futures Exchange to launch stock futures is primarily based on the fear that Simex of Singapore may steal a march on Hong Kong by introducing stock futures on certain Hong Kong shares. In fact, in a recent meeting, the Stock Exchange had made it clear that, without its co-operation, co-ordination and assistance, it would be extremely difficult, if not impossible, for markets in other regions of the world to trade stock futures on Hong Kong shares. Therefore, it is not a valid ground for the Government to base its case on.

We must understand that the issue before us is not only a row between the two Exchanges. In fact, among the 117 members of the Hong Kong Futures Exchange, only 20 of them at most, are not members of the Stock Exchange; generally, therefore, the majority of the members conduct businesses in both the two Exchanges. It is therefore evident that the entire issue has nothing to do with competition for trading products between the two Exchanges, but has more to do with the Government's financial policy. On the implementation of such an important financial policy, the Government of course tries to shirk the responsibility by saying that it is not the Government, but the Futures Exchange, which launches the derivative products and it is the SFC which gives the

authorization. However, let us bear in mind that both the Futures Exchange and the SFC basically require approval from the Government, in particular the Executive Council, before they can proceed with the plan. Therefore, I believe that the Government should be held wholly responsible, and my colleagues now sitting here as well as the public should have appreciated the point in question.

Whenever the Government seeks to alter or introduce a major financial policy, it should, in my opinion, take the following steps: (1) at the very least, ensure the insiders' full understanding of the product for they have to assume the role of intermediary in the future; (2) get the market participants among the public to familiarize themselves with the product for it is the public who will participate in the operation where their interests will be involved; (3) other members of the community should also be adequately informed, such as the banking and accountancy sectors, with a view to enhancing their understanding of stock futures.

On 25 October, the Government casually gave an approval via the Executive Council. The Futures Exchange and the SFC then decided to put the new product on the market as soon as possible and claimed that they were already poised to have trading started before the end of November or, at the latest, the end of December. Of course, the completion of this timetable is out of the question in view of the present progress. However, certainly, the Government has not conducted any market consultation this time. Now that the Futures Exchange has extended the consultation period to 15 December, it is thus crystal clear as to the sincerity of the Government. This is another clear demonstration of the Government's favourite tactics of "conducting business behind the scene", following the examples of the Government's recent approval for 125 Vietnamese boat people to stay in Hong Kong and the generous admission of 27 000 foreign workers to work in Hong Kong.

Secondly, Mr President, let us turn to the issue of stock futures. At present, the major function of the stock market in Hong Kong remains to be collection of funds. Listed companies raise funds by issuing shares in the market, and the public as well as the organizations invest in the stock market as an outlet for their idle capital. Therefore, if the Government proceeds to introduce the trading of stock futures, it is basically ruining the function of the Stock Exchange as a venue for collection of funds whilst encouraging the diversion of capital to the Futures Exchange.

The second question is the encouragement of speculative investment. We must get to understand that the public is using their idle capital to engage in stock trading activities (in particular, note that the shares of the HSBC Holdings and the Hong Kong Telecom are being actively traded, which account for about 25% of the turnover volume of the Stock Exchange). Most participants use their idle funds to invest in the stock market but, for some investors, 50% of the investment is made in cash while the remaining 50% is interest-paying "margin". Now that the Government has given approval to the Futures Exchange to introduce stock futures, whether or not the initial investment, or

the margin required for stock futures is fixed at 7% and 6% as originally proposed (I have rounded off the percentages which should be 6.94% and 5.88%, to be exact), that level of investment alone is enough to divert investment originally intended for stocks to the activities of futures trading where speculative nature is all too obvious.

The third question relates to the assessment of stamp duty. We are aware that the Government has been deriving considerable income from stamp duty or securities trading, in particular, in the past two or three years. In the past year when trading was active, revenue from this source was to the tune of \$2 billion to \$3 billion. Although I told the Financial Secretary again last year that stamp duty would be, sooner or later, waived in all the stock markets worldwide and the Government shared the same view, it remains a fact that stamp duty has not been waived up to the present. If stock futures contracts are successfully launched, the Hong Kong Government will derive nil revenue from stamp duty on securities transaction. Although some officials may argue that stamp duty on securities transaction would ultimately be waived, yet why is it the case that stamp duty is not scrapped in the present spot trading cash market but in the market for stock futures?

The fourth point relates to the fact that stock futures are not widely transacted. Hong Kong claims to be the seventh largest stock market in the world but the six markets ranking above Hong Kong, including the markets in the United States and Japan, have not yet provided the trading of stock futures. It is thus evident that this product is not common at all. Why should Hong Kong be so hasty as to have a headstart? It is imperative that sound reasons are given. At present, the trading of stock futures is only available in Sweden and Australia, but the trading of which is not all that successful. Why should Hong Kong be taking the lead in the trading of such a new product? A fine-sounding answer would be the need to preserve the status of Hong Kong as a financial centre, but is it worth the cost? The arguments would only be convincing if the Government could come up with data in support of the trading of stock futures.

Hong Kong has been very successful but the trading of a product with an element of gambling in it may not necessarily be successful. Why insist on doing so? Another point in question is the triggering of a rivalry, a rivalry between the Futures Exchange and the Stock Exchange. The worldwide stock market crash in 1987 has rendered the public (the indirect market participants) having to fork out \$2 billion to bail out the clearing house of the Futures Exchange which was incapable of settling its obligations. This arrangement still rankles the Stock Exchange because the credit facility of up to \$2 billion was paid by the small investors through an additional levy imposed upon transactions of the Exchange. In other words, the current practice of the Government will only result in conflicts within the financial sector of Hong Kong.

We must also understand that recently the stock market has been very volatile. The market started its downward swing from over 9 000 points, which slumps another 196 points today, to bring the Hang Seng Index down to 8 461 at

resent. With this market trend, if stock futures are transacted, the investment of many investors may turn into nothing overnight. Why is it so? Let us assume the rate of margin payment to be fixed at 10%, instead of the 7% as proposed by the Futures Exchange, and assume the share price of HSBC Holdings to be \$90. Then the margin required for HKBS Holdings stock futures would be \$9. With a normal price fluctuation in the range of four to five dollars plus the effect of artificial factors, many investors will have lost all investment capital by tomorrow. The reason is simple and I would like to make it clear here because it is extremely risky for the general public to participate in this game. The risk stems from the public's mentality that they would feel very satisfied if they are able to reap some marginal profits; however, if they unfortunately lose money in the speculative process, they would not immediately "cut loss and call it a day" but would continue to put in money until all the money is gone or until they can no longer afford. There is a reminder notice at the casinos in Macau and in other parts of the world, saying, "no sure win in gambling but small bet is pleasing; idle money for betting and fun will keep coming." Many participants suffer from losses resulting from market manipulation activities. If stock futures trading is launched, the situation, compounded by artificial factors, will get worse. Therefore, it is absolutely unnecessary for the Government to convert Hong Kong, which is a promising and progressive stock market and financial centre, into a speculative market devoid of long-term prospects where big "devouring" investors all over the world congregate to squeeze money from the small investors.

We must also understand that futures trading does have a considerable impact on spot trading. For example, the peak price of gold in Hong Kong in 1980 was US\$850 per troy ounce; however, since the launching of gold futures, no one bothers to buy gold in physical form for the purpose of preserving money value. Their capital is placed in bank deposits to earn interests and if they are interested in gold investment, they may engage in gold futures trading. Therefore, the price of gold remains at only US\$380 — no more than 45% of the price at peak.

Mr President, the Government may argue that since Hong Kong has been trading index futures contracts, there is no big difference between futures on a basket of stocks and futures on an individual stock. At that point, we must make it clear that the currently-trading index futures is called Hang Seng Index Futures, comprising 33 constituent stocks. The turnover volume of these 33 stocks in the futures market has exceeded that in the cash market. Big investors are capable of manipulating the market at the end of the month when clearing is done in the cash market if the turnover volume of these 33 stocks is big enough. In other words, the original intention of futures trading aims at making up for the deficiency of the cash market, but, on the contrary, the cash market has now been used by the futures market. It is because whenever the price of futures drops, the price of the stock in the cash market drops alongside with the trend in the futures market. Even the 33 stocks are susceptible to market manipulation, let alone a single stock. It is therefore much easier to manipulate the market if

futures on an individual stock is traded. There is in fact no index in the cash market for these 33 stocks.

Just now, I have also mentioned that during the stock market crash in 1987, within one day — 26 October 1987, the Hang Seng Index plunged 33%. Although the possibility of having other effects is extremely remote, it is not absolutely impossible as I have said earlier on. Therefore, I still have reservations as to the launching of these products if we take into account the protection offered to the investors. If the Government really intends to establish a risk fund by that time, the Government should require the Hong Kong Futures Exchange Clearing Corporation Limited to undertake that under whatever circumstances, that is to say, the stock market participants would not have to bail out the company for losses arising from its own default in clearing or from contingencies. The Government should of course, whenever possible, also require the Futures Exchange to carry out better consultation and give a more detailed introduction, so that the general public and the parties concerned can have a thorough understanding of what actually stock futures are.

Mr President, after 1997, there are three aspects in Hong Kong which are very significant: besides politics and economy, finance is a sector which we cannot afford to overlook. Therefore, I urge the Councillors to try their best and air their views. I also earnestly hope that the Councillors will lend their support to my motion.

Mr President, with these remarks, I so move.

Question on the motion proposed.

MR LAU WAH-SUM (in Cantonese): Mr President, it is certainly beneficial to Hong Kong, as an international financial centre, to launch futures on individual stocks. Since this is a new derivative product, we have to fully consult people in the trade, for example, the stockbrokers before its implementation. The Hong Kong Futures Exchange has already embarked on a consultation exercise and I hope the Securities and Futures Commission (SFC) can make a fair assessment of the result of the exercise. The SFC should consider how to strengthen the risk management system to look after the interests of both large and small investors.

I have a point to make about the upper limit of the aggregate amount of contracts. The present risk management system has an upper limit on the aggregate amount and the SFC should consider what the appropriate level of this limit should be. I think the limit should be lowered to prevent major investors from manipulating the market on the one hand, while the size of the contracts should be determined appropriately. At present, it is 2 000 shares for HSBC Holdings and it should be set higher, but, how high should it go to become the proper level? It should not affect market operation on one hand, and it should on the other hand deter small investors who have little sense of risks from

buying so easily. Thirdly, the SFC should introduce options on individual stocks speedily as the issue has undergone more than two years of fruitless discussion already. If these two derivatives can be introduced at the same time, they will serve to complement each other. The reasons are firstly, the two Exchanges can engage in have a healthy competition and secondly, they can be used as a very good arbitrage tool in the selling of options. Hence, I hope the SFC can fully consider these three points before implementing this derivative. I understand that it is very difficult to launch options of individual stocks speedily now because improvements in many aspects are required. Even if these two derivatives cannot be introduced at the same time, they should be implemented as soon as possible. In order that the ratio between speculators and hedgers will be improved, for at present these instruments are being used for speculating rather than hedging. I therefore support Mr CHIM Pui-chung's motion that there should be full consultation before launching.

With these remarks, I support the motion.

DR PHILIP WONG (in Cantonese): Mr President, it is very inappropriate and rare that the Government would hastily approve the introduction of a highly risky product, the stock futures, without fully consulting the securities industry and holding discussion with all sectors concerned. While officials claimed that Singapore had been contemplating the launching of a similar product and, in order to maintain its "international competitiveness", Hong Kong has to strike first so as not to lag behind other countries, it was nevertheless reported that Singapore had denied working on the introduction of stock futures. The other arguments advanced by the Government are hollow and feeble, evading the crux of the question but dwelling on trivialities. They are not worth rebutting at all when viewed in the light of reality. If stock futures were so desirable, why does New York not launch it? Why does London not launch it? Why do major stock markets the world over not launch it? It is indeed an abnormal move on the part of the Government that it could hardly wait to take the risk. This compels one to recall the intentions of Englishmen in former times in selling opium to China. Opium severely damages people's health while stock futures are sufficient to destroy peoples' wealth.

Judging from the vigorous response from the securities industry and all sectors in the community, the Government has apparently received more criticisms than praises on this matter. The concern of the community is mainly focused on the following points.

First, creating contradictions and damaging financial harmony

If Hong Kong is to consolidate its status as an international financial centre, it is vitally important to maintain co-ordination among the relevant institutions internally. The stock futures launched by the Future Exchange is on the stock listed in the Stock Exchange, consequently there is an operational connection and a conflict of interest with the Stock Exchange. In order to

ensure impartiality, the Government should have consulted the financial sector, in particular the Stock Exchange, prior to approving the introduction of stock futures. The Stock Exchange, however, has all along been kept in the dark. The underlying reasons are not as simple as commercial reasons or time constraints. I have kept in touch with some council members of the Stock Exchange and friends in the industry. Their views coincided as they all queried if the Government is working to wreck the communication and co-operation mechanism in the financial sector. They are dissatisfied that the Government handled the matter surreptitiously and in an unfair and unopen manner, just as a "black box operation", so to speak. Meanwhile, they are intensely worried lest the stock market in Hong Kong should be subject to unnecessary setbacks in the days to come.

Secondly, fostering speculation and precipitating market volatility

Unlike the spot trading of stock, stock futures does not involve the delivery of physical commodities. Investors can hold 100% of the contract by merely paying a deposit of a few percent of the value, thus leading to profuse speculation. As a result, big foreign investors are in a position to manipulate the market easily, but to investors, this is very dangerous. In times of huge capital inflow or outflow and in times of market fluctuation, investors will easily be devoid completely of capital. Besides, as the leverage ratio of this sort of trading is rather high and it is unnecessary to pay the stamp duty, a myriad of individual investors and capital will be attracted to switch to the futures market. The volume of spot trading of stock is bound to diminish, thus dampening the desire to raise capital through listing in the stock market. Under the circumstance, public revenue from the stamp duty of stock will dwindle. Furthermore, the existence of Chinese brokers who deal in the spot trading of shares will also be threatened. Public opinion criticized the Government for launching such highly risky derivative tool, which neither serves the purpose of hedging with a view to boosting the market nor for the purpose of fostering the normal function of raising capital through the stock market but to encourage the people of Hong Kong to speculate in and gamble on futures, thereby turning Hong Kong into the oriental "Monte Carlo" gradually. During the stock crash in October 1987, many futures investors and Chinese brokers were completely stripped of everything by big foreign investors, impinging on the economy at large. The Government was also adversely involved to the extent that it had to spend a huge sum of money to "save the market", for this, our memory of this is still fresh.

Thirdly, having the ulterior motive of to upsetting financial stability

The Government has incessantly implemented measures in this latter part of the transition period which may impede the stability of the financial system. Its political motive is indeed questionable. For example, the partial abolition of the Interest Rate Agreement earlier on and the gradual introduction of a series of complicated investment tools which are very familiar and advantageous to foreign consortia and foreign investors, but unfamiliar and unfavourable to the

people of Hong Kong. This, in turn, gives rise to an extremely unfair scenario in which foreign investors can easily manipulate the market. That the Government hastily approved the launching of stock futures by the Futures Exchange this time is evidently a move which favours foreign investors. Besides, we do not rule out the possibility that some people are intending to use tools such as futures to cheat on the sly and to fan the flames of trouble with a view to influencing and controlling the finance of Hong Kong after 1997. We are not opposed to constant financial innovations. Neither are we opposed to fellow investors from abroad making money in Hong Kong. But it is necessary to set up a system which is fair and which dovetails the environment of Hong Kong with the overall and long-term interests of the people of Hong Kong safeguarded instead of conforming to the benefits of foreign investors at the expense of the interests of Hong Kong people. It is estimated that at the initial stage of launching stock futures, the extent of damage may be relatively small upon careful arrangements. As criticisms gradually subside, however, the next step may be the listing of all constituent stock futures of the Hang Seng Index one after the other. In that case, that case of damage will be increasingly significant. We cannot treat the matter lightly thinking that initially the problem is not too serious. By the time the problem takes shape completely, foreign investors would have reaped the crop and gone, leaving behind a profusion of sequela.

Finally, I would like to point out that the arrangement of limiting the volume of trading in the stock futures market well depicts that the authorities concerned exercise caution to a certain degree towards this particular investment tool. Since this is the case, why turn the Hong Kong market into a testing ground? Why not be a bit more conservative and let other international major stock markets set out first before we proceed to take this matter into consideration? Hong Kong owes to its prosperity and stability of the economic and social environment at large to maintain the attractiveness of the Hong Kong market. Is it somewhat exaggerating by saying "where there is no stock futures, there is no attractiveness"?

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

MR VINCENT CHENG: Mr President, at the outset, I should declare my interest as a non-executive director of the Securities and Futures Commission (SFC).

This body has been asked to consider a motion, as moved by the Honourable CHIM Pui-chung in which this Council is asked to express an opinion on the appropriateness of the manner in which "stock futures" will be made available for trading in Hong Kong.

I oppose the motion for two very fundamental reasons. First, it is not the Government's job to consult on one particular financial product. It is the job of those who want to introduce the product into the market. We already have

futures products in the market. If Mr CHIM's arguments were accepted, then the logical conclusion should be that we should abolish completely the futures market in Hong Kong which I do not think anybody would agree.

Second, the SFC's role is to ensure that the new product meet prudential requirements. If it does, the SFC has to approve it.

Any suggestion that such actions have been taken without critical examination is without merit. In particular, the SFC's approval of the introduction of stock futures was conducted in a manner entirely consistent with its statutory functions. If the purpose of the motion is to call into question the SFC's ability to perform its functions, we would be treading down a path with potentially dangerous long-term repercussions, and which might well serve to diminish the effectiveness of the regulatory regime which has been so painstakingly created and which has served our markets so well in recent years.

There has been a considerable amount of misinformation disseminated about stock futures, which has served no purpose other than to confuse the real issues. One of those issues concerns risk management. This has been carefully reviewed by the SFC which concluded that the risk management systems are up to international standards. Another issue is whether or not stock futures are beneficial to Hong Kong as an international financial centre. Mr President, this is a determination best left to the marketplace. It is not for the Government or for the Legislative Council or the SFC to second-guess the marketplace.

At present, Hong Kong investors, both small and large, are restricted in their abilities to adequately hedge and transfer the risks associated with their Hong Kong investments. This is in large part due to the absence of a market facility which enables hedging to take place on a security specific basis. As you know, both futures and options on the Hang Seng Index are currently traded in Hong Kong, and market users have found these risk transfer vehicles to be a valuable tool in their investment strategies. The availability of stock futures from the Hong Kong Futures Exchange (HKFE) and stock options from the Stock Exchange of Hong Kong (SEHK) will further expand the alternatives available to investors, and as such, will enhance cash market liquidity and contribute to the overall competitiveness of Hong Kong's financial markets. In addition, by making these products available through the facilities of regulated exchanges with all of the risk management and investor protection currently afforded to the market participants, we ensure that they will be developed, conducted and regulated in a fair, orderly and professional manner.

Since the announcement of the introduction of stock futures, considerable debate has taken place regarding the potential risks associated with derivatives. In respect to those individuals decrying stock futures as "high risk" products and especially susceptible to "market manipulation", I must take exception. I do not mean to say that there are no investment risks associated with the trading of these products or any other type of investment for that matter. Nor do I mean to say that investors should not understand the risks of investing prior to doing

so. However, what is important is that the systemic market risks of stock futures have been analyzed by both the HKFE and the SFC using internationally recognized assessment methodologies. These risks can, and will be managed in an appropriate manner. The systems employed by the futures exchange and its clearing house to manage the systemic market risks will operate in much the same way as those currently employed for Hang Seng Index futures and options, with certain additional features and safeguards designed to address the unique Hong Kong market and investor profiles.

As Members are aware, some criticisms have been expressed regarding the manner in which stock futures were developed and approved. The primary criticism and the basis for the motion now before us, surrounds the absence of public consultation on the subject. This, however, is now a moot point inasmuch as the HKFE, on 21 November, delayed the launch of its product and issued a document for consultation, requesting comments by 15 December. The SEHK has also publicly stated that it has never opposed stock futures and the two Exchanges are working together to co-ordinate the relevant technical matters. It is my belief that this Council should not try to intervene the processes by which our markets develop and expand in their continuing efforts to ensure that Hong Kong remains globally competitive. This of course does not mean to imply that we as legislators do not have a role in ensuring that the laws and regulatory systems in place remain adequate and function properly, for it is certain that we do. In this case, however, these systems have performed in accordance with their intended purposes and as such, we should support the subsidiary legislation so that we can put stock futures under the supervision of the Securities and Futures Commission.

Mr President, I oppose the motion.

MR PETER WONG: Mr President, the Honourable CHIM Pui-chung's motion has caused me much concern. I agree with him that the failure to consult the Chairman and Chief Executive of the Hong Kong Stock Exchange under conditions of total confidence is absolutely inexcusable. However I do not agree with him that the proposed product, the two stock futures are without merit and will ruin the cash market in the Hong Kong Stock Exchange.

I had the benefit of a long session at the Securities and Futures Commission (SFC) serving as a non-executive director and I had also quizzed the Executive Director in charge of the proposed product. I am satisfied that he and his staff had done their job with due diligence and the risks are manageable. I see no reason why those systems cannot work given the goodwill and co-operation of all concerned. But, given the outright hostility of some, I feel that it would be foolish of the Futures Exchange to proceed with the product until the fences are fully mended and the skeptics are persuaded.

It is all too easy to criticize the executives of the SFC especially under conditions of privilege. I do not for one moment give any credence to the

accusation that these stock futures were created at the behest of a director so he can return after retirement to clean up and make a packet for himself. However, I would strongly urge the executive and non-executive directors of the SFC to remember that they are the accumulated wisdom of the Hong Kong market, the ultimate guardian of its integrity. They should not have mechanically endorsed the products based on their technical merits. They should have ensured that all the consultation and other niceties have been properly observed.

Mr President, for these reasons, I will abstain from voting on this motion.

DR HUANG CHEN-YA (in Cantonese): Mr President, the Hong Kong Futures Exchange Limited (HKFE) had undertaken extensive consultation before Hang Seng Index options was introduced in March 1993. The Stock Exchange of Hong Kong Limited (SEHK), which was preparing to introduce stock options, made no exception of itself, also issued consultation papers for several times. However, the HKFE failed to consult the public on the stock futures this time resulting in widespread debate and worries. Although recently it has tried to mend the fences by consulting the public hastily, it was a mistake which HKFE should not have committed, had it had such foresight.

Unlike other commercial organizations, the HKFE and the SEHK, in introducing securities and related derivatives, both enjoy a certain "monopoly status. Furthermore, the success or otherwise of these products would involve on society as a whole. Because of this, the transparency of these two Exchanges should be higher than ordinary commercial organizations. In addition, on the introduction of new products and significant reforms of the Exchanges, public consultation should not be denied on the mere ground of commercial confidentiality. The Securities and Futures Commission, as the regulating authority, should have a responsibility for enhancing the transparency of these Exchanges rather than accepting their request for confidentiality. Any implication that the public's right to be consulted is unnecessary, on the ground that consultation had also been skipped on the introduction of H-shares product, is erroneous. I think the securities sector and the Government should agree to the introduction of regulation stipulating public consultation on any new financial products.

The Democratic Party considers that the following two questions must be given deliberation upon introduction of stock futures:

- (1) Does it help enhance Hong Kong's status as an international financial centre?
- (2) Has adequate protection been provided to investors, especially the small investors?

I would like to start my argument in respect of the first question by affirming the importance of plurality of financial products at consumers' choice as being instrumental in bringing more business for futures and securities dealers and in reinforcing the status of Hong Kong as an international financial centre. It has been argued that stock futures are not suitable for Hong Kong on the ground that this product is only found in a very limited number of countries. I disagree with such a view. Hong Kong would never have become an international financial centre if she had always taken a "tail after" attitude instead of playing a pioneer's role. In fact, competition among international financial centres is very keen. For instance, Germany gave up her chance to establish its futures market due to an anti-gambling lobby, thereupon London took up the trading of German bond futures. Then, although Germany introduced the same product in 1989, it could only recapture one-third of the market share so far. Nowadays, many international financial centres have shown interest in the introduction of futures contracts of other countries. Opportunity will be missed through Hong Kong's over-prudence which might result in loss.

We must highly treasure the investor confidence resorted to by the HKFE's devoted efforts over the years in re-establishing risk management policy after the stock market debacle in 1987. The introduction of stock futures by the HKFE, therefore, must be accompanied by relevant risk management measures formulated with prudence. Among which, the deposit amount must be set at a reasonable level so as to enhance investors' protection and mitigate the risk of making up for loss upon closing the position.

If vicious competition occurs between the futures market and the spot market and hampers the development of either, the economy as a whole will have no gain but loss. On the contrary, benign competition will promote the development of both. As the introduction of stock futures has already caused tense relationship between the SEHK and the HKFE, the SFC should try to strike a balance between the development of the two Exchanges. Up to now, whether the stock futures has any impact on the spot market is based on mere inference rather than concrete evidence. Hence, if the HKFE wants to introduce stock futures on the Hongkong and Shanghai Banking Corporation Holdings and the Hong Kong Telecom, it must assess its impact on risk management and on the spot market, and make its assessment public after the product has been traded for some time.

Secondly, I would like to discuss investor protection. Education is most fundamental. To most local investors, futures, options and other derivatives are strangers to them. The two Exchanges should have the responsibility to explain the nature and risk of these products, and to ensure that its members will, in a responsible manner, help their clients assess the risk they can take. Besides, the SFC also has the responsibility to promote the rights of the investor such that the investor can claim damages from those brokers who have misled him or who have made an unauthorized profit.

In conclusion, the prerequisites for the introduction of stock futures, options and other derivatives include public consultation, prudent risk management, parallel development of the spot market and the futures market, and education of investors and protection of their rights.

The Democratic Party supports the motion on the ground that the Government has failed to consult the public adequately. But I would like to point out clearly that our Party, having a different viewpoint from Mr CHIM, also supports the introduction of stock futures for two reasons:

- (1) it will provide more tools to the investor in the furtherance of his investment strategy, thus enhancing the status of Hong Kong as an international financial centre;
- (2) the current risk management and investment protection systems are basically acceptable.

If the above-mentioned prerequisites can be met, we should not drag our feet and let slip the opportunity. Some people have argued that the function of the stock market is to raise capital only. Do they not think that hedging is important? If they so think, do they oppose stock options? If they do, should the HKFE be closed down? If they argued that we should not have futures because it would be used as a means of gambling and speculation, then should we close down the stock market because someone is gambling and speculating in stocks?

I so submit.

SECRETARY FOR FINANCIAL SERVICES: Mr President, let me set the record straight from the outset on the wording of this motion. It is inaccurate and wide of the mark in almost every material respect. The Government is not involved, as this motion suggests, in deciding on the introduction of new products to the Exchanges. As long as new products meet the appropriate statutory definitions, questions of whether to have them, what they should be and when and how to introduce them, are entirely matters within the discretion of the respective Exchanges, subject only to the approval of the Securities and Futures Commission (SFC) as to the regulatory and risk management arrangements.

It is quite wrong, therefore, to suggest that it is the Government's decision as to whether or not this product should be introduced. It is not. Indeed the product has not yet been introduced at all. The Futures Exchange has announced the product, but does not intend to introduce it until after the completion of the consultation exercise on which it has now embarked. At the time this motion was put down, therefore, the suggestion that there had not been full consultation was premature. A number of Honourable Members have today laid emphasis on the desirability of consultation, and I am glad therefore that the

Futures Exchange is conducting a thorough exercise and will carefully assess the comments and reactions before finalizing the details and introducing the product.

Whatever the formal requirements, it is always wise to prepare the ground carefully before proceeding with matters of this nature. And it is always possible after the event to conclude that matters could have been handled better. It would clearly be wrong, however, to adopt a motion condemning the Government for introducing a product on the Futures Exchange without consultation at a time when the responsible body, the Exchange and not the Government, was actually conducting such consultation prior to introduction of its product.

A further point on the wording of the motion concerns the supposed requirement to assess critically the merits and demerits of the product. This, again, is misleading. It is not for the Government to conduct such an assessment itself, but rather for the Exchange and the SFC to do so. This they have done and advised the Government accordingly. Their assessment relates to three quite different types of risk. Let me explain these types of risk and the separate responsibilities for them.

First of all is the commercial risk that any commercial operation has to accept in deciding to launch a new product onto the relevant market. This depends entirely on the exercise of commercial judgment. The consequent success or failure of the product will be entirely down to the organization concerned, in this case the Futures Exchange. Clearly they must carry out their own critical assessment of the merits and demerits of the product, and it is apparent that they have done so. They have also taken the view that the product will be beneficial to the development and operation of the Hong Kong market, a view that has been endorsed by the SFC. Derivatives such as these are an important part of the range of products that must be available in a modern, sophisticated financial centre, particularly one like Hong Kong that aspires to maintain and develop its fund management industry in the face of competitive challenges from elsewhere in the region.

Secondly is the risk to the individual investor when he decides to buy or sell any particular investment product. This investment risk is entirely a matter for the investor and his or her broker to assess. It is the broker's obligation to exercise due diligence in ensuring the suitability of the investment for the client. The responsibility of the Exchange, under the supervision of the SFC, is to ensure that all the relevant facts about the product, including the potential losses in trading such a product, are fully disclosed and available to investors. This will already be the case in respect of stock futures, but it should also be noted that this is a specialized leverage product, designed mainly for the use of professional investors as hedging instruments. Small investors and others who do not well understand the risks involved might well be advised to avoid them, and that should apply equally to stock options as it does to futures and other such products. Health warnings are issued from time to time in respect of all

investment products, and clearly that must be done at the inception of any new product.

The third type of risk which arises with any investment product is systemic risk. That is the risk to the market systems inherent in trading, clearing and settlement. This is the type of risk that is the focus and purpose of the risk management systems operated by the Exchanges under the supervision of the SFC. These systems have been thoroughly overhauled and reformed since the events of 1987 — a reform process that included the establishment of the SFC itself. Today, Hong Kong's risk management is widely recognized as being sound, well-run and fully up to international standards. Indeed, this is one of the more important factors that has encouraged so many international players to re-enter our market in recent years.

The risk management arrangements proposed for stock futures are based on the tried and tested systems already applied successfully to index futures. The SFC, as the market regulator, is fully satisfied that the Futures Exchange has the ability, the experience and the right procedures to handle the systemic risks associated with the trading of stock futures. In this particular case the SFC has, however, expressed a preference for an additional aspect of regulation and risk management, namely, the application of position limits, to have the statutory backing of the Commodities Trading Ordinance in order that criminal sanctions will apply to those who breach the limits and thus to provide better protection to investors. The consequent decision of the Governor in Council to add the name of this product to the Schedule of the Ordinance represents the Government's only and necessarily very limited involvement in what is essentially a market development matter. This minor legislative amendment is not a prerequisite to the trading of the product, which needs only the approval of the SFC, but it does represent the regulator's concern that the level of regulation and risk management should be as high as possible.

Mr President, I have gone to some length to clarify the responsibility of different parties for the critical assessment of the merits and demerits of an investment product in order to illustrate the confusion and over-simplification that underlies the wording of this motion. Let me now turn to some of the other points that have come up on this subject, including in today's debate.

First are the suggestions that stock futures would increase the volatility of share prices, affect the cash market's ability to raise capital, and compete with stock options. On volatility, the experience of trading similar products elsewhere and the weight of expert opinion both locally and internationally do not support the proposition that derivative trading serves to increase volatility in the cash market. On the contrary, it has been shown that derivatives tend to increase the overall liquidity, which in turn serves to raise the level of market activity generally.

As regards competition with securities and stock options, the products ought not to compete with each other since they have a different risk profile, and will satisfy the needs of different types of investors. The evidence of this is already clearly visible in the Futures Exchange itself. The pre-existence of Hang Seng Index futures has not detracted from the successful development of the market for Hang Seng Index options, since the introduction of the latter in March 1993. Nor, conversely, have index options detracted from the market for the index futures. There is room for the two products to co-exist, as there will be for stock futures and stock options. Nor would the Stock Exchange proceed with stock options, as it is now committed to do, if it thought that concerns of consequential effects on the cash market were well-founded.

Some have alleged that the Government has been too hasty and too positive in promoting this product. I have difficulty with this criticism, Mr President. The Government's policy is to support market development and product innovation on both Exchanges. We will be no less enthusiastic about stock options, although there is no necessary reason for them both to be introduced at the same time. We will continue to assist the regulator in exercising his regulatory functions as far as new financial instruments are concerned, and in this particular case the involvement of the Government has been confined to making the necessary changes to Schedule 1 of the Commodities Trading Ordinance to facilitate better regulations of stock futures. There is, therefore, no question that the Government is intervening in the launching or promotion of the product. Rather we are encouraging product development in general.

It has been suggested that the worries of the Futures Exchange about competition from other markets were unfounded since such markets simply cannot trade a futures contract on Hong Kong stocks without the co-operation of the Stock Exchange in Hong Kong. Those supporting this argument, I must say, have grossly underestimated the competitiveness of exchanges elsewhere. There are plenty of examples showing that the trading of derivatives can be conducted without the co-operation of the home market for the underlying securities. Simex in Singapore has already proven its willingness and ability successfully to trade products such as futures and options on the Nikkei stock average, futures on Japanese Government bonds and others, despite the active and vocal opposition of the Tokyo Stock Exchange. Sydney has also announced publicly and in writing its intention to trade futures on individual international stocks. Other markets are also known to be developing stock futures, and it is only a matter of time before they are traded around the world. Hong Kong should not allow itself to fall behind.

It has further been suggested that the introduction of stock futures in effect encourages investors to become more speculative. Some have even described the product as a gambling instrument. And such kind of labelling is not conducive to a rational discussion of this issue. As with all other investment instruments, including securities themselves, stock futures can have a speculative

angle. But the mere fact that some investors may use an investment for the purpose of speculation should not be a reason for not developing our market, otherwise we would have to ban investment products from trading in Hong Kong altogether, which is plainly absurd.

The Honourable CHIM Pui-chung has asked for an undertaking from the Government that, should stock futures lead to a collapse of the futures market, other sectors of our financial markets should not be asked to bale out the Futures Exchange. First, we do not believe that the trading of stock futures will lead to a repeat of the 1987 incident. While the 1987 experience is still vividly in our minds, one should remember that the risk management system of the Futures Exchange has been completely revamped since the crash.

The Exchange now adopts sophisticated risk management techniques and arrangements and the system is regarded as one of the most effective and conservative by the international financial community. The Exchange's ability to handle exceptional market fluctuations has been frequently demonstrated, most recently by the major adjustment of our market only last week when the Hang Seng Index lost about 6% within the first 15 minutes of a trading day. Intra-day margin calls made by the Futures Exchange were, as usual, all promptly met.

I must reiterate that the SFC, in examining the stock futures plan, has satisfied itself that the current risk management system of the Futures Exchange can adequately cope with the systemic risks arising from the product. During the consultation all interested parties have the opportunity to scrutinize the detailed proposals. So far no concrete arguments have been advanced to substantiate any alleged inadequacy in the system. In a way, the existence of such an excellent risk management system already addresses the concerns expressed by some market practitioners that the Futures Exchange should itself be able to absorb financial losses to the market arising from the product, even under very taxing circumstances. The chances of a repetition of a catastrophic failure on the scale which occurred in 1987 are now very remote, and all our efforts in the reforms of recent years have been to reduce them to the absolute minimum.

What would be done in the unlikely event of any similar occurrence in future would necessarily have to depend on the nature and circumstances of the problem. No responsible government could ever give any blanket assurances to rescue the market, or to use any particular method to do so. In principle, however, each market institution, the Stock Exchange, the Central Clearing and Settlements System and the Futures Exchange, should have and does have its own substantial reserve fund to provide a cushion against any failure arising from its own operations.

Mr President, some have criticized the fact that the Futures Exchange chose to maintain confidentiality at the product development phase. As pointed out on various occasions recently, this procedure was followed because the

Futures Exchange was aware that other markets were developing similar products using Hong Kong listed stocks as the underlying securities. Premature announcement of the plan could have resulted in other markets speeding up their product development and thus frustrating the efforts of the Futures Exchange. Honourable Members should note that we are talking about competition with highly successful exchanges with an aggressive track record of trading internationalized products. It is only prudent not to take such a competitive threat lightly.

As I have already pointed out, the important point is that the Futures Exchange has not yet introduced the product. It is discussing the details with the Stock Exchange and is gauging the views of professional bodies on the matter. The Futures Exchange will take into account the views of the market before firming up the details of the product.

Some have urged that the introduction of the product should be deferred pending the outcome of the Futures Exchange discussion with the professional bodies. As I have said, the product has not yet been introduced and the Futures Exchange will not introduce it until it has completed its consultation and taken into account the comments of the market. Only then will it finalize the date for launching the product. However, from the point of view of market development and the need to maintain Hong Kong's competitive edge, the Administration's view is that the Exchange should introduce the product as soon as possible, consistent with its commitment to consult, and with the satisfaction of the SFC. So far, however, the SFC has expressed no regulatory concern that would justify further delay.

The Honourable Philip WONG expressed the opinion that we should leave it to other markets to trade such high risk products. This argument is based on the misguided assumption that the product is bound to create a problem for the local market. It should be clear, however, from all I have said so far, that such perceived threats are not supported by any objective and rational consideration of the case. In any event, derivative product development is a global phenomenon. To allow such potential local business to drift offshore simply runs contrary to our policy of maintaining the general competitiveness of our market and the status of Hong Kong as an international financial centre vis-a-vis other markets keen to enhance their own attractiveness to international investors.

Mr President, it is clear from all the foregoing that whatever the merits and demerits of stock futures, the wording of this motion is misplaced and inappropriate. To carry the motion would send an unfortunate message to the market that the legislature believes that the Government should intervene in market development, even if the regulator is satisfied with the risk management and investor protection aspects. The success of Hong Kong as one of the most important capital markets in the world has been built on, among other things, our policy of free market operation with the minimum intervention from the Government. This policy has served Hong Kong well. There is no reason to

abandon this policy as would be implied if Members were to support the motion and take steps to subject market operation and development issues to government intervention, thus stifling any market initiatives. In the circumstances, Mr President, the Administration is not in a position to support the motion. I would urge Honourable Members to join the ex officio Members in voting against it.

PRESIDENT: Mr CHIM Pui-chung, you have used up your 15 minutes, so you are not able to reply. (Laughter)

Question on the motion put.

Voice vote taken.

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

MR CHIM PUI-CHUNG (in Cantonese): I claim a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Would Members please proceed to vote?

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

Mr Allen LEE, Mrs Selina CHOW, Mr Martin LEE, Mr NGAI Shiu-kit, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr CHIM Pui-chung, Rev FUNG Chi-wood, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Mr LEE Wing-tat, Mr Fred LI, Mr Henry TANG, Mr TIK Chi-yuen, Mr James TO, Dr Samuel WONG, Dr Philip WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Dr TANG Siu-tong and Mr James TIEN voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Andrew WONG, Mr Jimmy McGREGOR, Mr Vincent CHENG, Mr Timothy HA, Mr Simon IP and Mr Roger LUK voted against the motion.

Mrs Elsie TU and Mr Peter WONG abstained.

THE PRESIDENT announced that there were 33 votes in favour of the motion and nine votes against it. He therefore declared that the motion was carried.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 7 December 1994.

Adjourned accordingly at three minutes to Five o'clock.

Note: The short titles of the Bills listed in the Hansard, with the exception of the Occupational Deafness (Compensation) Bill, the Prisoners' Education Trust Fund Bill, the Merchant Shipping (Seafarers) Bill and the Security and Guarding Services Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.