

# **OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 3 April 1996**

**The Council met at half-past Two o'clock**

## **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.,

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 NGAI SHIU-KIT, O.B.E., 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 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 LEE CHEUK-YAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE CHAN WING-CHAN

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THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE CHENG YIU-TONG

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 LEUNG YIU-CHUNG

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

THE HONOURABLE LAWRENCE YUM SIN-LING

## **ABSENT**

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE ANTHONY CHEUNG BING-LEUNG

## **IN ATTENDANCE**

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 CHAU TAK-HAY, C.B.E., J.P.  
SECRETARY FOR RECREATION AND CULTURE

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

MR GORDON SIU KWING-CHUE, J.P.

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SECRETARY FOR ECONOMIC SERVICES

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

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

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

MR JOSEPH WONG WING-PING, J.P.  
SECRETARY FOR EDUCATION AND MANPOWER

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

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

MR BOWEN LEUNG PO-WING, J.P.  
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MR LAM WOON-KWONG, J.P.  
SECRETARY FOR THE CIVIL SERVICE

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

## **THE CLERKS TO THE LEGISLATIVE COUNCIL**

MR LAW KAM-SANG, DEPUTY 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 (Amendment) (No. 2) Regulation 1996 .....	145/96
Probation of Offenders (Approved Institution) (Consolidation) (Amendment) Order 1996 .....	146/96
Solicitors (General) Costs (Amendment) Rules 1996 .....	147/96
Solicitors (Trade Marks and Patents) Costs (Amendment) Rules 1996 .....	148/96
Declaration of Change of Titles (Civil Service Training Centre and Senior Staff Course Centre) Notice 1996 .....	149/96
Declaration of Change of Title (Director, Senior Staff Course Centre) Notice 1996 .....	150/96
Pneumoconiosis (Compensation) (Amendment) Ordinance 1996 (4 of 1996) (Commencement) Notice 1996 .....	151/96
Official Languages (Authentic Chinese Text) (Metrication Ordinance) Order .....	(C) 27/96
Official Languages (Authentic Chinese Text) (Post Office Ordinance) Order .....	(C) 28/96

## Sessional Papers 1995-96

- No. 70 — Estimates for the year ending 31 March 1997  
General Revenue Account Summaries Revenue by  
Heads and Subheads
- No. 71 — Traffic Accident Victims Assistance Fund  
Annual Report by the Director of  
Social Welfare Incorporated for the year from  
1 April 1994 to 31 March 1995
- No. 72 — Consumer Council  
Annual Report 1994-1995
- No. 73 — Securities and Futures Commission  
Approved Estimates of Income and Expenditure for  
Financial Year 1996-97

**WRITTEN ANSWERS TO QUESTIONS****Cross-border Infrastructure Proposals**

1. **MR NGAN KAM-CHUEN** asked (in Chinese): *Officials of the Guangdong Province have earlier announced that they would bring Hong Kong into the scope of their planning, and that they would commence the planning and construction of the Tuen Mun-Zhuhai Bridge and the Shenzhen-Hong Kong Bridge on their own. However, the results of the study on the impact of the Shenzhen-Hong Kong Western Corridor (Santian to Wong Kong; Shekou to Yuen Long) and the Tuen Mun-Zhuhai Bridge on the development of the Northwest New Territories have yet to be announced by the Government. In this connection, will the Government inform this Council:*

- (a) *what progress has been made in the formal consultation channels between the Guangdong and Hong Kong authorities (such as the Infrastructure Co-ordinating Committee) on the Tuen Mun-Zhuhai Bridge and the Shenzhen-Hong Kong Bridge projects; and*

- (b) *what positive measures the Government will adopt to strengthen the communication between the Guangdong and Hong Kong authorities on the question of co-ordination of infrastructural developments?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS:** Mr President, major cross-border infrastructure proposals, including the Lingdingyang Bridge and the Shenzhen Western Corridor, which would link Hong Kong with Zhuhai and Shenzhen respectively, are being discussed in the Infrastructure Co-ordinating Committee (ICC). The ICC is a forum for exchange of views and information and for seeking to reach a common view on co-ordination and interface in respect of such major projects.

In respect of the Lingdingyang Bridge and the Shenzhen Western Corridor, good progress had been made in the ICC. The two sides have visited the relevant sites in Zhuhai, Shenzhen and Hong Kong and have had useful exchanges of views and information. The two sides have agreed that in view of the economic development of Hong Kong, Guangdong and the whole of China and from the perspective of long term development, there is a need to develop additional cross-border transport capacity. The two sides have further agreed that Hong Kong should conduct a study on the two proposals' impact on Hong Kong's environment, transport infrastructure and land use planning. The study will be completed in the middle of this year. The findings of the study will hopefully provide the necessary information for us to assess in detail the viability and feasibility of implementing these proposals.

The establishment of the ICC in December 1994 is a major and significant measure taken by both sides to strengthen communication between Hong Kong and China in respect of co-ordination in cross-border infrastructure development. Both sides have taken this valuable opportunity to establish good working relationships with each other. Channels of communication and foundations for co-operation and co-ordination have now been well established. We will continue to support the ICC and work closely with the Chinese side in a positive manner.



## Unidentified Gases Hitting Residential Areas and Schools

2. **MR YUM SIN-LING** asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the respective numbers of cases of unidentified gases hitting residential areas and schools in the past three years as well as the districts in which such incidents occurred;*
- (b) *whether the source and type of gases can be identified after investigation; if so, what are the sources and types of these gases, and whether such gases are harmful to human beings; and*
- (c) *whether there is sufficient equipment for detecting unidentified gases, and what contingency measures will be taken in the event of unidentified gases being found?*

**SECRETARY FOR SECURITY:** Mr President,

- (a) The number of reported cases of unidentified gas affecting residential areas and schools during the period from 1 January 1993 to 27 March 1996 are shown in Table 1 below.

*Table 1: Reports of unidentified gas*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	228	5
Kowloon	835	10
New Territories	535	38
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	1 598	53

- (b) The result of our findings after investigation are shown in Tables 2 to 6 below.

*Table 2: Cases being reported with good intent but where no gas was identified*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	145	2
Kowloon	652	8
New Territories	329	30
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	1 126	40

*Table 3: Cases of incident with gas being identified to be town gas/synthetic natural gas*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	56	2
Kowloon	145	1
New Territories	138	4
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	339	7

*Table 4: Cases with gas identified to be liquefied petroleum gas*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	20	0
Kowloon	31	0
New Territories	56	2
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	107	2

The sources of leakage of cases listed in Tables 3 and 4 included underground gas mains, above-ground gas risers and domestic gas appliances.

*Table 5: Cases with other gases identified*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	5	1
Kowloon	2	0
New Territories	2	1
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	9	2

The details of these incidents are given at Annex A.

*Table 6: Cases where the source or type of gas was unidentified*

	<i>Residential areas</i>	<i>Schools</i>
Hong Kong	2	0
Kowloon	5	1
New Territories	10	1
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	17	2

Except for cases classified under Table 2, the gases detected in these incidents could be regarded as harmful when they reach a significant concentration within a confined area.

- (c) We have sufficient equipment to detect gases commonly found and used in Hong Kong. The Fire Services Department has contingency plans to deal with gas leakage incidents. These plans have been developed in consultation with concerned parties including the police, the Mass Transit Railway Corporation, the Kowloon-Canton Railway Corporation, the Environmental Protection Department and the Government Chemist. The contingency measures involve:
- (i) cordoning off the affected area and its nearby vicinity,

- (ii) evacuating all people in the affected area and the vicinity;
- (iii) rescuing casualties, if any, and conveying them to hospital for immediate medical treatment;
- (iv) locating the source of discharge and identifying the type of gas; and
- (v) with the assistance of the utilities companies or the advice of other government authorities, stopping the discharge of gas by cutting off the supply or sealing up the gas container and removing it for proper disposal.

## Annex A

<i>Year</i>	<i>location</i>	<i>Residential areas</i>	<i>Schools</i>
1993	Siu Lek Yuen	Petrol vapour issuing from a goods vehicle	
1994	Wan Chai		Petrol vapour issuing from a petrol filling station
1994	Pokfulam	Leakage of acetylene from an acetylene cylinder	
1994	Sheung Wan	Fumes issuing from suspected hydrogen peroxide solution	
1994	Hung Hom	Gas evolved during the cleaning of drainage pipe using sodium hydroxide and hydrochloric acid mixture	

<i>Year</i>	<i>location</i>	<i>Residential areas</i>	<i>Schools</i>
1994	Sha Tin	Leakage of nitrogen from a dangerous goods tanker	
1995	Sheung Wan	Fumes issuing from suspected ammonia solution	
1995	Wan Chai	Unpleasant smell issuing from a putrefied body	
1995	Shun Lee	Unpleasant smell issuing from rubbish chamber	
1996	Tsing Yi Island		Vapour issuing from an underground fuel tank during replenishment process

### **Categories of Land in the New Territories**

3. **MR LAU WONG-FAT** asked (in Chinese): *In his reply to my question regarding the categories of land in the New Territories raised at the Legislative Council sitting on 6 March this year, the Secretary for Planning, Environment and Lands stated that land lots in the New Territories could be classified into two broad categories, namely old schedule lots and new grant lots. However, as stated in Annex III of the Sino-British Joint Declaration, there are village lots, small houses and similar rural holdings in addition to old schedule lots in the New Territories. In this regard, will the Government inform this Council of all the land categories in the New Territories, as well as the definition of and differences between the three categories of land mentioned above?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS:** Mr President, land lots in the New Territories, as explained in my reply on 6 March 1996, can be classified into two broad categories, namely old schedule lots and new grant lots, based on the time they were granted. Old schedule lots can be further classified as "building" or "agricultural" land whereas new grant lots can be subdivided into pre-war new grant lots and post-war new grant lots.

The lots in the New Territories can, however, be categorized in a different way depending on the purpose for and the context within which such categorization is required. With regard to Annex III to the Sino-British Joint Declaration, the rent payable to the Government for old schedule lots, village lots, small houses and similar rural holdings will remain unchanged provided that the land in question meets the criteria set out in Annex III.

Under the New Territories Leases (Extension) Ordinance (Cap. 150), the above categories of land are explained as follows:

"old schedule lot" means land held under a block lease granted by, or on behalf of, the Governor to the persons described in the schedules to those leases;

"village lot" means land granted before the operation of the Small House Policy, for the extension or improvement of an established village;

"small house" means land held under a lease granted under the Small House Policy; and

"similar rural holding" includes land granted to an indigenous villager in place of other land previously held by him.

### **The Securities and Futures Commission Corporate Plan**

4. **MR ANDREW CHENG** asked (in Chinese): *It is reported that the Financial Services Branch, the Stock Exchange of Hong Kong Limited ("SEHK") and the Securities and Futures Commission ("SFC") have held meetings to discuss the corporate plans proposed by the SEHK and the SFC respectively and to strengthen the communication between the parties concerned. In this connection, will the Government inform this Council:*

- (a) *whether any agreement has been reached arising from the meetings mentioned above; if so, what are the details of such agreement;*
- (b) *of the division of responsibilities and the respective roles of the SFC and the SEHK in regard to each of the 17 working plans proposed in the SFC's Corporate Plan; and*
- (c) *of the number of staff in the Financial Services Branch deployed to deal with securities matters; and how it will strengthen the co-ordination between the SEHK and the SFC?*

**SECRETARY FOR FINANCIAL SERVICES:** Mr President,

- (a) Following the publication of the Securities and Futures Commission (SFC) Corporate Plan in February 1996, the Financial Services Branch has held meetings with the SFC and the Stock Exchange of Hong Kong Limited (SEHK), and the two organizations have reached broad understanding of their respective roles in the work programme outlined in the SFC Corporate Plan. Both the SFC and SEHK have reaffirmed their commitment to working jointly for the benefit of the securities and futures market.
- (b) The Securities and Futures Commission has outlined under the Work Programme section of the Corporate Plan 17 items of new initiatives that will be pursued in the next three years as part and parcel of a strategy to maintain the competitive edge of the Hong Kong market, thereby enabling Hong Kong to retain the status as a leading regional market. The successful development and implementation of these initiatives will require full co-operation, co-ordination and communication between the SFC and the SEHK as well as the commitment and dedication of the people involved. As a general guideline, the SFC will be primarily responsible for the initiatives where the thrust is market regulation and the SEHK will be primarily responsible for the initiatives where the thrust is development of the stock market. For example, the SFC would take the lead in the study on the local over-the-counter derivatives market with a view to developing an appropriate regulatory regime, in further enhancing its market surveillance capabilities to deal with

malpractices in the market, and in developing guidelines on internal control by market intermediaries. On the other hand, the SEHK would take the lead in the study on the feasibility of a second board, a depository receipts market or other trading facilities for regional stocks, in surveys of retail participation, and in organising industry training programmes related to the stock market. In practice, both organisations will be working jointly and closely on many of the initiatives, as market development and regulation often go hand in hand. Joint efforts are also required where cross-market issues are involved, for example in initiatives related to China in general, and to the study of the China capital and debt markets in particular, and in the development of an international promotion programme involving the key market participants.

- (c) The Secretary for Financial Services is supported by one Deputy and two other officers in the Financial Services Branch in dealing with policy issues concerning the securities and futures market. The day-to-day supervision of the market is the responsibility of the SFC, the SEHK and Hong Kong Futures Exchange. There is on-going liaison and co-ordination between the Branch, the SFC and the two Exchanges. Such efforts will continue and intensify as necessary in response to the changing market environment.

### **Pilot Scheme to Bring in Professionals from China**

5. **MR HENRY TANG** asked (in Chinese): *Under the pilot scheme to bring in 1 000 professionals from China, 688 applications for allocation of quotas have been approved and 374 employment visas issued to date. At a meeting of the Legislative Council Panel on Manpower held earlier this year, the Government officials concerned stated that the Immigration Department had already invited companies on the reserve list to submit applications to fill the remaining positions in the scheme. In this connection, will the Government inform this Council:*

- (a) *how many companies which are successful in their applications have subsequently withdrawn from the scheme, and what are the main reasons for their withdrawal;*



- (b) *whether companies on the reserve list meet the eligibility criteria for application, and if so, why; and how many applications from such companies are being processed by the relevant authority and what is the progress of these applications;*
- (c) *how the remaining positions in the scheme will be handled; and*
- (d) *whether the Government is able to ascertain from the applications received which types of professionals from China are equipped with the expertise and working experience which the territory is short of and which the territory needs most; if so, whether it will consider training up local professionals; if not, why not?*

**SECRETARY FOR EDUCATION AND MANPOWER:** Mr President, the Pilot Scheme to bring in 1 000 professionals from China is a limited extension to the existing policy on the entry of overseas professionals who possess skills, knowledge or experience of value to, but not readily available in, Hong Kong. All employers wishing to apply for quotas under the pilot scheme are required to establish and substantiate their need for a particular professional from China and each application is carefully scrutinised by the Immigration Department before deciding whether it should be approved.

There were altogether 3 129 applications for the 1 000 quotas under the Pilot Scheme. Four quarterly ballot exercises were held and the Immigration Department subsequently invited all the 1 000 applicants whose applications were drawn up to submit formal applications under the Scheme. The 2 129 applications not drawn out in the ballot exercises were put on a computer-generated reserve list. When quotas left over from formal applications which were either refused or withdrawn were available, the applicants on the reserve list would be advised, in the order of their position on the list, to submit a formal application.

In October 1995, in view of the slow utilisation rate of the quotas, the Immigration Department asked all the companies on the reserve list to confirm their interest in remaining in the Scheme. In the end, only 1 514 chose to remain on the list.

As of 20 March 1996, of these 1 514 applicants on the reserve list, 900 have been called up to submit their formal applications under the Scheme. Out of the formal applications for quotas from the total of 1 900 applicants (the original 1 000 successful companies in the four ballot exercises plus 900 from the reserve list), 712 were approved, 66 refused, 983 withdrawn, and 139 under processing. Applicants with approved quotas are normally given four months to arrange for the submission of visa applications by the candidates. Of the 712 approved quota applications, 394 visa applications have been approved so far.

My replies to the specific parts of the question are as follows:

- (a) There were 983 withdrawal cases. Of these, 629 were from applicants who withdrew before or when the Immigration Department called them up for submission of formal applications. We do not know the reasons for their withdrawal. As for the remaining 354, their reasons for withdrawal are as follows:

Unable to find the suitable candidate	295
Unable to provide sufficient information pertaining to the candidate for consideration by the Immigration Department	7
Changes in the recruitment policy of the company	52
Total	354

- (b) All formal applications are vetted carefully to ensure that they meet the criteria and objectives of the Pilot Scheme. Of the 900 reserve list cases, 282 were approved, 13 were refused, 466 were withdrawn, and 139 are being examined by the Immigration Department.

- (c) and (d)

We will continue to process applications and closely monitor the utilisation of the quotas under the Scheme. Our previous plan was to conduct a review of the Scheme when a sufficiently large number (say about 75%) of visa applications have been approved under the

Scheme. However, in view of the slow utilisation rate, we plan to commence the review shortly with a view to completing it before the end of this year.

We will also seek to ascertain from the review the expertise and working experience that these professionals from China possess which Hong Kong is short of and needs most. In the light of the findings of the review, we will identify, if necessary, the need to train up local professionals.

### **Keeping of Pets by Public Housing Tenants**

6. **MR ALBERT CHAN** asked (in Chinese): *Recently, a tragedy occurred in a public housing estate in which a baby girl was bitten to death by a dog, and this has aroused public concern over the problem of keeping of pets by public housing tenants. In this connection, will the Government inform this Council:*

- (a) whether the tenancy agreement signed between the Housing Authority and a public housing tenant stipulates a ban on the keeping of pets or a ban on the keeping of dogs; what are the reasons for such a stipulation; and*
- (b) if the tenancy agreement stipulates a ban on the keeping of the all kinds of pets, why the Housing Department's recent publicity efforts are targeted only at those tenants who keep dogs; and what measures the Department will take to ban the keeping of other kinds of pets by public housing tenants?*

**SECRETARY FOR HOUSING:** Mr President, the tenancy agreement signed between the Housing Authority and its tenant specifies that he is not allowed to keep pets, including dogs. The purpose is to keep the estate environment clean and quiet, and to avoid disturbing other tenants.

Public housing estate staff will tighten up enforcement action against tenants who keep pets of any kind. With effect from April 1996, only one written warning will be served on an offending tenant requiring him to dispose of the pet within 14 days, failing which his tenancy will be terminated.

Most offending cases involve dogs and some are repetitive offences. It is against this background that the Housing Department has targeted tenants who continue to keep dogs.

### **Participation of Civil Servants in Political Organizations**

7. **MRS ELIZABETH WONG** asked: *Will the Government inform this Council whether civil servants are allowed to join political parties; if so, whether they must declare this so as to avoid a conflict of interest arising from the execution of their official duties?*

**SECRETARY FOR THE CIVIL SERVICE:** Mr President, with the exception of disciplined officers of the Royal Hong Kong Police Force who are prohibited from joining political organizations under the Police General Orders, all other civil servants may join political organizations in their private capacity subject to the provisions of civil service regulations governing outside work and participation in such activities as giving interviews and speeches, publishing or distributing political literature, or taking part in a public rally.

Whilst civil servants are not required to declare their membership of political organizations, they are advised that if their involvement in a political organization is likely to give rise to a conflict of interest with their official duties, they should refrain from taking part in the related activities. If they are in doubt about their obligations, they are encouraged to seek guidance since each case has to be considered on its own facts. Our guiding principle is that the Civil Service should remain politically neutral in order to ensure that Government business is, and is seen to be, conducted impartially.

### **Population Forecasts**

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

- (a) *whether it has substantially revised its forecasts of the territory's population for the next ten to 20 years in view of the increase in the number of returning emigrants and new immigrants from China in recent years; and*

- (b) *how the population growth in recent years will affect the Government's long-term planning on various fronts?*

**SECRETARY FOR FINANCIAL SERVICES:** Mr President,

- (a) It is the practice of the Census and Statistics Department to prepare and publish projections of the size and age-sex structure of the population for a period of 20 years following each census/by-census. The current set of projections was prepared and published in 1992, following the 1991 Population Census.

A new set of population projections will be prepared in early 1997 based on the results of the 1996 Population By-census. Due consideration will be given to recent trends in the migration of the population, for example, more former emigrants returning and more one-way permit holders from China, in making the new projections.

- (b) Over the past few decades, the population of Hong Kong has grown by about one million every ten years. The Government has been responding by undertaking new town, public works and public housing programmes. All these have been carried out within the long term planning framework set by the Territorial Development Strategy.

We are currently undertaking a comprehensive review of the Territorial Development Strategy. The public will be consulted on the findings of the review in mid-1996. Following a decision on the identified strategic growth areas and other proposals in the Strategy, we will carry out detailed planning and development programming to produce land and to provide facilities required to meet the needs of the community.

### **Flight Movement Capacity at the New Airport**

9. **DR SAMUEL WONG** asked (in Chinese): *The Government informed this Council recently that, owing to the need to impose a longer time interval between*

*flight movements and the restrictions in China's territorial airspace, the anticipated capacity of the runway of the new airport had been revised to 37/38 flight movements per hour against the previous projection of 43 flight movements per hour. In this connection, will the Government inform this Council what will be the actual increase in flight movement capacity at the new airport after discounting the time needed for regular maintenance and repairs of the runway, as compared to the capacity at the existing airport?*

**SECRETARY FOR ECONOMIC SERVICES:** Mr President, the runway capacity of the Hong Kong International Airport at Kai Tak by 1998 is expected to reach about 31 aircraft movements per hour. The daily available capacity will however be affected by noise abatement requirements currently placed on flight scheduling in the early morning and late night hours and the curfew between 1 am to 6 am.

The declared runway capacity for the new airport at Chek Lap Kok with one runway will be 37/38 aircraft movements per hour although the capacity at airport opening will be lower while air traffic control gains familiarity with the new operation. On the basis of 24 hours' operation and having regard to the fact that the new airport is not situated in the urban area, the daily runway capacity at the new airport is estimated to be about 50% above that of the Kai Tak airport on the assumption that the runway capacity would be reduced by an average of about 5% for daily maintenance requirements based on experience at other airports.

### **Residential Care Homes (Elderly Persons) Ordinance**

10. **MR FRED LI** asked (in Chinese): *It has been published in the Government Gazette that the date of implementing section 6 of the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459), which was originally intended to come into effect on 1 April 1996, will be deferred to 1 June 1996. In this connection, will the Government inform this Council:*

- (a) of the reasons for deferring the implementation date of the above-mentioned section of the Ordinance;*
- (b) what contingency measures the Government will adopt to deal with*

*those residential care homes which are operated without a certificate of exemption or licence, in the event that the processing of applications for residential care home licences cannot be completed by 1 June 1996; and*

- (c) *what specific measures will be put in place to ensure that the licensed residential care homes are operated in accordance with the statutory requirements?*

**SECRETARY FOR HEALTH AND WELFARE:** Mr President,

- (a) The Residential Care Homes (Elderly Persons) Ordinance, with the exception of section 6, that is, the penalty section, came into operation on 1 April 1995. The reason for not bringing section 6 into operation at that time was to give operators of residential care homes sufficient time to familiarise themselves with the new legislation, to apply for licences and to make any improvements needed to comply with the prescribed standards. Social Welfare Department initially estimated that operators would need about 12 months to do this. However, it became clear by February 1996 that it would not be advisable to bring section 6 into operation as early as originally intended for the following reasons:
- (1) As at 29 February 1996, there were still 38 residential care homes for the elderly (about 6% out of a total of 586) which had not yet applied to the Social Welfare Department for a licence or certificate of exemption. Of the 548 applications received, 182 (about 33%) had been received between December 1995 and February 1996. Because so many had been received in such a short span of time, more time was needed to process them.
  - (2) In the course of processing the applications, it was found that some of the information and floor plans submitted by the residential care homes were not acceptable. Progress was delayed while operators were required to provide supplementary information and revised layout plans and to clarify parts of their applications.

- (3) A small number of residential care homes have structural, design and location problems which are impossible to overcome. Operators of such homes have been advised to reprovise their homes in alternative premises. More time is needed to allow for these reproviseing plans to be carried out.

Taking the above into consideration, it was decided that section 6 should be brought into operation on 1 June 1996.

- (b) As at the end of March 1996, only about 10 of the total 586 residential care homes had not applied for licences or certificates of exemption. The assessment of applications is now progressing well and staff of the Licensing Office are confident that all applications will be processed in time before 1 June 1996.
- (c) Licences are issued to residential care homes which are able to comply with the statutory requirements while certificates of exemption may be granted to residential care homes already in operation before 1 April 1995 (that is, before the commencement date of the Ordinance) which are unable to comply fully with the requirements so that they can make necessary improvements during the exemption period.

For the purpose of ensuring that residential care homes are operated in accordance with the requirements, the maximum validity period of a licence or certificate of exemption may not exceed 36 months and residential care homes need to apply for renewal of the licence or certificate upon its expiry.

If a licensed residential care home contravenes the law, the licence issued can be cancelled or suspended and the Director of Social Welfare may refuse to renew the licence or amend or vary any conditions of the licence. Similarly, a certificate of exemption can also be revoked. With no licence or certificate of exemption, a home must close down.



The Social Welfare Department Licensing Office of Residential Care Homes for the Elderly is obliged to conduct routine inspections of residential care homes to ensure that they operate in accordance with the statutory requirements and that the welfare of elderly residents is properly safeguarded.

### **Security Facilities in Public Housing Estates**

11. **MR WONG WAI-YIN** asked (in Chinese): *The implementation of stage I of the public housing security installation project has been well-received by the residents, but there are some areas which have been queried by the residents as being inadequate, such as the poor quality of security guards and the closed-circuit TVs having blind spots and being unable to cover side entrances. In this regard, will the Government inform this Council:*

- (a) whether any problems have been identified in stage I of the project; if so, what are those problems and what measures will be taken to resolve the problems; and*
- (b) what are the specific plan and arrangements for implementing stage II of the security installation project?*

**SECRETARY FOR HOUSING:** Mr President, the Housing Department receives regular feedback from tenants on security facilities in public housing estates, and the points of concern include:

- (a) the coverage angle of closed-circuit television (CCTV) cameras;
- (b) vandalism of CCTV cameras;
- (c) the need to install CCTV cameras at side entrances and staircase exits of housing blocks; and
- (d) the quality of security guards.

The existing cameras use wide angle lenses of a type commonly used in CCTV systems inside lifts, and are able to capture irregular or criminal activities in lifts. Nevertheless, the Housing Department is considering installing extra wide angle lenses to improve coverage.

Activities inside lifts are constantly recorded on CCTV. There have been several cases of vandalism where the Police have been able to arrest suspects based on video tape records. As a result, the incidence of vandalism has declined. To provide added protection, the Housing Department intends to provide strengthened protective covers of CCTV cameras.

The side entrances of Harmony and Trident blocks are already covered by CCTV cameras. The Housing Department is looking into the feasibility of extending this measure to other block types. Trials are being carried out to determine the practicability of installing CCTV cameras at staircase exits.

The Housing Department promises to offer a high quality security guard service. The performance of guards is supervised and recorded by estate management staff, and a merit point system has been adopted for performance appraisal. Penalty clauses, including early termination of service, are included in security guards' service contracts.

Stage II of the security camera installation project, covering 505 housing blocks, is progressing on schedule. Tenders are now being assessed by the Housing Department and will be awarded in May 1996. Installation work is expected to be complete by mid-1997.

## **Water Sports Developments**

12. **MISS EMILY LAU** asked (in Chinese): *In response to my question at the Legislative Council sitting on 5 July 1995 concerning the pollution of beaches, the Government indicated that an inter-departmental committee was looking into various water sports facilities at the time and that it would also examine the need for and the feasibility of developing new beaches. Will the Government inform this Council:*

- (a) *of the progress of the committee's study on developing and opening up new beaches; and*
- (b) *whether consideration has been given to opening up new outing resorts, such as by developing more outlying islands and reinforcing the ferry services linking these islands to urban areas, so that people will have more places to go to spend their leisure in a healthy and inexpensive way?*

**SECRETARY FOR RECREATION AND CULTURE:** Mr President, the working group looking into water sports developments has identified over 20 beaches which might be suitable for further development. The group is now conducting research into the circumstances of the beaches, taking into account ease of access, water quality, texture of beach deposits and other related issues. The working group aims to complete its research this year, following which it will make recommendations on the development of potential new beaches.

Separately, the Regional Services Department is considering opening up beaches at Lung Mei (near Tai Po) and at Gordon Hard, which joins the Old and New Cafeteria Beaches at Tuen Mun.

As regards the development of recreational facilities on outlying islands and in other rural areas, we are currently looking at ways of maximizing the recreational use of decommissioned landfill and former military land. The Country and Marine Park Board is planning marine parks at Hoi Ha Wan, near Sai Kung and at Yan Chau Tong, in Tai Po District, to complement the 40 864 hectares of gazetted Country Park in Hong Kong — some 20% of which is on outlying islands. The Urban and Regional Services Departments are considering providing new recreational facilities at Stanley and Gordon Hard respectively.

In taking forward these developments we will consider the demand and potential for opening up outing resorts, as well as assessing the availability of public transport links.

**Penalties for Violation of Environmental Protection Legislation**

13. **DR JOHN TSE** asked (in Chinese): *It is reported that the fines imposed by the court on individuals or companies for repeated violation of environmental protection legislation may be lower than the cost of installing environmental protection facilities, and that such fines are regarded by some businessmen as part of the operating cost. As a result, the imposition of fines has had little deterrent effect. In this connection, will the Government inform this Council:*

- (a) *of the number of persons or companies prosecuted on more than two occasions in each of the past three years, together with the average fine imposed by the court in such cases and the number of cases in which the court has imposed a custodial sentence;*
- (b) *of the criteria adopted by the Government for proposing the penalties prescribed in the relevant draft legislation before it was approved by this Council;*
- (c) *whether the Legal Department will consider lodging an appeal in the event that the fine imposed by the court is deemed to be too low; if so, how many appeal cases have been lodged by the Department in the past three years, and what criteria are adopted for determining whether or not to lodge an appeal; and*
- (d) *whether the Government has considered amending the legislation to raise the existing penalties so as to increase the deterrent effect; if not, what other measures does the Government have to combat the problem of repeated violation of environmental protection legislation?*

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS:** Mr President,

- (a) The number of persons or companies convicted of environmental offences on more than two occasions in the past three years (1993-95) is as follows:

<i>1993</i>	<i>1994</i>	<i>1995</i>
126	119	123

No custodial sentence has been imposed in the past three years and the average fines imposed by the court on repeated offenders under the various pollution control ordinances are:

<i>Ordinance</i>	<i>Maximum Penalty</i>	<i>Average Fines Imposed on Offenders with More Than Two Convictions</i>		
		<i>1993</i>	<i>1994</i>	<i>1995</i>
Air Pollution Control Ordinance	\$500,000	\$7,700	\$10,251	\$10,612
Ozone Layer Protection Ordinance	\$1,000,000	n/a (no repeated offender)		
Noise Control Ordinance	\$200,000	\$27,356	\$20,362	\$30,210
Dumping At Sea Act 1974 (Overseas Territories) Order 1975	\$5,000	\$4,471	\$46,429 (*)	Order repealed
Dumping At Sea Ordinance (replaced DASA(1974) above)	\$500,000	legislation not yet in force		n/a
Water Pollution Control Ordinance	\$400,000	\$25,000	\$47,414	\$49,706
Waste Disposal Ordinance	\$500,000	n/a	n/a	\$1,000

(\*) *The fines are higher than the maximum because some of the cases were tried at the District Court as indictable offences, and are hence not subject to the maximum which only binds the Magistrate Courts.*

- (b) The level of maximum penalties is determined on the basis of a number of factors including the degree of hazard to public health and safety, damage caused to the environment, and likely deterrent effect to offenders. Provision has also been made for a substantial increase in the level of fines for repeated offences and for daily penalties to be imposed for continuing offences.
- (c) Yes. The Legal Department will, on the advice of the Environmental Protection Department, consider lodging an appeal if the fine imposed by the court is wrong in principle or manifestly inadequate. No appeal has been lodged against cases of low fines in the past three years.
- (d) Yes. The levels of penalties are continually reviewed to ensure that they have sufficient deterrent effect. Except for the Ozone Layer Protection Ordinance, for which the level of fine is already high, the level of fines under pollution control legislation has been increased in the past three years. The fines under the Air Pollution Control Ordinance were increased 10-fold in 1993 and those under the Noise Control Ordinance, Waste Disposal Ordinance and Water Pollution Control Ordinance were doubled during recent amendment exercises. The Dumping At Sea Ordinance has a maximum penalty for second offences of marine dumping that is 100 times greater than the Dumping At Sea Act 1974 (Overseas Territories) Order 1975 which it replaced in 1995.

### **Earmarked Research Grants**

14. **DR LAW CHEUNG-KWOK** asked (in Chinese): *Is the Government aware of the following information relating to the grant for academic research received by each of the local universities directly from the Government in each of the past three years:*

- (a) *the respective percentages of funds allocated for researches on theoretical topics, practical subjects and local policy issues;*

- (b) *the respective percentages of funds allocated for researches on topics relating to the humanities, science, engineering, social sciences and business studies; and*
- (c) *the number of research projects which have not been completed within the original schedules or in accordance with the stated objectives, and the percentage of funds allocated for these projects out of the total amount of grants for academic research?*

**SECRETARY FOR EDUCATION AND MANPOWER:** Mr President, the Government is aware of the following information relating to the allocation of Earmarked Research Grants through the University Grants Committee during the past three years:

- (a) The Research Grants Council (RGC), under the University Grants Committee (UGC), receives applications for and approves awards of Earmarked Research Grants each year. In considering applications for research project grants, the Council does not make a distinction between theoretical topics (otherwise known as basic research) and practical subjects (otherwise known as applied research). A breakdown of the proportion of funding allocated for basic and applied research is not, therefore, available and, in any event, the distinction is far from clear-cut in respect of many research topics. One of the criteria taken into account by the RGC in deciding whether a particular research project should be funded is potential local relevance in terms of its social, cultural or economic application. However, the extent to which research topics are relevant to local policy issues cannot always be identified before the research is completed.
- (b) The RGC currently deals with applications for research project grants on the basis of four groups of subject disciplines : Physical

Sciences, Engineering, Biology and Medicine, and Humanities, Social Sciences & Business Studies. The respective amounts and proportions of Earmarked Research Grants in these four subject disciplines in the past three years are shown in the following table:

<i>Subject discipline</i>	<i>1993-94</i>		<i>1994-95</i>		<i>1995-96</i>	
	<i>\$ m</i>	<i>No.</i>	<i>\$ m</i>	<i>No.</i>	<i>\$ m</i>	<i>No.</i>
	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
Engineering <sup>1</sup>	)	)	68	143	67	161
	) 53	) 110	(35%)	(38%)	(32%)	(35%)
	) (53%)	) (57%)				
Physical Sciences <sup>1</sup>	)	)	34	69	45	98
			(17%)	(19%)	(22%)	(22%)
Biology and Medicine	34	49	54	82	61	109
	(34%)	(25%)	(28%)	(22%)	(30%)	(24%)
Humanities, Social Sciences and Business Studies	13	34	37	77	33	86
	(13%)	(18%)	(19%)	(21%)	(16%)	(19%)
Total	100	193	193	371	206	454
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

Notes: 1 The Physical Sciences and Engineering Panel was split into two, as an Engineering Panel and a Physical Sciences Panel, in 1994-95.

2 Numbers/percentages rounded.

A more detailed breakdown of the funded research projects by subject discipline (and by institution) for the past three years is given in the tables at Annexes A to C. More information about the



individual projects and their status can be found in the RGC Annual Report 1994 and supplementary information in respect of 1995 which were lodged with the Legislative Council Library in early March 1996.

- (c) It is in the nature of research that the results and the time required for them to emerge cannot be precisely predicted. Research project grants awarded by the RGC are usually for two or three years' duration, but the researchers can apply for extensions of this period. Extensions of up to 12 months can be approved by the institutions concerned, but must be reported to the RGC; extensions of longer than 12 months require the RGC's approval which will normally only be given up to a maximum of two years including any extensions previously approved by the institutions concerned. The numbers of projects funded in the past four years for which extensions have been approved (mostly for 12 months or less) are shown in the table below. Details of unspent balances of grants in respect of these projects are not available until after the projects are completed.

	<i>92-93</i>	<i>93-94</i>	<i>94-95</i>	<i>95-96</i>	<i>Total</i>
No. of RGC funded projects approved in that year	172	193	371	454	1 190
No. of these projects which have subsequently been given an extension	110	93	31	0	237
Percentage of projects granted extension	64%	50%	8%	0%	20%

**Financial Implications for Constructing the Second Runway and its Associated Facilities**

15. **DR SAMUEL WONG** asked (in Chinese): *As the construction of the second runway and the expansion of the passenger terminal at the new airport will cost \$5 billion, will the Government inform this Council what impact this investment will have on the overall financial position of the Airport Authority?*

**SECRETARY FOR ECONOMIC SERVICES:** Mr President, the Airport Authority has estimated that the cost for the construction of the second runway and associated facilities will be between \$4 to \$5 billion. The actual cost will depend on the detailed design, scope of work involved and the timing of construction.

The financial projections in the Provisional Airport Authority's Business Plan circulated to Finance Committee members on 14 July 1995 assume that the second runway will be constructed after airport opening and will be financed by the Airport Authority through internally generated resources and by borrowings. Under the Business Plan, the cost of the second runway only represents a relatively small portion of the Authority's planned future capital expenditure and should be well within the means of the Authority. When commissioned, the second runway will provide additional capacity at the new airport and in time can make a substantial contribution to the strength of the Authority's overall financial position.

The Government is currently discussing with the Authority with a view to determining, *inter alia*, the timing and financial implications for constructing the second runway and its associated facilities.

**British Consular Services Available to Hong Kong Residents Overseas**

16. **MISS EMILY LAU** asked (in Chinese): *Will the Government inform this Council:*

- (a) *whether it has any information on the assistance that British consulates can offer to Hong Kong residents who hold British National (Overseas) Passports or British Dependent Territories Citizen Passports when they run into difficulties overseas, and whether there is any difference in the treatment of such Hong Kong residents and British citizens in this regard;*
- (b) *of the measures taken in the past to publicize the British consular services which Hong Kong residents can enjoy overseas; and*
- (c) *whether the Government will follow the example of the British Government in publicizing consular services for its nationals?*

**SECRETARY FOR SECURITY:** Mr President, the answers to the Honourable Member's questions, in the order they are raised, are as follows:

- (a) Like other British Nationals, BDTCs and BN(O)s can obtain the following consular services from British Consular Posts overseas. These services include:
  - (i) assistance in rendering travel documents and other related services;
  - (ii) visiting British nationals who are under detention or serving sentences in overseas prisons;
  - (iii) helping British nationals to get in touch with local lawyers, interpreters and doctors;

- (iv) arranging for messages to be sent to relatives or friends of British nationals who are in custody; informing next-of-kin of accidents or deaths and advising on procedures;
  - (v) pleading for clemency in death sentence cases; and
  - (vi) evacuation in cases of natural disaster or political upheaval.
- (b) Information on consular services and assistance that Hong Kong residents can enjoy while overseas is available from the Immigration Department. The Hong Kong Immigration Department also acts as a point of contact for overseas consular posts and the family of Hong Kong residents who are under trial, serving prison sentence or otherwise in distress overseas.
- (c) We are in the process of stepping up our activities to publicize consular services available to BDTCs and BN(O)s. Leaflets on "British Consular Services Abroad" currently being used by British Consular Posts can be obtained from the Immigration Department. Steps are being taken to produce bilingual leaflets. The intention is to make new bilingual leaflets available to British passport holders upon issuance of passports.

### **Accident and Emergency Service at Hospitals Under the Hospital Authority**

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

- (a) *of the breakdown of the number of doctors assigned to work in, and the number of people seeking treatment at, the Accident and Emergency Department in each of the hospitals under the Hospital Authority over the past three years;*

- (b) *of the average waiting time before a patient is given treatment;*
- (c) *why there have been instances of patients seeking emergency treatment having to wait for more than three hours at the Accident and Emergency Department of Tuen Mun Hospital; and whether such delay would put patients' lives at risk; and*
- (d) *how the situation mentioned in part (c) above will be improved, and whether the Government will consider increasing the number of medical and nursing staff so as to shorten the waiting time?*

**SECRETARY FOR HEALTH AND WELFARE:** Mr President, a breakdown showing the deployment of medical staff at different accident and emergency units and the number of attendance are provided at Annexes A and B respectively. The average waiting time is 30 minutes.

Accident and emergency service is designed to cater for patients in more acute conditions. To achieve this intended function, a triage system has been introduced whereby patients are screened by an experienced nurse with special training to determine the relative priority for treatment based on prevailing medical needs of each individual case. While it is inevitable that some non-urgent cases may have to wait longer, there is no question of patients being put at risk.

In the case of Tuen Mun Hospital, as with other public hospitals, deployment of medical staff at the accident and emergency unit should not be examined in isolation from supporting services provided by other clinical departments.

The Hospital Authority is aware of the impact on waiting time caused by additional demands and has responded by allocating funds to strengthen the accident and emergency unit at Tuen Mun Hospital in its annual planning process. The Authority will continue to work together with the hospital management to maintain the quality of patient service.

## Annex A

Deployment of Medical Staff  
at Accident and Emergency Units

<i>Hospital</i>	<i>Number of Medical Staff</i>		
	<i>1/94</i>	<i>1/95</i>	<i>1/96</i>
Tuen Mun Hospital	23	23	25
United Christian Hospital	19	19	24.5
Yan Chai Hospital	1	12	26
Queen Elizabeth Hospital	33	34	33
Pamela Youde Nethersole Eastern Hospital	12	23	22
Tang Shiu Kin Hospital (including Orthopaedics)	22	22	15
Caritas Medical Centre (including out-patient department)	15	16	15
Fanling Hospital (including out-patient department)	10	9	8
Kwong Wah Hospital	17	18	19
Princess Margaret Hospital	24	24	23
Pok Oi Hospital (including out-patient department)	10	10	9
Prince of Wales Hospital	26	30	30
Queen Mary Hospital	23	19	21
Total	235	259	270.5

## Annex B

## Number of Accident and Emergency Attendance

	<i>1993-94</i>	<i>1994-95</i>	<i>4-95 to 1-96</i>
Tuen Mun Hospital	156 659	179 567	164 954
United Christian Hospital	170 087	185 273	176 754
Yan Chai Hospital	-	55 834	116 803
Queen Elizabeth Hospital	205 485	231 913	192 720
Pamela Youde Nethersole Eastern Hospital	20 365	103 846	127 250
Tang Shiu Kin Hospital	102 718	100 259	88 282
Caritas Medical Centre	72 043	87 986	82 725
Fanling Hospital	46 930	53 460	49 136
Kwong Wah Hospital	156 924	170 492	154 546
Princess Margaret Hospital	163 660	153 993	117 624
Pok Oi Hospital	49 743	52 703	48 970
Prince of Wales Hospital	191 040	203 762	177 292
Queen Mary Hospital	123 426	127 308	113 664
Total	1 466 482	1 714 062	1 618 448

**Entry Qualifications for the Civil Service**

18. **MR IP KWOK-HIM** asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the progress of recruiting degree holders of non-Commonwealth tertiary institutions to positions in the civil service requiring an entry qualification of Matriculation level and above since the Government announced that it would recognize such degrees in civil service recruitments last year;*

- (b) *whether there have been any degree holders of non-Commonwealth tertiary institutions recruited to such positions in the Civil Service in the three years preceding the implementation of the arrangement mentioned in (a) above; if so, what were the ranks of those recruited and to which departments did they belong; and*
- (c) *in regard to the appointees referred to in (b) above, why their non-Commonwealth degrees were recognized for appointment?*

**SECRETARY FOR THE CIVIL SERVICE:** Mr President, at present the minimum qualification requirements for entry to the Civil Service are set with reference to qualifications obtained from local institutions. Non-local degrees are assessed by the Qualifications Section in the Civil Service Branch for the purpose of civil service appointments on the basis of whether they are comparable in standard to that of local degrees, having regard to the standing of the awarding institutions, programme of study and advice from accreditation authorities. No distinction is made between degrees obtained from the Commonwealth and non-Commonwealth countries.

The answers to the specific questions are as follows:

- (a) Assessment of degrees obtained from non-English speaking countries has been difficult in the past because of the lack of information on institutions and qualifications in these countries. To tackle this, we strengthened our mechanism for qualifications assessment for appointment to the Civil Service in February 1995, by setting up more formal arrangements to make use of the considerable body of information and advice provided by the Hong Kong Council for Academic Accreditation (HKCAA). The HKCAA is a source of information on non-local institutions and qualifications and has connections with overseas accreditation authorities and international education specialists. Under the improved system, information and advice is sought from the HKCAA on the comparability of a particular non-local degree to a local degree where necessary. This has enabled us to assess and recognize qualifications obtained from many non-English speaking countries, in particular those obtained from the People's Republic of China (PRC), and take a more vigilant approach on the assessment of qualifications from English-speaking countries.



- (b) We have recognized in the past a number of cases of non-local qualifications involving degrees from non-Commonwealth countries for civil service appointment purposes, particularly those obtained from the United States. Since the strengthening of our assessment mechanism, we have also been able to recognize a number of qualifications involving degrees from non-English speaking countries for civil service appointment purposes, including, for example, qualifications from China. Since February 1995 some 14 qualifications obtained in various academic institutions in the PRC have been accepted as fully comparable to a local degree. Another 10 qualifications obtained in the PRC have been accepted as equivalent to a local degree when taken into consideration with other qualifications (for example, a master degree combined with a first degree).

We have not kept statistics on whether the holders of these non-local qualifications, after assessments, have actually applied for any civil service post or succeeded in such applications.

- (c) For appointment to civil service grades requiring a local degree for entry, the key is whether the candidate possesses the academic qualifications required for the job. Non-local degrees are recognized for the purpose of civil service appointment if their standard is assessed as comparable to that of a local degree.

### **Waiting Time of Patients at Public General Out-Patient Clinics**

19. **MR IP KWOK-HIM** asked (in Chinese): *According to a survey conducted by an organisation, over 40% of the elderly patients of the general out-patient department of public hospitals have to wait four hours for medical consultation and dispensation of drugs, and the waiting time for medical appointments in specialist clinics is as long as four months. In this connection, will the Government inform this Council whether:*

- (a) *it is aware of the situation described above; if so, what measures are in place to shorten the waiting time; and*

- (b) *consideration will be given to extending the practice of providing "chips for the elderly" and the arrangement for the elderly to seek consultation by appointment, which are only available at the out-patient department of some public hospitals, to all public hospitals in the territory; if not, why not?*

**SECRETARY FOR HEALTH AND WELFARE:** Mr President,

- (a) The general out-patient clinic (GOPC) services operated by the Department of Health (DH) have adopted the following measures to minimize waiting time of patients, including elderly patients, after they have obtained consultation discs:

(i) *Block appointment system*

Same-day appointments are given to patients with episodic illnesses and their appointment times are printed on the back of the consultation discs. Patients are then free to leave and need only return to the clinics at the given appointment time. It is the pledge of DH for these patients to be seen within 60 minutes of the appointed time. In 1995, DH has fully achieved this performance pledge.

(ii) *Advance appointment*

Patients with chronic diseases are given advance appointment for their next clinic visit. They need not queue for consultation discs. It is the pledge of DH for these patients to be seen within 30 minutes of the appointment time. In 1995, DH has achieved an attainment rate of 99.7% for this performance pledge. We have observed, however, that only one-third of elderly patients with chronic diseases are willing to take advantage of the advance appointment system. More than 50% of the patients prefer to attend GOPC in the early hours of the morning to suit their own personal convenience. DH is considering ways to encourage greater use of the advance appointment system.

For the general out-patient departments operated within the Hospital Authority (HA), the queuing time for medical consultation is being monitored and is less than 90 minutes on the average. As for the specialist out-patient services, measures have also been in place to shorten the waiting time for first appointment and there is considerable improvement over the past few years. The measures include increasing consultation sessions and opening new specialist clinics through redevelopment of hospital complex. It is the performance target of HA that the average waiting time for first appointment at 90% of specialist clinics is less than three months.

After seeing the doctor, the patient spends a further 10-20 minutes at the clinic for the dispensation of drugs.

- (b) Priority discs for the elderly are available in most GOPCs run by DH with the exception of a few smaller or more isolated GOPC's where more than 50% of the patients are of the elderly age-group. In total, well over 10% of GOPC consultation capacity is set aside for priority discs for elderly patients.

Most of the out-patient clinics within HA institutions are for specialist medical consultation. Since these clinics would attend to all patients on an appointment basis, the practice of providing priority discs for the elderly would not be necessary. As for the GOPCs operated by HA hospitals, about 1/2 to 2/3 of the discs will be allocated to the elderly in some clinics. For those clinics without priority discs arrangement, most of the patients attending their GOPCs are already elderly patients.

### **Review on Process of Issuing Banknotes and Minting Coins**

20. **MR ANDREW CHENG** asked (in Chinese): *In his reply to my supplementary question raised at the Legislative Council sitting on 31 January 1996, the Secretary for Financial Services stated that the Government would consider the setting up of a standing liaison group to constantly review the note issuing process as well as the process of minting coins. In this connection, will the Government inform this Council:*

- (a) *whether it will expedite the implementation of the Bank Notes Issue Ordinance passed recently;*
- (b) *of the timetable for setting up the proposed liaison group; and*
- (c) *of the composition and objectives of the proposed liaison group?*

**SECRETARY FOR FINANCIAL SERVICES:** Mr President,

- (a) The Bank Notes Issue (Amendment) Ordinance 1995 will be brought into effect as soon as the necessary preparatory work, which includes the drawing up of terms and conditions regarding banknote issues, is complete. These terms would cover such items as the design of notes, regular review of counterfeiting precautions, demonetization procedures, safe-keeping of unissued notes (for example, location and type of vaults to be used), accounting procedures to record movements between issued and unissued stock and destruction procedures. These detailed and technical terms do require a fair amount of drafting and discussion with the note-issuing banks. The Hong Kong Monetary Authority (HKMA) has been discussing these terms with the note-issuing banks since the enactment of the amendment ordinance and agreement is expected to be reached with them later this year.
- (b) In connection with bank note issues, the HKMA has established two liaison committees, namely a HKMA-Police liaison group in January this year and the Bank Notes Issue Advisory Committee in March this year, to consider, inter alia, issues relating to the security and quality of the printing of bank notes and the enforcement of the provisions of the Bank Notes Issue (Amendment) Ordinance 1995.
- (c) The HKMA-Police liaison group comprises representatives from the HKMA and the Commercial Crime Bureau of the Police. It will in future include the senior management of the banknote printing plant when acquisition of the plant by Government is complete. The group meets bi-monthly to discuss, inter alia, matters concerning the security and printing quality of bank notes. It also covers the question of the security of the coinage.

The Bank Notes Issue Advisory Committee comprises representatives from the HKMA and the three note-issuing banks. It meets on a regular basis and advises the Administration on the operation of the relevant ordinance and on all other matters relating to note issue.

**PRESIDENT:** Honourable Members, in the course of Mr LEUNG Yiu-chung's speech made in the debate on the Second Reading of the Appropriation Bill 1996 on the second day of the last sitting on 28 March 1996, I asked him to indicate the people he was referring to in his speech. After several attempts to clarify that part of his speech on which I asked for elucidation, Mr LEUNG stated that he did not intend to allude to any Member of this Council in his speech.

In response to a point of order made by Mr Albert CHAN, I undertook to give the reasons for my intervention at this sitting.

As I said at the beginning of the first day of the last sitting, offensive and insulting language might be classified into two kinds, one which reflects derogatorily on the character of other Members, and the other which is straightforward profane, abusive and indecent language. I have ruled both kinds of language out of order. Derogatory reflections and abusive and indecent language include not only direct accusations and expletives but also include allusions and quotes.

The part of Mr LEUNG's speech that I found objectionable if alluded to Members of this Council was not that part in which he said that "spiritual opium could be found everywhere. But spiritual opium was not welfarism; instead, it was blindly agreeing with other people, bending towards those in power, adulation, and going against one's conscience. Spiritual opium also included following closely a China-led path, immorality and loss of oneself." That I regard to be the fair expression of a view. Whether or not the view itself is fair is not for the Chair but for Members to decide, and the same goes for Dr Philip WONG's view of welfarism being the opiate of the people made on the first day of the last sitting.

However, Mr LEUNG went on to say that "those who smoked opium competed to bare their souls to those in power and behaved in a sycophantic manner to them." and hoped that "those who smoked opium could rub their own

eyes clean and see for themselves the current state of social welfare in Hong Kong." It was, and it is still my view that this part of Mr LEUNG's speech, in the context of his earlier view, sought to reflect derogatorily on the moral character of some people. It would not be out of order if Mr LEUNG alluded to people who are not Members of this Council. If, however, Mr LEUNG alluded or intended to allude to any Member of this Council with what he had said, he would clearly fall foul of Standing Order 31(4) which says that it shall be out of order to use offensive and insulting language about Members of this Council.

In the light of some of the speeches, in particular Dr Philip WONG's speech, made prior to Mr LEUNG in the same debate, I felt duty bound to request Mr LEUNG to clarify his remarks I have just quoted. When I interrupted him, I did not, and I repeat, I did not, outright rule his speech out of order. I asked him to indicate whether he was referring to any Member of this Council in his speech. When he stated that he was not so referring, I invited him to carry on with his speech.

While the use of offensive and insulting language about Members of the Council is in breach of Standing Order 31(4), I have ruled at the opening of the last sitting that the use of profane, abusive and indecent language about anybody, even if he or she is not a Member of this Council, is out of order.

Mr LEUNG Yiu-chung also enquired whether the part of his speech in question would stay in Hansard. There is no question of any part of his speech being deleted from Hansard. Expressions or words that have been withdrawn by order of the Chair will remain in Hansard unless such words or expressions are grossly profane or grossly indecent.

I have arranged for copies of my ruling made at the last sitting and this ruling to be issued to Honourable Members in both English and Chinese.

## **BILLS**

### **First Reading of Bills**

#### **ELECTRICITY (AMENDMENT) BILL 1996**

#### **FIREARMS AND AMMUNITION (AMENDMENT) BILL 1996**

**TRADE DESCRIPTIONS (AMENDMENT) BILL 1996****IMPORT AND EXPORT (AMENDMENT) BILL 1996****CONTROL OF CHEMICALS (AMENDMENT) BILL 1996****RESERVED COMMODITIES (AMENDMENT) BILL 1996****TOYS AND CHILDREN'S PRODUCTS SAFETY (AMENDMENT) BILL 1996****CONSUMER GOODS SAFETY (AMENDMENT) BILL 1996**

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

**PRESIDENT:** Miss Emily LAU, I think you have a point of order.

**MISS EMILY LAU** (in Cantonese): Yes, Mr President. I believe my colleagues support and respect your views; there is at present, however, one problem. Mr President, I believe many of my colleagues do not quite understand the reasons of your various rulings, because your last ruling really surprised many people. Mr President, in fact it does not matter to make changes, but all of us have got to know and understand. I do not want to start a debate now, I only wish to see if there is a way of resolving the problem.

**PRESIDENT:** Please state your point of order.

**MISS EMILY LAU** (in Cantonese): We all wish to know the reason on which you based your ruling; otherwise many people, I believe, will feel puzzled. Thank you, Mr President.

**PRESIDENT:** I do not see any point of order there. I have made my ruling and I have stated my reasons and you are not making a point of order. If you are making a point of order, please state your point of order.

**MISS EMILY LAU** (in Cantonese): Mr President, I have expressed my view, if you do not consider it a point of order, there is nothing I can do! However, we really are puzzled, maybe you can offer clarification on another occasion. You yourself must accept the fact, because right now this matter has greatly disturbed Members of this Council. We may not be able to resolve the matter at the present stage, but I believe we must discuss this. Thank you, Mr President.

## **Second Reading of Bills**

### **ELECTRICITY (AMENDMENT) BILL 1996**

***THE SECRETARY FOR ECONOMIC SERVICES to move the Second Reading of: "A Bill to amend the Electricity Ordinance."***

He said: Mr President, I move that the Electricity (Amendment) Bill 1996 be read a Second time.

In March 1995, safety requirements for plugs and adaptors came into effect. The requirements were widely publicised and were targeted at improving the safety of plugs and adaptors, and increasing public awareness of electrical product safety.

The Electricity (Amendment) Bill introduced today takes this process a step further, in paving the way for enactment of regulations stipulating safety requirements for all household electrical products.

The Bill has three main provisions.

First, it enables the Director of Electrical and Mechanical Services to prohibit the supply of an unsafe electrical product, in the interests of safety.



Second, it provides for a product owner to claim compensation for loss or damage resulting from the Director's seizure of a prohibited electrical product when that seizure is overturned on appeal and the appeal board has ordered that the product be returned.

Third, it increases the maximum penalty for supplying a prohibited product from a fine of \$50,000 on a first conviction and \$100,000 on a subsequent conviction for the same offence and in either case imprisonment for six months, to a fine of \$100,000 and imprisonment for one year on a first conviction and a fine of \$500,000 and imprisonment for two years on subsequent conviction.

After the Bill has been passed by this Council, the Government will introduce a new regulation prescribing safety requirements for household electrical products. The new regulation will require that all electrical products designed for household use should comply with essential safety requirements to protect the user from electrical shock and other dangers from hazardous materials or design.

Some products, for example, lampholders, flexible cords and extension units, which frequently bring the public into close proximity with live terminals or conductors and unvented thermal storage type electric water heaters, which require special safety devices, will have to comply with specific safety requirements.

All of the safety requirements are based on well established and widely recognized international standards.

The supplier of a household electrical product will be responsible for ensuring that the product complies with the safety requirements. A product will have to be certified that it meets the relevant safety requirements before it can be supplied. This will be done by requiring issue of a certificate in respect of the product model concerned. The certificate may be issued by a certification body or a manufacturer recognized for that purpose.

Mr President, over the past four years, 28 severe electrical accidents relating to unsafe household electrical products and involving death or injury were reported to the Government. While the majority of household electrical products available locally are safe, tests carried out by the Consumer Council have shown that some models of common household electrical products do not

pass examination against international safety standards. The proposals that I have outlined aim to ensure that all such products are safe to use.

Mr President, I commend the Bill to this Council.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **FIREARMS AND AMMUNITION (AMENDMENT) BILL 1996**

***THE SECRETARY FOR SECURITY to move the Second Reading of: "A Bill to amend the Firearms and Ammunition Ordinance."***

He said: I move the Second Reading of the Firearms and Ammunition (Amendment) Bill 1996.

The purpose of the Bill is to tighten the existing licensing framework to ensure that firearms are used safely.

The Firearms and Ammunition Ordinance was enacted in 1981 to regulate the possession of, and dealing in, firearms and ammunition. At that time there was a comparatively low level of interest in the use of firearms for recreational and sporting purposes. The use of firearms for recreational shooting has, by and large, been left to self-regulation by individual shooting clubs. The relatively loose controls imposed at that time were judged to be adequate.

Since then, however, the use of firearms for recreational and sporting purposes has become more popular. The number of shooting clubs, for example, increased from 13 in 1988 to 22 now; the number of licences for the possession of firearms increased from 894 to 1 753 in the same period. We believe that the time has now come for us to take proactive and precautionary measures to ensure that the increasing number of gun clubs are run properly in the interest of public safety and security. The Bill seeks to implement these measures.

We propose to regulate shooting clubs by way of licences for the possession of firearms. The licence will be held by a "responsible officer", who is personally responsible for the management of the club. Tighter licence conditions will also be imposed to regulate the operation of shooting clubs, in particular, the possession and use of firearms and ammunition and the running of its firing range, armoury and other facilities.

We propose to require members of shooting clubs to complete a course on the safe handling of firearms before they can use firearms in the clubs, and that only a qualified person, approved by the Commissioner of Police, can instruct others in the use of firearms.

We also propose that the appointment of an agent by a licensee to handle firearms and ammunition be subject to the approval of the Commissioner of Police. This will preclude an untrained or unsuitable person from possessing or handling a licensee's firearms in the capacity of his agent.

To address the possible threat to public safety when a large number of firearms or ammunition are carried in public places or stored at the licensees' premises, we propose to empower the Commissioner of Police to restrict the quantity of firearms and ammunition to be covered in a licence for possession.

As the use of low-powered air guns could be dangerous, we propose to make it an offence, under the Summary Offences Ordinance, to discharge any low-powered air gun in a public place to the danger or the annoyance of any person.

We have consulted the shooting clubs and other interested parties, including the Security Panel of this Council, on our proposals. There is general support in principle for the tighter regulation of shooting clubs by way of licence.

Mr President, I believe that under our proposals, recreational shooting activities will be carried out in a safer manner while remaining as an active sport in Hong Kong. Subject to the approval of the Bill by this Council, the preparatory work for implementing these proposals will take about one year to complete. We will make use of this period to liaise with the clubs to ensure that the detailed licensing conditions are reasonable and practicable.

Thank you, Mr President.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **TRADE DESCRIPTIONS (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Trade Descriptions Ordinance."***

She said: Mr President, I move that the Trade Descriptions (Amendment) Bill 1996 be read a Second time.

The Bill seeks to amend the definition of "goods in transit" in section 2(1) of the Trade Descriptions Ordinance. An anomaly exists in this definition and has hindered the Customs and Excise Department's effort in combating smuggling from China by vehicle.

Goods in transit are defined as those which are brought into Hong Kong solely for the purpose of taking them out of Hong Kong and which remain on board the same vessel, aircraft or vehicle throughout their passage through Hong Kong. At present such goods are exempted from certain import and export controls stipulated in the Trade Descriptions Ordinance. It is pointless to use resources to control goods that are neither destined for Hong Kong nor discharged in Hong Kong from the means of transport carrying them.

Since no place other than China is contiguous to Hong Kong, goods carried on a vehicle from China can only be destined to Hong Kong or transferred in Hong Kong to another country through other means of transport such as a vessel or aircraft. In the circumstances, such goods do not qualify as goods in transit.

In several court cases regarding falsely labelled goods found on incoming vehicles from China at the border control points, the claims that the contraband was "goods in transit" were accepted by courts as defences. When seized at the border control point, the goods were still on board the vehicles and in such circumstances were considered to fall within the definition of "goods in transit". This interpretation makes it difficult for Customs officers to bring prosecutions

against those who smuggle from China by vehicle.

To rectify the situation, we propose to delete the reference to "vehicle" from the definition of "goods in transit" in the Trade Descriptions Ordinance.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **IMPORT AND EXPORT (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Import and Export Ordinance."***

She said: Mr President, I move that the Import and Export (Amendment) Bill 1996 be read a Second time.

This Bill seeks to remove a potential loophole in the Import and Export Ordinance by deleting the reference to "vehicle" in the definition of "article in transit" in section 2(b) of the Ordinance.

The reason for the proposed amendment is identical to that which I have already explained earlier to this Council in moving the Second Reading of the Trade Descriptions (Amendment) Bill 1996. It is practically impossible for articles carried on a vehicle from China to qualify as being in transit through Hong Kong. Articles brought into Hong Kong this way can realistically only be destined for Hong Kong or re-exported by vessel or aircraft. They should therefore not qualify as articles in transit and be exempted from the controls under the Ordinance. The potential for abuse under the existing definition is real, as evidenced by the experience of the cases which I quoted for the Trade Descriptions Ordinance.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

**CONTROL OF CHEMICALS (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Control of Chemicals Ordinance."***

She said: Mr President, I move that the Control of Chemicals (Amendment) Bill 1996 be read a Second time.

The purpose of this Bill is to delete the reference to "vehicle" from the definition of "a controlled chemical in transit" in section 2(3)(b)(i) of the Control of Chemicals Ordinance. The Ordinance makes it unlawful, among other things, for a person to import or export any controlled chemical without a licence. Chemicals in transit are exempted from the controls under the Ordinance. The reason for the proposed amendment is identical to that which I have explained to this Council earlier in moving the Second Reading of the Trade Descriptions (Amendment) Bill 1996.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

**RESERVED COMMODITIES (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Reserved Commodities Ordinance."***

She said: Mr President, I move that the Reserved Commodities (Amendment) Bill 1996 be read a Second time.

The Bill seeks to delete the reference to "vehicle" from the definition of "goods in transit" in section 2(1) of the Reserved Commodities Ordinance. The Ordinance, together with its regulations, provides for the control of the import

and export of reserved commodities, such as rice. Articles in transit are exempted from the controls under the Ordinance. The reason for the proposed amendment is identical to that which I have already explained earlier in moving the Second Reading of the Trade Descriptions (Amendment) Bill 1996.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **TOYS AND CHILDREN'S PRODUCTS SAFETY (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Toys and Children's Products Safety Ordinance."***

She said: Mr President, I move that the Toys and Children's Products Safety (Amendment) Bill 1996 be read a Second time.

This Bill seeks to delete the reference to "vehicle" from the definition of "goods in transit" in section 2 of the Toys and Children's Products Safety Ordinance. The Ordinance makes it unlawful for any person to import or supply a toy which does not meet certain safety standards. Goods in transit are not subject to the controls under this Ordinance. The reason for the proposed amendment is identical to that which I have already explained in moving the Trade Descriptions (Amendment) Bill 1996.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

**CONSUMER GOODS SAFETY (AMENDMENT) BILL 1996**

***THE SECRETARY FOR TRADE AND INDUSTRY to move the Second Reading of: "A Bill to amend the Consumer Goods Safety Ordinance."***

She said: Mr President, I move that the Consumer Goods Safety (Amendment) Bill 1996 be read a Second time.

This is the last of the six amendment bills which seek to amend the definition of an item in transit in the relevant Ordinances. In line with the amendments proposed in the five preceding Bills, this Bill also seeks to delete the reference to "vehicle" from the definition of "goods in transit" in section 2 of the Consumer Goods Safety Ordinance. The Ordinance imposes obligations on manufacturers and suppliers of certain consumer goods to ensure that the goods they supply are safe. Goods in transit are exempted from the controls under the Ordinance. The amendment is proposed for the same reason which I have already explained in moving the Trade Descriptions (Amendment) Bill 1996.

Mr President, I move that the debate on this motion be now adjourned.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

**Resumption of Second Reading Debate on Bill****APPROPRIATION BILL 1996**

**Resumption of debate on Second Reading which was moved on 6 March 1996**

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

**SECRETARY FOR THE TREASURY:** Mr Deputy, I have listened very



carefully to the views expressed by Members both at the special Finance Committee meetings and on the resumption of the Second Reading of the Appropriation Bill. I have noted in particular the concerns raised about the application of some of our budgetary principles. I believe that it is important that Members have a full understanding of both our philosophy and practice as set out in the Budget. So I will try to address this in some detail today.

### *Expenditure Guidelines*

Let me start with something fundamental to the entire budgetary process — the expenditure guidelines that we have adopted to keep government expenditure under control. I am pleased to note that most Members of this Council and the community are very supportive of the principle underlying that guideline, namely that we should live within our means. I shall try to elaborate on the application of the guideline, and hopefully lay to rest any fears that our application of it is somehow not consistent with that principle.

As Sir Hamish MACLEOD said in this Chamber last year, it is important that we are all clear in our understanding of the key concepts involved. The first point I need to make clear is that when we talk about keeping our expenditure in line with the trend growth rate of the economy over time, we are talking about government expenditure. Government expenditure is the aggregate of spending from the General Revenue Account and the three Funds — the Capital Works Reserve Fund, the Loan Fund and the Disaster Relief Fund. Public expenditure, by contrast, is more broadly defined, and includes expenditure from the Lotteries Fund and a number of financially autonomous public bodies such as the Housing Authority, the Urban and Regional Councils and the Trading Funds.

As I said in a written reply to this Council on 14 February this year, we have over the past few years consistently adopted a fixed reference point based on projected spending in 1990-91 for setting the limits on government expenditure. Each year, our expenditure guidelines are rolled forward to take account of the forecast trend growth of Gross Domestic Product (GDP), the effect of price changes and changes in the scope of government activities.

What has this meant in practice? Over the past six years since we adopted this fixed reference point, GDP has risen by 37.2% in real terms in total, and during the same period, government expenditure has risen by 37.7% in real

terms. We have thus tracked GDP very closely during this time. This is what we mean when we say that, over time, we keep our expenditure growth in line with the trend growth rate of the economy. There may be relative ups and downs on a year to year basis, but over the six-year time frame since our fixed reference point, government expenditure has tracked GDP fairly consistently. So I hope that Members will be reassured that not only do we have a principle that is worth sticking to, but in practice we have stuck to it — firmly.

I have also noted some Members' concerns that expenditure in particular areas, for example welfare, has been growing at a rate much faster than the average. Let me stress again that, insofar as fiscal discipline is concerned, the crucial question is whether we have effectively controlled overall government expenditure to within the levels permitted by our expenditure guidelines. The statistics which I have just outlined should have given a resounding "yes" to that question. Within this overall level, we will of course have to try to allocate the money available in such a way as to best respond to the changing needs of the community. It will be odd indeed if the growth rates in different policy areas were to be precisely the same as the overall average.

#### *Spending on infrastructure and capital works*

Whilst on the subject of expenditure, much has been made by some Members of the apparent fall in capital expenditure on our "infrastructure". I think that this problem is more apparent than real, and concern has arisen due to confusion about what is actually meant by "infrastructure". We may have unwittingly contributed to this confusion by using a rather narrowly defined scope for this area in our publication "Introduction to the Estimates".

It is true to say that the Estimates do show a 5.3% fall in our expenditure on the "infrastructure" programme area. However, this expenditure relates mainly to transport, drainage and similar projects. It does not include expenditure on other capital works projects such as hospitals and schools, or port-related projects. Nor does it include the substantial contribution to the development of our transport infrastructure by the private sector as a result of our very successful efforts to promote build-operate-transfer projects, such as the Western Harbour Crossing and the Country Park Section of Route 3.

Even if we confine ourselves to government spending only, total spending on capital works will be 9% higher in real terms in 1996-97 than 1995-96. Over

the Medium Range Forecast period, the real increase in capital works spending will average 7% a year. We established this rate of growth after taking careful account of the capacity of the Lands and Works Group of Departments to undertake the capital works programme in the coming years. Although the total forecast expenditure is somewhat below the level allowed in our expenditure guidelines, it is what we believe to be achievable given our manpower constraints. It also allows a steady expansion of our capital works programme in the years ahead.

The list of capital works projects that require funding in the coming financial year is included in the Estimates books to give Members as much detail as possible of projects in the pipeline. This list is compiled on the basis of the best information available at the time. As Members suggested, we will try to advance other projects when certain projects cannot proceed as planned. Our intention remains, nevertheless, to provide Members with as much and as up-to-date information as possible so as to enable Members to be fully apprised of projects expected to start in the coming financial year. It will be misleading if we include in the Estimates projects that have completed all necessary statutory or consultative steps in the planning process. However, we will strive even more in future to allow sufficient lead time for the projects, by bringing forward our planning and consultation wherever possible. This, I hope, will give Members greater confidence in the scheduled start-dates for the projects set out in the Estimates.

### *The deficit*

There are some suggestions that we might have deferred to 1996-97 the revenue proceeds from some land sales, so as to create a budget deficit for 1995-96 and a budget surplus in the subsequent year. I think there is some misunderstanding over this, so let me explain the sharing arrangement for land revenue and aim to clarify the matter once and for all.

In accordance with the arrangement agreed in the Sino-British Land Commission, land premium upon receipt will first be deposited in the Suspense Account of the Capital Works Reserve Fund. Each quarter, after deduction for the average cost of land production, the premium income received in the preceding quarter is shared between the Hong Kong Government and the future Hong Kong Special Administrative Region Government. Thus, we will only receive in the first quarter of 1996-97 our share of the premium income from

sites disposed of in the last quarter of 1995-96. In accordance with our accounting convention, such receipts are rightly counted as revenue for 1996-97. The same arrangement applied to the land premium received in the last quarter of 1994-95, and the year before and so on.

This sharing arrangement has been in use for many years and is well known. It is not the reason for the budget deficit in 1995-96, nor for the forecast surplus in 1996-97. Sir Hamish MACLEOD said in his Budget speech in 1995 that only in 1995-96, when our investment in the Airport Core Programme peaked, would it be necessary to draw on our reserves. This has proved correct and our latest outturn forecast, announced by the Financial Secretary in his Budget speech this year, merely reflects this.

### *Rates*

I now turn to a number of revenue issues on which Members have commented extensively. First, rates. There are two issues here which I wish to address: the routine general revaluation and the proposal of annual revaluation.

On the routine general revaluation, I should emphasise that our aim is to adjust the rateable value of properties on a regular basis in order to reflect up-to-date rentals in the market. This is necessary if we are to maintain rates as a stable revenue source and to keep a fair and equitable distribution of the rates charged. We will therefore conduct the normal three-yearly general revaluation in 1996-97, with any changes in rateable values to take effect from 1 April 1997. We will consider if it is necessary to introduce a suitable rates relief scheme in order to cushion the effect of the revaluation on those who may experience a large increase in the rateable value of their properties.

On the proposal for an annual revaluation, I should perhaps remind Members that we have put it forward in response to suggestions from some Members in previous Budget debates that it would be preferable to have more frequent, say annual, but smaller increases in rates than a large increase every three years following a general revaluation. Let me make one thing very clear: the aim of the proposal is to soften the impact of revaluation, not to raise additional revenue. The proposal, if adopted, would also enhance fairness in the assessment of the rateable value of properties, as changes in rentals, which

can be up or down, would be more accurately reflected. We will carefully examine the views of Members and of the public in determining whether a revaluation should be conducted on an annual basis after the forthcoming general revaluation.

*Tax relief for housing-related expenditure*

Second, tax relief for mortgages. Some Members repeated their call for a new salaries tax allowance for expenditure on mortgage interest for first-time home buyers. I must point out that a tax concession of such a nature in favour of a particular type of investment would tend to distort the allocation of resources and investment in the private sector. It is also very costly to the public purse. We remain convinced that we should focus our resources and continue to invest in our public housing programme in order to provide direct assistance to those genuinely in need. We should also keep up our efforts to maintain an adequate supply of land to ensure the healthy and steady development of the private housing sector. The proposed concession on stamp duty for property transactions announced by the Financial Secretary in his Budget speech will also help to alleviate the burden on home buyers at the lower to middle end of the market, including those who wish to purchase Home Ownership Scheme flats and Sandwich Class Housing Scheme properties.

*Fees and charges*

Third, fees and charges. There have been very thorough discussions on the subject of fees and charges in this Council in the last few months and I do not wish to repeat our principles and policies here today. However, I do wish to take this opportunity to respond to some of the points and suggestions made by Members.

We will continue our existing policy of keeping our fees and charges under regular review. Members may wish to know that we are planning to table in this Council a further 120 or so fee amending regulations, including the one on water charges, within this Legislative Council Session.

A Member has suggested that we should consider allowing longer renewal periods for certain licences, or indeed completely doing away with them where

appropriate. This is a helpful suggestion. I will certainly ask my colleagues to examine the idea in the context of their fee reviews and take it forward as far as practicable.

Some Members have expressed the view that the Administration ought to be flexible in bringing fees and charges to the full cost recovery level. Let me assure Members that, in determining fee levels, we always take public acceptability and affordability into consideration. We do not apply the full cost recovery principle rigidly, and indeed there are many cases in which we are recovering full costs by phases.

There has been a call on the Administration to limit the fee increase this year to the rate of inflation. I would like to make it clear that the majority of our fee revisions are in line with inflation. There may be occasions where the fee increases need to be higher than inflation, for example where we are phasing in full cost recovery or where operating costs have increased substantially as a result of service improvements. Nonetheless, I can assure Members that whenever the revisions would be too high in percentage or dollar terms, we will carefully consider phasing them in over a reasonable period.

### *Helping business*

Last but not least, I would like to elaborate on the Financial Secretary's initiative to make the Government more user-friendly for business. I would like to thank the Members who spoke on the subject for their support of our Helping Business initiative. Under my chairmanship, the newly formed Task Force on Helping Business has already met twice in the past month. We are determined to ensure that the Government will play a positive and proactive role in making Hong Kong a place for business to thrive. Our focus will be on cutting red-tape (including doing away with unnecessary licences and permits), streamlining regulatory activities and nurturing a pro-business Government culture and practice.

In the first phase of our programme of work, we plan to undertake several pilot projects. We will examine the present methods of payment and collection by Government for business transactions, the possibility of placing Government forms on the Internet, the feasibility of establishing a one-stop business licence information centre and the ways and means of improving the processing of land exchanges, lease modifications and the related premium assessment and appeal

procedures. We will also examine if we could provide an up-to-date Hong Kong Background Facts service to the business sector. In addition, there will be two departmental studies of the regulatory activities of the Marine Department and the Trade Department.

I hope to complete all these studies in the next three to six months. I will, of course, aim to report progress to the relevant the Legislative Council Panel from time to time.

With these remarks, Mr Deputy, I urge Members to support the Bill.

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Mr Deputy, this afternoon, before I address the main issues raised by Members in their speeches last week, I would like to reiterate that in this financial year, I have just over \$39 billion in recurrent expenditure — \$22.6 billion on health and \$16.5 billion on welfare. These figures represent real increases, that is over and above inflation, of 4.4% for health and 14.7% for welfare over last year.

## **Welfare**

Taking welfare first, these figures are impressive in themselves. But what is important is that they represent the funds that will enable us to expand and improve our welfare services on all fronts. That means the elderly, people with a disability, families, young people and children.

I should like to reassure those Members who are concerned that welfare spending is getting out of hand, that we are expanding our services in a financially prudent way. We are not breaching our budgetary guidelines.

I will now move on to the two main issues which many Members addressed during the budget debate: Comprehensive Social Security Assistance (CSSA) and the Elderly.

## *CSSA*

The first point to be made on CSSA is that the Scheme is a "safety net"

which gives financial assistance to those who need it to bring their income up to a level where their basic and special needs can be met. The second is that it is non-contributory and means-tested. These points are not new, but they bear repeating. This is because it is important people understand that CSSA is not retirement protection. Schemes providing such protection are almost always contributory and are aimed at maintaining a lifestyle similar to that enjoyed while still working.

CSSA payments are based on need. Pegging them to a certain percentage of the median wage, as some Members suggested, would mean that clients with greater needs would receive the same as those with lesser needs.

### *CSSA Review Methodology*

I should also like to address comments made by some Members of the methodology used in the CSSA Review. The answer to the question how much is "enough" clearly cannot be totally objective. We sought to minimize subjectivity by using two approaches. First, we took data from the Household Expenditure Survey and compared the CSSA standard rates with what people in the lowest 5% to the lowest 20% income groups actually spend. Secondly, we drew up basic needs budgets for each category of CSSA recipient. The findings of the two different approaches corroborated each other. We based our proposed increases on these objective findings.

### *Rejoining the Workforce*

In contrast to the many Members calling for increases in CSSA, a few voiced a concern that we are being too generous and that increases, in particular, in the adult rate might create a disincentive for these recipients to go out and find a job. Those on CSSA, who are able to work, must sign on with the Labour Department. We are also keen to provide positive encouragement to them to rejoin the workforce. Hence our increase of 66%, since March 1995, in the disregarded earnings limit which sets the earnings they may retain without such income being offset against their CSSA payments. In addition, we allow certain categories of CSSA recipients, such as single parents, to retain in full their first month's income from a new full-time job. We have undertaken to review this concession later this year to see whether there is a case for extending it to benefit more people.



To help CSSA recipients rejoin the workforce, the Employee's Retraining Board has agreed to give priority access to their retraining courses to single parents on CSSA.

### *Portability*

It is always pleasing when a government initiative is welcomed, as happened with our proposal to allow elderly people to retire to China and receive CSSA payments while there. We are still working out the details but aim to have the Scheme up and running within 12 months.

### *Old Age Allowance*

Some Members suggested that these new arrangements should also apply to the Old Age Allowance (OAA) and that the Allowance itself should also be reviewed. On the first suggestion, I think we can all appreciate that sending monthly payments to recipients in China presents some particular administrative challenges I should like to proceed cautiously on this front and ensure that we succeed in addressing those challenges in the system we propose for the CSSA before considering if a case exists to extend it to the OAA. On the second, in contrast to CSSA, the OAA is not based on need. Neither is it contributory. Any increases, therefore, would be costly to fund. In the use of scarce public funds, I believe we must focus our efforts and resources on targeting improvements to help those in need.

### *Social and Recreational Grant for the Elderly*

I note that our intention to introduce a new social and recreational grant for the elderly has been welcomed, but concern has been expressed about our proposal to grant it on a reimbursement basis. Our intention was to use the grant to improve support through social networking for elderly persons. We wanted pro-actively to encourage the elderly to join in with group recreational and social activities. In so doing they would benefit from a wider network of community support. The grant would have much less welfare value if spent on

other things involving no community involvement. We accept that there is a need to balance the desirability of achieving this goal against the administrative burden involved. We are, therefore, working on a much simplified system for payment of this grant to minimize the burden both on those claiming it as well as on those who are to process it.

### *The Elderly Policy*

Now I would like to address comments made by Members on the elderly. Care for the elderly has always been one of my top priorities. This year we shall provide another 43 social centres for the elderly, 1 600 more residential places, 12 more home help teams and four medical and psychogeriatric outreach teams for elderly persons. This financial year, we will spend \$10.2 billion on health care, medical, welfare services and social security for the elderly which represents an increase of 13% over 1995-96. That financial is just over a quarter of the budget for the whole of my portfolio on both health and welfare. I think Members would agree that this is a substantial sum which demonstrates our commitment to making life better for those who have played their part in building the Hong Kong of today.

Our policy for the elderly nevertheless, needs constant review as the demographic profile of our population and the nature of services needed to support the elderly change. That is why we expect to commission a consultancy within the next two weeks to study the needs of elderly people, review current services and recommend what services would best meet the needs identified. It will not be easy to meet the needs of our growing elderly population. But we are determined to ensure that our current services and our planning for future services are as effective as they can be.

### *Elders Outreach and Social Networking*

Several Members mentioned the need to strengthen outreaching services for the elderly. We already have a network of support provided by home helpers, caseworkers of family service centres and medical social services, medical staff in outreach medical teams, volunteers of all ages including elderly volunteers, mutual help groups and estate liaison officers in public housing estates. All of these, in one way or another, reach out to the elderly. And, of

course, families and neighbours also play an important part.

To bring all these together in a more structured approach, we have announced a new initiative to pool the resources of professionals and volunteers in the districts so as to get in touch with the elderly people who need care. District Social Welfare Officers will work with other relevant government departments to draw up a list of vulnerable elderly people living alone in every district. A network will be formed of service personnel and volunteers we pick from agencies and organizations in the districts to maintain regular contact with the vulnerable elderly to give them support and assistance, including referral when needed, so that they receive suitable services. More professional staff, at an extra cost of about \$17 million, will be given to multi-service centres for the elderly under a two-year pilot scheme.

## **Health**

I would like to turn to health matters now.

### *Health Centres*

Several Members expressed concern about the utilization of elderly health centres. We also note the low utilization, part of the reason for this is that the concept of preventive care has not yet fully taken root amongst the elderly. Nevertheless, recent enrolment figures show an increasing interest in the service. To boost this further, we have drawn up special publicity programmes to promote these centres. Moreover, elderly health centres and district boards jointly arrange health promotion activities which raise the centres' profile in the district.

### *Primary Health Services*

In the area of primary health services, the focus of our work is to promote health and education. Some Members have expressed concern over whether we have sufficient provisions for this particular job. I would like to stress one point and that is the provisions under the programme area of "promoting health" do not adequately reflect the total expenditure the Administration has earmarked for promoting health and education. Among the various tasks under the programme area of "disease prevention" is the indispensable one of promoting health and education. Provisions for these two programme areas have increase 11.5% over that of 1995-96, representing about 33% of the aggregate funding for

the Department of Health. Services provided within the programme areas of medical care and rehabilitation services also go a long way in complementing the task of promoting health. Moreover, we set up in May 1995 the \$80 million Health Care and Promotion Fund to strengthen the effort in promoting health and preventing diseases.

In the past several years, we launched a number of new initiatives to boost our effort in promoting health and preventing diseases. Examples are the setting up of a district health system on a trial basis, opening several health centres for women and health centres for the elderly. Some members have requested to increase the number of such centres. We have indeed plans in hand to extend the district health system to two more districts in Kowloon and to open one new health centre for women and three additional ones for the elderly. In view that these are all new initiatives, we will closely monitor the way services are provided and will study how best such services can be extended to all districts throughout the territory.

#### *Oral Health and Dental Policy*

Similarly, in respect of oral health and dental policy, we stress on encouraging the public to care about oral health and dental diseases prevention. A total of around 546 000 pre-school and primary and prevent dental diseases. We believe that by encouraging schoolchildren to pay attention to oral health and dental diseases prevention, a solid foundation is laid for dental health for our next generation of adults. Having learned the correct knowledge in oral care and formed a habit of caring about oral health, they will be able to keep their teeth healthy.

Government dental services are available only to those members of the public who need emergency dental treatment, to patients undergoing specialist treatment in public hospitals (including those having special needs) and to inmates serving their terms in a Correctional Services Department institution.

#### *Subsidies for Health and Medical Care*

Over the important issue of subsidies for health and medical care, some Members have stressed that the private sector must continue to play an effective

role in supplementing the services of public hospitals, so that the present resources can be directed towards serving those who genuinely need subsidized medical care. Though we have every reason to be proud of the quality of the medical services available in Hong Kong, we are facing challenged from many fronts, including rising public aspirations, rising costs of medical services and the aging of our population. Therefore the community must decide on how our health and medical care system should be developed so that we can meet our challenges under our low-tax regime. At present we are examining the complicated problems involved in this respect with a view to formulating long-term policies. We naturally will take into account Members' views in the process, and hope that the implementation of these proposals will have the support of this Council.

On the whole, this year's budget substantially increases the provisions for health and welfare, and this will help us achieve our objectives, thereby benefiting the whole community.

Thank you, Mr Deputy.

**SECRETARY FOR RECREATION AND CULTURE** (in Cantonese): Mr Deputy, several Members have asked that the royalties paid by Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) be reduced or waived altogether. In the consultation document on our pay TV review which was issued recently, we concluded that the case for reducing royalty rates for ATV and TVB beyond the cuts already made in 1993 had not been established. But we have also made it clear that we are prepared to listen to the representations of broadcasters and others, and we shall of course do so in the current consultation exercise.

In both the consultation document on our pay TV review and the VOD consultation document which was published in February, we have stated very clearly that, because of the rapid development of technology, we will carry out a review of the TV market and our TV policies in 1998. The timing of this review explains why there is no provision in the 1996-97 estimates for the retention of a consultancy firm to undertake a study of the TV market. We do, of course, intend to commission such a study in the 1997-98 financial year and use it as the basis for the review scheduled for 1998.

Several Members have urged the Government to set up a publicly funded film commission to assist the development of the film industry. Mr Deputy, our film industry has grown and thrived in the past 20 years without such a film commission and without any subsidy from the public purse. The credit for this success, of course, goes entirely to our creative and entrepreneurial private sector. And that is exactly the way that it should be, given the Government's long-standing and well-proven economic policy of minimum intervention in market forces and leaving business decisions entirely to businessmen. But the Government for its part has also assisted by providing a business-friendly environment in which the film and other service industries can grow and prosper.

We have studied and considered the functions of the proposed film commission carefully. Some of these are already being carried out as part of our existing services; and others will be pursued in the context of the Financial Secretary's Task Force on the promotion of the services sector. For example, we have started discussions with the Hong Kong Trade Development Council (TDC) on the hosting of a film trade fair in Hong Kong next year. We will also be exploring with the TDC the possibility of their taking on the task of promoting our film industry overseas. We will of course continue to maintain an active dialogue with, and seek to improve our service to, the film industry. However, we do not believe that there is sufficient justification for the establishment of yet another organization financed by public funds, especially in face of our many other competing priorities.

We have been criticized for not allocating more of the savings under my control to the Television and Entertainment Licensing Authority (TELA) for the setting up of more inspection teams to enforce the control of obscene and indecent articles. As I have separately explained in writing, only half of the amount involved was redeployable. Out of the available and redeployable resources, we have had to make allocations to other equally justified activities falling under my policy responsibility, such as increasing the Arts Development Council's (ADC) subvention, providing resources to RTHK to subtitle its television programmes for the hearing impaired and enabling the Antiquities and Monuments Office to step up education and publicity activities in respect of heritage preservation. But we have not forgotten the need to ensure that TELA's enforcement capabilities are adequate. In this regard, TELA's inspection teams will be increased from two to three this financial year.

The Commissioner for Television and Entertainment Licensing has assured

me that, with an additional inspection team, he will have adequate resources in the coming year to increase further the number and frequency of surveillance inspections. I must emphasize that TELA does not just respond to and act on complaints. In the first three months of this year, among the 510 cases sent to Obscene Articles Tribunal (OAT) for classification, only 17% were made as a result of complaints, the remaining 83% were brought about by TELA's surveillance inspections. As a matter of fact, a great deal of TELA's staff time is devoted to ensuring that publishers, distributors and newspaper vendors alike are aware of the classification rulings handed down by the OAT and that these are duly complied with. Contraventions of OAT classifications or conditions will of course be liable to prosecution, which is also an integral part of TELA's work.

I would now ask your permission, Mr Deputy, to turn to criticisms made by two Members on funding for the arts. In this regard, I find it necessary to reiterate and emphasize the funding system involved.

As Honourable Members may recall, the establishment of an independent and statutory Hong Kong ADC was a direct result of the Government's positive response to strong demands made by the arts community and some Members of this Council, during the course of our arts policy review conducted in 1993. The ADC is fully empowered under its own Ordinance, passed by this Council only last year, to disburse grants to organizations and individuals for the planning, development and promotion of the arts in ways which the ADC considers appropriate. It follows that, in accordance with that Ordinance, decisions on how funding support to individual art forms should be given are made by the ADC itself, having regard to the priorities and overall development strategy determined by the ADC itself. The ADC, which is supported by its own independent Secretariat, has a membership of 24, almost half of which are representatives nominated by the various art forms and arts disciplines, following fair and open elections. The Secretary for Recreation and Culture is but one member out of the 24; and apart from his ability to influence the overall level of each year's government subvention to the ADC, has little influence over the ADC's decisions on how to make specific allocations from that subvention.

I hope that this explanation makes it clear that my written answers to certain Members' questions during the special Finance Committee meetings on funding for the arts accurately and fully reflected the factual position and were not designed to confuse Members or to dismiss their legitimate questions.

I now turn to the two Strategic Plans drawn up by the ADC and the Hong Kong Sports Development Board (SDB) respectively. Prior to the production of those two plans, the ADC as well as the SDB were advised by my predecessor that, because of the Government's annual resource allocation timetable, it was simply not possible to consider their additional funding requirements in the context of the 1996-97 Budget and that therefore their Strategic Plans should start in 1997-98, and not in 1996-97. The SDB and the ADC both chose to ignore this advice and in October and December 1995 respectively submitted Strategic Plans starting in 1996-97, well after the deadline, that is June 1995, for the Government's resource allocation exercise for the year 1996-97. It is therefore unfair to criticize the 1996-97 Budget for not making provisions for the first year of the two Strategic Plans.

As for 1997-98 onwards, the Government is now considering the appropriate levels of subvention in the light of the two Strategic Plans. In this regard we should know that the recurrent subventions of the ADC and the SDB for 1996-97 are \$56 million and \$78 million respectively. The proposed expenditures for the year 1997-98 set out in their Strategic Plans are \$218 million and \$156 million respectively. These represent increases of 290% and 100% respectively over their subventions in 1996-97. It is of course incumbent on me as the responsible Policy Secretary to do my best to help them realize their plans as far as possible. However, given the budgetary guideline that each year's overall growth in public expenditure should not exceed the medium-term trend GDP growth, which is 5%, and since there will be other competing claims for a share of this overall growth of 5%, it would not be realistic for the two bodies to expect to be able to increase their subventions significantly. They, and I, will have no choice but to find alternative sources of funding.

Members may wish to note that the two major organizations responsible for funding cultural, sports and recreational activities in Hong Kong are the Urban and Regional Councils. Together they manage the vast majority of our recreational and cultural facilities and enjoy the lion's share of public funding for culture and sports. The Urban Council will in 1996-97 spend over \$900 million on the arts and culture and over \$1,860 million on recreation and sports. The Regional Council has earmarked over \$524 million for the former and over \$2,060 million for the latter. In 1996-97, the two Councils' combined spending on the arts is 25 times that of Government's recurrent subvention to the ADC and



their combined spending on sports and recreation is 50 times that of the subvention the SDB is going to receive from the Government. I leave Honourable Members to draw their own conclusions from these interesting comparisons.

Thank you, Mr Deputy.

**SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS** (in Cantonese): Mr Deputy, a few Members touched on our environmental programmes during the debate. I thank them for their views. I also look forward to the continuous support of this Council for our environmental programmes. I will use this opportunity to respond briefly to the main points raised by Members.

First, the view was expressed that a 10% increase in the Budget for the environment is very small when compared with increases over the past few years, and that this throws doubt on Government's determination to protect the environment. Let me remove any doubt about this by drawing Members' attention to our long term comprehensive environmental action plans as set out in the 1989 *White Paper on the Environment*, and in the subsequent Reviews which report progress on these plans. Indeed, we have just completed and published the Third White Paper Review. Of the 132 targets we laid down as a 10-year programme in the 1989 White Paper, we have either achieved or are well on our way to achieving 118 of them. Given the scope, cost and complexity of all the programmes, I hope Members will agree that a success rate of 90% in six years is not bad. In particular, our waste disposal and sewage disposal projects are adequately resourced and progressing satisfactorily — a major reason for the decelerating rate of increase in the environmental budget.

Having said this, we fully recognize that there is no room for complacency. Prevention, as some Members rightly pointed out, is better than cure. And we share this view fully. We addressed this issue in the Second White Paper Review and did so again in the Third Review. I would therefore commend these Reviews to Members because they show that we can now build on the green foundations that are either in place or being put in place, by shifting our focus to precautionary measures.

I wish now to turn to Members' views on our waste management strategy. Our priority in the last few years has been directed by the need to replace old,

environmentally unacceptable disposal facilities, with facilities for treating our waste in an environmentally satisfactory manner. While this priority is being met, for example by the commissioning of the three strategic landfills and a number of refuse transfer stations, we also recognize the need to avoid and reduce waste generation. The Environmental Protection Department has therefore commissioned consultants to devise an integrated waste reduction strategy based on waste reduction programmes by the private sector, support measures by the public sector, and the application of bulk waste reduction technologies such as incineration with energy recovery. I am pleased to say that consultation on this strategy has begun. We briefed the Environmental Affairs Panel of this Council this morning, and will consult other interested parties and concern groups over the next few months before drafting a Waste Reduction Plan for public consultation before the end of this year.

Another aspect of waste treatment raised by Members was whether a higher level of treatment for our sewage is necessary. I would wish to remind Members of our rationale for choosing an appropriate level of treatment. Our Water Pollution Control Ordinance promulgates a set of Water Quality Objectives (WQOs) for each of Hong Kong's Water Control Zones. The level of treatment required is therefore determined by reference to whether the WQOs would be met. When consultants carried out a review of the Strategic Sewage Disposal Scheme (SSDS) (Stage II) outfall proposal, they indicated that, with the possible exception of the seabed level for dissolved oxygen at the outfall, our WQOs in Victoria Harbour would be achieved by Chemically Enhanced Primary Treatment (CEPT). However, the International Review Panel, which was tasked to oversee the work of the SSDS Stage II Review consultant and to provide independent advice to the Government on the information obtained in the study, advised that it is not possible to predict accurately whether this exception would actually occur. They also pointed out that CEPT has the important advantage of not precluding the adoption of secondary treatment, if actual monitoring of the outfall eventually shows that a higher level of treatment is required. As the additional capital cost of adopting secondary treatment is over \$4 billion, it would not be responsible of us to make a hasty decision now to go for a higher level of treatment. We will, as the experts advised, keep the position under review upon the commissioning of Stage I of the SSDS so as to decide on the level of treatment required for our sewage.

Thank you, Mr Deputy.

**SECRETARY FOR TRANSPORT:** Mr Deputy, may I begin by thanking all

those Honourable Members who attended the special session of Finance Committee to discuss transport issues as well as those who have spoken during this Budget debate. I am particularly grateful to the Honourable Mrs Miriam LAU, the Honourable WONG Wai-yin, the Honourable CHEUNG Hon-chung and Dr the Honourable LAW Cheung-kwok for reflecting the aspirations and views of the party to which they belong. This has provided us with a useful pointer regarding our transport policies and programmes.

The underlying message that has emerged is that the Administration must continue to invest in the transport infrastructure. This is precisely the approach that has been adopted by the Administration as evidenced by the \$25.6 billion spent on capital projects on transport over the past five years. And let me assure Honourable Members that in the years ahead the Administration will continue to invest in new roads and railways to provide a comprehensive network for an efficient transport system capable of meeting the economic, social and recreational needs of the community into the 21st century.

Some Members have been skeptical, citing the 9.1% reduction in total expenditure on transport in the 1996-97 Estimates. But this needs to be put in perspective bearing in mind that expenditure on transport related projects in the Airport Core Programme peaked in 1995-96. If this is set aside as it should be, and we focus only on expenditure on roads and other transport projects, this year's Estimates actually provide for an increase of \$765 million over 1995-96. This represents a real growth of 8.7%.

Mr Deputy, what has to be recognized is that infrastructural transport projects inevitably require a long lead time from inception to planning, to implementation and, ultimately, to completion. The amount of funding required for new projects should therefore be considered over a longer time span and, what is more, other factors must be taken into account in determining the actual amount of money that needs to be provided in any one financial year. For example, funds may not be required until we are ready to proceed with consultancies or engineering feasibility studies. And, thereafter, the provisions spread over a number of years taken into account the actual construction time-table.

I am glad that the Honourable Mrs Miriam LAU supports private sector participation in the development of transport infrastructural projects. This is exactly what we have been doing. The Western Harbour Crossing and the Route 3 Country Park Section together cost over \$14 billion, and are two notable

examples. But not all projects are suitable for private sector participation because they may not be commercially viable. Let me stress there is no question of the Government not proceeding with justified projects simply because we cannot proceed by way of BOT. For example, in the case of Route 16, a major road project linking Tai Wai in the New Territories and West Kowloon, we are now considering the option of funding this project, estimated to cost over \$4 billion under the Public Works Programme.

Mr Deputy, the Administration's determination to invest in the road infrastructure is reflected in our five-year forecast with \$28.7 billion earmarked up to the financial year 2000-2001. Many other administrations would be envious of this amount of funding for transport and, indeed, the business environment we have developed to attract BOT investments.

Turning now to railways, the blueprint for the future has been embossed in the Railway Development Strategy. I acknowledge the strong support for the implementation of our three top priority projects, namely the Western Corridor Railway, the Tseung Kwan O extension and Ma On Shan to Tai Wai link coupled with Hung Hom to Tsim Sha Tsui loop. Honourable Members have commented at length and, in particular, have urged the acceleration of these three railway systems.

Let me briefly re-cap the present position. What the Kowloon-Canton Railway Corporation (KCRC) did last November was to submit their outline proposal for building the WCR. The Corporation now needs to carry out more detailed studies to provide the necessary information to support in-depth consideration and discussion with the Administration, so that a project agreement can eventually be drawn up. Likewise, the Mass Transit Railway Corporation (MTRC) is in the process of finalising their recommendations for building the Tseung Kwan O extension. We expect to commence dialogue with the MTRC within the next two months. Separately, the engineering feasibility study on the third priority is expected to be completed by the end of this year. We shall then be in a better position to determine how best to take this project forward.

All these three priority projects present enormous engineering, legal, land, environmental and financial dimensions which will require detailed scrutiny and, in fact, much of 1996 will be taken up in examining these complex issues. This has been envisaged and included in the overall timetable. The Administration will also be drawing up the legislative framework and deciding how best to

tackle the land resumption problem. However, this does not mean that the two railway corporations have to sit back and wait. There is plenty of preparatory work they can and need to undertake in tandem.

Some Members are concerned that apart from the \$15 million that has been earmarked in the estimates for the provision of additional staff to handle the planning work involved, the Administration has not provided any equity injection for the three railway projects. Funding now will be premature since we have yet to agree on the final alignment, costs and financial parameters. But what is important and significant is that the Financial Secretary has put down a specific marker in his budget speech, recognising the need for Government funding. Let me quote him. "One of the probable calls on these funds will be the need for capital injections into the KCRC and perhaps the MTRC towards the cost of the priority railway development projects. At the present time, the precise cost, timing and mode of financing of these projects are uncertain."

One final point on railways. We have kept the Chinese authorities up-to-date on the present state of play on these three priorities and, as is the requirement for all major projects straddling 1997, we shall need to consult them before firm decisions are taken.

Mr Deputy, let me now deal with the other common points raised by Honourable Members. These relate to traffic management in general and Electronic Road Pricing and the parking problems in particular. These subjects have been discussed at recent meetings of the Legislative Council Transport Panel and, whilst I look forward to further exchanges of views in that forum, I would nonetheless like to provide a brief response now.

As for traffic management schemes, this is an on-going exercise. In 1995 Transport Department implemented over 1 800 projects ranging from the introduction of no waiting and no parking zones in busy districts to the implementation of the bus-only lane on Tuen Mun road. Major road junctions on Hong Kong Island, in Kowloon and Tsuen Wan are already largely controlled by computerised traffic lights. In July this year, we will call for tenders to extend the area traffic control system to Sha Tin. On a broader front, subject to funding approval from Honourable Members, we shall proceed with the consultancy study on major bus only lanes.

Electronic Road Pricing (ERP) is, of course, another major traffic

management initiative. I thank the Honourable WONG Wai-yin for his confirmation that the Democratic Party supports our proposal for a feasibility study on introducing ERP. Having regard to the views expressed by Honourable Members, we are now giving further thought to what we should ask the consultants to do and will seek funding from Finance Committee shortly. We remain firmly of the view that ERP is an efficient, equitable and flexible way of dealing with traffic congestion.

The other timely issue raised is the parking problem we face. Honourable Members will be aware that we have commissioned a Parking Demand Study to examine the problems and recommend remedial measures. The study has provided us with invaluable information on the supply and demand of parking spaces for private cars and goods vehicles. We are now in the process of inviting and receiving comments on the findings and recommendations of the Study. My senior deputy in the Branch is leading an inter-departmental Working Group to develop a specific action plan by August this year.

Mr Deputy, let me conclude by reiterating that we should not be shy in acknowledging that we have a good, efficient transport system in Hong Kong. More important is the fact that we can, by working together as partners, make it even better. The Administration is serious about tackling transport problems. Since the implementation of policy proposals and programmes often require legislation and funding, we need Honourable Members' full understanding and support if we are to achieve positive results.

Thank you.

**SECRETARY FOR SECURITY:** Mr Deputy, at the debate on the Governor's policy address in this Council on the 2 November 1995, I outlined the policy directions in the Security Branch's programme areas, and the steps that we would take in the coming year to implement these policy directions. I am pleased to say that the provisions in the 1996-97 Budget enable us to fulfil our pledges.

## **To Meet the Community's Aspirations**

### *Combating crime*

There is no doubt that the community places particular importance on the maintenance of law and order. Violent crimes, and triad-related crimes are the two areas where the average men or women in the streets are most concerned about. We have achieved substantive success in reducing violent crimes: the violent crime rate has decreased by 6.4% in the past three years; more noticeably armed robberies have decreased by 44% during the same period. Triad-related crimes, however, have not shown a similar down-trend. We have, with the support of this Council, put in place tough legislation — the Organized and Serious Crimes Ordinance; we have last year strengthened the intelligence capability of the Organised and Triad Society Bureau; we have put in place a witness protection scheme, and are planning to introduce new legislation shortly on change of identity for witnesses. In the coming year, the Budget provides for a substantial increase in the strength of Police Regional and District anti-triad units. I am grateful for Honourable Members' support for this proposal. When all these elements are put in place, we should see results in our unrelenting war against triads.

We will also be giving some relief to our hard-pressed policemen at the front line, by taking a first (but by no means the only) step in providing leave and training reserves. Taking this and other proposals in the Budget into account, we will be increasing front-line police strength in the coming year by 370 posts, which I also believe to be in line with the community's wish and with this Council's wish.

I make no apologies for the fact that 56% of the recurrent expenditure allocated to Security Branch's programme areas is earmarked for the police. The Police Force is by far the largest disciplined department; the police establishment is just over 56% of the total establishment of the disciplined services. Its remit is wide ranging, from dealing with street crimes, to protecting the integrity of our borders on land and at sea, to regulating traffic flow, and to tackling complex and sophisticated commercial crimes. I believe it represents a fair balance in the allocation of resources. Nor are we neglecting the needs of the other disciplined services.

#### *Fire and ambulance services*

The protection of our citizens from fire hazards will be significantly enhanced in the next financial year:

- by providing 312 additional posts to strengthen the capability of three existing fire stations and for commissioning five new stations, and
- by providing the necessary resources to put into effect new legislation to improve fire safety in older commercial buildings, which will be introduced soon.

Some Honourable Members have expressed concern on the need to improve our ambulance service, which had fallen short of our performance pledge last year for a variety of reasons, some of which (such as congested traffic and unusually wet weather) are beyond our control. We have taken the initiative to engage a consultant to help us identify means of achieving better results. We have already put into effect those recommendations which require no or limited additional resources, for example redeployment of existing resources to meet critical shortages, and transferring non-emergency ambulance service to the Auxiliary Medical Services. Together with a modest increase in additional resources provided in the Budget, these recommendations, when fully implemented, should enable us to respond to 92.5% of emergency ambulance calls within a 10-minute travel time. The recommendations which require additional resources will be examined with vigour to determine how we can achieve the longer-term performance target of 95%; that will be high on my priority list for the coming year.

I note that some Honourable Members would like us to switch our performance target from "travelling time" to "response time". The strategy recommended by the consultant, with which we agree, is to first reach our longer-term target based on "travelling time" before switching to "response time". Changing to a target response time, by itself, does not improve our services to the public. But in preparation for the time when we are able to make the switch, I have asked the Director of Fire Services to begin collecting data on the current "response time" for the Ambulance Service, so as to provide the necessary information to enable us to draw up a meaningful "response time" target in due course.

### *Correctional services*

Honourable Members are well aware of the critical shortage of prisons accommodation, which increases pressure on our colleagues in the Correctional



Services Department, makes it more difficult to maintaining discipline in the prisons, and erodes the effectiveness of our rehabilitation programmes. Let me repeat once again: ceasing to prosecute immigration offenders is not a solution which the community will accept. Indeed, it is in response to the community's wish that we have stepped up enforcement action against illegal employment. We need to increase the supply of prisons accommodation. Obviously, the necessary staff will also be provided to the Correctional Services Department to run these additional prison facilities. Through redevelopment, we will provide 450 extra places in Chi Ma Wan and Stanley in the coming year; further redevelopment projects in Tai Lam and Stanley (Phase II) will provide another 760 places; we are pursuing the proposal of converting the ex-Army Camp at Lowu into a minimum security prison in a way which will have minimum impact on nearby residents. We will of course continue to consult the North District Board on this proposal. Although these measures together would bring significant relief in the coming three years, we will continue to search for other accommodation options to tackle prison overcrowding.

### *The fight against drugs*

Drug abuse, especially amongst the young, remains a matter of grave community concern. Every effort is made to tackle this pernicious problem, through stepping up law enforcement, education and publicity, treatment and rehabilitation, international co-operation and research. I am grateful for Honourable Members' support for the establishment of the \$350 million Beat Drugs Fund. Applications will shortly be invited, and the first disbursement from the Fund will take place later this year. We have not reneged on our pledge to increase subventions to non-governmental organizations: two additional residential treatment facilities for young opiate abusers and one counselling centre for psychotropic drugs and substance abusers are provided for in the Budget. Meanwhile, we have begun preparations for the next Governor's Summit Meeting on Drugs, which is expected to take place in late May. I look forward to new ideas and concrete action plans emerging from this Sitting, which will as before tap the expertise and enthusiasm from a wide cross-section of the community.

### **In step with the times: improving efficiency and service**

#### *The immigration services*

Pressures on us to facilitate the movement of people in and out of Hong Kong efficiently have continued to increase. Over the last five years, passenger trips across our land, sea and air entry points have increased by 33%. Despite this, we have generally been able to maintain our performance pledge of clearing 92% of the passengers within 30 minutes, through a combination of additional resources, redeployment, efficiency improvements, computerisation and the use of advanced technology such as Optical Scanners. At the same time, we have through the application of information technology produced savings in the order of \$190 million (613 posts). In this financial year, we shall see further improvements in the land border at Lok Ma Chau, with the increase of one vehicle kiosk and five passenger counters. We have also provided sufficient resources to cope with the additional workload arising from the increase of the One Way Permit Quota from 105 to 150 per day, and to extend the scope of the Direct Visa Application Scheme. We have just completed a consultancy study on how to improve efficiency further in the immigration control points at the Airport, and I look forward to improved performance in the year ahead. Let there be no doubt about the efficiency of the Immigration Department to respond to fast-changing developments: the tremendous response by the Department in recent days to cope with the flood of applications for naturalisation is a clear testimony of this.

#### *Police Management Review (PMR)*

We have kept faith with our commitment to continue the task of implementing recommendations arising from the PMR, which will ultimately enable us to have one of the world's most modern police force. We have already implemented nine of the Review Reports. In this financial year, we will begin to implement 12 more Reports which means that nearly half of the PMR Reports will have been implemented. Furthermore, through the increasing use of modern communication and information technology, we have been able to release a good number of professionally-trained police officers to front-line operational duties. In this financial year, we will be spending an extra \$190 million in computerisation, and \$31 million in modernising communication equipment.

Honourable Members will recall that the Commissioner of Police announced in March last year his commitment to the development of a Service Quality Strategy. The Strategy aims to ensure that the Force provides an

effective, efficient service of high quality to the public. It involves the development of a customer-based culture, and the provision of training in "quality management". As part of the Strategy, the Force has recently conducted an opinion survey on public perceptions of the Police and its performance. This was released yesterday. We will carefully study the findings of the survey to determine what needs to be done to further improve the quality of service of the Police in order to keep up with the time and the expectations of public. We welcome constructive suggestions from Honourable Members and the public in this process.

### *Looking beyond 1997*

As a forward-looking Administration, our planning horizon extends across 1997. Certainly our programme of implementing the Police Management Review extends across 1997; likewise our search for improvements in our Ambulance Service, our plans for increasing prisons accommodations, and the progress we are making towards providing the necessary security, safety and immigration back-up for the new Chek Lap Kok Airport. I wish, however, to highlight a particular area where we are making significant headway to tackle the challenge of a smooth transition. With the support of this Council, we have acquired \$160 million for a computer system to produce the new Special Administrative Region (SAR) passport. The Budget provides for 60 new posts to take forward the planning and computerisation work, so as to enable us to begin issuing SAR passports from 1 July 1997. This is an important part of our work towards a smooth transition, but we will continue to press for early discussions with our Chinese colleagues to resolve the remaining problems of right of abode, and on how to achieve maximum travel convenience for Hong Kong residents post-1997, building on the British Government's decision to grant visa-free access to SAR passport holders.

### *Vietnamese migrants*

Like Honourable Members, I wish to pay tribute to the professionalism, courage and perseverance of our disciplined services, in particular our colleagues in the Correctional Services Department, who have been at the sharp end in coping with the Vietnamese migrants problem. We had a bad year in 1995; I believe we are now seeing the turning of the tide. In the whole of 1995, we had about 1 600 Vietnam migrants volunteering to return to Vietnam; in the first three months of this year, we already have 1 500 volunteers. That of course is

still far short of the sort of figures which will enable us to clear the camps by mid-1997. Much remains to be done, in seeking the co-operation of the Vietnamese Government to clear all, I repeat all, the remaining Vietnamese migrant caseload, to step up the Orderly Repatriation Programme and to encourage more voluntary returns. The decision announced yesterday to release a small number of Vietnamese migrants from detention, as a consequence of the Privy Council's recent judgement in no way affects our determination to achieve our goal. We will also do our best to enable our Correctional Services Department colleagues to better face their arduous tasks, to give protection to them against the possible dangers, and to seek to reduce the burden on them by speedy repatriation. Let me also take this opportunity to make it clear to the Vietnamese migrants in the camps: your only future lies in returning to Vietnam.

### *Security Wing*

My colleagues in the Police Force have explained the role and functions of the Security Wing during a special briefing to some Honourable Members held last Monday. I hope that Honourable Members would agree that it performs an essential service in protecting the public against threats to their safety and security that cannot be dispensed with. In addition, the work of the Security Wing is essential to enable us to meet our international obligations such as the fight against terrorism, trade in strategic goods and the protection of visitors who are at risk to personal dangers. I appreciate that some Honourable Members may still have other points to raise on Security Wing; we can, of course, continue to discuss these in the appropriate forum, such as the Legislative Council Security Panel in a manner which protects the necessary degree of confidentiality that such a sensitive issue deserves.

Thank you, Mr Deputy.

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Mr Deputy, today I would like to focus on two issues: economic forecasting and mortgage securities company.

### *Economic Forecasting*

Some Members think that our economic forecasts for this year are too optimistic. Sometimes I understand that economic forecasts are often compared

with uncertainties in the future. While this is understandable, it is especially the case when the economy is affected by major external factors. Indeed, forecasts on economic performances can never be the same, and forecasts made by the private sector are not necessarily the same as those made by the Government. However, I think the forecasts on the growth rate of our GDP in 1996 made by the private are basically consistent in terms of the range of growth, which is close to the 5% that we predict. Most analysts from the private sector believe the growth rate would be between 4.5% and 5%, although a few of them believe it should be higher.

We do not make forecasts out of imagination. Each time when economic forecasts are compiled or modified, we use a comprehensive macroeconomic measuring pattern covering the major areas of various needs of our economy. These areas, added up together, form the overall economic performance. The trade component, consisting of visible and invisible trade, is one of the major areas, while local internal demand covering consumption and investment is another. The process of measuring this pattern is entirely expressed in figures, based on a complete set of data from the Census and Statistics Department. We also have a panel which is made up of representatives from all relevant departments. Working hand in hand with our economists, the panel assesses the results in working out the pattern according to what it knows about the most recent developments in the various sectors. In short, we are striving to be systematic and scientific in compiling our forecasts. The details of the forecasts are elaborated in the standard document, *Economic Prospects in 1996*, which has been distributed along with the Budget speech.

Looking at the economic prospects of Hong Kong in 1996, we have reason to be optimistic. Our exports in the first two months of this year still achieved satisfactory increase, although we have a higher standard for comparison with the figures of the same period last year. As unemployment rate in Hong Kong has slightly declined, while the stock market and the residential property market have been on the upward trend since the beginning of this year, the public's sentiments have improved and consumers' purchasing desire is expected to rise. Also, the construction of the airport core programme is steaming ahead. We have also implemented various promotion measures, because the growth of the related service sector will be helpful to the development of this industry. Given these favourable conditions, we have reason to believe that the speed of growth of our economy will be revived to the growth rate of the mid-term trend. As to inflation, the Consumer Price Index (A) for the first two months of 1996

increased by a total of 6.2% over the same period in the previous year, much lower than the 7.5% annual inflation rate that we have predicted. We believe that inflation will continue to slow down during the year, particularly in our domestic prices, because the prices of imported goods are becoming more stable. Economic growth of this year will pick up speed and the slowing down of inflation will be more notable unless some major unfavourable developments occur — such as China's Most Favoured Nation status is not renewed by the United States.

### *Mortgage Securities Company*

In his Budget, the Financial Secretary has also announced that the Government is committed to promoting the financial services industry. One of the tasks is to study and explore whether a mortgage securities company should be set up in Hong Kong. I am pleased to learn that this idea has received a positive response from the community and Honourable Members who made their comments in the debates in this Council last week. I would like to extend my sincere thanks to Honourable Members for their encouraging support. We would also like to thank those who have expressed reservations about the proposal through the media. They suggested that we pay attention to the potential risks and prudently determine how the mortgage securities company should be formed to meet the unique needs of Hong Kong.

We certainly understand that, as with any other kinds of financial intermediaries, the introduction of a mortgage securities company is not without risks. A mortgage securities company is faced with four categories of risks, namely, credit risks (that is the mortgagor breaching the contract), interest rate risks (that is a mismatch due to differences between the interest rates of assets and liabilities), risks of prepayment (that is the mortgagor making full or partial mortgage repayment before the due date) and operational risks (that is risks caused by the internal operation of the mortgage securities company). So far, our consultations with market operators in Hong Kong and overseas, as well as advice obtained from other experts have shown that those risks are in fact manageable.

Some people have expressed concerns about the problems encountered by mortgage securities companies and savings and credit institutions in the United States as well as "Jusen" the mortgage securities companies in Japan. Maybe I

can make some clarification here. In the early 1980s, mortgage securities companies in the United States did experience risks arising from credit and interest rates. However, having adopted improved risk management techniques, these companies have now become financially sound organizations capable of making huge profits. The proposed mortgage securities company will make good use of the American experience, managing risks in a professional way. As a wholesale business, this company will have operational strategies different from those employed by the American savings and credit institutions, which provide direct retail housing mortgages to compete with the banks. Nor will the proposed mortgage securities company follow the approach of the Japanese "Jusen", because the "Jusen" mortgage securities companies directly provide loans to finance commercial properties. Therefore, I must reiterate that as a wholesale financial intermediary, the proposed mortgage securities company will make the risks of capital concentration and liquidity risks in our banking system more evenly shared amongst the financial industry. The company will not compete with the banks, nor will it directly provide loans to finance commercial properties.

As regards why the Government should take the lead in the business of the mortgage securities company, Honourable Members may recall that since the early 1990s, the private sector and the Government have been watching closely the development of a second mortgage market. At that time a much limited mortgage securities market had once emerged, but it did not have the momentum to continue its development because of the lack of liquidity of its issued notes. In a joint research by the Hong Kong Monetary Authority and the private sector, a number of private sector market makers submitted evidence to show that a mortgage securities company supported by the Government would improve the liquidity, the standardization of products and the required market dynamics for the development of a second mortgage market. Notes issued by private firms do not possess these qualities and cannot give impetus to market development. Thus, to start with, the mortgage securities company will need unequivocal support, which will help the company to be accepted by the market. In broader terms, our analyses have shown that the mortgage securities company will eventually benefit the banking, financial services and mortgage financing sectors. Therefore, we believe that the Government should play a leading role in implementing this programme.

The mortgage securities company will play an important role in maintaining the strength and stability of the financial system of Hong Kong by

offering a major channel for long-term savings deposits to be safely utilized; in other words, to be invested in long-term assets, namely, housing mortgages. In terms of savings, when the system of mandatory provident fund is introduced, the growth of provident funds and pension funds will really depend on their being invested in assets of high quality. If a large second mortgage market of high liquidity can be developed, the mortgage securities company will help enhance Hong Kong's reputation and status as an international financial centre.

Thank you, Mr Deputy.

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese): Mr Deputy, I am grateful for the interest expressed by Members in the education and manpower programme in the Budget debate last week. I appreciate their supportive and constructive comments. I hope what I am going to say will address their main concerns.

### *Education*

Let me first deal with education. I entirely agree with Members on the importance of education. Our fundamental aim in education is to develop the potential of every child so that he will become an independent-minded and socially-conscious person possessing the knowledge and skills to play a positive role in our community. At the same time, we aim at fostering his interests in different fields and giving him guidance so that he will know how to cherish his life. Investing in education is investing in our future, ensuring Hong Kong's continued stability and prosperity as well as a decent livelihood.

For these reasons, education has always been the largest single item of government spending. It will continue to account for over 20% of Government's proposed recurrent expenditure for 1996-97.

Let me emphasize one important point: this Budget makes sufficient provision for implementing all the new initiatives in education announced in our 1995 Policy Commitments. At the same time, we should also not overlook our ambitious programme of ongoing improvements in:

- enhancing teacher education through the courses offered by the Hong Kong Institute of Education and other institutions;



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- providing additional graduate teacher posts in primary schools;
  - assisting schools which take in a large number of low achievers;
  - supporting the schooling of new immigrant children from China and their integration into our education system;
  - extending the Target Oriented Curriculum to all primary schools;
  - converting existing bi-sessional schools into whole-day operation;
  - improving the teaching and learning environment in existing schools through the School Improvement Programme;
  - phasing out the floating classes in secondary schools;

and in many other areas which are familiar to Members and which I need not repeat here.

On special education, I would like to reiterate that we will consider carefully the outcome of the review undertaken by the Board of Education when it is completed in the middle of this year.

But we will definitely not slacken our efforts. We act swiftly to tackle problems and address particular concerns. Let me give two examples. First, it was only last month that the Education Commission published its final draft of Report No. 6 on enhancing language proficiency. Not only have we accepted all its recommendations, but we have also set aside the necessary resources in the Budget to implement the phase one programme.

Second, I am pleased to announce today that we have completed the review of the Kindergarten Subsidy Scheme. Subject to approval by the Finance Committee of this Council, we propose to improve the rate of subsidy and the eligibility cut-off point from the 1996-97 school year onwards. Under our proposal up to 90% of the kindergartens will be eligible to join the Scheme and the rate of subsidy will be increased to take account of not only inflation but also the annual salary increment for teachers.

There have been a lot of comments on the distribution of resources between tertiary education and basic education. Let me assure Members that we adopt a total and building-block approach towards education. Given that we have achieved the target of providing 14 500 first-year first degree places,

thereby enabling 18% of our relevant age group to receive tertiary education, it should enter a period of consolidation. Our main emphasis now is to improve the quality of our graduates and to find ways to reduce costs. We will work closely with the University Grants Committee and I expect to receive their recommendations later this year.

As Secretary for Education and Manpower, I think one of my top priorities is continue to try my best to seek new resources for basic education and to enhance its quality in a comprehensive manner. We also have to make the most cost effective use of our existing huge resources. In all these, I hope we can work closely with Members, the education sector, parents, employers and the community at large. This is because I firmly believe our investment in education and the fruit it bears constitute a key factor in deciding whether Hong Kong can continue to develop and maintain its stability and prosperity.

### *Manpower*

Turning to the manpower programme, I am sure that Members are aware of the substantial additional resources allocated to enhancing employment services in the Budget. The provision will increase by a hefty 34%. The Government believes that helping job-seekers find jobs is the right way to tackle the problem of unemployment. Underpinning this are our training and retraining programmes to ensure that our students and workers acquire the most up-to-date skills to meet the needs of our ever-changing economy.

Against this background, we have recently commenced a consultancy study on the Vocational Training Council. Our aim is to review the system of providing technical education and vocational training and to map out its long-term direction and strategy. We will shortly commission a consultancy to review the strategy, principles, funding arrangement and management structure of the Employees Retraining Scheme. Specifically, the study will assess the effectiveness of the various types of retraining courses in meeting the requirements of employers and the retraining needs of workers. Both reviews are expected to be completed this summer. Together, their findings should provide a solid basis for the Government to draw up a coherent and visionary blueprint for the development of our vocational training and retraining

programmes into the next century.

*Industrial safety*

Finally, let me reassure Members that the Government is committed to improving industrial safety and to implementing the recommendations in the 1995 Consultation Paper on the Review of Industrial Safety in Hong Kong. We recognize the vital role of the Occupational Safety and Health Council. We will work closely with the Council to ensure that its expanded programme of activities in the coming years will complement the Government's efforts in this important area.

Thank you, Mr Deputy.

THE PRESIDENT resumed the Chair.

**SECRETARY FOR HOUSING** (in Cantonese): Mr President, I am grateful to Honourable Members for their views on various housing issues. I would like to respond to Members' concern on three particular aspects, namely, land supply for housing development, supply of private sector housing units and demand for public rental housing.

Firstly, on the question of land supply, the Government attaches great importance to the supply of land for housing development. Our goal is to provide sufficient land to cope with the housing needs of Hong Kong. Whether it is in public housing or in private sector housing, our goal remains the same.

As far as public housing is concerned, our policy programme has set the target for the number of public and subsidized home ownership housing units to be completed for the six years of planning period ending March 2001. To reach this target, we have reserved sufficient land for the Housing Authority (HA) and the Housing Society, and these sites have been included in the public housing development plans. To further enhance its commitment, the Government has set aside an additional 30 ha of land for the HA. We are certain that we will reach these targets.

Besides, we have set a goal to build 24 000 Sandwich Class housing units

by March 2001. To this end, we have reserved land for the Housing Society (HS) to provide for more than half of these units. Within a short period, we shall designate other suitable sites for the HS to build the rest of the units.

Concerning private sector housing, we have always endeavoured to ensure there will be sufficient new land supply and that we will speed up the redevelopment of residential housing. Over the past 10 years, the Government has granted more than 22 ha of new land annually, and more than 40 ha of new land will be granted in 1995-96. We shall continue to provide sufficient new land for housing development.

In urban redevelopment, the Lands Department has set up a special unit whose function, *inter alia*, is to expedite redevelopment programmes involving rectification of deeds and exchange of land. In simple terms, Government's strategy is to ensure a steady supply of new land, as well as encourage conversion of appropriate sites originally designated for other purposes into residential use. All these measures will help stabilize the property market and satisfy foreseeable needs.

Having discussed the question of land supply, I now turn to talk about the actual completion of housing units. Some Members suggest we would have difficulty to a greater or lesser extent in helping private sector developers complete 195 000 private sector housing units by April 2001. My view to this suggestion is that, as long as we make an effort to maintain a steady supply of new land, and assuming that the process of urban redevelopment has not encountered undue delay, the supply of private sector housing units are sufficient to meet public needs, whether in the short term or in the longer term. In 1996, a total of about 19 000 new housing units would be completed. Together with 36 000 vacant units accumulated over the years, a total of 55 000 units would be made available. These new units will be more than enough to meet the needs of the *bona fide* home owners. Based on our current information, we estimate that in the coming few years, the number of private housing units completed would increase significantly to more than 35 000 annually. If the urban renewal projects could be sustained, the overall result should be encouraging. Nevertheless, we believe that occasional problems in individual construction sites are inevitable. In order to solve these problems, I have taken up chairmanship of the Task Force on Housing Projects myself in order to ensure

that these large-scale public and private sector housing projects will be given priority and be processed efficiently within the Government.

Members may be interested to know that at present, we are monitoring and expediting the approval of 54 housing projects which will provide more than 120 000 new units in the coming few years. We shall continue to work closely with private sector developers to quicken the pace of housing development.

Now I would like to turn to the question of waiting time for public rental housing. I have to point out that, in general, the average waiting time has been decreasing. While the average waiting time was nine years in 1990, it was shortened to seven years in 1995. Recently, the Government has committed to shortening the average waiting time to five years or less by the year 2001. This shows our determination to strive for improvement. As the Governor has rightly pointed out in his policy address in 1995, "this is not an easy task", but this is exactly our goal.

Some Members have expressed concern about the housing demands by occupants of squatter huts and roof-top squatters, as well as for new immigrants from China. In the past 14 months, we have been encouraging them to register with the Housing Department. Once registered, they will be included in the General Waiting List. As soon as we start implementing public housing projects, eligible tenants will be allocated public housing units according to the order on the Waiting List, hence solving their housing needs. By so doing, we can ensure that nobody jumps the queue, and that all tenants will receive equal treatment. Moreover, in projecting our public housing demands for March 2006, we will certainly consider the needs of the tenants on the General Waiting List, and make appropriate arrangements in the current review of our Long Term Housing Strategy.

Mr President, to conclude, I would like to assure this Council that the Government spares no effort to improve people's living conditions, and is undertaking a lot of positive measures to meet the housing needs of the public.

Thank you, Mr President.

**FINANCIAL SECRETARY:** Mr President,

*Introduction*

I would like to start by thanking the community, and Members of this Council in particular, for their generous remarks and the very positive way they have received my first Budget.

My Budget speech bore the title of "Building Our Prosperous Future" for three reasons. First, I wanted to lift the community's sights above the immediate horizon of 30 June 1997. Second, I wanted to focus the community's attention on Hong Kong's bright prospects over the next five years and beyond into the next millennium. Third, I wanted to offer the community a vision of Hong Kong's prosperous future to identify the opportunities, as well as the challenges, which lie ahead.

In describing my vision of the future, and developing a strategy to get us there, I emphasized that we must work together and have confidence in ourselves as a community. I said that the Government would strive to make itself more accountable and more business-friendly. My colleagues and I are grateful for the solid support Members have given us in developing our plans. Our proposals for a science park, a fourth industrial estate and the package for the promotion of the service sector have all received the full support of the Council. I have listened carefully to Members' contributions to the debate, and I am greatly encouraged by the recognition that our plans for the service sector are only the start of our work. They are the basis for a renewed consensus on Hong Kong's economic development. A consensus involving the whole of our business community, the Government and this Council. Following this debate, I think we can go forward with confidence to build Hong Kong's prosperous future together.

While sharing my optimism for the future, some Members of this Council have expressed concerns about our immediate economic prospects and about the particular revenue and expenditure proposals I have laid before this Council. This is as it should be — before one can dream, one has to be able to sleep soundly. My colleagues covered many detailed issues at the Special Finance Committee meetings held earlier, and this afternoon they have again addressed all the key points raised. My task now is to respond to four general points of overriding importance.

*The revenue base and the tax net*

Many Members have expressed their concern about what they feel are the potential dangers of the narrowing of the tax base. We must be clear about what are the real issues here. We must make a sharp distinction between two separate concepts: the revenue base and the tax net. They are not the same thing. The revenue base is made up of the profits and salaries tax, the revenue from land sales and the full range of other taxes, duties and charges levied by the Government. We aim to keep this revenue base stable and productive. But the tax net is quite a different concept. It is, in essence, a description of the number of taxpayers. At a time of economic growth and rising real wages, we can maintain revenue while providing salaries tax concessions which may allow some taxpayers to drop out of the tax net. This means that we can reduce the tax net, that is reduce the number of taxpayers, without affecting the revenue base.

Growing prosperity has the effect of expanding the tax net over time. As incomes rise, more individuals find themselves drawn into the tax net. So despite the major concessions made in the past few years, salaries tax contributed 14% of total Government revenue in 1995-96, second only to profits tax. Even after the further concessions proposed in this year's Budget, we still expect the contribution of salaries tax to total revenue to remain at about the same level in 1996-97. Salaries tax has remained a stable source in the revenue base even though the tax net has continued to vary in recent years. Our essential policy goals in this area are to ensure that Hong Kong has a stable and productive revenue base while at the same time adjusting the tax net to take account of economic growth and community aspirations.

I share Members' views about the advantages of broadening the revenue base. Unfortunately, I have not yet found a way to do so without bringing in a large number of new taxpayers. My colleagues and I believe that it would be highly objectionable to Members, never mind the community at large, if we proposed any major revenue-broadening measures at present and expanded the number of taxpayers. Our unpleasant experience in protecting the revenue base of our fees and charges regime has illustrated this point clearly.

I am well aware of the technical or theoretical criticisms which can be made of our tax regime. But we must not let technicalities or theory obscure the

basic facts. Our very simple, low-tax regime has been a key element in our economic success. It has enabled us to fund the dramatic improvements in our social services and our infrastructure over the past 30 years. It is the envy of many developing and developed countries. No competing economy can rival it. I will take a lot of convincing that our successful tax system needs systematic review or radical change.

### *Fiscal reserves*

My second general point concerns our fiscal reserves. Some Members have urged us to use our reserves to boost spending. The Secretary for the Treasury has explained how the increase in government expenditure has matched economic growth over the last six years since we started the current planning cycle. Any use of our reserves to boost spending further would inevitably mean that government expenditure would be growing at a rate faster than the economy, thus breaching our long-established budgetary guideline. It would also mean another deficit budget for 1996-97, following a small one in 1995-96.

Since becoming Financial Secretary, I have clearly stated on several occasions my firm commitment to maintaining tight control of government spending. I want to repeat that commitment again today. We must not allow government spending to grow disproportionately and, as a result, deprive the private sector of the resources required to fuel our economic growth. To do so would put at risk our future growth prospects. It would also risk reversing the welcome and continuing reduction in inflation which we anticipate. I hope Members agree that these are, quite simply, unacceptable risks.

I said in my Budget speech that the appropriate level of reserves, over the long term, could be a matter of debate. But, I repeat, this is not the time to reduce the cushion provided by these reserves. Maintaining confidence, both locally and internationally, in the soundness of our financial system is of paramount importance in the remaining months before the birth of the Special Administrative Region (SAR) Government. Let me emphasize this point. I believe that our strong fiscal reserves and our prudent approach to the management of Hong Kong's public finances have been fundamental to the stability of our financial system. I am not prepared to try any new approaches



or take any risks which might undermine our financial system or our economic competitiveness. I may be labouring the point, but I feel very strongly that Hong Kong's future success depends above all on sticking to the economic and financial principles which have brought us our past success.

Our prudent approach to the management of our public finances carries over into the management of the fiscal reserves. It is true, as one Member stated, that our management is conservative, and that the Exchange Fund normally achieves a higher rate of return. However the risk profile of our fiscal reserves is significantly different. The fiscal reserves are immune to exchange rate and other risks as far as possible, and the yields obtained are primarily determined by the prevailing interest rates. My priority is to ensure that the reserves are safe and invested in a way that strengthens the Hong Kong Dollar. The return we have achieved is quite satisfactory given the constraints under which we choose to operate.

### *Supporting business*

Next, I wish to respond to the point that the Government should not forget the interests of the non-business sectors of the community. To this, let me say that I agree entirely that the Budget must address all sections of the community. I hope that the details of the Budget demonstrate that we have done exactly that. Yes, we want to become more business-friendly, and we will devote resources to this aim. But the objective in doing so is to benefit everyone in the long run. The whole community benefits through higher incomes, better public services, more investments in our infrastructure, if our business community is more successful.

We recognize that business drives our economy, that the private sector is the engine for generating wealth in Hong Kong. And, by and large, we let the wealth so generated find its own home. However, the Government has a responsibility to ensure that everyone has the opportunity to share in the prosperity created by our economy. We have done this by constructing a safety net below which nobody will be allowed to fall. We have managed to raise this safety net steadily and deliberately over the past few years, precisely because the private sector has generated the wealth, and provided the government revenue, to allow us to do so. This process must continue. Investing resources to create a more business-friendly government will in future produce dividends which we can all share. This was a message I stressed in concluding my Budget speech,

and I will repeat it here. Wealth generated by the private sector provides the resources for the social improvements we wish to make.

This point is fundamental to what I have called the Hong Kong model of development and progress. We must first make sure that the engine of growth and prosperity is in good running order before we look to our social and infrastructure programmes. But the community wants fairness as well as economic efficiency. It demands that we help the disadvantaged. Let me say a few words here about our proposals for Comprehensive Social Security Assistance payments and services for the elderly, a subject of concern to many Members as well as to the public at large. My colleague, the Secretary for Health and Welfare, has spoken about this in some detail today. Let me emphasize what I think is the essential point of the Government's approach to this issue. We have an open mind on the possibility of improving further the welfare system for the elderly. Our objective is to have a system that is effective, fair, affordable and acceptable to the community. We have been, and we will remain, open minded. We will not be complacent. We expect to commission soon a consultancy study on services for the elderly, and I can assure Members that we will consider the findings and recommendations from this consultancy carefully and seriously.

The Governor once said that while Hong Kong is not and never will be a welfare state, we do care about the state of our welfare safety net. But we care equally about rewarding enterprise, hard work and initiative. That is why I am doubtful about arguments for a more progressive tax system. The Hong Kong Government, like the Hong Kong people, believes in giving the most capable among us every incentive to succeed at a level comparable with the best in the world. Inevitably, this leads to some people being richer than the rest. As a capitalist society, we will always have a disparity of wealth between the richest and the poorest sections of our community. It is true also that the more highly-educated and better-skilled members of the community are enjoying faster income growth than the average. This is a healthy phenomenon in any dynamic economy where opportunities for advancement abound. That is why we have laid so much stress on better education, better skills training and equal opportunities for all our people, particularly the less well-off. Hong Kong is probably the most upwardly mobile economy in the world today, and the very essence of the Hong Kong way is that everyone should have their chance to succeed.

The simple fact is that we must first create the wealth before we can distribute it. Any move towards a more progressive system of taxation would risk undermining the incentive for wealth creation and, thus, weaken the driving force of the economy. Success must have its rewards. Other advanced communities have discovered that if a community obscures or frustrates this simple truth, it will pay a price in terms of lower economic growth and poorer standards of public service. We must set no ceiling on success.

### *Preparation of the 1997-98 Budget*

Finally, I have taken careful note of Members' views on how we should proceed with the preparation of the 1997-98 Budget. You have expressed wide differences of opinion on the degree of Chinese participation in this process. I appreciate Members' deep concerns. I hope Members also appreciate the Administration's clear position on this matter and how we propose to undertake the transitional Budget.

Members understand that we have been fully responsible for our own annual Budgets for many years. The United Kingdom Government has played no role in this. Senior Chinese officials have assured us that, on the establishment of the SAR Government, the preparation of Hong Kong's annual Budgets will immediately fall within the scope of the SAR Government's financial autonomy. The Joint Liaison Group (JLG) or the Central People's Government have no role to play in their preparation. Indeed, the Basic Law guarantees this autonomy. But in the unique case of the 1997-98 Budget which straddles 1 July 1997, clearly we need to co-operate with the Chinese side in order to achieve a full 12-month Budget which will cover the normal budgetary cycle from 1 April 1997 to 31 March 1998. The continuity of the entire range of public services through the transition will depend on this. And only with such a 12-month Budget will we have certainty over Hong Kong's fiscal system and policies before and after the handover.

We shall soon embark on the preparation of the 1997-98 Budget in full co-operation with the Chinese side. The Chinese side have agreed with us that this Budget should cover the normal 12-month period with effect from 1 April

1997. Both sides have the same objective of producing a Budget which will be conducive to a smooth transition and Hong Kong's long-term prosperity. There is already a great deal of common ground on the basis and mechanisms for our co-operation. For example:

- the detailed compilation of the 1997-98 Budget will remain the responsibility of the relevant Hong Kong government departments;
- the prudent financial principles and the system of financial management which the Hong Kong Government has followed in the past have proved effective and are consistent with the spirit of Articles 107 and 108 of the Basic Law. They should continue to be the guiding principles for preparing the 1997-98 Budget;
- the two sides will strengthen co-operation in order to ensure that the preparation of the 1997-98 Budget will proceed in an orderly manner. We view the two sides of the JLG expert group as equal partners in this joint endeavour;
- so far as possible we will aim to keep to the Budget timetable by reaching an early consensus on each major issue as it arises;
- given the tight time-frame, the expert group will meet frequently, normally once a month (but more often if necessary); and
- the JLG confidentiality rule will continue to apply strictly to protect the market-sensitive budget deliberations.

Some have said that constructive co-operation in preparing the next Budget is not achievable. They fear that however good the intentions may be, we will have to sacrifice something vital to secure Chinese support and that Hong Kong's interests will consequently suffer. In short, that a satisfactory 1997-98 Budget is impossible. I do not share those gloomy predictions. Hong Kong people have a record of achieving what others regard as impossible. Indeed I sometimes wonder if the word "impossible" exists in our mind-set. With good will and hard work we, the Hong Kong people, will succeed.

I believe that in 12 months time, most of these doubts will have been long forgotten.

- We will have consulted the community, and in particular the Legislative Council, on our expenditure and revenue proposals.
- We will have held fast to our budgetary guidelines, which are fully consistent with the Basic Law.
- We will have prepared a Budget which will be prudent, fiscally sound and in line with the community's expectations.
- It will be a Budget which we will have discussed with the Chinese side at every step of the way, with a consensus on all the key issues.
- And it will be a 12-month Budget, acceptable to all, which — God willing — I will have the honour to present to this Council in March 1997 in accordance with the laws of Hong Kong.

Whatever uncertainties may lie ahead of us in the weeks and months to come, let this at least be clear and certain: we will get the money right.

### *Conclusion*

The 1996-97 Budget before Members today is a Budget for the people of Hong Kong. We have already reached consensus on it. I urge the elected representatives of the people of Hong Kong — all the elected representatives of all the people of Hong Kong — to give it their support. Both in their votes today, and by their deliberations in the weeks ahead. Thank you.

5.03 pm

**PRESIDENT:** Before I put the question on the Appropriation Bill, at the request of some Members, I will now suspend the sitting for 15 minutes.

5.20 pm

**PRESIDENT:** Council will now resume.

*Question on the Second Reading of the Appropriation Bill 1996 put.*

*Voice vote taken.*

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

Miss Emily LAU 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 Second Reading of the Appropriation Bill 1996. Will Members please first register their presence by pressing the top button and then proceed to vote by choosing one of the three buttons below?

**PRESIDENT:** The result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr Martin LEE, Mr NGAI Shiu-kit, Mr SZETO Wah, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Dr LEONG Che-hung, 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 Eric LI, Mr Fred LI, Mr James TO, Dr Samuel 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, Miss CHAN Yuen-han, Mr Andrew CHENG, Mr Paul CHENG, Mr CHENG Yiu-tong, Mr CHEUNG Hon-chung, Mr CHOY Kan-pui, Mr David CHU, 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 LO Suk-ching, Mr MOK Ying-fan, Miss Margaret NG, Mr NGAN Kam-chuen, Mr SIN Chung-kai, Mr TSANG Kin-shing, Dr John TSE, Mrs Elizabeth WONG and Mr YUM Sin-ling voted for the motion.

Mr LEE Cheuk-yan and Mr LEUNG Yiu-chung voted against the motion.

THE PRESIDENT announced that there were 52 votes in favour of the motion and two votes against it. He therefore declared that the motion was carried.

### **Committee Stage of Bill**

Council went into Committee.

### **APPROPRIATION BILL 1996**

**CHAIRMAN:** We shall consider the schedule first in accordance with Standing Order 55.

Heads 21 to 194

*Question on Heads 21 to 194 proposed.*

**CHAIRMAN:** Honourable Members have been notified that the Honourable James TO has withdrawn the notice of his motion to reduce the sum for Head 122 in the schedule to the Bill. Although no amendment is now being proposed to the schedule, a debate may still take place on the question that the sums for the following heads, that is, all the heads shown in the schedule, stand part of the schedule. However, according to Standing Orders, any such debates shall be confined to the policy of the service for which the money is to be provided and shall not deal with the details of any item or subhead but may refer to the details of revenue or funds for which that service is responsible.

**MR JAMES TO** (in Cantonese): Mr President, I wish to raise a few points on Head 122 regarding the policy matters concerning the expenditure for the service of the Security Wing of the Police Force. I wish also to explain the reason why

I have decided to withdraw my motion to amend. Mr President, in deliberating the budget proposals, the attitude taken by Members should .....

**CHAIRMAN:** Mr James TO, please resume your seat. Under Standing Order 55(3), we are now in a general debate on Head 122 and no debate might arise on why you withdrew your motion to amend.

**MR JAMES TO** (in Cantonese): Mr President, I understand. The attitude taken by Members should be one of listening carefully to the information submitted by the Government, while the Government has a duty to convince Members that the funding is reasonable and justified. It is exactly for this reason that the part on expenditure takes up so many pages in the printed version of the Budget, providing a lot of information. It is also for this reason that the Finance Committee is set up and a lot of written questions are raised. On the expenditure of the Police Force, as well as that of the Security Wing, Members have raised a lot of oral and written questions, not only in this year, but also in previous years. But the information we have got merely states that there are 456 staff members in the Security Wing who are responsible for the work of internal security. Nothing other than this has been explained or elaborated on the ground of confidentiality and sensitiveness.

I agree that some work, in particular that related to operation, is sensitive and has to be kept confidential. But those matters of basic principles, general scope of work and objectives should not be completely closed, nor is it enough to merely say there are 456 people doing the work of internal security and hope that the public will be convinced. Even in other countries or places in the world, public security authorities have to be responsible to the parliament or legislature and report their work in a confidential way through some other machinery such as an *ad hoc* committee. The Government cannot always engage in such "black-box operation", ignoring the public and their representatives, having no one to monitor its activities and being accountable to no one.

As the Government is bent on going its own way, and in the absence of any explanation and information to support the appropriation for the Security Wing, I have no alternative but to move my amendments to delete the expenditure for these 456 employees. Even when I requested the Government to provide the total sum of expenditure of these 456 persons, I was only provided



such information after the deadline for the amendment had passed. After that, the Secretary for Security finally agreed, on condition of confidentiality, to arrange a meeting to be held on the day before yesterday in the Police Headquarters to brief me on the work of the Security Wing. Having been briefed, I agreed that certain areas of its work such as protection of witness and anti-terrorist activities, are necessary and deserve to be supported. However, some other areas of its work are not necessarily essential and their functions are vaguely defined, subject to different interpretations by different authorities. As a result, it may lead to abuse of authority, thus adversely affecting the rights and freedom of the public.

At present, neither is the work of the Security Wing governed by legislation, nor is there any machinery to monitor its work. However, if all the 456 posts were to be deleted, those which are needed to carry out work that should be supported would also be deleted. For this reason, I have decided to withdraw my amendment. I have tried my best to inform fellow Members as soon as possible, but because I was briefed by the Government only two days ago, I can only try my best to inform Honourable Members. I shall nevertheless propose a motion debate on the subject later, so that Members can express their views on the structure and duties of the Security Wing. My aim is to push the Government to carry out constitutional and legal reforms so that the work of the Security Wing, once brought under the legal framework and having been properly defined, will be monitored and there will be no abuse of authority. Then it will be responsible to the public and be consistent with the rule of law. For the above reasons, Mr President, I have decided to withdraw my amendment.

Thank you, Mr President.

**CHAIRMAN:** Apparently, you went on with the original script, Mr TO.

**MRS SELINA CHOW** (in Cantonese): Mr President, the work of the Security Wing has always been a matter of concern to Members of this Council. Since its inception, the nature and scope of its work have been kept secret on the ground of confidentiality. This in turn has caused public dissent.

Last year, under the strong pressure from this Council, the Government

made public the Police Management Review, but still refused to submit the part on the Security Wing. Members of this Council were very much annoyed.

Then on the day before yesterday, as the Honourable James TO has just explained, in face of an unavoidable situation created by Mr James TO when he moved a motion to cut the expenditure for the Security Wing, the Government held a briefing for Members of this Council. I have no way to find out whether the other colleagues of this Council who attended the briefing agree with my view or not, but I think that what we heard are not sensitive information at all. In the speech of the Secretary of Security in relation to the Appropriation Bill, he has mentioned the three major areas of the work of the Security Wing. Such conservative attitude of the Government, and its distrust of Members of this Council are to be condemned. In fact, in any other jurisdiction or Police Force, there is always someone responsible for security matters and intelligence work, and this work has to be kept confidential. But what the public is concerned about is whether the department concerned and its staff would abuse their authority without having to be accountable to the public and in the absence of a system providing for an outside authority to monitor its actual operation, and whether the appropriate checks and balances have been maintained. I hope the Government will seriously take into consideration the public's concerns, effect some improvements and find reasonable checks and balances while not affecting the operation of the Security Wing.

**MISS EMILY LAU** (in Cantonese): Mr President, like my Honourable colleagues, I am very concerned about the work of the Security Wing. The important issue is whether the Security Wing is monitored by this Council and the public or not. Several Members and I attended their briefing in the Police Headquarters, during which we were provided with some basic information. But at that time, I clearly stated to the Government that when the Security Wing decided to investigate some individuals or organizations, suspecting that they might be involved in some illicit activities detrimental to the law and order in Hong Kong, there were important issues at stake. Of particular importance is that, when a certain target was selected, who would monitor its work? At that time, government officials replied that it would be submitted to the Governor if deemed necessary.

Mr President, I feel that this is not enough. On the Security Panel of this Council, I have repeatedly said we have to study the experiences of other

jurisdictions. In all civilized and democratic countries, there is a special machinery provided by law for a special committee to be set up within or without the legislature to exercise the power of monitoring. Of course, its terms of reference are also limited, and it cannot discuss many issues publicly. But this committee will still monitor the work of secretive intelligence agencies on behalf of the community, and it will submit reports to the legislature. For this reason, I hope that the Government will give serious consideration to this matter. This is a very important issue, probably requiring the Government to legislate for the setting up of a committee. Regrettably, after so many years and up to the present, the work of security and intelligence has never been monitored. When I asked the Government whether it had compiled its internal annual report which was not made public, surprisingly the answer I got was no. Therefore we have really no idea about what it is doing and how it carries out its investigations. I hope the top level of the Government will consider giving some positive advice to this Council on how we could possibly monitor this body.

Thank you, Mr President.

**SECRETARY FOR SECURITY:** Mr Chairman, I am grateful to the Honourable James TO for agreeing to withdraw his Committee stage amendment to the Appropriation Bill 1996. It means that we face no budgetary impediment in continuing the essential work of the Security Wing. It also means that the implementation of our important proposals to strengthen the police capability to combat crime would not be adversely affected. I am sure that the community will also welcome Honourable Members' support in passing the Budget in its entirety, thus maintaining its careful balance.

We have taken great pains in preparing last Monday's briefing for the Legislative Council Security Panel to explain the role and functions of the Security Wing without compromising our ability to protect the internal security of Hong Kong. I appreciate that some Honourable Members may have further points to make on the Security Wing. We will try our best to answer them in due course.

As I have said earlier, the best way of resolving matters of concern to Honourable Members is through dialogue and discussions conducted in the spirit of mutual trust. We appreciate Honourable Members' wish to ensure that the Security Wing performs its duties faithfully and lawfully. Let me assure

Honourable Members that the Security Wing, just like other formations of the Police Force, is governed by the Police Force Ordinance and that all of its work is carried out strictly in accordance with the laws of Hong Kong. The Commissioner of Police and I are accountable to this Council for what it does or does not do and how effectively it performs its role.

Thank you, Mr President.

*Question on Heads 21 to 194 put and agreed to.*

Schedule was agreed to.

**CHAIRMAN:** We shall now consider the remainder of the Bill.

Clauses 1 and 2 were agreed to.

Council then resumed.

### **Third Reading of Bill**

THE FINANCIAL SECRETARY reported that the

### **APPROPRIATION BILL 1996**

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

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

Bill read the Third time and passed.

### **MEMBER'S MOTIONS**

### **HONG KONG ROYAL INSTRUCTIONS 1917 TO 1993 (NOS. 1 AND 2)**

***DR LEONG CHE-HUNG to move the following motion:***

"That the Standing Orders of the Legislative Council of Hong Kong be amended by repealing Standing Order No.42(3B)(c) and (d) and substituting -

- "(c) if at the sitting of House Committee to consider the bill in preparation for resumption of debate the committee recommends that the second reading debate be resumed at the next sitting of the Council then resumption may take place at that sitting with the permission of the President provided that due notice has been given under subparagraph (e);
- (d) subject to subparagraph (e), notice of resumption of debate shall be given by the Member or public officer in charge of the bill not less than 12 clear days before the day on which the debate is to be resumed;
- (e) where resumption of debate is to take place 9 clear days or less after the sitting of House Committee at which the bill was considered in preparation for resumption, then notice of resumption of debate shall be given no later than 2 clear days after that sitting".

**DR LEONG CHE-HUNG:** Mr President, I move the resolution standing in my name on the Order Paper. A recent review of Standing Order No. 42 (3B) shows that it requires modification in order to expressly reflect the original intention of the House Committee to impose a general requirement of 12 clear days' notice of resumption of Second Reading debates on bills that are not urgent so that Members are provided with adequate time to prepare for such debates.

The draft resolution to give effect to the amendment was endorsed by the House Committee on 15 March 1996. The Administration has been consulted and has indicated support for the amendment now before the Council. If the resolution is passed by the Council today, Mr President, the Second Reading debate on the bill may be resumed in Council after consultation of the Chairman of the House Committee. For the avoidance of doubt, may I, Mr President, seek your indulgence, and explain how this Standing Order will operate after being amended. First, if the House Committee recommends at its meeting and the President gives his permission, the debate on the bill may be resumed at the first Council sitting following the House Committee meeting provided that notice is

given not later than two clear days after the House Committee meeting.

Alternatively, if the House Committee does not object, the debate may be resumed at the second Council sitting following the House Committee meeting provided that notice is given no later than two clear days after the House Committee meeting.

Finally, in all other circumstances, 12 clear days' notice of resumption is required. With these remarks, Mr President, I beg to move.

*Question on the motion proposed, put and agreed to.*

## **HONG KONG ROYAL INSTRUCTIONS 1917 TO 1993 (NOS. 1 AND 2)**

***MRS MIRIAM LAU to move the following motion:***

"That the Standing Orders of the Legislative Council of Hong Kong be amended -

(1) in Standing Order No. 60B -

(a) in the heading by adding "**and Conduct**" after "**Interests**";

(b) in paragraph (1) by adding "and Conduct" after "Interests" where it first occurs;

(c) in paragraph (1) by adding -

"(da) to consider and, with the consent of not less than four of the members of the Committee, to investigate any complaint concerning a Member's conduct in matters of ethics in his capacity as such;"

(d) in paragraph (1)(e) by adding "and Conduct" after "Interests";

(e) in paragraph (5) by repealing "All matters" and substituting "Subject to paragraph (1)(da), all matters";

(f) by adding -

"(6A) The committee shall have regard to advice given and guidelines issued under paragraph (1)(d) when determining whether a recommendation for sanction under Standing Order No. 65A(2) (Sanctions relating to Interests and Conduct) should be made in respect of a Member who is the subject of a complaint concerning his conduct in matters of ethics in his capacity as such.";

(2) in Standing Order No. 64A(4)(g) by adding "which arise out of or are related in any manner to his membership of the Council," after "his spouse";

(3) in Standing Order No. 65A -

(a) in the heading by adding "**and Conduct**" after "**Interests**";

(b) by renumbering it as Standing Order No. 65A(1);

(c) By adding -

"(2) A Member may be admonished, reprimanded or suspended by the Council upon a motion moved by the chairman of the Committee on Members' Interests and Conduct in accordance with a recommendation of the committee made under Standing Order No. 60B(1)(e) (Committee on Members' Interests and Conduct).".

**MRS MIRIAM LAU:** Mr President, I move the motion standing in my name on the Order Paper.

I would like first of all to explain the background to this resolution.

Under its terms of reference as set out in Standing Order 60(b)(1), the Committee on Members' Interests (hereunder called CMI) can at present only

consider matters of ethics in relation to the conduct of Members in their capacity as such, and give advice and issue guidelines on such matters. It has no power to carry out formal investigation into a complaint about a Member's misconduct. Under the present set-up of the Legislative Council, there is no existing mechanism to deal with allegations of misconduct by the Legislative Council Members in an expeditious manner. Any formal investigation of a complaint about a Member's misconduct can only be conducted by a select committee appointed by resolution of this Council, but this process is both cumbersome and time consuming.

Against this background, the House Committee in the 1994-95 session invited the CMI to deliberate on a proposal from a Member that a committee be set up to monitor the conduct of Legislative Council Members. The CMI held altogether 11 meetings to deliberate the issue. In the course of its work, the CMI had conducted a study on the practices adopted by other legislatures in monitoring the conduct of members of parliaments. In order to be as open and transparent as possible about the issue, the CMI also conducted a month-long consultation exercise inviting the views of both the public and Legislative Council Members on the draft Guidelines on standards of conduct for the Legislative Council Members drawn up by the CMI. However, except for written submission by one Member, no views were received from either the public or Legislative Council Members. Eventually, the CMI drew up a set of recommendations regarding the introduction of measures to monitor the conduct of Legislative Council Members.

As Chairman of the CMI, I moved a resolution, which was same as the one now before Members, to amend the Standing Orders to empower the CMI to consider and investigate complaints about Members' misconduct. The resolution was debated at the Council sitting held on 19 July last year but was negatived by a vote of 28 to 20. Despite failure of the resolution to carry, I wish to thank the Honourable Allen LEE, Selina CHOW, Emily LAU, Eric LI, Howard YOUNG, Christine LOH and James TIEN (who are now still in this Council) for their staunch support of me on that occasion. I hope that they will continue to give me their support today. I also wish that those who have not deemed it fit to support on that occasion will change their minds and support my today.

The reasons for opposing my resolution last year were principally as



follows:

This Council will consist of all elected Members (as indeed it now is) and that apart from monitoring by the mass media, a Member's conduct will in any event be subject to the scrutiny of that Member's own constituents.

There was fear of abuse and concern that the investigation alone may damage the Member's public image.

There was some cynicism about certain Members assuming roles as monitors.

Before I reply to these views, perhaps it may be helpful to those Members who are not members of the CMI, if I briefly describe the practice in other jurisdictions. In the United Kingdom, there was already a Select Committee on Members' Interests similar to ours but several reports including the Bowen Report and the Nolan Report strongly recommended the setting up of formal mechanism to monitor MPs' conduct and the drawing up of codes of conduct for MPs. Following the revelation that a certain MP had asked questions in Parliament for reward, the pressure for change mounted and in November last year, the House of Commons passed a resolution for the appointment of Parliamentary Commissioner for Standards and the setting up a Committee on Standards and Privileges. The principal duties of the Parliamentary Commissioner shall be to receive and investigate specific complaints from MPs and from members of the public in respect of the propriety of an MP's conduct. The duties of the Committee on Standards and Privileges includes, *inter alia*, overseeing the work of the Parliamentary Commissioner and considering any matter relating to the conduct of MPs including specific complaints in relation to alleged breaches in the code of conduct, as well as to receive reports from the Commissioner relating to investigation into specific complaints. At the same sitting of the House of Commons, a resolution was also passed specifically dealing with the issue of receipt of payment or award of advocating any cause or matter in Parliament. The House of Commons has certainly taken major steps forward in the areas of monitoring of MPs' conduct, albeit only after some bitter experience.

In Canada, the provinces of Prince Edward Island and Quebec have

utilized both a parliamentary committee and an outside body to monitor Members' conduct. In Manitoba, New Brunswick and Nova Scotia, the Courts have jurisdiction to inquire into allegations of violations of codes of conduct by Members. In Papua New Guinea, the Ombudsman Commission, being the monitoring authority, has the power to undertake investigation into members' conduct on its own initiative. In Ontario, a Report recommended a Commissioner of Compliance to monitor, advise and investigate the conduct of Ministers. The proposed legislation provided for the appointment of a Commissioner as an officer of the Legislative Assembly to oversee the conduct of both Members and Ministers.

In the United States, both the Select Committee on Ethics of the United States Senate and the Committee on Official Conduct of the United States House of Representatives have the power to receive complaints and investigate allegations of improper conduct by Members.

It is clear from the above that many legislatures in other jurisdictions have seen fit to establish formal mechanisms for monitoring members' conduct. Why should Hong Kong be the exception? That question was asked by the Honourable Miss Emily LAU during the debate last July. The Honourable LEE Wing-tat, ..... unfortunately, he is not here. The Honourable LEE Wing-tat's reply was firstly that Hong Kong is different from other jurisdictions because not all Members of this Council are elected by universal suffrage; secondly, not all Members belong to political parties and, thirdly, Hong Kong's political culture is not mature enough particularly in regard to internal discipline of political parties. With respect, I fail to understand Mr LEE's argument. All Members of this Council are now elected, though not all by universal suffrage. But if universal suffrage is the crux, so much more is it necessary to have an internal monitoring mechanism within the legislative since public scrutiny may not effectively extend to all Members. Furthermore, I do not see how the effectiveness of party discipline is relevant. I would have thought that if party discipline is effective, then the need for an internal monitoring mechanism by the legislature would be that much lessened. However Mr LEE seemed to be arguing otherwise. If other jurisdictions having universal suffrage and effective party discipline see the need for setting up formal mechanisms for monitoring members' conduct, why does Hong Kong not see the need?

Whatever the arguments may be, it remains a fact that legislatures in other democratic countries which are politically mature, whose members are democratically elected and accountable to their constituents and scrutinized by the public and monitored by the mass media, have still found it necessary to formulate rules concerning Members' conduct and to set up formal mechanisms for implementing such rules. I wish to ask the question: Why should Hong Kong be different? Perhaps on this occasion, somebody may give me a more convincing answer.

In regard to the fear of abuse, I think that the concerns expressed by Members were quite legitimate but these concerns were not unknown to the CMI and they have actually been taken on board by the Committee. It was precisely because of these concerns that the CMI decided to recommend that it would not carry out investigations on its own initiative but would only act in response to complaints. The CMI was also conscious of the need to guard against spurious complaints thus it would not investigate complaints which are considered trivial, frivolous or vexatious. Furthermore, no investigation into a complaint about a Member's conduct may be carried out by the CMI unless approved by not less than four of its members, — that is the majority of members of the CMI. The CMI also recommended that no political party should be allowed to dominate or control the CMI in order to ensure fairness to all Members. The CMI has never said that the proposed mechanism recommended by it is final or perfect. If Members felt that the proposed mechanism can be further tightened to prevent abuse, the CMI was always willing to listen, but no suggestions were proffered. If Members have a better idea as to how Members' conduct should be monitored, let them speak up.

In regard to cynical remarks about certain Members asserting for themselves the role of monitors, I am sure that such remarks were not targeted at me, but I can assure Members that I have no aspirations whatsoever for such an unenviable role. In some other legislatures, the monitoring of members' conduct is carried out by an outside body. If Members prefer to have an outside body monitoring Members' conduct, rather than Members monitoring Members, let them say so. At least that would be a constructive view which we can further discuss.

Coming back to the resolution today, let me explain why it is before the Council again today. After the start of this Legislative Council session, the newly elected CMI reviewed the matter in December last year and decided to

conduct another round of public consultation of the proposal to introduce measures to monitor the conduct of Legislative Council Members. During the one-month consultation period which ended on 31 January 1996, again no submission was received from the public, but Legislative Council Members of the Democratic Party made a submission. Their submission re-affirmed its opposition to the introduction of any formal measures to monitor the conduct of Legislative Council Members. Such views were already expressed at the debate in July last year. They will no doubt re-iterate the reasons for their objection when they give their speeches today, so there is no need for me to dwell on them now.

At the meeting of the CMI held on 6 February this year to discuss how the issue should be taken forward in the light of opposition from the Democratic Party, the majority of CMI members present took the view that they did not support the proposal to introduce a formal mechanism to monitor Legislative Council Members' conduct. However they favoured the issuance of a set of advisory guidelines. Because of the new composition of the Legislative Council, CMI also agreed that the whole issue should be re-submitted to this Council for a full debate in the form of a resolution as in the last session. The purpose of the debate is to enable Members' views and their stand on the issue to be fully recorded, so that whatever the outcome may be today, there will be a useful reference in the future on this very important issue.

Mr President, I wish now to briefly go through the main recommendations of the CMI's report which was considered by the House Committee in the last session, copies of which were distributed to all Members of this Council, vide Legislative Council Paper No. CB 296/95-96 dated 18th of December last year. The main recommendations were:

- (a) the draft Guidelines on the standards of conduct of Legislative Council Members drawn up by the CMI should be adopted;
- (b) the CMI should be empowered to carry out investigation into complaints about misconduct of Legislative Council Members;
- (c) no investigation into a complaint of misconduct may be carried out unless approved by not less than four members of the CMI;

- (d) no single political party or grouping would command a simple majority of the membership of the CMI;
- (e) the name of the CMI should be changed to "Committee on Members' Interests and Conduct" and the Chinese name would be "議員利益及操守委員會"; and
- (f) the sanctions that may be imposed by the Council on a substantiated complaint of misconduct should be the same as those set out in existing Standing Order 65A.

I also wish to explain briefly the proposed amendments to the Standing Orders as set out in the resolution.

The amendments to the heading of Standing Order 60B, and Standing Order 60B(1), will change the name of the CMI to take account of additional powers and responsibilities to be taken up by the CMI.

New Standing Order 60B(1)(da) will empower the CMI to consider and investigate complaints about Legislative Council Members' misconduct.

The amendment to Standing Order 60B(5) is a consequential amendment as a result of the proposed addition of new Standing Order 60B(1)(da).

New Standing Order 60B(6A) will specify that the CMI shall have regard to advice given and guidelines issued by the CMI when determining whether a recommendation for sanction should be made.

The amendment to Standing Order 64(A)(4g) will make it clear that the requirement to register interests received from overseas organizations or persons only applies to interests received by a Legislative Council Member or his spouse arising out of the Legislative Council Member's membership of the Council.

The amendment to Standing Order 60B(1)(e), the heading of Standing Order and new Standing Order 65A(2) will lay down the sanctions that may be imposed for misconduct.

Mr President, I realize that I am trying to achieve the impossible task of changing minds that are already fixed. However, I still hope to be able to persuade Members and I do urge them to consider the points which I have raised today. If at the end of the day, Members still feel that they cannot support my motion, I shall accept their decision with grace.

Mr President, I beg to move.

*Question on the motion proposed.*

**MR BRUCE LIU** (in Cantonese): Mr President, the Hong Kong Association for Democracy and People's Livelihood objects to the proposed amendments to the Standing Orders at this stage to change the name of the Committee on Members' Interests to the Committee on Members' Interests and Conduct and to making changes in accordance with what has been set out in the Annex. The reasons are two-fold:

First, it is difficult to define Members' conduct. What kind of a standard should the ethics and conduct of Members of the Legislative Council attain before they can be regarded as competent? Who should be there to set the standard? This is really something that cannot be clearly reasoned. Even if some sort of definitions were to be come up with, these standards would only become the "magic band around the Monkey's head". While Members themselves are to put this band on, it would become a source of headache to them when the magic band is manoeuvred by someone who knows the Band-tightening Spell and mutters it whenever they want to put on a show.

It would be like poking one's nose into another's affairs once certain restrictions are imposed on Members' conduct. Members will also be at a loss, as they do not know whether or not the things they do today will become a subject of complaint tomorrow.

Secondly, under the existing Standing Orders, the Legislative Council is able to set up select committees by resolution to investigate into matters where Members have serious misconduct. In my opinion, this mechanism is already sufficient and I find it unnecessary to bring in a new mechanism which may

create abuse.

In this open society of Hong Kong, Members' conduct and behaviour have always been the "focus" or talk of the media on programmes such as "Hong Kong Today". I believe Members are fully aware of this and will behave themselves. No Member will want to fall prey to public attack because of his behaviour and conduct. If there are such Members, they surely will have to pay for what they have done and become the target of attack or criticism in the next election.

I think if "the bull" really "lies on the rail", thus causing any public unrest or traffic chaos .....

**PRESIDENT:** Which "bull" are you referring to?

**MR BRUCE LIU** (in Cantonese): I withdraw my last sentence.

If there is anything wrong with Members' behaviour and conduct, it would be best to leave it to public opinion to judge.

One should be responsible for his own deeds. There is no need, therefore, for Members to play an extra "nosy" and "housekeeping" role.

Finally, the Hong Kong Association for Democracy and People's Livelihood supports the idea of this Council issuing guidelines in the form of advice for Members' reference.

I so submit.

**MRS ELIZABETH WONG:** Thank you, Mr President. I shall be brief. As a member of the Standing Committee on Members' Interests, I rise first of all to declare my interest and also to support the resolution. Far be it from me to be my brothers' keeper or my sisters' keeper, I think Honourable Members of this Council will agree that as a matter of ethics and conduct, it is best for Honourable Members' ethics and conduct to be reviewed and have the benefit of advice from their peers who are best placed to monitor complaints and to take action if needs be.

Let me also stress that we need a monitoring system which is sensible and to be absolutely fair to the subject of any complaint. We do not need witch hunters and we are not seeking witch hunters. We need to be fair and to be intelligent about what constitutes good conduct or not. I think this will be in the best interests of Honourable Members and of the general public as well. So the proposed resolution seems to me, as adequately explained by the Honourable Mrs Miriam LAU, to do just that and is worthy of support because it is entirely compatible with the original intention and the current spirit of the relevant Standing Orders.

Mr President, I support the resolution.

**MR MICHAEL HO** (in Cantonese): Mr President, I am speaking on behalf of the Democratic Party to express our stance on the Honourable Mrs Miriam LAU's motion.

On 19 July 1995, when the Legislative Council debated on the amendment to Standing Order 60B moved by Mrs Miriam LAU, we have made known our stance on monitoring the conduct of Members. Members from the Democratic Party opposed the recommendations of the Committee on Members' Interests (CMI) at that time. Upon discussion, we, the parliamentary group of the Democratic Party in this new term decided to maintain our previous stance and oppose the amendment to Standing Order 60B to change the name of the CMI to the Committee on Members' Interests and Conduct.

First of all, as a matter of principle, the Democratic Party does not find it essential for a committee to be set up a committee to deal with complaints regarding the conduct of Members.

We believe that the existing monitoring mechanism has already kept the conduct of Members under certain constraints, these include:

1. The existing Standing Orders contain stringent provisions for the declaration of interests, and any Member who fails to comply with such provisions will be sanctioned;
2. The existing Standing Orders provide that a select committee may by resolution of this Council be appointed to investigate into cases



of serious misconduct of Members. Mrs Miriam LAU has just mentioned that this is a cumbersome and time-consuming process, but then this is a relatively more stringent process;

3. In this new term of the Legislative Council in 1995, all Members are returned by election. I think that the Legislative Council is now an organization which is the most open and having the highest transparency. The media is given sufficient information to enable it to openly monitor this Council. If the conduct of certain Members is not accepted by members of the public, those Members may be criticized by the public and the possibility of their not being elected again would be the price for them to pay.

Therefore, we believe the existing monitoring mechanism has not presented too much a problem.

On the other hand, there are certain problems in the proposal of the CMI which may create some adverse effects on Members:

First of all, let us look at cases in which the monitoring system could be abused. An investigation may be carried out if approved by four members of the CMI. We find this a fairly precarious arrangement which could easily be abused. If someone lodges a complaint with the CMI about something which someone has said, the complaint may be investigated upon approval by four members. This is not a stringent process. At present, if we want an investigation to be carried out, we must appoint by resolution of the whole Council a select committee. The whole Council of 59 Members must conduct an open debate before the eyes of the media before making a decision as to whether a select committee should be set up. We feel that this mechanism is more stringent than getting approval by four out of seven members of the CMI. Mrs Miriam LAU has mentioned some safeguard measures, for instance, no party should be allowed to occupy over half of the seats of the CMI. Nevertheless, it is in fact not too difficult to secure the support of four out of seven members.

In regard to the conduct of Members, it is highly controversial as to what should be the conduct and ethics of Members. Since this is so vague and difficult to define, it is absolutely not possible for the CMI to really perform its

monitoring functions. If the rules imposed were too stringent, it will bring about unnecessary negative effects on Members.

In short, the Democratic Party thinks that, at this stage, it cannot support the recommendation to change the name of the CMI to the Committee on Members' Interests and Conduct.

Mr President, these are my remarks, and the Democratic Party will oppose Mrs Miriam LAU's motion.

**MISS EMILY LAU** (in Cantonese): Mr President, I rise to speak in support of the Honourable Mrs Miriam LAU's motion. Just now, Mrs LAU mentioned the names of those who lent her support last year. We hope there will be more Members giving their support, and I would like to echo what the Honourable Allen LEE has said, that Members should not be afraid of "changing tack" in giving us their support.

Mr President, I am a member of the Committee on Members' Interests. Recently, the Committee has changed its (Chinese) name to the "Committee on Monitoring Members' Personal Interests", which shows that it has, in fact, assumed a monitoring role. During the meetings of the Committee, I am one of the Members who has supported the staging of this debate today. We are bringing up this old issue today because many of the Legislative Council Members of this new term did not have the chance of taking part in the discussions on 19 July last year, so we hope they could have the chance to take part in this discussion, and to make a decision anew. Actually, Mrs LAU has already explained the background very clearly, and also cited the very funny viewpoint which the Honourable LEE Wing-tat brought up last year. As he made his statement after we had spoken at that time, so we could not have refuted him, but Mrs LAU has already refuted him in seriatim, and I have no intention of continuing with this.

I wish, however, to remind those new Members, who should know anyway, that Standing Order 60B(1)(d) has already stated that the Committee is empowered to consider matters relating to the conduct of Members, and is also

empowered to give advice and to issue guidelines, that is to say there are provisions in this respect. As far as I know, maybe you know about that too, Mr President, because you are more experienced in the affairs of the Legislative Council than me, that they were added as a consequence of something that had happened. Hence, I have to respond to the view expressed by the Honourable Michael HO. He said there was no problem at present and everything was fine, and that if anything does happen, it could first be debated in this Council before any select committee is to be set up. If things were to be done this way, it would just be too unfortunate for the Member in question, for his reputation would already be damaged. Yet, would it be better if we were to have a mechanism established that could rapidly clarify what might be false charges? Otherwise, if a debate were to be held in this Council and a select committee to be set up upon voting, the reputation of the Member in question would surely be damaged after several months of hearing.

At the same time, we used to say that there are things which the Government has time and again failed to think of, why can't they do something beforehand instead of always "being the wise man afterwards"? However, we now say that there is no problem with the present mechanism. Frankly speaking, certainly I do not hope anything would happen, but what if one of these days a major incident occurs, and then after a round of debates, a certain mechanism ultimately is to be set up. Then, people would say, the Legislative Council would not proceed to set up the mechanism when debate was held, but would have to wait until something has happened before considering it again. Honourable colleagues, I would like to ask you, do we have to wait until something happens before the mechanism is to be set up? Now, you do not really want to raise any objections, you only think that there is no problem with the present mechanism, which means, a debate could first be held in this Council and then set up a select committee. Our suggestion is comparatively more systematic; we propose to have a mechanism set up, and on receipt of a complaint — please note, the Committee will not initiate investigation, it is not a secret police, it will not keep track or conduct tapping and so on — which the Committee thinks that it warrants investigation, then it will be speedily proceeded with, and very fairly proceeded with. I hope it will be handled in this effective way.

In fact, this is done as a response to public concern — on whether or not the Legislative Council has been subject to monitor? Who is to conduct the monitoring? If this is said to be the "hard metal clamp", I would beg to disagree. I believe that the public would hope very much that the Legislative Council

could set up a mechanism of its own, acceptable both to the Council and the public, which would deal with complaints in an open and fair manner. We would monitor ourselves and set up guidelines and rules. In this way, the Legislative Council can tell the public that we ourselves have set down the standards, be it conduct or ethics, and we can be answerable to anyone as well as to our own conscience, and that we are upright people. If any of the Members happened to infringe on the rules, we have a Committee which will conduct investigations through very open proceedings, and that is not political persecution of any kind. Thus, Honourable colleagues, especially colleagues in this new term (and old colleagues may "change tacks" too), I hope that you would think about how we should be accountable to the public? If, again, like last year, we were to vote down this motion by a great majority of 28 against 20 votes, people outside would say, you are really great, you do not need to be monitored by others; and we would only be regulated by public opinion and the outcome of the next election. Yet, do you realize that sometimes the electors can be very indignant, because they could only vote again four years after they have cast their votes this time. If anything happens in the interim, who would handle it? Then, certainly you would say, use the present way to deal with it, which means to have a debate and then set up a select committee.

Mr President, meanwhile, there is such a mechanism in the parliamentary councils of other jurisdictions, Mrs LAU has already stated them clearly and indeed listed them out in detail. They have such mechanisms in civilized and democratic countries. Why should we be different from the others? The speech delivered by Mr LEE Wing-tat on 19 July last year was indeed "a curious thesis", and I do not subscribe to it. He is a democrat, and so am I, but I do not know why he has such a strange view. I do not subscribe to his view. I think we should consider setting up a mechanism. The mechanism will not be resorted to when there is no such a need, but in case anything happens, it could immediately demonstrate its effect.

Hence, Mr President, I support the proposal of Mrs LAU and would like to call upon all colleagues to ponder the possibility of its enhancing the credibility of the Legislative Council. We are not asking to set up a special police; I only hope to enhance the credibility of the Legislative Council, so that the public would feel that the Legislative Council is endowed with good sense and whenever anything happens, the Council could monitor itself.

Thank you, Mr President.

**MISS MARGARET NG:** Mr President, I will be brief.

I consider the autonomy of this Council to be a fundamental principle. Autonomy must mean self-regulation and an adequate framework of internal discipline. We enjoy certain powers and privileges under the law. We enjoy autonomy. We must therefore be prepared to meet a high standard of conduct and therefore submit ourselves for the investigation and scrutiny of a proper committee of our peers. We owe it to the public if we want to enjoy their trust and confidence.

As to the exact mechanism, our attitude to that must be positive, that is, we must work together to find the right mechanism, not to block it, not to find reason to say that it is impossible.

Mr President, I support the motion.

**PRESIDENT:** I have a request here, Honourable Members, from Mr Michael HO to speak again under Standing Order 28(2) to explain some part of his speech which has been misunderstood. Mr Michael HO, please confine your speech to only explanation of that part of the speech which has been misunderstood.

**MR MICHAEL HO** (in Cantonese) : Thank you, Mr President. I only want to explain that part of my speech which has been misunderstood. What I just said does not mean that we do not need a mechanism, it is only that we do not need a new mechanism. What I really mean is, the present arrangement about setting up a select committee is already a formal mechanism for monitoring the conduct of Members. The Honourable Miss Emily LAU seems to have misunderstood this part of my speech.

**PRESIDENT:** Mrs Miriam LAU, do you wish to reply?

**MRS MIRIAM LAU** (in Cantonese) : Mr President, it is very encouraging for me today because at least three Members have spoken in support of my motion. This is much better than that on 19 July last year because the Committee on Members' Interests (CMI) was then wrongly regarded as "a thief when he is actually a decent man."

Today two Members have spoken in opposition to my motion but they have not responded to the question I raised earlier in my speech, which is, why do other democratic and advanced countries establish formal mechanisms to monitor their members' conduct and differ from Hong Kong, where a select committee can only be set up by resolution of this Council? In fact, they all have their formal mechanism. If democratic and advanced countries have all set up such mechanisms, why does Hong Kong not see the need? None of the Members who oppose my motion today can suggest a reason.

Furthermore, I have invited Members to express their views if they think that the recommendations of the CMI are unsound, impracticable or flawed. However, I did not hear any such views. They just said that the existing mechanism is fine and there is no need to do anything else. Is this a kind of positive opinion?

Mr President, I come for today's debate with usual calmness, for the debate on 19 July last year has taught me a lesson and I do not cherish any hope that today's resolution will be passed, though my hope is ignited once again by the speeches of those three Members. Today, I do not have the feeling of being deserted, fooled around or betrayed. At least the Honourable Michael HO of the Democratic Party clearly stated their opposition to this resolution for the Democratic Party at the CMI meeting and the Members of the Hong Kong Association for Democracy and People's Livelihood also expressed their opposition at the CMI meeting, thus I am spared that awkward feeling I had last year.

However, I have a slight disappointment and a feeling of loss this year because two years ago, Members have actually confronted the issue of monitoring Members' conduct with a very positive attitude and seriously hoped that some ways could be found to handle the problems that arose. The CMI was authorized to study the issue. In the past year or so, it tried its best and called numerous meetings. The motion proposed last year was negatived and this motion may also suffer the same fate later on. In fact, I am very uneasy at this moment. On the one hand, I do hope that this resolution will be passed; while

on the other, I am really worried that I will be forced to accept the truth that it will be negatived. If today's motion were negatived, this Council will have accomplished nothing in monitoring Members' conduct. All the work done in the past year will have been wasted. Of course, I do not expect every effort spent to bear fruit. At least, today, Members frankly tell their hearts — they do not want to be monitored. Today's debate will expose what they really think.

If Members do really negative today's motion and do not want to have any mechanism to monitor their conduct as Members, I will respect their decision. However, in case anything concerning Members' conduct arise in this Council in future, only to find that there is no mechanism to handle the relevant issues, I hope those Members who vote against this motion today would not regret it.

Thank you, Mr President.

*Question on the motion put.*

*Voice vote taken.*

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

**MRS MIRIAM LAU:** I claim 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 Mrs Miriam LAU's resolution to amend the Standing Orders to empower the CMI to take charge of matters on conduct as well. 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:** We seem to be one short of the head count. Before I declare the result, will Members please check their votes? Are there any queries? The result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mrs Miriam LAU, Miss Emily LAU, Mr Eric LI, Mr Howard YOUNG, Miss Christine LOH, Mr James TIEN, Mr LEE Kai-ming, Miss Margaret NG and Mrs Elizabeth WONG voted for the motion.

Mr Martin LEE, Mr SZETO Wah, Mr Ronald ARCULLI, 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, Mr LEE Wing-tat, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Miss CHAN Yuen-han, Mr Andrew CHENG, Mr CHENG Yiu-tong, Mr CHEUNG Hon-chung, Mr Albert HO, Mr IP Kwok-him, Mr LAU Chin-shek, Dr LAW Cheung-kwok, Mr LAW Chi-kwong, Mr LEUNG Yiu-chung, Mr Bruce LIU, Mr LO Suk-ching, Mr MOK Ying-fan, Mr NGAN Kam-chuen, Mr SIN Chung-kai, Mr TSANG Kin-shing, Dr John TSE and Mr YUM Sin-ling voted against the motion.

Mr Edward HO abstained.

THE PRESIDENT announced that there were 11 votes in favour of the motion and 36 votes against it. He therefore declared that the motion was negatived.

## **MEMBER'S BILLS**

### **First Reading of Bills**

#### **HOUSING (AMENDMENT) BILL 1996**

#### **HOUSING (AMENDMENT) (NO. 2) BILL 1996**

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

### **Second Reading of Bills**



**PRESIDENT:** Honourable Members, before I invite the Honourable LEE Wing-tat and the Honourable Bruce LIU to move the Second Reading of their respective bills, I would like to inform Members that having studied the two bills, I have ruled that the two bills are not substantially the same, having regard to the following:

1. Although both bills seek to change the composition of the Housing Authority, the proposed composition and method of nominating the members of the Authority are different in the two bills;
2. Mr LEE's bill proposes that the future membership of the Housing Authority be approved by resolution of this Council;
3. If I rule, in the event if I rule, that both bills are substantially the same, and if one bill is defeated at the Second Reading, the other bill will not be able to proceed, thus denying this Council the opportunity to make a choice.

The effect of this ruling is that the passage of any stage of the first bill will not impede the further proceeding of the second bill.

## **HOUSING (AMENDMENT) BILL 1996**

***MR LEE WING-TAT moved the Second Reading of: "A Bill to amend the Housing Ordinance."***

**MR LEE WING-TAT** (in Cantonese): Mr President, I move that the Housing (Amendment) Bill 1996 be read a Second time.

The aim of this Bill is to make the composition of the Housing Authority (HA) more balanced, increase the transparency of the appointed HA members and make the HA more accountable to the public.

Mr President, the policies set by the HA have wide and far-reaching effects, if the HA has a balanced composition with representatives from various strata, offering many diverse opinions, it will be able to formulate housing policies which conform more with public interests. In recent years, the work of the HA

has constantly come under severe public criticisms, for instance, it has been criticized for the serious shortfall in the construction of residential units, for retaining the 13 dilapidated Temporary Housing Areas, for the serious maintenance problem of public housing and so forth. The composition of the HA should be changed so that its members can reflect more accurately the concerns of the public and become more accountable to the public.

Mr President, at present when the Governor appoints HA members, there is no need for him to explain the criteria of appointment to the public. Moreover, the HA has also been criticized by many people for lacking a balanced composition.

Mr President, the Bill specifically requires that when the Governor is appointing members to the HA, he should firstly give the proposed list of appointees to the Legislative Council for scrutiny, and the list will not be effective until it has been passed by the Legislative Council by resolution.

Through the above mechanism the Governor can still have the sole right of nominating HA members whereas the Legislative Council can exercise the right of scrutiny. This mechanism can ensure a check and balance between the executive and legislative organs, and it can also ensure that the HA has a balanced composition. Moreover, as the appointment process becomes more open, the public can discuss the list of appointees and the appointment criteria; the Government may also offer explanation to better justify how it arrives at the list of appointees. The appointed HA members will also have a chance to explain their future work to the public, thus increasing the accountability of HA members.

Mr President, another recommendation in the Bill is to retain the existing four government members, but the Chairman and Vice-Chairman of the HA will be elected by the HA members among themselves instead of appointed by the Governor as under the original arrangement.

Mr President, the final recommendation in the Bill is related to the

transitional arrangement. The Bill specifies that when it becomes law, those members whose terms of office have not yet been completed will not be affected by the new law in order to maintain the continuity of HA members.

Mr President, these are my remarks.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **HOUSING (AMENDMENT) (NO. 2) BILL 1996**

***MR BRUCE LIU moved the Second Reading of: "A Bill to amend the Housing Ordinance."***

**MR BRUCE LIU** (in Cantonese): Mr President, I move that the Housing (Amendment) (No. 2) Bill 1996 be read a Second time.

The aim of the Bill is to amend the existing Housing Ordinance (Cap. 283), change the current composition of the Hong Kong Housing Authority (HA), increase the credibility of the HA and enhance public participation.

The composition of the HA has all along remained unchanged with all members appointed by the Governor in accordance with his own choice. For many years, HA members have still mainly come from representatives of the business field and professionals, with only two to three members representing the general public. As the HA lacks a broad representation, the policies implemented by the HA fail to gain the trust of the people. In recent years, we can see that the continuous stream of petitioners going to the HA headquarters has been growing rather than reducing and criticisms launched at the HA have never stopped. However, there used to be no channel through which the public could change the composition of the HA. Today, with democratization being the trend, the above situation must be rectified.

I propose the following changes to the composition of the HA:

The HA should be composed of 36 members, including:

1. Six representatives nominated by the Legislative Council and appointed by the Governor;
2. One representative nominated by each district board, totalling 18 representatives to be appointed by the Governor;
3. Not more than 12 non-public officers who have experience and knowledge in housing matters appointed by the Governor.

Also, the Chairman and Vice-Chairman of the HA are to be elected by the members among themselves.

In regard to the terms of office, when those representatives nominated by the Legislative Council or district boards cease to be members of the Legislative Council or district boards, their terms of office as members of the HA also come to an end.

The 12 members appointed by the Governor will serve for two years. On completion of their terms of office, they can be reappointed by the Governor.

After making these amendments, consequential technical amendments have to be made to section 20 of the District Board Ordinance (Cap. 366). Clause 5 of the Bill has provided for such amendments.

I am of the opinion that the Bill will not undermine our executive-led mode of government; on the contrary, with more members who are popularly elected, the HA will attach more importance to public interests when formulating policies, thus enhancing its accountability and credibility, which in turn will facilitate the implementation of its policies.

Furthermore, it is an improvement that the HA is composed of members from three sources. The Legislative Council represents the interests of all Hong Kong people, and its representatives will consider the housing issue from an

overall and macroscopic perspective. Through the nominated representatives of the district boards, the housing problems of various districts can be reflected in the HA and given due regard. As one third of the members will still be appointed by the Governor, this can also ensure that the professional views of people from other sectors in the community can be given due regard in the HA. The policies set by the HA composed of members from the above-mentioned three sources will be more acceptable to the general public and so the HA can better look after the overall housing needs of Hong Kong.

Thank you, Mr President.

*Question on the motion on the Second Reading of the Bill proposed.*

*Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).*

### **Resumption of Second Reading Debate on Bill**

## **PROBATE AND ADMINISTRATION (AMENDMENT) BILL 1996**

### **Resumption of debate on Second Reading which was moved on 13 March 1995**

*Question on Second Reading proposed.*

**ATTORNEY GENERAL:** Mr President, subsection 1 of section 15 of the Probate and Administration Ordinance provides that the Registrar of the Supreme Court, in his capacity as the Official Administrator, may summarily administer estates which do not, in his opinion, exceed \$50,000 in value. This provision alleviates the financial burden of undertaking a formal administration of such estates. The Honourable Bruce LIU Sing-lee's Probate and Administration (Amendment) Bill provides for the amount to be increased to \$150,000. This is a reasonable adjustment and is approximate to the real value in today's money of the current limit when it was set in 1983. The Administration accordingly supports the Bill and commends to this Council.

**MR BRUCE LIU** (in Cantonese): Mr President, I would like to add only two points. Firstly, the passage of this Bill has a symbolic meaning. It is always raining around the Ching Ming Festival. Right now there is a light drizzle

outside the Legislative Council Building, for the Ching Ming Festival falls on tomorrow. The passage of this Bill indicates that the Legislative Council cares about various problems of the people. The fact that the authorities concerned provide summary administration for those people who are left with a small estate of say \$80,000 or \$100,000 just indicates that the Hong Kong Government is a government which cares about the people.

Secondly, 13 years have elapsed since the current limit of \$50,000 for small estates was set in 1983 under section 15 of the Probate and Administration Ordinance (Cap. 10). The Government should regularly review this limit and make appropriate upward adjustment in response to the changes of our community. I propose that the Government should conduct a review once every four years, that is to say, a review will be made in each term of the Legislative Council.

These are my remarks.

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

Bill read the Second time.

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

### **Committee Stage of Bill**

Council went into Committee.

### **PROBATE AND ADMINISTRATION (AMENDMENT) BILL 1996**

Clauses 1 and 2 were agreed to.

Council then resumed.

### **Third Reading of Bill**

MR BRUCE LIU reported that the

**PROBATE AND ADMINISTRATION (AMENDMENT) BILL 1996**

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

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

Bill read the Third time and passed.

**ADJOURNMENT AND NEXT SITTING**

**PRESIDENT:** Before I adjourn the Council, may I wish all Members and Public Officers an invigorating Ching Ming and Easter holiday. In accordance with Standing Orders, I now adjourn the Council until 2.30 pm on Thursday, 18 April 1996.

*Adjourned accordingly at twenty-seven minutes to Seven o'clock.*

*Note:* The short titles of the Bills/motions listed in the Hansard, with the exception of the Electricity (Amendment) Bill 1996, Firearms and Ammunition (Amendment) Bill 1996, Toys and Children's Products Safety (Amendment) Bill 1996, Consumer Goods Safety (Amendment) Bill 1996, Appropriation Bill 1996 and Probate and Administration (Amendment) Bill 1996, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.