

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 24 January 1996

The Council met at half-past Two o'clock

MEMBERS PRESENT

THE PRESIDENT

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

THE HONOURABLE SZETO WAH

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA, M.B.E.

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

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

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., F.Eng., 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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

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

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE CHENG YIU-TONG

DR THE HONOURABLE ANTHONY CHEUNG BING-LEUNG

THE HONOURABLE CHEUNG HON-CHUNG

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE AMBROSE LAU HON-CHUEN, J.P.

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE LAW CHI-KWONG

THE HONOURABLE LEE KAI-MING

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE LO SUK-CHING

THE HONOURABLE MOK YING-FAN

THE HONOURABLE MARGARET NG

THE HONOURABLE NGAN KAM-CHUEN

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE TSANG KIN-SHING

DR THE HONOURABLE JOHN TSE WING-LING

THE HONOURABLE LAWRENCE YUM SIN-LING

MEMBERS ABSENT

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE MRS ELIZABETH WONG CHIEN CHI-LIEN, C.B.E.,
I.S.O., J.P.

PUBLIC OFFICERS ATTENDING

THE HONOURABLE MRS ANSON CHAN, C.B.E., J.P.
CHIEF SECRETARY

THE HONOURABLE DONALD TSANG YAM-KUEN, O.B.E., J.P.
FINANCIAL SECRETARY

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

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

SECRETARY FOR TRANSPORT

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

MR DOMINIC WONG SHING-WAH, O.B.E., J.P.
SECRETARY FOR HOUSING

MR RAFAEL HUI SI-YAN, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR PETER LAI HING-LING, J.P.
SECRETARY FOR SECURITY

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

MISS DENISE YUE CHUNG-YEE, J.P.
SECRETARY FOR TRADE AND INDUSTRY

CLERKS IN ATTENDANCE

MR RICKY FUNG CHOI-CHEUNG, SECRETARY GENERAL

MISS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

PAPERS

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Land Registration Fees (Amendment) Regulation 1995	35/96
Land Registration (New Territories) Fees (Repeal) Regulation 1995	36/96
Land Registration Fees (Amendment) Regulation 1995 (Amendment) Regulation 1996.....	37/96
Land Registration (New Territories) Fees (Repeal) Regulation 1995 (Amendment) Regulation 1996.....	38/96
Land Registration (Amendment) Regulation 1996.....	39/96
Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) (Amendment) Order 1996.....	40/96
Aerial Ropeways (Fees) (Amendment) Regulation 1996	41/96
Lifts and Escalators (Safety) (Fees) (Amendment) Regulation 1996	42/96
Designation of Libraries (Urban Council Area) Order 1996.....	43/96
Public Health and Municipal Services Ordinance (Public Markets) (Designation and Amendment of Tenth Schedule) Order 1996	44/96

Declaration of Markets in the Urban Council Area (Amendment) Declaration 1996.....	45/96
Banking (Specification of Public Sector Entities in Hong Kong) (Amendment) Notice 1996	46/96
Air Passenger Departure Tax (Amendment) Ordinance 1995 (100 of 1995) (Commencement) Notice 1996	47/96

Sessional Paper 1995-96

No. 53 — The Hong Kong Institute of Education
Annual Report 1994-95 with Financial Report 1994-95

ORAL ANSWERS TO QUESTIONS

Police Videotaping of Public Rally

1. **MR SIN CHUNG-KAI** asked (in Cantonese): *Mr President, on 17 December last year, the police used portable video cameras to videotape a rally on the pavement opposite the Xinhua News Agency in Wan Chai. In this connection, will the Government inform this Council of the following:*

- (a) *why it was necessary for the police to videotape the rally and take close-up shots of individual participants, despite the fact that no violation of the law had occurred;*
- (b) *how the police will handle the video tapes concerning the rally, and whether such tapes will be destroyed; and*
- (c) *whether there is any code of practice in the police setting out how to videotape the faces of individual participants in a rally and the circumstances under which such videotaping should be done?*

SECRETARY FOR SECURITY (in Cantonese): Mr President,

- (a) It is the general practice of the police to videotape major public meetings, processions and demonstrations irrespective of where they are held. Videotaping enables the police to review their operations and crowd management strategy so that future deployment can be improved. In cases where offences are committed, such video tapes may also be used as evidence in court. There had, for example, been a few cases for which people were charged and convicted with tapes being used as evidence.

Under normal circumstances, police officers could videotape an event from a reasonable distance. On the occasion mentioned by the Honourable Member, three two-man teams were deployed to tape the procession. As the two east-bound lanes of Queen's Road East as well as the pavement were already occupied by the procession, and one lane was closed to ensure the safety of the procession, one of the video teams had no alternative but to stand close to the edge of the second lane in order to avoid being hit by the oncoming traffic using the next (outer) lane, which was at that time the only lane open to traffic. As a result, the video team had to stand closer to the congregation which probably gave the unintended impression that they were taking close-up shots of members of the procession.

- (b) The video tapes are all securely locked up and access to them is strictly controlled. After senior police commanders have reviewed the tapes, they will be destroyed or wiped clean three months after the date of filming. Tapes required as evidence in a criminal proceeding may need to be kept until after the cases have been closed, and then destroyed.
- (c) In carrying out their duties, police officers are required to follow the following guidelines in videotaping:
 - (i) the focus should be on the event, not the personalities; and

- (ii) filming should be carried out by officers conspicuously identified as police officers, who should be accompanied by officers in uniform where possible.

Officers deployed for such duties have been fully trained and briefed to ensure that no undue alarm is caused to participants of public gatherings.

MR SIN CHUNG-KAI (in Cantonese): *Mr President, may I ask the Secretary how many such video tapes are in the possession of the police that have yet to be destroyed?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, I do not have the information right now, but please allow me to reply to the Honourable Mr SIN in writing. (Annex)

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, I asked a similar question in 1992. The reply given by the then Secretary for Security was that there were only three purposes for videotaping a procession, namely:*

- (1) *for use as evidence in possible prosecutions;*
- (2) *for use as evidence in case the police became the subject of a complaint; and*
- (3) *for use by the police for reviewing their relevant strategy and manpower deployment.*

However, close-up videotaping of individual persons present who breached no laws utterly served none of the three purposes the then Secretary for Security mentioned. Can the Administration inform this Council if the incumbent Secretary for Security has changed the videotaping policy of his predecessor? If the answer is affirmation, what are the reasons? If not, how can close-up videotaping meet the above three purposes? Could the videotaping officers have committed a mistake by doing this? Could they have abused their power and violated the three videotaping principles of the police?

SECRETARY FOR SECURITY (in Cantonese): Mr President, in my main reply I explained the videotaping operation of the police and the need of doing so. I do not consider my answer conflicted in any way with the reply given by my predecessor several years ago. As to taking close-up shots of participants of processions and demonstrations, I mentioned earlier that the purpose of video taping by the police was to record the event and was not aimed at people. I also explained the situation at the time that the police did not intend to take the close-up shots. Frankly speaking, if close-up shots were really required, the officers need not take the shots at such a short distance, that is, next to their targets. In fact, we have no special needs for doing this. Only under special circumstances, in an incidence of a criminal case for example, will the Police do this when they feel that there is the need to have some clear shots.

PRESIDENT: Mr CHEUNG, are you claiming that your question has not been answered?

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, I hope the Secretary would tell us according to which of the three principles of the former Secretary of Security the close-up shots were taken. Naturally, close-up shots need not be taken close, but taking pictures so close can only take close-up shots.*

SECRETARY FOR SECURITY (in Cantonese): Mr President, I already mentioned that the police did not intend to take close-up shots on that day, and that the officers doing the videotaping were a bit close because of the specific geographical situation. They had no choice, otherwise they would easily be knocked down by vehicles using the only traffic lane.

MR MARTIN LEE (in Cantonese): *Mr President, may I ask the Secretary to inform this Council if he knows how the situation was. On that occasion, it was close-up videotaping, and it was done unhurriedly. What the Secretary said about the videotaping was a lie. But I was there and was sitting on the ground in a row with others. Those police officers came near us and videotaped unhurriedly row by row. May I ask if the Secretary knows this? At that time, I asked the police officer why he was videotaping in this manner. He said that he needed to count the number of people. I countered that this way of videotaping*

would not be necessary even if he wanted to know the number of people. All he needed to do was to walk along the rows and count. May I ask if the Administration knows the actual situation of the time? I hope that the Secretary will not give this Council irresponsible replies. I do not mean to say that he gave irresponsible replies with intent, but the police could have withheld the true facts, or he could have failed to understand the situation of the time clearly.

SECRETARY FOR SECURITY (in Cantonese): Mr President, naturally I was not there on that day, and do not know the contents of the dialogue between the Honourable Mr LEE and the police officer. However, I wish to reiterate one point, and that is we have no intention whatsoever to fabricate any story to hide the fact that close-up shots were taken that day. The fact is, if we had wanted to take close-up shots, to take clear pictures of each and every person, there was no need to take them so close, there was simply no such need.

PRESIDENT: Are you claiming that your question has not been answered, Mr LEE?

MR MARTIN LEE (in Cantonese): *Mr President, can the Secretary clarify whether he has viewed those video tapes or not? If he has, he will know that the police officers really video taped the people unhurriedly and one by one.*

SECRETARY FOR SECURITY (in Cantonese): Mr President, I did view some of the shots taped, but not all.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, I remember this is the third occasion on which similar questions were asked recently in this Council. May I ask whether or not the Government will stop its intervention or simply gloss over the matter in the future due to the complications arising from the pressure caused, for example, by the involvement of the personal interests of some Members who are present on such occasions? Will this lead to partiality in treatment? Do the Secretary for Security and the President think that such questions involve any conflict of interests?*

PRESIDENT: There is no pecuniary interest involved, Mr CHIM, and the previous question was not on videotaping.

SECRETARY FOR SECURITY (in Cantonese): Mr President, I believe I can answer in this way. The police have the statutory duty to maintain law and order and safeguard public safety. In carrying out their duties, the police will surely do whatever work and take whatever actions that they consider lawful.

MISS MARGARET NG: *Mr President, may I ask the Administration whether the organizations which organized the activities concerned are entitled to ask to see these video tapes?*

SECRETARY FOR SECURITY: Mr President, as I said, the reasons for making video tapes are to enable the police to review their operations on each occasion so that improvements, if appropriate, can be made and also, where appropriate, these could be used as evidence in court. It is not the normal practice for the Police Force to reveal or to release the tapes to anybody.

MR TSANG KIN-SHING (in Cantonese): *Mr President, will the Administration inform this Council, whether, apart from approved processions, the police also videotape other activities, such as the Community Chest Walk-for-a-Million? Are the police discriminating against processions, thinking that processions will perforce lead to conflicts?*

SECRETARY OF SECURITY (in Cantonese): Mr President, the police in fact do not videotape only demonstrations or processions. When there are large-scale public gatherings with a large number of people coming together requiring the police to maintain general order, the police will videotape the occasion if necessary. Examples are the Lunar New Year Fair when there is expected to be a large number of people visiting at a certain time and police presence is needed to maintain order; Lan Kwai Fong when there are lots of people gathering for festivities; and the fireworks display on the Second Chinese New Year Day. The police will take similar action for demonstrations not in front of the Xinhua News Agency.

PRESIDENT: Mr TSANG, are you claiming that your question has not been answered? I think that was a very full answer.

MR TSANG KIN-SHING (in Cantonese): *I wish to ask one more question.....*

PRESIDENT: I am sorry, you are not permitted to ask a second supplementary.

MR ALBERT CHAN (in Cantonese): *Mr President, the Secretary when answering the question said that there was no need to take close-up shots. However, the officers concerned definitely took close-up shots of the participants in a procession on many occasions, thereby creating possible political and psychological pressure on some of the participants. This is an unnecessary means of doing things. In the main reply, it was said that the video tapes would be destroyed and wiped clean after three months. May I ask if the Administration have any information and record regarding video tapes still existing three months after taping, and what are the reasons for keeping them, and what are the approving procedures for so doing? Regarding those video tapes that cannot be wiped clean after three months, do the police have any approving procedures and records?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, I wish to reiterate that we have absolutely no intention to create any psychological pressure on demonstrators by videotaping. In fact, everybody knows, scenes showing many demonstrators in processions repeatedly appear in the past years, those scenes are not necessarily videotaped by the police, they are taped by public television stations. Therefore, there is no reason to think that such videotaping will have a deterrent effect on demonstrators. As to how many video tapes are in the possession of the police and how many among them are kept for more than three months, I already promised, when replying to the Honourable SIN Chung-kai's supplementary question, to search the relevant records to get the information.

PRESIDENT: And the procedure permitting tapes to be retained for longer than three months? Secretary.

SECRETARY FOR SECURITY: Yes, Mr President, I have already said that unless they were required as evidence to be used in court, tapes would normally be destroyed after three months. I will enquire as to whether there are still any tapes which exceed three months, and if so, I shall ask why.

MR SIN CHUNG-KAI (in Cantonese): *Mr President, the Secretary said earlier that there was no need to take close-up shots, may I ask the Secretary whether he would instruct the police to do aerial instead of surface videotaping of petition activities in front of the Xinhua News Agency in the future?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, it is generally the police commander who decides how to carry out lawful and necessary duties on the scene.

Travel Insurance

3. **MR FRED LI** asked (in Cantonese): *Mr President, it has been reported that three Hong Kong tourists were killed and nine others injured in the white water rafting tragedy which occurred on New Year's Day in Bali, Indonesia. It has also been revealed that one of the travel agents who organized the tour had not taken out travel insurance policy for the members on the package tour, thus raising public concern over travel agents' liability for compensation. As the existing legislation does not require travel agents to take out travel insurance policies for members on their package tours, will the Government inform this Council:*

- (a) *which party should be held responsible if there is inadequate compensation cover against injury and death of tour members in the event of accidents occurring during the tour period;*
- (b) *of the number of registered travel agents in the territory at present; of these, how many have taken out travel insurance for members on their package tours, and what is the proportion of these agents to the total number of registered travel agents;*

- (c) *what is the Government's stance as to whether travel agents should be required to take out travel insurance for members on their package tours; and*
- (d) *whether the Government will, in the long run, consider introducing legislation requiring all travel agents to take out travel insurance for members on their package tours; if not, why not?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, regarding part (a) of the question, it would be difficult to state categorically which party or parties should be held responsible if there is inadequate compensation cover against injury and death of tour members in the event of accidents occurring during the tour period. Clearly it would depend on the circumstances of individual cases. But generally speaking, a travel agent might be liable if there is legally substantiated proof of negligence on its part in the course of discharging duty. Outbound travellers should also be responsible for looking after their own safety and, where appropriate, take out insurance cover to protect themselves.

In reply to part (b) of the question, as at the end of 1995, there were 1 218 licensed travel agents. Only a small number of them are actually involved in the organization of outbound package tours. According to information disclosed to the Registrar of Travel Agents, 20 major tour operators, which represent 80% of the market share of package tours, have taken out travel insurance for their clients.

As regards part (c) of the question, the Administration believes that both travel agents and travellers should be free to decide whether, and how much, travel insurance should be taken out. Tour members should, however, be advised of the details of insurance coverage by outbound package tour operators if it is included in the package tour service. Travel agents should also, as a matter of professional practice, encourage and remind their clients to take out insurance policies to protect themselves.

As regards part (d) of the question, the pros and cons of requiring, on a mandatory basis, all travel agents to take out travel insurance for members on

their package tours were examined in detail and thoroughly last year by the relevant parties, including Members of this Council, the Travel Industry Council, the Consumer Council, the Advisory Committee on Travel Agents and the Travel Industry Compensation Fund Management Board. The subsequent recommendation put to the Administration was that to ensure basic protection for outbound travellers on package tours, the Government should introduce a package tour accident contingency fund scheme. The scheme should be a no-fault scheme offering immediate emergency financial relief to victims of accidents on package tours abroad or their families.

The Administration is now actively drafting the rules for the operation of this contingency fund. Our aim is to bring the fund into effect hopefully before the Lunar New Year holidays and certainly before the Easter holidays. The need to introduce legislation requiring all travel agents to take out travel insurance for members on their package tours may be reviewed at a later stage in the light of the operation of the contingency fund scheme.

MR FRED LI (in Cantonese): *Mr President, in paragraph five of her main reply, the Secretary mentioned that the need to introduce legislation requiring all travel agents to take out travel insurance for members on their package tours would only be reviewed at a later stage in the light of the operation of the contingency fund scheme. However, I wish to point out that, as a matter of fact, the contingency fund scheme now proposed, being one of reimbursement and with an upper limit, is a form of protection aimed at providing medical care, return of bodies or patients to Hong Kong. The scheme is not an insurance in nature where compensation is payable, therefore it is entirely different from taking out travel insurance.*

PRESIDENT: Would you come to your question please, Mr LI.

MR FRED LI (in Cantonese): *As the proposed scheme is different from travel insurance in nature, why does the Administration have to wait after the implementation of the scheme to review the matter? I hope the Secretary will explain.*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, the Administration consulted the Advisory Committee on Travel Agents, the Travel Industry Compensation Fund Management Board, the Travel Industry Council and the Consumer Council last April. The four advisory bodies all recommended against the enactment of legislation requiring all travel agents to take out travel insurance for members of their package tours. They recommended the introduction of a package tour accident contingency fund scheme. The Administration believes that its priority is to set up the contingency fund scheme and then monitor its implementation. Besides, we would also see if the four advisory bodies will later advise the Administration that they think it is necessary to make it mandatory for travel agents to take out travel insurance for members on their package tour. Paragraph five of my main reply was made with these reasons in mind.

MR HOWARD YOUNG (in Cantonese): *Mr President, the contingency fund scheme the Secretary mentioned in her main reply received a large degree of support from this Council in a debate last year; besides, the Advisory Committee on Travel Agents also hopes it will be implemented as soon as possible. However, after the recent incident in Bali, some people raised the question of excluding certain so-called high-risk activities from the coverage of the fund scheme. Nevertheless, some in the travel industry, myself included, think that as the scheme is a no-fault one, and is a form of emergency relief, it should also cover such activities.*

PRESIDENT: Mr YOUNG, please come to your question.

MR HOWARD YOUNG (in Cantonese): *May I ask the Secretary, will the Administration take into account the majority views of the Advisory Committee and travel agents when introducing this scheme, and not exclude the so-called high-risk activities because they are hard to define?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): We are conducting consultation in regard to whether high-risk activities should be covered by the accident contingency scheme. We have consulted the Travel

Industry Council, and the Council supported the inclusion of certain activities involving higher risk under the scheme. We shall consult the Advisory Committee on Travel Agents on 2 February. After we have obtained the views of the Advisory Committee, we will make a decision according to the views expressed by the advisory bodies.

DR HUANG CHEN-YA (in Cantonese): *Mr President, in the main reply the Administration mentioned that the 20 major tour operators which offer outbound package tours in fact take out travel insurance for their clients. The Administration also replied to a question in respect of insurance covering high-risk activities. But whether the travel insurance these tour operators have taken out for their clients covers such high-risk activities is not clear. If such activities are not covered, tour members will not get any compensation if they sustain injuries while taking part in these activities. Will the Secretary offer a clear explanation?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): *Mr President, I think that this question has to be answered by the 20 major travel operators that represent 80% of the market share. However, information on hand shows that the Travel Industry Council issued a circular in January this year requiring all its members to inform their clients when accepting payments whether they have taken out insurance for their clients, and the details of the insurance policy if it is taken out. In other words, whether the insurance policy covers activities of higher risks or not is quite clear. At present, the tour operators who take out insurance for their clients do provide such information to the tour members beforehand so that the members can make their own decision whether or not to take out additional insurance.*

MR FRED LI (in Cantonese): *Mr President, the 20 major tour operators offering 80% of package tours all take out travel insurance for their tour members, this is the information supplied by the Secretary. Why does the Administration not require the operators of the remaining 20% of the market share to take out travel insurance for their clients as well? This will end any argument over the issue.*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, in my main reply I stated that the Administration has no intention to make it mandatory for tour operators to take out insurance for their tour members, this is because through our in-depth consultation, we obtained the views of professional people, consumer's rights protection advocates and Members of this Council, they all thought that it was not advisable for the Administration to introduce any compulsory requirement.

Street Crimes

4. **MR CHEUNG HON-CHUNG** (in Cantonese): *Mr President, will the Government inform this Council:*

- (a) *of the proportion of street crimes committed by illegal immigrants (IIs) to the total number of street crimes over the past three years; and*
- (b) *what measures have been put in place by the Government to prevent illegal immigrants committing crimes in the territory?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, we do not differentiate between "street crimes" and "non-street crimes" in our statistical records, and therefore no separate statistics on the category of "street crimes" is available. Nevertheless, I believe the common perception of "street crimes" include robbery, burglary, snatching, pick-pocketing and the various types of theft. I will therefore use the statistics on these crimes in my reply. Also, as the status of the culprits can only be ascertained upon arrest, I can only provide the proportion of IIs arrested for "street crimes" to the total number of persons so arrested. In addition, I will include in my reply the relevant figures for IIs from China only, as over 99% of II criminals detected came from China.

I shall now answer the two specific questions in turn.

- (a) The number of IIs arrested for robbery has increased, from 104 in 1993 to 194 in 1994, and to 203 in 1995. These figures represent about 4%, 8.7% and 10.8% respectively of the total number of persons arrested for robbery in those years. Less than 0.5% of the arrested IIs was involved in robbery with firearms, and last year

there was only one II so arrested.

The number of IIs arrested for burglary has also increased, from 54 in 1993 to 119 in 1994, and to 224 in 1995. These figures represent about 3%, 7% and 11% respectively of the total number of persons arrested for this crime in those years.

For snatching, there were 22, 23, and 31 IIs arrested in the past three years respectively. These figures represent about 7.8%, 6.8% and 10% respectively of the total number of persons arrested for this crime during those years.

The number of IIs arrested for various types of theft (including pick-pocketing) has decreased from 227 in 1993 to 198 in 1994, but has increased slightly again to 208 in 1995. These figures represent about 1.5% of the total number of persons arrested for the crime in each of those three years. In the past three years, there were only 16 IIs arrested for pick-pocketing.

- (b) We are concerned at the increase in the number of IIs involved in crimes like robbery, burglary and snatching, and are taking measures to tackle the problem. These measures fall into three main areas; (1) prevention from entry, (2) detection of those who evaded border control, and (3) combatting crime.

Prevention from entry

We believe that the problem of II crimes is best solved at source; that is, by preventing IIs from entering Hong Kong. To this end, the police have set up check-points at strategic locations along the border, and conducted vigilant patrols both on land and at sea. The police and the Immigration Department also maintain regular liaison with the Chinese authorities to seek their co-operation in tightening border control on the Chinese side. At the latest round of Border Liaison Review Meeting held on 22 January 1996, we conveyed our serious concern to the Guangdong side about the significant increase in crimes committed by IIs. The Chinese side has undertaken to co-operate in intercepting IIs in order to control the problem at source. In addition, the Police Anti-Illegal Immigration Control Centre collects intelligence on IIs and the related criminal activities, such as the prevalent routings and methods of entry into Hong Kong. In the past two years, a total of 14 criminal cases were

detected as a direct result of the intelligence provided by the Centre.

Detection

The police, the Labour Department and the Immigration Department have frequently mounted territory-wide operations against IIs. They include identity-card checks, raids at work places (such as construction sites, industrial buildings and so on), hill side sweeps and other special locations where IIs are believed to be hiding.

It is worth noting that the prevention and detection measures I have just described have resulted in the decline of illegal immigrants over the past three years, from 37 517 in 1993, to 31 521 in 1994 and to 26 824 in 1995.

Combatting crime

As part of the general crime prevention measures (whether involving IIs or otherwise), the police conduct daily anti-crime operations such as beat patrol, high-rise patrol, road block operations and so on. For the more serious crimes, such as armed robberies and syndicated prostitution, the Police Organized Crimes and Triad Bureau collects intelligence on the activities of the criminals concerned and make arrests as appropriate.

The Government shares the concern of the community on the increase in crime in the past year, especially on crimes committed by IIs, and our security forces will remain vigilant in combatting this problem in the year ahead. We are on course to meet the target to deploy an additional 400 policemen on the streets in 1995-96. In addition, a further 220 front-line police posts will be created in 1996-97 to strengthen police presence on the streets. There will thus be a substantial increase in police officers on the front-line between now and 1996-97, and this should help solve the problem of II crimes.

MR CHEUNG HON-CHUNG (in Cantonese): *Mr President, in a recent incident in Fanling District that involved hostage-taking by an armed criminal who later surrendered, the language used in the negotiation was putonghua. Will the Administration inform this Council whether special training is provided to police personnel to handle illegal immigrants who commit crimes in Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, as far as I know, the Administration provides suitable training for serving officers, those in the Police Force and in other departments, to meet any need that may arise in performing their duty, including training in putonghua.

MR ALLEN LEE (in Cantonese): *Mr President, the Secretary just mentioned, when speaking about illegal immigrants committing crimes, that he had raised the matter with the relevant authorities in China, hoping to draw their attention to the problems. Can the Secretary tell this Council what measures has the Chinese side actually taken or what has it done to stop these illegal immigrants from entering Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, in my main reply I mentioned that the problem of II crimes was best solved at source, that is, by preventing IIs from entering Hong Kong. In this regard, I already explained in my main reply that in the past two to three years, the number of IIs dropped significantly. Our security forces of course have made major contribution. However, I also very much believe that this achievement of curbing illegal entry is not brought about by the efforts of the Hong Kong security forces alone; we depend also on the co-operation of the corresponding security departments in China to strengthen their border control.

PRESIDENT: Mr LEE, are you claiming that the Secretary has not answered your question?

MR ALLEN LEE (in Cantonese): *I wish to ask what measures has the Chinese side taken? I agree that as IIs come from over the border, we should ask the Chinese side clearly what measures they have that can reduce the number of IIs sneaking into Hong Kong. The Secretary just said that the number of IIs dropped, but I feel the figures only tell a superficial story. We utterly have no way to know the number of IIs who returned to China after committing crimes here.*

SECRETARY FOR SECURITY (in Cantonese): Mr President, the decrease in the number of IIs is not just a superficial figure. Naturally, I cannot deny that some IIs may have returned to China or returned after committing crimes here, but we have not found any such IIs. There is no doubt that there is such a possibility, but I believe the number will not be large. Of course, I cannot speak for the Chinese authorities about how in practice they do their work. However, I know that they have measures to match our efforts; their public security authorities have strengthened their stringent border control. If there is information on cross-border crimes, there are established channels between the Chinese security authorities and the Hong Kong Police Force to exchange intelligence, so as to facilitate the effectiveness of detection efforts on both sides of the border.

MRS SELINA CHOW (in Cantonese): *Mr President, from part (a) of the Secretary's reply we can obviously see that the number of IIs involved in the several major categories of crimes shows a definite increase. However, in part (b) of the reply it was claimed that the number of IIs in these three years was on the decline. I would like to ask: whether these two pieces of conflicting information signify that criminal activities have become increasingly uncontrollable or that they reflect the number of IIs who successfully avoided detection is increasing?*

SECRETARY FOR SECURITY (in Cantonese): Mr President, I believe neither is the case. Firstly, these figures are not contradictory; secondly, the fact they reflect is not an increasing number of IIs managing to go free, nor are the figures incomplete. The fact they reflect is that the number of people entering illegally has been steadily on the way down, but the proportion of IIs committing crimes here is on the way up. For instance, there were 37 517 IIs in 1993, of them 2 473 were arrested for breaking the law, representing an II crime rate of 6.6%. In 1995, the number of IIs stood at 26 824, but in that year 2 146 of them were arrested for crimes, the actual figure was down, but by comparison, the II crime rate rose significantly to 8%. In other words, the number of IIs is decreasing, but among the IIs, the proportion of those committing crimes in Hong Kong is increasing.

MR CHAN KAM-LAM (in Cantonese): *Mr President, quite a large number of people come to Hong Kong on two-way permits each year, what measures does the Administration have to prevent them from overstaying and engaging in illegal activities? Does the Administration consider punishing the offenders?*

PRESIDENT: I am sorry, it exceeds the scope of the original question which deals with "street crimes".

MR LAW CHI-KWONG (in Cantonese): *Mr President, the Secretary provided some figures. But figures apparently can be interpreted in two ways. I wish to seek clarification. It seems to me that the figures can be construed to mean that officers have been effective in "catching criminals", which raised one set of figures, but on the other hand have not been so effective in "catching IIs", which reduced the other set of figures. While "catching criminals" has been effective, on what does the Secretary base his confidence in believing that the drop in the number of IIs is a reflection of the success in "prevention" rather than a failure in "apprehension"?*

PRESIDENT: It is a rather complicated argument.

SECRETARY FOR SECURITY (in Cantonese): Mr President, I believe that these figures do not reflect any let-up in our preventive measures against illegal entry. In fact, in preventing illegal entry, we have absolutely not slackened our effort. And we have greatly intensified our rounding-up actions when illegal entries are reported. In this respect, let me illustrate with another figure. Possibly because the figures I can supply are those of the people we have managed to arrest and thus to a certain extent reflect the effectiveness of our security forces. Let me now quote a figure that has nothing to do with IIs to offer some supplementary explanation. As a matter of fact, our efficiency has seen improvement. For example, our so-called "Detection Rate", that is the rate of successful detection of crimes, was better in 1995 than in 1994. The figure of 1994 was about 50%, while that of 1995 was 52%. I wish to reiterate that this figure covers not only II crimes but all crimes in Hong Kong.

Privatization of Housing Authority Car Parks

5. **MR CHOY KAN-PUI** asked (in Cantonese): *Mr President, the Housing Authority (HA) has been implementing a phased privatization scheme on the management of car parks in its housing estates. In this connection, will the Government inform this Council:*

- (a) *of the savings in expenditure arising from the implementation of the scheme, as well as a comparison of the actual savings with the estimated savings, in each of the past three years; and*
- (b) *whether there is an increase in the number of crimes involving vehicles in privately-managed car parks in the housing estates in the past three years; if so, what are the reasons, which districts have the higher number of crimes reported and what are the major types of crimes committed?*

SECRETARY FOR HOUSING (in Cantonese): Mr President, the actual savings from the Housing Authority's car park privatization scheme in each of the past three years are:

1993	\$6 million
1994	\$14 million
1995	\$39 million

These savings are in line with the savings estimated before the scheme was launched.

In 1995, there were 1 073 cases of vehicle-related crimes in all car parks and parking spaces in public housing estates, compared with 1 261 in 1994 and 1 018 in 1993. This represents a slight increase over the period. Of the 1 073 cases in 1995, 764 were in privatized car parks in public housing estates. We do not have the figures for 1994 and 1993, and therefore cannot determine the trend.

The districts which have the highest reported number of vehicle-related crimes in 1995 are:

Sha Tin	213(20%)
Tai Po	141(13%)

One reason is that some smugglers have made use of the convenience of these districts for transporting stolen vehicles out of the territory through the border. In addition, there is a high concentration of families with teenage children in these new towns where vandalism and juvenile crime are an increasing problem.

In 1995, the types of vehicle-related crimes committed in privatized car parks in public housing estates are theft from vehicles (48%), theft of vehicles (31%) and criminal damage (21%).

MR CHOY KAN-PUI (in Cantonese): *Mr President, since the privatization of Housing Authority car parks, has there been any pre-mature termination of contracts? If there is, how many cases are there and what are the reasons for the termination?*

SECRETARY FOR HOUSING (in Cantonese): Generally speaking I have not heard of the Housing Authority terminating its contracts with the private operators in the past. Information obtained generally indicates that housing estate residents and car park users have expressed to HA that they are very satisfied with the service provided by these operators. In fact we have a figure showing that among the housing estate residents using the car parks, over 90% found the service satisfactory.

MR CHEUNG HON-CHUNG (in Cantonese): *Mr President, the Housing Authority has recently raised the fees charged by the car parks under its management, including those privatized, by a hefty 25% to 30%, far exceeding the rate of inflation. Residents making representation to the HA were told that the fees charged were pegged at the levels of those charged by nearby private housing estate car parks. Why are the fees pegged to those charged by nearby*

car parks and not according to the actual staff and other costs?

PRESIDENT: I am inclined to rule this out of order. It is a question of the charging policy adopted by Housing Authority car parks and privatized car parks.

MRS SELINA CHOW (in Cantonese): *Mr President, in the main reply it was mentioned that there were over 1 000 cases of crimes in car parks in 1995, 70% of which occurred in HA privatized car parks. I wish to ask the Secretary if the HA had any discussion with the operators of these privatized car parks with a view to taking some security measures to curb this high rate of crimes?*

SECRETARY FOR HOUSING (in Cantonese): Mr President, the number of vehicle-related crimes in privatized car parks is in fact not high. If we compare it with the total number of crimes in all car parks in Hong Kong, this figure represents a mere 10% of the total.

In addition, these privatized public housing estate car parks are well-managed. Regular services provided by the operators include patrol, security and general cleaning. The HA itself also has a special appraisal report on each car park operator, grading the performance of the companies concerned in respects of service and security, and so on. Past experience shows that these operators generally give good performance.

Air Departure Tax

6. **MR HOWARD YOUNG** asked: *Mr President, will the Government inform this Council whether it will review the existing arrangement for the collection of the air departure tax and the method of sale of air departure tax coupons at Kai Tak Airport in order to achieve a more efficient way of collecting the tax, such as introducing the use of vending machines for the sale of air departure tax coupons?*

SECRETARY FOR THE TREASURY: Mr President, we review periodically the arrangement for the collection of the Air Passenger Departure Tax (APDT). For example, arising from such reviews and with Members' support, we enacted legislation recently to allow hotels to sell APDT coupons to their guests to obviate the need for them to pay separately at the airport on departure. The

legislation will come into operation on 1 February 1996.

In considering alternative collection methods, we have to take into account their costs and efficiency. We did consider the use of vending machines in our review in 1995. Apart from operational problems, the review indicates that the cost of collection of the APDT using vending machines would be higher than that under the current collection arrangements. At the present stage, therefore, we do not think it appropriate to introduce vending machines for the sale of APDT coupons.

MR HOWARD YOUNG: *Mr President, whilst the current system might be cheaper than vending machines on service at Kai Tak, it does cause congestion at check-in counters and confusion in counting by airline staff. Will the Secretary therefore ensure — whilst acknowledging that there might be operational problems at Kai Tak in introducing vending machines at this late stage — that this idea is not discarded when we consider the method of collecting airport departure tax coupons at the new airport at Chek Lap Kok?*

SECRETARY FOR THE TREASURY: Mr President, we have an open mind on what is the most efficient and cost-effective way of collecting Air Passenger Departure Tax at the new airport at Chek Lap Kok. I will be happy to consider this in consultation with my colleagues in the Civil Aviation Department and also the Airport Authority.

MRS SELINA CHOW (in Cantonese): *Mr President, having read the reply I am surprised to learn, for the first time, that automation will cost more than manual operation. Will the Secretary explain how his so-called "current collection arrangements" can be cheaper than using automatic machines?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, my colleagues in the Civil Aviation Department estimated last year that under the current method, the cost of collecting Air Passenger Departure Tax from each passenger was on the average about \$3, while the cost would be about \$5 if vending machines were used. This is because though the machines are automatic, there is the cost of maintenance as well as the administrative costs in

security and transportation of the tax money.

Referees' Consent for Loan Applicants

2. **MR NGAN KAM-CHUEN** asked (in Cantonese): *Mr President, at present, applicants for credit cards and/or personal loans from banks furnish information on their referees without the need to seek the latter's consent. When an applicant becomes insolvent and has disappeared, the financial institution concerned will make enquiries or even seek to recover the debt from the referee, thus causing nuisance to the referee. In this connection, will the Government inform this Council:*

- (a) *whether it knows of the number of such cases in the past three years; and*
- (b) *whether consideration has been given to requiring financial institutions such as banks and finance companies to stipulate that applicants must submit their referees' written consent before their applications can be processed; if not, why not?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, the Hong Kong Association of Banks and the Deposit-taking Companies Association have not received any complaints about attempts made by authorized institutions to recover debts from the referees of borrowers or credit card users in the past three years. The Hong Kong Monetary Authority (HKMA) is aware of one complaint from a referee who was approached by a bank to help locate a credit card user who had put down his name as a referee in the application form without his consent. While the police keeps statistics on reported criminal cases related to debt recovery, it does not keep record of cases specifically on complaints by referees.

The Administration considers it a good practice for authorized institutions under the Banking Ordinance to require applicants for personal loans and credit cards to obtain the prior consent of the referees before the latter's names are entered into the application form. The HKMA has written to the banking industry associations to recommend authorized institutions to adopt this practice. The need for further guidance on this matter will be considered by the Working Party to be formed by the HKMA and the industry associations to develop a Banking Code of Practice, which aims to promote good banking practices and a fair and transparent relationship between authorized institutions and their

customers.

MR NGAN KAM-CHUEN (in Cantonese): *Mr President, in the first paragraph of the main reply it was mentioned that the police kept statistics on reported criminal cases relating to debt recovery. This type of debt recovery cases often involve some suspected acts of imprisonment, criminal damage and intimidation. Will the Secretary inform this Council how the police will check illegal debt recovery actions?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, the police have all along been conducting appropriate investigations into reported criminal cases regarding debt recovery. The current criminal law already gives the police adequate power to deal with debt recovery by illegal means, such as the black-mailing, intimidating, assaulting, criminal damage and illegal imprisonment as mentioned by the Honourable NGAN Kam-chuen. If the people affected think that the ways adopted by debt recovery companies are improper, they should report the cases to the police. They should also make reports to the Monetary Authority, because the Monetary Authority will take follow-up action with the banks concerned regarding their complaints.

DR DAVID LI: *Mr President, given the rarity of any instances where a referee may actually need to be approached by a financial institution in connection with a credit card or loan account, will the Government consider that the appropriate action in such rare cases should not be a matter requiring legislation but should be left to the discretion of the financial institution?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, there is no intention on the part of the Government or the Hong Kong Monetary Authority to introduce legislation to govern this sort of activity which is basically a commercial activity. We consider the more appropriate approach would be through notices from the Monetary Authority to the Hong Kong Association of Banks and other related trade bodies, so that best practices could be promulgated. And also, if necessary, as I indicated in my principal reply, it can be further taken in the context of the Code of Banking Practice that is now being prepared.

PRESIDENT: I have four more names on my list. I propose to conclude the question session today after the four names.

DR HUANG CHEN-YA (in Cantonese): *Mr President, has the Administration, through the Hong Kong Monetary Authority, directed banks or other authorized institutions not to seek to recover debts from the referee, and has the Administration introduced legislation to force those institutions to comply with this directive? If not, when will the Administration do so, so as to prevent causing nuisance to the referee?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, as I said in my main reply, the HKMA has written formally to the banking industry associations earlier this month to recommend that prior consent of the referees be obtained. It is still too early to guess how many banks will implement this recommendation, but we think that banks will show a positive response. If after a period of time individual banks still get this type of complaints and problems, the HKMA can naturally consider exercising the power it has under the current Banking Ordinance and officially direct individual banks to do what the HKMA thinks are the right things.

DR HUANG CHEN-YA (in Cantonese): *Mr President, the Secretary did not answer my question, because his reply related only to obtaining the prior consent of the referee to act as a referee, and not to agree to pay the debt of others. My question is, will the Administration, through the HKMA, direct banks and authorized institutions not to try to recover debts from referees? This is different from what the Secretary answered. When will the Administration be prepared to do so?*

PRESIDENT: I think the Secretary, when answering Dr David LI's question, said the Administration was not prepared to introduce legislation, which is the gist of your question.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, as to the liability of the referees, if they have not signed any document or other agreement promising to be responsible for the debts concerned, they are of course simply not responsible for any debts. I think that when the HKMA and the banking industry associations develop the Banking Code of Practice, it should be clearly stated that the referee may be approached for the whereabouts of the debtor, but the referee must not be required to pay the debt. This should be more clearly defined and be properly publicized within the industry.

MISS EMILY LAU (in Cantonese): *Mr President, just last night two citizens went to my office to lodge a complaint that was related to the current subject matter. They were helpless and worried, and they felt they had nowhere to seek help. I hope that Dr the Honourable David LI, representative of the banking sector, would tell all the banks that this is a very serious problem. The Administration should tell the public what to do in the event this happens to them. Without their prior consent, the debtor furnished their names as the referees, and the banks even gave their personal particulars to the debt recovery companies, resulting in debt recovery companies giving them nuisance. Is this in contravention of the law enacted last year on personal information? Now the Administration is merely asking the banks to handle this problems themselves, I believe it can possibly soothe public indignation.*

PRESIDENT: Secretary, before you answer the question, may I remind Members that they are not supposed to address other Members, particularly during Question Time because that should be a time devoted to questioning the Government.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, I explained earlier that a referee does not have the least legal responsibility to pay the debt. If there are still individual complaints that banks or debt recovery companies require a referee to pay the debt, the referee of course has the right to totally ignore them. If a referee is approached for a debt and the debt collector uses improper means, the referee should report to the police.

MR CHEUNG HON-CHUNG (in Cantonese): *Mr President, my question is similar to that raised by the Honourable Miss Emily LAU. I wish to ask where those people obtain the legal authority to do so. The names of the referees are given to the debt recovery companies by the banks, so have the banks breached the law?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): *Mr President, according to the information and views I obtained, the banks have not violated the law. The most important thing is that the referees should know beforehand they are to serve as referees. The HKMA and the Administration now begin to pay attention to this matter, and require banks to demand proof from the applicants that they have the prior consent of their referees. After this, such problem should not occur again.*

MR LEE WING-TAT (in Cantonese): *Mr President, the Secretary's reply glossed over the problem, and has made Members of this Council dissatisfied. We of course know that the referees break no law, but they are really subject to acts of nuisance, such as red spray-painting, padlocking the iron gates, and so on. The Secretary has never experienced such acts, and naturally will say there is nothing to fear.*

Mr President, in the second paragraph of his main reply, the Secretary said that he thought there was no need to introduce statutory provisions, and would only consult the Hong Kong Association of Banks and the banking sector. Does the Secretary know that competition is keen within the banking industry and many banks are issuing credit cards with very limited or no conditions at all? To ask the banks that have a conflict of interest whether they support the proposal to require the applicants to show written consent of the referee is like trying to borrow a comb from a monk. This is a kind of consultation which consults only those people who have a conflict of interest. Will the Secretary tell us whether he has considered consulting the relevant panel of this Council and the public?

PRESIDENT: Asking, not a monk, but a bonze?

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, this is a matter relating to the basic conduct and operation of the banking industry, therefore the most appropriate and effective way that will cause the least trouble to the public is to have a Working Party formed by the Hong Kong Association of Banks and the HKMA to develop a Code of Practice that is supported and agreed by all and which also deals with the problem we just discussed.

MR LEE WING-TAT (in Cantonese): *Mr President, the Secretary has not answered my question. Nuisance to referees, is this a problem affecting consumers and members of the public? Why does the Secretary think that this problem does not involve public interest and thus the public and this Council need not be openly consulted while directing the consultation effort only to the bankers who issue the credit cards and have a conflict of interest?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Mr President, this Working Party has long decided to invite the Consumer Council to take part in its discussion and make suggestions. It is believed that the Consumer Council should adequately represent the interest and views of the Hong Kong consumers.

WRITTEN ANSWERS TO QUESTIONS

Hygiene of Packed Food Products

7. **MR MOK YING-FAN** asked (in Chinese): *Recently, some paper-packed drinks have been found to have been contaminated with bacteria, and this has aroused doubts about the effectiveness of the monitoring of food hygiene by the Department of Health, and the efficiency as well as the adequacy of staff resources of the department. In this connection, will the Government inform this Council:*

- (a) *of the number of Health Inspectors in the Department who are assigned to carry out inspections of packed food products and*

drinks on the market;

- (b) of the number of Health Inspectors in the Department who can be deployed on an urgent basis in the event of an emergency;*
- (c) whether the Department has any contingency measures on how to cope with emergencies similar to the incident mentioned above; if so, whether such contingency measures include arrangements for immediate press release and deployment of staff;*
- (d) whether the Department has put in place a set of rules stipulating that actions should be taken and relevant information be disseminated to the public in the event of the number of complaints on contaminated food products and drinks received reaching a certain level; and*
- (e) whether the Department has any regular inspection system for conducting sample checks and laboratory tests on various types of food products and drinks available on the market?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the regular inspection of pre-packed food products on sale in the local market is carried out by a dedicated surveillance unit staffed by 33 health inspectorate staff under the Hygiene Division of the Department of Health.

There are 85 health inspectorate staff working in the Hygiene Division of the Department of Health engaging in a wide range of duties including food surveillance and control of border entry points. About half of these 85 officers can be redeployed to deal with emergencies. Furthermore, as in the case of the recent recall of Vitasoy products, the Department will conduct joint operations with the Urban Services Department and Regional Services Department to mobilize the maximum number of personnel within the shortest time possible.

The Department of Health has an established system to cope with public health emergencies, including public announcements and staff deployment. However, the actual measures to be taken must be carefully considered in the circumstances of each individual case to avoid causing undue public alarm. The number and nature of complaints received are among the factors taken into

account before a decision is taken.

A surveillance programme is in place to carry out regular inspection and sampling of food products on sale in the local market to ensure that they are in compliance with the required standards.

Hong Kong Sports Development Board's Administrative Costs

8. **MR PAUL CHENG** asked: *According to figures published in the Hong Kong Sports Development Board (SDB)'s 1994-95 Annual Report, staff and administrative costs account for about 60% of the SDB's total expenditure, leaving about 40% being spent on activities relating directly to the promotion and development of sports in the territory. In this connection, will the Government provide this Council with the following information:*

- (a) the proportion, in terms of the number and cost, of the coaching staff to the overall staff establishment in the SDB;*
- (b) a detailed breakdown of the costs, functions, and areas of responsibilities for coaches at the various levels within the SDB, the National Sports Associations and the Hong Kong Sports Institute;*
- (c) a breakdown by number and cost of the non-coaching staff of the SDB;*
- (d) the number of staff on expatriate terms and the cost of employing these expatriates relative to the total staff costs; and*
- (e) the justification for having expatriate staff involved primarily in administrative, managerial, and fund-raising functions?*

SECRETARY FOR RECREATION AND CULTURE: Mr President, as the main thrust of the question seems to be centred around the general administration cost of the Hong Kong Sports Development Board (SDB) as opposed to its direct expenditure on sports development, it would seem better if we were to provide a

breakdown of the expenditure of the SDB in such a manner instead of concentrating on the expenditure on coaching activities. Sports development is generally taken to include coaching, athlete support, coach education, sports science, sports medicine and sports promotion.

The SDB's 1994-95 Annual Report presents the financial figures of the SDB and the Hong Kong Sports Institute (HKSI) on a combined basis for the first time following their integration. The breakdown of the expenditure by the main components is set out below:

<i>Item</i>	<i>Cost (\$M)</i>	<i>SDB</i>	<i>HKSI</i>	<i>Total per Annual Report</i>
Staff costs	87.0	12.2%	36.1%	48.3%
Administration costs	21.6	3.4%	8.5%	11.9%
	-----	-----	-----	-----
Staff and administration costs	108.6	15.6%	44.6%	60.2%
Sports development and promotion expenditure (including a \$4 million allocation to Sports Promotion Funds)	71.5	33.3%	6.5%	39.8%
	-----	-----	-----	-----
Total	180.1	48.9%	51.1%	100%

The figures in paragraph two can be further broken down by reference to general administration costs and expenditure on sports development as follows:

<i>Item</i>	<i>Cost (\$M)</i>	<i>SDB</i>	<i>HKSI</i>	<i>Total</i>
<i>General Administration</i>				
Staff costs				
- Facilities management	22.9	-	12.7%	12.7%
- Administration	13.0	4.4%	2.8%	7.2%
Administration costs	21.6	3.4%	8.5%	11.9%

	----- 57.5 ====	----- 7.8% ====	----- 24.0% ====	----- 31.8% ====
<i>Item</i>	<i>Cost</i> (\$M)	<i>SDB</i>	<i>HKSI</i>	<i>Total</i>
<i>Sports Development</i>				
Staff costs	51.1	7.8%	20.6%	28.4%
Sports development and promotion expenditure	71.5	33.3%	6.5%	39.8%
	----- 122.6 ====	----- 41.1% ====	----- 27.1% ====	----- 68.2% ====
Total	180.1	48.9%	51.1%	100%

Turning to question (a), on the basis of the cost centres mentioned in the first paragraph, the number of staff deployed for sports development work to the total establishment of the integrated SDB in 1994-95 was 144:352. The corresponding ratio for staff costs was \$51.1 million : \$87 million.

As regards question (b), the SDB itself does not employ any coaches. All such staff are employed by the HKSI. There were 70 of them (consisting of 28 permanent and 42 non-permanent staff) looking after 11 residential and seven non-residential sports at the HKSI in 1994-95. The total staff costs amounted to \$26.2 million. Details on the coaching staff employed by individual National Sports Associations are not available as they are met from the block grants to the associations and do not form part of the SDB/HKSI establishment.

Concerning question (c), of the total number of staff of the SDB in 1994-95 (352), 208 officers (consisting of 185 permanent and 23 non-permanent staff) were engaged in non-sports development work at a cost of 35.9 million. 166 (consisting of 145 permanent and 21 non-permanent staff) were deployed for the management of the various facilities of the HKSI at cost of \$22.9 million, and

42 (consisting of 40 permanent and two non-permanent staff) for general administration and financial control duties at a cost of \$13 million.

Regarding question (d), a total of 10 expatriate staff were employed by the SDB and the HKSI in 1994-95. At present, there are six expatriate staff. With the departure of the incumbent Chief Executive in January 1996, the remaining five expatriate staff, including the Director of the HKSI, are engaged primarily in coaching work. The staff cost is \$6.4 million. However, the SDB now applies the same terms of employment to both local and expatriate staff. In other words, all staff are employed on local terms.

Finally, on question (e), no expatriate officer will be employed to perform administrative, managerial, and fund-raising functions after the departure of the incumbent Chief Executive.

Collection of Crown Rent

9. **MR LAU WONG-FAT** asked (in Chinese): *At present, the Government issues demand notes to the public for the payment of rates, salaries tax, and so on. However, in recent years no demand notes have been issued by the Lands Department to owners in respect of the Crown rent payable. In this regard, will the Government inform this Council of the following:*

- (a) *why different procedures and criteria are adopted in the collection of revenue;*
- (b) *whether, given the existing policy under which the Government has the right to resume the land if the respective Crown rent is not duly paid by its owner, the Government agrees that the existing arrangement of the Government resuming the land on account of non-payment of Crown rent without issuing demand notes to the owners concerned is in contravention of the principle of equity; and*
- (c) *in regard to a case in which an owner who made enquiries about payment of Crown rent matters was asked to pay an "enquiry fee" afterwards, what are the reasons for levying such a charge without giving any prior notice of the charge?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) For land in the urban area, demand notes to land owners for payment of government rents are issued by the Treasury. In the rural area of the New Territories, the addresses of a vast majority of land owners are either imprecise or incomplete. It has therefore been a long established practice that land owners collect the demand notes for government rents at the relevant District Lands Office and make payments at the nearest Sub-Treasury, which is normally in the same building where the District Lands Office is located;
- (b) although we do not send demand notes to owners of land in the rural area, efforts are made to contact them to remind them to pay government rents before we initiate re-entry proceedings. Even if a re-entry notice has been registered, land owners still have the right to petition the Governor or to apply to the High Court for relief against the re-entry. It should be pointed out, however, that there has not been any case of re-entry for non-payment of government rents in at least the last 10 years; and
- (c) we do not charge a fee for answering public enquiries about outstanding government rents, but a fee has to be paid in advance if a written reply is required. This practice is well-known among those concerned, in particular, among the professionals who may represent the land owners.

Supplementary Labour Scheme

10. **MR TSANG KIN-SHING** asked (in Chinese): *With regard to the recent agreement reached between the Government and the labour sector on the issue of importation of labour, will the Government inform this Council:*

- (a) *why the Government has held negotiations on the Supplementary*

Labour Scheme with representatives of the labour sector only without including the political parties within this Council;

- (b) whether there is any trade-off in the negotiation process; what is the rationale for setting 2 000 imported workers as the trigger point for review and not some other figures; and whether this arrangement is contrary to the policy of fixing the ceiling at 5 000 imported workers mentioned in the Governor's policy address;*
- (c) what are the reasons for not establishing any mechanism for reviewing the ceiling of foreign workers imported for airport-related projects; and*
- (d) how the Government has sought the public's views during the negotiation period and whether the Government has taken such views into consideration?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Government conducted extensive consultations on the Supplementary Labour Scheme (SLS) proposal since its announcement in October 1995. We had discussions with the Labour Advisory Board, employer and employee groups, political parties within the Legislative Council and individual Legislative Councillors.
- (b) The Government's decision to revise the original SLS proposal includes the introduction of a review mechanism which will be triggered when a total of 2 000 visa applications has been approved. We believe that the revised SLS, taken in total, strikes a reasonable balance between the interests of employees and those of employers. The Government's decision has been generally accepted by many Legislative Councillors, employer and employee representatives and the community at large.
- (c) The Special Labour Importation Scheme for ACP and related projects has a well-established system for reviewing its quota ceiling

which is based on a projection of the locally available on-site construction work labour force and the total labour requirements of the projects involved.

- (d) During the consultation period, public opinion on the proposal was reflected through an independent opinion poll, media reports, press editorials and articles written by academics and interested parties. We have also taken note of the views expressed directly to the Government. We have taken all these views into consideration before reaching a decision.

Kwun Lung Lau Slope

11. **MR IP KWOK-HIM** asked (in Chinese): *In regard to the slope stability works at Kwun Lung Lau, will the Government inform this Council whether:*

- (a) *it is aware of the progress of the works; and whether the Hong Kong Housing Society has encountered any difficulties in the supervision of the works; if so, what the difficulties are; and*
- (b) *whether the Hong Kong Housing society has adopte the hand-dug caisson method in carrying out the works; if so, whether the Government will consider requiring the Hong Kong Housing Society to adopt an alternative method in view of the inherent danger in using the hand-dug caisson method?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Staff of the Buildings Department make regular visits to monitor the progress of the slope stabilization works at Kwun Lung Lau. Permanent remedial work in front of Block D has been largely completed. Work at the back of Block D has commenced at the end of November 1995 and is progressing on schedule. The Hong Kong Housing Society has not encountered any difficulty in the

supervision of the works.

- (b) In view of the special condition of the site, hand-dug caissons have been involved in the remedial works. Approval was given after the submission of all proper safety measures by the contractor. As those parts of the works involving caissons have now been largely completed, there is little point in considering alternative construction methods. Starting from 1 February 1996, there will be a general ban on the use of hand-dug caissons under the Buildings Ordinance.

Effectiveness of Announcement of Public Interest

12. **MR ERIC LI** asked (in Chinese): *Will the Government inform this Council :*

- (a) *whether it has reviewed the practical effectiveness of the current Announcement of Public Interest (API) publicising the anti-drug abuse message among teenagers; if so, what the results are; if not, when such a review will be conducted; and*
- (b) *what is the normal period for airing an API publicising the anti-drug abuse message among teenagers before it is replaced, and what are the criteria adopted by the Government for changing its content?*

SECRETARY FOR SECURITY: Mr President,

- (a) The Narcotics Division conducts household surveys from time to time to collect data for assessing public awareness of the anti-drug publicity carried out by the Action Committee Against Narcotics (ACAN), including anti-drug messages conveyed through APIs. The last such survey was conducted in 1994. Separately, in November 1995 the Information Services Department commissioned a survey to evaluate the effectiveness of the three latest APIs of the

fight crime publicity campaign. These APIs also covered anti-drug messages.

The 1994 Survey conducted by the Narcotics Division showed a high degree of awareness of the anti-drug APIs among the respondents: 99% of all respondents who had encountered anti-drug publicity quoted TV as their major source. 264 of the 1 426 respondents enumerated in the Survey were aged below 21. It was noted that young people were more aware of those APIs which had been recently produced, and that APIs which use a more explicit approach and targeted specifically at young persons are more effective. (One of the four APIs covered in the survey, which used an explicit approach, was correctly interpreted by over 60% of the young persons surveyed.)

The survey by the Information Services Department covered a sample of over 100 secondary school students. General feedback of the survey was that the messages carried on the APIs were well received. Over 90% of the respondents remembered the slogans of the APIs; about 30% thought that the APIs effectively disseminated the intended messages.

- (b) The Government produces two to three new anti-drug APIs annually. The APIs are reviewed every month, and may be rotated or changed in order to achieve maximum publicity and impact. The criteria for changing an API include the current drug abuse situation, the timing of the year (for example, more publicity is targetted at young people during summer vacation, Christmas and New Year), and the specific needs of a particular target group (such as parents and youths-at-risk).

Land Grants to Foreign Governments

13. **MR ALBERT CHAN** asked: *Will the Government inform this Council of:*

- (a) *the Government's policy on land grants made to foreign governments, including the Chinese Government;*

- (b) *the procedure for making such land grants; and*
- (c) *the Government's policy on setting the premiums for such land grants; in particular, how the premium is determined, and whether there are circumstances under which payment of the premium is exempted?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) Land grants to other governments are rare. They have to be fully justified on the merits of each case;
- (b) such land grants, if justified, are made in the same manner as other land grants by private treaty; and
- (c) premiums for these land grants are determined in the same manner as those for other land grants by private treaty. Each case has to be considered on its own merits.

Community Charter on AIDS

14. **DR LEONG CHE-HUNG** asked: *Since the signing of the Community Charter on AIDS by the Government and the Hospital Authority (HA) a year ago, will the Administration inform this Council:*

- (a) *whether the "non-discriminatory policy on AIDS" has been promulgated in the workplace of government departments and public hospitals under the management of the HA as stipulated in the Charter, if so, what measures have been taken by the Government and the HA to promote the policy among the 180 000 civil servants and 40 000 HA staff;*
- (b) *if the answer to (a) is in the negative, whether a time schedule for carrying out all the commitments stipulated in the Charter has been drawn up by the Government and the HA; and*
- (c) *how long it will take to provide AIDS education in the workplace to all civil servants and HA staff?*

SECRETARY FOR HEALTH AND WELFARE: Mr President,

- (a) Both the Government and the Hospital Authority (HA) have promulgated a "non-discriminatory policy on AIDS".

The Government's policy was formally promulgated to all government branches and departments in a Civil Service Branch Circular issued on 9 January 1996. A copy is attached (at the end of this reply). A designated senior officer in each branch and department will co-ordinate the implementation of the AIDS policy, including the handling in confidence of AIDS related enquiries. Education programmes such as workshops and seminars will be organized, with the assistance of the Department of Health, for staff.

Similarly, the HA has advised all hospitals to initiate concerted action to support the Charter by contributing to the worldwide effort of curbing the spread of HIV, educating and enhancing staff awareness on HIV/AIDS and encouraging the adoption of a non-discriminatory policy in the workplace setting.

A half-day seminar for all Hospital Chief Executives and senior management staff in HA hospitals was held in November 1995. In the seminar, senior executives were briefed on the projected trend of the AIDS epidemic in Hong Kong and current policy on the provision of clinical service for AIDS patients, staff with occupationally acquired HIV infection and the employment of HIV-infected health care workers. The implications of the Charter, particularly with regard to HIV/AIDS and the workplace as well as safeguarding the rights of HIV/AIDS patients and preventing discrimination, was also covered in the seminar.

Appropriate infection control measures have been implemented in all HA hospitals as an insurance against HIV/AIDS disruption in the workplace.

- (b) Both the Government and the HA are promulgating a "non-discriminatory policy on AIDS" in the workplace.

- (c) Both the Government and the HA recognize that AIDS education is an ongoing process. Within the Government, departments have been asked to arrange workshops/seminars for their staff on a regular and continuous basis, having regard to resources available. In addition, educational materials such as posters and pamphlets will be issued to departments to enhance AIDS awareness and to discourage discrimination in the workplace.

As for the HA, apart from the ongoing professional and vocational training of health care professionals on HIV/AIDS, a series of education programmes will be organized for all hospital staff to ensure the commitments stipulated in the Charter are met.

Annex

Ref.: SPA 1/32(C)(94)

Government Secretariat
Hong Kong

9 January 1996

CIVIL SERVICE BRANCH CIRCULAR No. 3/96

AIDS - Education and Policy in the Civil Service

To : Branch Secretaries
Heads of Departments

c.c. Judiciary Administrator

(*Note:* Distribution of this circular is Scale A, i.e. it should be read by all staff in the civil service. A Chinese version is attached.)

Purpose

The purpose of this Circular is to:

- (a) promulgate the civil service policy on AIDS;
- (b) recommend courses of action to be taken by departments/branches in respect of education and promotion of HIV/AIDS awareness among staff and the management.

Background

2. Like many major employers in Hong Kong, the Government has become a signatory to the Hong Kong Community Charter on AIDS (Acquired Immune Deficiency Syndrome). The Charter was initiated by the AIDS Unit of the Department of Health and Lions Clubs International. Its main objectives are to enhance AIDS awareness and to encourage adoption of non-discriminatory policy in the workplace.

HIV/AIDS Policy in the Civil Service

3. It is recognised that effective ways to stop the spreading of HIV (Human Immunodeficiency Virus) are to promote awareness, to educate, and to show concern. These are also the key to maintaining a workplace free of unjustified fears. Having regard to the fact that HIV is not transmitted through casual personal contact under normal working conditions, the following HIV/AIDS policy for the civil service will be adopted by the Administration -

- (a) We will not undertake screening for HIV/AIDS on serving officers or potential employees.
- (b) We recognize an individual's right of confidentiality of medical information. However, we encourage staff members to discuss with their departmental management and seek professional help whenever necessary. Strict confidentiality is kept in these processes.
- (c) We will provide reasonable accommodation, as required, to the work duties of infected staff should they wish to seek assistance from the departmental management.

- (d) We will not discriminate against HIV infected staff and accordingly will continue to provide employment in accordance with the provisions of the Civil Service Regulations.
- (e) We will educate the staff on the subject of HIV infection.

Courses of Action to Taken

4. The Administration will promote HIV/AIDS awareness among the staff and provide education in order that there is a full appreciation of the precautions that need to be taken to prevent infection and of the absence of risk of infection in normal workplace situations. In this connection, departmental managements are requested to make the following arrangements:

- (a) designate a senior officer (for example, the departmental Staff Welfare Officer) to coordinate the implementation of the policy in paragraph 3 above in the department, including the handling in confidence, of AIDS related enquiries from the staff and referral of cases for medical advice as necessary;
- (b) arrange education programmes, for example, workshops/seminars on AIDS for staff through staff clubs or staff associations if possible, and for supervisors at the middle and senior management levels in departments. If possible, the topic should be included as part of the departmental programme on occupational health.

For medical advice and assistance in AIDS education, please contact Dr S S Lee or medical/nursing staff of the AIDS Unit of the Department of Health (tel. no. 2780 8622)

Enquires

5. Enquiries on the contents of this Circular should be directed to the Departmental Secretary in the first instance, who, in case of doubt, may contact Mrs Iris Cheng, SEO(M) of the Management Division of Civil Service Branch (tel. no. 2810 3565).

PATRICK L C LAU
for Secretary for the Civil Service

Supplementary Statements on Government Accounts

15. **MISS CHRISTINE LOH** asked: *With reference to the statement in the Financial Secretary's 1994-95 Budget speech that supplementary statements on the Government's accounts concerning certain selected government activities will be prepared on an experimental basis in order to show the full cost of such activities, will the Government inform this Council what progress has been made in preparing such statements?*

SECRETARY FOR THE TREASURY: Mr President, the Financial Secretary informed Members in his 1994-95 Budget speech that there were strong reasons for retaining the existing cash-based accounts. Nevertheless, he also proposed, on an experimental basis, to prepare supplementary statements to help us see the full cost of selected activities.

We have subsequently conducted a pilot study which involved the production of Resource Accounts for four selected departments aimed at comparing the full costs of government programmes with the results achieved. We have also commissioned a consultancy study to advise on the accounting issues that need to be addressed in introducing such accounts. The studies indicate that while Resource Accounts would provide supplementary costs information to aid management, the extent of its direct applicability for management decisions would vary, depending on the type of activities involved. We therefore intend to conduct a further pilot study and produce Resource Accounts for a selected number of service-provider departments. This study should help us consider how we can fully utilize Resource Accounts for management purposes.

Police Brain Drain

16. **DR DAVID LI** asked: *The Commissioner of Police admitted recently that the departure of many of his most senior officers before 1997 would hit the Police Force. Will the Government inform this Council what measures are being implemented to stabilize the Police Force in the run-up to 1997?*

SECRETARY FOR SECURITY: Mr President, we are determined to maintain the Police Force as one of the finest in the world. It is the Force's declared policy, fully supported by the police staff associations, to encourage all officers to remain in service across 1997. The joint efforts of management and staff will continue in that direction.

Specifically, the following measures have been implemented to stabilize the Police Force in the run-up to 1997:

- (a) The Joint Declaration is clear that police officers previously serving in the Hong Kong Government may continue to serve the future Special Administrative Region Government without any change in conditions of service.
- (b) To ensure that the Force will maintain an optimal staffing level, a Manpower Planning Survey was conducted in May 1995. During this exercise, all officers at the rank of Inspector and above were interviewed and encouraged to remain in service. The result is reassuring — 82% indicated that they would continue to serve beyond 1997. 11% were "undecided".
- (c) The Force has a sufficient pool of qualified officers at all levels for consideration for promotion. In the event that those undecided chose to leave, the vacancies arising can all be filled through normal promotions.
- (d) The Force will offer improved promotion opportunities to those who remain in service as well as good career prospects to new entrants.

We will continue to monitor the situation closely and take appropriate measures as necessary. The Force Management will continue its close liaison with the staff associations to keep the situation under review. So far, the picture emerging indicates that the Force will be able to manage the changes ahead without compromising its very high standards.

Projection of Long-term Demand for Electricity

17. **DR LAW CHEUNG-KWOK** asked (in Chinese): *Will the Government inform this Council:*

- (a) *whether the Government knows of the statistical methods adopted by the China Light and Power Company Limited and the Hongkong Electric Company Limited in projecting the territory's long-term demand for electricity; if so, what are the details of such statistical methods;*
- (b) *how the two companies' projections of demand for electricity are monitored to ensure their accuracy; and*
- (c) *whether the Government has conducted any assessment of what impact any deviations in such projections will have on the determination of tariffs?*

SECRETARY FOR ECONOMIC SERVICES: Mr President,

- (a) The Government is aware of the statistical methods used by the two electricity companies to project demand for electricity over the longer term. The China Light and Power Company's demand forecast is produced by analyzing the historical data on the pattern of electricity consumption and the outlook for economic development. Projections on sales are derived from micro analysis of electricity consumption in 22 different customer classes. Each class is analyzed through a combination of econometric and time-series techniques to establish the long-term relationship between electricity consumption in that class and the underlying economic and social factors. The results are cross-checked against

a macro analysis, which relates overall electricity consumption with gross domestic product and the price of electricity. The Hongkong Electric Company's demand forecast is obtained from the joint application of three forecasting methods. The main method used is the trend of demand over time, supplemented by a sectional method which forecasts demand in the domestic, commercial and industrial sectors and an econometric method which correlates demand growth with economic indicators such as gross domestic product.

- (b) Projections of demand for electricity submitted by the electricity companies in support of proposals for financing of new capital expenditure are examined by the Government having regard to the reasonableness of the forecasting methodology and input assumptions and the Government's own forecasts. The companies' forecasts of demand are monitored continuously by the Government on a yearly basis through the financial monitoring and auditing arrangements provided for under the Scheme of Control Agreements to ensure that they remain realistic.
- (c) The basic tariff that the companies may charge over the life of their current financing plan is determined when the plan is approved by the Government. Every year, when the companies submit their forecasts for the annual auditing review, the Government conducts an assessment of the impact on tariffs of any deviations in the company's projections. The Scheme of Control Agreements also provide for the companies to submit a new financing plan for the Government's approval whenever variations in the projections are such as to increase basic tariffs significantly above those previously approved.

Retirement and Resignation of Police Officers

18. **MR AMBROSE LAU** asked (in Chinese): *Civil servants wishing to retire are normally required to submit their applications one year prior to the date of retirement, and those wishing to resign have to give three month's notice (leave is normally not counted as part of the three-month notice period). It is learn that serving "gazetted officers" of the Police Force generally have more than 20 years of service and that the leave they have accumulated may range from three months up to half a year (director and expatriate police officers may even accumulate up to one year of leave). With the transfer of sovereignty just one*

and a half years away, will the Administration inform this Council:

- (a) of the existing number of applications for retirement, as well as the existing number of notices of resignation, received from officers in the Police Force management; and*
- (b) whether it has estimated the possible wastage among the Police force management in the next two years?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, as at 1 January 1996, the number of applications for retirement and resignation received from officers in the management ranks of Inspector to Senior Assistant Commissioner, who are to commence leave prior to finally leaving the service in the 18 months from January 1996 to June 1997, now totals 134. This represents just 3.1% of staff at that level and compares very favourably with the wastage rates in the Civil Service as a whole of 4.8% over the past 12 months.

To understand the situation of the Police Force as a whole, it is important also to take into account wastage rates among the junior ranks. The number of Junior Police Officers (JPO) leaving the service has been decreasing over the past four years from a monthly average of 113 in 1991 to currently 74 each month. This represents a 3.6% annual turnover of staff. This slow rate of staff turnover also compares very favourably with other sectors in the Government. There is no indication, at this time, of an increase in the number of leavers from the JPO ranks.

The Force Management completed a Manpower Planning Survey in May 1995 to obtain direct feedback from staff as to their intentions with regard to 1997. Manpower Planning is an ongoing process examining the various scenarios of different levels of leavers so as to provide necessary information to the Force Management to consider any adjustments that may need to be made to the various contingency measures that are now in place.

The Manpower Survey provided an insight into the possible intentions of staff in the ranks of Inspector to Senior Assistant Commissioner. At that time, 173 officers, 6.9% of those surveyed, indicated an intention to leave the service from July 1995 to 1 July 1997; a further 275 (11%) were undecided. It is worth noting that the number of applications to retire which have been received so far is in line with the findings of the 1995 Survey. This merely confirms the validity

of that exercise.

The force replacement policy provides for promotion and recruitment as soon as an officer commences leave prior to finally leaving the service. Discounting known leavers and the undecided officers, the number of officers who will compete for promotion remains well in excess of the number of vacancies which are likely to arise. The situation will continue to be monitored closely.

New Airport

19. **DR SAMUEL WONG** asked (in Chinese): *With regard to the construction of the new airport, will the Government inform this Council of the following:*

- (a) *whether the new airport can start operating within the first quarter of 1998 as scheduled, given that two to three franchises of the facilities in the new airport have yet to be awarded by the Chinese and British governments, and having regard to the present progress in construction works and other related projects; and*
- (b) *when the construction of the second runway of the new airport is expected to be completed and when the second runway will come into operation?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, the New Airport project is on schedule to meet the target opening date of April 1998.

We have reached agreement with the Chinese side of the Airport Committee of the Sino-British Joint Liaison Group on award of the three most urgent franchises for air cargo, aircraft catering and aviation fuel supply services. Discussions in the Airport Committee on two other franchises for aircraft base and line maintenance and aircraft ramp handling services are underway. Meanwhile, construction works are progressing on schedule to allow full commissioning, testing and trials before airport opening in April 1998. At the end of 1995, the New Airport was 47% completed while the overall Airport Core

Programme was 48% completed.

The timing for construction of the second runway and for bringing it into operation is being examined by the Administration in consultation with the Airport Authority. We will take into account factors such as the latest forecasts on air traffic demand, capacity utilization of the first runway and the financial and economical implications involved. No conclusions have yet been reached.

Emergency Ambulance Service

20. **MR WONG WAI-YIN** asked (in Chinese): *The shortage of resources in the Fire Services Department's emergency ambulance service is becoming increasingly serious, particularly so in the New Territories. Will the Government inform this Council:*

- (a) *of the strength of the ambulance crew and the number of ambulance calls received in each of the past three years (with a separate breakdown of the number of emergency calls received), together with the percentage increase/decrease in each of the years concerned;*
- (b) *of the percentage of the services which have attained their targets set out in the Performance Pledge over the past three years; whether the percentage shows a downward trend, and if so, why; and*
- (c) *whether the Government will increase the number of ambulance crew as well as the number of ambulances so that the ambulance service can operate at the normal establishment levels to achieve the targets set in the Performance Pledge; if so, when will this be implemented; if not, why not; and whether there are any measures to improve the current situation?*

SECRETARY FOR SECURITY: Mr President,

- (a) The strength of the Ambulancemen grade in the past three years is:

<i>Year</i>	<i>Number of Ambulancemen as at 1 April</i>
1995	1 865
1994	1 920
1993	1 963

The decrease in crew strength in 1994 and 1995 was due to the hiving off of most non-emergency ambulance services to the Hospital Authority. This programme started in March 1994 and was completed in September 1995.

The number of ambulance calls attended in the past three years are:

<i>Year</i>	<i>Number of Ambulance Calls</i>		
	<i>Emergency</i>	<i>Others</i>	<i>Total</i>
1995	317 749 (+9.8%)	107 594 (-21.0%)	425 343 (-0.0%)
1994	289 289 (+7.6%)	136 046 (-21.5%)	425 335 (-3.8%)
1993	268 943	173 361	442 304

() denotes the % increase/decrease over the previous year.

It should be noted that in responding to ambulance calls, priority is always given to emergency calls.

- (b) Our target is for 95% of emergency calls to be reached within a ten-minute travel time. The percentage of emergency calls which have attained the target travel time in the past three years is:

<i>Year</i>	<i>% emergency calls reached within target travel time</i>
1995	89.5

1994	91.7
1993	92.5

The decrease in 1995 was mainly due to deteriorating traffic conditions, long travelling distances in the New Territories and the increased number of emergency calls. The unusual number of disruptions caused by typhoons, rainstorms, flooding and road closures in the second and third quarters of 1995 also had a significant impact on performance.

- (c) The Government remains committed to achieving the target set in the Performance Pledge. The Government commissioned a Consultancy Study on Emergency Ambulance Service last year to identify ways to achieve cost-effective improvements in the provision of emergency ambulance services. A list of improvement measures recommended and which the Fire Services Department has already implemented is at the Annex. These measures, and the completion of the hiving off programme of non-emergency ambulance services to the Hospital Authority, resulted in an improvement in performance in the last quarter of 1995 to 90.3%. Other measures which require more detailed examination and longer timeframes to implement are being considered. These measures include further efficiency improvements, improvements in staffing levels and development of further ambulance depot facilities in areas of increased local demand.

Annex

Measures implemented by the FSD
to improve performance immediately

- (a) Ambulances are stationed in fire stations in addition to ambulance depots to extend emergency ambulance cover. The fire stations involved include North Point, Kotewall Road, Ap Lei Chau, Kwai Chung, Sheung Shui and Sha Tau Kok.
- (b) Ambulances and their crew are redeployed from stations with relatively adequate manning to those where manning is inadequate to meet local demand.

- (c) The Fire Services Communication Centre has streamlined its operational procedures for ambulance deployments to achieve more effective mobilization.
- (d) The transfer of residual non-emergency cases to another agency is being actively pursued to enable the FSD to better concentrate on its delivery of emergency ambulance services.
- (e) The performance of ambulance aid motorcycles, which provide life-saving first aid before an ambulance reaches the scene, has been included in the calculation of emergency ambulance performance.

MOTIONS

CRIMINAL PROCEDURE ORDINANCE

THE CHIEF SECRETARY to move the following motion:

"That the Criminal Appeal (Amendment) Rules 1995, made by the Chief Justice on 15 December 1995, be approved."

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

On 5 July 1995, the Official Languages (Amendment) Ordinance 1995 was passed by this Council. The Amendment Ordinance provides for the removal of the restriction of the use of Chinese in the higher courts and certain tribunals. It enables a judge or judicial officer presiding over a court hearing, as well as lawyers representing the parties, to use either or both of the official languages.

The Judiciary is committed to put in place a framework which enables Chinese, along with English, to be used in all judicial proceedings in Hong Kong before 1 July 1997. To meet this target, a Steering Committee on the Use of Chinese in Courts, appointed by the Chief Justice and chaired by Mr Justice Patrick CHAN, recommended a phased implementation strategy enabling the use of Chinese first in the District Court, to be followed by the High Court and then the Court of Appeal.

We now propose that the criminal proceedings of the District Court should be allowed to be conducted in Chinese. As a result, it will be necessary to put in place rules to cover appeals from these cases.

We propose to change the present use of language in District Court criminal appeal proceedings. The proposed change will enable the parties to file their documentation in either Chinese or English. It also enables the parties, the lawyers or the judges to use Chinese at the hearing when it is appropriate to do so. The aim is to provide for a just and expeditious disposal of the proceedings. There is a built-in procedure whereby a party who does not understand a court document which is served on him can request for a translation of the document.

The Criminal Appeal (Amendment) Rules 1995 made by the Chief Justice, under the Criminal Procedure Ordinance and the Official Languages Ordinance, will upon commencement provide for the use of both of the official languages in criminal appeal proceedings taken under the Criminal Procedure Ordinance. The rights of the various parties set out in the Rules reflect the provisions of the Official Languages Ordinance and amplify those rights, where necessary, to reflect the effect of having to use particular languages in particular circumstances. The court will consider which official language will expeditiously dispose of the proceedings justly in making its decision as to which language it will use and its decision will be final.

Pursuant to section 9 of the Criminal Procedure Ordinance, the Rules require the approval of this Council by resolution.

The provisions concerning the use of language in these Rules are applicable to three other sets of Rules for the District Court, namely — the Criminal Procedure (Appeal Against Discharge) (Amendment) Rules 1995; the Criminal Procedure (Applications Under Section 16) (Amendment) Rules 1995 and the Criminal Procedure (Reference of Questions of Law) (Amendment) Rules 1995. They will each be the subject of a separate resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

CRIMINAL PROCEDURE ORDINANCE***THE CHIEF SECRETARY to move the following motion:***

"That the Criminal Procedure (Appeal against Discharge) (Amendment) Rules 1995, made by the Chief Justice on 15 December 1995, be approved."

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

The Criminal Procedure (Appeal Against Discharge) (Amendment) Rules 1995 made by the Chief Justice will, upon commencement, provide for the use of both of the official languages in proceedings for an appeal against discharge taken under the Criminal Procedure Ordinance. Pursuant to section 9 of the Criminal Procedure Ordinance, they require the approval of this Council by resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

CRIMINAL PROCEDURE ORDINANCE***THE CHIEF SECRETARY to move the following motion:***

"That the Criminal Procedure (Applications under Section 16) (Amendment) Rules 1995, made by the Chief Justice on 15 December 1995, be approved."

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

The Criminal Procedure (Applications Under Section 16) (Amendment) Rules 1995 made by the Chief Justice will, upon commencement, allow the use of both of the official languages in an application under section 16 of the Criminal Procedure Ordinance which provides for the discharge of the accused after committal without a hearing under certain conditions. Pursuant to section 9 of the Criminal Procedure Ordinance, they require the approval of this Council by resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

CRIMINAL PROCEDURE ORDINANCE

THE CHIEF SECRETARY to move the following motion:

"That the Criminal Procedure (Reference of Questions of Law) (Amendment) Rules 1995, made by the Chief Justice on 15 December 1995, be approved."

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

The Criminal Procedure (Reference of Questions of Law) (Amendment) Rules 1995 made by the Chief Justice will, upon commencement, provide for the use of both of the official languages with reference to a question of law taken under the Criminal Procedure Ordinance. Pursuant to section 9 of the Criminal Procedure Ordinance, they require the approval of this Council by resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

CRIMINAL PROCEDURE ORDINANCE

THE ATTORNEY GENERAL to move the following motion:

"That the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 1996, made by the Chief Justice on 9 December 1995, be approved."

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

The rate of allowance payable to witnesses in criminal proceedings are prescribed in the Criminal Procedure (Witnesses' Allowance) Rules, made by the Chief Justice under the Criminal Procedure Ordinance. The Rules provide that the maximum allowance payable to an ordinary witness is \$240 for each day, or \$120 for part of a day. A higher rate, namely, a maximum of \$1,400 for each day, or \$700 for part of a day, is prescribed for a professional or an expert witness. The existing rates were last revised in 1993 and should now be updated.

At the Finance Committee meeting on 15 October 1993, Members agreed to delegate authority to the Secretary for the Treasury to approve future changes in the rates of the allowance for ordinary witnesses and jurors, in accordance with movements in the median monthly earnings of employees in Hong Kong, and for professional and expert witnesses, in accordance with changes in the mid-point salary of a Medical and Health Officer. In order to maintain the value of the rates of the allowances, it was also agreed that the rate should be reviewed biennially.

Accordingly, the Judiciary conducted a review of the allowances in November last year. It was recommended that the maximum allowance payable to an ordinary witness be increased to \$280 for each day, or \$140 for part of a day, and that the maximum allowance payable to a professional or an expert witness be increased to \$1,690 for each day, or \$845 for part of a day. The increase in the allowances was approved by the Secretary for the Treasury under the authority delegated to him by the Finance Committee, to take effect from 26 January 1996.

The Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 1996 will, upon their commencement, bring into effect the new rates. In accordance with section 9B of the Criminal Procedure Ordinance, they require the approval of this Council by resolution.

At the same Finance Committee meeting, Members also approved the proposal that the allowance payable to ordinary, professional and expert witnesses attending a coroner's inquiry be increased to similar levels. These allowances are set out in the Coroners (Witnesses' Allowances) Rules, made under the Coroners Ordinance. The new rates are reflected in the Coroners (Witnesses' Allowances) (Amendment) Rules 1996 which will be made the subject of a separate resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

CORONERS ORDINANCE

THE ATTORNEY GENERAL to move the following motion:

"That the Coroners (Witnesses' Allowances) (Amendment) Rules 1996, made by the Chief Justice on 9 December 1995, be approved."

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

As I explained earlier, the Coroners (Witnesses' Allowances) (Amendment) Rules 1996 made by the Chief Justice will, upon commencement, bring into effect the new rates of allowances approved by the Secretary for the Treasury under the authority delegated to him by the Finance Committee on 15 October 1993. Pursuant to section 22A of the Coroners Ordinance, they require the approval of this Council by resolution.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

MEMBER'S MOTIONS

PRESIDENT: I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates and Members were informed by circular on 22 January. The movers of the motions will be given 15 minutes for their speeches including their replies and another five minutes to speak on the proposed amendments, if any. Other Members, including the movers of the amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

VISA-FREE ENTRY TO UK

MR HOWARD YOUNG *to move the following motion:*

"That this Council urges the British Government to grant visa-free entry privileges to Hong Kong Special Administrative Region passport holders after 1 July 1997 as well as to continue granting such treatment to British National (Overseas) passport holders from Hong Kong and to make an announcement to this effect as soon as possible."

MR HOWARD YOUNG (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper, which is in the following terms: That this Council urges the British Government to grant visa-free entry privileges to Hong Kong Special Administrative Region Passport holders after 1 July 1997 as well as to continue granting such treatment to British National (Overseas) passport holders from Hong Kong and to make an announcement to this effect as soon as possible.

I would like to state from the very start that the subject to be canvassed under this motion is different from the call to grant British nationality or right of abode in the United Kingdom to Hong Kong people, whether they be the scores

of war widows, the several thousand people from ethnic minority groups or the 50 000 families under the British Nationality (Hong Kong) Scheme, or those who zealously but unrealistically make strident pleas for the grant of British passports to the several million Hong Kong people. On the contrary, this is a pragmatic motion designed to ensure free movement of travellers between Hong Kong and the United Kingdom so that lawful tours and business trips will not be affected and will continue.

Hong Kong, being a small place with an area of a little over 1 000 sq km, has a population of 6 million. It would be inconceivable if there were no freedom of exit and entry and freedom of travel. Our lifestyles and our success in terms of international trade are built on such freedoms. Hong Kong people treasure these freedoms. It could be said that they treasure freedom more than democracy. Last year, after a vigorous campaign mounted by the Government to publicize the various tiers of elections, only 2.5 million people came forward to register as voters of whom fewer than 1 million took practical action in casting their votes. In contrast, Hong Kong people last year made more than 2.5 million trips abroad either on sightseeing tour or on business.

In per capita terms, Hong Kong people have the largest number of travel documents. Probably, Hong Kong ranks number one in the world in this regard. At present, the 6 million people in Hong Kong hold between themselves about 2.5 million Hong Kong British passports and 1.3 million Certificates of Identity (CIs). Put together, the two kinds of travel documents number almost 4 million, accounting for 60% of the population. These two kinds of documents are recognized by almost all countries in the world. In contrast, although Britain was the first country in the world to set up travel agencies, only 35% of the British people have passports. Even fewer people in the United States, about 10%, possess passports. Of the two kinds of travel documents Hong Kong people possess, the Hong Kong British passport is better because it entitles the holder to visa-free entry to about 80 countries. The CI only entitles the holder to visa-free entry to a small number of countries.

Not only will visa-free entry make it convenient for people to go on sightseeing tours, more importantly it will also facilitate the conduct of business by people who have to travel abroad to negotiate and clinch deals for Hong Kong's exports. This has a direct bearing on our efforts to maintain Hong Kong as a commercial city with booming trade and financial services.

After 1997, the existing Certificates of Identity will not be renewed and British National (Overseas) (BNO) passports will not be issued to those who had not been issued with them previously. Arrangements are made under the Basic Law for ethnic Chinese Hong Kong permanent residents to be issued with Special Administrative Region (SAR) passports. Under such arrangements, most CI and BNO passport holders will qualify. The Chinese Government has taken cognizance of Hong Kong people's wish and has given the Hong Kong Government the go-ahead to start preliminary work relating to the issue of SAR passports. The passport is so designed as to conform to top world standard. Two weeks ago, the Sino-British Joint Liaison Group minute recorded considerable progress in terms of security and autonomy with regard to the issue of SAR passports.

The present challenge we are facing is how to establish the international credibility of the SAR passport as soon as possible so that its holder will enjoy visa-free entry to as many countries as possible. In the long term, the SAR passport will replace the CI and the BNO passport. Children born after 1997 will soon be able to travel on an SAR passport in the company of their parents who hold BNO passports. Therefore, we must secure for the SAR passport as much international recognition and acceptance as possible so that it will not be inferior to the travel documents we presently hold.

In this regard, the United Kingdom can be of immense help and indeed it is under an obligation to help. The United Kingdom has reluctantly granted the right of abode to 50 000 Hong Kong families. For years, some people have been proposing that the United Kingdom grant British passports to all Hong Kong people. This is in fact an impractical goal to pursue. But it is entirely within the capability of the United Kingdom and indeed it would require little effort to do so to grant Hong Kong people visa-free entry. First, the United Kingdom is already extending to some 5.5 million Hong Kong holders of BNO and British Dependent Territories Citizen passports visa-free entry. Therefore, to grant visa-free entry to people holding SAR passports would basically make little difference in terms of loss or gain. Of the 1.3 million holders of CIs, those who can afford a trip to the United Kingdom are at least middle-income people with rather well-paid jobs. Any experienced travel agent will tell you that the social standing and spending power of a CI holder is by no means inferior. Compared with holders of British passports, CI holders could be described as big spenders.

The United Kingdom heads the British Commonwealth. Traditionally, it grants visa-free entry to people from its former colonies (including America, Canada, Australia, Singapore and Malaysia). Hong Kong's living standards and income levels are comparable to these countries. Based on such a precedent, it would be only fitting and proper for the United Kingdom to grant Hong Kong people visa-free entry. The United Kingdom is a principal member of the European Union. If the United Kingdom can take the lead in waiving visa requirement, it is estimated that this will have far-reaching significance in terms of similar privilege being granted to SAR passport holders by the scores of countries within the Commonwealth and the European Union.

As a departing ruling power, if only the United Kingdom can itself set an example, other countries' confidence in the SAR passport will be boosted immensely and the lobbying effort of the Hong Kong Government and China will be much more effective. On the contrary, if the United Kingdom continues to play "hard to get", people will doubt whether the United Kingdom really has confidence in Hong Kong's high degree of autonomy after 1997 as well as the acceptability of the SAR passport. Singapore's premier stated two months ago that tourists who hold SAR passports will enjoy visa-free entry into Singapore. It is a pity that the United Kingdom has been slow to come to a decision in this regard and let Singapore, its former colony, get a first start.

The United Kingdom Government keeps saying it will protect the interests of Hong Kong people and have an honourable withdrawal. I think the easiest way to accomplish this would be for the United Kingdom to agree as soon as possible to grant visa-free entry to SAR passport holders who visit the United Kingdom on tour or on business. This can be done through an executive order. The United Kingdom, which has ruled Hong Kong for over 150 years, has a moral obligation to do this, to say nothing of practical reasons. On the contrary, if today it is still looking for an excuse to play "hard to get" and refusing to do such an easy and well-precedented thing, this may be counter-productive as far as the interests of the United Kingdom are concerned.

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

Question on the motion proposed.

DR LEONG CHE-HUNG: Mr President, I rise to support the motion. In supporting the motion, I call on the British Government to give this privilege without delay. I call on the Hong Kong Government to express in no uncertain terms to Britain that granting visa-free entry into the United Kingdom is the least Britain can do to honour her commitments to Hong Kong people. There are many reasons for these:

- (1) The majority of Hong Kong people who will acquire Hong Kong Special Administrative Region (SAR) passports are basically British subjects born in British soil.
- (2) The holder of British Nationality (Overseas) (BNO) passports are undoubtedly British subjects. They, by a stroke of the pen, were demoted to the bottom rank of British citizenship.
- (3) Portuguese subjects born in Macau some 40 miles from Hong Kong will have the right of entry and even work in the United Kingdom without any visa. Yet, Hong Kong born British subjects may have to face a different fate. All these make a mockery out of the words "British Passport" as stamped on the cover of the BNO passports.

Mr President, it therefore comes as no surprise that Members of this Council and the people of Hong Kong react in furor to the statement made on British subjects by the Foreign Secretary when he addressed this Council and I quote:

"What your question (on full British citizenship for the 3.5 million Hong Kong citizens) refers to was whether a right of citizenship which has not existed in the past should now be provided".

Mr President, Hong Kong is eagerly awaiting the United Kingdom Government's clarification on this statement. No reply has yet been forthcoming, but we will definitely press on.

Mr President, it is indeed an essential and honourable task for my Honourable colleague, Mr Howard YOUNG, to move this motion today. It is

equally honourable for our Governor to give this motion his full backing.

The fact remains, how successful could we be? What are the odds? It boils down to the question of how Britain values the people of Hong Kong; not just Hong Kong but the people of Hong Kong. How much value does the British Government attach to the honour of discharging its responsibility to Hong Kong people, who were once her subjects.

Fact speaks for itself. In 1990 when a Hong Kong Omelco delegation went to Westminster and Whitehall to lobby for British citizenship, not only were we faced with a stone wall, but to our dismay, there was a complete lack of understanding of what Hong Kong is, even amongst senior politicians and ministers. With some 26 war widows, the British Government is not even willing to bend her rules to offer them full British citizenship.

Mr President, a delegation of the Council will be visiting the United Kingdom soon to air to the British powers our concern and hopes in this transitional period. The topics that we will bring up, of course, include visa-free travel into the United Kingdom. Yet up till today, the response is cold, to say the least. Whilst we are still awaiting words from the Prime Minister, we have already been told that even the leader of the opposition party (Labour Party) has given us the flat refusal. Does it imply that he feels helpless as his is not the ruling party? Worse, does it imply that his party which may well be in the driving seat in the near future, does not want to enter into any controversial issue from Hong Kong to upset its current advantage with the British supporters? After all, Hong Kong is a non-issue in the eyes of the British Government.

Mr President, if I have sounded overly pessimistic, it is because I am being pragmatic. Yet, I am not saying we do not have to fight. Yes, we have to keep on fighting, fighting for a right that ironically to many of us we were born with.

It borders on mockery when the British Government says it will lobby for visa-free entry for Hong Kong SAR and BNO passports from other countries, while she herself has remained completely non-committal.

MR LO SUK-CHING (in Cantonese): Mr President, on 10 January this year the Chinese and British sides initialled the *Minute relating to the preparatory work for the issuance of the Hong Kong Special Administrative Region (SAR) passport*.

This means that the issuance of the SAR passport has entered the stage where substantive work is about to start. There are now 500 days to go before sovereignty reversion. Hong Kong people wish to have their status, nationality and freedom of travel clearly confirmed and recognized.

Hong Kong is an international financial centre. In the free economic climate that prevails, Hong Kong people can freely leave the territory to do business, tour, study or visit relatives without the need to obtain permission from the Government. Hong Kong people, holding Hong Kong British passports, can enter the United Kingdom and many other countries without visa. In like manner, businessmen and tourists from the United Kingdom can freely enter and leave Hong Kong without being subject to visa restrictions. This arrangement is to the advantage of both parties. Should the British Government deliberately make things difficult by refusing to commit itself on the question of visa requirement in order to acquire more bargaining chips in its tug-of-war with China, it would be to the advantage of neither party. This would surely have a negative impact on Hong Kong's image in the international community. It is believed that the United Kingdom, as the suzerain of Hong Kong, would also suffer in terms of reputation. This will be particularly so in view of the United Kingdom's repeated statement that it has a moral responsibility towards Hong Kong people with regard to their future and freedom.

At present, Hong Kong people holding British National (Overseas) passports or British Dependent Territories Citizen passports can enter the United Kingdom and 80 other countries without visa. The British Government will continue to issue these passports in separate *tranches* before 1997. Since Hong Kong people can opt to preserve this nationality status and since the passports are issued under the authority of the United Kingdom, it would be only fitting and proper for the holders of these passports to continue to enjoy visa-free entry after 1997.

Besides, on the question of the SAR passport, the British Government has raised queries with regard to the definition of "Hong Kong permanent resident" and the issuing authority of the SAR passport. As regards the first query, the Chinese and British sides has reached a consensus. It is only in respect of the ethnic minority groups who take Hong Kong as their permanent place of abode and the returned emigrants who hold foreign passports that the situation remains unclear. But this should not affect the rights and interests of the vast majority

of Hong Kong people. If the United Kingdom should fear that the SAR passport might be abused and there might be a vast influx of people into the United Kingdom in the future, the United Kingdom Government could revise the arrangements at any time. The SAR which issues the passports would also be under an obligation to take back these people. Therefore, the United Kingdom would not need to bear any risk.

It is learnt that the United Kingdom is worried about the security aspect of the SAR passport issuing authority, that is, the Immigration Department of the SAR. The United Kingdom is stalling for time under the excuse of insecurity. As a matter of fact, the British Hong Kong Government has set up a working group to devise a computerized system for the issuance of passports that conform to high-quality and high-tech international standards. Moreover, the records will be kept absolutely confidential. Besides, the Chinese and British sides have recently reached an agreement to the effect that the Immigration Department of the SAR shall be the sole authority to issue SAR passports. Indeed, the two sides can set up a mechanism to ensure that the departments concerned can mutually exercise checks and balances. The United Kingdom should have no cause for worry.

The United Kingdom wants an honourable withdrawal from Hong Kong. In terms of moral responsibility, the United Kingdom itself should set an example so that other western countries would follow suit and grant visa-free entry to SAR passport holders.

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

MRS SELINA CHOW (in Cantonese): Mr President, the consensus among Hong Kong people is that we request the United Kingdom Government to grant visa-free entry to holders of Hong Kong Special Administrative Region (SAR) passports after 1997. What we, Hong Kong people, treasure is not so much the maintenance of links with the United Kingdom but our present convenience and ease of travel.

As the Honourable Howard YOUNG observed a moment ago, not only would visa-free entry facilitate outbound tours by Hong Kong people, it would, more importantly, facilitate the conduct of commerce and business. During the

first nine months of last year, Hong Kong people made 130 000 direct trips to the United Kingdom. Such trips brought benefit to the United Kingdom irrespective of whether they were for tour or for business. During the same period, people from the United Kingdom made close to 0.26 million trips to Hong Kong. British Foreign Secretary Malcolm RIFKIND also pointed out that United Kingdom exports to Hong Kong last year amounted to Pound Sterling 2.7 billion while total investment in Hong Kong amounted to Pound Sterling 70 billion. The waiving by the United Kingdom of visa requirement in respect of SAR passport holders would no doubt be beneficial to the economic development of the United Kingdom.

The granting by the United Kingdom of visa-free entry to SAR passport holders will give the lead to Commonwealth and European Union countries and they will follow suit. Based on reciprocity of treatment, the SAR government should also grant visa-free entry to holders of passports issued by these countries. This will be an arrangement to the mutual benefit of both parties. The United Kingdom will stand to "benefit" rather than to "lose".

The United Kingdom Government has been hesitant with regard to the question of visa-free entry. One of the considerations relates to security. It is worried lest the SAR government should indiscriminately issue passports. It is also worried about the forgery-proof standards with regard to the SAR passport. These worries used to be valid. But with the publication of the SAR passport sample and the assurance given to the British Foreign Secretary during his visit to Beijing that the Hong Kong Immigration Department will be the sole issuing authority of the SAR passport, these worries have dissipated. If the United Kingdom Government should still "shilly-shally", would this not show that it has no confidence in its own recommendations to China as regards passport security?

When Director of Immigration Lawrence LEUNG attended the meetings of the Joint Liaison Group (JLG) he did not attend in the capacity as a representative of the Hong Kong Government but as a representative of the British side. In the JLG an agreement was reached to the effect that the power to issue SAR passports shall be vested with the Hong Kong authorities and this arrangement has been supported and endorsed by the United Kingdom Government. If the United Kingdom Government does not even have confidence in the arrangement recommended by itself, will the United Kingdom Government be telling the world how hypocritical it is in that it proposes one thing in the meeting but does an altogether different thing outside the meeting?

On the contrary, if the United Kingdom Government dispenses with the visa requirement in respect of the SAR passport, it will be discharging its moral responsibility towards Hong Kong through concrete action. It will be even more practical than the lip service it has been paying to its professed concern for the interest of the people of Hong Kong.

As a matter of fact, even now we can see that the issuing procedure of the SAR passport will be very rigorous which will ensure the credibility of the said document. It is because we all understand that the SAR passport will be respected by the international community only if its issuing procedure is subject to rigorous control. We have absolute reasons to believe that neither the present or future government will do anything that will be detrimental to the credibility of the SAR passport.

The present British National (Overseas) passport already specifies visa-free entry. After 1997 Hong Kong people holding such passports will be no different from other Hong Kong people and indeed no different from those holding SAR passports. They all take Hong Kong as their home. I can see no reason why some Hong Kong people should be treated differently from others.

As regards the United Kingdom, even after the grant of visa-free entry, it will still have the right to assess individual cases if there are reasonable grounds for suspicion and may refuse entry. Of course, the Liberal Party would not wish to see this power of review being abused by the United Kingdom by way of an excuse to make things difficult for the traveller. But, without doubt, this power can ensure that the immigration security of the United Kingdom will not be jeopardized by this visa-free privilege.

In view of the irresponsible attitude of the United Kingdom towards the problem of Vietnamese migrants stranded in Hong Kong, we cannot have too high an expectation of the United Kingdom. However, we still have to urge the United Kingdom to fulfill its moral responsibility by demonstrating to the whole world, through concrete action, its good faith and confidence in the transitional arrangements for Hong Kong.

Mr President, during his visit to Hong Kong, British Foreign Secretary Malcolm RIFKIND stressed to this Council that the question of visa-free entry for SAR passport holders is not a bargaining chip. I, for one, hold an opposite view. I dare say that the question of visa-free entry for SAR passport holders is

absolutely a big bargaining chip in the hands of the United Kingdom. Whether the United Kingdom will agree to grant visa-free entry will depend entirely on whether it can secure a favourable deal in its negotiations with China.

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

MISS EMILY LAU (in Cantonese): Mr President, I rise to speak in support of the Honourable Howard YOUNG's motion.

Hong Kong is a free place. I believe Hong Kong people will find most freedoms important to them, the freedom of travel being one. However, I was somewhat put off by Mr YOUNG's remark when he, in his speech delivered moments ago, sought to describe freedom and democracy as two opposite values. I believe such remark is entirely unnecessary. This is particularly so when we have today so many students sitting in the public gallery. I would not want our next generation to be taught that democracy and freedom are two opposite extremes. I believe Members will understand that the ultimate guarantee for real freedom is a democratic system. If there is no democracy, we can do no more than engage in empty talk about freedom. Yet, in any event, Mr President, we will do our best.

I support Mr Howard YOUNG's motion because I feel that the United Kingdom Government has the absolute responsibility not only to grant us visa-free entry but also to grant, as argued by Dr the Honourable LEONG Che-hung a moment ago, full British citizenship to the 3.5 million Hong Kong people who are British subjects. This is something we will keep striving for without letup, as Dr LEONG correctly observed a while ago. When our deputation leaves for the United Kingdom in February, we hope to meet people in the higher echelons of the United Kingdom Government to tell them of the worries and sentiments of Hong Kong people. We hope to be able to strive for British citizenship for the people of Hong Kong. Besides, a group from the ethnic minorities will petition the Executive Council next Wednesday. There are only a few thousand people belonging to the ethnic minorities. They are also most worried about their future. We will take up this issue with the United Kingdom Government. Therefore, what we will strive for will not only be visa-free entry for holders of British National (Overseas) (BNO) passports but also for holders of Special Administrative Region (SAR) passports.

This notwithstanding, Mr President, we must not mislead the Hong Kong

public into believing that once the United Kingdom has granted us visa-free entry the SAR passport will be very secure. Of course, if the United Kingdom does this, I believe it will have a demonstrative effect so that other Commonwealth and European Union countries may consider granting visa-free entry to SAR passport holders. However, Hong Kong and Macau Affairs Office Director LU Ping said a few days ago that he did not have very high hopes about the SAR passport. He surmised that the chance of the SAR passport being accepted by other countries might be even less than the Certificate of Identity (CI). Mr President, I believe you are aware that at present only three countries grant visa-free entry to holders of the CI. These three countries are Singapore, South Korea and South Africa. But holders of the British Hong Kong passport enjoy visa-free entry to 81 countries. What a difference! I can recall that holders of the People's Republic of China (PRC) passport enjoy visa-free entry to 15 countries. These 15 countries are not the usual destinations of Hong Kong travellers.

The question before us is this: Even if the United Kingdom grants visa-free entry to SAR passport holders, will this really mean that doors will be open for the SAR passport? The answer to this is not necessarily yes. However, this will be the first step which the United Kingdom should take. At the same time, we hope that the United Kingdom and PRC Governments will send delegations to various countries to tell them that Hong Kong people are travelling on these two types of passports and another type of document known as the CI. After 1997, SAR residents will travel on these three types of documents, namely, the BNO passport, the SAR passport and the CI. It is hoped that the United Kingdom and PRC governments will request the international community to accord holders of these documents every convenience. Will the United Kingdom and PRC Governments do this?

With regard to the SAR passport, it is not yet clear who will be eligible for it. After talks spanning a decade, China has not yet worked out a definition for "Chinese citizen". If there is no definition, it will not be possible for Hong Kong to amend its immigration law. That being the case, it will be doubly more difficult to tell who is a Chinese citizen, who is not or who is an SAR permanent resident. The Secretary for Security will probably comment on this later on. Are these questions the stumbling blocks in the course of consideration by the United Kingdom as to whether visa-free entry should be granted to SAR passport holders? Or is the definition no longer an issue to be resolved? Or is it the case that if the question of security is resolved the United Kingdom will be in a

position to decide whether to grant visa-free entry to SAR passport holders?

There are 500-odd days to go before sovereignty reversion. Time is running out. The PRC and United Kingdom Governments probably do not understand how worried Hong Kong people are lest their freedom of travel should disappear after 1997. Mr President, we must bear in mind Mr LU Ping's remark that the SAR passport might be even less acceptable than the CI. We hope that the PRC and United Kingdom Governments will do their best so that the process will get started as soon as possible. If it grants visa-free entry to SAR passport holders, at least the United Kingdom will not be open to censure. Following that, it can work together with China to promote the passport. I hope China will be willing to work with the United Kingdom in telling other countries that the holders of the SAR passport should be entitled to freedom of entry and exit. This is a freedom we treasure and we do not want to lose it.

I think the public should not have any illusion. If some members of the public who are eligible for the BNO passport have not yet applied for it, they should go ahead to apply for one as some sort of insurance. It is because there is no knowing how the SAR passport will fare in the future. I am not engaging in alarmist talk. If one wants to continue to enjoy the freedom of travel, one should apply for a BNO passport as soon as possible. Of course, Mr President, I understand that it remains an open question whether the 81 countries which at present grant visa-free entry to holders of BNO passports will revoke such privilege in the future. This will absolutely depend on lobbying efforts by the PRC and United Kingdom Governments with regard to these three types of travel documents.

With these remarks, I support the motion.

MR AMBROSE LAU (in Cantonese): Mr President, not long ago the Sino-British Joint Liaison Group (JLG) initialled the minute relating to the preparatory work for the issuance of the Special Administrative Region (SAR) passport. The Chinese and British sides have confirmed which organ or agency is to be the issuing authority of the SAR passport, the procedure for issuance, and the security aspect of the issuing exercise which covers printing and distribution of the passports as well as the eligibility of the holders. As matters now stand, the questions of forgery and of indiscriminate issue which arose from procedural loopholes as originally perceived by the British side no longer exist. The

British Government no longer has a valid reason for delaying the grant of visa-free entry to future SAR passport holders.

However, what is regrettable and puzzling is that British Foreign Secretary Malcolm RIFKIND is still stalling for time and saying that the decision whether to grant visa-free entry to SAR passport holders will not be made until two or three months later. I think such delay really baffles people. If the United Kingdom thinks that problems still exist with regard to the SAR passport, it should point them out specifically to the Chinese side and urge for an early solution. Now that the British side has already reached an agreement on the printing of the passport, anti-forgery measures, issuing authority, issuing procedure and eligibility of holders, its delay in deciding whether to grant visa-free entry, particularly in the absence of fresh grounds for doubt with regard to the SAR passport, will make people question if the British are indeed sincere about helping Hong Kong people secure the freedom of travel.

Mr President, the United Kingdom Government has always been saying that it bears a moral responsibility towards the people of Hong Kong. I just hope this is not empty talk unsupported by action. As a matter of fact, it would require little effort on the part of the United Kingdom to grant visa-free entry to SAR passport holders. Moreover, the mutual grant of visa-free entry will be to the advantage of both parties. If the United Kingdom grants visa-free entry to SAR passport holders after 1997, then according to the principle of reciprocity, Britons will enjoy similar treatment when they enter Hong Kong. After 1997, the United Kingdom will still have vast economic and business interests in Hong Kong. Britons will still need to come to Hong Kong to trade, tour and do business. If the United Kingdom does not grant visa-free entry to SAR passport holders after 1997, according to the principle of reciprocity, the SAR will require British visitors to apply for a visa to enter Hong Kong.

Mr President, be it a question of moral responsibility or of mutual benefit, it is necessary for the United Kingdom Government to decide as soon as possible to grant visa-free entry to SAR passport holders after 1997. Of course, the United Kingdom Government must continue to accord Hong Kong residents who hold the British National (Overseas) passport similar treatment. But up to now the United Kingdom Government is still stalling. What is going on behind the scenes? This is indeed intriguing.

Public opinion in Hong Kong has it that the United Kingdom wants to turn

the question of visa-free entry for SAR passport holders into a chip with which to bargain with the Chinese side on other matters. I wish this surmise to be unfounded because the United Kingdom Government would have no need to be so mean as to turn Hong Kong people's basic right into a diplomatic parleying chip with which to bargain for a better deal in other matters. Whether the United Kingdom will grant visa-free entry to SAR passport holders will have a direct bearing on Commonwealth and European Union countries. I am of the view that the United Kingdom Government should make a statement as soon as possible to spell out the arrangements for Hong Kong people's visa-free entry into the United Kingdom after 1997.

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

MR ALBERT HO (in Cantonese): Mr President, Sino-British negotiation on the question of the Special Administrative Region (SAR) passport, which had been a drawn-out process spanning many years, achieved a breakthrough early this month. The Chinese and British sides eventually reached an agreement on this question. Though it is rather late in coming, Hong Kong people are nevertheless happy about it. The next step will be to seek visa-free entry from as many countries as possible for the SAR passport holders and to resolve the question regarding the definition of "Hong Kong permanent residents". Last week Hong Kong and Macau Affairs Office Director LU Ping said that the visa-free privilege accorded to the SAR passport would not be greater than that accorded to the Certificate of Identity. We feel that, rather than making such a pessimistic forecast, it would be better to do some substantive work, that is to say, to strive actively for reciprocal visa-free treatment from other countries.

The most effective first step to promote the SAR passport with other countries would be for the United Kingdom to take the lead in granting visa-free entry to SAR passport holders. This will have a profound effect on the future acceptability of the SAR passport. The United Kingdom is the head of the Commonwealth. Traditionally, the United Kingdom grants visa-free entry to the citizens of its former colonies. Hong Kong's level of economic development is comparable to that of Commonwealth countries. This is a precedent that the United Kingdom can rely on. And indeed it would be fitting and proper for the United Kingdom to grant visa-free entry to Hong Kong people.

The United Kingdom will be Hong Kong's former suzerain state. In

theory, the United Kingdom understands Hong Kong's conditions best. If the United Kingdom does not grant visa-free entry to SAR passport holders, it will amount to an open statement to the whole world that the SAR passport's credibility is in doubt. This will be a really bad message and other countries will take cognizance of the way the United Kingdom conducts itself in this matter. The United Kingdom is a principal member of the European Union. If it can take the lead in this matter of visa-free entry, it is estimated that this will have a profound significance in terms of getting other member countries of the Commonwealth and the European Union to grant similar treatment to SAR passport holders. We have no intention of laying excessive emphasis on the decisive effect of the United Kingdom's action in this regard. Yet we should not underestimate the leverage of the United Kingdom Government in this respect. We hope that, before departing from Hong Kong, the United Kingdom will put in a little more effort in Hong Kong people's favour. The Democratic Party is of the view that the grant of visa-free entry to SAR passport holders would be the minimum the United Kingdom is capable of doing towards discharging its moral obligation to the people of Hong Kong.

That the United Kingdom Government is having second thoughts is because it is worried lest the Chinese Government would indiscriminately issue SAR passports or security measures in respect of the issuance of the passports would be inadequate. Indeed, whether the issuing procedure adopted by China with regard to the passports would be rigorous or not is a cause for concern, particularly in view of the recent "T S LO incident" which has attracted public attention. This deepens the worry that there might be indiscriminate issue of the passports.

Now the issuing procedure of the SAR passport already takes account of this problem as far as possible. According to the explanation made to this Council by Immigration Department (ID) officials, the SAR passport will be issued by the SAR government, that is to say, the ID will be responsible for checking and vetting the personal particulars of the applicants and issuing the passports. Other Chinese representative missions in foreign countries will just pass the documents submitted by the applicants to Hong Kong and later hand the passports issued by Hong Kong to the applicants. In other words, only the ID of Hong Kong has the power to stock up blank passports and possesses the technology to print the photo and other information of the applicant on the blank passport. Therefore, practically speaking, the SAR government will be wholly

responsible for issuing the SAR passport and no other party will be involved in the issuing process. Of course, we hope that the Chinese Government will once again openly tell Hong Kong people that this is the policy of the Chinese Government in relation to the issuing procedure of the SAR passport.

The aforesaid way of going about it will ensure that the Chinese Government will delegate full authority to the ID of the SAR to issue the SAR passport. Foreign governments can look upon this as an internal affair of the Hong Kong SAR. In fact this will be consistent with our present practice. There ought not to be excessive worry just because of a certain state of affairs currently prevailing in China. We hope that this will enable the United Kingdom Government to make a correct decision as early as possible so that visa-free entry will be granted to SAR passport holders.

As a matter of fact, the Chinese Government as well as Hong Kong have already done all that is within their power to ensure that rigorous issuing procedure will be adopted in respect of the SAR passport. The United Kingdom Government should have no reason to fear that the SAR passport will be issued indiscriminately and to rely on this as an excuse to refuse the grant of visa-free entry to Hong Kong people.

With these remarks, I, on behalf of the Democratic Party, support the motion.

MR CHEUNG HON-CHUNG (in Cantonese): Mr President, the question of the Special Administrative Region (SAR) passport is one of the transitional issues Hong Kong people are most concerned about. The format of the passport, its issuing procedure and reciprocal arrangements with other countries for visa-free entry form the subject of intense discussion. Singapore is the first to state that, in view of the close relations between Singapore and Hong Kong, it is most important that people of the two places should continue to enjoy free entry and exit. Therefore, the Singapore Government is willing to grant visa-free entry to SAR passport holders after 1997. What is regrettable is that the United Kingdom, which has ruled Hong Kong for more than a century and has even closer ties with the territory, has not as yet promised to take the lead in granting visa-free entry to SAR passport holders.

According to government data, on 1 July 1997 about 5.5 million people will be eligible to apply for the SAR passport; during the period from July to

December 1997, about 227 000 travel documents will be due to expire within one year, which include 47 000 British National (Overseas) (BNO) passports and 180 000 Certificates of Identity (CI). Holders of these documents will need urgently to apply for an SAR passport. Therefore, it is imperative that the various questions surrounding the SAR passport be clarified as soon as possible.

The Democratic Alliance for Betterment of Hong Kong (DAB) has all along held that the Hong Kong Government should bring forward the date for issuing the SAR passport and other travel documents, strive for the grant of visa-free entry by other countries to SAR passport holders, and positively provide every assistance and convenience to ensure that holders of BNO and SAR passports will be granted visa-free entry by the United Kingdom.

The United Kingdom has to date failed to indicate in specific terms the reasons for holding up its decision on visa-free entry for SAR passport holders. The reasons may well be that the issuing procedure and the anti-forgery measures are unclear, that the passport may be issued indiscriminately, and that the definition of "Hong Kong permanent resident" has yet to be worked out. This is regrettable.

In fact, all these questions can be resolved. Following British Foreign Secretary Malcolm RIFKIND's Beijing visit in January this year, the Chinese and British sides initialled on 10 January the Minute relating to the preparatory work in respect of the issuance of the Hong Kong SAR passport which embodied a 17-point consensus. Thus pragmatic arrangements have been made in relation to the aforesaid questions, namely: the Chinese Government shall authorize the SAR government to issue SAR passports to Chinese citizens who are lawful holders of the SAR permanent resident identity card; the issuing authority of the SAR passport shall be the Immigration Department of the SAR; the Hong Kong Immigration Department shall develop a highly secure as well as unique computerized system for issuing the passports and storing records so as to facilitate the printing of personal data and digitalizing personal photos; the Chinese and British sides shall formulate a series of administrative measures to safeguard against forgery and indiscriminate issue of the passports; with regard to the definition of "Hong Kong permanent resident", it shall be expressly provided, pursuant to Article 154 of the Basic Law, that the holder of the SAR passport shall have the right to return to the SAR. Therefore, there is no valid excuse for the United Kingdom to delay stating its stance on the grant of visa-free entry.

Mr President, when mentioning the grant of visa-free entry in respect of passports, many people would also mention the question of "reciprocity". The principle of "reciprocity" looks fair on the surface but is absolutely untenable in practice. Of the countries Hong Kong people frequently visit, many do not have a visa entry "policy of reciprocity" in relation to Hong Kong. At present, Hong Kong residents holding the BNO passport have to apply for entry visa before they can travel to the United States, Japan, Australia or most of the western European countries. However, citizens of these countries can enjoy visa-free entry to Hong Kong subject to their stay not exceeding one to three months. If we are to apply the principle of reciprocity and revoke the privilege of granting visa-free entry to travellers from these countries, it will adversely affect the image of Hong Kong as an international metropolis and deal a blow to tourism. I believe many people will object to this. In deciding the extent of restrictions to be applied to foreign nationals entering Hong Kong, the Government's prime consideration is not whether the government of the foreign national concerned accords convenience to Hong Kong residents entering that country but whether the foreign national will bring benefit to Hong Kong following his entry. In considering this question, we must start from the angle of Hong Kong's overall interests and deal with it in a pragmatic manner. For instance, what is their economic means? What is their purpose of visiting Hong Kong? Will they return to their country of abode according to schedule? These questions are more important than "reciprocal" visa-free entry privilege.

As an international economic centre, Hong Kong must maintain its position as an international metropolis and welcome foreigners to come here to do business or to sightsee. Therefore, Hong Kong must have a stable and continuing policy. If the principle of "reciprocity" is hastily applied in order to get other countries grant visa-free entry to SAR passport holders, it will harm Hong Kong's image among the international community and undermine international confidence in Hong Kong. The result will be counterproductive.

Mr President, Great Britain has ruled Hong Kong for over a century. History will assess the merits or demerits of its governance. During my student days in the United Kingdom, I noted that a number of politicians there were saying the social welfare system of the United Kingdom was on the verge of bankruptcy and income derivable from the colonies was insufficient to keep welfarism in the United Kingdom going. It is beyond dispute that the United Kingdom feathered its nest hugely at the expense of its colonies. When it withdrew from a colony, it would sow seeds of discord and dissension. For instance, the United Kingdom turned the former India into the India, Pakistan and Bangladesh of today. The fleeing of refugees from Uganda and the

secession of Singapore from Malaysia were deliberately caused by the United Kingdom upon its withdrawal from these colonies. We would not wish to see this happening to Hong Kong. Hong Kong's success today is due to its people's hard work, to say nothing of the added advantages Hong Kong enjoys, namely, its Heaven-sent opportunities, its unique geographic position and the harmony of its people. Without doubt, the United Kingdom has given Hong Kong a very good social system. The Singapore Government is the first to state openly that it intends to grant visa-free entry to SAR passport holders on the ground that Singapore and Hong Kong have close ties. The United Kingdom has governed Hong Kong for more than 100 years. It has even closer ties with Hong Kong. But it has not yet promised to take the lead in granting visa-free entry to SAR passport holders. People cannot but find it regrettable. This will undermine the confidence the European Union and other countries have in Hong Kong.

What Hong Kong people are asking is just convenience of travel. Of course, of yet greater importance is the psychological factor. The United Kingdom has had close ties with Hong Kong for over 100 years. It has a moral obligation to commit itself in this regard. Empty talk unsupported by concrete action will not help at all.

Mr President, Great Britain has been laying emphasis on an honourable and befitting withdrawal. If it should take the lead in granting visa-free entry to SAR passport holders, this would leave a good impression on Hong Kong people's mind and add a dash of splendour to its honourable withdrawal.

Mr President, with these remarks, I, on behalf of the DAB, support the motion.

MR BRUCE LIU (in Cantonese): Mr President, there are just 500-odd days to go before the handover of sovereignty. But the United Kingdom Government has not as yet promised to grant visa-free entry to holders of the Special Administrative Region (SAR) passport. Even though the Chinese and British sides have earlier signed a minute which embodies an agreement as to certain important questions in relation to the issuance of the SAR passport, the British side says it still need to consider the question of whether to grant visa-free entry to Hong Kong people.

The delay and hesitant attitude on the part of the British side will affect other countries in their decision on visa-free entry for SAR passport holders. The United Kingdom is the head of the Commonwealth and an important member of the European Union. The United Kingdom's decision will to a certain extent influence the scores of Commonwealth and European Union countries in their treatment of SAR passport holders. As the sovereign which has ruled Hong Kong for over 150 years, the United Kingdom should take the lead in making other countries understand and recognize the acceptability of the SAR passport. Why has the United Kingdom Government been repeatedly evading its responsibility? Why is it that the United Kingdom promises a smooth transition for Hong Kong on the one hand and yet on the other hand it engages in empty talk unsupported by concrete action?

What the United Kingdom Government has been worried about would appear to be just a few technical questions, including:

- (1) Security measures in relation to the printing of the passport;
- (2) To what extent the passport will be forgery-proof;
- (3) Where the passport is to be issued; and
- (4) Who will be eligible to hold the passport.

Some European Union countries and Canada have expressed concern with regard to the above four questions which will affect these countries' decision as to whether to grant visa-free entry to Hong Kong people. However, the first three questions have been addressed in the minute signed earlier between the Chinese and British sides. The Minute relating to the preparatory work in respect of the issue of the SAR passport confirms the Hong Kong Immigration Department's status as the sole issuing authority of the SAR passport. The Chinese side will be responsible for printing blank SAR passports and, from 1 July 1997, the Immigration Department will be the agency to place orders for and stock up blank SAR passports. In other words, the SAR Immigration Department will be the sole agency to place order for and keep blank copies of the SAR passport, to check personal data and print same on the passport. Therefore the third question of where the passport is to be issued as posed above

no longer exists. At the same time, in the signed Minute, the United Kingdom recognizes that the printing, security measures and issuing procedure of the SAR passport will meet international requirements. So the first and second questions as posed above are already solved.

The remaining question is one of who will be eligible to hold the passport. The recent "T S LO incident" makes one worry lest people should be issued with SAR passports based on their power, influence or connections. However, as mentioned above, if the whole issuing process is handled by the SAR, only those who meet the eligibility requirements in their entirety will be issued with the passports. What the United Kingdom is worried about is that Chinese consular offices in foreign countries may be empowered to issue SAR passports. I think that the three parties, namely, China, the United Kingdom and Hong Kong, should further discuss the detailed arrangements to ensure that SAR passports issued by Chinese consular offices must be countersigned, affirmed or affixed with seal by the Immigration Department of the SAR. This will ensure against indiscriminate issue of the passport.

Since the technical grounds on which the United Kingdom's worries are based are no longer valid, what then is the reason for the United Kingdom to keep "stalling" and holding back its promise to grant visa-free entry to SAR passport holders? There is only one reason behind all this. The United Kingdom wants to say to China and Hong Kong: "This time it is you who are asking me for a favour." In doing this what is the United Kingdom after? It would seem that the United Kingdom wants to strengthen its bargaining power so as to get certain things from China in return.

What the United Kingdom is doing is "playing hard to get". This will only cause harm to others without benefiting the United Kingdom itself. The effect on Hong Kong will not only be the curtailment of the people's freedom of travel, it will also affect Hong Kong's tourism and business development.

If SAR passport holders are not granted visa-free entry to the United Kingdom, it will affect other countries' confidence in the passport. This will run counter to the United Kingdom's state policy of having an "honourable withdrawal".

On the contrary, the United Kingdom Government should adopt a policy of "mutual benefit" and promise as soon as possible to grant visa-free entry to SAR passport holders. On the one hand, this will help Hong Kong maintain its economic competitiveness and ensure the continued enjoyment of the freedom of travel by SAR residents. On the other hand, this will establish the United Kingdom's positive image among the international community and help its "honourable withdrawal".

With these remarks, I support the motion.

MR DAVID CHU: Mr President, some of us in Hong Kong are too polite to point out the obvious, which is, British promises of moral responsibility cannot be taken literally. There is no better proof of that than the whole issue about nationality and passports.

We remember that back in 1981 the United Kingdom adopted the Nationality Act which deprived 2.5 million of our residents of their British citizenship. I personally do not blame the British for protecting their perceived national interests which include closing the door on most of us. I also do not blame the British for returning 50 000 full passports to those of our people who can cause an economic boom wherever they settle because that too is in their national interests. What I object to is for some British leaders repeatedly telling us that they are morally obligated to us and yet do things inconsistent with their vows. I think that kind of behaviour insults our intelligence.

Some legislators have high expectations of Britain and that is why they are constantly frustrated by what it does. I am realistic and do not ask for what is unattainable. All I want from Britain is to keep Mr Malcolm RIFKIND's promise to put the Special Administrative Region (SAR) passport matter at the top of his foreign policy agenda.

I believe it costs Britain nothing to grant SAR passport holders visa-free entry into the United Kingdom. We as a people have a proud record of not being unruly guests in other countries. The British Government says it may be difficult to persuade its ethnic Indians and Caribbeans that the Hong Kong case is special. I find that argument disingenuous because our present and future relationship with Britain is unique and Mr RIFKIND told us so when he recently

visited. Britain, the departing sovereign, can do much to set an example for other countries, particularly those in the Commonwealth, to afford SAR passports due recognition.

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

MISS CHRISTINE LOH: Mr President, I was very happy to hear on the 10th of this month that Britain and Hong Kong had agreed on the preparation for the issue of the SAR passport with China, and on a scheme to issue the passports to eligible applicants from 1 July 1997.

This means that we have taken a significant step forward to ensure Hong Kong people's future travel convenience overseas. The established security procedures for the issuance of the SAR passport appear to be satisfactory. I assume Britain finds the security arrangements entirely satisfactory since it had a hand in formulating and agreeing to them. As for third countries, the initial response on the security and quality of the passport is also encouraging.

As for eligibility, this important question is of course still unsettled. The Director of Immigration informed this Council that details of eligibility criteria are still under discussion at the JLG, although he expected the majority of Hong Kong permanent residents who are ethnic Chinese will be eligible. The reason for the delay is that China has yet to decide on exactly who qualifies as a Chinese national.

Until this matter is finally settled, I doubt any country, perhaps even including Britain, would decide on granting SAR passport holders visa-free privileges. Furthermore, there may be doubts in the minds of third countries whether political pressure may be applied on the SAR Government to grant Chinese nationals SAR passports to which they are not legally entitled. I agree therefore with the Honourable Bruce LIU that there may be this fear precisely because of the case of Mr LO Tak-shing who somehow obtained a Chinese passport, where it was previously thought that Hong Kong residents were not entitled to them.

Beyond the issues of security and entitlement, there is of course the issue

of the political environment after 1997. Some countries have already said that while they would like to consider positively the granting of visa-free privileges to SAR passport holders, they would have to first see the political situation here post-1997.

Well, Mr President, you may recall that last November, a number of British businessmen were detained for up to nine hours at the Hong Kong-China border and fined Hong Kong \$500 each for not having visas to enter China. It appeared that the issuing of temporary visas had been cancelled by China without prior notice. The cancellation was due to Britain having earlier cancelled granting transit visas to Chinese nationals.

I made some enquires with the Foreign and Commonwealth Office as to the reasons for Britain cancelling granting transit visas, obtainable upon arrival in Britain, to Chinese nationals. I am told that the Home Office's view was that the action had been taken to prevent abuse. I am further told that the "abuse" in question concerned a rapid increase in asylum applications after the transit visa arrangements were put in place.

Taking that as an example, third countries may wish to wait to decide whether to grant SAR passport holders visa-free privileges when they are better able to make an assessment of the political environment here in the future. It may be sobering for us to note that no less a figure than the Director of the Hong Kong and Macau Affairs Office said recently that realistically, he did not expect all the countries which grant BNO passport holders visa-free entry at present to grant the same privilege to SAR passport holders.

Mr President, China's action will have everything to do with Hong Kong's future political environment. If China shows great restraint, and respect Hong Kong's autonomy, then I am sure, Hong Kong people will want to stay in this city which they love so very much. There will be no question of people seeking asylum overseas.

As far as Britain is concerned, since the British Government continues to tell us that it has the greatest confidence in China honouring the Joint Declaration, it should have no problems to be the first to grant SAR and BNO passport holders visa-free access to the United Kingdom after 1997.

In this regard, I fully support the motion. I must also commend the Immigration Department for their planning and their foresight to have been able to put forward an excellent plan and seeking of finance for putting in place the proposal to issue SAR passport after 1997. To end, Mr President, I would just like to add that I concur entirely with Dr the Honourable LEONG Che-hung and the Honourable Miss Emily LAU in plugging at British nationality for all Hong Kong-British subjects and I agree rarely with Mr David CHU but on this occasion. I agree with him entirely that Britain is hypocritical and I am entirely sorry that over the years while Britain tells us that she intends to honour her moral commitment, she has never actually bothered to do very much about it.

I am particularly concerned about the plight of the ethnic minorities. I was extremely upset with Mr Malcolm RIFKIND, the Secretary for Foreign and Commonwealth Affairs, when he was here before this Council for not being willing to confirm that there is a world of difference between the ethnic minorities having just the right of abode in Hong Kong after 1997 and having full nationality. I think this is something that we still need to thrash out in February and I am sure we will want to put this at the top of our agenda.

There is one issue. Mr President, I am told by the ethnic minorities that the Government is now making enquiries as to whether they know an accurate number of the people concerned. I must say, Mr President, it is very difficult to ask non-governmental organizations to really come up with an accurate figure. I am sure, of course, the Government does not want to grant ethnic minorities British nationality and then to find that the number is very much greater than they have estimated. The number at present, Mr President, is estimated by them to be somewhere between 3 000 and 4 000. But surely the Immigration Department is in a much better position to go through their records to find out what that number may be, and therefore I urge the Government to spare no effort to find out what that number is, and for the Hong Kong Government including the Governor and Members of the Executive Council, to also put a very strong united front position to the British Government.

Thank you, Mr President.

MRS MIRIAM LAU (in Cantonese): Mr President, Hong Kong is an

international economic, trade and financial centre. The number of Hong Kong people going abroad on tour or on business has been increasing year after year. At present, the great majority of Hong Kong people are holding Hong Kong British passports and are entitled to visa-free entry to more than 80 countries.

Not only does visa-free entry facilitate touring and vacationing, more importantly, it accords convenience to people going abroad to do business. Time is of the essence when it comes to doing business and opportunities must be firmly grasped whenever they present themselves. If it is necessary to apply for visa whenever one goes abroad to do business and to wait for the application and approval process to run its course, opportunities will pass one by because the other party will not wait. At present, in contrast to his Taiwan and Chinese competitors, the Hong Kong businessman can get started on his trip immediately and, after clinching his deal, can return to Hong Kong to carry on with his production processes or the development of his marketing strategy. Meanwhile, his competitors are still in Taipei or Shanghai waiting impatiently for the grant of the requisite visa. They have a much slower start. Now Hong Kong people are enjoying the privilege of visa-free entry and, to the businessman, this is an important advantage. But of yet greater importance is the question of how to maintain this advantage after 1997.

Earlier the Chinese Government made public the Hong Kong Special Administrative Region (SAR) passport sample. And the Hong Kong Government also gave publicity to its announcement that a rigorous system will be in place to regulate the issue of the Special Administrative Region passport and that sophisticated technology will be employed to print the passport to guard against forgery. To Hong Kong people, this is of course good news. But a passport, however grand it looks and however sophisticated its printing, will have questionable practical use if it is not granted visa-free treatment by other countries. To make the SAR passport a creditable travel document without being just nice-looking and no more, not only must we secure for it international recognition but we must also get other countries give it visa-free treatment.

The United Kingdom is one of the leading countries of the world. If the United Kingdom Government can take the lead in granting visa-free entry to SAR passport holders as soon as possible, I believe this will greatly increase western European countries' confidence in the SAR passport and will thus enhance the international acceptability of the SAR passport.

During the transition period, the United Kingdom Government has repeatedly indicated that it has full confidence in Hong Kong's continued development after 1997. Hong Kong people are all too familiar with such pleasant sounding words like economic development, stability and prosperity. What Hong Kong people want is concrete action, not beautiful lies. The granting of visa-free entry to SAR passport holders as soon as possible will be the only practical guarantee of the United Kingdom's confidence in Hong Kong.

Moreover, visa-free entry is a reciprocal arrangement to each other's benefit. Not only will this stimulate the development of tourism between the two places, it will also enhance trade and business contacts. On the contrary, if the United Kingdom delays dispensing with the visa requirement, not only will this deal a blow to Hong Kong people's confidence, it will also greatly tarnish the role of the United Kingdom as a moral defender on the international stage.

Let me stress that today Hong Kong people are not begging the United Kingdom Government to grant them visa-free entry. They are just hoping that the Chinese and United Kingdom Governments will arrive at an agreement with regard to visa-free entry arrangements on the basis of mutual benefit. Therefore, I support the Honourable Howard YOUNG's motion.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I firmly believe that the majority of Members, and indeed all Members, will support and endorse the present motion we are debating today. But I think all of us know to what practical avail this will be. First, I would like to state my stance and give my views on this question.

We must remember that, as was argued in the past, the United Kingdom has the responsibility to take care of the 3.5 million Hong Kong people born here or naturalized as British subjects. But since 1969, the United Kingdom, though various Acts of Parliament, has divested Hong Kong people of all rights. From this, we can see that the United Kingdom Government is indeed an "international political fox". This is a fact recognized the world over. Although the United Kingdom Government may be upset with this remark of mine, yet the sobriquet of "fox" signifies experience and craftiness, not ferocity as associated with the tiger. The Chinese Government may be playing the tiger's role. But the United Kingdom is the fox. Is the Chief Secretary taken aback by this criticism?

The United Kingdom has ruled Hong Kong for 150 years. Undeniably, we must appreciate the system that the United Kingdom Government has given Hong Kong, particularly the judicial system, which has enabled Hong Kong to freely give play to its potentials. However, since Prime Minister Margaret Thatcher agreed in Beijing in 1982 to surrender sovereignty over Hong Kong to China, we have been hearing all sorts of falsehoods uttered by the United Kingdom that it has been doing things in the best interests of Hong Kong. We all know that this Council could have straddled 1997. But the Governor enacted the so-called Bill of Rights after 1989 and this led to Legislative Councillors of today all having to "disembark" on 30 June 1997, including you, Mr President. It is not known yet if you can carry on as President. Therefore, from this we can see that the United Kingdom is absolutely irresponsible.

What then is the stand of the Hong Kong Government? The Hong Kong Government directly manages Hong Kong's security and economic affairs. Recently, the British Foreign Secretary had the temerity to shift all the responsibility for Vietnamese migrants to the Hong Kong Government. On this question, the Hong Kong Government has the responsibility to express its views. It must not let the United Kingdom Government make arrangements in this regard. Therefore, in respect of the Special Administrative Region (SAR) passport, the Government has the responsibility to clearly tell Hong Kong people how it will strive on their behalf for visa-free treatment from other countries.

At the same time, there is one thing that merits special mention. Recently I learnt from the papers that Director LU Ping drew a comparison between the SAR passport and the Certificate of Identity (CI). That was regrettable. It is because the CI is only a travel document and does not testify to the nationality of the bearer. When I travelled abroad, I used to put down "Chinese" as my nationality in the entry form to indicate that I am a Chinese person. But the immigration people would cross it out, saying that I was stateless. I would like to take this opportunity to say to Hong Kong people that when they fill out the Nationality column in the entry forms, they should write: Hong Kong CI. Then it would not be crossed out by the immigration people. Director LU Ping's remark that the CI might be more effective than the SAR passport is regrettable. It is because the SAR passport at least signifies Hong Kong's reversion to China and the holder's Chinese nationality. Regardless of how many countries will recognize the SAR passport in the future, it will not detract from the fact that the holder is a Chinese person. The CI is only a travel document. Therefore I very much hope that Director LU will at some appropriate time indicate explicitly his attitude towards the SAR passport, not so much in terms of its

effectiveness but in terms of its representative nature.

A while ago, I heard the Honourable David CHU say he would not criticise the United Kingdom because the United Kingdom had to look after its own interests. This is understandable. I am aware that Mr CHU holds a United States passport. Although he has stated he will renounce it, nevertheless, in terms of the document's representative nature, the matter still looks unfair because he holds a more effective passport while Hong Kong people, I for one, hold the CI.

Mr President, how will Hong Kong face this question in future? My personal view is that most important of all we should give confidence to our own selves and create the right conditions. Some Members observed a while ago that we should care for our own future and that it would not be right to engage in confrontation. My personal view is entirely different. Apart from creating the right economic conditions, we should also strive for equal treatment. If other countries do not grant us visa-free entry, we will reciprocate. If one day I should gain enough political leverage to have a say in the matter, I would advocate such a course of action. As Hong Kong people, we should have confidence in ourselves. He who helps himself is helped by others and he who loves himself is loved by others. If other countries do not grant us entry on the basis of our travel document, we will reciprocate.

At present, not only can holders of British and Commonwealth passports freely enter Hong Kong, they can also work here. But when we visit those countries concerned, we are allowed entry subject to the condition that we only sightsee, visit relatives or spend money. But people from those countries can come to Hong Kong to work and earn money. Therefore I think there should be no problem. If we do the same thing, which party will suffer a greater loss? As I said, if we are not economically well-off, we will not qualify to adopt a confrontational approach in fighting for our rights and interests. This is the same with the Legislative Council. A major party can bring pressure to bear on other Members on any matter it chooses to broach.

Mr President, I absolutely support this motion.

MR CHOY KAN-PUI (in Cantonese): Mr President, Hong Kong is a free port well-known internationally. The people of Hong Kong enjoy complete freedom of travel. Holders of travel documents issued by the Hong Kong authorities, the

British passports in particular, are accorded the privilege of visa-free entry by many countries around the world. Therefore, Hong Kong people enjoy the convenience of travelling abroad for business, study and sightseeing purposes, and this contributes greatly to the promotion of economic and trade activities of Hong Kong.

After 1997 when Hong Kong reverts to China, the great majority of the Chinese nationals in Hong Kong will hold Special Administrative Region (SAR) passports, with not a small number of people still holding the British National (Overseas) (BNO) passports, as their travel documents.

The BNO passports are issued under the authority of the British Government, it is natural for, and the duty of, the British Government to grant visa-free privilege to their holders. If not, how can the British Government lobby other countries to grant holders of the BNO passports visa-free entry?

As to holders of the future SAR passports, the British Government has the moral obligation to grant them visa-free privilege. The British Government keeps saying how she is concerned about the future and freedom of Hong Kong people after 1997, if she does not take the lead in according SAR passport holders visa-free entry, how can she encourage other countries, especially the European and American countries, to do the same? Thus is it not a pack of lies when the British Government talks about responsibility? We hope that this issue will not be delayed because of the arguments between the Chinese and the British sides. The Chinese side is taking considerably stringent measures regarding the production of the future SAR passports. Furthermore, agreement has recently been reached between the two sides on the issuance of Hong Kong SAR passports, confirming that only the Immigration Department of the Hong Kong SAR can issue SAR passports. This encourages confidence of other countries in the SAR passports. I very much hope that China and Britain can reach an agreement on the definition of Hong Kong permanent residents as soon as possible and that Britain will lead the world in granting visa-free entry to holders of SAR passports and help China in selling the passports around the world.

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

MR NGAN KAM-CHUEN (in Cantonese): Mr President and honourable

colleagues, I rise to express my dissatisfaction and regret in relation to the United Kingdom's failure to offer visa-free entry to Hong Kong Special Administrative Region (SAR) passport holders.

The attitude and stand adopted by the Democratic Alliance for Betterment of Hong Kong (DAB) concerning the way the United Kingdom handles the SAR passport question has been stated by the Honourable CHEUNG Hon-chung. I shall add a few personal opinions of my own.

The United Kingdom stresses that before agreeing to grant visa-free entry to Special Administrative Region passport holders it wants China to clarify the holder's eligibility and the passport's production process. We all understand that the eligibility of the SAR passport holder has been clearly provided for under the Basic Law which was promulgated a number of years ago. If the United Kingdom has any query regarding the arrangements and the eligibility of the holder, it should have recourse to the Sino-British Joint Liaison Group. It should not take this as an excuse to stall in order to evade responsibility.

Hong Kong is now governed by the United Kingdom and Hong Kong people can apply for the British National (Overseas) (BNO) passport which accords its holder visa-free entry into the United Kingdom. Even though after 1997 China will be Hong Kong's sovereign, yet those travelling on the SAR passport then will not be much different from those travelling on the BNO passport now. This, coupled with the fact that China and the United Kingdom have established diplomatic links for many years, really makes it hard for people to understand why the United Kingdom should be so mean as to stall or even refuse to continue to grant visa-free entry to Hong Kong people who will be travelling on the SAR passport.

Hong Kong is now a globally famous city, apart from being an international financial, economic, trade and communication centre. Its important status has been affirmed. Hong Kong's prosperity and development will have an appreciable effect on the international community. Because of visa-free entry being granted by the United Kingdom at present, Hong Kong people enjoy a good measure of convenience and preferential treatment when they travel abroad to do business, study or spend their holidays. Many Hong Kong people have relatives or friends living abroad and many others have emigrated in recent years. Hence freedom of travel without let or hindrance is both necessary and indispensable as far as Hong Kong people are concerned.

As a matter of fact, the United Kingdom already has a large number of Hong Kong immigrants. And each year many Hong Kong people travel to the United Kingdom to study, tour or do business. Therefore, if the United Kingdom can take the lead in granting visa-free entry to SAR passport holders, this will reinforce Hong Kong's international image and enhance international confidence in the territory.

With regard to the passport's production process, the Chinese Government has stated in clear and unequivocal terms that advanced technology will be employed to produce it. The Chinese Government has stressed that it will handle the security aspect of the passport in a cautious manner. It has made public the SAR passport sample and passed it to the United Kingdom Government for scrutiny. British experts have admitted that the SAR passport is a sophisticated product using technology of the highest world standard, even higher than that employed in the production of the present BNO passport or the People's Republic of China passport. The issuing authority of the passport will be the Immigration Department of Hong Kong which is at present charged with handling the British passport. Therefore the United Kingdom should never doubt the ability and style of work of this department.

Hence I am of the view that the United Kingdom should have no reason to delay, stall or make it difficult for Hong Kong SAR passport holders to be granted visa-free entry in an attempt to evade its moral responsibility towards Hong Kong people. Finally, let me reiterate that the United Kingdom must grant SAR passport holders visa-free entry to ensure Hong Kong's smooth transition and continued prosperity.

Thank you, Mr President.

MR JAMES TO (in Cantonese): Mr President, the Democratic Party fully supports the Honourable Howard YOUNG's motion. We are of the view that the United Kingdom should absolutely take the lead in granting visa-free entry to holders of the future Special Administrative Region (SAR) passport.

First, the Sino-British Joint Declaration provides that in the latter part of

the transition period the United Kingdom shall have the responsibility to ensure Hong Kong's prosperity and stability. And the United Kingdom has repeatedly stressed that, pursuant to the Joint Declaration, it will ensure that Hong Kong will enjoy a high degree of autonomy and that the present human rights and lifestyles will continue. If the United Kingdom should now say it would not grant visa-free entry to SAR passport holders for fear that there would be a massive influx into the United Kingdom of SAR residents, what would this imply? Would it mean that the promises enshrined in the Joint Declaration would turn out to be naught, or would it imply that the relevant provisions in the Joint Declaration would fail to ensure Hong Kong's continued prosperity and stability? I think the United Kingdom must take the lead in doing certain things to get other countries co-operate in granting preferential treatment to SAR passport holders.

Recently, the Chinese and British sides have reached agreement on the issuing arrangements for the SAR passport. Hong Kong people of course welcome this. It is because this will at least ensure a good start to future co-operation between the two sides so that the arrangements for the issue of the passports will be fine-tuned to the best effect. The signed Minute has affirmed a number of points and we feel these are positive points.

First, the signed Minute confirms that Hong Kong will be the sole storage place for data relating to the issuance of the SAR passport. This in effect vests Hong Kong with the power to approve and issue the SAR passport. Some of the provisions are not couched in the clearest possible terms. But in a meeting of the Security Panel of this Council, the Administration clarified a number of questions. With regard to the question of whether Chinese consular offices in foreign countries will have the power to issue the passport, I understand from the Administration that the reference in the signed minute to Chinese consular offices issuing the SAR passport is meant to accord convenience to Hong Kong permanent residents who might need, for one reason or another, to be issued with a replacement passport while travelling abroad, for instance, when they lose their original passport. The process will be like this: the consular office or agency will air-mail or fax the data to the Hong Kong Immigration Department; after checking the data against its record, the Department will fill in the data on a blank passport and then mail same to the consular office in the foreign country concerned. In other words, the consular office will only act as an agent, that is to say, to hand over the SAR passport to the applicant without actually processing the application and approving it.

However, this is just an interpretation given by officials in the Hong Kong Administration. I hope the Chinese Government will, through its official channels, confirm to the whole world that this will be the *modus operandi*. This will make foreign governments feel more assured with regard to the issuing process, particularly at the start of it. They will know that after the handover of sovereignty in 1997 there will not be too many Chinese mainlanders who will get hold of the SAR passport either by illegal means or through the exercise of discretion on the part of the issuing authority. The passport will have credibility. If the issuing process can be clearly seen to be properly regulated, foreign governments will have no excuse to refuse granting visas to SAR passport holders.

Earlier, Mr LO Tak-shing secured a People's Republic of China passport. This incident, together with the report that the Chinese Government has a blacklist to bar Hong Kong dissidents who criticize it from entering China, has caused unnecessary worries to foreign governments. They are worried lest some of the SAR passport holders would not be allowed to re-enter the SAR or would be treated in a special way. This gives foreign governments an excuse to doubt if the SAR passport holder can return to Hong Kong. Whether a passport holder can return to his country of origin is an important factor for assessment by foreign governments when they consider if they should grant preferential treatment or visa-free entry to the passport holder. Therefore, the Democratic Party hopes that the Chinese Government will adopt stringent arrangements in processing and approving applications for the SAR passport. The Democratic Party further hopes that the Chinese Government will tell the whole world that, according to the Basic Law and state policy, the SAR passport holder will have the absolute right to re-enter the territory of China.

Finally, the Democratic Party calls upon the Chinese and British sides to jointly promote the British National (Overseas) (BNO) passport and the SAR passport. I further call upon the Chinese Government not to think that the BNO passport is a travel document issued by the United Kingdom and thus to attempt to elevate the SAR passport to a higher status. It is true that, as SAR passport holders, we are 100% Chinese and should be proud of the passport and Hong Kong's reversion to Chinese sovereignty. But, in reality, for a certain period of time after the handover of sovereignty on 1 July 1997, many Hong Kong people, going abroad on business or tour, will still need the convenience in obtaining visas which the BNO passport affords. Any attempt to chip away at the privileges or conveniences presently attached to the BNO passport will indirectly

harm Hong Kong's future prosperity and stability. We hope the authorities concerned will bear this in mind.

Mr President, with these remarks, I support Mr Howard YOUNG's motion.

SECRETARY FOR SECURITY (in Cantonese): Mr President, a consensus exists among the Government, the general public and Members that Hong Kong people travelling on the Special Administrative Region (SAR) passport should enjoy maximum convenience so that they can travel abroad without let or hindrance after 1997. This is very important. As Hong Kong's economy is externally oriented and the territory is an international financial and trading centre, the freedom of Hong Kong people to travel the world without let or hindrance is a major factor in maintaining the territory's prosperity.

Therefore, we will attach importance to the granting of visa-free entry to SAR passport holders by other countries, particularly those which have close economic and tourism ties with Hong Kong. And the United Kingdom is of course one among such countries. The United Kingdom Government has earlier expressly indicated that it must have further information, including the arrangements for the printing and issuing of the SAR passport as well as the criteria for application, before it can come to a decision with regard to visa-free entry. Obviously, in considering whether to grant visa-free entry to SAR passport holders, any third country will need similar information.

As Members are aware, the Chinese and British sides have recently signed the Minute relating to the issue of the Hong Kong SAR passport. This, coupled with the visit to Beijing by the British Foreign Secretary, will help to make the requisite information available. The technical details with regard to the SAR passport and the role of the present Immigration Department and the future SAR Immigration Department are now known. But the Chinese and British sides will need to continue to discuss and resolve the important question of the passport applicant's eligibility. This question will involve the definition of Permanent Resident. Chinese Vice Premier QIAN Qichen gave assurances with regard to this question to the British Foreign Secretary during the latter's Beijing visit. And that will serve as the basis for our discussion. The British Foreign Secretary said in Beijing early this month that the United Kingdom Government would in the near future consider granting visa-free entry to SAR passport holders and he hoped a decision could be reached in two to three months.

The Hong Kong Government fully agrees that SAR passport holders should be granted visa-free entry to the United Kingdom and any other country or region. We will do our best to explain to third countries the arrangements for the issuing of the new SAR passport so that they will understand that to let Hong Kong people enjoy a high degree of travel convenience will be to each other's benefit. If need arises, we will assure them that Hong Kong people holding the SAR passport can surely re-enter Hong Kong.

Members have also canvassed the question of letting British National (Overseas) (BNO) passport holders continue to enjoy visa-free entry to the United Kingdom. Since the launching of the BNO passport in 1987, visa-free entry has been granted. Indeed it is specified in the BNO passport that, according to the Immigration Regulations of the United Kingdom, holders of the passport are entitled to enter the United Kingdom without the need to apply for a visa. The United Kingdom Government has no plans to alter this arrangement.

Without doubt, the recognition and preferential treatment given to the SAR passport and the BNO passport by countries of the world will be to Hong Kong's benefit. To achieve this target, not only will the governments concerned need to make an effort but Hong Kong travellers will also need to maintain their good record when travelling abroad. In this respect, I hold an optimistic attitude. If the governments concerned and the travelling public can make an effort and fulfill their own obligations, this target will be achievable.

PRESIDENT: Mr Howard YOUNG, you are now entitled to reply and you have five minutes 33 seconds out of your original 15 minutes. Do you wish to reply, Mr YOUNG?

MR HOWARD YOUNG: Mr President, firstly I would like to thank the 15 Members who have spoken in this debate. Obviously we have a great deal of consensus. Many of the people who spoke have mentioned that Britain should have no fear about the credibility, about the security measures and about the design of the SAR passport. This was mentioned by many Members, including the Honourable Ambrose LAU, Mrs Selina CHOW, LO Suk-ching and many others in their speeches.

Many of our Members have also drawn attention to the fact that when it comes to international travel, apart from easy departure from Hong Kong, acceptance of Hong Kong people's travel documents and hence entry to foreign countries is very important. Visa-free entry makes a big difference in time, in money, in overall convenience and credibility. Many of our Members have alluded to this in their speeches, and I notice that this point was picked up in the Honourable Mrs Miriam LAU's speech, and by the Honourable Miss Christine LOH and CHOY Kan-pui and many others.

The United Kingdom today already grants visa-free access to about 100 countries, many third-world ones with an average GDP which is a fraction of Hong Kong's. The United Kingdom, by far, is the leading European tourist, business and transit destination for 60% of all Hong Kong trips to Europe. Travel and tourism as a whole, as far as the United Kingdom is concerned, is a negative income industry because their citizens spend more money overseas than tourists bring in. So I am sure the valuable tourist money, let alone all the recent snapping up of London property by Hong Kong investors, brought in annually by 150 000 Hong Kong tourists should be very much valued by the British Tourist Authority.

Out of over a million European visitors to Hong Kong, Britain accounts for about a third of a million. They all arrive here without a need for a visa and that point was pointed out by the Honourable CHIM Pui-chung and many others. Foreign Secretary Malcolm RIFKIND went to great pains to point out that Britain had £70 billion of investment and £2.7 billion of exports to look after in Hong Kong after 1997. It would be in nobody's interests, especially Britain's, if British travellers and businessmen had to put up with a lot of hassle, such as those unfortunately experienced by a group of Hong Kong British students and a British tourist in China recently, just to come to Hong Kong to look after their investments and markets.

If Britain does not act decisively and make an early positive decision to take the lead in granting visa-free access to SAR passport holders, I fear that loss of goodwill and calls for retaliation will be hard to prevent. Indeed, the Honourable CHIM Pui-chung in his speech mentioned "tit for tat", but I am glad to note that the Honourable CHEUNG Hon-chung said that in the end this sort of action would only harm both parties.

Mr President, some Members have mentioned the fact that Britain already grants visa-free access to many countries. I have done some research and I have found that at least there is one African country, where Britain does grant visa-free access to their nationals, has an average GDP income of US\$1,377. Another Asian country near the Indian subcontinent which also enjoys visa-free access to the United Kingdom has an average GDP of US\$1,373, and this compared to Hong Kong is really less than 10% of our average GDP. So, all the fears of Hong Kong people flooding to Britain to try and settle down and become illegal immigrants whatsoever are really groundless.

Mr President, I am glad that the Secretary for Security has mentioned that the Government is thinking along the same lines as Councillors during this debate, and we all recognize that freedom of travel in Hong Kong is very important and we wish to maintain it.

I would lastly mention that, in regard to the Honourable Miss Emily LAU's remarks, my mention of democracy and freedom was not to show that they are mutually exclusive. They are indeed complementary.

Question on the motion put and agreed to.

FREEZING OF GOVERNMENT, PUBLIC UTILITY CORPORATIONS' FEES AND CHARGES, AND PUBLIC HOUSING RENTALS

MR SIN CHUNG-KAI to move the following motion:

"That, in view of the current high inflation, the rising unemployment rate and the Government's huge surplus and reserve, this Council urges the Government to freeze various fees and charges relating to the people's livelihood as well as public housing rentals, and also requests all major public utility corporations in the public and private sectors to freeze their fares and charges voluntarily at the present level for one year, in order to alleviate the heavy burden on the livelihood of the general public."

MR SIN CHUNG-KAI (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper.

Looking back over the past year, the questions that aroused the most

concern and caused the most worry among the people of Hong Kong were the territory's economic development and unemployment. The mass media gave the quarterly rates of unemployment and inflation extensive coverage. And there were numerous surveys conducted within the community during the past year with regard to unemployment. What constituted the gravest cause for worry was that during the past year the rates of unemployment and underemployment were steadily climbing while inflation continued to stand at a high level. According to the latest government statistics, the unemployment rate for September to November 1995, after seasonal adjustment, still was as high as 3.6%, the highest in 11 years. It is estimated the unemployed had reached 115 000 in number and the interim figure for underemployment was 2.2%. It is estimated that the underemployed numbered close to 70 000. The inflation rate for November 1995 registered a slight drop compared with September and October but was still as high as 8.2%. Moreover, the Government recently pointed out that the number of people applying for Comprehensive Social Security Assistance (CSSA) payments last year reached a historic high of 129 000, up 24.5% on the figure of the year before last. The number of people applying for CSSA because of unemployment increased by over 80% and the Government was obliged to make an additional financial appropriation of \$1.1 billion to cope with demand.

High inflation and high unemployment have been bothering Hong Kong people for quite some time. Things failed to improve with the start of 1996. The Government should not stand idly by faced as it is with Hong Kong's present economic downturn and the worsening quality of life of the wage-earners. In fact, if only the Government and the principal utility companies in Hong Kong were willing to freeze their fees and charges at the present stage, this would alleviate the economic burden of the public in terms of their daily living expenses and take pressure off them. Therefore, I am moving the present motion which is in the following terms: That, in view of the current high inflation, the rising unemployment rate and the Government's huge surplus and reserve, this Council urges the Government to freeze various fees and charges relating to the people's livelihood as well as public housing rentals, and also requests all major public utility corporations in the public and private sectors to freeze their fares and charges voluntarily at the present level for one year, in order to alleviate the heavy burden on the livelihood of the general public.

As far as the wage-earners are concerned, faced as they are with the threat of unemployment and the necessity to scrimp in order to save for a rainy day, the imposition upon them by the Government of increased fees and charges for essential services relating to their livelihood, such as medical, education, water supply and postal services, would be like rubbing salt into the wound. According to the Budget forecast for 1995-96, the Government's total revenue from its multifarious operations will be about \$158.9 billion. If the Government's revenue from medical, education and postal services failed to achieve the expected growth rate and was only comparable to the revenue of 1994-95, the result would only be about \$600 million short of the expected revenue target, down just 0.38%. From this it can be seen that a freezing of fees and charges in respect of essential services by the Government would have only a minimal effect on public finance. With \$145.3 billion stashed away as fiscal reserves, the Government is amply capable of taking the revenue cut in stride.

With regard to public housing rentals, over 40% of the territory's population lives in public housing and most of the public housing tenants are low-income people. The rising unemployment rate and high inflation rate are hitting these low-income households hard. As rent accounts for a substantial part of the household income and is also a major factor affecting the Consumer Price Index (A) movements, not only will the freezing of public housing rentals help curb inflation, it will lessen considerably the burden on the lower-income people in terms of their livelihood expenditure outlays. Later my colleague, the Honourable LEE Wing-tat, will elaborate on the freezing of public housing rentals.

In Hong Kong, apart from services being provided by government departments, the bulk of the services relating to the livelihood of the people are provided by public utility corporations in the public and private sectors. The services provided by these corporations are wide-ranging, including transport, electric power and town gas. Therefore, we absolutely cannot neglect to take note of the effect on people's livelihood a fare or fee hike by these corporations will have.

Let me first talk about the three railways. The Mass Transit Railway (MTR), the Kowloon-Canton Railway (KCR) and the Light Rail Transit (LRT) are public utilities run by the public sector and wholly owned by the Government. As mass transit carriers serving the public, the three railways have the responsibility to provide fast, safe and cheap transport services at fares that are

reasonable and affordable to the public. Of course, we understand that, apart from balancing the operating costs and expenditure outlays of the corporations, the income derivable from the operation of various public transport services must be capable of yielding a reasonable return to enable the corporations to further invest and improve their services. But I must stress that the setting up by the Government of public utility corporations should absolutely not be for the sole purpose of making money. Therefore, since we are of the view that the MTR Corporation and the KCR Corporation are in a very sound financial position with huge surpluses, they need not and indeed should not ask for fare hikes each year as a matter of routine.

During the first half of 1995, the MTR Corporation made a profit of \$0.57 billion, up 12% on the figure of the corresponding period last year. It was a phenomenal profit. Having regard to the huge profit earned by the MTR Corporation and the projected growth of passenger volume each year, even if the fares were to be freezed for one year the internal rate of return would fall just short of the expected target of 10%. This would have no more than a minimal effect on the financial position of the Corporation.

The financial position of the KCR Corporation is even better than that of the MTR Corporation. The Corporation's overall profit for the year 1994 was \$1.1 billion. According to the Corporation's forecast, the debts of the Corporation will have all been paid off by 1996. The general manager of the Corporation told the media recently that the passenger volume in 1995 went up by 5% over that of 1994. It is believed that the increase in passenger volume will cause the Corporation's profit to continue to climb. As regards the LRT, although it still suffered a slight loss in 1994, yet it cannot be expected to turn a profit so soon after its commissioning. And judging from the business condition of the LRT over the past few years, there has been an appreciable growth in passenger volume each year. If the quality of its services continues to improve, the LRT will attract even more passengers. It is believed that in the next few years the LRT will start to turn a profit. Moreover, the KCR Corporation which is the parent of the LRT is in a sound financial position and should be amply capable of absorbing the slight loss suffered by the LRT.

The MTR and the KCR Corporations are in a sound financial position and are making huge profits. The freezing of fares for one year, while posing absolutely no problem to the Corporations, would considerably reduce the transport expenditures of the general public. Therefore the Democratic Party

requests the three railways not to raise their fares next May.

Apart from public utilities run by the public sector, other major utilities run by the private sector in Hong Kong include the Kowloon Motor Bus, the China Motor Bus, the Citybus, the Hongkong and Yaumati Ferry, the Star Ferry, the Hongkong Electric Company (HKE) and the China Light and Power Company (CLP). These public utility corporations have all been awarded franchises by the Government to ensure that their services have a definite market share. In other words, this ensures that their business turnover and income will reach a certain amount. Since these private-run public utilities enjoy preferential treatment from the Government, they should at the same time bear social responsibility to a certain extent.

With regard to our request that private-run bus companies and ferry companies freeze their fares, my colleague, the Honourable WONG Wai-yin, will later elaborate on the matter.

As regards the two power companies, the HKE and CLP have been separately awarded franchises by the Government for the supply of electricity and they have entered into schemes of control agreements with the Government. Under the schemes of control, the permitted return of the two power companies is fixed at 13.5% of their average net fixed assets. At the same time, the Government also requires the two power companies to set up a development fund for the purchase of fixed assets and a reserve fund for making up for the loss of income from tariff cuts. Our request that the two power companies freeze their charges for one year is feasible because the two power companies can fall back on their development and reserve funds to eke out their reduced income from tariff cuts. Moreover, the two power companies have been having rather phenomenal rates of return over the past few years. It is believed that the freezing of charges would not have a significant effect on the overall income of the two power companies during the year in question.

In 1995, the Democratic Party repeatedly asked the Government and the public utility corporations to have sympathy for the plight of the general public and freeze their charges. As a matter of fact, the Government has an unshirkable responsibility to freeze the fees and charges having a bearing on the people's livelihood. And the services provided by public utility companies precisely relate to the people's livelihood. In the present climate of an economic downturn, the public utility corporations also have a social responsibility to

alleviate the economic burden of the public by freezing their fees and charges.

Mr President, the Honourable James TIEN, the Honourable Miss CHAN Yuen-han and the Honourable YUM Sin-ling have proposed amendments to my motion. My colleague, Dr the Honourable HUANG Chen-ya, will respond to each of the proposed amendments.

With these remarks, I move the motion.

Question on the motion proposed.

PRESIDENT: Mr James TIEN, Miss CHAN Yuen-han and Mr YUM Sin-ling have separately given notices to move amendments to this motion. As there are three amendments to the motion, I propose to have the motion and the three amendments debated together in a joint debate.

The Council shall now debate the motion and the amendments together in a joint debate. As Members were informed by circular on 19 January, under Standing Order 25(4), I shall ask Mr James TIEN to speak first, to be followed by Miss CHAN Yuen-han and Mr YUM Sin-ling; but no amendments are to be moved at this stage. Members may then express their views on the main motion as well as on the proposed amendments listed on the Order Paper.

MR JAMES TIEN: Mr President, when western economies go into a tailspin, their public coffers go with them. But not so in Hong Kong. We are lucky to have an Administration which has a mountain of reserves garnered through the years during which our boom generated more money than it could spend. As our slump deepens, people are wondering whether the Government should share the bounty just as they themselves had to share theirs with the taxman.

Exactly how rich is our Government? Let us see. The Government has accrued \$480 billion in the Exchange Fund and \$150 billion in fiscal reserves. On a per capita basis, we are only behind Singapore in this category. Just in fiscal reserves alone, we are six times ahead of the \$25 billion which the Administration feels is quite enough as an inheritance to the Special Administrative Region (SAR).

Exactly how poor is our economy today? The Government keeps telling

everyone we are doing fine with a GDP growth of 4.5% forecast for this year, including spending on the New Airport. But a 4.5% growth rate is half of what we were achieving a decade ago and half of what Singapore is managing now. At this rate, we are going to accomplish something spectacular, namely, the most stagnant economy in East Asia after Japan.

As I have said before, all you have to do to experience how grim the situation is is by walking around Causeway Bay and counting the number of store closures and the final sales. Take a stroll down there again. Notice this time around the various gimmicks used by restaurants to attract diners as their profits go down the drain, thanks in part to the trade effluent surcharge.

Statistics show the same story. TV media today report property prices fallen by almost a third from their peak because of a lack of demand. The Government itself has just slashed its asking price for a prime site in Kowloon. The recent Christmas was the gloomiest that shops had for a very long time and the Chinese New Year may not be any better.

If there was anything remarkable about 1995, it was the massive shake-up to the retail and catering businesses. Today, bankruptcies continue unabated. In the first half of 1995, there were 55 000 retail outlets in Hong Kong but fewer than 51 000 by the second half. The catering industry suffered worse, losing one restaurant in ten over the same span. The Government, Mr President, would be most negligent if it continues to shrug at this rate of companies folding because the retail and catering trades are small businesses employing many workers.

The Government has rightly made a fuss about unemployment, but not a squeak about the cause of that unemployment which is flagging business. Our Administration often states its dislike for intervention in the market, even though it intervenes in a direct way. The most obvious example is its pressure on the banks to tighten their lending policy. The tactic has contributed to a 30% drop in property prices in just over one year. Another is its labour importation policy, so restrictive that it is stifling companies with genuine need.

Let us mince no words, Mr President. The Government tampers with the economy and it should do so now, to give the neglected commercial and industrial sectors a spark. The trouble is that the Government these days gets involved for political reasons, not economic ones. An example of that is the

concession to unions over imported labour because of their member's Bills. Now, please, give employers a chance, because when we do well, everybody gains, the Government included.

All we require now is for the Government to provide us with a fees and charges freeze for one year that would give our economy a timely fillip. If after a year the Government feels it is bleeding too much, it can review the measure together with this Council. While the freeze itself may not cause much of a dent in the Government budget, it can mean much to many businesses operating on the margin. It could launch us into another boom that should coincide nicely with the change of sovereignty next year. We would then enter the new era with a positive frame of mind and with an assurance to the rest of the world that the Hong Kong SAR is serious about business and thus serious about its future.

For a decade now, the Administration has pleaded impotence about coping with inflation. For a decade now, it has stuck rigidly to the user pays principle even though times and conditions have changed. This inflexibility has done harm to Hong Kong whose current annual inflation rate is high compared to our growth, while the United States, to whose greenback our dollar is pegged, is expecting an inflation of only 2.8%. The Government can do something positive about inflation by freezing government fees and charges. The Administration can and must address this inflation because leadership, in economics as in anything else, entails a degree of short-term sacrifice for long-term benefits.

Mr President, the Liberal Party cannot support the original motion by the Honourable SIN Chung-kai because it is too sweeping, ineffectual and diffused. While we may ask public utility corporations, such as the Mass Transit Railway and the Kowloon-Canton Railway Corporations, to show restraint in fee increase, we cannot dictate to them. These corporations are mandated to operate like private companies so that they would not be a burden on public expenditure. Private companies operating franchises have to show a profit to their shareholders and must invest in vehicles, maintain standards and uphold safety. The fare we pay is not just for getting us from point A to point B, but also getting us there on time and in one piece — and that takes capital injections. In a capitalist economy among the able, there should be no free lunch. In transport, there is no free ride. These companies also have to pay their staff wage rises commensurate with the inflation rate of at least 8% a year. I challenge our union legislators to tell transport workers that their wages should be frozen this

year.

Mr President, I hope the majority of this Council will support my amendment because its scope is realistic and it is something that the Government itself can readily achieve. Thank you.

THE PRESIDENT'S DEPUTY, DR LEONG CHE-HUNG, took the Chair.

MISS CHAN YUEN-HAN (in Cantonese): Mr Deputy, in the face of an economic downturn, the people are having weaker spending powers, and less people are going to the movies. However, a film screened not too long ago, entitled *Forrest GUMP*, had a very good box office. I went to see the movie and it enlightened me somewhat. One of the reasons the movie was so well-received was that Forrest GUMP in the film was a very good long-distance runner. He took no public transport, and eventually he became very rich. No wonder the film was popular among the people of Hong Kong. It let our people understand practising running and quitting public transport might bring them fame and fortune.

Since the New Year, all we have heard are fare and fee increases and more fare and fee increases. To the grass-roots people, increases of fares and charges by public utilities, public transport in particular, have created tremendous burdens on their living expenses. A recent poll conducted in a certain trade has in fact showed that 80% of the workers felt that transport expenses were a burden. In fact, we all depend on public transport to go to work, to school, to visit friends or simply to go somewhere. The public transport companies have taken it for granted to increase the fares year after year, but the services remain unsatisfactory. Having no choice, we still need to use them. This sure give us a feeling of "sending the lamb to the tiger".

The three bus companies all proposed to raise their fares recently. We can see that those companies have practically made no improvement, but all the same, they want an increase.

The services provided by public utilities, especially public transport, are different from other commercial goods, they are the people's necessities, the quality and level of their services have a direct bearing on people's quality of life.

Public utilities should not be regarded as commodities in a pure market economy. There should be a reasonable balance between public interest and reasonable profits. Investors in these utilities do have social responsibilities, and must not neglect public interest.

The Government formulated the "Public Utilities Profit Control Scheme" in the mid-1970s. However, the scheme has seen no amendment to this day, turning the upper profits limit of public utility companies into their guaranteed return. Take the Kowloon Motor Bus Company as an example, it can cite its profit not reaching the 16% return on its total assets as a reason for an increase. It charges the citizens high fares while making huge profits. I also note that the Citybus is likely to report a profit of over \$10 million next year, it will be totally unreasonable if it still proposes to raise its fares. As to the services offered by the China Motor Bus Company (CMB), I believe everybody knows how they are. The CMB has long been poorly operated, the most important thing is that the quality of its services keep the passengers away. If the Government lets it increase its fares under such circumstances, I must lament: "Where is justice!"

The Mass Transit Railway came out of the red in 1994, with about \$1 billion of profit last year. However, it still asks for an increase on the pretext that it still has debts to repay. The reason it offers is rather lame, just taking the passengers to be nuts!

The Kowloon-Canton Railway and the Light Rail are using increase of cost and improvement of services as the excuses to justify fare increases. However, with an operation surplus of over \$1 billion, the increase proposed, even at a level lower than the rate of inflation, is not reasonable. There are many others and I am not going to name them one by one.

I think that, in the face of this scenario, the Government has the duty to freeze the charges and fares of the public utilities companies that are making profits, so as to give the public a break to tide over this difficult time. Mr Deputy, I wish to emphasize again, the operation of any public utility must entail the need to make profit and the need to be committed to social responsibility at the same time. For any operator whose only concern is to make money and who ignores social responsibility, I wish to kick him away.

Last year, the average rate of unemployment was 3.2%. I also noted that the average rate of underemployment was 2.3%. The two figures together represent over 100 000 people having lost their jobs. This is the all-time high in Hong Kong in the past decade and more. Added to this is the predicament brought about by inflation. Mr Deputy, in the face of all the difficulties we now have, a responsible government must not merely speak the empty words of "respect public opinion, concern about people's livelihood" while in practice taking the lead in increasing charges and fees and indulging those who propose increases.

Let me turn to the services provided by the public sector, such as public housing, water, medical care, tunnels, airport railway, passenger piers and car parks. The annual increase in the fees charged is very substantial.

Take public housing alone as the example, the Housing Authority will have an actual surplus of \$15.8 billion this financial year. Though it drops in the second half of the year, it still amounts to \$9.5 billion. Nevertheless, the Housing Authority has decided that in the coming five years, there will be an increase in rent for all rental public housing every two years to the tune of 17.5% to 21%. This shows that the Housing Authority has utterly no concern for the pressure public housing rents are exerting on the low-income class. With Government charging like this, no wonder all privately-operated public utilities are falling over each other to do the same.

Mr Deputy, freezing the charges and fees for public sector services will not hurt Hong Kong too much, particularly at a time when Hong Kong has greatly swollen public coffers and huge fiscal reserves. There may not be any fiscal pressure even when certain fees and charges are cut.

Mr Deputy, we think that the Government must no longer stand aside with arms folded, sticking to its established fiscal philosophy. On the contrary, the Government should act according to the general interest of the community, and consider the well-being of the public.

From the point of social stability, the Government must alleviate the hardship of the people in order to remove their discontent and indignation. In fact, increases in fees and fares are not necessarily a matter of course. The

Government should take the lead by freezing the rent and fees mentioned above, and to call upon the privately-operated public utilities that have enjoyed profits to take up the social responsibility and freeze their fees and fares voluntarily for a year so as to lighten the heavy burdens on the people, with a view to getting over the present difficulty.

Mr Deputy, I hope that my colleague in this Council would not twist my amendment to mean that "public sector and privately-operated public utilities without a profit will have all the reasons to increase fares and charges". I do not mean that. On the contrary, we would ask the public sector and privately-operated public utilities that are losing money to disclose their operation and financial position, so that we can see and tell members of the public what have happened, and so that the relevant independent regulatory bodies can monitor their operations.

I am sticking to the spirit of a balanced approach and the fees and charges I urge the Government to freeze are those having a direct bearing on people's livelihood, including public housing rent. However, while advocating freezing of fees and fares, we absolutely must not disregard the financial situation of public utility companies. Therefore, I have to amend the motion of the Honourable SIN Chung-kai.

Mr Deputy, these are my remarks.

MR YUM SIN-LING (in Cantonese): Mr Deputy, the amendment I am proposing consists of two parts. As to the first part, I am of the view that public utility corporations in the private sector should not be made to freeze their charges by way of a "broad-brush" approach:

- (1) Public utilities in the public sector should mean the Water Supplies Department, the Mass Transit Railway (MTR), the Kowloon-Canton Railway and car parks under the management of the Government or the Housing Authority.
- (2) Increase in charges sought by public utilities in the private sector should be assessed on a case-by-case basis in order not to forfeit the support of international investors who are attracted to Hong Kong

by our free economy.

- (3) Public utilities in the private sector are already subject to statutory control. It would not be appropriate to superimpose, as one pleases, new regulation on existing regulation (though not formal legislation) and thus set a bad precedent tarnishing the rule of law. If legislation does not respect private property rights, it can likewise flout human rights. On the other hand, non-private-owned public utilities in the public sector can be viewed from another angle.
- (4) The capital of public utilities in the public sector comes from the people. They should be able to accept the concept of "long-term interests overriding short-term interests". The freezing of fees and charges would not harm the interests of any private investor because it is only public wealth that would be involved. During an economic downturn, when grassroots people are bearing a heavy livelihood burden, it would do no harm to lighten their burden somewhat. The profit reduced this year could be slowly recovered in the following years when the economy improves.
- (5) Public utilities in the public sector have the role of "setting an example" and "taking the lead". Should we put the heat on or cool it off? One way or the other, it would have a significant impact. If the Government and public sector corporations do not increase their fees and charges, the Urban Council may not seek to increase fees and charges for its venues and facilities and private investors may seek lesser increases. If the MTR does not increase its fares, public light buses will hold down their fare increases in order to compete. This will benefit the people in terms of their livelihood.
- (6) In assessing public utilities in the private sector on a case-by-case basis, the fact whether they make a profit or no profit should not be the sole criterion for assessment. All relevant factors should be taken into account.
- (7) If it is considered that there is inadequate monitoring of public utilities in the private sector, a Member's Bill can be introduced for exhaustive discussion.

With regard to the second part of the amendment, I am proposing that the effective period shall be from 1 April 1996 to 31 March 1997. The reason for this is as follows:

- (1) The period of one year as proposed in the motion is not specific enough in terms of the limit it would impose. If the Government just puts up a sham, that is to say, if, despite the enactment of legislation, the Government does not vigorously enforce it until after, say, the MTR has implemented a fare hike, the motion passed by this Council will be to no avail because almost all major public utilities will have introduced a fee hike before the first half of this year is out. (The term "at the present level", like the term "former political personalities", could be manipulated to suit one's design.)
- (2) If the present motion is passed and acted on by the Government, the Government will be able to make the appropriate readjustments when it plans its 1997-98 Budget next February or March, being aware that it will be barred from increasing fees and charges during the period from 1 April 1996 to 31 March 1997.

Having regard to the aforesaid considerations, I shall propose my amendment. Thank you, Mr Deputy.

SECRETARY FOR THE TREASURY (in Cantonese): Mr Deputy, just over six months ago, Members debated the question of a charge freeze and rejected it. Today's motion is almost identical to the one last debated in this Council.

The arguments I advanced during the motion debate last time are still valid today. Therefore, part of what I am going to say this evening will sound rather familiar.

My colleagues, the Secretary for Transport, the Secretary for Economic Services and the Secretary for Housing, will speak later on those aspects of the motion which touch on their policy areas. In opening this response, I will concentrate on the Government's fees and charges.

First, let me emphasize that although our guiding principle is "user pays/full cost recovery", we do not apply it blindly. On the contrary, in certain carefully selected areas where there is compelling social justification we deliberately subsidize very heavily. The obvious examples are nine-year free education and health care where services are provided free or at a fraction of their true cost. But I must point out that we must be selective in the areas we choose for this special treatment. Outside those areas, help is given only to the individuals and families in need, not as an across-the-board subsidy to all users irrespective of need. It would not be sensible to design a system whereby ordinary taxpayers subsidized the comfortably well-off.

Secondly, we fully share Members' concern that our services should be operated as efficiently as possible and the costs should be carefully controlled and monitored. Accordingly, in response to Members' comments and suggestions in the Financial Affairs Panel and elsewhere, we have recently introduced two important changes to the way we introduce new fee regulations. First, the Legislative Council Brief must include a specific section on productivity/efficiency improvements. This is an important innovation: Policy Secretaries and heads of departments will have impressed on them the need to be diligent in this area; and Members will be better able to monitor their performance. Of course, if Members have views of their own as to how productivity and efficiency can be improved, we will be glad to consider them. Secondly, an annex is attached to each brief setting out the information on costing. Through this two-pronged approach, we can both maintain a key revenue principle and pursue greater efficiency. Surely, Mr Deputy, that must be the right way.

Finally, let me emphasize that we in the Government fully share Members' concerns on unemployment and inflation.

The Governor has held two summits on the employment situation, changes have been made to our arrangements for importation of labour, more resources have been provided for retraining Hong Kong people. The unemployment rate has thankfully stabilized. The emphasis must continue to be on improving the employment counselling work of the Labour Department and on finding the right solutions to promote economic growth in order to create long-term employment for Hong Kong people.

When I spoke to this Council in July last year, inflation was just over 9%. The inflation figure for December 1995 published yesterday was slightly under

7%. Allowing for short-term price fluctuations, the inflation rate is, in overall terms, heading downwards. This pleasing development could be said to be the result of the easing by us of the supply bottleneck. This is a slow process and the lead times can be frustrating. But we must persevere with these long-term solutions, applying them, and allowing them time to work, not snatch at short-term palliatives. As I pointed out in July, freezing all government fees and charges for one year would hold down CPI(A) by less than 0.1%.

During the recently concluded consultation exercise with Members on the revenue side of the coming Budget we finally took on board Members' concerns about livelihood issues. Let me once again assure Members that to the extent possible we will address their concerns in the Budget. We are now just six weeks from Budget Day. If we are able to continue to assume that fee adjustments will go through, then we will be better able to focus our attention and resources on meeting the community's expectations.

With these remarks, Mr Deputy, I urge Members to repeat the sensible course of action they followed just half a year ago, and to reject the motion and the amendments.

SECRETARY FOR TRANSPORT: Mr Deputy, I daresay many of us in the Chamber this evening are experiencing a sense of *deja vu*. This is because the call to reject or defer proposals for increases in fees and charges as well as transport fares has become an instinctive battle cry of some political parties and Members of this Council. What is more, motion debates on this subject seem to have become a fixture in the Council's calendar at this time of the year to pre-empt the cycle of applications for fare adjustments from transport operators.

I make no apologies for repeating and reiterating the points I have made over the past two years in debates pertaining to transport fares because the arguments remain totally valid.

One of the fundamental pillars of our well-established transport policy is to provide a reliable, efficient and affordable transport system in Hong Kong which meets the economic, social and recreational needs of our community. The rationale for this policy cannot be disputed when over 10 million commuter trips are made by public transport daily. Our buses carry 3.5 million passengers a day; the MTR, KCR and LRT account for another 3.2 million; over 1.7 million

use PLBs; another 200 000 travel by ferries and 320 000 by trams whilst some 1.3 million use taxis.

We have, by world standards, a first-class transport system. Although the Government provides the regulatory framework for this, it is the private sector that provides the services. This approach has served Hong Kong well. Our franchised transport operators, over the year, have made sizable investments and as business ventures, they must be allowed to make a fair and reasonable return on their investments. Operating costs increase and an adjustment in transport fares, in turn, becomes a necessity.

As for our two railway corporations, I agree with everything the Honourable James TIEN has said. Both the MTRC and KCRC operate on prudent commercial principles. It is through annual adjustments in fares that both MTRC and KCRC generate the necessary funds to implement comprehensive maintenance and service improvement programmes.

But, Mr President, I must question the views pertaining to transport fares expressed by the Honourable Miss CHAN Yuen-han and the Honourable YUM Sin-ling. One has to be realistic. If franchised operators are not permitted to make a modest return on their investment, why should they continue in the business? It becomes quite ludicrous when, for example by comparison, individuals can earn a better return on their saving deposits, than can, say, a ferry company on its huge capital outlay. If transport operators lose money and go bankrupt, what would happen? If public transport comes to a halt, Hong Kong would become paralyzed. Do the critics expect the Government to subsidize public transport? Worse still, would the Government have to take over? The full implications and consequences of freezing transport fares must be fully understood. This is unquestionably illustrated by the fact that the operating costs of our franchised bus and ferry companies totalled \$5 billion in 1995. If the private sector withdrew, and the Government was forced into running buses and ferry, funding would then have to come from the public purse and my guess is that this would have to be at the expense of other programme areas.

It would be totally wrong to think that applications for increases in transport fares are endorsed by the Administration simply to boost the coffers of transport operators. It may help if I outline again the criteria which the Administration takes into account. These are:

- (a) the increase in operating costs since the last adjustment;
- (b) efforts made to reduce costs and increase revenue, for example, economy measures and other sources of revenue such as advertising;
- (c) the availability and quality of service provided having regard to passenger demand and feedback;
- (d) future development plans and service improvement programmes;
- (e) forecast of future costs, revenue and return;
- (f) public affordability and acceptability including the impact on livelihood.

Having very carefully weighed all these factors, the Administration will then form a view as to whether an increase is justified and if so, the level of increase that is warranted. And of course it is not just the Administration that looks at the facts and figures. The Legislative Council Transport Panel is fully briefed — indeed the bus and ferry companies and other transport operators present their case to the Legislative Council. The proposals are scrutinized by the Transport Advisory Committee and recommendations are then submitted to the Executive Council for endorsement.

The impact of fare increases must be looked at realistically. To reject such increase on the grounds that this would spiral inflation and adversely affect the economy is too simplistic. The impact on livelihood needs to be seen in proper perspective. For the five-year period from 1991 to 1995, the average impact on the Consumer Price Index arising from all public transport fare increases equated to a meagre 0.29 percentage point. The current public transport component of the average household expenditure is less than 5%.

Mr Deputy, of late, there has been a growing temptation to politicize each and every application for a fare adjustment. To say the least, the tendency to focus on increases in percentage terms is misleading. In reality, the actual increase in dollar terms is minimal and affordable, with increase on the majority of individual routes well under \$1.

Mr Deputy, it is certainly right and proper for Members of this Council to be concerned about increases in public transport fares. With respect, the discharge of responsibility does not lie in the outright rejection of such applications; surely, responsibility must extend to an examination of all the facts and figures as well as taking into account the basis on which public transport is provided and recognizing the full implications of any decision.

Mr Deputy, I urge Honourable Members to vote against the motion.

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy, I would like to comment on those parts of the motion and the proposed amendments related to tariffs charged by public utility corporations in the public and private sectors in my area of responsibility. I shall talk briefly about electricity supply, telecommunications and then some other Government fees and charges which are mentioned in the motion and the amendments to the motion. I join my colleagues here today and urge Members to reject the motion and the amendments. This is because the motion urges us to take a course of action which would not be in the long-term interests of Hong Kong.

I shall start with electricity supply. When the Government considers proposals from our power companies to revise charges, we take into account all relevant factors, social, economic as well as the long-term well-being of Hong Kong. This is because our power companies have a very important role to play in supporting Hong Kong's economic development. Our two power companies operate under two schemes of control agreements agreed with the Government. The Government's objective in negotiating these agreements is to ensure that consumers get a reliable and efficient service, one which will expand to meet increasing demands at a reasonable price; and that shareholders of the company in turn get a reasonable return on their investment. This will encourage them to continue to make the necessary investments, particularly those in the longer term. The companies are also then enabled to compete successfully in the financial markets when funds are needed for their expansion programmes, in particular to keep the cost of borrowing down. The companies, by so doing, are permitted to avoid financial difficulties which could otherwise lead to their collapse, and these objectives are all achieved without any direct subsidy from public funds and with a minimum of governmental interference.

Under their respective scheme of control agreements, the companies have

agreed to subject their development proposals and tariff adjustments to government approval. There is in return a formula to determine the maximum level of profit that each company can earn. In approving tariff adjustments, the Government seeks to strike a delicate balance between the interests of consumers and shareholders. On the one hand consumers require affordability of tariffs, but at the same time every member of the public expects the certainty that their demand on the electricity supply will be met without the brown-outs and black-outs to which other parts of the region are subject. As regards shareholders, they meet that reasonable rate of return on their investment and a climate of investment to enable them to meet the expectation of the general public on the certainty, the certainty of power supply.

When we look at tariff adjustment, we seek to ensure that any increase in tariff is the minimum — the minimum necessary to allow the company, in return for meeting its obligations, to receive a reasonable level of profits. On a year-to-year basis, the actual tariff charged to consumers may even be below the level approved for that year. For instance, the most recent tariff increase for the Hongkong Electric Company in January was well below the prevailing inflation rate and the level which had been approved under the company's financial plan. This system of applying the scheme of control agreements on our power companies has served Hong Kong well. We have a reliable supply of electrical power to our homes, our factories, offices, efficiently generated and sufficient to meet all our demands. The average tariff level of the two power companies has only increased by 35% since 1983, compared to a 172% increase in the Consumer Price Index for the same period. In real terms, the cost of electricity has fallen over 49% during the past 12 years.

I would now like to turn to telecommunications. Telecommunication services play a vital role in supporting our economic development. That these services are reliable, efficient and advanced gives Hong Kong a vital competitive edge in supporting our domestic business and industrial sectors. We in Hong Kong are proud and indeed fortunate to have one of the most advanced and sophisticated telecommunication networks in the world. This is one of our main competitive strengths, one which we must develop if Hong Kong is to remain successful and competitive into the information age of the 21st century.

Our present enviable situation has arisen through the foresight and substantial investment of the telecommunication industry. This is being enhanced through the introduction of competition in our local networks. The future investment of telecommunication companies, and they are committed to investment in excess of \$32 billion over the next 10 years, depends on having a

reasonable rate of return and a favourable investment climate in which to raise funds. Market forces in the highly competitive areas of telecommunication industry are more than sufficient to keep tariffs down. Where competition has only recently been introduced we have ensured that there is no predatory pricing. Any freeze on tariff levels, as suggested by the motion, therefore, makes no sense. Where market forces already operate to the full, the least governmental interference the better.

Turning now to government fees, first is our proposal to increase public cargo working area fees. I did propose some modest adjustments to this Council in October last year. Our aim was to do no more than recover costs for what are essentially commercial operations, and very large ones at that. The intention of those proposals was, through a phased programme, to remove the public subsidization of the current service and get a reasonable rate of return on the average net fixed asset valued at historical prices. Our first-phase proposal was for an average increase of 20% with a rate of return of only 8%. This has to be seen in the context of continued growth in the number of ships using the port and the continued growth in demand for cargo-handling facilities. Pricing such fees below cost and market demand makes no commercial sense or economic sense.

Secondly, I have tabled proposals for adjustment to seafarers' fees. In setting these fees, we have adopted an approach whereby most of the fees are revised by about only 10% to bring them in line with current price levels. The proposed fees still only recover 22% of the total cost incurred in providing the services.

I would like to make one more illustration as to why it makes no sense to put a general freeze on charges. I intend in the near future to put to Members a proposal to revise airport car-parking fees. These fees are not a major item but any freeze on them, as is urged by this motion, would produce some unintended and totally undesirable consequences. The principle in setting the fees for the airport carpark is not to raise revenue but to ensure that there are always spaces available at the airport for airport users. The fees have to maintain a relativity with car-parking fees in the neighbouring areas, otherwise there would be such an influx of casual car drivers into that carpark that all available spaces would be quickly filled and those who genuinely need to drive their cars to the airport would have to drive around the airport time and again waiting for a space to become available.

Mr Deputy, Hong Kong may be going through some adjustments in its economic development, but these are not the worst of times. Inflation, for example, is on the decline. We are all working to improve the situation. We do have to strike a balance when considering fee and tariff revisions. It would, in my view, be irresponsible to endorse all proposals for revisions to fees and tariffs without reference to wider social or economic considerations, but it would also be irresponsible to freeze all fees and tariffs without considering their merits. To do so would be to trade the future for the present.

I urge Members, as leaders of vision, to look beyond the immediate present to the future and to the future well-being of Hong Kong.

SECRETARY FOR HOUSING (in Cantonese): Mr Deputy, I share the views of the Secretary for the Treasury and my other colleagues, and urge Honourable Members not to support the motion or other amendments. Let me now speak on the area of public housing rents.

Tenants' affordability

When setting rents for new public housing estates and reviewing rents of existing estates, the main criterion used by the Housing Authority (HA) is tenants' affordability. The guideline is that tenants' median rent-to-income ratio should not normally exceed 15%. Other factors taken into account include estate value, inflation, rates, management and maintenance charges. On average, public housing tenants pay 8.5% of their income on rent, compared with about 25.5% for people living in comparable private housing, which means that public housing rents are usually three to 5.5 times lower than comparable private housing rents, and are affordable.

Subsidy

Put in another way, public housing rents are heavily subsidized. Because of this, public rental housing estates incur a substantial deficit, estimated at \$1.4 billion in 1995-96 or a deficit of \$178 per flat per month. The deficit is forecast to rise to \$2.5 billion or \$310 per flat per month in 1996-97, and an increasingly higher deficit will occur year after year. This deficit can only be made good partly by the surplus coming from commercial operations and largely by the sale

of home ownership flats. I need hardly point out that this deficit does not take into account the value of land which is provided by the Government to the HA free of charge. This is another big subsidy. Thus any proposal by Honourable Members to freeze the rents of public housing estates would entail an even bigger deficit, and bigger and bigger deficits in public rental housing estates would mean less and less funds available for new public rental housing construction. This must be avoided.

Equity

Furthermore, I would like to note that public housing rents are reviewed every two years. The estates are divided into five groups, and the timing for rent adjustment for each group is different. It would create problems of relativity of rents between estates if the rents for some groups were frozen. On the other hand, a catching up exercise would have to be mounted later, and it would cause greater inconvenience and problems to tenants.

Inflation

Some people feel that public housing rental increase will fuel inflation. This is not true. As I have said earlier, these rents are heavily subsidized. In fact, the impact of public housing rent increases on the rate of inflation is minimal and contributed, for example, less than half a percentage point, or 0.4 percentage point, to the increase in last year's Consumer Price Index (A).

Rent assistance

Some Members feel that some low income families may experience difficulty in paying new rents. I should point out that there is a Rent Assistance Scheme being implemented by the HA. Households with income below 50% of the Waiting List Income Limit and at the same time with rent-to-income ratio above 15% are eligible for one-half rent reduction. This is already a very good safeguard for needy families. Therefore, I do not see any good reason for freezing public housing rents.

With these remarks, Mr Deputy, I urge Honourable Members to vote against this motion and the amendments.

MISS CHRISTINE LOH: Mr Deputy, it has become fashionable to have many amendments. Of today's motion and the three amendments, I dislike Honourable James TIEN's amendment least because it restricts itself to the Government's fees and charges. Having said that, I cannot say I like it actually. The others all include public and private bodies, to a greater or lesser extent.

I believe we should perhaps try to look at the first principles which does not appear to be the case of the Member who is moving the motion and also those who are moving amendments.

Firstly, I think the Government has to acknowledge that it has an enormous reserve. This does create a case for not increasing government charges. The Government should acknowledge this rather than pretend that Hong Kong needs to keep an unusually high level of reserves.

Let us just remind ourselves of the sheer grossness of the numbers we are looking at. The Administration forecast a year ago that Hong Kong's fiscal reserves at 31 March 1997 will stand at HK\$151 billion. This figure will rise to a staggering HK\$361 billion by March 1999. Hong Kong is expected to do very well because the SAR government will receive the full proceeds from land sales and will collect rents from the extension of New Territories leases. Thus, from 1 July 1997, Hong Kong is expected to have annual surpluses of HK\$33 billion.

Mr Deputy, these numbers are immense. Let me say now that these sums belong to the people of Hong Kong. It does raise the issue of what we should do with this enormous common wealth.

Having said that, I believe the surplus should be dealt with by a comprehensive review of the tax system, and the level of taxation, and not in an *ad hoc* manner, as is proposed by the motion and the amendments today. As a general rule, I favour indirect taxation rather than direct taxation. But that is the subject of another debate.

Secondly, Mr Deputy, we must ask ourselves what level of priority for

reduction we wish to give to government fees and charges. This Council has already considered this issue with the recent sewage charges debate. I said then, and I repeat it now, that government fees and charges should have a very low priority, since the "user pays" principle should be followed as far as possible.

Thirdly, Mr Deputy, you might ask what about a temporary freeze then, as is being suggested today? A freeze is always self-defeating, since there has to be a catch-up process eventually. The motion and the amendments state that inflation is high today and that is causing hardship. But, surely, when the catching-up occurs next year, inflation could shoot up. If Honourable Members need to have an example, they can look at what happened in Britain in 1979 when the British Government relaxed the freeze on prices and wages. Inflation rose to over 20%.

Fourthly, as a principle, I think we would want the fees and charges of public corporations to be set autonomously, like that of the Housing Authority. However, we would want in return, a high level of transparency of its operation so that the public is assured of its sound financial management. There are Members of this Council sitting on the board of the Housing Authority. They are in a good position to discuss there whether public housing rental needs to be increased this year, and if so, to what level.

Lastly, I am sure that as a principle, the fees and charges of the private sector should also be set autonomously and I do not believe I need to elaborate on this.

I wish to mention that I am particularly interested in the Honourable Miss CHAN Yuen-han's amendment, requesting that "public utility corporations in the public and private sectors which are operating with surplus to freeze their fares and charges voluntarily for one year."

I do not know which of the public corporations have surpluses currently or are about to accumulate surplus. Where there are surpluses, using them to freeze fares and charges may not be the best use of resources for the greatest public good. For example, if the MTRC has a surplus this coming year, it may be argued that the corporation should use it to subsidize building railways to

areas which have not yet reached a critical population for it to be financially viable to start building. All I want to show here is that using surpluses to freeze fares and charge is not necessarily the best way to surpluses.

Mr Deputy, it seems that in the recent spate of debates related to the economy, I have voted against the motions and all the amendments. I regret that I have to do so again today.

THE PRESIDENT resumed the Chair.

MRS MIRIAM LAU (in Cantonese): Mr President, the motion moved by the Honourable SIN Chung-kai today looks familiar. About six months ago, former colleague Dr Conrad LAM moved a similar motion in which the Democratic Party demanded that government fees and charges, public housing rents and railway fares be freezed for one year. The motion was voted down. The Democratic Party is now coming back with just about the same motion but couched in more aggressive terms and with much wider implications. Apart from urging for a freeze on government fees and charges, the present motion demands that all public utility corporations, be they in the public or private sector, voluntarily freeze their fees and charges for one year.

The Liberal Party's stand is one of support for the freezing of government fees and charges and this stand remains unchanged. It is because the Government has vast reserves which really belong to the people. Added to this, the freezing of government fees and charges in the past did indeed ease inflationary pressures to a certain extent. Therefore, the spirit of today's motion is worth supporting. However, the Liberal Party is still against the proposal to compulsorily freeze or curb fees and charges collected by non-government corporations.

Private sector corporations must be run having regard to the practical and public needs of their clientele. The same is the case with public utilities in the private and public sector. As Legislative Councillors, we have the responsibility to monitor the Government to ensure that the Government will not let these utility corporations profiteer but will insist that they provide satisfactory

services to the people. However, to compulsorily require these corporations, for the sake of the people's livelihood, to freeze fees and charges regardless of practical needs, business conditions, profit or loss would be against commercial principles, to say nothing of undermining an important cornerstone of Hong Kong — its free economy. In this regard, I would like to talk about public transport.

Last week, this Council dealt with the question of fare increases by the Hongkong and Yaumati Ferry Company. The Democratic Party, though it knew full well the ferry company was deeply in the red, still insisted that the company freeze its fares. I criticized the Democratic Party for advocating such an irrational course of action. At that time, some Members suggested that the ferry company could, and indeed should, carry on despite losses and in the worst case scenario the Government could step in and offer subsidy. Some other Members remarked that it would not be a bad thing for the Government to take over the ferry company. If this should come to pass, would it not be a first step towards "nationalization" of public transport carriers?

It would be gross fallacy for Members to suppose that a freezing of fares would do no harm and that if the company floundered or the investors abandoned ship the government would be there as a backup and would take over. Let us look at a few glaring examples in foreign countries. Last year, that is, 1994-95, the New York underground railway managed to survive with a subsidy of close to HK\$500 billion from the government; the Paris underground railway got a government subsidy of close to HK\$800 million; the London underground railway was the worst performer and the government had to bail it out with a subsidy of HK\$9 billion. The railways subsidized by the governments with taxpayers' money have one thing in common: they are all operated by the state. After being granted huge subsidies, their fares are still much more expensive than Hong Kong's. Hong Kong's public transport systems, whether they be the Mass Transit Railway or Kowloon-Canton Railway in the public sector or bus companies in the private sector, need not take a single cent from the Government by way of subsidy.

My purpose of citing these examples is to make one important point: let public transport and utility corporations in the private and public sectors operate according to the free market mechanism. Apart from preventing profiteering and monitoring the quality of their services, we should as far as possible keep intervention to a minimum or, better still, refrain from interfering altogether.

This will be in the interest of the economy and the people. If we exercise the powers vested in this legislature to interfere with the operation of our free economy — to put it bluntly, disallow increases in fees and charges regardless of profit or loss — how will commercial organizations be able to carry on? With the exception of the Government and charitable organizations, who else in this world will continue to engage in a business venture that fails to make money but instead loses it?

Of course, I hope that public transport and utility corporations will keep their price or fare hikes as low as possible or, better still, will not introduce price hikes at all. This is also being looked forward to by the public. However, objective realities will determine whether there should be increase or no increase in fees and charges. It would be wishful thinking and indeed impractical to request for nil increase. We must consider the actual operation conditions of the companies concerned and let the operators have sufficient resources to ensure high quality service. It would be unwise to adopt a broad-brush approach by requiring all public transport and utility corporations to freeze their fees and charges regardless of their operating conditions and their profit and loss account. It is because, with ever rising operating costs, a freezing of fees and charges by public utility corporations would lead to a lowering of service quality and eventually the general public would suffer.

Mr President, the four seasons of the year are spring, summer, autumn and winter. They come and go in an orderly sequence. At the start of each year, price and fare hikes are proposed. But the campaign against price and fare hikes is invariably in full swing throughout the seasons. To care for the people's livelihood is a prime and regular task of us Councillors. But some Councillors, time and again placing disproportionate or one-sided emphasis on livelihood issues, have been asking for a price or fare freeze by public transport and utility corporations. They are opposed to any price increase regardless of what consequence that would bring. They completely ignore the importance to Hong Kong of normal, unimpeded commercial operations. The Liberal Party cannot agree to this course of action. Therefore, we oppose the original motion before this Council today and support the Honourable James TIEN's proposed amendment.

MR CHAN KAM-LAM (in Cantonese): Mr President,

Price/fare hike applications mean good shows lined up for viewing

Price/fare hikes by public utility corporations has been a matter of concern to Members of this Council. Whenever an application for a hike is lodged, there will be good shows lined up for viewing. One side hoists aloft the banner of "opposition against hikes of whatever sort" and these people espouse ossified concepts without regard to actual circumstances and the ultimate interests of the people. Ranged on the other side is the Government which seems to have over-reacted to criticisms levelled by people against the proposed price/fare hike. It holds aloft the banner emblazoned with the "user pays principle" which catches all who happen to be in its way. There are also people who on the one hand request loss-suffering public utilities to freeze their fees and charges but on the other hand permit profit-making utilities to hike up theirs. What a spectacle that unfolds itself before our eyes!

DAB to adopt a rational and pragmatic attitude

I recall that, during the debate on the Governor's policy address, I said there was no need to over-react to opposition against price/fare hikes. As a matter of fact, the Democratic Alliance for Betterment of Hong Kong (DAB) adopts a rational and pragmatic attitude towards each and every price/fare hike proposal. The DAB's stand is to decide on the matter according to the paramount principle of catering to the overall interests and peaceful living of the people of Hong Kong and ensuring the territory's prosperity and stability.

We will carefully assess the merits of each application. Our assessment will cover the operating conditions of the company concerned, its quality of service, the effects of a price hike on the people's livelihood and the overall economic condition of society.

To weather through the crisis in a spirit of mutual help

In view of Hong Kong's current economic downturn, the DAB thinks that the Government and the various strata of society must pull together to weather through the crisis in a spirit of mutual accommodation and mutual help. Therefore, public utility corporations, no matter whether they are in the private or public sector, should, if they have huge surpluses, voluntarily freeze their fees and charges to help lessen the burden on the people.

Mr President, in discussing the price/fare hikes of public utilities, the

people of Hong Kong are concerned about the important question of whether services will be improved following the hike. Therefore, the prime task for operators of public utilities should be to improve the quality of service. We have recently heard it said with strong conviction that if the services of public utilities meet the necessary standards, price/fare hikes are acceptable. Hence the quality of service is very important from the consumer's perspective.

With regard to public utilities, the Government has all along followed the policy of privatization. As far as possible, public services are contracted out and operated as commercial undertakings, or they become wholly owned by the Government and operated according to commercial principles. Moreover, the "user pays" principle is being applied to recover costs and to yield returns on investment. We basically agree with this. In western countries, part of public utility services are operated by the state but the government has to subsidize them with vast amounts of taxpayers' money.

Myriads of franchise provisions and monitoring modes

The services provided by public utility corporations have a bearing on the daily life of the people. At present the China Light and Power Company and the Hongkong Electric Company are subject to Schemes of Control. Increases in charges by Hong Kong Telecom are subject to an upper limit. Fare increases by the ferry companies are introduced through amendments to subsidiary legislation before the Legislative Council. And there are a variety of franchise provisions and monitoring modes in respect of bus, railway and other transport or utility services having a bearing on the people's livelihood.

Therefore, the people very much hope that the Government will have a perfect system in place to monitor public utility services and that service providers in the private or public sector will adopt highly transparent financial management methods and performance pledges which are open to scrutiny in order to enable the public to carry out effective monitoring.

Amendment's important significance

There is a very important argument which, I think, the community must carefully consider. Although Hong Kong is a free commercial society where

prices are ultimately determined by market forces, yet franchised public utility corporations should bear overall social responsibility and go through thick and thin with the community. But this does not mean that we have sufficient grounds to freeze prices/fares at will.

Mr President, if we fail to deal with the question of price/fare hikes in a rational and pragmatic manner, not only will the investment environment of our free market economy be ruined, public utility corporations will eventually be "nationalized" and run by the Government using taxpayers' money. I believe this is something we would not wish to see.

Mr President, I so submit.

MR LEE KAI-MING (in Cantonese): Mr President, Members have advanced a multiplicity of arguments with regard to the freezing of fees and charges. They are well acquainted with the arguments and I shall therefore only speak briefly on the matter. Although government statistics have indicated a slight drop in the inflation rate, yet many people lack confidence in Hong Kong's economic development. At the same time, because the unemployment rate has been staying high, people are having a pessimistic attitude with regard to employment prospects. They are worried lest the unemployment situation should worsen. This has led to slack consumption demand.

Furthermore, according to government estimates, the increase in the number of unemployed people will lead to a sustained increase in the number of recipients of Comprehensive Social Security Assistance (CSSA). Director of Social Welfare, Mr Ian STRACHAN, told the Finance Committee of this Council that from April to December 1995 the number of CSSA recipients increased from 101 000 to 116 000, up 14.5%. It was surmised that the increase in the number of people who were out of job for a long time was the cause of all this. The Government estimates that during the remainder of the current fiscal year, the number of CSSA recipients will increase by a further 10%.

Besides, according to the recently published statistics for the third quarter of 1995 in respect of the average income and wages of employees in the various major trades, the overall wage index for September 1995, after allowing for inflation, showed a negative growth of 1.8% when compared with the figure of the corresponding period in 1994. This indicated that the overall demand for

labour in 1995 had slackened which led to falling wages and fringe benefits for employees.

The inflation and unemployment rates are staying high, the number of CSSA recipients who are out of work is rising, wages are registering negative growth and the gap between the rich and the poor is widening. And yet the Government is sitting on vast surpluses and reserves. It would only be reasonable for the Government to freeze public housing rents as well as fees and charges having a direct bearing on people's livelihood. However, a request for an across-the-board freeze on fees and charges collected by public utility corporations in the private and public sectors might mean that the working class would not get improved wages and fringe benefits. Therefore, I feel that public utility corporations in the private and public sectors which have made substantial profits — I say public utility corporations in the private and public sectors with good profits — should voluntarily freeze their fees and charges in order to alleviate the people's burden.

I support the amendment proposed by the Honourable Miss CHAN Yuen-han. Thank you.

At this point, the Financial Secretary drew the attention of the President to the absence of a quorum

PRESIDENT: I direct the Council be counted.

PRESIDENT: I now suspend the Council and summon Members to attend the sitting.

A quorum was then formed.

PRESIDENT: Council will now resume.

MR WONG WAI-YIN (in Cantonese): Mr President, according to the 1995 third quarter statistics on the average income and wage of employees in the territory's major trades recently published by the Census and Statistics Department, the overall wage index for September 1995, when compared with the corresponding period in 1994, registered a nominal growth of 7%, which, after allowing for inflation, actually represented a negative growth of 1.8%. During these difficult times, if financially sound public utility corporations still insist on applying for price/fare hikes in order to secure substantial returns, the Democratic Party absolutely cannot accept it. The reason is that public utility corporations differ in nature from ordinary commercial operations whose principal purpose is to make money. The services provided by public utility corporations have a direct bearing on the daily life of the people and they are essential services which people need. Therefore, these corporations should bear a certain degree of social responsibility. Moreover, the Government generally grants franchises to these corporations to ensure their willingness to make long-term investment to improve their quality of service for the benefit of the people. Hence, they have the responsibility to provide high quality services to the people at prices or fares acceptable and affordable to the people.

Mr President, I shall, on behalf of the Democratic Party, focus on discussing our grounds for proposing to freeze the fares of bus and ferry companies.

It is common knowledge that China Motor Bus (CMB)'s quality of service is poor. The Government cut CMB's 26 routes and 14 routes respectively in 1992 and 1995 as a punitive measure to force it to improve its services. Unfortunately CMB stays the way it did. Not only has it failed to renew its bus fleet, instances of buses running behind schedule and passengers' complaints about poor service are still on the high side.

Although the Government twice cut CMB's routes, the company's financial position is still very sound. During the past five years, returns on the company's average net fixed assets have been maintained at between 13% and 15%, very substantial returns indeed. We are of the view that, having regard to CMB's attitude, service quality and substantial profits, the company should not be permitted to raise its fares at all.

Since being awarded a franchise in 1993 to operate 26 bus routes, Citybus has been continuously expanding its bus fleet and service network. At present Citybus has a daily passenger volume of 300 000. In order to let Citybus

concentrate on developing its bus operations

At this point, the Financial Secretary drew the attention of the President again to the absence of a quorum.

PRESIDENT: I direct the Council be counted.

PRESIDENT: Two short, Council is now suspended. I summon Members to return to the sitting.

A quorum was then formed.

PRESIDENT: Council will now resume, Mr WONG Wai-yin, please continue.

MR WONG WAI-YIN (in Cantonese): The Government recently awarded a new 10-year franchise to Citybus. Citybus is one of the few public utility companies capable of turning a profit at an early stage of operation. According to rough estimates, Citybus' profit for 1995 could be as high as \$12 million. Since Citybus has so many favourable conditions for development, there is no need for it to hastily seek further and more substantial profits in the near future. Therefore, the Democratic Party cannot accept Citybus' proposal for a fare increase of 13.7%.

The Kowloon Motor Bus (KMB) is different from CMB and Citybus in that KMB is still subject to the Scheme of Control. Under this scheme, KMB's return is not permitted to exceed 16% of its average net fixed assets. But KMB has all along been construing this Scheme to mean that it has been given a guarantee by the Government to reap a return of 16% each year. Therefore, despite substantial profits made each year, KMB still asks for fare increases in order to secure a maximum return. As at 30 June 1995, the profit from the operation of franchised bus services by KMB amounted to \$218 million, up 17.8% on that of the corresponding period the previous year. Based on this, it can be estimated that KMB's profit for the year 1995 will be very substantial.

In the current economic downturn, if KMB still insists on securing a return of close to 16% each year, it will amount to profiteering. Therefore, we request KMB to voluntarily freeze its fares for one year to lessen the general public's transport expenditure.

The New Lantau Bus Company (NLB) is the principal provider of transport services for residents of Lantau. According to the company's report, substantial profits of \$7.7 million and \$8.4 million were made in 1994 and 1995 respectively, representing returns of 35.6% and 27% respectively on the company's average net fixed assets. According to NLB's estimate, if it does not raise its fares in 1996, it will only make a profit of \$0.63 million. Therefore it is proposing to increase its fares by 10.4%. The Democratic Party is of the view that NLB already made substantial profits during the past two years. We cannot accept its proposal for fare increases just because it has fallen on somewhat harder times without regard to the substantial profits it made in the previous two years. We therefore hope to freeze NLB's fares as well.

Mr President, as regards ferry services, both the Hongkong and Yaumati Ferry (HYF) and the Star Ferry (SF) have proposed fare increases this year. Our grounds for freezing HYF's fares were discussed a fortnight ago in this Council and I do not intend to repeat the arguments here. The Democratic Party is most dissatisfied with SF's attempt to raise its fares because it promised in 1994 that if its fare increase proposal was approved it would not seek another increase in 1995. But SF has gone back on its promise and proposed a fare increase at the end of 1995. According to SF's explanation, the estimated operating costs for last year fell short of the actual operating costs by \$15 million which caused a substantial drop in profit for 1995; it is estimated that a slight loss will be incurred in 1996. Such a state of affairs makes this Council doubt the cost control ability of SF's management as well as the credibility of the grounds, cost analysis and figures presented by the ferry company when it applies for a fare increase.

According to SF's forecast, even if this Council approves its 18.9% fare increase this year, the company will have to ask for a 32% fare increase in 1997 to balance its books. The Democratic Party is absolutely against massive fare increases each year as a means to solve the problem of ferry services. We suggest that the Government should as soon as possible jointly launch a study with SF to formulate the future development goals and strategy of the company in order to meet the challenge posed by its declining business. Such study may include a feasibility study as to property development atop SF's piers. The

Government should not connive at such attempt to maintain services through successive and steep fare increases.

As a matter of fact, members of the public and this Council have an inadequate knowledge of the data provided by public transport corporations. Such data are presented to the Transport Branch and the Finance Branch on an exclusive basis. Unfortunately, these two policy branches seem all too ready to accept in their entirety the data presented, with the result that the corporations concerned can still secure their expected rates of return despite their originally proposed fare increases having been somewhat cut by the Government. The Government's failure to carry out rigorous monitoring and to forecast accurately has resulted in members of the public having to pay high fares. Therefore, we request the Government to review the present vetting procedures so that more detailed information will be presented to this Council for scrutiny.

I so submit. Thank you, Mr President.

MRS SELINA CHOW (in Cantonese): Mr President, today's motion debate is directed at the fees and charges of the public and private sectors with a view to alleviating the burden of people's livelihood. However, if we look at the issue closely, we will discover that both the motion and certain amendments do not consider the whole community as an entity. They have in fact drawn a dividing line between businessmen and people's livelihood as if anyone who is engaged in business must not belong to the grassroot level and their livelihood would never be affected. If only we consider the matter more deeply, we will know that this is far from the case.

The motion urges the Government to freeze public housing rental as well as fees and charges that affect people's livelihood. It is not known whether or not those shops in the public housing arcades will benefit as we can hardly ascertain if their livelihood has been affected. I hope Members from the Democratic Party will see for themselves clearly the repercussions of the motion. In Hong Kong, there are only about 190 listed companies and no more than a few thousand business undertakings of considerable scale. It is understandable that you do not want to help them to earn big money, but to the tens of thousands small scale companies, shops, cottage factories market stalls, your very short-sightedness has dealt a heavy blow to them.

Take for example the Business Registration Fees, which are obviously not regarded by the Democratic Party as fees or charges affecting people's livelihood. The current Business Registration Fee is \$2,250 per year. This amount of money may not mean much to the large consortia but the small business operators may find it hard to afford.

During the recent Christmas and New Year Holidays, I went to the markets to visit many operators of small scale shops. They told me that it was very difficult to carry on with their business and most of them could not understand why the Government, with large public coffers, has caused them undue hardships and would not sympathize with their situation.

I would like to disclose to Honourable Members a certain figure. During the short period of three months from March to June last year, the number of wholesale and retail companies was down from 72 000 to 67 000. Do Honourable Members think that we should let such small scale shops run their own course instead of trying our best to help them out as and when required?

Why should we not freeze the Business Registration Fees imposed by the Government? Frankly speaking, some government charges or fees, such as the Business Registration Fees just mentioned by me, should be not only freezed but also reduced. I am prepared to write to the Financial Secretary to ask for a reduction of fees in this respect.

As is well known, the operators of small scale companies are among the most industrious citizens of Hong Kong. They are the dynamics of our economy. For example, the operators of most of the retail shops in my constituency have to work very long hours with few holidays. They have not much labour welfare to speak of, they have not joined any federation of commerce, nor have they the time to take part in any sit-in to fight for their rights. They have to rely on government officials and Honourable Members to sympathize with their plight. If we Members are prepared to let them run their own course or even deal them a hard blow, this is against social justice and fairness.

During the elections, many people condemned the Liberal Party as a business party, saying that we did not understand the hardships of the common people. I believe that any attempt to attack the commercial sector and to

making fabrications against them, smearing them as heartless employers and businessmen, are genuine acts made out of ignorance of the plight of the common people.

We should know that Hong Kong owes its success to the ingenuity of its people. With the spirit of "better be the head of a dog than the tail of a lion", they have worked hard to open shops and companies to make this tiny place what it is today. They do not belong to any consortium. They are in fact individual business operators and grassroot level citizens.

According to the December 1995 issue of the Hong Kong Monthly Digest of Statistics, there were about 77 000 companies in the wholesale, retail, catering and hotel business, about 6 800 or 90% of which are companies comprising 10 or less than 10 persons, providing employment for a total of 198 000 people. There are of course many more other small scale companies or operators of small business. The Liberal Party has at least appreciated the hardships of tens of thousand small business operators and their employees. The Democratic Party, however, claims to represent the grassroot people and yet they have divided them into two categories: those who are engaged in business and those who are not. Do they really represent the grassroot people?

As a matter of fact, doing business does not necessarily mean making a profit, not to mention making big money. No matter how much money the small business operators have made, they have certainly made great contributions to the economy of Hong Kong. They have contributed to our present enormous surplus. The Hong Kong Government is now very rich, while the business market is on the decline. Why do we have to single them out, without letting them share our economic success to which they have contributed considerably? As the Chinese saying goes, "When the Buddhist ceremony is over, the services of the monks are no longer required." Is that the case?

Having said that, I would like to remind those Honourable Members professing to care for people's livelihood that all government fees or charges have, directly or indirectly, something to do with people's livelihood. We should not choose to ignore this very fact just because "we do not feel the sting of the needle." The closing down of companies will cause workers and small business operators to lose their jobs and our unemployment situation will thus

deteriorate, which will in turn affect our investment environment. With fewer people to invest their money, the unemployed will find it even harder to get a job and more and more people will turn to public assistance. The consequent increase in public expenditure will definitely be greater than the loss of public revenue caused by freezing government fees or charges.

I support the Honourable JAMES TIEN's amendment because I think the Government should, with such a sizable fiscal surplus, extend a helping hand to those poor small business operators caught between the workers and the big companies. I oppose the original motion and the other amendments because they have failed to take care of the rights of these people. With these remarks, I support Mr JAMES TIEN's amendment.

MR LEE WING-TAT (in Cantonese): Mr President, I would like to talk about the issue of public housing rent increases on behalf of the Democratic Party. Mr President, in a year marred by high rates of inflation and unemployment, I support the Honourable SIN Chung-kai's motion. Talking about high rate of inflation, I believe everybody agrees with me that rent increases do have a bearing on inflation. Every two years, the Housing Authority (HA) introduces an average adjustment of 17.5% for the rents, and the public housing rent increase represents 0.4% of the inflation rate. An increase of 0.4% may be insignificant at a glance, but there are some 2.5 million households, or about two fifths of the local population, living in public housing. They are low income people and their non-rental expenses are no more than \$2,000 a month. An increase of \$200 or \$300 would mean a great burden to them.

Let us look at the figure of arrears of rents for the year 1995. During the first three quarters of the year, the Housing Department recorded 31 682 cases of arrears of rents as against 35 165 cases in the whole year of 1994. In other words, the number of cases of arrears of rents for the first three quarters of 1995 was almost the same as the total number of such cases in 1994. The number of public housing units repossessed by the Housing Department on grounds of non-payment of rents has risen from 156 in 1994 to 209 in the first nine months of 1995. We can thus see that the so-called Rent Assistance Scheme introduced by the HA and the relaxation of conditions have not helped much to relieve the hardships of the tenants. An increase of \$200 or \$300 may seem insignificant, but it has caused a great burden to them. It has also something to do with the steady increase in the cases of arrears of rents.

Moreover, part of the reason why the HA has to increase rents to cover the rising maintenance costs of the rented public housing units is because the quality of these buildings is not so good. For 1995-96 alone, the expenditure of the HA on repairing and maintaining the rented public housing units amounted to \$3.03 billion, about one third of the total outlays of all the public housing units.

Are the public responsible for the poor quality of the public housing units? Do they have to bear the consequences? Is it fair for them to do so? On the other hand, the HA had an operating surplus of \$15 billion for 1995 and most of the money has been used on conservative, prudential investments in accordance with the directive of the Financial Secretary. During the past two or three years, the return on investment remained around 4%, while the inflation rate was somewhere between 9% and 10%. In other words, because of the high inflation rate and the low return rate, there was a loss of \$600 million last year for the investment of \$15 billion. Who will benefit if the HA gets more money? Is it the public who will benefit? They may have more surplus, but after prudential investments, there are still losses between \$600 million and \$700 million a year. Are they reasonable investments? I hope the Financial Secretary will respond to this question.

Members are requested to consider the situation, not just for this year or next year, but for the next five years when there will be an operating surplus of \$60 billion for the HA. It is estimated that, if the inflation rate remains high, there will be a total loss of billions of dollars. Who will benefit in the end? Will the public benefit if the HA gets more rents?

Mr President, according to our estimation, if the HA freezes the rents for one year, the loss of revenue for 1996-97 will be merely \$480 million, less than the amount lost by the Authority in investment.

Mr President, we are of the opinion that the HA, as a public sector organization, should sympathize with the plight of the grass-root level during the difficult times by freezing the rents for one year.

Thank you, Mr President.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, we are debating today a

motion on the Government's economy and some Members hope to freeze charges and fees.

Let us go back to Hong Kong in the 1950s when the flagfall fare of a taxi was \$1.50 but now it has increased ninefold to \$13. Since then, the first class fare of the Star Ferry has increased fifteenfold, from 20 cents to about \$3, and the bus sectional fare, twentyfold, from 10 cents to \$4. In those days, it was very difficult to find a job with a monthly salary of \$80. Only a top-level job would offer a monthly salary of \$400, but it must be a very good job. Nowadays, assuming that there has been a twentyfold increase, even an ordinary job carries a monthly salary of \$8,000. Such being the case, I hope Members would not exaggerate the figures. In fact, Hong Kong people have a higher salary than people of other places. Now that Members urge the public and private sectors to freeze their charges and fees, I would suggest that Legislative Councillors, Urban Councillors and District Board Members might as well take the lead by asking for no pay rise themselves. When discussing their own pay rise, almost all Councillors wanted more, saying that the increase offered was not enough for various reasons, such as they wanted to become full-time Councillors. I hope Members would take the first step by responding to the urge themselves. There might be only 60 Members, but by doing so they could be seen to be fair in that they are willing to give up their demand for more instead of being so mean as to insist that only others should do so.

Mr President, many of the services in Hong Kong are run by the Government or the private sectors. I personally agree that the Government should view such services as the Mass Transit Railway (MTR) and the Kowloon-Canton Railway (KCR) from the point of social welfare. If there are really so many factors to consider, they should take the lead by reducing the amount of increases or by giving up increases altogether. However, we have to distinguish if they are social services or privileges. If the Government wants to take back the privileges already granted to some people, the people concerned would naturally feel very unhappy. In fact, the Government does not belong to the Governor or the Policy Secretaries, who just receive higher salaries. At the moment, the two highest paid posts are not within the Civil Service and so we should not consider that they are standing on our opposite side. The Government may have a surplus, but we must bear in mind that the foundation of our economy is very weak. When there is a surplus, you might say that the

Government has earned too much; and when there is a deficit, you might say that it has acted irresponsibly. You might as well be the Financial Secretary yourself. Hong Kong has managed to reach the present position because it has adopted the "user pays" principle to meet most of the expenditures before making use of revenues from other sources. We must bear in mind that the Basic Law stipulates that it should be the Government's fiscal policy to plan our expenditures in accordance with our revenues. We should accordingly consider our social services and the issue concerning increases of fees or charges.

As to the private sector corporations, they are not meant to provide relief for the community. They have to base their business decisions on their economic or market effectiveness. If they have earned enough money, they may choose to donate most generously in response to the large-scale fund raising campaigns held in Hong Kong. I personally think that such a practice should be encouraged. Take the case of HO Pak, or Uncle HO, for example. He donates most generously in the annual fundraising campaigns by the Tung Wah Group of Hospitals because he has made huge profits in the cigarette business. We should really encourage such practices. If, however, we Members try to freeze their fees and charges or veto their justifiable business decisions by means of a motion, we might affect their intention to make investments, and the workers will be the biggest loser in the end. As I have said before, if they do not get favourable returns on their investments, they might invest their money elsewhere, and the workers would lose their jobs. For this reason, we must take care of various aspects whether we move a motion or take whatever action. We should not say that we would only help the public, or else we might get them into trouble.

Mr President, there is no denying that Hong Kong's present unemployment rate stands very high. This has been caused by a change in the entire social pattern. At present, there are some 150 000 domestic helpers in Hong Kong. If only 70 000 household women would return to their posts, our unemployment situation could be improved. It is not just a figure; it is really the fact. Many people might not like to hear what I have said but I have to speak out my mind. You should not think that whatever you deem right is right and whatever you deem wrong is deception. Had we not approved so many domestic helpers to come to Hong Kong, there would be no one without a job.

Mr President, today we are debating this motion and the three amendments

and I am afraid they will not get us anywhere beyond the "talking stage". I am going to support none of them. We must bear in mind that any motion debate should take into account the feelings and sentiments of the general public and that resorting to sensationalism would be no good to anybody.

Mr President, I so submit.

DR HUANG CHEN-YA (in Cantonese): Mr President, three Honourable Members have moved amendments to the motion. They are the Honourable James TIEN, the Honourable Miss CHAN Yuen-han and the Honourable YUM Sin-ling. I am going to state the position and view-points of the Democratic Party *vis-a-vis* their amendments.

We do not support Mr James TIEN's amendment because it has changed the direction of the main target of today's motion. The purpose of our motion is to urge through debate the Government and the public utility corporations in our society to take some direct and concrete actions to alleviate the financial burden of the citizens amidst high rates of inflation and unemployment. In fact, apart from those provided by the Government, most of the other services needed by the citizens in their daily lives are provided by corporations in the public or private sectors, such as the Mass Transit Railway Corporation, the Kowloon-Canton Railway Corporation, Light Rail Transit, China Motor Bus Company Limited, Kowloon Motor Bus Company Limited, Citybus Limited, Hongkong and Yaumati Ferry Company Limited, Star Ferry Company Limited, Hongkong Electric Company Limited (HYF), China Light and Power Company Limited as well as Hong Kong and China Gas Company Limited. The citizens cannot do without such services whether they are under employment or not. If the public utility companies agree to voluntarily freeze their fees and charges for one year, we are sure the citizens will directly benefit and some of their financial burdens will be lessened. For this reason, it is the essential point of today's motion to urge the utility corporations in the public and private sectors to freeze their fees and charges for one year. Similarly, the Democratic Party would not give up the request for freezing public housing rents. This is because public housing tenants belong to the low-income group. Unemployment and high inflation will have a great impact on them and the freezing of public housing rents will no doubt ease their burden. In his amendment, Mr James TIEN deletes from our motion the part "request for freezing of public housing rents and voluntary freezing at existing level of the fees and charges of the various main public utility

corporations in the public and private sectors". The Democratic Party cannot accept his amendment because it has completely obviated the original intention of our motion.

There is not much difference between Miss CHAN Yuen-han's amendment and our motion, except that Miss CHAN requests freezing "charges and fees of only those public utility corporations in the public and private sectors which have been operating with a surplus". We are of the opinion that it is too one-sided to use "operating with a surplus" as the only yardstick to assess the feasibility and rationality of freezing the charges and fees of a public utility corporation. Our reasons are as follows:

- (1) Whether or not a corporation is operating with a surplus depends mainly on how effective its management is. If a corporation is operating at a loss, it may be either because of poor management or because of poor quality of services resulting in great loss in passengers. If it is due to poor management that a corporation is operating at a loss, the citizens have no obligation to guarantee that it would have a surplus, let alone undertaking to make good its loss.
- (2) Most of the public utility corporations have been granted a franchise lasting one to several tens of years. After being granted a franchise, they would inject huge sums of money as a long-term investment and to improve the quality of their services. In other words, a slight loss might appear at the beginning of the investment but in the long run, the average rate of return could be considerable. For this reason, the Democratic Party deems it impractical to use the yardstick of surplus during the previous year to decide whether or not the fees and charges of a corporation should be frozen. Take for example the debate on freezing the fees of the HYF two weeks ago. The Democratic Party took into consideration not only whether the company operated at a loss in 1995 but also such other factors as its past performances, its future development and financial prospects, the financial situation of the entire consortium, public acceptability and the economic situation of Hong Kong. It was after taking into consideration all such factors that we came to the conclusion that it was both feasible and reasonable to freeze the fees of the HYF. We are therefore not prepared to support using "surplus" as a yardstick to decide if the charges and fees of a public

utility corporation should be frozen. This is because such a concept is not only confusing but also one-sided.

We do not support Mr YUM Sin-ling's amendment because it does not request public utility corporations in the private sector to freeze their charges and fees. In fact, the public utility corporations in the private sector provide a wide range of services closely related to the daily lives of the public. Moreover, they have been granted franchises by the Government to guarantee that their services would cover a fixed percentage of the market. This is tantamount to guaranteeing them to make sizable profits. We are of the opinion that, since they have made considerable profits in the past, freezing their charges and fees at the time of high inflation and rising unemployment rate would not cause them too much hardship. Why not urge them to voluntarily freeze their charges and fees for one year?

Mr President, the Government announced yesterday that inflation dropped to 6.6% last month, and so argued that there was no need to freeze the charges and fees. However, it must be pointed out that it was only for temporary reasons that inflation has decreased but it is certainly not a lasting trend. In fact, the interest rate may drop this year, causing inflation to rise again. With an all-year-round inflation rate at 8.7% which is obviously high by world standard, Hong Kong has suffered a great deal in its ability to compete with other places. We therefore have to ask the Government to undertake to combat inflation.

MR MOK YING-FAN (in Cantonese): Mr President, on behalf of the Hong Kong Association for Democracy and People's Livelihood (ADPL), I support freezing all charges and fees that have a bearing on people's livelihood. Since late 1994, the economy of Hong Kong has been on the decline and the unemployment rate has risen to a record high in 11 years. The economic recession has, however, not brought about much relief to our inflation, which still remained at a very high level in 1995. The decline in inflation as announced by the Government yesterday should be a brief phenomenon. High inflation, coupled with low bank interest rates, has caused the hard-earned savings of the people of Hong Kong to depreciate in value. Moreover, the unemployment rate remains very high because many companies have started laying off their employees or have even closed down. Many people are living in constant fear that they may one day have to join the large force of unemployed workers, leaving behind their families without means of livelihood. The unusual

combination of high inflation and high unemployment rate has aggravated the predicament of the people of Hong Kong. The ADPL cannot bear to see them suffer any more hardships resulting from the Government and the public utility corporations increasing their charges and fees.

The Hong Kong Government, having managed to gain a surplus year after year, has now amassed an enormous amount of reserves. It is estimated that Hong Kong's fiscal reserves will stand at \$151 billion by 31 March 1997. Where have the Government's surpluses and reserves come from? Of course, they have come from the people of Hong Kong. And what is the purpose of amassing such reserves? For the purpose of meeting unexpected expenses. Since the money comes from the people, we naturally think it is not only reasonable but also logical to request the Government, during the present economic depression, to take the lead in freezing public housing rents and other charges and fees that have a bearing on the people's livelihood so as to lessen their heavy burden. If, however, the Government still insists on increasing the charges and fees by sticking to the so-called "user pays" principle, it will no doubt arouse the wrath of heavens and the resentment of the people.

The Government should take the lead to show restraint in fee increase and the public utility corporations should likewise freeze their fees and charges. Why? Each of these public utility corporations makes a profit of \$100 million or more every year. We can say that they have earned a lot of money from the people of Hong Kong. Our economy is now on the decline and the corporations have insisted on increasing their charges and fees, in disregard of the plight of the Hong Kong people, on grounds of rising costs and high inflation, in order to maintain a huge profit. I think public utility corporations in both the public and private sectors should undertake some basic responsibilities for our society. How can they concentrate on making huge profits for themselves, whether in good or bad times? I think that since we are in the same boat, we should help each other. It is all right for them to earn more during good times but they should be content to earn less during bad times. Our request is not too much; we only ask them to freeze their charges and fees for one year. Incidentally, I recalled that when Mrs Fanny LAW, Deputy Director of Housing, explained the scheme of fair distribution of public housing to the Legislative Council last week, she mentioned that calculation of the household income should be based on the income of the family as a whole. I personally agree that when our economy is not so good, we should react as a whole community. If the theory of the Housing Department can stand, I am sure it is also logical for us to ask the

Government and the corporations in the public and private sectors to freeze their charges and fees for one year.

Today, as a citizen of Hong Kong, I personally have some sort of feelings up in my mind. As a member of a political party representing the grassroot people, I have joined the Legislative Council with a view to upholding the interests of the people of Hong Kong. Some people have accused the ADPL of "objecting to any increase of charges or fees" but I think such criticism is ill-founded. I think we should look at this matter from two different angles. It is true that we are opposed to some of the increases but they are only those increases affecting the people's livelihood. As this is a very difficult year, the ADPL has decided to object to any increase in charges or fees that will affect the people's livelihood. As to those increases that will not affect people's livelihood, we will give them due consideration. On the question of increases in charges and fees, we will stick to the principle of striving for the greatest benefit for the people of Hong Kong. We cast our votes in accordance with this principle when the Hongkong and Yaumati Ferry Company (HYF) applied for fare increases.

The ADPL at first supported the Democratic Party's motion to freeze the fares, but unfortunately the motion was negatived. In the circumstances, the ADPL had no choice but to support the amendment of the Democratic Alliance for Betterment of Hong Kong (DAB), which was better than allowing the HYF to increase its fares by 14%. The Hong Kong Government being executive-led, the powers of the Legislative Council are limited. We were all very excited that, by a lucky coincidence, the Legislative Council had the chance to negative the application of a public utility corporation to increase its fares. However, we regret to note that both the Democratic Party's motion and the DAB's amendment had been negatived. It was deplorable that both the Democratic Party and the DAB saw it fit to cast their votes against the other party's motion or amendment. On that occasion, the Democratic Party held the sway and their decision could be final. We think that, for the sake of the interests of the public, the Democratic Party should not have cast their votes against the amendment. They should have at least abstained from voting. The conflict of two parties has finally benefited the HYF, much to the detriment of the public.

Today, the ADPL will oppose Honourable James TIEN's amendment, because he only requests the Government to freeze its charges and fees, leaving alone the increases in charges and fees of the public utility corporations, which will affect people's livelihood. In other words, his amendment would only

protect the interests of the commercial sector, completely ignoring the interests of the general public. We also object to the Honourable Miss CHAN yuen-han's amendment, as she only requests that public utility corporations in the public and private sectors that are operating with a surplus to freeze their fares and charges, implying that those corporations operating without a surplus might be allowed to increase their fares. We are of the opinion that if a public utility corporation does not make a profit, there must be something wrong with its management and operation. Finally, the ADPL also objects to the Honourable YUM Sin-ling's amendment, because he excludes the public utility corporations in the private sector from the motion to freeze charges and fees. In view of the above, I oppose all the amendments.

PRESIDENT: I now invite Mr SIN Chung-kai to speak for the second time on the amendments to his motion. He has five minutes to speak on the three proposed amendments. Mr SIN Chung-kai, do you wish to speak?

MR SIN CHUNG-KAI (in Cantonese): Mr President, I would like to thank the Honourable Miss Christine LOH for reminding me that the Government has numerous potential surpluses, thereby further encouraging us to request the Government to do something under the circumstances. Of course, apart from freezing charges and fees, the Government can also explain to us in the Budget speech on 6 March how the wealth is to be distributed, and how the fiscal surpluses are to be used properly.

As to why we move this motion today, Members from the Democratic Party and some other Members supporting us have already explained the reasons. In view of the prevailing economic situation, there is very little we can do. First, because of the linked exchange rate of the Hong Kong dollar and the US dollar, our interest rates cannot

PRESIDENT: I have listened to your preamble for too long. Would you please come to the amendments?

MR SIN CHUNG-KAI (in Cantonese): Mr President, just now my colleagues have already spoken on the amendments. We have also expressed our attitudes. We cannot support the Honourable James TIEN's amendment. The Honourable YUM Sin-ling's amendment limits the freezing of charges and fees to corporations outside the private sector. We have to vote against these two amendments. As to the Honourable Miss CHAN Yuen-han's amendment, she has explained that only those public utility corporations operating with a surplus should freeze their charges and fees. Though she added that this should not mean that those corporations operating without a surplus could automatically be allowed to increase their charges and fees, we still cannot accept the concept and the Democratic Party will not support her amendment.

Turning back to the motion moved by us, we are quite disappointed with the Government's response. The Government has only rehashed its position.

PRESIDENT: I have given permission to you to speak for the second time, so that you can speak on the amendments. This is not your final reply, you will be given another chance to give your final reply towards the end, after disposing of all the amendments.

MR SIN CHUNG-KAI (in Cantonese): My colleagues have already spoken on the amendments.

FINANCIAL SECRETARY: Mr President, the motion before the Council this evening quotes two problems and two opportunities, and then goes on to suggest a four-part remedy. I must respectfully put it to Members that this construction, though superficially neat and attractive, is not well founded.

First, inflation. At an average of 8.7% for 1995 as a whole, this is still higher than we would like it to be, but as the Secretary for the Treasury has pointed out, it is now heading in the right direction. Certainly, we are no longer in the situation of five years ago when the increase in CPI(A) was well into double digits and seemingly spiralling out of control. The rate is coming down because the resource situation has eased, and also because we have addressed, and continue to address, the bottlenecks that tend to exert upward pressure. The way to keep inflation under control is to maintain that unspectacular, but in the long run, more effective, course.

Second, the unemployment rate. Unemployment is a complex subject, and a problem that the Government takes very seriously. It seems that the rate has stabilized at about 3.5%, which is the envy of most communities in the world but higher than we have become used to. Again, the correct response of our community must be to seek out the appropriate long-term measures, not snatch at "quick fix" palliatives that would only serve to make the situation worse. The theme of long-term economic fundamentals is one to which I will return in my Budget speech in six weeks' time.

The surplus. Unfortunately, for the proposer of the motion, we are in fact expecting a deficit. I shall not go into detail here but this is a matter more appropriately dealt with in the Budget by which time more up-to-date data will be available. Suffice it to say that my predecessor, when presenting the 1995-96 Budget, forecast a deficit of about \$2.6 billion. I have no reason at this point to think that will prove very wide off the mark. But I shall not dwell on the point: even if there were a surplus, it would not be correct to use it in the way implied by the motion.

The reserves. Yes, at about \$151 billion, our reserves are at a very healthy level. Yes, our public finances are in good shape. Yes, when compared with the chaos we see elsewhere in the world, the Hong Kong community has every right to take pride in its prudent management of the common wealth. No, this is not the right time to fritter away an advantage so hard won.

We have reached the enviable position we have today not by accident, but by design. The Administration has adopted a set of prudent budgetary principles and applied them steadfastly. The community at large, including this Council, has generally supported our common-sense approach. Thus the Government has not pretended it can be all things to all men, making extravagant promises, leaving future generations to pick up the bill. Rather we have attempted — with the advice of this Council — to prioritize so as to meet the aspirations of the community without breaching the fundamental guideline of living within our means. The International Monetary Fund has recently conducted one of its regular inspections, and once again Hong Kong has passed with flying colours. Their advice on this point exactly matches my own inclinations: Our reserves are there for rainy days, not for cloudy periods.

The Secretary for Transport and the Secretary for Economic Services have

pointed to our good fortune in enjoying basically reliable and affordable utility and transport services. Flick the switch, electricity. Turn the tap, fresh water. Pick up the phone, a dialling tone and the ability to call anywhere in the world. Set out to travel, a wide range of reasonably efficient modes. Hong Kong citizens take these and other services for granted and long may they continue to do so. Yet many communities in the region do not have them. Why is this so? I urge Members to pause to reflect for a moment on what it is that makes these services work. As with our public finances, this is not an accident. It is the result of a sensible partnership between the public and the private sector. The Administration, acting on behalf of the public, provides the framework. Private companies provide the services. The result has generally been reasonable prices paid by the consumer and a reasonable profit earned by the investor.

What would be the consequence of moves to artificially suppress profits, or subsidize services from the public purse? We do not have to speculate, we can report from direct observation of communities that have gone down these routes. Without a reasonable profit, there is no new investment and the service declines. This obviously applies to private companies. It tends to apply also — but more subtly — to public corporations too, because if an operation does not pay its own way, then it ends up competing for resources with other public services. More kidney machines for our hospitals, or more new buses? More computers in school, or more carriages on the MTR train? More welfare facilities, or more modern ferries? And so on. And the result is always the same: the standard of the utility service gradually declines as over the years it loses out in the battle for resources. The commuter who saves 50 cents on his bus fare may thank you tomorrow. But what will he say to you in two years' time when he is walking to work, or at least spending twice as long in the queue? To borrow the analogy used by Miss CHAN Yuen-han, there are not so many Forrest GUMPs in Hong Kong.

Mr President, I do not propose to repeat all the familiar but sound arguments on fees and charges, or on public housing rents. These have been well covered by the Secretary for the Treasury and the Secretary for Housing. In conclusion, let me just say this.

No one doubts the motives of those who want to improve the livelihood of our community. After all, that is one of the prime objectives of the Government too. What is at issue is how best to do so. At a time when the economy is facing challenges on many fronts and growing more slowly, I can well

understand Members' frustration: indeed I share it. But we have to recognize that this is the low point of the economic cycle. That despite this, we still maintain a respectable growth of about 5%, with inflation easing and unemployment stabilized. And that provided we hold true to our economic and budgetary principles, we can and will maintain the steady growth that will improve the livelihood of all in Hong Kong.

With these remarks, I urge Members to oppose the motion in any form.

PRESIDENT: Mr James TIEN has given notice to move an amendment to the motion. His amendment has been printed on the Order Paper and circularized to Members. I now call on him to move his amendment.

MR JAMES TIEN's amendment to MR SIN CHUNG-KAI's motion:

"To delete "high inflation, the rising unemployment rate" and substitute with "economic slowdown, high inflation and unemployment rates"; to delete "surplus and"; to delete "various fees and charges relating to the people's livelihood as well as public housing rentals, and also requests all major public utility corporations in the public and private sectors to freeze their fares and charges voluntarily at the present level" and substitute with "government fees and charges"; to delete "livelihood of the general"; and to add", stimulate the economy and increase employment opportunities" at the end."

MR JAMES TIEN (in Cantonese): Mr President, I move that Mr SIN Chung-kai's motion be amended as set out under my name on the Order Paper.

Question on Mr James TIEN's amendment proposed and put.

Voice vote taken.

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

Mr James TIEN claimed a division.

PRESIDENT: Council shall proceed to a division.

PRESIDENT: I would like to remind Members that they are now called upon to vote on the question that the amendment moved by Mr James TIEN be made to Mr SIN Chung-kai's motion. Will Members please register their presence by pressing the top button and then proceed to vote by choosing one of the three buttons below?

PRESIDENT: Before I declare the result, Members may wish to check their votes. I think we are still one short of the head count. The result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mrs Miriam LAU, Mr Henry TANG, Mr Howard YOUNG and Mr James TIEN voted for the amendment.

Mr Martin LEE, Mr SZETO Wah, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr CHIM Pui-chung, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr James TO, Dr Philip WONG, Dr YEUNG Sum, Mr WONG Wai-yin, Miss Christine LOH, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Miss CHAN Yuen-han, Mr Andrew CHENG, Dr Anthony CHEUNG, Mr CHEUNG Hon-chung, Mr Albert HO, Mr IP Kwok-him, Mr LAU Chin-shek, Mr Ambrose LAU, Dr LAW Cheung-kwok, Mr LAW Chi-kwong, Mr LEE Kai-ming, Mr Bruce LIU, Mr MOK Ying-fan, Miss Margaret NG, Mr NGAN Kam-chuen, Mr SIN Chung-kai, Mr TSANG Kin-shing, Dr John TSE and Mr YUM Sin-ling voted against the amendment.

Mr Eric LI abstained.

THE PRESIDENT announced that there were seven votes in favour of the amendment and 38 votes against it. He therefore declared that the amendment was negatived.

PRESIDENT: Now that we have disposed of Mr James TIEN's amendment, Miss CHAN Yuen-han may formally move her amendment now so that Members may take a vote on it.

MISS CHAN YUEN-HAN's amendment to MR SIN CHUNG-KAI's motion:

"To delete "various fees and charges relating to the people's livelihood as well as"; to add "as well as government fees and charges which are directly related to the people's livelihood" after "public housing rentals"; to delete "all major"; to add "which are operating with surplus" after "public and private sectors"; and to delete "at the present level"."

MISS CHAN YUEN-HAN (in Cantonese): Mr President, I move that Mr SIN Chung-kai's motion be amended as set out under my name on the Order Paper.

Question on Miss CHAN Yuen-han's amendment proposed and put.

Voice vote taken.

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

Mr James TIEN claimed a division.

PRESIDENT: Council shall proceed to a division.

PRESIDENT: I would like to remind Members that they are now called upon to vote on the question that the amendment moved by Miss CHAN Yuen-han be made to Mr SIN Chung-kai's motion. Will Members please register their presence by pressing the top button and then proceed to vote by choosing one of the three buttons below?

PRESIDENT: Three short two short. Before I declare the result, Members may wish to check their votes. Are there any queries? The result will now be displayed.

Miss Emily LAU, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Miss CHAN Yuen-han, Mr CHENG Yiu-tong, Mr CHEUNG Hon-chung, Mr IP Kwok-him, Mr LEE Kai-ming and Mr NGAN Kam-chuen voted for the amendment.

Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mrs Miriam LAU, Dr LEONG Che-hung, Mr CHIM Pui-chung, Mr Frederick FUNG, Mr Eric LI, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr James TIEN, Mr Albert HO, Mr Ambrose LAU, Dr LAW Cheung-kwok, Mr Bruce LIU, Mr MOK Ying-fan, Miss Margaret NG and YUM Sin-ling voted against the amendment.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr Michael HO, Dr HUANG Chen-ya, Mr LEE Wing-tat, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Mr Andrew CHENG, Dr Anthony CHEUNG, Mr LAU Chin-shek, Mr LAW Chi-kwong, Mr SIN Chung-kai, Mr TSANG Kin-shing and Dr John TSE abstained.

THE PRESIDENT announced that there were nine votes in favour of the amendment and 20 votes against it. He therefore declared that the amendment was negatived.

PRESIDENT: Now that we have disposed of Miss CHAN Yuen-han's amendment, Mr YUM Sin-ling may formally move his amendment now so that Members may take a vote on it.

MR YUM SIN-LING's amendment to MR SIN CHUNG-KAI's motion:

"To delete "and private sectors" and substitute with "sector"; to delete "at the present level"; and to insert "(1 April 1996 to 31 March 1997)" after

"for one year".

MR YUM SIN-LING (in Cantonese): Mr President, I move that Mr SIN Chung-kai's motion be amended as set out under my name on the Order Paper.

Question on Mr YUM Sin-ling's amendment proposed and put.

Voice vote taken.

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

Mr James TIEN claimed a division.

PRESIDENT: Council shall proceed to a division.

PRESIDENT: I would like to remind Members that they are now called upon to vote on the question that the amendment moved by Mr YUM Sin-ling be made to Mr SIN Chung-kai's motion. Will Members please register their presence by pressing the top button and then proceed to vote by choosing one of the three buttons below?

PRESIDENT: Before I declare the result, Members may wish to check their votes. Are there any queries? I think we are one short of the head count. The result will now be displayed.

Mr YUM Sin-ling voted for the amendment.

Mr Allen LEE, Mrs Selina CHOW, Mr Martin LEE, Mr SZETO Wah, Mr Edward HO, Mrs Miriam LAU, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr CHIM Pui-chung, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Miss Emily LAU, Mr LEE Wing-tat, Mr Eric LI, Mr

Fred LI, Mr Henry TANG, Mr James TO, Dr Philip WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Miss Christine LOH, Mr James TIEN, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Mr Andrew CHENG, Mr CHENG Yiu-tong, Dr Anthony CHEUNG, Mr CHEUNG Hon-chung, Mr Albert HO, Mr IP Kwok-him, Mr LAU Chin-shek, Mr Ambrose LAU, Dr LAW Cheung-kwok, Mr LAW Chi-kwong, Mr LEE Kai-ming, Mr Bruce LIU, Mr MOK Ying-fan, Miss Margaret NG, Mr NGAN Kam-chuen, Mr SIN Chung-kai, Mr TSANG Kin-shing and Dr John TSE voted against the amendment.

THE PRESIDENT announced that there was one vote in favour of the amendment and 45 votes against it. He therefore declared that Mr YUM Sin-ling's amendment was negatived.

PRESIDENT: Mr SIN Chung-kai, you are now still entitled to reply and you have four minutes 15 seconds out of your original 15 minutes.

MR SIN CHUNG-KAI (in Cantonese): Mr President, although four officials (in fact there should be five officials) have spoken on our motion, we are quite dissatisfied with their responses. They have just repeated their past responses that resorting to freezing of charges and fees is not a good solution. They are, however, unable to put forth any good solution to alleviate the burden of the grass-roots.

Now that the amendments have all been negatived, I would like to make a final appeal to Members to get united in the present situation to urge the Government and the public utility corporations to freeze the charges and fees for one year so as to lessen the financial burden of the citizens. The amendment proposed by the Honourable Miss CHAN Yuen-han of the DAB differ slightly with our original motion in that she thinks only corporations operating with a surplus should freeze the charges and fees. I hope Members from the DAB would give up their prejudices by joining hands with us to vote for the original motion.

Mr President, I would finally like to stress that it is better to have one motion carried than to have none at all, bearing in mind that nothing came out of the Honourable CHAN Wing-chan's motion last week. It is hoped that Members will stage a good show today.

Question on the original motion put.

Voice vote taken.

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

Mr James TIEN claimed a division.

PRESIDENT: Council shall proceed to a division.

PRESIDENT: I would like to remind Members that they are now called upon to vote on the question that the motion moved by Mr SIN Chung-kai as set out on the Order Paper be approved. Will Members please register their presence by pressing the top button and then proceed to vote by choosing one of the three buttons below?

PRESIDENT: Before I declare the result, Members may wish to check their votes. Are there any queries? The result will now be displayed.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Mr Andrew CHENG, Dr Anthony CHEUNG, Mr CHEUNG Hon-chung, Mr Albert HO, Mr LAU Chin-shek, Dr LAW Cheung-kwok, Mr LAW Chi-kwong, Mr Bruce LIU, Mr MOK Ying-fan, Mr SIN Chung-kai, Mr TSANG Kin-shing and Dr John TSE voted for the motion.

Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mrs Miriam LAU, Dr LEONG Che-hung, Mr CHIM Pui-chung, Mr Eric LI, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr James TIEN, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Mr CHENG Yiu-tong, Mr IP

Kwok-him, Mr Ambrose LAU, Miss Margaret NG and Mr NGAN Kam-chuen voted against the motion.

Mr LEE Kai-ming and Mr YUM Sin-ling abstained.

THE PRESIDENT announced that there were 25 votes in favour of the motion and 19 votes against it. He therefore declared that the original motion was carried.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 31 January 1996.

Adjourned accordingly at twelve minutes past Eight o'clock.

Note: The short titles of the motions listed in the Hansard have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.