

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 19 November 1997

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN, J.P.

THE HONOURABLE WONG SIU-YEE

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE HO SAI-CHU, J.P.

THE HONOURABLE EDWARD HO SING-TIN, J.P.

DR THE HONOURABLE RAYMOND HO CHUNG-TAI, J.P.

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

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

THE HONOURABLE LEE KAI-MING

THE HONOURABLE ALLEN LEE, J.P.

THE HONOURABLE MRS ELSIE TU, G.B.M.

THE HONOURABLE MRS SELINA CHOW, J.P.

THE HONOURABLE MRS PEGGY LAM, J.P.

THE HONOURABLE HENRY WU

THE HONOURABLE NGAI SHIU-KIT, J.P.

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE YUEN MO

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE CHEUNG HON-CHUNG

DR THE HONOURABLE MRS TSO WONG MAN-YIN

DR THE HONOURABLE LEONG CHE-HUNG, J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, J.P.

THE HONOURABLE MOK YING-FAN

THE HONOURABLE CHAN CHOI-HI

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE TSANG YOK-SING

THE HONOURABLE CHENG KAI-NAM

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE KENNEDY WONG YING-HO

DR THE HONOURABLE CHARLES YEUNG CHUN-KAM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE LAU KONG-WAH

THE HONOURABLE LAU WONG-FAT, J.P.

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

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

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE PAUL CHENG MING-FUN, J.P.

THE HONOURABLE CHENG YIU-TONG

THE HONOURABLE TIMOTHY FOK TSUN-TING

THE HONOURABLE KAN FOOK-YEE

THE HONOURABLE NGAN KAM-CHUEN

THE HONOURABLE LO SUK-CHING

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE TAM YIU-CHUNG, J.P.

THE HONOURABLE CHOY SO-YUK

MEMBERS ABSENT:

DR THE HONOURABLE DAVID LI KWOK-PO, J.P.

THE HONOURABLE LEUNG CHUN-YING, J.P.

THE HONOURABLE HUI YIN-FAT, J.P.

THE HONOURABLE HOWARD YOUNG, J.P.

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS ANSON CHAN, J.P.
CHIEF SECRETARY FOR ADMINISTRATION

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

THE HONOURABLE ELSIE LEUNG OI-SIE, J.P.
SECRETARY FOR JUSTICE

MR MICHAEL SUEN MING-YEUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR CHAU TAK-HAY, J.P.
SECRETARY FOR BROADCASTING, CULTURE AND SPORT

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

MR JOSEPH WONG WING-PING, J.P.

SECRETARY FOR EDUCATION AND MANPOWER

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

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

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

MR DAVID LAN HONG-TSUNG, J.P.
SECRETARY FOR HOME AFFAIRS

CLERKS IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

MR LAW KAM-SANG, J.P., DEPUTY SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PAPERS

The following papers were laid on the table pursuant to Rule 21(2) of the Rules of Procedure:

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Declaration of Constituencies (Legislative Council) Order 1997.....	535/97
Immigration Service (Treatment of Detained Persons) Order	536/97
Immigration Service (Designated Places) (Amendment) Order 1997	537/97
Immigration (Places of Detention) (Amendment) (No. 2) Order 1997	538/97
Practising Certificate (Solicitors) (Amendment) (No. 2) Rules 1997	539/97
Fugitive Offenders (India) Order (L.N. 450 of 1997) (Commencement) Notice 1997.....	540/97

Sessional Papers

- No. 36 — Report of the Director of Audit on the Accounts of the Hong Kong Government for the year ended 31 March 1997
- No. 37 — Report of the Director of Audit on the results of value for money audits - October 1997 Director of Audit's Report No. 29

No. 38 — Annual Report of the Director of Accounting Services and the Accounts of the Government for the year ended 31 March 1997

No. 39 — Report of the Electoral Affairs Commission on the Delineation of Geographical Constituencies in respect of the General Election of the Legislative Council to be held in May 1998

REPORT

Report of the Chairman of the Public Accounts Committee

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. I have accepted Members' recommendation reached after discussion in the House Committee, and decided that question time shall not exceed one and a half hours. Therefore, the time allocated to each question seeking an oral reply shall not exceed 15 minutes. I hope Members will co-operate by asking concise questions. Also, each Member should ask only a supplementary question at a time, and should avoid unnecessary, especially long-winded, introductory remarks so that we do not turn questions into debates. I believe Members agree that I should enforce the rules strictly in order that more Members may ask supplementaries and this Council may make better use of question time.

PRESIDENT (in Cantonese): Mr Allen LEE, a point of order?

MR ALLEN LEE (in Cantonese): I would like to clarify how long the question time will be? Will it last for one hour?

PRESIDENT (in Cantonese): It will last for one hour to one and a half hours.

MR ALLEN LEE (in Cantonese): Thank you.

PRESIDENT (in Cantonese): First question. Mr NGAI Shiu-kit.

Controlling Gambling and Gaming Activities on the Internet

1. **MR NGAI SHIU-KIT** (in Cantonese): *In view of the fact that gambling and gaming activities involving the use of credit cards for payment are proliferating on the Internet, will the Government inform this Council whether it will consider amending the Gambling Ordinance to control such activities?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the Government understands that there are indeed various gambling and gaming activities on the Internet. In recent years, the police have been monitoring such activities in consultation, from time to time, with the Department of Justice. As to whether actions should be taken to control such activities, the Gambling Ordinance is already in place to govern local gambling activities. If such web sites are operated in Hong Kong, the operators and punters may have contravened the Gambling Ordinance. If such web sites are operated outside Hong Kong, the operators are forbidden to promote their web sites in Hong Kong under the same Ordinance, otherwise, they will violate the law.

As regards the imposition of control over the contents of the Internet in order to stop such gambling and gaming activities, the Government must consider the impact of such control on the freedom of information, the feasibility of controlling measures and their impact on local information development. After careful consideration of all the factors involved, the Government considers that it is not appropriate at this stage to impose control on the Internet as a measure to solve the problem. The Government, therefore, does not intend to step up control by amending the Gambling Ordinance since the existing legislation is already effective for the purpose.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr NGAI Shiu-kit.

MR NGAI SHIU-KIT (in Cantonese): *Thank you, Madam President. According to the reply of the Secretary, monitoring of the Internet is now the duty of the police, and given the fact that the Information Technology and Broadcasting Bureau has yet to be established, can the Government inform this Council whether the Government has an effective policy for this or whether an executive department has been tasked to take up the duty? Can the Government initiate prosecution action in accordance with the Gambling Ordinance against those people who operate off-course betting on the Internet?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, as regards monitoring work, I have obtained some information from the police for Mr NGAI's reference. Since the beginning of this year, the police have been keeping a close eye on these activities. So far, the police have inspected 72 websites and found that 51 are operated overseas and 21 in Hong Kong. But these sites have provided only information related to gambling but not gambling activities. So there is insufficient evidence for the police to initiate prosecution action. I have cited this example to illustrate that the Government does monitor these activities.

Besides, the police have also received information that a certain website was engaged in the illegal sale of lottery tickets. Upon investigation, it was believed that the website had conducted such activity. But after a warning issued by the police to the webmaster, the activity was stopped. This illustrates that the Government has been monitoring these activities. As regards the formulation of a policy on gambling activities, it is the responsibility of the Home Affairs Bureau. It is not true that there is no responsible government department to handle this matter.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr CHOY Kan-pui.

MR CHOY KAN-PUI (in Cantonese): *Madam President, can the Government inform this Council whether the Government is concerned that illegal off-course betting syndicates will make use of the Internet to attract Hong Kong people to participate in gambling activities ?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the Government does keep an eye on the activities of off-course betting syndicates and other overseas gambling establishments in Hong Kong. If the websites are set up overseas, then Hong Kong laws do not apply to them and they are outside Hong Kong's jurisdiction. As Mr NGAI has mentioned in his question, gambling activities on the Internet are illegal. However, as the punters mostly participate in these activities at home, the police cannot bring charges against them household to household. But I would like to stress that if punters who take part in overseas gaming activities are overcharged or unable to get the prize money when they win, they are not protected by Hong Kong laws because these are illegal activities. I therefore urge the public not to participate in overseas gambling activities.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr WONG Siu-yee.

MR WONG SIU-YEE (in Cantonese): *Just now the Secretary mentioned that the police have handled a case of illegal sale of lottery tickets and they have issued a warning to the operator. Can the Government inform this Council why the police have just warned the operator but did not prosecute him? Is this because the activities concerned were not illegal and so all that the police could do was to issue a warning rather than to initiate prosecution action?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, let me explain briefly. When we asked for information from the police, we were told that they had received a complaint. But before it was verified, the police have to conduct investigations. During the investigations, it was suspected that it was a case of illegal gambling activities. So the police gave a warning to the operator who immediately stopped the activities. I think the action taken is quite appropriate.

Thank you, Madam President.

PRESIDENT (in Cantonese): Next question. Dr LEONG Che-hung.

Unsatisfactory Maintenance of Shark Prevention Nets

2. **DR LEONG CHE-HUNG** (in Cantonese): *Madam President, regarding reports on unsatisfactory maintenance of shark prevention nets installed at public beaches in Hong Kong, does the Government know:*

- (a) *whether the maintenance contracts in respect of shark prevention nets contain any penalty provisions for unsatisfactory maintenance of these nets; if so, what the details are;*
- (b) *whether, during the past three years, penalties have been imposed on any contractors for unsatisfactory maintenance of the nets; if so, what the details are; and*
- (c) *the measures in place to ensure the quality of these maintenance contractors and prevent unsatisfactory maintenance of the nets?*

Thank you, Madam President.

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, this reply is based on information provided by the Regional Services Department (RSD) and Urban Services Department (USD), on which behalf I am answering Dr LEONG's question. The reply is rather long. But I do not want to omit any point. Since the President wants to shorten the time, I try to read faster. I hope the Simultaneous Interpreter will not blame me.

The Provisional Regional Council and Urban Council employ a total of three different contractors to maintain the shark prevention nets at their respective beaches.

Provisional Regional Council

Dealing first with beaches under the Provisional Regional Council's control, the shark prevention nets installed at gazetted beaches in the Provisional Regional Council area are maintained by two contractors.

- (a) As regards penalty provisions, under the existing contracts which will expire on 31 March 1998, the contractors have to rectify any irregularity within 24 hours of receiving written notice from the RSD. If they fail to do so, the Department will carry out remedial work using its own staff or other contractors. All costs and expenses incurred by the Department will be recovered in full from the contractors.

Under new contract terms to be introduced with effect from 1 April 1998, the Provisional Regional Council can serve default notices to its contractors and reduce the monthly maintenance fee at specified rates if the contractors fail to rectify the work or services rejected by the Provisional Regional Council.

- (b) The performance of the Provisional Regional Council's contractors has been satisfactory, and to date no penalties have been imposed.
- (c) As to measures taken to ensure quality of maintenance, the two contractors are required to inspect the nets at least once weekly, or more frequently if so required by the RSD. The Department also requires the contractors to submit a detailed monthly work programme 10 days prior to the start of each month. RSD staff then check whether the contractors have carried out the services in accordance with the programme. Whenever any irregularities are found, the Department will request the contractors to clarify and rectify the situation immediately.
The contractors are also required to submit weekly reports to the

RSD, showing in detail the services performed during each week, including an inspection report showing the condition of the nets. In addition, a detailed maintenance report summarizing the maintenance conditions and repair works done has to be submitted on a monthly basis. The monthly maintenance fee will only be paid when RSD receives the report and is satisfied with the performance of the contractor.

RSD staff also closely monitor the actual condition of the nets and inform the contractors whenever there are irregularities. The RSD also employ a company to carry out an underwater inspection of all the nets in March (when the nets are reinstalled before the start of the swimming season), May and July. Inspections are also conducted on a need basis, for example, after completion of major repair works or after typhoons.

Provisional Urban Council

- (a) For gazetted beaches under Provisional Urban Council management, the penalty provisions in the existing maintenance contract include:
 - the recovery of liquidated damages at a rate of \$10,000 for each occasion of failure to carry out maintenance at each beach;
 - the recovery of liquidated damages at a rate of \$3,000 per working day for failure to remove rubbish generated from maintenance services; and
 - termination of the maintenance agreement in case of persistent failure to provide a satisfactory service to the Provisional Urban Council.
- (b) The current maintenance contract for the shark prevention nets at beaches under Provisional Urban Council management commenced in January 1997. The performance of the maintenance contractor has been closely monitored and penalties in the form of liquidated damages amounting to \$310,000 have so far been imposed on the contractor for failure to comply with the maintenance requirements for the nets.
- (c) Regarding measures taken to ensure quality of maintenance, the

USD regularly inspects the shark prevention nets. Monthly maintenance programmes and weekly maintenance reports are submitted by the maintenance contractor for scrutiny by the USD. In addition, independent divers are employed to inspect and check that the maintenance of the submerged parts of the nets is up to the required standard.

PRESIDENT (in Cantonese): Dr LEONG Che-hung.

DR LEONG CHE-HUNG (in Cantonese): *Thank you, Madam President. Obviously, shark prevention nets can enhance the swimmers' sense of security. However, improper maintenance of the shark prevention nets will give people a false sense of security. Of course, penalty is a deterrent to the contractors to a certain extent. But no matter how much a fine may be, it cannot prevent the potential danger to life and limb in case sharks enter the beaches due to improper maintenance of the nets.*

PRESIDENT (in Cantonese): Please come to your question.

DR LEONG CHE-HUNG (in Cantonese): *Can the Government ensure that when the next swimming season starts, there will not be a recurrence of similar incidents which may put life and limb at risk?*

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, I am sure the RSD and the USD have put in place the monitoring measures I have just detailed. When the swimming season sets in, there should not be a recurrence of similar incidents. Nevertheless, the swimmers should remain alert.

PRESIDENT (in Cantonese): Mr James TIEN.

MR JAMES TIEN (in Cantonese): *Madam President, the most important*

function of shark prevention nets is to prevent sharks from entering the beaches. My question is very simple. Does the Government have any records to show that no shark has ever entered the beaches after shark prevention nets have been installed?

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, as far as I know, within the two or three years after shark prevention nets have been installed at beaches in Hong Kong, it appears that no shark has entered into the netted enclosure. We all know that South Africa has the largest number of sharks. Its experience tells us that shark prevention nets can indeed effectively prevent sharks from attacking swimmers. No swimmer has been killed by sharks at their beaches where shark prevention nets have been installed since the 1960s. So we have confidence in shark prevention nets.

PRESIDENT (in Cantonese): Mr HO Sai-chu.

MR HO SAI-CHU (in Cantonese): *Madam President, in paragraph (b) of the main reply which is about the Provisional Urban Council, it is said that penalties on contractors amounted to \$310,000. Does the Secretary think that this amount of penalty is too high and does this amount of penalty represent a lot of dissatisfaction in the past? If so, was it serious? As the Provisional Urban Council is not satisfied with their performance, will it consider terminating the contracts?*

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, first of all Mr HO may not fully understand my duties and responsibilities because he was not a Member of the former Legislative Council. I am answering questions only on the behalf of the RSD

and USD and the two Municipal Councils about the scope of their policies and duties. For the details, I have no knowledge either. As regards Mr HO's question, it is hard for me to comment whether or not \$310,000 is too heavy as a penalty. Neither can it reflect satisfaction or dissatisfaction. I believe only the USD and the Provisional Urban Council can answer this question.

PRESIDENT (in Cantonese): Mr CHOY Kan-pui.

MR CHOY KAN-PUI (in Cantonese): *Madam President, can the Government inform this Council who should be held responsible if injury is caused to swimmers due to improper maintenance of shark prevention nets?*

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, I wonder if Mr CHOY is referring to legal liability for compensation. If yes, then I think I have to consult the Secretary for Justice before I can give him a written reply for this question. (Annex I)

PRESIDENT (in Cantonese): Mr CHOY.

MR CHOY KAN-PUI (in Cantonese): *Yes, it is.*

PRESIDENT (in Cantonese): Then you have to wait for the written reply. Mr HO Sai-chu.

MR HO SAI-CHU (in Cantonese): *Madam President, in that case, I would like to follow up on my previous supplementary question. Can the Secretary ask the question on my behalf and give me a written reply for this question?*

PRESIDENT (in Cantonese): Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Certainly, Madam President. (Annex II)

PRESIDENT (in Cantonese): Third question. Mrs Peggy LAM.

Facts and Figures on Divorced Women

3. **MRS PEGGY LAM** (in Cantonese): *Will the Government inform this Council:*

- (a) *of the number of applications for divorce made by women over the past three years;*
- (b) *of the number of children involved in these divorce cases and their average age; and the number of cases in respect of which the custody of children was granted to the mother;*
- (c) *whether it is aware of the criteria adopted by courts in determining the amount of alimony payable to divorced women; and*
- (d) *of the number of complaints made by women to the authority over the past three years about default in payment of the alimony awarded to them by courts?*

PRESIDENT (in Cantonese): Secretary for Home Affairs

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President,

- (a) According to the statistics from the Judiciary, the numbers of applications for divorce over the past three years are as follows: 10 292 in 1995, 12 834 in 1996 and 11 498 from 1 January to the end of October 1997. However, we do not have any statistics showing the ratio of male applicants to female applicants.
- (b) As regards the number of children involved in these divorce cases,

their average age, and the number of cases in respect of which the custody of children was granted to the mother and so on, the Judiciary and government departments do not have any statistics. I regret, therefore, that I am unable to provide the Honourable Mrs Peggy LAM with the data she asks for.

- (c) In accordance with section 7 of the Matrimonial Proceedings and Property Ordinance (MPPO) (Cap. 192), the court shall take into account the conduct of either party to the marriage and all the circumstances of the case when determining the amount of maintenance payable in a divorce case. The circumstances of the case include the matters detailed in section 7 of the Ordinance. A copy of the section is attached to the reply tabled for Members' reference.
- (d) When a divorced woman fails to receive the maintenance awarded to her by the court, she can apply for a judgement summons from the court to summon the judgement debtor to appear before the court. The numbers of applications for judgement summons received in the past three years are as follows: 309 in 1995, 338 in 1996 and 286 from 1 January to the end of October 1997.

Appendix

Extract from the Matrimonial Proceedings and Property Ordinance (Cap. 192)

7. Matters to which court is to have regard in deciding what orders to make under sections 4, 5 and 6

(1) It shall be the duty of the court in deciding whether to exercise its powers under section 4 or 6 in relation to a party to the marriage and, if so, in what manner, to have regard to the conduct of the parties and all the circumstances of the case including the following matters, that is to say:

- (a) the income, earning capacity, property and other financial resources which each of the parties to the marriage has or is likely to have in the foreseeable future;
- (b) the financial needs, obligations and responsibilities which

each of the parties to the marriage has or is likely to have in the foreseeable future;

- (c) the standard of living enjoyed by the family before the breakdown of the marriage;
- (d) the age of each party to the marriage and the duration of the marriage;
- (e) any physical or mental disability of either of the parties to the marriage;
- (f) the contributions made by each of the parties to the welfare of the family, including any contribution made by looking after the home or caring for the family;
- (g) in the case of proceedings for divorce or nullity of marriage, the value to either of the parties to the marriage of any benefit (for example, a pension) which, by reason of the dissolution or annulment of the marriage, that party will lose the chance of acquiring.

(2) Without prejudice to subsection (3), it shall be the duty of the court in deciding whether to exercise its powers under section 5 or 6 in relation to a child of the family and, if so, in what manner, to have regard to all the circumstances of the case including the following matters, that is to say:

- (a) the financial needs of the child;
- (b) the income, earning capacity (if any), property and other financial resources of the child;
- (c) any physical or mental disability of the child;
- (d) the standard of living enjoyed by the family before the breakdown of the marriage;
- (e) the manner in which he was being and in which the parties to

the marriage expected him to be educated;

and so to exercise those powers as to place the child, so far as it is practicable and, having regard to the considerations mentioned in relation to the parties to the marriage in paragraphs (a) and (b) of subsection (1), just to do so, in the financial position in which the child would have been if the marriage had not broken down and each of those parties had properly discharged his or her financial obligations and responsibilities towards him.

(3) It shall be the duty of the court in deciding whether to exercise its powers under section 5 or 6 against a party to a marriage in favour of a child of the family who is not the child of that party and, if so, in what manner, to have regard (among the circumstances of the case):

- (a) to whether that party had assumed any responsibility for the child's maintenance and, if so, to the extent to which, and the basis upon which, that party assumed such responsibility and to the length of time for which that party discharged such responsibility;
- (b) to whether in assuming and discharging such responsibility that party did so knowing that the child was not his or her own;
- (c) to the liability of any other person to maintain the child.

(cf 1970c. 45 s.5 U.K.)

Notes:	Section 4	Financial provision for party to a marriage in cases of divorce, and so on.
	Section 5	Financial provision for child of the family in cases of divorce, and so on.
	Section 6	Orders for transfer and settlement of property and for variation of settlements in cases of divorce, and so on.

PRESIDENT (in Cantonese): Mrs Peggy LAM

MRS PEGGY LAM (in Cantonese): *Madam President, I find it regrettable that the Administration does not have statistics for part (a) and (b) of the question. My follow-up question is: Will the Administration inform this Council whether these statistics would be gathered in the future?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, these data involve a lot of case particulars of a personal nature, and, to a certain extent, such particulars are confidential. To collect these data, we would have to go through the cases on a case by case basis, and though this does not mean that it cannot be done, it will be a very time-consuming process. Moreover, only the staff of the Family Court have the right to look up these cases, while the staff of the Home Affairs Bureau do not have the right to do so. Since Mrs Peggy LAM had given notice of this question, and we would like very much to get her an answer, we proposed to the Family Court to send our own staff to look up the cases. But then, regrettably the Family Court staff told us that they could not accede to our request because such cases are confidential and the files cannot be taken away from the court. We are, therefore, unable to gather such information. But if such statistics are enormously helpful to the community or if public interests are involved, I am more than willing to go back to the Judiciary to have a detail discussion with them and request them to gather the statistics on grounds of public interests. If there is really such a need, I shall also ask them how long it will take to gather such information.

PRESIDENT (in Cantonese): Mr Bruce LIU.

MR BRUCE LIU (in Cantonese): *Madam President, in regard to the number of complaints to the Judiciary over the past three years about default in payment of alimony, what is the ratio between the successful and unsuccessful cases? Does the Administration think that the problem is serious? Does the Administration have any measures for improving the situation of default in alimony payments?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, we do not have information on the number of unsuccessful cases at the moment. The figures I provided just now are on the number of complaints received by the court over the past three years about default in payment of alimony. We shall continue to consider the views from different sectors of the community, in order to see what improvements can be made. We enacted a new piece of legislation in June this year to provide for the issue of "attachment of income order". I think this order shall be helpful to a lot of divorced women, especially those who fail to receive the maintenance awarded to them by the court.

Attachment orders issued under this Ordinance enable the victim or divorced women to have priority claims to the income of the maintenance payer at source, for example, the employer or the tenant (in case the maintenance payer is the owner of a rented property) of the maintenance payer shall be ordered to pay the maintenance payee up to the amount of maintenance payment ordered by the court. I think this is a more practical approach for dealing with the problem. Since some other procedures need to be completed before the "attachment of income order" could be implemented, we anticipate that this provision shall be in force early next year. Upon the enforcement of the new provision, we shall see whether maintenance payees will benefit from this order and review the situation when necessary.

PRESIDENT (in Cantonese): Miss CHOY So-yuk.

MISS CHOY SO-YUK (in Cantonese): *Madam President, will the Administration consider amending the provisions on the distribution of property under the Matrimonial Proceedings and Property Ordinance so as to accord divorced women more protection?*

PRESIDENT (in Cantonese): Miss Choy So-yuk, I am afraid that this question has deviated from the scope of the main question. Secretary for Home Affairs, if you do not wish to answer that question, I shall ask another Member to ask another supplementary question.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President,

perhaps I can give a brief reply. We have no plans to follow up on this suggestion.

PRESIDENT (in Cantonese): Mr Andrew WONG.

MR ANDREW WONG (in Cantonese): *Madam President, the Secretary has already partly answered the question I intended to ask in his reply to the Honourable Bruce LIU 's question just now. I want to ask another question. In June 1997, we enacted the Marriage and Children (Miscellaneous Amendments) Ordinance 1997 and amended three related ordinances. One of the amendments is on the "attachment of income order".....*

PRESIDENT (in Cantonese): Please state your question. I think Members are already aware of the details, so please try to be as brief as possible when you ask a question.

MR ANDREW WONG (in Cantonese): *I was trying to be as brief as possible. I only wish to point out that the "attachment of income order" will have to be embodied in rules made by the Chief Justice, and the rules were made on 17 November 1997 (Monday) and submitted to the Panel on Home Affairs of this Council for discussion through the Secretary for Home Affairs. However, the Secretary just now mentioned in his reply that these rules cannot be implemented until February next year. I would like to know why is it not possible to implement these rules earlier than that date? Is it because the Panel on Home Affairs has found some major problems with these rules? I have a document here.....*

PRESIDENT (in Cantonese): Mr Andrew WONG, I think you have already asked your question. Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, we

need to conduct some consultations on this. As the Honourable Andrew WONG has just mentioned, we have already consulted the Panel on Home Affairs of the Provisional Legislative Council. Apart from that, we also need to consult the Law Society of Hong Kong, Hong Kong Bar Association and other sectors of the community. Regarding the question of the most appropriate "form", we need to consult relevant parties before the details could be ironed out. Therefore, it will definitely be some time before the "attachment of income order" can be implemented. When I said early next year, I was hoping that this provision could be implemented by around January 1998.

PRESIDENT (in Cantonese): Mrs Miriam LAU.

MRS MIRIAM LAU (in Cantonese): *Madam President, a lot of women at the grassroots level were unable to apply for Comprehensive Social Security Assistance (CSSA) on being granted with maintenance. So, if they could not obtain the payments, they will be placed in a very difficult position. Even if immediate actions are taken to recover defaulted maintenance payments, it will be some time before they can actually receive the payments. Will the Administration consider providing immediate CSSA to these needy women so as to relieve them of their plight?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, putting it in brief terms, I believe we can do so. If the Social Welfare Department confirms that a woman is in great difficulty after investigation, then she will be able to receive CSSA payments with priority. Therefore, maintenance payments and CSSA payments may not necessarily be mutually exclusive. If a woman can provide sufficient evidence to show that she has difficulties in getting maintenance payments, then she will be able to receive CSSA payments.

PRESIDENT (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): *Madam President, I wonder whether the Secretary will positively consider setting up a board for recovering maintenance payments? If not, what are the reasons for not doing so?*

PRESIDENT (in Cantonese): Secretary for Home Affairs.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the issue of establishing an intermediary agency for recovering maintenance payments has been discussed on many different occasions. Many people are of the view that the establishment of such an agency will solve all problems. However, from the examples of foreign countries, like Britain, Australia and New Zealand where intermediary agencies have been established to assist children and families to recover maintenance payments, we discover that it was equally difficult for these agencies to recover maintenance payments. In some cases, their failure rate is over 70%. This high failure rate may be attributed to the fact that only the most difficult cases are referred to these agencies. I shall see what happen after the new legislation comes into effect in January 1998 before planning our way forward.

PRESIDENT (in Cantonese): Fourth question. Mr LAU Kong-wah.

Cross-border Students

4. **MR LAU KONG-WAH** (in Cantonese): *Madam President, it is learned that in recent years there are quite a number of children of Hong Kong Permanent Resident status residing in Shenzhen who cross the border to go to schools in Hong Kong. In this connection, will the Government inform this Council of:*

- (a) *the number of such students and the localities of their schools in Hong Kong; and*

- (b) *the measures in place to shorten these students' waiting time for completing immigration procedures?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese):
Madam President,

- (a) According to unofficial statistics, there are 155 students who cross the Lo Wu Control Point from Shenzhen to go to schools in Hong Kong daily. All of them are primary students who attend schools in Ta Kwu Ling, Lo Wu and Sheung Shui. They are either Hong Kong permanent residents or holders of a valid "One-way Exit Permit" who have earlier on settled down in Hong Kong.
- (b) In order to shorten these students' waiting time for completing immigration procedures, the Immigration Department has set up special counters specifically for these school children since September 1997. Depending on the circumstances, these special counters will be open during the morning rush hours and in the afternoon when the children go home.

PRESIDENT (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): *Madam President, how effective have these special counters been? Like many other citizens, these school children are of the view that when these counters only start operation at 7 am, it is too late for them. Can the Government consider advancing the opening hours of these counters?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I would like to defer to the Secretary for Security.

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, the number of these special counters depends on the number of people crossing the border each day. There are about one to three such special counters. In our experience, these school children take less than 15 minutes to complete the immigration procedures. As regards the opening hours of these counters, I am sure Members are aware that the Transport Bureau is co-ordinating a study on whether the operation hours of the Lo Wu Control Point should be lengthened; and if it is lengthened, whether there should be complements in terms of resources and other transportation facilities. I am sure the study will be continued. These school children have to get up very early every day. But as far as we know, most of their schools commence at 8.30 am, 9 am, or 9.30 am. Under the present circumstances, they do have enough time to go to schools in time. So if we start operating the special counters even earlier, they may not necessarily benefit at all.

PRESIDENT (in Cantonese): Mr Henry WU.

MR HENRY WU (in Cantonese): *Madam President, how do the officers at the Control Point identify that these are the children who have to use the special counters; and can other travellers use these special counters as well?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, as regards these special counters, we have informed these children of such arrangement through the schools in September this year. Other people are not entitled to this privilege.

PRESIDENT (in Cantonese): Fifth question. Mr YEUNG Yiu-chung.

Trained Teachers in Kindergartens

5. **MR YEUNG YIU-CHUNG** (in Cantonese): *It is stated in the policy address that the Administration will ensure that 60% of kindergarten teachers have formal training by 2000. However, some kindergarten principals have indicated that the implementation of such a policy will increase the operating costs of and will cause financial difficulties to kindergartens. In this connection, will the Government inform this Council of the measures in place to provide incentives for kindergartens to employ more trained teachers?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, in developing quality kindergarten education, one of the Hong Kong Special Administrative Region Government's policies is to enhance the qualifications of kindergarten teachers progressively. Our aim is to require every kindergarten to employ at least 40% qualified kindergarten teachers by the 1997 school year. This percentage will increase to 50% by the 1999 school year. By the 2000 school year, 60% of teachers in each kindergarten should have received formal training.

The Kindergarten Subsidy Scheme was introduced in 1995 to support the government's policy to enhance the qualifications of kindergarten teachers. The Scheme enables kindergartens to employ qualified teachers without substantially increasing their fees. For the 1997-98 school year, for instance, non-profit-making kindergartens charging fees not higher than \$13,200 per annum can receive a subsidy of \$880 per pupil per annum.

The Kindergarten Subsidy Scheme has been implemented for two years. Starting from 1998-99, the Government will increase its total allocation for the Scheme by \$35 million to \$122 million. We are now reviewing the Scheme in the light of our experience in the past two years. Our objective is to improve the method of subsidy so as to encourage more kindergartens to employ more trained teachers. We will consult the education sector widely when we have formulated some preliminary proposals.

PRESIDENT (in Cantonese): Mr YEUNG Yiu-chung.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, in the Progress Report for the 1996-97 policy address, there were two objectives in education which are still behind schedule. One of them is concerned with the qualifications of kindergarten teachers. In this connection, has the Government drawn a conclusion on the causes? Has the Government taken any effective measures aimed at the causes in order to attract more teachers to kindergartens?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, what the Honourable YEUNG Yiu-chung said is correct. A small number of kindergartens failed to meet our requirement by the end of September 1997, that is, 40% of the teachers in each kindergarten should be qualified teachers. We have consolidated a number of causes for this failure. One of these causes is the remote locations of some kindergartens which encountered difficulties in recruiting qualified kindergarten teachers. Relatively speaking, the percentage of qualified teachers in some larger and well-established kindergartens is higher than our requirement of 40%. 60% of the kindergartens have more than 60% qualified teachers on their teaching staff. Of course, there are also a small number of kindergartens which encounter difficulties in attracting or retaining qualified teachers because of their humble facilities. Drawing a conclusion from our experience, we will also consider changing our present subsidy scheme by shifting our focus on to the number of teachers being employed by the kindergartens. When we have completed the preliminary proposals, we will consult the education sector.

PRESIDENT (in Cantonese): Mr YEUNG Yiu-chung.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, most kindergartens are either profit-making or independent organizations. But there are non-profit-making kindergartens as well. Under the existing subsidy scheme, when a kindergarten receives a subsidy of \$880, the permitted rate of increase in school fees will be lowered. As a result, even though many kindergarten operators can obtain subsidy, their teachers' salaries are not subsidized. So they are reluctant to employ more qualified teachers. Has the Government conceived any plans for improvement in this aspect?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, we have also received comments to that effect. First, let me explain that the target of our subsidy scheme is non-profit-making kindergartens. Of course, if some profit-making kindergartens are willing to convert into non-profit-making kindergartens in the near future, they can participate in this scheme.*

Second, there are some comments saying that our existing subsidy scheme is apparently targeted at the pupils, and suggesting that we should put the emphasis on the number of qualified teachers. We will certainly consider this comment. As I have said earlier, when we have completed the preliminary proposals, we will consult the education sector.

PRESIDENT (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): *Madam President, as regards the target of requiring 40% of the teachers in each kindergarten to have completed formal training by the 1997 school year, the Government has not disclosed the progress so far. Has it attained the target of 40%? Can the Government tell us whether it is considering any effective measures to improve the basis of granting subsidies under the scheme?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Our target for September 1997 is that over 80% of kindergartens will have 40% of their teachers being qualified teachers. In my reply to Mr YEUNG's question earlier, I have explained why a small number of kindergartens could not meet this requirement. I have also explained that this is a problem of mismatch because over 60% of the kindergartens have over-met our requirement.

As regards what effective measures can be taken to improve this situation, as I have said in my reply to Mr YEUNG's question, we will seriously consider whether in future the subsidy scheme should be based on the number of qualified teachers instead of the number of pupils. The Government is now working out the specifics but at this stage it is premature to disclose any details.

WRITTEN ANSWERS TO QUESTIONS

Community Facilities Provided for Residents in Tung Chung

6. **MR HOWARD YOUNG:** *Will the Government inform this Council:*

- (a) *of the estimated number of residents in Tung Chung New Town upon the commissioning of the new airport and, of these residents, the number expected to work at the new airport;*
- (b) *of the number of residents who have already moved to Tung Chung New Town;*
- (c) *of the planned as well as the established community facilities in Tung Chung New Town; and*
- (d) *whether it has assessed if these facilities meet the need of the increasing population in Tung Chung New Town; if so, what the findings are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam President,

- (a) It is estimated that upon the commissioning of the new airport, there will be about 15 000 residents in Tung Chung. We do not have information on the number of residents who are expected to work at the new airport. However, about 1 650 Home Ownership Scheme/public rental flats have been sold/allocated to airport employees.
- (b) As at the end of September 1997, about 10 000 people have moved into Tung Chung estates.
- (c) Established community facilities in Tung Chung New Town include the following:
 - police station
 - fire station-cum-ambulance depot
 - commercial complex and wet market
 - carpark and bus terminus
 - general outpatient clinic
 - maternal and child health centre
 - social centre for the elderly
 - children and youth centre-cum-study/reading room
 - home help centre
 - family caseworker unit
 - day nursery

- temporary post office
- two primary schools, two secondary schools and one kindergarten

Planned community facilities to be commissioned in late 1997 and 1998 include:

- two kindergartens
- tuberculosis and chest clinic
- home-cum-care and attention unit for the elderly
- day activity centre and hostel for severely mentally handicapped persons
- sub-office for social security field unit-cum-family services centre

Planned community facilities for 1999 to 2003 include:

- permanent post office
- primary schools, secondary schools and kindergartens
- social centre for the elderly
- family services centre
- social security field unit
- home-help centre
- day nurseries
- children and youth centres-cum-study/reading rooms

- post offices
 - commercial complex and wet market
 - carpark
 - public transport terminus
 - open space
 - waterfront promenade
 - library-cum-indoor recreation centre
- (d) The facilities now available are considered adequate to meet the essential needs of the existing residents. Sufficient facilities have been planned to tie in with the population intake of the New Town in accordance with the Hong Kong Planning Standards and Guidelines and implemented as scheduled in the New Town Development Programme.

Preventing the Abuse of the "Force Majeure" Clause

7. **MR HENRY WU** (in Chinese): *Recently, there have been many cases where stock underwriters ceased to perform underwriting contracts under the "force majeure" clause therein. In this connection, will the Government inform this Council of:*

- (a) *the total number of listing plans which have been aborted as a result of underwriters invoking the "force majeure" clause to cease to perform underwriting contracts, and the proportion of the aborted plans to the total number of listing plans, over the past three years; and*
- (b) *the measures to be taken to ensure that the "force majeure" clause in the underwriting contract will not be abused?*

SECRETARY FOR FINANCIAL SERVICES (in Chinese): Madam President,

- (a) Listing matters in Hong Kong are governed by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules). According to the Listing Rules, listing of securities by the following three methods normally needs to be fully underwritten: (a) offer for subscription by a company that involves a general offer to the public to subscribe for shares; (b) open offer to existing shareholders to subscribe for shares; and (c) rights issues where existing shareholders are offered at a discount price the shares in proportion to their existing holdings. In the past three years, there have been a total of 220 applications for such listings under the Stock Exchange of Hong Kong and 11 of them did not proceed to completion. Only one of such incompleted application (listing by rights issue) was due to the invocation by the underwriter of the "*force majeure*" provision under the underwriting agreement. Six cases were terminated under mutual agreements between the issuers and the underwriters and the remaining four were due to reasons relating to the issuers rather than the underwriters.
- (b) Underwriting provides a degree of certainty to an issuer through the commitment of sound financial institutions. It also enables an issuer to plan on the basis of assured funds. An underwriter also brings in a third party view on the matter of listing to the issuers. In very general terms, underwriters are obliged to purchase the shares offered for sale if they are not purchased by the persons to whom they are offered or by the market as a whole.

The underwriting agreement is a commercial agreement between the issuer and the underwriters which sets out the legal and commercial obligations involved. Like commercial contracts in general, the exact terms of the underwriting agreement, including the terms of the "*force majeure*" provisions, are a matter for negotiation between the parties concerned, namely the issuer and the underwriters. In case of disputes between the issuer and the underwriter in relation to the execution of the underwriting agreement, including the "*force*

majeure" provision, they can be settled in a court of law. It is therefore inappropriate for regulators to interfere with underwriters' rights to terminate an underwriting agreement if the situation is within the terms of the "*force majeure*" provisions in that agreement. The statistics relating to the invocation of the "*force majeure*" provision since 1995 as given in the answer to part (a) of the question above do not seem to suggest that there is a problem of abuse of the provision by the underwriters. Furthermore, since the commercial reputation of the underwriters are at stake, they would be reluctant to invoke the "*force majeure*" provision in all but the most extreme market circumstances.

While the Listing Rules do not interfere with the commercial deal between the issuer and the underwriter, they have provisions aiming to ensure that the interests of the investing public are sufficiently protected in an underwritten listing. In respect of rights issues where the rights of subscription could be traded prior to the completion of the listings, the Rules require that all prospectus and relevant announcements must contain clear warnings in prominent position of the listing documents about the conditions to be fulfilled before all the steps relating to the listings in question are completed and include a summary of the "*force majeure*" provision where applicable.

Shortage of Specialists (Education Services)

8. **MR IP KWOK-HIM** (in Chinese): *It is reported that due to stringent entry requirements, poor promotion prospects and heavy workload, there has been a shortage of Specialists (Education Services) in the Education Department. In this connection, will the Government inform this Council:*

(a) *of the current establishment and strength of the said grade;*

- (b) *of the present workload of a Specialist (Education Services) and the number of school children (including those of special schools) he counsels;*
- (c) *whether it has reviewed the workload vis-a-vis the establishment of the Specialist (Education Services) grade; if so, what the findings are; and*
- (d) *whether it will consider relaxing the entry requirements and improving the promotion prospects of the grade, with a view to attracting qualified persons to join the grade?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President,

- (a) The Specialist (Education Services) grade consists of three streams, namely, Educational Psychology, Audiology and Speech Therapy. Their respective present establishments and strengths are as follows:

<i>Specialist (Education Services)</i>	<i>Establishment</i>	<i>Strength</i>
Educational Psychology	34	23
Audiology	8	4
Speech Therapy	7	5

- (b) The services provided by the Specialist (Educational Psychology) stream include assessment, counselling, crisis management, training and school-based support. In 1996-97, they carried out the following tasks:
 - (i) assessment, counselling and consultation service for 1 500 children, their parents and teachers;

- (ii) vetting of 1 700 applications for placement in non-mainstream schools and assessing the educational needs of the applicants;
- (iii) support for schools in crisis management through a telephone hotline consultation service. During this period, 100 calls for assistance were received. Of these, 25% required emergency school visits by the Specialists (Educational Psychology);
- (iv) regular school-based training and consultation service for 66 schools (including special schools, kindergartens with integrated programmes for mildly disabled children, practical schools and ordinary secondary schools);
- (v) delivery of 80 training seminars and workshops; and
- (vi) implementation of a school-based pilot project in 19 primary schools on gifted education.

The main duties of the Specialist (Audiology) stream is to provide audiological assessment and follow-up services for pre-school and school-aged children. On average, each Specialist (Audiology) provides service to about 500 children per year.

The main duties of the Specialist (Speech Therapy) stream is to provide speech assessment and follow-up remedial services for pre-school and school-aged children, as well as counselling and training for their parents. Each Specialist (Speech Therapy) provides service to an average of 120 children per year.

- (c) The Education Department regularly monitors the establishment and workload of all grades of staff, and conducts review where necessary. The existing establishment of the Specialist (Education Services) grade is considered sufficient to meet service demand.

- (d) The Education Department is conducting a review on the Specialist (Education Services) grade with a view to arriving at proposals to attract more qualified persons to join the grade. The scope of the review covers the grade structure and the entry requirements. We will consult relevant parties when our preliminary findings are available.

Safety of Electric Water Heaters

9. **MR AMBROSE LAU** (in Chinese): *It is reported that according to the findings of a test on electric water heaters conducted by the Consumer Council, a number of storage-type electric water heaters on the market are not up to the safety standards prescribed in the relevant legislation. However, three unvented models of these water heaters are approved by the Water Supplies Department (WSD) for use in Hong Kong. In this connection, will the Government inform this Council of:*

- (a) *the safety standards adopted by the WSD in assessing the safety level of unvented storage-type electric water heaters available on the market in Hong Kong, and whether the Department has made reference to international safety standards in making such assessment;*
- (b) *the measures adopted by the authority to prohibit suppliers from making, and the punitive actions against, unauthorized alterations to the safety devices of electric water heaters which are approved by the WSD for use in Hong Kong; and*
- (c) *the remedial measures it will adopt (such as issuing guidelines on the choice of storage-type electric water heaters) to ensure the safety of users?*

SECRETARY FOR WORKS (in Chinese): Madam President,

- (a) The safety requirements of the electric water heaters of unvented storage-type stipulated in schedule 2 Part IV Paragraph 11 of the Waterworks Regulations are formulated primarily in line with the relevant British Standards with some modifications to suit the local condition. According to this Regulation, an unvented electric water heater shall have the following safety devices:
- (i) a thermostat with a maximum setting temperature of 80°C to control the heating of the stored water;
 - (ii) a thermal cut-out device complying with BS3955 and set at 85°C to cut off the supply of electricity if the stored water is heated above that temperature;
 - (iii) (1) a non-resettable temperature relief valve complying with BS 6283 having a set temperature at 90°C; and a pressure relief valve complying with BS6283, having a set pressure not greater than the maximum designed pressure of the water heater or 1000kPa; or
 - (2) a non-resettable temperature and pressure relief valve complying with BS6283, having a set temperature of 90°C and a set pressure not greater than the maximum designed pressure of the water heater or 1000kPa.
- (b) The Water Authority may withdraw the approval to the use of those water heaters which fail to comply with the requirements under the Waterworks Regulations. In addition, a new Regulation (The Electrical Products (Safety) Regulation) has been made under the Electricity Ordinance (Cap. 406) and will come into effect in May 1998. The electric water heater is one of the electrical products the supply of which will come under the control of this new Regulation. It will be an offence under the Regulation for anyone who supplies an electric water heater which fails to comply with the safety requirements and legal action can be instigated.

- (c) It is noted that the non-compliance as revealed by the recent testing conducted by the Consumer Council has not created any immediate safety problem to the users. However, the Water Authority has contacted the three suppliers concerned and the suppliers have agreed to carry out the rectification for their customers free of charge. The suppliers have also provided their telephone hotlines through which their customers could make enquiries or ask for replacement of the safety devices of their water heaters. A press release on this subject was issued for the information of the public on 17 October 1997.

The Water Authority has also sent warning letters to these three suppliers requiring them to ensure that their water heaters fully comply with the requirements of the Waterworks Regulations. The approval to the use of these water heaters in Hong Kong will be withdrawn should there be recurrence of the same problems. Reminders have also been sent to all other suppliers of electric water heaters who have obtained approval for their products.

There is an advisory leaflet prepared by Water Supplies Department in 1995 in respect of the proper installation of electric water heaters. It is available for collection by the public at Customer Enquiry Centres and Regional Offices of the Water Supplies Department.

Electrical and Mechanical Services Department has also advised the electric water heater suppliers concerning the requirements of the new Electrical Products (Safety) Regulation. Moreover, the guidelines on selection of unvented thermal storage type electric water heaters, one of the six prescribed products under the Regulation, were included in the pamphlet *"How to Select Safe Electrical Products"*, over 50 000 copies of which have been distributed to the public via District Offices, the Housing Department, Consumer Council and power companies.

A copy each of the above mentioned press release, leaflet *"Installation of Electrical Thermal Storage Type Water Heater for Domestic Purpose"* and pamphlet *"How to Select Safe Electrical Products"* are enclosed for information.

Press Release

Heater suppliers agree to rectify faults

The suppliers of three brands of unvented electric thermal storage-type water heaters which have failed to meet the Waterworks Regulations, have agreed to carry out rectification for consumers free of charge, a spokesman for the Water Supplies Department (WSD) said today (Friday).

The three brands of heaters are Berlin UHP models, German Pool models and Winbo WHP models. The suppliers have agreed to replace or repair the substandard safety devices of the sold heaters.

Consumers may call the following numbers to arrange replacement or repair:

Berlin	2334 2427 or 2363 2334
German Pool	2333 6249
Winbo	2699 1089

"Following the announcement of the test results by the Consumer Council, we contacted the suppliers and they agreed to the replacement arrangement," the spokesman said.

"We have also sent them warning letters to ensure that the three types of heaters shall fully comply with the requirements of the Waterworks Regulation if they are manufactured for installation in Hong Kong," he said.

"Reminders have also been sent to all other suppliers of unvented storage-type heaters who have obtained approval for their products," the spokesman added.

He pointed out that all approved heaters of this type should be fitted with a thermostat, thermal cut-out device, temperature relief valve and pressure relief valve of the approved standards as safety devices.

"While we have no record of explosion involving this type of water heater due to failure of the safety devices, consumer should ask their suppliers to carry out inspection if they have any doubt," he said.

"The safe functioning of an unvented water heater relies on the correct installation of the safety devices and their proper maintenance," the spokesman said.

"Installation of unvented electric thermal storage-type water heater shall conform to the requirements of the Water Authority and shall be carried out by a licensed plumber or electrical worker," he said.

"A list of licensed plumbers and electrical workers is available for inspection at the Consumer Enquiry Centre of WSD," the spokesman said.

End/Friday, October 17, 1997

Installation of Electric Thermal Storage Type Water Heater for Domestic Purpose

Introduction

1. Electric thermal storage type water heater is a common type of water heater being used in Hong Kong. This type of water heater allows water to be heated up and stored in the heater. As soon as the hot water is drawn off, the heater is immediately refilled by the incoming cold water which will in turn be heated up to the pre-determined temperature ready for use.

2. The heating process within the heater is controlled by electrical devices such as thermostat and thermal cut-out to prevent the temperature of the hot water from rising above 100°C for steam to be generated. Should the electrical control devices malfunction, excessive steam may accumulate in the heater and pose a risk of explosion. It is therefore necessary that the heater be equipped with suitable means to release the steam as and when required.

Vented or Unvented

3. An effective way to stop steam from accumulating in a thermal storage type water heater is to install an open vent such that any steam generated in the heater as a result of malfunctioning of the electrical control devices can be released from the heater via the vent pipe. This type of vented system however requires that the water supplying the heater must be provided from a storage cistern and the vent pipe shall continuously rise without obstruction until it discharges to atmosphere above the storage cistern at a sufficient height to prevent a constant out-flow of hot water therefrom.

4. As an alternative to the installation of a vented system, electric thermal storage type water heater can be protected by the provision of relief valves. In case the electrical temperature control devices of the heater fail to function properly, the relief valves will release the steam and hot water when the temperature or pressure generated in the heater exceeds a pre-determined limit, thus preventing steam from accumulating in the heater.

5. Prior to September 1990, only vented electric thermal storage type water heaters were permitted to be installed. Subsequent to the amendment of

Waterworks Regulations in August 1990, permission has since been extended to the installation of unvented heaters equipped with approved type of safety devices.

Notes on the Installation of Unvented Heaters

6. Before installing unvented electric thermal storage type water heater, consumer should apply to the Water Authority for approval. Storage capacity of the water heater shall not exceed 200 litres. Application should include plumbing arrangement of the installation together with the details of the water heater.

7. Unvented electric thermal storage type water heater shall be fitted with the following safety devices of approved standards:

- (a) a thermostat;
- (b) a thermal cut-out;
- (c) a temperature relief valve; and
- (d) a pressure relief valve

(a combined temperature and pressure relief valve may be used in lieu of (c) and (d)).

8. Installation of unvented electric thermal storage type water heater shall conform to the requirements of the Water Authority and shall be carried out by a licensed plumber/electrical worker, who has received appropriate training on the installation of this type of water heaters. Names of these licensed plumbers and electrical workers who have received special training are available at the Waterworks Consumer Enquiry Centres for inspection.

9. The safe functioning of an unvented water heater relies much on the correct installation of the safety devices and their proper maintenance after installation. Do not attempt to modify or tamper with the safety devices of the unvented water heater. Engage qualified plumbers or electrical workers to conduct maintenance checks at least once a year.

WATER AUTHORITY,
IMMIGRATION TOWER
7 GLOUCESTER ROAD

(四頁表)

Measures to Encourage Owners' Corporations to Take out Insurance

10. **MR LEE KAI-MING** (in Chinese): *Recently, a plumbing and electrical artisan, who became quadriplegic after falling from a building where he was carrying out maintenance works, was awarded compensation of over \$27 million by the court. As the owners' corporation of the building had neither taken out public liability insurance nor employees' compensation insurance at the time of the accident, owners of the flats of the building may have to pay the compensation themselves. In this connection, will the Government inform this Council of:*

- (a) the number of similar cases occurring in Hong Kong over the past three years and the total amount of compensation involved;*
- (b) the number of cases in which compensation to injured employees was paid from the Employees Compensation Assistance Fund due to the failure of employers to take out insurance for their employees, over the same period of time, and the total amount of payment involved; and*
- (c) the measures to be adopted to encourage owners' corporations of buildings to take out public liability insurance or employees' compensation insurance, especially when renovating their premises?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, according to the Judgment in the Court of First Instance, the case in question involved an injured electrician suing the owners' corporation (OC) of a building for damages for personal injuries under the Occupiers Liability Ordinance (Cap. 314). This was not a claim against his employer under either the Employees' Compensation Ordinance (Cap. 282) or at common law. As such, the case falls outside the ambit of the Employees Compensation Assistance Scheme (the Scheme). Under its enabling ordinance — the Employees Compensation Assistance Ordinance (Cap. 365) — the Scheme seeks to allow an employee, who is unable to recover from an employer payment of compensation or damages which the latter is liable to pay under the Employees' Compensation Ordinance or common law, to apply for payment of that amount from the Fund. Against this background, my reply to the Honourable Member's

specific questions is as follows:

- (a) According to our records, there was no similar compensation case against owners' corporation in Hong Kong during the past three years.
- (b) During the period from 1 April 1994 to 30 September 1997, the Employees Compensation Assistance Fund Board has made payment for 66 cases which arose from the employers' failure to take out employees compensation insurance beforehand. The total payment involved was \$88.7 million.
- (c) An OC has the statutory duty to manage and maintain the common parts of the building. Under section 18(2) of the Building Management Ordinance (Cap. 344), an OC has the power to insure the building against fire and other risks. The Home Affairs Department is undertaking a regular promotional programme on effective building management of which building insurance has long been an important part. The promotional efforts on building insurance include the following:
 - (i) An educational video tape on "Building Insurance" is available at the District Offices (together with seven others on building management and maintenance) for loan to interested members of the public free of charge.
 - (ii) Roving exhibitions on building insurance which includes property insurance, employees' compensation, public liability and fire are mounted from time to time.
 - (iii) A booklet entitled "Building Management" which includes two comprehensive chapters on building insurance and employees' compensation is available at all District Offices.
 - (iv) Building owners are constantly reminded of the need to take out building insurance whilst staff of the District Offices, including the Building Management Co-ordinance Teams are advising them on building management and maintenance.

The Home Affairs Department (HAD) is now reviewing its promotional strategy on building management with a view to enhancing the message on building insurance in next year's programme.

As regards employees' compensation insurance, it is a statutory requirement that all employers have to take out insurance against their liability over their employees in case of work-related injuries under the Employees' Compensation Ordinance.

The Labour Department (LD) constantly reminds employers of their statutory obligation to take out employees compensation insurance policies through their extensive publicity efforts such as talks, seminars, and leaflets.

The LD also takes vigorous enforcement action, including mainly regular inspections to all establishments (both industrial and non-industrial) and prosecutions, to ensure that employers do comply with the legislative provisions on compulsory insurance.

To remind OCs which employ watchmen and cleaners, and so on of their obligation to take out insurance under the Employees' Compensation Ordinance, the HAD also regularly distributes the LD's leaflet on employees' compensation insurance to some 5 000 registered OCs in Hong Kong.

Relocation of Paging Companies Away from Hong Kong

11. **MR CHOY KAN-PUI** (in Chinese): *Will the Government inform this Council:*

(a) *whether it is aware of:*

(i) *the respective total numbers of paging companies in Hong Kong and their employees at present;*

- (ii) *the number of paging companies which have moved their business away from Hong Kong in the past three years; and*
- (b) *whether it has assessed the impact of the moving of the paging companies' business away from Hong Kong on the local labour market; if so, what the details are?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President,

- (a) (i) There are at present 31 public paging services licensees in Hong Kong. We have no statistics on the total number of employees in the paging industry but it is estimated that the licensees are employing a total of 4 000 paging operators in Hong Kong.
- (ii) According to information available to the Government, three public paging services licensees have relocated their operational centres out of Hong Kong during the past three years.
- (b) The relocation of some paging companies from Hong Kong has so far had no significant impact on the local labour market. The unemployment rate of the communications sector as a whole has remained at a consistently low level, at around 2%. The telecommunications industry is undergoing rapid expansion. This, together with the liberalization of the telecommunications industry, will stimulate growth in the other segments of the communications industry and related service sectors of the economy. This will in turn bring about an increase in employment opportunities of the services industry in Hong Kong as a whole and help absorb workers displaced from the paging industry. We will, nevertheless, closely monitor the impact of any future relocation of paging companies on the labour market and take appropriate measures to help the affected workers as and when necessary.

Discretionary Power of Immigration Department Officers in Issuing Entry Permits

12. **MR CHAN CHOI-HI** (in Chinese): *It is reported that a local female singer's daughter, who was born in the Mainland early this year, was issued with an entry permit to settle in Hong Kong by the Immigration Department only 10 months after her birth. In this connection, will the Government inform this Council:*

- (a) *of the established criteria and procedure according to which the Immigration Department issued the entry permit to the baby girl; whether these criteria and procedure are applicable to all infants born to female Hong Kong permanent residents during their brief stay in the Mainland; if not, why not;*
- (b) *whether Immigration Department officers have discretionary power with regard to the application for entry permits by such mothers for their infants; if so, the measures in place to monitor the use of the discretionary power by Immigration Department officers in issuing entry permits; and*
- (c) *if it has undertaken any study on whether or not the issuance of an entry permit to the baby girl has contravened the Hong Kong Bill of Rights Ordinance and the principle of equal opportunity; if not, why not?*

SECRETARY FOR SECURITY (in Chinese): Madam President, in accordance with principles laid down in schedule 1 of the Personal Data (Privacy) Ordinance, I cannot disclose information relating to a particular individual. I can therefore only answer the more general aspects of the question.

- (a) Normally, mothers who are Hong Kong residents give birth to their children in Hong Kong. Where the mother is away from Hong Kong temporarily during which time the child is born, the Director of Immigration may allow the entry of the new-born infant into Hong Kong with the mother upon application by the latter. All

relevant factors such as whether the mother was legally resident in Hong Kong, whether she intends to continue to reside in Hong Kong and other relevant circumstances of the case are taken into account in deciding whether permission is granted. This has been the practice since 1987; it is consistent with common international practice that a new-born infant of a female visitor in a foreign country will normally be allowed to take up residence with its mother at her place of domicile.

On receipt of such an application, the Immigration Department will assess the case carefully. If additional information or clarification has to be sought, the mother (or the parents) may be required to attend an interview. If after assessment of the case permission is granted, an entry permit will be issued enabling the new-born infant to come as a dependant for an initial stay of 12 months. Normally the entry permit is delivered to the mother or the parents. If the child is born in the Mainland, we understand that the parents will have to apply for exit permission on behalf of their new born infant from the relevant mainland authorities after the entry permit has been issued.

- (b) Under the Immigration Ordinance, an immigration officer may give a person permission to land in Hong Kong or refuse the person such permission. The Immigration Ordinance empowers the Director of Immigration to issue directives to immigration officers with respect to the exercise or performance of any powers, functions or duties under the Ordinance, and requires immigration officers to comply with these directives. These directives are issued by the Director in accordance with government policies. Decision involving the exercise of discretionary powers are made at an appropriate level. Any person aggrieved by a decision of an immigration officer may appeal to the Director of Immigration for reconsideration, or to the Security Bureau, the Chief Secretary for Administration or the Chief Executive, or he may seek redress from the courts.
- (c) It is not a contravention of the Hong Kong Bill of Rights Ordinance or the principle of equal opportunity to allow children born outside Hong Kong to Hong Kong resident mothers to enter Hong Kong if the circumstances of their cases so warrant. The mothers in these

cases are legal residents of Hong Kong and could have given birth to their children in Hong Kong, in which case the child would have residential rights in Hong Kong automatically. It is not appropriate to compare them with mainland mothers who are not legal residents of Hong Kong and whose child could not normally be born in Hong Kong.

Special School Places in Yuen Long and Tuen Mun

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

- (a) *of the estimated number of mentally handicapped children living in the Yuen Long and Tuen Mun districts at present and among them, the number awaiting admission to special schools in their respective districts;*
- (b) *of the total number of special school places in the Yuen Long and Tuen Mun districts;*
- (c) *of these schools, the number not provided with halls and playgrounds; and*
- (d) *whether it will conduct a review on the adequacy of special school places in the Yuen Long and Tuen Mun districts; if so, what the details are; if not, why not?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President,

- (a) As at 15 September 1997, there were 802 mentally handicapped children residing at Yuen Long and Tuen Mun. Of these, 791 were attending different categories of special schools for the mild, moderate and severe mentally handicapped. Due to a mismatch in the supply and demand of school places at certain school levels and in certain school categories, 11 children were attending other schools whilst awaiting admission to special schools in the districts.

- (b) At present, there are six special schools for the mentally handicapped at Yuen Long and Tuen Mun districts, providing a total of 830 school places.
- (c) Among these schools, only one is not provided with a covered playground and a hall. The Education Department is planning to reprovision this school and the new school will have a covered playground as well as a hall.
- (d) The Education Department regularly reviews the provision of special school places in all districts. The Department is now studying the demand for special school places in Tuen Mun and Yuen Long based on the information derived from the 1996 By-census.

Public's Access to the Policy Address

14. **MR NGAI SHIU-KIT** (in Chinese): *Regarding the public's access to the policy address, will the Government inform this Council of:*

- (i) *the total number of copies of the policy address distributed to the public;*
- (ii) *the total number of downloading from the Government's web page on the Internet containing the policy address; and*
- (iii) *the respective production costs and administration expenses involved in the printing of the policy address and its uploading to the web page on the Internet?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President,

- (i) Total number of copies of the policy address and major related documents distributed to the public:

	<i>Chinese</i>	<i>English</i>	<i>Total</i>
policy address	64 000	39 000	103 000
policy programmes	32 000	16 000	48 000
leaflet	250 000 (Bilingual)		250 000

- (ii) Up to 13 November 1997, the number of "downloadings" of the 1997 policy address and policy programmes from the Government's web page on the Internet (known as the Government Information Centre) totalled:

	<i>Chinese</i>	<i>English</i>	<i>Total</i>
policy address	5 020	3 417	8 437
policy programmes	2 034	1 689	3 723

- (iii) The total printing cost of the policy address, policy programmes and leaflet was \$2.43 million. Administrative costs — such as those for the physical carriage of these documents to the various distribution points — were absorbed under the existing budgets of various bureaux and departments. They cannot readily be calculated as a discrete item of expenditure. This is also the case in respect of the distribution of these documents through the Internet. That task was undertaken as part of the normal work of the Management Services Agency and the Information Services Department's Internet Resource Centre. The costs were absorbed

within their existing budgets.

The attractiveness of using the Internet is that, once information is "on-line", the cost of distribution is not high. But traditional methods of distribution will remain necessary for the foreseeable future as the majority of the population do not use the Internet. An additional consideration is that many people prefer hardcopies because they are easier to read and more convenient for casual reference.

Ex-Governor's Banquets in the Former Government House

15. **MR HENRY WU** (in Chinese): *Will the Government inform this Council of:*

- (a) *the respective numbers of official and private banquets held by the former Governor, Mr Christopher PATTEN, in former Government House each year during his term of office;*
- (b) *the respective average direct expenditure incurred in holding the official and private banquets (including the remuneration for temporary staff), and the respective proportions of the expenditure paid out of public funds to the total amount of such expenditure; and*
- (c) *the respective average indirect expenditure incurred in holding the official and private banquets (including the personal emoluments for those public officers responsible for preparing these banquets as well as for staff members at former Government House)?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President,

- (a) It is difficult to differentiate between official and private banquets held by the former Governor. The former Government House was the official residence of the former Governor and banquets held

there were mostly related to the former Governor's official post. Based on available information, the former Governor on average held about three to eight banquets in the former Government House each month.

(b) and (c)

The average annual entertainment expenses during the former Governor's term of office in Hong Kong was \$861,000. This does not include staff costs. Bearing in mind that staff members working in the Government House had many duties, it is very difficult to attempt to apportion their emoluments according to their different duties.

Government Assistance to the Manufacturing and Service Industries

16. **DR CHARLES YEUNG** (in Chinese): *In the Policy Programme of the Trade and Industry Bureau issued together with the 1997 policy address, it is mentioned that the Government will provide support for manufacturing and service industries. In this connection, will the Government inform this Council:*

- (a) *how the Government defines "manufacturing industry" and "service industry";*
- (b) *of the amount allocated by the Government to support the manufacturing industry in undertaking technological research in each of the past five years; such amount as a percentage of the value of net output by the manufacturing industry; and the provisions allocated respectively by the governments of Taiwan, Japan, South Korea and Singapore in this regard; and*
- (c) *of the amount allocated by the Government to finance the Services Support Fund of the service industry in each of the past five years, and such amount as a percentage of the value of net output by the*

service industry?

SECRETARY FOR TRADE AND INDUSTRY (in Chinese): Madam President,

- (a) In accordance with the Hong Kong Standard Industrial Classification which is modelled on the United Nations International Standard Industrial Classification, "manufacturing" covers those activities which specifically involve the mechanical or chemical transformation of materials or substances into new products, whereas "service" covers a wider range of economic activities including the following:
 - (i) wholesale, retail and import/export trades, restaurants and hotels;
 - (ii) transport, storage and communication;
 - (iii) financing, insurance, real estate and business services; and
 - (iv) community, social and personal services.
- (b) We do not compile statistics on the Government's expenditure on research for the manufacturing sector. Nevertheless, the Government is fully committed to providing maximum support for the technological development of the manufacturing industry. At present, two major direct funding schemes are available for research, *viz.* the Research Grants Council and the Industrial Support Fund. The former supports a wide range of researches at higher education institutes and projects on industrial and technological research are eligible for funding support. The latter specifically supports projects which may enhance the development and competitiveness of the manufacturing sector. In addition, the Applied Research and

Development (R&D) Scheme operates two funding schemes to support technology ventures or R&D projects undertaken by local companies.

These direct funding supports are supplemented by the services provided by a number of industrial support organizations, notably the Hong Kong Productivity Council and the Hong Kong Industrial Technology Centre, as well as local universities. In the coming few years, the Government has various plans to improve the technology infrastructure in Hong Kong, including those to develop a second Industrial Technology Centre and a Science Park. All these initiatives will help upgrade the research capability of the manufacturing sector.

As regards the research expenditure incurred by other governments, the available information is set out below:

<i>Country</i>	<i>Year</i>	<i>Government funded R&D expenditure</i>	<i>% of government funded R&D expenditure as a % of GNP</i>
Japan	1991	2.50 billion yen	0.5%
South Korea	1994	1.26 billion won	0.4%

We do not have similar information on Singapore or Taiwan.

- (c) The Services Support Fund (SSF) was set up in July 1996 with an initial capital injection of \$50 million to provide financial support for projects which would further the development and increase the competitiveness of Hong Kong's service industry. We shall seek the approval of the Finance Committee of the Provisional

Legislative Council shortly for the allocation of an additional \$50 million to the Fund so as to finance more worthwhile projects for the service sector.

We do not consider a linkage between the SSF and the value of output by the service industry to be meaningful or to serve any useful comparative purpose. We wish to take this opportunity to state that besides the SSF, the Government provides a wide range of support services to facilitate the development of the service sector. For instance, we have established the Business and Services Promotion Unit to co-ordinate the Government's initiatives to help the business and service sector. We have also set up the Small and Medium Enterprises Committee to enhance our support for these enterprises which make up the bulk of the business in Hong Kong. We have established recently a new Business Licence and Information Centre to provide one-stop information on licence requirements for different businesses. In addition, the Hong Kong Productivity Council has also strengthened its support for the services sector through the establishment of the new Service Quality and Productivity Systems Branch, while the Hong Kong Trade Development Council has also set up a special unit to promote Hong Kong's service industry overseas.

Hillside Escalators

17. **MR CHAN CHOI-HI** (in Chinese): *Will the Government inform this Council:*

- (a) *of the average monthly usage and operating cost of the hillside escalator between the Central District and the Mid-Levels (the Escalator) since its opening, and how these figures compare to the Government's original forecasts;*
- (b) *whether it has any plan to build more hillside escalators in the Central and Western Districts; if so, what the number is and*

whether such plans will be carried out as scheduled; if not, of the reasons for not building more escalators; and

- (c) *whether it has studied the feasibility of constructing other hillside escalators by using methods which will cost less than that used for the Escalator; if so, of the findings of the study; if not, of the reasons for not conducting the study?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, according to surveys conducted by the Transport Department, the average monthly patronage of the escalator system was 0.93 million person-trips in 1994, 1.02 million in 1995, 1.03 million in 1996 and 1.04 million in 1997. The original forecasts were for 0.76 million in 1994 and 0.84 million in 1996. The actual usage of the escalator system is higher than originally estimated.

The monthly operating costs of the escalator system was estimated to be about \$274,000 (1990 prices) when we put forth the proposal. Adjusted for inflation, this is equivalent to roughly \$362,000 at 1994 prices, and comes very close to the actual recurrent monthly operating costs of some \$370,000 commencing from 1994 to mid-1997.

The existing escalator system is a pilot scheme. We are conducting a further review of its overall effectiveness following the opening of the Western Harbour Tunnel. Pending the results of this review, we have no plans to construct other hillside escalators in Central and Wan Chai Districts.

If and when we decide to construct a similar hillside escalator, we will examine and identify the most cost-effective way of providing the facility.

Public Bus Service in Tung Chung New Town

18. **MR HOWARD YOUNG:** *Regarding the public bus service in Tung Chung New Town, will the Government inform this Council:*

- (a) *whether there are complaints lodged against such service; if so, the total number of such complaints, together with a breakdown by their nature;*
- (b) *of the actions taken in response to these complaints; and*

- (c) *whether the public bus service between Tung Chung New Town and Hong Kong Island will be put in place before the commissioning of the new airport in April next year; if so, what the bus routes will be; if not, why not?*

SECRETARY FOR TRANSPORT: Madam President, from May to October 1997, the Transport Department received a total of nine complaints about the bus services serving Tung Chung New Town. A breakdown of the complaints received, together with the action taken by the Transport Department in response to such complaints, is at Annex.

To cope with the anticipated increase in passenger demand from Tung Chung New Town to Hong Kong Island following the opening of the new airport, the Transport Department intends to introduce two additional services in April 1998. One of the two new routes is a new external bus service (route no. E11) from Chek Lap Kok to Causeway Bay, via North Lantau Highway, Route 3, Western Harbour Crossing, Sheung Wan, Central and Wan Chai. The other one is a night service of similar routing (route no. N11).

Annex

Breakdown of Complaints by Nature and Action Taken by TD

<i>Nature of complaints</i>		<i>No. of complaints</i>	<i>Action/Remarks</i>
Inadequate bus services on the following routes -			
Route E21	Tai Kok Tsui - Tung Chung	1	In total, 11
Route E22	Kowloon City Ferry - Tung Chung	1	additional buses have been deployed to serve these three routes. Services
Route E31	Tsuen Wan Ferry - Tung Chung	1	now found to be satisfactory.

Inadequate bus services on the

following
routes -

Route 11	Tai O - Tung Chung	1	Additional buses will be deployed to meet holiday demand. Maximum of 6 buses added.
Route 23	Ngong Ping - Tung Chung	1	

<i>Nature of complaints</i>	<i>No. of complaints</i>	<i>Action/Remarks</i>
Excessive bus trips on Tung Chung Road on Saturdays and Sundays	3	Complaint found not justified, as the additional trips were required to meet travel demand during holidays.
Detour of buses on Routes 3 and 13 via the Tung Chung Ferry Pier	1	Complaint found not justified, as the detours were authorized to meet traffic demand.

Extradition to Hong Kong of a British Garrison Member Allegedly Having Committed Homicide

19. **MR LAU KONG-WAH** (in Chinese): *In May this year, a court in the United Kingdom ruled that a former member of the British Garrison in Hong Kong who had allegedly committed homicide whilst stationed in Hong Kong should be extradited to Hong Kong for trial. In this connection, will the Government inform this Council:*

- (a) *of the progress of extraditing the suspect to Hong Kong and the anticipated commencement date of the trial; and*
- (b) *whether it will consider requesting the British servicemen who had witnessed the incident to return to Hong Kong to give evidence?*

SECRETARY FOR SECURITY (in Chinese): Madam President, the suspect, Barry Peter MILLER, was arrested in the United Kingdom on 9 May 1997. An extradition hearing before the Bow Street Magistracy in London took place on 12 September 1997. The Magistrate committed MILLER on both the manslaughter and wounding charges. On 26 September 1997, MILLER lodged an application for *habeas corpus* in the High Court to appeal against the decision to commit by the Magistrate. A hearing date for the application has yet to be fixed.

Before completion of court proceedings in the United Kingdom, it would be difficult to anticipate at this stage the commencement date of the trial in Hong Kong. In addition to his application for *habeas corpus*, MILLER has further rights of appeal. He cannot be surrendered until all court proceedings are concluded. We will continue to work with the United Kingdom Government to expedite matters.

The Government will request the attendance of all necessary witnesses for the trial in Hong Kong.

MOTIONS

PRESIDENT (in Cantonese): Motions. Motion under the Cross-Harbour Tunnel Ordinance. Secretary for Transport.

CROSS-HARBOUR TUNNEL ORDINANCE

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, I move that the Cross-Harbour Tunnel (Amendment) Bylaw 1997 be approved.

The amendment Bylaw and the three amendment Bylaws which I am going to move later seek to allow vehicles propelled by all types of fuel, instead of only petroleum spirit, to pass through the four tunnels concerned. These amendments have been endorsed by the Board of Directors of the respective tunnel companies.

We take the opportunity to change the colour combination of Autotoll lane signs prescribed in the Cross-Harbour Tunnel Bylaw. Amendments to the Bylaws of the other three tunnels are not necessary as such specification has

already been provided for in their respective Bylaws. In addition, a technical amendment is made to the Cross-Harbour Tunnel Bylaws to provide for further restriction on keeping in lane in the tunnel area.

The Administration has decided to launch a trial run of LPG taxis at the end of this month to ascertain the reliability of LPG taxis and to gauge operation data on fuel consumption, repair and maintenance.

In our urban areas, the concentrations of respirable suspended particulates (RSP) have consistently breached the related Air Quality Objective, and emissions from diesel vehicles are the most important source of RSP. Emissions from diesel vehicles have to be reduced in order to bring down the ambient RSP concentrations. One possible means to achieve this is the introduction of cleaner fuel alternatives such as LPG.

As existing Bylaws of the various tunnels prohibit vehicles conveying dangerous goods from using these tunnels, LPG-propelled vehicles are not allowed to use the road tunnels under existing legislation. Amendments to the relevant Bylaws are therefore necessary for launching the trial run.

In addition to the above amendment Bylaw and the other three amendment Bylaws which I will move later on, the Road Tunnels (Government) Regulations and the Tsing Ma Control Area (General) Regulation also need to be amended. The two amendment Regulations were gazetted on 24 October 1997 and were submitted to the Provisional Legislative Council for negative vetting on 29 October 1997.

The Planning, Environment and Lands Bureau reported the interim findings of the working group led by the Environmental Protection Department to the Panel on Environmental Affairs of the former Legislative Council and of the Provisional Legislative Council in February and September 1997 respectively. Members of the Panel on Transport were also invited to attend these sessions. In addition, we have consulted the taxi trade on this environmental initiative. The trade is generally receptive to the trial run of LPG taxis. Making of the above amendment Bylaws not only allows the trial run of LPG taxis to proceed in November this year as scheduled, but also facilitates the Government to introduce new fuels in future to improve the air quality.

Madam President, I beg to move.

The Secretary for Transport moved the following motion:

"That the Cross-Harbour Tunnel (Amendment) Bylaw 1997, made by The Cross-Harbour Tunnel Company, Limited on 6 October 1997, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Cross-Harbour Tunnel (Amendment) Bylaw 1997, made by The Cross-Harbour Tunnel Company, Limited on 6 October 1997, be approved. Does any Member wish to speak? Mrs Miriam LAU.

MRS MIRIAM LAU (in Cantonese): Madam President, in 1995, the Government proposed the diesel-to-petrol scheme for vehicles under four tonnes, which was highly recommended by the Government at that time. Today, the Government's motion will facilitate the launch of the LPG taxi trial run. I am glad to see that the Government has eventually given up the diesel-to-petrol scheme, a stopgap measure that puts the cart before the horse, and shown the determination to find a more permanent solution which will get to the root of the problem.

I am also pleased to see that the taxi trade is enthusiastic in participating in this trial scheme. Over the past two years, together with the taxi trade, the public light bus trade and the environmentalists, I have been urging the Government to actively consider using an alternative fuel proven environment-friendly. Now we finally get the positive response from the Government which will set the scheme in motion.

However, according to studies conducted by the Hong Kong Polytechnic University and the Hong Kong University, the emissions by taxis and public light buses account for only 23.5% of the total ambient RSP concentration. On the other hand, heavy vehicles and buses emit a significant proportion of RSP which is much higher than that of taxis and public light buses. This shows that the LPG vehicle trial run, which targets at taxi but not other types of vehicles, cannot completely mitigate the air pollution problem in Hong Kong. Nevertheless, it represents a good start after all.

The LPG taxi trial scheme will enable the Government to collect more information and data to ascertain the feasibility of using alternative fuels in Hong Kong. Although heavy vehicles and buses are not suited to LPG for the time being, the Government should actively consider the feasibility of using natural gas or other environment-friendly fuel by these types of vehicles. Only with a multi-pronged approach will we be able to improve substantially the air quality in Hong Kong.

The amendments to the four tunnel-related ordinances are only minor and technical in nature. But the implication is significant because it marks a new era in Hong Kong of using an alternative fuel which is environment-friendly.

With these remarks, Madam President, I support the Government's motion.

PRESIDENT (in Cantonese): Does any Member wish to speak? Secretary for Transport, do you wish to reply?

(The Secretary for Transport indicated he did not wish to reply)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour of the motion please say "aye".

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

PRESIDENT (in Cantonese): Motion under the Eastern Harbour Crossing Ordinance. Secretary for Transport.

EASTERN HARBOUR CROSSING ORDINANCE

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, I move the Eastern Harbour Crossing Road Tunnel (Amendment) Bylaw 1997 be approved. I have already introduced the amendment to this Bylaw in my earlier speech and I have nothing further to add.

The Secretary for Transport moved the following motion:

"That the Eastern Harbour Crossing Road Tunnel (Amendment) Bylaw 1997, made by the New Hong Kong Tunnel Company Limited on 22 October 1997, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Eastern Harbour Crossing Road Tunnel (Amendment) Bylaw 1997, made by the New Hong Kong Tunnel Company Limited on 22 October 1997, be approved. Does any Member wish to speak?

(No Member indicated to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour of the motion please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

PRESIDENT (in Cantonese): Motion under the Tate's Cairn Tunnel Ordinance.

Secretary for Transport.

TATE'S CAIRN TUNNEL ORDINANCE

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, I move the Tate's Cairn Tunnel (Amendment) Bylaw 1997 be approved. I have also introduced the amendment to this Bylaw in my earlier speech and I have nothing further to add.

The Secretary for Transport moved the following motion:

"That the Tate's Cairn Tunnel (Amendment) Bylaw 1997, made by the Tate's Cairn Tunnel Company Limited on 14 October 1997, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Tate's Cairn Tunnel (Amendment) Bylaw 1997, made by the Tate's Cairn Tunnel Company Limited on 14 October 1997, be approved. Does any Member wish to speak?

(No Member indicated to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour of the motion please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

PRESIDENT (in Cantonese): Motion under the Western Harbour Crossing Ordinance. Secretary for Transport.

WESTERN HARBOUR CROSSING ORDINANCE

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, this is the last of the four amendments Bylaws. It has the same object as the others. I have nothing further to add. I move that the Western Harbour Crossing (Amendment) Bylaw 1997 be approved.

The Secretary for Transport moved the following motion:

"That the Western Harbour Crossing (Amendment) Bylaw 1997, made by the Western Harbour Tunnel Company Limited on 6 October 1997, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Western Harbour Crossing (Amendment) Bylaw 1997, made by the Western Harbour Tunnel Company Limited on 6 October 1997, be approved. Does any Member wish to speak?

(No Member indicated to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour of the motion please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

PRESIDENT (in Cantonese): Motion under the Trading Funds Ordinance. Secretary for the Treasury.

TRADING FUNDS ORDINANCE

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I move the motion standing in my name on the Agenda. The purpose of the motion is to close the Sewage Services Trading Fund (SSTF) on 31 March 1998. Although the Secretary for Works has the policy responsibility for the Trading Fund, section 12(1) of the Trading Funds Ordinance provides that the legislature may, on the recommendation of the Financial Secretary, resolve to close a trading fund. I am here to move the motion because the definition of Financial Secretary for this purpose under the Interpretation and General Clauses Ordinance (Cap. 1) includes the Secretary for the Treasury.

Background

The SSTF was established by a resolution passed by the previous Legislative Council under the Trading Funds Ordinance on 11 March 1994. Upon setting up of the Fund, the Government injected \$6.8 billion cash as trading fund capital to finance the construction of a High Priority Programme for the collection, treatment and disposal of sewage around the Victoria Harbour. The Fund is also responsible for operating a sewage charging scheme as from April 1995. Accepting that sewage services were essential public services, the Government decided that the Fund would not need to make a return on the assets employed or to recover the depreciation of assets, instead, the Government only aimed to recover the operating and maintenance costs of providing sewage services.

Reasons for Closing the SSTF

The Trading Funds Ordinance requires that a trading fund should meet all expenses out of its revenue. As I just said, on establishing the SSTF, the Government's intention was to recover the operating and maintenance costs of providing sewage services through sewage charges. Therefore, we need to adjust the charges on a regular basis to reflect cost increase over time. However, since the introduction of the charging scheme in 1995, we have not been able to obtain the legislature's endorsement of our proposal to adjust the sewage charges to cover increases in operating and maintenance costs. With the rapid growth in expenditure as new facilities are brought on stream, unless the trading fund can increase its charges substantially, it will incur huge operating deficits in the coming years. This contravenes the principles of the Trading Funds Ordinance.

The only way to resolve this issue is to close the Fund and re-establish sewage services on a vote-funded basis.

Accounting Arrangements

We propose to close the Fund on 31 March 1998. Consequently, we will write off the accumulated deficit of the Fund up to that date. This is estimated to be about \$231 million. The residual balance of the capital account represented by cash in hand and in bank of around \$2.1 billion will be returned to the Capital Investment Fund. The Government will take over the Fund's outstanding commitments, amounting to about \$2.8 billion, for construction contracts for capital works projects under the High Priority Programme. We shall seek the approval of the Finance Committee to meet these commitments under the Capital Works Reserve Fund from 1 April 1998. All the non-cash assets, including the sewerage assets appropriated to the Fund, would revert to the Government and become its property.

Under a vote funding arrangement, there would be no change to the operation of sewage services provided by the Drainage Services Department. Funding of recurrent expenditure on sewage services after 1 April 1998 would be provided for in the General Revenue Account Estimates. We would continue to maintain the transparency and accountability of the operation of sewage services.

We will continue to implement the planned development of a proper sewerage system. Therefore, the completion of the High Priority Programme, including Stage I of the Strategic Sewage Disposal Scheme (SSDS), would not be affected by the closure of the SSTF. However, in order to continue to implement the High Priority Programme, we will need to seek approval for funds from the Finance Committee, this include additional funds for the completion of four of the six underground sewage collection tunnels.

Sewage Charging Scheme

The closure of the Fund would not affect the "polluter pays" principle. The Government will continue to exercise the powers under the Sewage Services Ordinance to collect sewage charge and the Trade Effluent Surcharge (TES), and polluters would continue to pay a share of the direct operating and maintenance costs of running the sewage services.

For the "polluter pays" principle to be meaningful, we intend to maintain the respective shares of the operating and maintenance costs borne by the Government and polluters, which are expected to be about half of the sewage charge in 2000-2001 when all the projects under SSDS Stage I are completed and the Stonecutters Island Sewage Treatment Works operates at full capacity. Towards this aim, we need to increase sewage charges by a reasonable amount annually in order to maintain the shared responsibility between the Government and the public in cleaning up the environment.

Clarifications

There have been suggestions that our proposed closure of the Fund is due to the inefficiency of the Drainage Services Department in the delivery of sewage services and its inability to control costs. This is simply not true: our sewage charges are among the lowest in the world.

There are also allegations that one of the reasons that the Fund has failed was that the TES is seriously flawed. Indeed there are people who claim that the TES levied on them is unfair. We are always prepared to look into such claims. The Government has recently completed the review of the TES Scheme and will soon consult Members on the measures to improve it. However, we should bear in mind that the TES reflects the additional cost of treating the more polluting effluent generated by the relevant industrial and commercial operations, it is therefore equitable. If we dispense with this surcharge, then both the Government and the general public would be subsidizing the more polluting trades.

Conclusion

The closing of the SSTF would provide a practical way forward for the Government and the community to continue to share the responsibility of cleaning up the environment. I invite Members to support the motion before them.

The Secretary for the Treasury moved the following motion:

"That:

- (a) on the recommendation of the Financial Secretary, the Sewage Services Trading Fund ("the trading fund") shall be closed at the end of the day on 31 March 1998;
- (b) on the closure of the trading fund:
 - (i) all money whether from operating revenue or from cash assets shall be part of the Capital Investment Fund;
 - (ii) all liabilities shall be assumed by the Government;
 - (iii) all other assets shall be transferred back to and from part of the property of the Government."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for the Treasury under the Trading Funds Ordinance, as set out on the Agenda, be approved. Does any Member wish to speak? Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): Madam President, I would like to express my gratitude to the Government for listening to the views of various sectors and coming to such a wise decision. Needless to say, a lot of comments have been raised about the TES, as mentioned by the Secretary for Treasury. Some claimed that the TES is unfair, particularly, the method of handling certain industries is not appropriate and the burden is too heavy on them. So, if the Government can take on board the public's view towards the SSTF and come up with such a decision, this is most welcome. I have been given to understand that the Government is going to conduct a review in order to arrive at a fairer and more transparent approach in fixing the TES, I think this will be highly appreciated.

The Liberal Party has been in the support of the "polluter pays" principle. However, we have reservations and doubts about the fairness of the original formula. We doubt whether it will cause difficulties to the trades. If there are difficulties in implementation, can the appeals channel handle the complaints fairly? Undeniably, the Government's new approach is meritorious in that it enables us to consider anew how best to arrive at a better arrangement. I also appreciate that the Government has listened to good advice and undertaken to shoulder the huge costs together with the public — a piece of advice that had been ruminated by the former legislature and advocated by the community. We consider this approach will not in any way violate the principle of "polluter pays" while taking account of the actual burden on the community.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr CHAN Wing-chan.

MR CHAN WING-CHAN (in Cantonese): Madam President, I believe the motion moved by the Secretary for the Treasury on closing the SSTF will be supported and endorsed by Members. The Federation of Trade Unions and I not only endorse the closing of the Fund but we will also celebrate it. It is a pity that firecrackers are not allowed; otherwise, I would also set off a string of firecrackers to bid it farewell. However, I can quote from a poem to express my feelings. It reads, "May I ask where the god of plague is going? Allow me to burn the paper boats and candles to light up the way thou art taking."

The SSTF was established by the Sewage Services Department in 1994 to collect sewage charges to finance the operation and maintenance of the sewage collection and treatment system. The Sewage Services (Sewage Charge) Regulation and the Sewage Services (Trade Effluent Surcharge) Regulation were passed by the former Legislative Council in December 1994 and April 1995 respectively, and a sewage service charging scheme began its operation on 1 April 1995.

Since the sewage charges and TES were implemented, people have been full of grievances and objection, and complained about the unreasonable and exorbitant charges which have adversely affected their livelihood.

The strongest objections have come, as we all know, from the catering, hotel, and bleaching and dyeing industries which consume large quantities of water. The catering industry, in particular, points out that the standard taken by the Government to determine the TES is unreasonable and the charges are too high. Out of more than 9 000 restaurants in Hong Kong, the Government has only collected 26 sewage samples as the basis for determining the TES. That is highly unreasonable. If a restaurant wishes to appeal, it will have to pay very high expenses for each appeal may cost between \$30,000 and \$40,000 or even more; not to mention the very complicated appeal procedures. As a result, not all restaurants are willing to appeal and therefore they have to continue paying the TES.

The catering industry has been suffering a downturn with the present sluggish economy. But the Administration still levies a high TES, adding an extra burden on the industry. This not only affects its operation, but will further aggravate the employment opportunity of the workers.

In the former Legislative Council, I repeatedly and continuously voiced out the views of the people and of the affected industries at the Council meetings and relevant committees over a long period of time. By that, I have indirectly or directly influenced various political parties and other Members of the Legislative Council to vote down the Government's motions on raising the water and sewage charges, and the TES.

In explaining the failure of the SSTF, the Secretary for the Treasury alluded to the failure to obtain the legislature's endorsement of their proposal to increase the sewage charges, since the introduction of the charging scheme in 1995 thus resulting in huge operating deficits of the Fund. Having heard that, I felt a little sorry at first because I have been quite outspoken on this subject, somehow instrumental in the closing of the SSTF today. But on second thoughts, I realize that the representations I made in the former Legislative Council were the views of the people and the industries who had been affected

by the sewage charge and the TES and I was only speaking out of a sense of justice. To help bring about the closure of the SSTF in order to prevent the TES becoming a financial "bottomless pit" borne by the public alone, is also one of my aspirations and goals for joining the Council.

The Secretary has pointed out earlier that after closing the SSTF, the Government will re-establish the sewage services on a vote-funded basis. This I strongly agree. It is a decision very close to the view that I expressed when I first joined the Legislative Council. I have repeatedly told the media that the construction and operation of the sewage treatment and disposal system should be categorized as a "municipal utility" to be financed by the Government. It is extremely unreasonable to impose the high sewage charges on the people and have them bear the charges alone. As everyone knows, the SSTF was flawed in the first place as the Government had over-estimated the revenue derived from TES when designing the SSTF and therefore it had to seek the Legislative Council's approval for sharp increases to break even. It is extremely unfair for the Government to make a mistake and then make the people bear the consequences. If Members supported the increases at that time, it was no different from exploiting the people with the Government together.

Moreover, the Government intended the SSTF to recover the full costs in five years. The time was much too short to make the scheme practically viable. Other than the Government's ill-conceived plan, the operation of the SSTF was also problematic in itself. To set up a trading fund is to privatize a government department. One of the purposes of privatization is to streamline the structure of the department and cut down administrative costs by running it according to the principles of industrial and commercial undertakings. However, the consultancy commissioned by the Government pointed out in its report on the SSTF that the administrative expenditure of the TES was several times higher than that of similar international projects.

The Government's decision to close the SSTF is a wise one, showing that it has accepted good advice. As it is estimated that there will be a deficit of \$1 billion in future, to make both ends meet, the Government will have to impose a 150% increase in the year 2000-2001.

The public already strongly resent the increases in the sewage charges and TES and are very much against them. The authorities will have great

difficulties in seeking approval for a substantial increase again; if the increase is as high as 150%, it will be even more difficult.

The Government has established a number of trading funds to make certain government services financially independent. There are successes as well as failures. The most noticeable example of success should be the Post Office Trading Fund as its products are favourable items that people are willing to even wait in line to buy. Of course, the Post Office has its unique advantages and also because of the historic conditions during the changeover of Hong Kong's sovereignty, the philatelic products pushed out on sale during the transition period were greatly welcomed by the philatelists and some even scrambled for them. And from these, the Post Office has made good profits.

As for the Sewage Service Department which implemented the SSTF, its product — sewage — is something which the people need to pay to send it away. The public are unwilling to spend money to send it away, making the Sewage Service Department suffer a deficit estimated to be over \$100 million per annum and ultimately leading to the closure of the SSTF today.

Madam President, before the Government makes any decisions that have significant implications on the people's livelihood, it has to think very carefully. It should also learn a lesson from this to avoid wasting money and manpower, and not to make the same mistakes again.

Again, I have to emphasize that I am in support of the "polluter pays" principle. But the sewage charges have to be determined according to the people's means. The Secretary has mentioned about having the Government and the people share "about half of the sewage charge" when talking about the operating and maintenance costs of the sewage treatment system in future. But I find that this is open to question, especially the point about sharing "about half of the sewage charge". Madam President, it is a highly complicated and expensive undertaking to continue the construction of the sewage treatment system and that needs further discussion. Why should the Government not propose to have the Government bear two thirds while the public bear one third of the operating costs? I think that the charges should be set at a level within the means of the people rather than according to a pre-set formula, say both parties bearing a half, without any variation. As regards the hotel and catering industries which are levied the highest sewage charges in particular, the former is having a slowdown and the latter is also faced with an unfavourable economic environment, and the business of both are slow. If the Government increases

the sewage charges again, more restaurants are bound to close down.

Madam President, I support the Government's closure of the SSTF but I will continue to pay close attention to the increases in the sewage charges.

I so submit. Thank you, Madam President.

PRESIDENT (in Cantonese): Prof NG Ching-fai.

PROF NG CHING-FAI (in Cantonese): Madam President, the SSTF is a rather unreasonable and improper scheme and so it is no wonder that it has failed in its implementation. However, it is somewhat regrettable that the Government does not seem to have reviewed the failure as it closes the Fund; there is no admission, nor any hint on the part of the Government that the Fund has not been properly planned out.

I would like to speak on two aspects. There are indeed two flaws with the Fund. First, because the Fund is operated independently, so when the infrastructure project was launched, the Fund did not need to seek the endorsement of this Council, thus not subject to any supervision. I still recall that when Stages I and II of the SSDS were announced years ago, strong reactions were met from the public, among whom there were many experts in this field. But Stage I of the SSDS was still pushed through amidst the objections without any environmental assessment whatsoever. Had the Fund not been an independent operation and the project needed the approval of this Council, it might not have been passed. From this, we can see one of the very unreasonable aspects of the Fund.

Second, several colleagues have also mentioned that generally speaking, the "user pays" principle should apply but sewage treatment is far too complicated a matter. In the case of the driving licence, for example, I think that the "user pays" principle is applicable as no one forces you to drive. But when it comes to other operations, we cannot insist on applying the "user pays" principle. Therefore, I also agree with the Honourable CHAN Wing-chan that the present proposal of having the Government and the public share an equal half

of the sewage charges each is still open to question and we should not jump to a conclusion so soon. Concerning the closure of the Fund, I must say that it is unavoidable owing to the huge deficits; and second, it should be relieving to close it for there is no alternative. Here, we are in support of the closure but this is not a normal kind of support; only that we hope to put an end to its adverse effects.

Here, I would also like to say something about Stage I of the SSDS because the Secretary for the Treasury has also mentioned in the sixth paragraph of his speech that he will seek approval for funds from this Council sooner or later. When Stage I of the SSDS was proposed, as I have said before, it was met with many objections backed up by allusions to many technical difficulties. But the Government was very confident at that time and assured everyone that it would be completed by 1997. Again we see that the Secretary has made no mention of this in his speech earlier, as if the works are progressing normally. This is not very good. The Government should be practical and realistic in its approach and even if it does not admit it, it should still hint that the works have not been properly done and let the taxpayers know that Stage I is indeed not progressing smoothly. Therefore, I hope that the Government will inform this Council shortly about the present situation of Stage I of the SSDS and how they are going to carry it out. In fact, I think that the Government should conduct a comprehensive review on the whole sewage treatment and disposal operation, and it should even consider whether or not to carry on with Stage I of the SSDS because we know that a contractor has refused to undertake the works and threatens to file a lawsuit against the Government. Given the circumstances, should we hold back a little at this stage and conduct a comprehensive review, though this seems to be outside the scope of today's debate?

Madam President, I do support the Secretary for the Treasury's motion but in a very peculiar way. I do not intend to add insult to injury like sending off firecrackers to bid the Fund farewell, but I would like to make it clear that this is the natural ending of a wrongly-conceived scheme. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr IP Kwok-him.

MR IP KWOK-HIM (in Cantonese): Madam President, the Hong Kong Government has been working hard in recent years to mitigate the deteriorating pollution of the Victoria Harbour and has hence launched a massive SSDS and set up a trading fund to finance the operation and maintenance costs of the sewage treatment project. Since the trading fund has to be financially independent, with the operation and maintenance costs continuously rising, it is unavoidable that the sewage charges would keep increasing.

Madam President, the sewage charges are determined on the basis of the "polluter pays" principle. It can on the one hand lay the responsibility of dealing with the pollution problem on the polluters and enhance the people's awareness of environmental protection on the other. This indeed kills two birds with one stone. Nevertheless, as the Democratic Alliance for Betterment of Hong Kong (DAB) has always emphasized, the existing arrangement for levying the sewage charges cannot identify the genuine polluter. The original arrangement basing on the "polluter pays" principle has been changed to basing on the "water consumer pays", and this is grossly unfair. Moreover, for such publicly-run utility services as sewage disposal that have a direct bearing on the livelihood of the whole community, if the people are required to bear the total costs, it will certainly add to the people's burden. Coupled with the trade effluent surcharge (TES) which has struck up so much controversy within and without this Chamber, the situation is further complicated and the SSTF is a shambles. The DAB has also pointed out before that there are problems with the full cost recovery principle of the Fund. The reason is very simple. If every user becomes environmentally conscious and reduces the pollution, then the sewage discharged by the users will be reduced and the overall revenue of sewage charges will fall. Thus the goal of full cost recovery will not be achieved. Under such circumstances, to balance the books, the Government will have to continue raising the sewage charges and ultimately the situation will become the less pollution the people make, the more sewage charges they will have to pay, pushing them down a "bottomless pit". This is very unreasonable. Therefore, the DAB has suggested that the Government should finance the Fund by injecting funds into it or footing all the outstanding sums, and that it should also lengthen the period over which the costs are to be recovered so as to allow the Fund to continue the operation. But our suggestion was not adopted.

Madam President, I believe that it is a wise decision of the Secretary for the Treasury to make to close the Fund on 31 March next year. According to the Government's information, the Trading Fund will incur huge deficits in the coming years and the Government has made it very clear that it will not inject funds to resolve the problem. Under these circumstances, the Treasury, being the collector of sewage charges and the payer for the sewage facility costs, has no other practical alternative but to close the Fund. However, the DAB has to point out that closing the Fund does not mean solving all the problems mentioned earlier. It is now the ideal time to conduct a comprehensive review on the formula of calculating the sewage charges, identify the genuine polluters and formulate a reasonable way to levy the sewage charges. Here I have to point out that reasonable sewage charges does not mean to maintain the existing collection basis. Nor do we accept a raise in the charges. The DAB's stand is that we object to levying sewage charges on domestic users and the TES must be determined on a fair and reasonable basis and in a way acceptable to the operators in the industrial and commercial sector.

Lastly, the DAB hopes that the Government would take this chance of the closure of the SSTF to review whether the trading fund approach is a feasible way to deal with an essential utility service that every member of the public uses every day and whether this approach should be continued.

With these remarks, Madam President, I support the motion on behalf of the DAB.

PRESIDENT (in Cantonese): Dr TSO WONG Man-yin.

DR TSO WONG MAN-YIN (in Cantonese): Madam President, the Hong Kong Progressive Alliance (HKPA) has always been in objection to a substantial increase in sewage charges and considers that the costs of sewage treatment should be borne by the Government and the people together. Now that the SSTF is scheduled to be closed, although the public still have to pay the sewage charges, the Government has reiterated that it will shoulder part of the costs by a vote-funding arrangement. It can be considered as a relatively fair approach as the Government will bear part of the sewage treatment costs, easing the burden

on the public.

Madam President, the closure of the Fund has reflected that the whole SSDS is full of problems. The closure of the Fund is only the tip of the iceberg. Therefore, the HKPA urges the Government to review the following three areas.

First, the Government has to review whether the application of resources in the sewage treatment is cost-effective. Regarding the criticisms about the inefficiency of the Drainage Services Department in the delivery of sewage services, the Administration has made no direct response whatsoever in its speech moving the motion. It has only said that our sewage charges are among the lowest in the world. But why does it not provide us with more information to prove that \$1.2 per cu m can only pay for the primary sewage treatment service? Can we still boast that this is a good bargain in this world? Some environmentalists have pointed out that if a private company is commissioned to provide this service, the present treatment level will only cost \$0.6 per cu m, half of the present cost. Moreover, as some Members have remarked earlier, the consultant commissioned by the Government has also pointed out in its report that the management cost which accounts for 28% of the total cost of the TES scheme is way too high. This shows that the relevant department has not used the resources in a cost-effective manner and the Government should therefore review the overall administrative efficiency to ensure a reasonable and efficient use of the resources.

Second, it is the slippage of works. In 1994, the Government estimated that the cost for completing Stage I of the SSDS was to be \$6.8 billion but the project has now overspent \$2.8 billion as a result of slippage. In determining the cost at \$6.8 billion in 1994, the Government had not taken into account factors such as inflation, works slippage and cost fluctuations. On the other hand, the contractor who undertook the construction of the underground tunnels had disputes with the Government because of some technical problems concerning the works, and the Government had to invite bids for the works again. As a result, the construction costs of the six underground tunnels shot up 77% in three years, ultimately leading to the closure of the Fund as it could not afford such a huge amount of money, with the Government shouldering the outstanding costs. The HKPA would like to ask the Government: the Government has spent large sums of the taxpayers' money on consultancy but what is the use of these

consultants and their studies? Now, the whole scheme is punctuated with flaws either in terms of the technical feasibility studies or the estimated costs of the works, resulting in delay to the SSDS; who should be held responsible? The HKPA asks the Government to give a full account of all slippage and also to take all measures to ensure that there are no more delays in the remaining stages of the SSDS.

Finally although the HKPA agrees to sticking to the "polluter pays" principle in levying the charges, we object to the Government's attempt to recover all costs hastily regardless of the affordability of the community. Therefore, we demand that in determining the charges, the Government must take into account the affordability of the general public and the industrial and commercial sector, and formulate a reasonable and acceptable charging scheme after extensive consultations. With these remarks, Madam President, and on behalf of the HKPA, I support the motion moved by the Secretary for the Treasury.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated to speak)

PRESIDENT (in Cantonese): Secretary for the Treasury, do you wish to reply?

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I will respond to the questions raised by several Members briefly. However, before I do so, I would like to thank them for supporting my motion today and the "polluter pays" principle, despite some differences of opinion in terms of the implementation of this principle.

Prof NG Ching-fai asked whether the Government had made an in-depth environmental assessment. I can answer definitely that we had made an in-depth environmental assessment before the commencement of Stage I of the scheme.

Several Members mentioned that when we come to the Finance Committee

for funds, we have to explain questions such as the costs of the project and construction time in detail. We will certainly do this. Actually, before I proposed to close the Fund, we had already reported on the progress of Stage I of the SSDS at a meeting of the Panel on Environmental Affairs on 19 September and the reasons why we need to apply for funds to continue with the construction of four of the six tunnels. Of course, if Members think that that information needs further elaboration, we would be happy to explain to them in the Panel on Environmental Affairs. We will also pay attention to other questions, such as the cost effectiveness of operations or the review of the TES scheme. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour of the motion please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say no.

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' Motions. Two motions with no legal effect. The movers of the motions will each have 15 minutes for their speeches including their replies, and another five minutes to speak on the amendment to the motion. The mover of the amendment and other Members will each have seven minutes for their speeches. Under Rule 37 of the Rules of Procedure, I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Concern for environmental problems in Hong Kong. Dr TSO WONG Man-yin.

CONCERN FOR ENVIRONMENTAL PROBLEMS IN HONG KONG

DR TSO WONG MAN-YIN (in Cantonese): Madam President, I move the motion on the concern for environmental problems in Hong Kong, which has been printed on the Agenda.

Environmental problems in Hong Kong are deteriorating every day. We are faced with many difficulties and problems in terms of the air, water, noise and waste. Since the publication of the 1989 White Paper "*Pollution in Hong Kong — A Time to Act*", government policies on protecting the environment have however still left much to be desired. There is indeed a need for the Government to probe deeply into the problem so as to draw up a package of effective and comprehensive policies on environmental protection to create a comfortable and healthy home for ourselves and our next generation.

First of all, I think that the most pressing task of the Government now is to take effective measures to ensure that the various environmental protection initiatives will not be delayed, in order to prevent further deterioration of the pollution problem in Hong Kong and to safeguard public health. For years, the Government has only kept calling upon the public to take prompt action against pollution but failing to honour many of its own pledges on protecting the environment. The Progress Report of 1997 shows that out of the 46 pledges made, nine are behind schedule. With a slippage rate as high as 19.5%, it is very disappointing.

The Administration argues in defence that the delays are due to "unforeseen problems" but this is only an excuse for shirking its responsibility. In fact, that delays happen year after year is a reflection that the plans have not been well thought out and there is a lack of consultation. The Administration should conduct a comprehensive review on the existing planning procedures as soon as possible to ensure that its environmental protection efforts satisfy the technical, legal as well as public demands, so that there will no more be delays caused by "unforeseen problems". Moreover, the Government should also give the public a detailed account of the delays to enhance its accountability and transparency rather than running it through hastily in the work report with a few

lines.

The success of environmental protection efforts hinges on public support, without which the effectiveness of the work will be compromised. Therefore, to enhance the education on the public on environmental protection is crucial to achieving the goals. If the Government fails to obtain the public's support, it will of course be hard to encourage the people to participate in protecting the environment, and when there are voices of opposition in the community, it will be even harder to get things done. Hence, I urge the Government to allocate more resources to step up education on environmental protection and at the same time review the existing public education work on environmental protection to ensure the effective use of resources.

Madam President, to protect the environment effectively, it takes more than the Government's efforts alone. It also requires the co-operative efforts of the community at large. To enhance public awareness of environmental protection is indeed a subject of environmental protection education. But how to give the industrial and commercial sector the incentive to contribute their efforts is also another question that warrants our consideration.

Hong Kong is a capitalist society and to make profits is the fundamentals of industrial and commercial operations. Therefore the Government should draw up a suitable mechanism that offers incentives to motivate the industrial and commercial sector to take part in the environmental protection work. The Waste Reduction Plan and the trial scheme for the Liquefied Petroleum Gas (LPG) taxi will be the highlights of our environmental work, which will have a decisive effect on the success or otherwise of our management of exhaust emission and waste. However, it seems that there are insufficient incentives in these two schemes.

Let me talk about the Waste Reduction Plan first. To alleviate the waste problem in Hong Kong, in addition to reducing the generation of waste, the most important task is to recycle the waste and the support of the waste recycling industry is therefore indispensable. I think that the Government should assist the recycling industry in three aspects:

First, as the biggest consumer in Hong Kong, the Government should take the lead to buy recycled products in order to create favourable market conditions for the recycling industry;

Second, the Government should render technological support by bringing in new machinery and sell it or let it to the recycling business at low costs, and it should also give suitable technical support to upgrade the quality of recycled products; and

Third, the Government should extend necessary financial assistance such as tax concessions to the industry.

Without market demands, modern technology and the injection of capitals, there is no way that the recycling industry can develop. Then, Hong Kong may possess many good recovery systems but the waste recovered would still have to be shipped to the landfills.

In addition, concerning the LPG taxi scheme, as far as I understand it, the scheme is basically well-received by the trade. But they are worried that the Government would take this opportunity to raise the fuel tax on LPG and require the trade to use the vehicles made by the original manufacturer. They fear that it will increase the costs of using LPG as fuel and some of them may flinch at this scheme. Therefore, we ask the Government to exempt LPG fuel from tax and establish a fund to extend low-interest or interest-free loans to the trade for making the switch.

I have said this with the hope to expedite the work in the coming years. In the long run, the Government should devise a comprehensive mechanism whereby incentives are offered for development and introduction of cost-effective environmental protection technologies.

Madam President, to improve Hong Kong's environment, we should start from the long-term planning and policies, putting our emphasis on sustainable development of the environment. Piecemeal policies on environmental protection are already out-of-date! The Chief Executive has said in the policy address that he will ensure that consideration of how to sustain and enhance the environment is built into strategic planning and policy-making. However, in drawing up new policies, the Government has been seen to have maintained the imbalanced situation of "putting the economy on top of the environment", for while the policy address can be said as all-embracing in terms of economic policies, it is devoid of constructive initiatives in environmental protection.

I have no intention to deny the importance of economic development, but I am worried that the sluggish environmental protection effort cannot catch up with the rapid economic growth. The massive housing construction scheme is in full swing now but the conservation policy announced in 1996 and the consultancy study on sustainable development in the 21st century have been put off. We will not get an account of the former until 1998 while the latter is delayed until this year and it is expected that specific policies will not be drawn up until 2000. We can see that our environmental protection efforts are ever playing a catch-up game with the rapidly developing economy.

I am worried that in order to build the target number of housing units, the Hong Kong Special Administrative Region (SAR) Government will accelerate the decay of our environment. Although the Government has pledged to take remedial measures, we have to understand that prevention is better than cure. It is far better to protect the ecosystems beforehand than to remedy the damages made afterwards. Besides, some ecological resources are irreplaceable; once they are damaged, they will never recover. Even from the economic perspective, environmental protection is not a luxury but a long-term investment. It pays far more to make investment in protection beforehand than to remedy the damages afterwards. It is not hard to image that had the Government paid due attention to the maintenance of the landfills over a decade ago, there is no need for it to spend over \$300 million to maintain them now.

If we continue to disrupt the ecosystems in the course of economic development, Hong Kong may ultimately degenerate into a first-class economy with an abysmal environment. Today, we have entered into a new historic era; Hong Kong is no longer a borrowed place, a borrowed space. The SAR Government is capable of formulating forward-looking strategies on economic construction, welfare, education and so on; by the same token but in the environment context, it should also see the need and be capable of drawing up long-term, concrete and progressive environmental protection strategies to make sure that economic development and environmental protection can go hand in hand to the benefit of each other.

Madam President, to improve the quality of our environment, our efforts of course play a very important role but environmental protection transcends physical boundaries. To some extent, it also takes the co-operation of our neighbouring regions, especially the Pearl River Delta area, to improve our environment.

The Hong Kong-Guangdong Environmental Protection Liaison Group was set up in 1989 to handle pollution problems on both sides of the border. Looking back on all these years, the work of the Group has indeed remained on the liaison level. Other than the exchange of data, experience and visits, little have they done on substantive matters. Most of the time, they have only studied and monitored the pollution problems, with little effort in the way of tackling specific cross-border pollution problems that require immediate action.

In recent years, polluted air has been carried here by the wind, the water quality of Dong Jiang keeps worsening, and the polluted water from the Pearl River Delta continues to flow into our waters, threatening the ecology in Mai Po Nature Reserve and the sheer survival of the Chinese White Dolphins. The co-operation between Hong Kong and Guangdong has completely failed to address these environmental problems. There is a genuine need to review the mechanism and mode of their co-operation now.

From the organizational perspective, the ranks of officials on the Liaison Group are too low to have sufficient authority to have the final say in environmental work, resulting in repeated delays and hindrances. Therefore, the Liaison Group should be upgraded with officials of a higher rank at the helm to make the final decisions for the co-operative programmes of the two places. Besides, "working teams" should be set up in the Liaison Group to specially execute resolutions passed by the Liaison Group, so that the co-operation between the two sides will not just stop at the study and monitoring level.

Moreover to deal with the specific pressing tasks, the Guangdong and Hong Kong Governments should strengthen their ties by enhancing the frequency of meetings, setting up standing committees. At the same time, they should further publicize the information on the co-operation between the two governments and enhance the transparency of their work so that scholars, experts, the industrial and commercial sector and also the community at large can all participate in the work for the benefit of collective wisdom. Madam President, although the "one country, two systems" policy is implemented as regards the politics of China and Hong Kong, we have to keep in mind that there is no "one country, two regions" in pollution.

With these remarks, I beg to move.

Dr TSO WONG Man-yin moved the following motion:

"That, as the environmental pollution problems in Hong Kong have become increasingly serious in recent years, this Council urges the Government to:

- (a) adopt effective measures to ensure that the various environmental protection programmes will not be delayed, so as to safeguard public health;
- (b) set up an incentive mechanism to facilitate the development and introduction of cost-effective environmental protection technologies;
- (c) extensively consult the public and expeditiously formulate long-term, concrete and progressive environmental protection strategies, so as to ensure that a balance is struck between economic development and environmental protection; and
- (d) enhance the function and transparency of the Hong Kong-Guangdong Environmental Protection Liaison Group and promote co-operation with the Mainland in cross-region environmental protection programmes relating to waste disposal,

water and air quality, and so on."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That, as the environmental pollution problems in Hong Kong have become increasingly serious in recent years, this Council urges the Government to:

- (a) adopt effective measures to ensure that the various environmental protection programmes will not be delayed, so as to safeguard public health;
- (b) set up an incentive mechanism to facilitate the development and introduction of cost-effective environmental protection technologies;
- (c) extensively consult the public and expeditiously formulate long-term, concrete and progressive environmental protection strategies, so as to ensure that a balance is struck between economic development and environmental protection; and
- (d) enhance the function and transparency of the Hong Kong-Guangdong Environmental Protection Liaison Group and promote co-operation with the Mainland in cross-region environmental protection programmes relating to waste disposal, water and air quality, and so on.

Does any Member wish to speak? Dr Raymond HO.

DR RAYMOND HO (in Cantonese): Madam President, as our economy continues to develop, Hong Kong people are becoming more and more environmentally conscious. The Government has reacted positively to this increasing awareness of environmental protection. In his recent policy address, the Chief Executive, Mr TUNG Chee-hwa also mentioned our environmental protection programmes.

In fact, the Environmental Protection Department (EPD) was upgraded to a full department recently with an expansion in its staff establishment. As the EPD actively conducts the work of environmental protection, the people of Hong

Kong become more and more aware of the need for a better environment and are generally more knowledgeable about the work of environmental protection. However, it appears at the same time that the EPD is only concentrating its efforts on environmental protection without heeding the needs of our economic development. The EPD has tried to introduce into Hong Kong environmental standards which even advanced countries would have difficulties in compliance. Since these standards are too high that there are often difficulties in their implementation.

Environmental protection work generally gives people two impressions. First, that environmental protection and economic developments are in conflict, but this may not necessarily be true. Environmental protection has to be backed up by sufficient resources, and economic backwardness should not be used as an excuse for lack of environmental awareness. We can see from the examples of some developing countries that economic backwardness would seriously hinder the development of environmental protection; while on the contrary, more advanced industrial countries are invariably those which emphasize environmental protection. This phenomenon is not a coincidence, mainly because the successful implementation of environmental protection requires two prerequisites: the people's awareness of environmental protection and the injection of government resources. In fact, a lot of resources are needed to cultivate people's awareness, for example, by way of education and publicity.

Therefore, we must formulate an enterprising environmental protection strategy transparent to economic development. Environmental protection policies in Hong Kong should be formulated in accordance with our local economic condition, instead of just applying the standards of advanced countries to Hong Kong. Once environmental policies are formulated, they should be actively pursued and backed up by sufficient resources.

The other impression environmental protection gives people is that, it will bring about better quality of living for people, but again this may not necessarily be true. For example, the erection of noise insulation walls or barriers on flyovers will undoubtedly reduce noise disturbances to residents living on both sides of the flyover, but they also create new problems at the same time. First of all, the noise barriers will block the view and air circulation of neighbourhood residences. Moreover, those barriers will amplify the noise disturbances for upper storeys, and thus the problem is only transferred to some other people. Therefore, in conducting environmental protection work, we have to consider all

factors objectively and take into account the interests of all affected parties. On another level, we have to be aware of a very important fact, and that is, we cannot deal with the environmental protection work alone. Due to our geographical location, Hong Kong is closely linked with the Mainland in respect of our land, our waters and air space. Thus, we need to work with the Mainland in protecting our environment. I had mentioned earlier that economic progress is closely related to awareness of environmental protection, and since the Mainland has a different pace of economic development from Hong Kong, we may have different considerations in environmental protection. Only through close co-operation and frequent communication between Guangdong and Hong Kong, on the basis of mutual benefit, could the work of cross-border environmental protection be conducted smoothly, and the environment of both places improved.

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

PRESIDENT (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Thank you, Madam President. I think the pollution problem in Hong Kong is in such a very dangerous state that we need to address it again. Originally, our landfills can be used for over 10 years, but it takes only seven or eight years now to fill it up quickly.

For the atmosphere, our air quality index showed a record of over 100 for a couple of days a few months before. The potable Dong Jiang water is also polluted. Certainly, we may say that Dong Jiang water is not our problem and China should take control of it. However, we must understand that many of the major polluters of Dong Jiang water are factories set up by Hong Kong people in China. For our Chinese White Dolphins, the number left is very small, but still many of them are killed innocently by the propeller blades of ships plying between Hong Kong and China, and I have personally witnessed the whole process.

In fact, I wish to discuss Mr TUNG Chee-hwa's policy address. In the policy address of early October under the heading of "The Environment", he has mentioned only six points in relation to environmental protection. His main ideas can be seen in the following address, "let me put it bluntly, unless Hong Kong provides an environment that is good to live in, how are we going to attract

or retain the talented and creative people that our businesses and economy need in order to grow?" From these words, I find that the so-called environmental protection concept of our Government or Mr TUNG Chee-hwa stresses much on the economy. Many Honourable Members have just mentioned that the Government is overly concerned with the economic aspect so much so that it is out of proportion. Moreover, I worry much about the condition of Mai Po. Last week, we have discussed the problem of protecting the so-called wetlands, and I have cast a vote against it. I am worried that whether our housing construction programme will affect the wetlands? Will it affect our Mai Po? Recently, there are rumours about further expansion of the Mai Po buffer zone. Is it a signal for direct conflicts between our future economic and housing development and the work of environmental protection?

Reviewing the work report, I find the performance of the Secretary for Planning, Environment and Lands, Mr Bowen LEUNG, is the worst among the many Secretaries. According to his Progress Report, he has failed to meet the targets for many initiatives. Is he too busy? Or does he have more important tasks to do? I do not understand why his performance is so poor. Nevertheless, with the establishment of the Special Administrative Region, I think we should apply a new way of thinking to the environmental protection problem. This new thinking should include, firstly, to inform Members of the objectives and the process of achieving the objectives; secondly, the schedule for implementation of the programmes; thirdly, the standards applied. Does it mean that these three elements are all we need for success? I think it may not be the case. The question of how to enhance the citizens' awareness and how can the public participate in the cause is most important. Will the Government hold environmental protection summit meetings and invite environmentalists in Hong Kong and China, representatives of the Hong Kong commercial and industrial sector, scholars and citizens to take part?

How should the work of environmental protection proceed a step further at the present stage? Have we done enough already? I feel that we need long-term planning. Nowadays, our home country has formed a concept of "sustainable development", and it has been made part of state policy. Environmental protection is one of the many factors in sustainable development. To put it simply, it is about how best to prevent our offsprings from suffering from our devastation of the environment. This is the simplest definition. However, the Government may need 30 months to define exactly what "sustainable development" means. It seems that it is now trying to find

consultants to conduct a study; how absurd that it has to find consultants even for a definition, and to conduct the study for as long as 30 months. In fact, it is not necessary to spend such a long time on this. Instead, we can just check with the many departments or experts in China and they can tell us the definition of "sustainable development". There are a lot of related documents in China for the Hong Kong Government's reference and I believe the reference is very important.

Why do I talk about China? Several of our Honourable colleagues have just said clearly that the work of environmental protection does not concern Hong Kong alone. Though we can take this view before 1 July 1997, the environmental protection effort in Hong Kong must take the whole region into consideration after 1 July 1997. We must take into account Hong Kong, China, and the development of China as a whole. We must not consider ourselves only. We cannot carry out the sewage disposal scheme from our side only and turn our back to the sewage disposed. It will only transfer the problem to China and it does not work at all. I hope that the co-operation between Hong Kong and China on environmental protection can be improved and upgraded to a higher level. Not only Mr LAW, the Director of Environmental Protection should attend the related meetings, but even several of the officials sitting here including Mr LEUNG should also attend the meetings. Moreover, I hope that Hong Kong and China can expand the brief of the Liaison Group and set up a relatively systematic working committee to discuss environmental pollution problems of common concern to China and Hong Kong in order to find a long-term solution.

PRESIDENT (in Cantonese): Mr WONG Siu-ye.

MR WONG SIU-YEE (in Cantonese): Madam President, it is perhaps because the costs of environmental pollution are too difficult to assess, or environmental protection is considered insignificant that the government decision-makers or economists tend to neglect the prices we have to pay for damages done by environmental pollution. However, I am glad to see Mr TUNG Chee-hwa, the Chief Executive to have said in his first policy address, "to achieve all that we hope for our business and industry, we need to put one thought at the heart of all our planning, the quality of our environment." The Chief Executive also said, "improving the quality of the environment is as vital as economic growth to improving our quality of life."

It is not difficult to see that the "so-called" environmental protection programmes previously introduced by the Hong Kong Government are totally founded on the principle of "putting the economy on top of the environment", as Dr TSO WONG Man-yin has just mentioned. Though Mr TUNG Chee-hwa has emphasized that economic development is the most important item on his agenda, he also thinks that environmental protection and other aspects will have long-term development only if we start with the economic aspect to ensure that Hong Kong can maintain its economic competitiveness. Obviously, when compared to the former Government, the present Government has improved in terms of its concern for the environmental protection problem.

However, environmental protection has taken up only a small part in the policy address which fails to make long-term planning for the environmental protection problem. Even though it has mentioned environmental protection, the goal is nothing more than attracting talents to stay in Hong Kong for development or for dwelling. It is clear that the SAR Government has not taken environmental protection as an urgent task, but only an aid to economic development. I am disappointed with this.

Madam President, none in Hong Kong will refute the importance of economic development. However, if economic development continually brings damages to the ecosystems, Hong Kong will end up as a superb economy with lowly environmental standards. Therefore, we must strike a balance between economic development and environmental protection. We need to understand that economic growth has a price tag that includes pollution and environmental deterioration; so while we try to solve the traffic congestion problem by building bridges and roads, we should not focus on this alone and neglect the effects of air pollution to the residents nearby. Besides, we must be determined to improve the large-scale transportation system and urban planning. The most inexpensive and quickest way to increase supply of land is absolutely not by reclamation, but by speeding up redevelopment and reviewing the container terminal development programmes. Take Singapore as an example. In every housing development, they will reserve a piece of green area as well. I understand that Hong Kong is a small place with a lot of people, it is too difficult for Hong Kong to follow this example. However, in the long run, the Government should take environmental

protection and greening the environment seriously when it carries out large-scale planning.

In order to maintain the continued prosperity of Hong Kong into the next century, the quality of our environment must cope with the demand from both Hong Kong citizens who are enterprising and well-educated, and the numerous tourists coming from different places of the world.

Our economy is placing increasing emphasis on the service industry which if developed further, must count on knowledge and wisdom. Those people who possess knowledge as their basic skill are highly mobile, thus, when the environment of Hong Kong deteriorates seriously, they may leave Hong Kong with their family and live in a place they consider to be more comfortable.

Besides, some foreign businessmen may decide not to do business in Hong Kong. Tourism is playing an increasingly important role in the Hong Kong economy. Although it is now experiencing a downturn, but it will probably backtrack on an upturn within a short time and grow vigorously till the next century. However, the poor quality of the environment will reduce the tourists' interest in visiting Hong Kong.

Environment protection is not an expenditure, but a long-term investment with high returns like education and technological development. As "prevention is better than cure", it is better to protect the ecological environment before damage than to take remedial actions after damage is done. In the financial perspective, it is not difficult to imagine that the cost of investing on environmental protection is far less than that of taking remedial measures after the environment is damaged. If we have noticed the maintenance problem of landfills more than 10 years ago, we would not have to spend more than \$300 million on maintenance and repairs now. It is wise and cost-effective to prepare for the worst. Environmental protection should also be like that.

Madam President, I do not agree with the Honourable CHAN Choi-hi's criticism against Mr Bowen LEUNG of his poor performance, but I agree with him that we must have innovative ideas and an enterprising spirit. The Hong Kong Progressive Alliance expects that our Government will stride forward with this goal.

With these remarks, I support Dr TSO WONG Man-yin's motion. Thank you.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG.

MRS SOPHIE LEUNG: Madam Chairman, we are all concerned that Hong Kong's poor environmental condition has become increasingly serious. Some even blame the slump of the tourism industry on the environmental condition of Hong Kong. They say tourists do not appreciate being left in the carcinogenic dust of emissions from our heavy traffic. But, remember, the losses of dollars are only from tourists who must temporarily inhale Hong Kong air. Locals who permanently reside in Hong Kong must suffocate in the same air 365 days a year, resulting in preventable respiratory diseases of all kinds that cost billions of health care dollars. In fact, we have figures to show that respiratory diseases have increased recently both in types and case numbers. In addition, the amount of solid waste and sewage we produce has increased in direct proportion to our wealth. We are, in fact, throwing money away with our garbages.

As we all know, Hong Kong has three world-class, high-tech and extremely expensive landfills. Despite their sizes and capacities, they will be completely filled to the brim earlier than expected. Idealistically, we wish to have Hong Kong living up to his name, the "fragrant harbour of the East", where the air is as clean as the sky can be, and the ocean is as clean, so that we can all enjoy a comfortable and environmentally friendly home and lifestyle.

How do we go about trying to achieve just that? The Environmental Protection Department has done as much as they could under the limited circumstances they face. However, I believe we should further examine what is down-to-earth, what is achievable, and most importantly, what each and everyone of us can do. We should produce less waste, so that our landfills may survive longer. We should boycott environmentally unfriendly products and we should recycle as much as possible, such as pulp cans, glass jars and paper, and the list goes on. But mostly, we should begin with creating a better awareness in Hong Kong of environmental issues and awareness of the effects of environmental conditions on health, lifestyle and the future, and awareness on the importance of maintaining the food chain and its relation to the ecological system, the earth at large and our own survival. We must educate the young to be innovative, responsible for their environment, and ultimately, their own future. We must teach the housewives practical ways of living a life that is environmentally

sensible and money-saving. About money-saving, we must demonstrate to the elderly that environmentally friendly habits can save money. We must immediately change the Hong Kong frame of mind and take responsibility of our own home and our own environment.

Let us envision whatever it is that we hope for in the future of Hong Kong environment, because whatever it is, it is achievable, achievable because of Hong Kong's own vitality, our own innovation and our own ingenuity. Let the Government tap into this energy vigorously, so that it can lead Hong Kong into the 21st century as the green city we all dream for.

With these comments, Madam President, I support Dr TSO's motion. Thank you.

PRESIDENT (in Cantonese): Mr IP Kwok-him.

MR IP KWOK-HIM (in Cantonese): Madam President, I believe when we get up and switch on the television every day, we are concerned with the social issues as well as the air quality index of the day. When we go to work, we may possibly see some garbage trucks on the street hauling rubbish to the landfills. We may have to cover our noses and hold our breath against the emissions from vehicles. Riding a ferry, we can see rubbish and greasy dirt floating on the sea. At night, when we are back home, we may be annoyed by noises from transport. All these problems subject Hong Kong citizens to different kinds of environmental pollution. Under these circumstances, how can we enjoy a quality living?

Madam President, it is undeniable that the Government has in recent years paid more attention to the environmental protection effort than in the past, and thrown in more resources to it. *The White Paper: Pollution in Hong Kong — A time to act* published in 1989 has introduced various policies and measures, many of which are being carried out, but a few have been delayed because of the progress of the projects, or the projects themselves having been rejected by the community as a result of technical or policy problems. Undeniably, it is necessary to formulate measures to remedy or prevent the recurrence of the same incidents. However, the Democratic Alliance for Betterment of Hong Kong (DAB) thinks that it is more important to look into the present environmental policy which treats the symptoms but not the disease. Take the central incinerator project which has been debated for years as an example. The Government originally suggested that only medical waste would be handled.

However, when the relevant document was introduced in the Legislative Council, it was rejected by the Finance Committee at the time on the grounds of lack of cost effectiveness. If we spend hundreds of millions of dollars on the construction of incinerators only for handling medical waste, we would have failed to take into account the domestic waste problems. Moreover, we would have failed to explore deeply the role of incinerators in handling waste in the future. This government policy which is rash and lacks foresight only brings a temporary solution but not permanent measures.

In the face of development into the 21st century, the Government needs to adjust its overall policies. Nowadays, many developed countries have applied the concept of "sustainable development" in their planning for the future with a view to maintaining a balance in all aspects. It is a pity that the Government only began to study this concept early this year, and to realize development in this direction not until 2000 or after. During this period, I believe responsible officials within the Government will have this concept of "sustainable development" blank in their mind in making policies. Therefore, the question of whether the Government will take suitable measures in respect of the issue in order to dovetail with the future development of Hong Kong is an important subject for consideration.

Madam President, the present environmental policies in Hong Kong are far too passive as it is always the case that mitigation measures are made specific to each pollution problem or works project, ever lacking the initiative to improve the quality of the environment. The DAB thinks that the Government should try to expand the green areas, to make good use of the leisure areas and to put various kinds of green plants on the sides of roads. In major protection zones in the suburban areas such as Mai Po and Hau Hoi Wan, the Government should throw in more resources in order to honour its promise of protecting the wetlands. Of the various environmental protection initiatives, education and promotion among the public must be the most important. As environmental education is only conducted by local environmentalist groups with some financial support from the Government, it has not been quite successful over the years. The DAB thinks that the Government should formulate a series of policies on environmental education, such as to make environmental education part of the school curriculum; to promote environmental protection to the public through media; and at the same time, to encourage the commercial and industrial sector to use environment-friendly technologies more. This encouragement includes preferences provided for the commercial and industrial sector like extra tax reduction to encourage them to use and accept environmental protection technologies. We should aim to promote and to improve awareness of

environmental protection in all directions, and at different levels and classes.

In addition to doing its duties, the Government should also pay attention to the impacts of environment pollution to nearby regions, and it must co-operate with the Guangdong Government. Under the rule of Britain in the past, Hong Kong may not fully co-operate with the Guangdong Government, resulting in independent administration and inefficiency. Hong Kong is now a Special Administrative Region, and the Hong Kong Government should break through its previous geographical concept and handle the environmental problem with the mainland authorities together. The existing "Guangdong and Hong Kong Environmental Protection Liaison Group" acts only as a channel for exchange of information and opinions, grossly insufficient to tackle the environmental problems commonly faced by both places. Therefore, the DAB opines that senior officials from both Governments must co-operate on environmental policies, and jointly formulate policies on common concerns, such as conducting consolidated and in-depth studies on issues like protection of the wetlands, quality of Dong Jiang water and air pollution. Environmental protection is indeed a very long project, but I wish that we can join our efforts together.

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

PRESIDENT (in Cantonese): Mr MOK Ying-fan.

MR MOK YING-FAN (in Cantonese): Madam President, I speak on behalf of the Hong Kong Association for Democracy and People's Livelihood (HKADPL) in support of Dr TSO WONG Man-yin's motion.

A concept widely known among environmentalists is, "our existing living space and resources are borrowed from the future". A person with a conscience will take good care of the things he borrowed to ensure that he can return them intact. It will be even more so when we borrow these from our future generations. The Chinese always think that continuity and prosperity of a national group is important, so they do not mind the future generations will profit from the labour of the previous generations. However, it is a pity that we are "killing the hen to get the eggs".

I wish to discuss only two areas in Dr TSO WONG Man-yin's motion, that is, to give incentives to encourage development and introduction of cost-effective

environmental protection business; and to strengthen the functions of the Guangdong and Hong Kong Environmental Protection Liaison Group.

Idle theorizing is of no use to solve the environmental protection problems in Hong Kong. Hong Kong is a commercial city where people are commercial minded. To solve the environmental protection problem, if there is a commercial incentive everyone will initiate in doing it. Only when the Hong Kong people know that there is a chance to make a profit, and they know how to do it, somebody will do it naturally. In fact, environmental protection is an industry with the greatest potentials in the world now. According to statistics, there will be US\$ 200 billion sales before 2000. It is estimated that there will be US\$ 20 billion sales in the Asian alone. The European Union has specially set up an Asia-EcoBest Fund to help European companies gain a foothold in the Asian industrial market. We can see from this how important the Hong Kong or Asian markets are.

I wish to discuss here the environmental protection industry in Hong Kong. The environmental protection industry in Hong Kong is now only in its infancy. For example, we have only more than 200 resources collection companies in Hong Kong. The gross export value in 1996 was only HK\$ 8.6 billion. In addition, as the capital outlay for recycling industries is high, we have only one recycle paper company and one industrial oil collection and re-extraction company. Others are merely small-scale plastics and solvent collection undertakings.

If we were to develop environmental protection industries in Hong Kong, we must have two conditions, firstly, technology, and secondly, capital. Both of them need the Government's assistance and support. Article 119 of the Basic Law states that in formulating policies to co-ordinate development of various trades the Special Administrative Region should pay regard to the protection of the environment. This reflects that people from China and Hong Kong have high regard to environmental protection.

The HKADPL thinks that if Hong Kong introduces policies on environmental protection industries, it should do the following:

1. *Increase Resource Allocation*

The allocation for environmental protection in the 1997-98 expenditure

Estimates is only 3.3% of the total expenditure, that is, only \$1.08 billion. This is a very small amount, and the Government should increase its allocation of resources to environmental protection, especially in the areas of enforcement of legislations, development of environmental protection technology and development of green products, which all need a substantial increase in resources to meet the demands of society.

2. *Provide Technical Support*

The Government should assist local organizations and companies in meeting international standards so as to break into the international market. It requires government co-ordination of resources in different areas, such as the universities, scientific research institutions, the Productivity Council and other official organizations. We should centralize our efforts to "tackle key problems", to solve issue, to research on new products in order to get twice the result with half the effort.

3. *Provide Direct Assistance to Hong Kong Enterprises to Develop Environmental Protection Industries*

For example, Hong Kong uses foam rubber at a surprising rate now. In fact, Beijing, Hangzhou and Guangzhou have already passed legislations to prohibit the production, sale and use of disposable foam rubber tableware that cannot be dissolved. Though the Guangzhou city has passed the *Provisions of prohibiting the use of disposable indissoluble foam rubber tableware in Guangzhou* on 1 September, it cannot be implemented until 1 January because of technical problems. However, in Hong Kong, this policy still remains at idle theorizing, not to mention legislation.

The Hong Kong Productivity Council held a seminar on "Environmental Protection Ordinance: Using Foam Rubber as Package Materials" to study this issue in the Hong Kong context. There are two solutions, firstly, by making substitutes, such as "paper mould" bowls and plates, and secondly, by collecting and recycling materials.

It will need only US\$ 800 000 to establish one such factory in Hong Kong. The Government can introduce related technologies to support the industry and it can well afford to offer special loans, tax concessions and product promotion assistance. Therefore, there is every reason for the Government to implement this.

Lastly, I would like to respond to the second point, that is, the work of the Guangdong and Hong Kong Environmental Protection Liaison Group.

To strengthen the work of the Guangdong and Hong Kong Environmental Protection Liaison Group: as Shenzhen and Hong Kong share a common lot, when one place is polluted, the other cannot attend to its own house alone any more. Hong Kong people think that Hong Kong will not be polluted if the polluting industries are moved to the Pearl River Delta, but in fact, the sewage still flows back to Hong Kong, and it is us who are going to suffer.

Though the Guangdong and Hong Kong Environmental Protection Liaison Group was established in 1990, the Group holds meetings only once a year. The number of meetings and level of contact is therefore insufficient. The HKADPL suggests that the Group should be expanded to a co-ordination committee, like the China and Hong Kong Infrastructure Co-ordination Committee, to co-ordinate efforts in issues like environmental protection, cross-border pollution, difference in environmental standards and legislations between the two places, in particular, the issue of water pollution in the Pearl River Delta.

Such a committee should study the following problems:

1. to co-ordinate environmental protection legislation between the two places to facilitate enforcement;
2. to co-operate and co-ordinate environmental protection requirements for large-scale infrastructure developments;
3. to exchange information for joint monitoring of the environment; and
4. to encourage and arrange non-official and academic exchanges.

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

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

DEPUTY PRESIDENT (in Cantonese): Mr MOK, your time is up. Miss CHOY So-yuk.

MISS CHOY SO-YUK (in Cantonese): Madam President, Hong Kong has promoted education on environmental protection for quite some time, awareness of environmental protection is gradually rooted in the citizens' mind as they become well-aware of the meaning of environmental protection and its significance to human-beings. Nevertheless, it is still difficult to a certain degree to put the policies of environmental protection into practice. In order to allow the citizens' awareness of environmental protection to come into full play, the Government must introduce some incentives to get twice the result with half the effort.

Regarding the environmental protection problem, it is most appropriate if the Government and citizens can co-operate voluntarily. The Government must give financial and administrative support. For example, the waste collection rate in residential areas now is around 40% less than the collection rate in industrial and commercial areas. It is because there are various types of domestic wastes, but there are no garbage classification points nearby. Therefore, we cannot collect many of the recyclable wastes. In fact, if only the Government could make a little effort in this matter, we could have achieved good results. For example, the Government can set up garbage classification points in large housing estates, for the convenience of the citizens, to collect and dispose of the garbages.

At the same time, as Dr TSO WONG Man-yin has put it, in view of the fact that the development of waste recycling industry has been hindered as a result of difficulties in finding places to set up their factories, the Government should consider making land grants to the waste recycling industry for construction of factories in order to encourage the development of this industry.

On the other hand, although information technology is quite well-developed in Hong Kong now, environmental protection technology is somehow in a backward state. It is not surprising when people said, "the economy of Hong Kong is First World, but environmental protection is just Third World". Therefore, I agree that the Government should endeavour to introduce

environmental protection technologies into Hong Kong. For example, it is a very good attempt to introduce the liquefied petroleum gas taxi trial scheme with a view to reducing air pollution in Hong Kong. I personally think that if the Government really wishes to switch to liquefied petroleum gas taxis later, it should not charge "fuel tax" because it will increase the operating costs of taxis. It should take this a practical support for environmental protection initiatives.

Moreover, many European and American countries have used solar energy for power generation, for example, Greece has built the largest solar energy station in the world. However, Hong Kong has not even started in this area. Even China has successfully introduced "hydrocarbon" (the liquefied petroleum gas) refrigerators, but Hong Kong is still using fridges with HFC freezing agent which will lead to "greenhouse effect". We can see how backward Hong Kong is in terms of environmental protection technology.

With these remarks, Mr Deputy, I support Dr TSO WONG Man-yin's motion.

DEPUTY PRESIDENT (in Cantonese): Prof NG Ching-fai.

PROF NG CHING-FAI (in Cantonese): Thank you, Mr Deputy. Firstly, I wish to thank Dr TSO WONG Man-yin for moving the motion today as I think that it is most appropriate to do so. We have repeatedly said that Hong Kong has entered into a new era. Mr TUNG Chee-hwa, the Chief Executive, has described with considerable details the directions of housing, education, elderly welfare, industries and so on in his first policy address. Environmental protection, however, has indeed been accorded meagre attention as it takes up only six out of the 156 paragraphs. Certainly, we can be regarded as "to value quantity rather than quality". But for "quality", it is indeed not exciting at all. I have mentioned this aspect in my speech on the policy address at the Provisional Legislative Council meeting on October 23.

Mr Deputy, we may say that the earth which we live in has fixed resources from land and sea. We all know that the resources can be regenerated, but its speed cannot catch up with the growth of population and the increasing economic activities of human beings. Therefore, the whole world is now discussing the concept of "sustainable development" to which some of our colleagues have just referred. Many colleagues have mentioned the importance of environmental

protection education. I think that we must make the concept of "sustainable development" a very important component of environmental protection education.

The so-called "awareness of environmental protection" is in fact in dichotomy to "extravagance mentality" in the broad sense. Mr Deputy, we have an abundance of materials living in Hong Kong today, but we should never forget that extravagance is not a virtue. Therefore, I hope that in addition to "greenness", we should start with an awareness of refusal to extravagance. In fact, the Government has started some work, but it can develop more in depth.

Some Honourable colleagues have just mentioned that the sky or earth which we live in are there for all to share. Therefore, environmental protection does not have any division between regions and countries. I find that Hong Kong can do more in this area. Firstly, we should strengthen the ties between Hong Kong and Guangdong, and turn exchange of information into a powerful and influential mechanism.

Regarding sewage disposal projects, I remember that there was a public outcry when our sewage is disposed of at the estuary of the Pearl River. I certainly do not wish this situation to happen again.

Cross-region co-operation is certainly an essential part of environmental protection, but I think that we should make commitment to the international environmental protection cause as Hong Kong always claims itself as an "international city". Hong Kong should have representatives to speak on behalf of us in related international conferences and to join in the discussion on progress of environmental protection work for the whole world.

Lastly, I would like to discuss environmental protection from a relatively micro perspective. Environmental protection work in Hong Kong relates to several aspects. Regarding the environmental protection industry, the tertiary education sector has in fact initiated the setting up an organization several years ago to develop the future technologies and industries of Hong Kong in four directions: microelectronics, information technology, materials science and environment-friendly industry. In fact, environmental protection industry itself is also a commercial act, therefore, it is an incentive. Promotion of the

environmental protection industry will not only benefit us, but also give an impetus to the export industry and benefit society. I wish that in the development of future technologies and industries, environmental protection industry can feature in the considerations of this organization.

Another micro aspect relates to the many consultancy studies commissioned by government departments, especially the Environmental Protection Department (EPD). I have made criticisms against this on different occasions. I think that the consultancy studies, in particular, those at the initial stage can be undertaken by some of the departments themselves. If the departments are not confident enough, they can solicit assistance from local tertiary education institutions. For example, we have discussed not long ago the issue of incinerators. I have said that if it is only a simple assessment of what the latest technology is, it is not necessary to spend over a million dollars to commission external consultants. I believe that the EPD staff can handle it. If we do not have experts in this aspect, the EPD should recruit qualified staff. If there is a shortage of manpower for the time, it can co-operate with the tertiary institutions. Certainly, I understand that some of the work requires foreign consultants on contract terms and it is very common to do so. In any case, if the departments are bold enough to commit themselves and actively carry out preliminary consultative work, we will avoid delay on the one hand and save some of taxpayers' money on the other.

Mr Deputy, I find that the problem of environmental protection has penetrated every corner of society, so we genuinely need to enhance the awareness of environmental protection of society as a whole. Here, I wish that the Government can do more on environmental protection. We do not always take a critical attitude only for we will show appreciation if the Government has done well. With these remarks, I support Dr TSO WONG Man-yin's motion.

DEPUTY PRESIDENT (in Cantonese): Mr Paul CHENG.

MR PAUL CHENG: Mr Deputy, whilst I feel the motion is a bit on the wordy side, I have no hesitation in supporting the spirit of urging the Government to maintain its resolve to tackle our environmental issues.

To be fair and to be objective, we should credit the Government on some of the achievements made to address our environmental problems as our community become increasingly affluent. These included:

- the introduction in 1990 of regulations to restrict the sulphur content of industrial fuel throughout Hong Kong to less than 0.5%;
- the broadening of the Environmental Protection Department's involvement in the town planning process. For example, there is now a special chapter in the Hong Kong Planning Standards and Guidelines which sets down minimum environmental standards that must be achieved when planning new developments;
- the normalization of the new Environmental Impact Assessment Ordinance;
- the programme which provided noise insulation for badly affected classrooms, imposing strict controls over noise from construction activities;
- enactment of the Ozone Layer Protection Ordinance;
- establishing extremely tough vehicle emissions standards for petrol engined vehicles, bringing lead emissions from motor vehicles down from 200 tonnes per year to almost zero;
- livestock waste problem has largely been brought under control; and finally,
- the establishment of an Environment and Conservation Fund to support community awareness activities.

Now that I have given due recognition to the Government, I must also say that there are examples which I feel the Government could have acted earlier and far more decisively. Many initiatives in addressing our deteriorating air pollution and waste management can no longer be left to flounder in the bureaucratic pool. Take the trial on LPG taxis — Japan already has over 20 years experience — why then do we need a one-year trial? Testing the 30 vehicles for say, two months, should give us all the answers. After the trial I am sure the Government will say it takes time to make the necessary conversion on

the logistical infrastructure to support the switch — that will take another two or three years — by the time we implement the programme, it will be four or five years from now. By then the hybrid car using combination of fuel and electricity technology may well be the next generation of technological advancement. We will forever be trying to catch up on technological progress if we continue to vacillate, not to mention wasting taxpayers' money.

We need Government's resolve, both in terms of officials' determination to attack our pollution problems, and the Government's backing to this resolve with adequate financial commitment. The private sector, on the other hand, should support the Polluter Pays principle so long as this is administered fairly.

Now that we have completed the major study on waste reduction strategy with consultants proposing an integrated strategy incorporating measures aimed at waste avoidance, minimization and recycling, we need to take action. Please — no more studies, speed up on trials. Let us follow the famous NIKE slogan — let us "Just Do It."

With these words, I support the motion.

DEPUTY PRESIDENT (in Cantonese): Mr CHOY Kan-pui

MR CHOY KAN-PUI (in Cantonese): Mr Deputy, the rapid economic development and growth in population have influenced the protection of our environment. Environmental protection programmes such as controlling air quality, reducing noise pollution, cutting down waste, waste disposal, sewage disposal and improving water quality are certainly issues of concern to the people. Therefore, it is a matter of great urgency that effective measures be adopted to ensure that these programmes will not be delayed so as to safeguard public health.

1. Controlling Air Pollution

The dense population, large number of vehicles and industrial pollution in Hong Kong are all factors contributing to the turbid air we breathe. Improvement has been seen in the industrial pollution produced by factories as most of the factories have moved northwards and the Government has enacted legislation on control of air pollution in recent years. However, the most

obvious and serious air pollution comes from vehicle exhausts. While different vehicles emit different exhausts due to the different fuels they use, the suspended particulates emitted by diesel vehicles are particularly serious. Lately, the government encouragement on taxis to try the more environment-friendly liquefied petroleum gas (LPG) in place of diesel is a measure "better late than never". I hope that this plan can be carried out smoothly and be expanded to other vehicles. In this plan, it is important to have sufficient LPG stations and to ensure the safe operation of taxis. I urge the Government to regularly review the latest development of vehicle fuel technology and to formulate a more innovative and effective policy.

2. *Reducing noise pollution*

The Government has prohibited step by step the use of diesel hammer and steam engine for driving piles in densely populated areas as they make a great deal of noise. On the other hand, it has also promoted the use of the less noisy hydraulic hammer and, as a result, the noise pollution problem has been improved to a certain extent. However, since the Special Administrative Region Government is speeding up its housing projects, the noise pollution caused by construction will definitely deteriorate. Therefore, the Government has to strike a balance between these two extremes and handle the problem properly.

3. *Sewage Treatment*

The drainage and sewage treatment systems in Hong Kong have failed to cope with the rapid increase in population and new development areas. For a long time, the sewage of the territory has been discharged into the neighbouring waters without treatment, whereas 80% of the sewage collected from the public foul drainage system have only been treated with the simplest grit screen before they are discharged into the sea. As a result, the water quality of Hong Kong has been deteriorating day by day, adversely affecting public health and marine ecology. In view of this, the Strategic Sewage Disposal Scheme proposed by the Government merits our support. According to this Scheme, the Stage I is to set up a sewerage and sewage disposal system in which the sewage from Kowloon between Tsuen Wan and Tseung Kwan O as well as from northeast Hong Kong between Chai Wan and Shau Kei Wan will be collected, transported to Stonecutters Island through a deeply embedded tunnel system and then put through primary chemical treatment before eventually being discharged to the

west of Victoria Harbour through interim discharge pipes. However, due to the delay in the construction of the deeply embedded sewage tunnels, this plan which was scheduled to commence by the middle of this year cannot start operating until the end of 1998 at the earliest. The delay of this project has a direct bearing on the seriousness of pollution in the Harbour and the local water quality is further worsened. In the Stage II of the Scheme, discharge pipe systems will be built to discharge the sewage treated in Stonecutters to the sea south of Hong Kong. Since this is an enormous project with far-reaching impact, the Government should earnestly carry out environmental impact assessments and consult with the mainland authorities concerned so as to formulate an appropriate policy and implement the plan as soon as possible.

4. *Waste disposal*

The disposal of waste in a safe, efficient and environment friendly way is indeed a problem. Hong Kong produces tens of thousands tons of industrial and domestic waste every day and this quantity keeps on soaring. If we do not take action to suppress the growth of waste, the landfills will have been filled up by 2012. Furthermore, with a limited supply of land in Hong Kong, it is relatively difficult to open up new landfills. The present method of waste disposal is to transport the waste to refuse transfer station for treatment and compression before moving them to landfills. However, this is not the most effective or the cleanest way of waste disposal and there are many sequelae. I think a better way would be the use of energy recovery incinerators which can incinerate 80% of municipal waste in intense heat and cut the quantity of waste by as much as 90% before they are transported to landfills. By so doing, the volume of waste can be reduced greatly so that the service life of landfills can be prolonged as much as possible. This kind of high technology will meet the strictest requirements of exhaust emission. I hope that the Government can finish the feasibility study of this method as soon as possible and have it implemented.

Clinical waste disposal should not be overlooked either. At present, the incinerators used by the Hospital Authority hospitals are still substandard old-fashioned clinical waste incinerators. Being environmentally conscious, the Government tends to use the incinerators at Tsing Yi Chemical Waste Treatment Plant to handle all the clinical waste in Hong Kong. The feasibility of this measure has to be studied carefully because the plant was originally not designed for the treatment of clinical waste. So while we need to study in detail whether

the Plant can cope with such a use technically, we also need to consider the environmental impact on nearby dwellings and the risks in transit.

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

DEPUTY PRESIDENT (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): Mr Deputy, I support the motion moved by Dr TSO WONG Man-yin today, in particular the first part which urges the Government to adopt effective measures to ensure that the various environmental protection programmes will not be delayed so as to safeguard public health. I think this is very important.

I joined the Panel on Environmental Affairs after I had become a Member of the Provisional Legislative Council. After several meetings, I have come to concern about the Environmental Protection Department (EPD), the executive arm of the Government in environmental affairs, and I pay particular attention to whether its present work is effective, and whether it plays an active role in undertaking the relevant works. In these two aspect, I find certain problems should be brought up for discussion.

To the public, environmental protection statistics mean nothing to them. What they are concerned with is whether their health is protected after these data are obtained and the environmental protection programmes carried out. This is the most important thing to them. In the Report of the Director of Audit (the Report), 55 pages are dedicated to the monitoring and control of air pollution, published right on time to respond to our motion today. The Report made a marvellous monitoring review of the EPD, in which it is clearly explained how the present level of air pollution is, whether the Government is able to deal with such a level of air pollution, and whether the Air Pollution Index (API) announced daily is accurate. These 55 pages of the Report disclose all of the above problems.

The Report clearly states that the Government has spent \$160 million on the study of air pollution but the result is disappointing, this is the conclusion of

the Audit Department. Several points are particularly noteworthy. Firstly, the API employed by Hong Kong at present is not the same as that of the World Health Organization (WHO). If the API of Hong Kong is compared with the world standard, the degree of air pollution in Hong Kong is very serious. I would like to quote a paragraph from page 254 of the Report, "Comparison with other countries showed that Hong Kong had the worst respirable suspended particulates problem amongst cities like Singapore, Los Angeles, Chicago and New York. Hong Kong's nitrogen dioxide problem was worse than that of Singapore and had exceeded the health-based air quality standards of the WHO and the United Kingdom. Polluted air puts the population's health at risk." This is the first question the authority has to answer, that is, why does the Government spend so much money without upgrading the air quality so that it conforms to the world standard? The allegedly good air quality shown in the API of Hong Kong's EPD turns out to be bad according to international standards. How can the Government tell the people that the public money spend is worthwhile?

Secondly, the Audit Department also discovers that the present Air Pollution Index and Forecast System (APIFS) is in fact inaccurate. The air test conducted by the EPD daily stops at 2.30 pm, so the API the public obtains from the EPD each day is actually the index of the previous day before 2.30 pm. This is problematic. Besides, the Audit Department further points out that the API announced on Monday or public holidays by the EPD is only 55% accurate, for in the following holidays, no EPD staff will conduct air tests. Is this an effective method? I can tell the public that they can only believe half of the air pollution prediction they are told of every Monday, because the accuracy of the prediction is only 50%.

Thirdly, I am also gravely concerned about the exhaust from vehicles. A survey in the Report states that although smoky vehicles have to undergo inspection every year, there are many loopholes in the law which vehicle owners can easily make use of. They may alter certain parts of the vehicle and after they have passed the inspection dark smoke is emitted again. A table shows that 23% of the vehicles were repeatedly reported to the authorities in 1992, the figure has not declined by 1996 but even increased to 26.8%. In this connection, I think the EPD has to tell us what active measures they are taking to tackle the problem.

The last point which I believe everyone is concerned about is the problem of reporting violations. There are over 1 000 spotters in Hong Kong which is

satisfactorily sufficient, but their performance does not seem to be very profitable. Those who can only spot one case per year account for up to 40%. Today I have quoted so many figures or data from the Report because I hope that there will be enough evidences to show whether the relevant executive arms of the Government have made sufficient effort in their work. Otherwise, the public may think that the things promulgated by the Government are inaccurate and the health of the citizens cannot be protected after all. I believe that the Secretary has to respond in this aspect.

Moreover, the Panel on Environmental Affairs has held several meetings and looked into the initiative of the EPD. I think that the EPD is too conservative in issues such as waste disposal, wetlands and acoustic shield, and it also lacks comprehensive planning. Through today's motion, I would like to arouse the Secretary's attention to two points; first, practical effect, second, initiative.

Finally, I call on the Secretary to answer my question concerning the water quality of Dong Jiang which I mentioned in my speech during the policy address debate. Has the Hong Kong Government consulted directly with the relevant departments in the Mainland in order to ensure the hygiene of Hong Kong people's potable water? I think that the Secretary must answer this question.

Mr Deputy, I support the motion. Thank you.

DEPUTY PRESIDENT (in Cantonese): Mr LO Suk-ching.

MR LO SUK-CHING (in Cantonese): Mr Deputy, while we have a thriving economy in Hong Kong, we also have deteriorating environmental problems such as air pollution, water pollution, noise pollution and waste disposal. They do not only deteriorate our living environment, but also harm our next generation. While many private environmental protection organizations have been endeavouring for years to promote the importance of environmental protection and to look for solutions, the Government has been paying attention only to economic development and livelihood issues such as housing, elderly welfare and education, with little support for the environmental protection effort. As a result, many environmental protection programmes, for example, the building of a central incinerator, sewage collection plan, landfill charges scheme and so on cannot be realized earlier. I think that the Government should adopt a more

proactive approach in putting in more resources to solve the problems of environmental pollution, and it should create a clean and comfortable environment for Hong Kong people which is a long-term investment in public health.

Among the many environmental pollution problems, those of waste disposal and sewage are relatively more serious and have more far-reaching influences. At present, waste in Hong Kong is generally dumped in landfills. In view of the increase in waste quantity, the present three landfills in Hong Kong will all be full by 2012. We have to think of a remedy to solve the problem as soon as possible. In the long run, disposing of waste in landfills will give rise to a lot of sequelae. As for the treatment of clinical waste, although some Hospital Authority hospitals have their own incinerators, they are outdated and cannot effectively handle clinical waste. Actually, at present there is not a single incinerator that can meet the requirements stipulated in the Air Pollution Control Ordinance.

Since Hong Kong is an economics-oriented society, environmental protection programmes implemented without benefits to the public usually met with a lot of obstacles and some even failed. The natural death of the Sewage Services Trading Fund and the landfill charges scheme are good examples. Furthermore, Hong Kong people are in general weak in their awareness of environmental protection and care only about their own convenience. As a result, waste production has been incessantly on the increase and it has become more and more difficult to implement an environmental protection plan among the community as a whole. As the old saying goes, "prevention is better than cure", we should begin with measures of minimizing waste, avoiding the production of waste and recycling waste. Coupled by a mechanism that offers incentives, we should encourage private organizations and the public to carry out cost-effective environmental protection work.

In order to reduce waste, first of all, we have to try our best to minimize the use of disposable commodities. Secondly, we should cultivate among people a sense of civic responsibility that "everybody is responsible for

environmental protection"; and they should be made to understand that the principle of "polluter pays" is not a punishment but a gesture of being responsible. People should also be educated that they bear the responsibility for waste production and they should find solution for disposal of the waste they produce.

Hong Kong is a very small place with extremely limited living space, it is very difficult to find enough room for collection and classification of waste. Moreover, all kinds of domestic wastes are mixed together and they have already been polluted before reclamation, so the domestic waste reclamation rate is as low as 8%. In view of this, the Government may consider setting up waste classification stations in low-density residential areas and require that new residential buildings to have their own waste classification stations in the hope that waste can be separated for reclamation. The Government should also assist the waste reclamation and recycling industries by, for example, granting low-interest loans to the relevant companies, introducing new waste recycling technologies and facilities from foreign countries, handling flexibly the licensing procedures of recycling companies so as to render these undertakings profitable, and encouraging private investors to develop such industries. In the meantime, the Government should amend the existing legislation with a view to plugging the loopholes in the present laws and to effectively control the import, export and transit of waste, in order that Hong Kong will not become a collecting and distributing centre for waste from the West, thus avoiding the recurrence of recent incidents in which poisonous computer waste from Australia and domestic waste from the United States are stranded in Hong Kong.

Although land reclamation and large-scale infrastructure development have increased land supply and fostered economic development, the waters in Hong Kong are incorrigibly polluted and the marine ecology damaged. As a result, the local fishing industry is adversely affected and both the quantity and quality of catches in Hong Kong waters have deteriorated. Therefore, fishermen have to go far away for catches, the cost thus rises and the public have to pay much more for fish or they even have to eat polluted marine products to the detriment of their health. The Government should face squarely the conservation of marine ecology in the territory's waters, improve the water

quality and save the coastal fishing and pisciculture of Hong Kong.

Pollution knows no boundary. With the increasingly active economic activities across the Hong Kong-Guangdong borders, cross-region pollution is getting more and more serious. At present, although there is a Hong Kong-Guangdong Environmental Protection Liaison Group, its work is unfortunately only limited to "liaison" up to now. It has not done any co-operative work with regard to monitoring and improving cross-region pollution. The most urgent task now is the treatment of the Deep Bay foul water and improvement of the Dong Jiang water quality, in particular the latter one. We have been drinking the water from Dong Jiang for over 30 years. With the growing population and the agricultural and industrial pollution along the Dong Jiang shores, the water quality of the river much worse than before. The Special Administrative Region Government must consult with the Guangdong Provincial Government immediately and try to find out ways of solving and improving the pollution of Dong Jiang. To protect the water quality of Dong Jiang, laws of protecting the river must be enforced stringently and environmental education must be enhanced.

For the Government, investing in environmental protection programmes may not be a profitable business, but improving public health and their living quality is definitely a beneficial long-term investment.

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

PRESIDENT DEPUTY (in Cantonese): Secretary for Planning, Environment and Lands.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr Deputy, first of all, I would like to thank Dr the Honourable TSO WONG Man-yin for moving the motion on the environment of Hong Kong and for Members' contribution to the debate. From what Members have said, today's debate is not a debate. Why? Because most of Members' comments and even the wording in the original motion, are indeed what we have been hoping to achieve and part of the Government's policy. Members did not argue for anything either. They just voiced their opinions, most of which are targets which the Government seeks to achieve. Some of these have even become part

of the Government's policy objectives. Strictly speaking, the Government agrees entirely with the four points in (a), (b), (c) and (d) of the motion. The Government actually thinks that these points are acceptable and should be supported. I am glad that we have had a green discussion or debate in this Council today. I note in particular the colour of Dr TSO's clothes suits today's topic.

I do hope this Council can conduct more discussions and debates of this kind. I can deduce that the opinions and indeed the spirit of Members' comments are in support of the Government's effort in environmental protection. This will be conducive to our achievement in future. I am glad to see that more Provisional Legislative Council Members are attending the Environmental Affairs Panel meetings than before when it was the Legislative Council. I am also glad to note that Members have shown concern and voiced their opinions. The Government will surely take their opinions into consideration and will try our best in the furtherance of protecting our environment.

The Chief Executive said in the policy address, as some Members did, "improving the quality of our environment is as vital as economic growth to improving our quality of life". But I have one question about the motion. The preamble of the motion says "environmental pollution problems in Hong Kong have become increasingly serious in recent years". I am afraid I cannot agree to this. Some Members must have forgotten what the Government has done in the past eight to ten years.

Our start with the environmental protection effort dates back to 1989 when the White Paper on Environmental Pollution was publicized. I do not think Members could still remember what the situation was like in 1989. We have made some improvements already, and all of us have taken these for granted as part of our work. We only need to look at the situation in 1989 and take some data to compare with the present situation to arrive at an objective conclusion that the Government has indeed done a lot to improve the environment.

Just now, Mr Paul CHENG has briefly mentioned some of our work but I do not expect he can remember everything. At least, we are not caught in a situation where there is only a White Paper but we have done no work and countenance a deteriorating environment. There are indeed an abundance of data and facts bearing out the achievements of the Government. Of course, the White Paper has listed a number of work items. If Members can compare the details, they will find that over 98% of the targets and programmes set out then

have already been met. In other words, we have completed most of the work ahead of schedule.

Public expectation and demand for a clean environment have soared in recent years. For the Government, this is a good sign because the more concerned is the public, the greater number of people who will participate in the effort, and the more involved they will become. With this foundation, we hope to receive more support from the public and Members of this Council for our environment-related measures and legislation in the future. After all, the public participation is always the most important thing.

Just now, Members asked why environmental protection work fell behind among all policy commitments. It is only a matter of proportion. I hope Members can view this with an objective position. I have given an explanation on this before and I do not intend to repeat it here. I would like to point out clearly one point: let us examine closely those items we have failed to achieve on schedule. Some of the more important items are, for instance, firstly the Strategic Sewage Disposal Scheme, which was delayed by the works contractor. Secondly we had hoped to set up a low radioactivity storage, but we did not receive any tender other than an excessively expensive one. Thirdly, charges proposals related to environmental protection were voted down by the Legislative Council. Fourthly, the Government had hoped to build a central incinerator but the proposal was withdrawn for re-consideration due to objections from future users who need to pay or from other groups with vested interest. Finally, we did have some legislations for environmental protection but we missed the deadline for submission for we had to further consult the relevant parties or trade. In the circumstances, I do not think it is fair to blame the Government for not having achieved the targets on time. So, I hope Members can consider this carefully. While I am in office for environmental work, I do want to keep all the promises and I do want to be able to "just do it" or "what I should" as Mr CHENG has quoted from an advertisement. To be able to keep our promises, we need the unconditional support from the public and Members. I hope I can have support from Members so that I can be free of considerations about politics and vested interests in carrying out my environmental protection work.

For example, over the years the Government has been trying to relocate polluting trades and provide new sites for their continued operation. We will relocate the airport to improve the quality of life of those living under the flight path. We have closed the incinerators. We have introduced improvements on

petrol for cars and the sulphur content of diesel fuel. We have also introduced a trial scheme for Liquefied Petroleum Gas powered taxis, which is still on a trial run now. All these projects we could complete on time for improving the environment.

In respect of setting up an incentive mechanism to facilitate the development and introduction of cost-effective environmental protection technologies, as proposed in the motion, we support the employment of effective economic measures to achieve environmental goals. It has always been the intention of the Administration to come up with policies that combine the advantages of both regulatory and economic effects.

For example, a building energy code for statutory control of overall thermal transfer value of new commercial and hotel buildings has been implemented for more than a year while draft codes on the designs of lighting and air conditioning installations are being developed for implementation in 1998. We will be extending our energy label scheme to more electrical appliances. In addition, we have requested the two power companies to adopt demand-side management programmes to promote the reduction of electricity consumption. Our policies seek to promote energy conservation without impeding economic growth or frustrating the public's expectation for improvements to our living standards.

Just now some Members mentioned the issue of waste. In fact, it is the Government that first put forward the subject of waste minimization, recovery and recycling. I am grateful for the opinions raised by some of the Members, which actually echo many of the proposals of the Government. I hope to be able to gain full support from Members in future when I put forward work plans for waste minimization. Individual companies and companies participating in the relevant programmes we intend to field in the future will be encouraged to adopt measures to avoid producing waste in order to meet specific reduction targets. We will also consider measures introducing a series of measures to facilitate the provision of land and space in new buildings to encourage waste recycling activities, provide technical assistance to manufacturers and importers participating in a producer responsibility scheme to manage the waste they generate, and set up task forces within various sectors of the community to co-ordinate waste reduction activities.

There was mention of assistance provided by the Government in merchandising and even technology to encourage waste recovery or recycling.

There are some practical problems here. First, under the principle of international free trade, it would be difficult for the Government to specify what goods to buy, give permission for which goods to import or grant assistance to a certain trade or industry without breaching any agreement of the World Trade Organization (WTO). Although it is good to encourage waste recovery or recycling, but what goods can we produce out of the waste recovered or recycled? I have visited some waste recovery companies abroad. They could find no outlet for the recovered paper, cans or glass. So, they have made a huge storage of waste. Therefore, the lack of an eventual outlet for any materials recovered is a major obstacle for the recycling effort. At present, Hong Kong does not have a huge market for such materials. Recovery rate for domestic waste is about 8% in Hong Kong, while the rate for industrial waste, especially in the commercial sector, is nearly 50%. Many of the recyclable waste materials are shipped to overseas countries for processing. This is an authorized industry for waste recycling. If this industry is to be operated in Hong Kong, we need to consider to what use the products can be put. Otherwise, what we have will be a large storage for waste paper, used cans or unwanted glass.

We have also launched and planned different kinds of charging schemes for the use of various waste treatment and disposal facilities. Such schemes for environment-oriented waste disposal services are in operation or under preparation. These schemes and charges are examples of ways in which the "polluter pays" principle may be applied. We are conducting a progress review on the 1989 White Paper biennially. In the forthcoming Fourth Review of Progress of the White Paper, we would review the use of financial means that work through the charging schemes to create incentives to reduce pollution or conserve depletable resources. We hope that these means will encourage commitment on polluters' part to environmental protection, create incentives for sustainable environment-friendly behaviours, ensure the fair sharing of resources through the market mechanism, and provide incentives for manufacturers to lower the pollutant emission level for economic benefits as well as a positive impact on technological development in the long run. The Fourth Review will also provide a basis for the formulation and review of our strategic environmental protection policy options for the 21st century. We shall consult major stakeholders before its publication next year.

Just now, Members mentioned the need for sustainable development and questioned the Government's study on the same subject. I would like to know how many of Honourable Members present understand the meaning of sustainable development. What does it mean in the Hong Kong context? A

Member asked whether we could follow completely the example of China which has already embarked on this course. I would also like to know how many people have seen China's policy on sustainable development or its "Agenda 21". How many of these agenda items can be applied in Hong Kong? At the moment, every country is trying to find out an "Agenda 21" that suits them and the guiding principles in sustainable development. The situation in Hong Kong is different from the Mainland and a total duplication of China's example is not possible. We all clearly understand that we need to decide our future direction according to the future needs of Hong Kong and its mode of development. That is why we need to set up a mechanism and formulate targets by way of the study, to evaluate whether we can chart the sustainable development course, how a policy of sustainable development can be shaped in Hong Kong and how to make such a policy fit our initiatives in transport, social welfare, housing and so on.

A Member questioned why we have only focused on economic development so that a large proportion of the policy address was devoted to that area. Indeed, if economic development could carry the idea of sustainable development, the chapter on the environment can be omitted as each policy will have its own measurable environmental protection index on sustainable development.

So, the Government is very much on its own in formulating the policy. Although I said we should "just do it", the support and participation of 6.5 million people are needed in launching our plans. Therefore, when we plan our work we must, as the motion says, extensively consult the public. We expect to conduct a large scale public consultation exercise on sustainable development and initial mode of action. Furthermore, when the respective formulation work nears completion, we will conduct a more comprehensive public consultation on the final proposal.

Members also mentioned we should enhance the representativeness and work of the Hong Kong Guangdong Environmental Protection Liaison Group. In the Group, I am the Hong Kong representative while the Director of the Environmental Protection Bureau of Guangdong Province represents Guangdong. We are the highest level representatives of the two regions. Some Members thought the Director of the Environmental Protection Department was the Hong Kong representative. That is not correct. Joint efforts are required to raise the level of work or to increase the agenda items or set up decision-making mechanisms. The Government of the Hong Kong Special Administrative Region alone cannot make a decision unilaterally. Both Governments are now involved. We can only listen to Members' opinions. Indeed we hope to be

able to expedite our work, to enhance our power to make decisions but we need agreements from both Governments. We hope to bring up this issue for discussion in the future. However, some Members said we have remained at the liaison stage throughout the years. This is not correct. We have indeed made some rather long-term decisions. But it would take some time for achievements to be made as both Governments are involved now. For example, we have decided to designate Deep Bay as the highest priority key area requiring protective conservation efforts. This has limited the scope of activities both Governments and other organizations can carry out in the area. We have also decided to conduct an environmental protection study in Mirs Bay, set up a study group on the conservation and protection of China White Dolphins, form a study group to exchange information and findings of previous studies on air quality in the Pearl River Delta Region, and enhance the exchange of information and supervision on cross-border movement of waste.

I agree with Members' views that environmental protection knows no boundaries. We hope in future to have more opportunities of co-operation and to strengthen the same at higher levels with the Mainland to achieve the common goal of protecting the region's environment. We hope to complete the development of the action plans to protect Deep Bay and Mirs Bay and put them to implementation soon. On both the areas of water and air pollution, we have strengthened our assistance to the Mainland in their environmental protection work. We have decided to let Hong Kong assist the Mainland side in the Infrastructure Co-ordinating Committee to set up a task force to follow up on Strategic Sewage Disposal. Moreover, we will maintain close and regular contact on the cross-boundary movements of hazardous and contaminated waste. We will also monitor the matter.

Members have also talked about transparency of the Group. There will be more transparency for the Group. Beginning with last year, we have been reporting to the Environmental Affairs Panel on its achievements and deliberations for each meeting. We have been issuing a press release after each meeting to inform the public of the outcome. We will continue doing both. We will continue to submit reports to the Provisional Legislative Council and would like to receive response from Members so that we can progress further in our work.

Mr Deputy, I beg your indulgence for a very long reply. Since there were several points raised by Members, I would like to respond briefly to them. Members said there should be public education in environmental protection. I have to make some clarifications in response to this, to avoid misunderstandings.

In other words, I want to do some education work here.

Why did we spend several hundred million dollars to improve the landfills? We were reluctant to spend the money, but the technology and facilities of our present landfills all started operation 20 or 30 years ago. At that time, we did not have the technology to avoid environmental problems after our landfills were put to use. Even if we did, they were primitive technologies. So, we need to spend money to tidy up the aftermath. The life expectancy of our three new strategic landfills has been reduced to seven or eight years not from ten years or so but from 30 years. Due to a combination of circumstances, it has been reduced to 15 or 16 years. So the figures quoted by Members were not accurate.

Mr CHAN Choy-hi said from a boat he was on he could see a dolphin killed by injuries inflicted by propeller blades. I hope he was not on a boat with a propeller to watch dolphins because a number of people get on boats with propellers to sea to watch dolphins resulting in dolphin casualties.

Members also asked why we could not restrict the use of "foam rubber" in Hong Kong. First, Hong Kong does not manufacture "foam rubber". All "foam rubber" is imported. If the Government made laws to ban the import of "foam rubber", we would have to consider whether this is against the WTO agreements. Second, research on substitutes is still not completed. It is being tested in the Mainland and people there admit they are not sure of the effectiveness of the substitute, which costs more than "foam rubber". If lunch boxes, for example, were made from the substitute, it cost one third to one quarter more. Should people consider cost of production? The overall effect is uncertain in the Mainland and they do not know yet whether they should make it mandatory to use substitutes. If Hong Kong makes it mandatory to do so without having any manufacturers to supply other types of containers, what should we do? So, if we want to unilaterally restrict the use of "foam rubber" we must first learn from the experience of other people.

There were also Members who would want research on the environment or preliminary research to be done by institutes of higher education. We have been having this lingering in our minds. If such institutes wish to take part in our consultancy and research work, they have to submit tenders. We cannot appoint a certain institute to do the job. Some institutes have been doing consultancy work for the Government. Sometimes the prices they quote on their tenders are even higher than those quoted by commercial organizations. For the sake of fairness, we cannot award the contracts to some institutes.

Finally, I must thank Mr LAU Kong-wah, who read out part of the report of the Director of Audit in his speech. He reminded us that the report has been published today. There are several points I need to respond to. First, the Environmental Protection Department (EPD) started reviewing its work several years ago and has been brewing up the proposals mentioned by the Director. The Director's report just put these proposals down as his proposals. The EPD was not satisfied with the present system and therefore started the said review. As everyone knows, as the social environment changes we must up our work and raise the objectives of air quality. As regards the issue of respirable suspended particulates, the Government has never hid anything from the public. It has been telling people time and again in the Provisional Legislative Council and on public occasions that respirable suspended particulates is posing a serious problem. While it has been an issue of grave concern to us, finding a solution is another matter.

How should we measure objectives of air quality? Why are we using backward standards? Well, it is only recently that the World Health Organization has reviewed and raised the standards. The EPD knew about this two years ago and set up a working group tasked to review the objectives of air quality in Hong Kong. But the working group was criticized before it could produce any report.

Let me talk about the accuracy of projected figures for air pollution. Most of the projections are accurate. But projections are projections and most of the time problems arise because projections cannot be 100% correct, considering the discrepancy between data loaded into the computer and the variations in the atmosphere on a particular day. This same situation also true in other countries. The report of the Director of Audit did not mention the experience in other countries. The EPD is aware of the problem and has made special arrangements for a review every morning of projected figures made on the previous day. If there are changes, the figures will be corrected on the day of review.

Mr Deputy, I am sorry I have taken up so much time for my reply. I only wish to reiterate that I am grateful to Members for their opinions. I support points (a), (b), (c), and (d) in the motion. I hope this will form a basis on which Members will lend their support when in future the Government submits proposals on its effort to protect the environment. Thank you.

THE PRESIDENT resumed the Chair.

PRESIDENT (in Cantonese): Dr TSO WONG Man-yin, you may now reply and you have two minutes 35 seconds out of your original 15 minutes.

DR TSO WONG MAN-YIN (in Cantonese): Thank you, Madam President. First of all, I would like to extend my thanks to the 12 Honourable Members who have spoken in support of my motion. I believe their speeches will definitely be conducive to improving Hong Kong's quality of environment, and they will also demonstrate this Council's concern for the environmental problems. I am happy to learn from the Secretary's detailed reply that the motion I move is exactly the goal the relevant government departments are working towards. Just now the Secretary has compared our present quality of environment with that in 1989, I believe most Members would feel that the improvement in our environment lags behind our economic development. Many Honourable colleagues have actually mentioned this point, that is, the balance between our environmental problems and our economic development is questionable.

As for the commitment to environmental protection, the Secretary explained earlier that the increase in costs and the delay in completion are due to procrastination in construction and exorbitant tender prices. That such problems have occurred is a reflection of a lack of elaborate planning and substandard consultancy studies.

The Secretary has also talked about the market for recycled products. This kind of market may not be very popular now in Hong Kong and many other communities, but I do hope that the Government can play a leading role. For example, since government departments use so much paper, can they try their best to use recycled paper? This also involves the promotion of and education in environmental protection.

I do not have much time left for my reply. I very much hope that the

Government can respond actively to the first three proposals in my motion, and I also hope that it will strengthen the Hong Kong-Guangdong co-ordination and co-operation in environmental protection as soon as possible. Basing on the principle of mutual benefits, I hope that they can soon draw up a co-operative plan which will make commitment to protect the environment of the whole Pearl River Delta, so that our reputation of the "Pearl of the Orient" can be retained in the blue sea and sky as well as the green mountain and water, and the Pearl River Delta can really embark on the thoroughfare of sustainable development.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr TSO WONG Man-yin be approved. Will those in favour of the motion please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(No Member responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

PRESIDENT (in Cantonese): Second motion: Increase of bus fares. Mr CHEUNG Hon-chung.

INCREASE OF BUS FARES

MR CHEUNG HON-CHUNG (in Cantonese): Madam President, I move the motion which has been printed on the Agenda.

Madam President, being consumers, people in Hong Kong appears to have a lot of alternatives in choosing various means of transport. For example, we can choose to take train, taxi, public light bus or bus. However, we are very passive in choosing whether to take bus or not. Therefore, in considering

whether to support the fare increase applications of the three bus companies, we should take various aspects into account. Most importantly, we have to consider the affordability of the public, the value for money of the bus services and the financial situation of the operators.

In comparison with other public transport services, bus services are run under franchises. Therefore, the Government should play a very important role to monitor the quality of bus services and fix the fares. The patronage of the bus companies in Hong Kong is sufficient to maintain a healthy operation. In comparison with the bus operators of foreign countries or other regions which have to be subsidized by the government, their Hong Kong counterparts are indeed blessed with particularly favourable natural conditions.

The foreign governments subsidize the public for the use of public transportation services as they think that it is the responsibility of the government to provide the public with affordable public transportation services. Take Britain as an example. In inviting tenders for running the bus routes, the bid with the lowest the amount needed to be subsidized by the government, the higher the possibility to win the tender, and the greater the chance to obtain the franchise for operation. Take another example. The bus companies in Singapore have not requested for a fare increase in the past five years as the profit accounts were calculated on the overall operation of the company. Hence, there was no need to have a fare increase in five years' time.

These examples illustrate that the governments concerned have taken it as a policy to provide the public with affordable transportation. However, the situation in Hong Kong is different. Hong Kong is very small but crowded with people. The three bus companies have sufficient patronage for a considerable profit and need not obtain subsidies from the taxpayers. However, the income derived from other businesses operated by the three bus companies, such as the development of superstructures at depots, is treated as an independent item. It is very unfair to the public. For some property lots, even though the bus companies concerned had obtained the tender at market price for building depots, they eventually used them for development of superstructures instead. If those companies do not run the bus services, there is no chance for them to use the lots. Therefore, it is paradoxical to separate the profits obtained from the development of superstructures and the operation of bus services. We consider that in our assessment of the bus services concerned, the overall profits of the company but not just the bus service itself should be taken into account. Therefore, putting the overall profits into the calculation, there is no need for the three bus companies to increase their fares. Increases of bus fares will directly affect the

living of the grassroots, leading to an adverse inflation cycle and may also stir up social unrest.

Madam President, in considering the fare increase application by the three bus companies, we should, first of all, consider whether the public can afford it and find the services concerned value for money. Therefore, the Democratic Alliance for Betterment of Hong Kong (DAB) has conducted a opinion survey and the results are as follows : The expenditures on bus fares amount to about 9% of the total income of the public. More than 75% of the public found the bus fares too high. 72% of the passengers found the bus services not value for money, in which 60% found the service of the Kowloon Motor Bus (KMB) bad value for money, 58% found the Citybus likewise whilst 71% found the China Motor Bus (CMB) in the same vein.

These figures show that people in Hong Kong were not satisfied with the services provided by the three bus companies. They generally found that the service should be improved they should ask for a fare increase. The areas to be improved include inadequate frequency, dilapidated buses, poor cleanliness, poor working attitudes of the staff and so on. According to the information given by the Transport Advisory Committee (TAC), in the second quarter of 1997, the number of complaints against KMB had increased by 29% as compared to the previous quarter, CMB 50% and Citybus 250%. Thus it is evident that the quality of services provided by the three bus companies have dropped drastically to a level unacceptable to the public. For example, only in the first six months of this year, 15 cases of fire on buses were reported, in which six of them were related to the KMB. Thus we can see that there is a genuine need for the three bus companies to improve their repairs management. The public is generally dissatisfied with the quality of services provided by the three bus companies, not to mention value for money. Under these circumstances, the three bus companies still see it fit to ask for a drastic fare increase. I believe the public will not accept it. Meanwhile, the public has no choice but to use the services provided by the three bus companies. Therefore, the Government should veto the fare increase applications of the three bus companies and enhance its monitoring of their services and repairs.

Madam President, in considering the fare increase applications by the three bus companies, we should take into account their financial situation. First of all, I will comment on the financial situation of the KMB.

As regards the financial situation of the KMB, we should begin with its

application for a fare increase in 1995. At that time, the KMB urged for an increase of about 10%. However, the TAC approved an increase of only 2.7%. Eventually, as at the financial year ending 30 October 1996, the profits payable to the KMB shareholders was \$527.7 million. In comparison with the profit of \$461.4 million in 1995, there was a rise of 14.5%, amounting to \$66.1 million. Obviously, the KMB had "demanded an exorbitant price" at that time. If the fare increase proposed by the KMB was approved at that time, it was believed that the profit might be close to the present figure as the KMB would not boost its productivity and cause a great wastage. The KMB has obviously boosted its productivity to strengthen its competitiveness so that both the patronage and the number of routes have grown. Therefore, even the fare was increased by only 2.7%, a considerable profit was still returned. In view of this, increase of profit is not necessarily achieved through fare increase.

Therefore, we consider that even the Government should veto the current fare increase application of the KMB, the company can still be able to increase its profit. It is because at present, there are a lot of favourable factors, such as the population growth, massive movement of population to the New Territories for residence, as well as the opening of the Route 3 in the Western New Territories and the Western Harbour Crossing. All these factors have greatly strengthened the competitiveness of the KMB. Moreover, the KMB has also taken part in the operation of the new airport as well as the shuttle bus service between Hong Kong and China. It is believed that even without the fare increase, the profit returned by the KMB in future will continue to be enormous.

Madam President, the KMB signed a new franchise agreement with the Government in August this year with the abolition of clauses on profit control. The clauses on profit control at that time allowed the bus company to make a profit not less than 16% of the net fixed assets value. And the new agreement has stipulated that the bus company could obtain a reasonable return. But there is no specific definition on how much the reasonable return is. So whether an 16% rate of return is reasonable is a matter of opinion.

Let us get down to a more detailed analysis of the annual report of the KMB. In fact, the capital stock of the KMB amounts to only \$404 million and the reserves are about \$1.6 billion in total. These reserves are, in fact, the accumulated profits from the past years earmarked not for dividend payment. From the very beginning, the capital stock of the KMB is only \$404 million. Committing \$404 million to make a profit of \$500 million is indeed outright profiteering. Adding \$1.6 billion to the capital stock of \$404 million in the

calculation, a profit of \$500 million can still be regarded as a staggering one. Therefore, I urge the Government to veto the fare increase application of the KMB.

As regards Citybus, in the interim performance report ending at June this year, the payable profits to the shareholders amounted to \$61.77 million, with an increase of 33.1% as compared to that in 1996; and the profits for the whole year amounted to \$120 million, showing that the profit is overwhelmingly high. There is really no need for the company to apply for a fare increase. In analyzing the situation of the Citybus, the profit is mainly derived from the continuous growth in patronage. In 1994, the patronage for the whole year was only 85 million. It increased to 139 million in 1996. The mileage increased from 24 million km in 1994 to 41 million km in 1996. Obviously the Citybus has had tremendous growth in various aspect of its service over the last two years. At present, the Citybus has accounted for half of the patronage on Hong Kong Island. It can definitely work for more passengers through increasing the frequency so as to obtain profits and security of protection. In the coming year, the Citybus will acquire 130 new air-conditioned buses to develop the new routes in Landau, Tung Chung and Chek Lap Kok. Obviously, the Citybus is capable of guaranteeing its profits by strengthening its competitiveness. Therefore, we consider that at this stage, there is no need for the Citybus to increase its fare.

As regards the CMB, the profits made last year amounted to \$62.6 million, which is the lowest among the three bus companies. However, it is the one receiving the highest number of complaints from the public and applying for the greatest fare increase. Concerning the highest number of complaints, it is believed that the crux lies in its poor management. The CMB still operates in the style of a traditional family. It is really unfair to force the public to pay higher fares to bear the financial consequences of poor management. In fact, most of the public found the CMB service bad value for money. If there were another alternative, the CMB would have been discarded by the public a long time ago. At present, the public has to pay high fares in return for poor service. This is really unfair. I believe residents on Hong Kong Island are all very familiar with the poor quality of CMB service. If the CMB does not introduce a new management philosophy to boost its efficiency and continues to rely on fare increases to coup higher profits, it may eventually be eliminated by market forces.

As regards the staff strike of the CMB recently, the method employed by

CMB management to handle the labour disputes leaves much to be desired. Earlier the CMB had delayed the decision for the annual pay rise, making the staff to wait endlessly. Later, 45 employees were dismissed eventually. We cannot help wondering the CMB might have used the staff as chips in its bargaining for a franchise extension. Since the strike of the CMB in 1989, there were also crises of strike in the last few years. And the strike broken out recently can reveal that the labour-management relation of the CMB has not been improved, making people in Hong Kong lose confidence in the CMB completely. In this case, it is essential for the Government to plan ahead, in case the franchise of the CMB is terminated, for arrangements to provide bus services effectively.

Madam President, the DAB urges the Government to invite other companies to bid for the routes under the franchise of the CMB. In the negotiation for renewal of the franchise, the CMB has given us an impression at the very beginning that it is neither sincere nor enthusiastic. I hope the Government will get it over and done with by inviting public tenders for all the CMB routes. In considering the current fare increase application, we should note that the CMB has not improved the quality of service but "demanded an exorbitant price". It is hardly convincing to force the public to shoulder the consequences of the poor operation and management.

Madam President, recently, the DAB has received a lot of complaints from the public on the shortage of coins that inconveniences them when taking buses. Of course, we understand that the responsibility does not lie with the bus companies but the Government. We urge the Government to provide more coins for public use. In order to find out how many people have to pay extra fares because of the lack of coins, the DAB conducted a opinion survey. The finding revealed that nearly 70% of the respondents have paid extra fares because of the lack of coins. 25% was forced to pay more fares frequently. The fares overpaid range from 10 to 20 cents. Calculating on the basis of 1.3 billion passengers for bus patronage in Hong Kong each year, the three bus companies make an extra profit over \$100 million each year as a result of the shortage of coins. It is really an alarming figure. Therefore, in addition to urging the Government to supply more coins expeditiously, the DAB also requests the three bus companies to install the Octopus system as soon as possible for the convenience of passengers. However, the CMB even does not have the intention to take part in the Octopus system. It is really disappointing.

Nevertheless, for such a non-enterprising company, we really should not have too much expectation on it.

In conclusion, Madam President, the bus companies usually cite the following reasons for fare increase: firstly, increase in costs, and secondly, improvement of service. These two reasons appear to be axiomatic and hard to reject. However, the truth is not the case. The number of complaints on the service attitudes of the three bus companies in the second quarter of this year has seen a dramatic rise. Recently, the buses have had frequent fire accidents. All these complaints have obviously illustrated that the quality of bus services is very poor and bad value for money. To achieve service improvement through fare increase has always been questionable to the public.

In the past year, all the three bus companies have made considerable profits. Moreover, due to the population growth in Hong Kong, more people will move to the New Territories for residence. The opening of Route 3, the Western Harbour Crossing and the airport expressway are all favourable factors for operation of bus services. The pressure for the bus companies to have a fare increase is very small. The three bus companies should actively work for enhanced patronage so as to raise their profits. Relatively speaking, the bus passengers are usually the grassroots who have been adversely affected by the transformation of economy and the suppression of wage growth in recent years. The current fare increase of the bus companies will directly affect the living quality of the grassroots.

In view of the unsatisfactory service quality of the three bus companies and the many favourable factors which can guarantee their profits, the DAB urges the Government to veto their fare increase applications.

Thank you, Madam President.

Mr CHEUNG Hon-chung moved the following motion :

"That, in the absence of justifications for the fare increase applications made by the China motor Bus Company Limited, the Kowloon Motor Bus

Company (1933) Limited and the Citybus Limited, this Council urges the Government to veto the fare increase applications of these three bus companies."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That, in the absence of justifications for the fare increase applications made by the China motor Bus Company Limited, the Kowloon Motor Bus Company (1933) Limited and the Citybus Limited, this Council urges the Government to veto the fare increase applications of these three bus companies.

PRESIDENT (in Cantonese): Dr Raymond HO has given notice to move an amendment to this motion. His amendment has been printed on the Agenda and circularized to Members. I propose to have the motion and the amendment debate together in a joint debate.

Council shall now proceed to a joint debate. I now call on Dr Raymond HO to speak and to move his amendment. After I have proposed the question on the amendment, Members may express their views on the motion and the amendment. Dr Raymond Ho.

DR RAYMOND HO (in Cantonese): Madam President, I move that Mr CHEUNG Hon-chung's motion be amended to read as follows: "That, in order to properly resolve the opposing views arising from the fare increase applications made by the China Motor Bus Company Limited (CMB), the Kowloon Motor Bus Company (1933) Limited (KMB) and the Citybus Limited, this Council urges the Government to expeditiously set up a mechanism to ensure that future fare increase applications can meet the interests of all parties."

The Transport Department has approved that the three bus companies may increase their fares on 1 December. The approved rate of increase is two percentage points lower than that originally proposed by the three companies and the rate will be 6% to 8%, and over 80% of the passengers will not have to pay more than 50 cents extra. And yet when the three bus companies proposed their

fare increases, it seemed that they had failed to put forward perfectly convincing arguments. They have impressed the public with a sheer eagerness for an annual fare increase to maintain reasonable profits, but not a full appreciation of the affordability of the public and the initiative for improvement in the quality of their services. Therefore, the opposing views arising from the fare increase is well within expectation. In this debate, I think that the Government should not veto the fare increase applications of these three bus companies. It is not the right time to exercise this veto because they have already maintained the existing fare for 20 months. If the approval of fare increase is procrastinated any longer, it will be quite unfair for the operation of the three bus companies. Moreover, if this fare increase is calculated in terms of annual interest rate, it is between 3.4% to 4.5% which is acceptable.

At present, the fare increase applications made by ferry, tram and taxi have to be submitted for approval by the Provisional Legislative Council by way of subsidiary legislation. However, the public buses which account for 10 million person trips of the total carrying capacity of all modes of public transport can be exempted from this procedure. The Government should indeed have a more consistent mechanism of supervising privately operated public transport.

The Profit Control Scheme (PCS) began in the 70s. At that time, the Government was endeavouring to develop new towns and had to encourage the bus companies to invest. However, the present environment of competition has changed totally and the original system is outdated. The Government therefore decided in 1993 that the PCS is no longer applicable to the CMB, and it also deleted the PCS clauses in the new franchise granted to the KMB in September this year. In the wake of revoking the PCS of the three bus companies, the TAC seems to have lost a definite and clear criterion for reasonable profits or acceptable rate of fare increase. The Government must set up a reasonable, fair and objective fare increase mechanism as soon as possible so as to strike a balance between the interests of the bus companies and the citizens, and to avoid the vigorous rows kicked up by the bus companies' annual application for fare increase.

When I was the Chairman of the Subcommittee on Public Bus Services Ordinance, I had expressed my concern over the negative influences of revoking the PCS of the KMB on the bus fare, and inquired what mechanism was there to

ensure that, on one hand, the KMB would operate effectively, while on the other, the citizens would be protected. The Administration said then it would adopt manifold measures at different levels to monitor the performances of the franchised companies, so as to ensure that the interests of all parties can be balanced and the service quality of the bus companies guaranteed. Members of the Subcommittee supported that motion in general, but it was stressed that a supervisory mechanism must be set up to ensure the quality of service quality and to control the rate of fare increase of the KMB after the PCS was revoked.

In the absence of a clear and fair mechanism, when the bus companies apply for a fare increase, they will naturally underestimate their incomes and overestimate their expenditures, proposing an increase which is often unacceptable. It is very difficult for the TAC and the Government to bargain with the bus companies for the fear that if the rate of increase is too low, the bus companies will be discouraged to continue the operation; yet if the rate of increase is too high, they are afraid that the citizens will blame the Government for inappropriate supervision. When there is no criteria for advance or retreat, judgement can only be made according to experience.

When the Government considers drafting a set of fair criteria or mechanism, some simpler and more easily acceptable principles may be set out as guidelines. For example, the frequency of fare increase should be fixed regularly at every 12 months, the bus companies may decide not to increase their fares at all; an upper limit can also be set, such as 1% or 2% less than the inflation rate. In deciding the rate of increase, calculation can also be made in accordance with certain basic factors, such as costs, of operation, patronage, income, service quality, future development plans, competitiveness against other modes of public transport, acceptability and affordability of the public and so on. The abovementioned cap of inflation rate minus one or two percentage points can also be adjusted downwards if necessary.

At the same time, the Government ought to insist that the bus companies must allow the public to monitor their overall performance, they must implement their development plans and consult the views of the public. I have to reiterate here that it is both inappropriate and unreasonable to veto the fare increase applications of the three bus companies at this stage.

Madam President, I earnestly request Honourable colleagues to support my amendment, and urge the Government to expeditiously set up a mechanism to

ensure that future fare increase applications can meet the interests of all parties.

Thank you, Madam President.

Dr Raymond HO moved the following amendment to Mr CHEUNG Hon-Chung's motion:

"To delete "the absence of justifications for" after "That, in" and substitute with "order to properly resolve the opposing views arising from"; and to delete "veto the fare increase applications of these three bus companies" and substitute with "expeditiously set up a mechanism to ensure that future fare increase applications can meet the interests of all parties."

PRESIDENT (in Cantonese): Dr Raymond HO has given notice to move an amendment to this motion. His amendment has been printed on the Agenda and circularized to Members. I propose to have the motion and the amendment debated together in a joint debate. Does any Member wish to speak? Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam President, the Hong Kong Association for Democracy and People's Livelihood (HKADPL) supports Mr CHEUNG Hon-chung's motion to urge the Government to veto the fare increase applications of the three bus companies this year. In Dr Raymond HO's amendment, he has only suggested the Government to expeditiously set up a mechanism to supervise fare increase. This concept is very close to the HKADPL's concept of setting up a "Public Transport Authority" which the HKADPL has been urging the Government to do so for years though since this mechanism cannot supervise and tackle immediately and effectively the present fare increase applications of the three bus companies, we cannot support Dr HO's amendment.

With the recent collapse of the stock market, the economy of Hong Kong has obviously slackened and the rate of increase of workers' wages are further suppressed. In the circumstances, in its closed-door meeting, the TAC still approved the 6% to 8% fare increase of the three bus companies. Although these rates are already 2% to 3% lower than the original proposals the

justifications are unclear, insufficient and unacceptable to most members of the public.

In 1995, after the fare increase application of the Kowloon Motor Bus Company (1193) Limited (KMB) was largely cut down by the Committee, the KMB still made an enormous "excessive" profit. This shows that the Committee's grasp of the KMB's financial situation is utterly insufficient. Besides, as there has been a general lack of coins in circulation in the community, it is estimated that, for a long time, the three bus companies have been reaping hundreds of millions of dollars of excessive profit. The three bus companies and the Government has not disclosed this situation of their own accord, and they have not reviewed or made known to the public how the companies should deal with these excessive profits which can actually be spent on improving bus service and stabilizing bus fare.

Moreover, the public's complaints against the three bus companies have been increasing year in year out. We can know from the people's feelings that fare increases have not brought them better service, on the contrary, service quality has become the bus companies' chip which is used to "blackmail" the Government for approval and the public for acceptance of their fare increase.

The HKADPL thinks that the Government should not consider the fare increase applications made by the three bus companies before it sets up a new fare increase mechanism which is of high transparency, with extensive public participation and which specifies clearer and more definite service and maintenance standards and at the same time takes account of Hong Kong's needs for continuous development.

With these remarks, I support the original motion.

PRESIDENT (in Cantonese): Miss CHOY So-yuk.

MISS CHOY SO-YUK (in Cantonese): Madam President, in discussing the issue of fare increase of the three bus companies, I would like to make use of this opportunity to point out the shortcomings in their operations. The CMB is the

franchised bus company with the longest history in Hong Kong, unfortunately, it has not played the exemplary role of "the big brother" in the business. Its old and broken buses, backward management and poor service are well known to all, and they are totally out of line with the Hong Kong community which has been developing with a tremendous pace. Recently, the CMB has dismissed a number of staff and the incident almost triggered off a strike. While all these problems can be attributed to the complacency and conservativeness of the company's management, the Government has to bear certain responsibility due to its impractical supervision of the company. Since the CMB always lacks planning and fails to acquire new buses, maintain and repair buses and take care of the staff's welfare properly, its rate of increase tops those of the three companies this time.

As a franchised bus company with a large vehicle fleet of 3 800 buses, the KMB has indeed improved a lot in recent years in expanding bus routes and increasing the frequency. However, I find serious problems in KMB's fare structure. For example, there is a great discrepancy between the fares charged by an air-conditioned bus and a non-air-conditioned bus of the same route, whereas the proportion of sectional fares is unfair. With regard to the fare structure, I feel that the CMB is, on the contrary, more honest.

The Citybus is the youngest bus company and its fully air-conditioned fleet boasts of the latest models. However, the installations in the buses, such as the non-intermittent light box system and the electronic liquid crystal fare sign, tend to be too luxurious. For a tiny place like Hong Kong, buses are only a means of public transport. Are these installations too extravagant so the passengers have to pay more for the fare?

The three bus companies, especially the KMB and the Citybus, are prone to accidents on the road. The buses may even catch fire and the whole vehicle is burnt, constituting great threat to the safety of the passengers. There are obviously problems in the companies' maintenance and management. I hope one of the reasons for these accidents is not that the drivers and buses are exhausted because the companies want to keep a high frequency of operation.

Besides, most bus stop shelters cannot protect passengers from the rain, or

they are only poor rain shelters. As for the bus stops which are constantly irked by drippings from air-conditioners, the bus companies have not taken the initiative to be considerate to the passengers and have not bothered with complaining to the authority. I hope that, after this discussion, the bus companies will seriously make improvements to the above shortcomings. Madam President, I so submit.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, once again, the old question of the increase of bus fares is being discussed in this Chamber. It occurs to me that ever so often these discussions arouse great concern in the community and in government departments. Today, they have sent an entire team to lobby here and in the Antechamber.

Today, some organizations have petitioned this Council and submitted several things. I had intended to give it to the President so that she can pass it to the Government. However, I will respect the President's ruling. Even so, I hope the President will allow me to put the object here. They say that operating bus companies is a lucrative business. This is a "money-making" bus. I think it has made a very good point. These views reflect the public's attitude towards the bus companies. I believe government officials also know that there are all kinds of problems with the operation of the bus companies.

Just now I heard Dr Raymond HO say that the fare increase should be approved at a certain rate. I beg to disagree. Of course, if a bus company is well run but fails to make any profit, we should certainly allow it to increase fares. But if it is badly run and fails to make any profit, I do not think we should approve the fare increase it demands just because it is time to increase fares. That it fails to make profit because it is badly run, we should not allow it to increase fares. Other bus companies might be better managed. But the money they make might be derived from property development. I do not think we should allow them to increase fares just because it is time for a fare increase. I absolutely disagree with this.

Actually, I am not saying that we should not approve a fare increase application made by our public transport companies even under normal circumstances. We certainly would not do that. However, we have to look at

the condition of the bus companies. Should we approve their fare increase application this year? Although the rate of increase seems to be very small, that is, from 6% to 8%, the Government does not allow a fare increase at this rate. If we look carefully at the operation of the three bus companies, we would find that we should not allow them to increase their fares again. Mr CHEUNG Hon-chung has quoted a number of figures just now. The major labour dispute of CMB last week also showed that it has management problems, which have led to a lot of criticisms against the company. If a company is in trouble due to poor management and the public knows about it, there is no justification for us to approve its fare increase application. I believe the Government will also agree. I am sure that long-time residents of Hong Kong are all disappointed with the way CMB is now run. If a fare increase application is approved despite poor management, it would be tantamount to encouraging it to continue in the same way.

With regard to the KMB, we have to be clear about one thing. It does make a profit, and so does Citybus. That has something to do with land sales. How should we deal with it? The Government must give the public an answer. The Government says we should approve the fare increase because it is time. I find that this is not the time to approve a fare increase, especially when we are having hard times in Hong Kong.

Madam President, I am a member of the Hong Kong Department Stores and Commercial Staff General Union. Each year, we will carry out a questionnaire survey on the quality of life. This is the seventh year we have done this. From the questionnaire survey in 1996, we found that many employees in these trades cited transport as the biggest item of their overall expenditure after housing. They were rather dissatisfied with the bus companies and I feel this is their true opinion. Some people say the increase is very small, just a matter of tens cents or more. But I wish to remind Members that if they put transport cost only second to rent in the questionnaire, this means that they do not think transport cost is such a small matter as we might have thought. I have seen some old people who would rather wait longer for non-air-conditioned buses just because they cost a little less. Madam President, while some people in the community hope that bus companies will provide more air-conditioned buses, there are also some grassroots people, especially old people, who wish there were fewer air-conditioned buses just for the sake of saving a few cents. Therefore, what are a few cents to our eyes are a big deal to some people. "Small sums will become big sums with time". For families

with several members whose income are under \$10,000, such daily expenses are a great burden.

With the present state of the economy in Hong Kong, especially the recent financial turmoil, everyone is pessimistic about the future. If these companies which have something to do with people's livelihood can operate without problems, I do not think the Government should allow them to increase their fares. Therefore, I agree to the views of some organizations which are now outside this building and I find their arguments convincing. We feel that the transport companies of Hong Kong are already luckier than those in other regions. In the past, the profit control scheme guaranteed that they could make a certain amount of profit. Now, although the scheme has been abolished, they still have a strong financial backing. Therefore, I hope that Members can understand that they have the means to operate. If their management is in trouble, we should not encourage them by approving their fare increase application just because they are losing money. Under the present economic situation, I think they should not increase their fares.

Just now Dr Raymond HO said there should be a criterion. This I agree. But their criterion might not be the same as the grassroots' criterion. As the price increase of public utilities has a great impact on people's lives, we have to set this criterion very carefully. I hope Dr HO will not use the annual rate as a criterion and say that we must approve their fare increase. Rather, this should be decided according to the actual circumstances. Therefore, the Hong Kong Federation of Trade Unions supports Mr CHEUNG Hon-chung's motion today. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr NG Leung-sing.

MR NG LEUNG-SING (in Cantonese): Madam President, with many years of planning and co-ordination by the relevant government departments, the public bus service in Hong Kong is constantly expanding its areas of service while the quality of service has also been improved to a certain extent. At present, a whole system of bus service has been formed in Hong Kong which is led by franchised buses and supplemented by minibuses and non-franchised buses. In the recent years, the three major bus companies, the KMB, CMB and Citybus, have been continually increasing new routes and enhancing existing routes to facilitate the transportation of the citizens and to meet the demands of the

development of new towns. This is obvious to all and is worthy of commendation. Of course, many shortcomings still exist in the operation and service of certain franchised bus companies and there remains a lot of room for improvement. Furthermore, the four franchised bus companies all have their own area of service. While they perform better in their own area, some cross-area services are really unsatisfactory. Effective co-ordination may have to be enhanced in the future.

The motion today is on the issue of fare increase. I believe the setting up of a more scientific fare increase mechanism is a major factor in promoting the quality of public bus service. At present, whenever the bus companies apply for a fare increase, rows would start in the community, as well as in the former Legislative Council and this Council. We cannot make impulsive decision to veto all the fare increase applications and see the three companies in the same light because the mechanism is not yet set up and there are not sufficient justifications. With the spiralling inflation, we know that the wages of the bus company employees have to be increased too. It is natural that the cost of operation rises. If the bus companies have a genuine need, fare increase is one of the solutions. However, the bus is a major mode of transport which the mass of the citizens take everyday to go to work, so the bus fare is something that influences people's livelihood directly. Therefore, it is conducive that bus fares should be set at a reasonable and suitable level and any decision must not be arrived at lightly.

In order to strike a reasonable balance, I agree that the Government should set up, through certain procedures, a more scientific mechanism to ensure that future fare increase applications are scientific and meet the interests of all parties. One of the important parts of this mechanism is that it will be able to encourage competition among bus companies, so that operation, service and efficiency can be improved through competition. I think that as long as there is a good and rational principal mechanism, the rate of fare increase will naturally be fair and sensible. In this way, I believe, the majority of the public will be appreciative.

With these remarks, Madam President, I support Dr HO's amendment.

PRESIDENT (in Cantonese): Mr CHENG Kai-nam.

MR CHENG KAI-NAM (in Cantonese): Madam President, the Democratic Alliance for Betterment of Hong Kong (DAB) supports Dr Raymond HO's amendment that we should "expeditiously set up a mechanism to ensure that future fare increase applications can meet the interests of all parties". But unfortunately, no matter how expeditiously it may be, it will have no bearing on the present fare increase applications. If Dr HO's amendment is feasible, then every year we can propose the same amendment. It means that when the bus companies propose a fare increase this year, we propose to set up a mechanism expeditiously in an amendment. Next year, when a fare increase is proposed again, we put forth an amendment to the same effect again. We do the same year after year.

I think it is time for us to deal with the present application. If Dr HO's amendment has overlooked that the original motion targets at the present fare increase applications, then the Government has seen the intention very clearly, particularly the Secretary for Transport. So, not long ago, Members of this Council were sent a letter by the Secretary telling us unequivocally that the focus of discussion was on the present fare increase. However, I beg your pardon, Secretary, the letter seems to have given the DAB good ammunition to convince other Members to support our motion.

I would like to raise five points. If Members have read the Secretary's letter carefully, they would have found that within the three pages, the word "profit" has only appeared once. It seems that for the fare increases proposed by the three bus companies, they do not have a problem with profit. The word "profit" appeared in the letter when it mentioned that should the fare increases be frozen, the profit forecast for Citybus and KMB for the year 1998 would drop substantially. Although lots of figures were enumerated in the first part of the letter, the question of profit has not been taken into account by the Secretary. That is the first point.

Second, in paragraphs concerning the CMB, we found that the figures provided by the Secretary are very specific. Compared with the other bus

companies, the cost increase of CMB is the lowest, about 15% only. However, its proposed fare increase is the highest among the three.

Third, on the contrary, the cost increase of Citybus is 69%, the highest among the three. Yet the proposed fare increase is the lowest, only 6%. So we are baffled by these figures.

Fourth, according to the letter, wages and salaries of the three bus companies account for 50% to 60% of the operating costs. This proportion is quite high. However, the salary adjustment is as trivial as 7% to 8%. Where does money go if the money is not to the workers' wages?

Fifth, the letter said that the cost increase is attributable to the construction of bus terminuses, passenger shelters and purchase of buses, but I cannot tell which bus company has bought more buses and which has bought less. We only know that the three bus companies have bought a total of 900 buses and they will need to buy 600 more in the future.

By presenting these figures to us, the Secretary tried to persuade us not to oppose the fare increase. But the result is that we are given a lot of information to query how these figures are arrived at and how the contradiction and the inconsistency can be explained. So I suggest to the Secretary that he should either ask the Honourable Eric LI to help audit the figures or ask a public relations consultant to help improve the packaging of these data.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Henry WU.

MR HENRY WU (in Cantonese): Madam President, price increase is a sensitive livelihood issue. Since the interest of every member of the public is involved, it will easily arouse controversy. Today, we have a discussion about whether

there should be a bus fare increase and what the rate of increase should be in view of the economic difficulties Hong Kong is facing, the persistent high inflation rate and low salary increase rate of employees. I believe these are questions not easy to answer. If we support the fare increase, we are bound to meet with a lot of opposition. The public will ask why we should support the fare increase. But if we oppose the fare increase, the bus companies might make all kinds of excuses, such as the inability to make both ends meet and the lack of a reasonable return, and refuse to put in capital to improve their services. In the end, the ordinary people will be the ones to suffer.

After careful consideration, the Hong Kong Progressive Alliance (HKPA) accepts the bus fare increase in principle. However, we will not accept the the rates of increase proposed separately by the three bus companies, but will support the recommendations of the TAC to reduce the rates.

We accept the fare increase because the three bus companies have not increased their fares for 20 months, and they have a real need to increase fares to meet the rising operating costs including the wage increases of staff which are higher than the inflation rate, and their wages accounts for more than 50% of running expenditure. If we do not let them increase their fares now, the rate of future fare increase might be even higher leading to even greater conflicts between the public and the bus companies. Therefore, we think that a reasonable increase rate is appropriate.

That is why the HKPA cannot accept the rate of increase of 9.5%, 8.7% and 11% proposed respectively by the Kowloon Motor Bus Company (KMB), Citybus and the China Motor Bus Company (CMB). The main reason is that the three bus companies made an enormous amount of profit in 1996-97. Based on their proposed rates of increase, their return next year will be higher than their return in 1996-97. However, according to the information provided by the Transport Bureau to the Panel on Transport of the Provisional Legislative Council, in terms of the supply of buses, the number of buses behind schedule and the number of complaints, the accident rate and maintenance and repair performance, the three bus companies have made no marked improvement this year so far compared to last year. Their performance can only be described as fair. According to the information provided by the TAC, the number of complaints against bus service in the second quarter this year has increased. This shows that whatever improvement of services made by the three bus

companies does not justify such increase rates. Therefore, their return in the coming year should not be higher than that of last year.

The HKPA thinks that the TAC's recommendation to cut the rate of fare increase of KMB, Citybus and CMB to 7%, 6% and 8% respectively should be supported. Since these rates are lower than the accumulated inflation rate of 10% since the last fare increase 20 months ago, they will not have a strong impact on inflation and will thus be more acceptable to the public. At the same time, they will guarantee that the three bus companies will make a reasonable profit not lower than that of last year. Besides, cutting the rates will make the bus companies realize that they should not only maintain their profit by fare increase, but should also try to cut expenditure and increase revenue by improving their services to attract passengers.

The HKPA hopes that after the fare increase, the three bus companies will improve their services as soon as possible. The most urgent task must be to increase the number of "Octopus" machines so that passengers will not have to pay excess fares due to the shortage of coins. In addition, in view of the fact that the highest permitted rate of return scheme for franchised bus companies was abolished in September this year, the Government and the TAC should promptly draw up a set of fair and open criteria to examine fare increase applications by bus companies and the profit ceilings.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mrs Miriam LAU.

MRS MIRIAM LAU (in Cantonese): Madam President, from 1991 onwards, the former Legislative Council held annual debates over the question of fare increase of public transport. However great or small the rate of increase proposed, one would hear voices of opposition. In the past, bus companies would propose an increase rate higher than the inflation rate, in which case some Members would demand that the increase rate must be lower than that of inflation. In recent years, bus companies would propose an increase rate which is lower than the inflation rate. People would then demand that the fares be frozen or the fare

increase be vetoed.

The Liberal Party has always adopted a reasonable attitude towards fare increase. We insist that any fare increase must be backed by justification and evaluated on the basis of objective factors. Last month, the three bus companies submitted information pertaining to the fare increase applications to the Panel on Transport of this Council. The Government has also supplied specific information on the performance of the three bus companies and an assessment of their services. While many Members have criticized the poor service of the three bus companies, the information supplied by the Government shows that the three bus companies have improved their services to different extents. I have studied these information and data in depth. In view of the operational needs of the companies, such as the rising costs and the needs of future development plans, I find that the demand of the three bus companies for a fare increase is by no means unjustified.

Mr CHEUNG Hon-chung has asked the Government to veto the fare increase applications made by the three bus companies since he thinks that they are unjustified. Obviously, with the KMB and Citybus, Mr CHEUNG is concerned about their return. With the CMB, he is concerned about its quality of service. It is not easy to judge whether a company's return or profit is reasonable or not. The Honourable CHENG Kai-nam said just now that the more he looked at the figures analyzed by the Secretary, the more muddled he became. Why is that so? It is because only the Government and the TAC have access to the full data of the companies (including sensitive commercial information). However, I would like to point out a few things here:

- (1) In early 1996, the Government allowed the KMB a fare increase of only by 2.7%. But in the end, the profit made by the KMB almost reached the level of the permitted rate of return. It might be that the KMB was lucky. Actually, the main reason was that the Government had made a wrong estimation of the growth of population. However, history will not repeat itself. Is it reasonable to veto the fare increase application of the KMB on the grounds of a situation that will not occur again?
- (2) The Citybus has consistently improved its services. Due to the rising number of passengers and the expansion in the area of

services, its profit is bound to increase. Is it reasonable to ask for better service and expansion of service but put a cap on the profits?

- (3) A Member pointed out that people are paying excess fare due to the shortage of coins. Some people have estimated that bus companies might have made more than \$100 million as a result. However, in testing the response of bus drivers when passengers fail to pay the full fare, reporters have found that most drivers deal with it leniently by turning a blind eye to it. Therefore, it is difficult to estimate how many passengers pay more or less than the exact fare.
- (4) Some Members criticized the poor service of CMB and asked the Government to veto its fare increase application. Since the introduction of competition, the service of CMB has still not been satisfactory. However, according to information supplied by the Government, the CMB did make some improvements. In the debate on the introduction of competition in bus service on 23 April this year, Mr CHEUNG also recognized this. Certainly, in terms of the age of buses, the cleanliness of bus cabins and the attitude of staff, the CMB's performance is unsatisfactory and there is still room for improvement. In deciding whether or not to renew the CMB's franchise, the Government must take these factors into consideration.

While it is not easy to judge whether a company's return is reasonable, one can assess whether a fare increase rate is reasonable by using a more objective criterion, that is, by comparing it with inflation. The last fare increase of the three bus companies was more than 20 months ago and the accumulated inflation rate of this period was over 10%. Obviously, the 6% to 8% increase rates recommended by the TAC are lower than the inflation rate. Thinned out to a yearly basis, the average fare increase rates of the CMB, KMB and Citybus would be 4.5%, 4.2% and 3.4% respectively. I think these rates are not unacceptable to the public.

In approving a fare increase application, the Government has a duty to balance the interests of the companies and the public. The companies need a reasonable return before they will improve their services continuously, while the public has a right to demand an improvement of services in paying reasonable fares. This year, the CMB will spend \$90 million on the purchase of 40 buses, KMB \$1.1 billion on 556 buses, and Citybus \$0.4 billion on 202 buses. Between 1998 and 2001, the CMB plans to buy an additional 250 buses, KMB 1 601 and Citybus 75. These buses will be used to improve their services.

In June this year, when the former Legislative Council was scrutinizing the Public Bus Services (Amendment) Bill, Mr CHEUNG noted that if bus companies adjusted their fares according to the inflation rate only, they could hardly raise sufficient funds to expand their services. As a result, there would be no improvement of service or even a decline in the quality of service. If Mr CHEUNG does not believe it, he can consult the record of proceedings. He did say these words. Within a few months, he has made an about-turn. According to him, not only should the three bus companies not adjust fares according to the inflation rate, they should not increase their fares at all. If there is no increase of bus fares, would it not be even more difficult for the bus companies to raise funds to expand their services?

Although the three bus companies have made a number of improvement proposals, there is still much room for improvement. For instance, the three bus companies should install "Octopus" machines in all buses in one or two years. The CMB should actively phase out old vehicles, while the KMB and CMB should improve the design of bus cabins and increase the ratio of air-conditioned buses. These improvements certainly require financial resources.

Madam President, Dr Raymond HO has proposed that a mechanism should be set up expeditiously to ensure that future fare increase applications can meet the interests of all parties. I wonder if it is a case of great minds thinking alike. Earlier, the incumbent chairman of the TAC, Dr CHENG Hon-kwan, also said there is a need to establish a mechanism to examine the rates of increase.

In this respect, I think the Government must draw up a set of objective and scientific criteria for the approval of fare increase which are convincing and acceptable to most people, so that the issue of bus fare increase will not be politicized and provoke controversy in the community each time.

With regard to this mechanism, I suggest that we should improve upon the existing mechanism rather than devising a new one. At present, in processing fare increase applications, the Government will take a variety of factors into account. It can consider dividing these factors up into basic, additional and discount factors. The basic factors include the increase rate of operating costs, future development plans and a basic rate of investment return accepted as fair and reasonable by the public. First, we should work out the increase rate needed for the operators to achieve the basic return rate, and make additions or deductions by considering the additional or discount factors, including inflation, the affordability of the public and the quality of service. This method of calculation will give the public a clear idea of what is considered a reasonable return for public bus companies, and it would be fairer to the enterprising companies.

Having established the criteria for fare increase which are acceptable to both the operators and the public, the Government can go on to consider whether it would be appropriate for Hong Kong to have an independent mechanism for approving fare increase modelled on, for instance, the public transport bureau in Singapore or the London transport bureau in Britain commended by Mr CHEUNG. Each year, many officials have to spend a lot of time and do a lot of explaining on this issue. Now, there is a small "army" outside to lobby Members on the question of fare increase. I believe they will welcome this suggestion.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mr CHAN Wing-chan.

MR CHAN WING-CHAN (in Cantonese): Madam President, the Hong Kong Federation of Trade Unions (FTU) and I are strongly against the fare increase applications of the three bus companies.

Actually, each bus fare increase will create a lot of reverberations. This is because those who take buses everyday are the ordinary people and the

"working man". Each time the three bus companies ask for a fare increase, they have a reason. The reasons are always the same, such as inflation, the need to cover costs and improve services, and development plans and so on. They sound very reasonable and convincing. As a member of the public and a consumer, one would seem unreasonable if one opposes the fare increase.

Although the three bus companies have their own business considerations, the affordability of the public, the *modus operandi* and profit of the bus companies should also be included as major factors in our consideration of the fare increase. More importantly, as public service organizations, bus companies are different from other enterprises. They should not merely aim at making huge profits and emptying the pockets of the ordinary people.

Although the proposed rates of fare increase by the three bus companies are lower than the forecast inflation rate since the last increase, the inflation rate serves only as a reference point but not the only index for the increase. Therefore, you cannot say that the increase is reasonable just because it is lower than the forecast inflation rate. Rather, the tariff increase of public utilities would full inflation. Thus the Government should deal with the fare increase applications of the three bus companies prudently.

The TAC thinks that the proposed increase rates should be acceptable to the public since they are the result of careful consideration. The question is, even if the public can afford the fares, it does not mean that the increase rate is reasonable. The TAC has always tried to balance the interests of bus passengers and operators. However, it has no objective standards to make the evaluation.

No wonder the three bus companies can make all sorts of excuses. They say that the fares have remained unchanged for 20 months and that it is forecast that the operating costs will rise. Another so-called argument is that employees' wages account for 50% to 60% of the total operating costs of the three bus companies. They are trying to mislead people into thinking that "one cannot make bricks without straw" and that one will be hard on the three bus companies if there is no fare increase or just a small increase.

But the truth is otherwise. With the exception of the CMB, the other two bus companies have seen steady growth in terms of the number of passenger trips made. Last year, the number of passengers carried by Citybus increased by more than 30%. Naturally, its profit also increased by hundreds of millions of dollars. During the same period, the profit of the KMB was as high as over \$590 million. Ironically, although the number of passenger trips accounted by the CMB has dropped, its profit has doubled. Last year, its profit was over \$150 million. Such good results were attributable to the fare increase. However, the staff of bus companies has not benefited much. The wage increase for the CMB employees in particular has been negligible. The present workers' protest at the CMB has exposed the exploitation of staff by the CMB management and their unreasonable treatment of employees. Clearly, wage increase is merely a pretext for fare increase.

According to the Government, if the the increase rates of the three bus companies are reduced or if the fares are frozen, the quality of bus service will decline and the confidence and desire of the private sector to invest in public transport will be affected. This will do passengers no good. This shows that the Government has only tackled the question from the operators' point of view, without taking passengers' interests into consideration. Actually, if the fare increase applications of the three bus companies are approved each time without sufficient justifications, it will do passengers no good either.

The Government thinks that it can encourage the bus companies to improve their services through a fare increase. This is extremely naive, even ridiculous. A fare increase is not an exchange for something else, and the three bus companies do not have to fulfil any attached conditions. If the bus companies wish to maintain their competitiveness, they will naturally improve the quality of their services. Such improvement might include restructuring routes, opening new routes, adjusting the frequency, purchasing new buses with greater passenger capacity and air-conditioning to attract more passengers. All these would be of benefit to operators too. They can increase the number of passenger trips and lower operating costs. Measures of cutting expenditure and increasing revenue will also reduce the need for a bus fare increase.

Madam President, the Honourable Miss CHAN Yuen-han said just now

that some organization had presented her with a bus model, which she hoped to pass to the Secretary for Transport through you, Madam President. However, you did not want to pass it to him until after the meeting. I would like to add that some organizations told me that there are some banners on the bus model. Although the bus model is very small, it has a banner saying "A bus leading to the road of wealth" and a particularly large banner with the words "A money-making bus". They hoped that Members would pass it to the President, who would then pass it to the Secretary. The Secretary should pass it to the bus companies so that they can change the word "money-making" to "cheap". The "money-making bus" will then become a "cheap bus". This will reduce the burden on the public and benefit them.

With these remarks, Madam President, I support Mr CHEUNG Hon-chung's motion.

PRESIDENT (in Cantonese): Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): Madam President, the issue of the fare increase applications of the three bus companies is discussed each year and every time. Actually, I do not want to say anything anymore. Our arguments are already very clear. Before the debate, one already knew what Frederick FUNG would say, what the Honourable CHAN Wing-chan would say, and what the Honourable Mrs Selina CHOW would say. Since everyone knows the stance of the various political parties, I really have no wish to speak.

This time, however, I would just like to add one more reason. As a result of the recent financial turmoil, the economy has really plunged into a downturn. You can see it just by going to the restaurants. If you want a dim-sum meal, you do not need to wait. You can go to any restaurant you like and sit anywhere you like. Under these circumstances, since the three bus companies did have a surplus last year, I hope that they will stand by Hong Kong people in facing this economic crisis. In view of the relatively weak economy after the financial turmoil, they should freeze their fares for one year and review them again 12 months later.

Second, I hope the Government can really give us a definite answer later. When the fare increase of the three railway companies was debated in May or June this year, the Government publicly pledged to expeditiously set up an independent public transport committee or a public transport bureau mechanism to deal with policies concerning some public utilities and fare increase issues. What is the progress on this? I hope the Government will respond to this later.

To conclude, Madam President, I oppose the fare increase of the three bus companies.

PRESIDENT (in Cantonese): Mr Andrew WONG.

MR ANDREW WONG (in Cantonese): Madam President, I have just asked the Honourable Frederick FUNG in the Antechamber how long his speech will last. He said he would say one sentence only, that is "objection to fare increase of the three buses", however, at the end, he has said a lot. (Laughter). As Mr FUNG has put it, the topic of fare increase of the three bus companies, the two railway companies and the ferry company has been debated for numerous times during my spell as a legislator over the last decade or over. Mr Frederick FUNG may have forgotten some of my arguments which are possibly not in the same vein of the opinions we have heard today. Instead, they are closer to the opinions put forth by Dr Raymond HO about the fare increase mechanism.

The Public Bus Services Ordinance was enacted in 1975. Prior to this, the CMB and KMB each have their services ordinances. In 1974, a bill combined the individual ordinances regulating bus services into the Public Bus Services Ordinance. The Government suggested at the time to offer a franchise not by regions, but by routes. During the course of deliberation, the Honourable Members finally amended the bill and decided to enforce the profit control scheme. However, the original proposal of the Government was not like this. It had proposed to invite tenders from bus service operators for franchise on routes. Under a competitive environment, it was obvious that those with the lowest price would succeed, and the bus fleet should meet the required standards.

Moreover, the tender conditions might as well list out the duration of the franchise and the mechanism for fare increase.

It is a pity that all of the Members at the time were appointed Members, not quite as smart as the elected Members now. Upon consideration, we may think that the best mechanism may not be setting up a Public Transport Bureau for regulation, or set up a mechanism to decide on the rate of increase. Under an environment of business competition, all of the former bus companies used to enjoy protection from the profit control scheme. However, since the Citybus bus opened its first route, the CMB and Citybus divided up the routes on the Hong Kong Island, and the KMB started to make do without the profit control scheme this year. Logically, bus services in Hong Kong should be opened for tender on the basis of routes with the franchise going to the lowest fare proposal. Only with such a mechanism can we reduce the outbreak of controversies over fare increases in the future.

Originally, the government bill had proposed an idea whereby all the bus companies would be discouraged to join hands in pushing up fares. However, as the original bill was not passed, the idea could not be put into practice. According to the original provision, when the bus companies received too much profits for certain routes they operated, the profits should be returned to the public, that is, the Government had the right to levy extra tax on bus companies on excessive profits. I think this is the correct direction for reform, rather than debating each and every annual fare increase applications by the bus companies.

I speak from my conscience that it is no big deal to lose several votes. However, I believe that the Honourable Members will know that it is an embarrassing situation. Mr Frederick FUNG and Mr CHEUNG Hon-chung must understand it. I hope that the Members will consider it thoroughly. If the Government agrees to it, then we can consider bringing it up for Members' discussion. In a competitive environment, the bus companies can provide inexpensive services for citizens. Thank you, Madam President.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated to speak)

PRESIDENT (in Cantonese): I now invite Mr CHEUNG Hon-chung to speak on the amendment. Mr CHEUNG Hon-chung, you have five minutes to speak.

MR CHEUNG HON-CHUNG (in Cantonese): Madam President, the amendment proposed by Dr Raymond HO seeks to set up a mechanism to examine the fare increase applications of the three bus companies. Actually, with regard to the principle and content of the amendment, the Democratic Alliance for Betterment of Hong Kong (DAB) already indicated in the former Legislative Council that it would support similar suggestions. However, the original motion I have proposed requests the Government to veto the fare increase applications of the three bus companies, having nothing to do with a mechanism to deal with their fare increase applications. Thus comparing the original motion and the amendment is like comparing an orange and an apple. Although they are both fruits, they bear no resemblance to each other.

If Dr Raymond HO had only added his amendment to my original motion without changing it, the DAB would support it. Actually, when I was drafting the original motion, I had thought of the same thing too. But in order not to distract from the crux of the matter, I have made the wording of the original motion to simply ask the Government to veto the fare increase applications of the three bus companies.

Although we support the letter of Dr Raymond HO's amendment, if the DAB supports his amendment today, we will not have made express our determination to have the fare increase applications of the three bus companies vetoed. Therefore, we will oppose Dr Raymond HO's amendment so that Members will be able to vote on my motion.

PRESIDENT(in Cantonese): Secretary for Transport.

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, I have studied carefully Mr CHEUNG Hon-chung's original motion and Dr Raymond HO's amendment. I note that apparently the two motions are very different but in practical terms they bring home the same message: that the Government must strictly scrutinize the fare increase applications of the Citybus Limited, the China

Motor Bus Limited (CMB) and the Kowloon Motor Bus Company (1933) Limited (KMB), and the Government must fully consider the affordability of the people. This the Government fully supports.

However, the Government cannot accept the proposal, as proposed by Mr CHEUNG Hon-chung in his motion, to veto the fare increase applications by the three bus companies before going over a detailed analysis of the justifications for their applications.

Before I account to this Council the justifications for the said applications, I would like to reiterate briefly that the Government does not have a set policy for subsidizing public transport services. Most of the public transport services in Hong Kong are provided by private operators without government subsidy. This makes Hong Kong different from other countries or regions where bus services are subsidized by their governments. Of course, people there are not subsidized for nothing. They need to pay through taxes, but in Hong Kong this is not the case. Take the example of the local bus services. Bus companies have invested large sums of money in their businesses over the years for any reasonable returns they hope to obtain. They will then actively re-invest, improve their services and raise their service standards. In the long term, this benefits the passengers and the companies alike.

The policy objective of the Government is to ensure the people can enjoy comfortable, reliable, and efficient public bus services at reasonable fares. At the same time as we protect the interests of passengers, we need to cater to those of the investors to allow them sufficient capital for their daily operations and for their future development so that service quality is maintained. Therefore in our investigation into each and every fare increase application the Government must be fair and strive to strike a balance between satisfying the demand of passengers for higher service standards and encouraging investors to continue to improve their services.

Let me return to the fare increase applications by the three bus companies. The last fare adjustment took place in March or April in 1996, which is about 20 months ago. The three bus companies respectively made requests for fare adjustments in 1997 to cover increased costs and extra expenditure on service improvement programmes. Assuming that the new fares take effect from December this year, the projected inflation accrued in the period between the last fare adjustment and the effective date of the new fares are: 10% for Citybus and

CMB, and 9.5% for KMB. The forecast accumulated inflation for the past 12 months is 5.3%.

In October this year the Government submitted for consideration by the Transport Advisory Committee (TAC) the justifications and financial data received from the three bus companies about their proposed fare adjustments, after the same were closely examined by the Transport Bureau and the Financial Services Bureau (Financial Monitoring Unit). The TAC has held two meetings to scrutinize in great details the data submitted and recommended the rates of increase. Based on considerations for the increased operating costs, including adjustments in staff salaries, in the past 20 months, measures adopted to improve services and investment made during this period, and finally the affordability of the public, the TAC then recommended appropriate adjustments.

The TAC's proposed rate of increase is 2% to 4% lower than the forecast accumulated inflation since the last adjustment. The proposed increase has only a slight effect of 0.14 % on the Consumer Price Index (A). If we look at the extra fare per journey, the proposed new fare entails an increase of only 50 cents for over 80% of the passengers. I am not sure what one can buy with 50 cents nowadays. This is an extra amount for sure, but the real increase is not greater than 50 cents for over 80% of the passengers. We need to pay \$5 for a Chinese newspaper these days, so we have reason to believe that the increase is acceptable to the public.

There are Members who think the fares should not be adjusted since the KMB could make a profit of \$500 million despite the small fare increase in 1996. The Government's response to this is that if we only focus our discussion on the profit level of the company without considering the fact that the company has spent a total of \$6.4 billion in capital investment, we would have looked at one side of the coin only. Members may wish to note in the five years between 1992 and 1996, the after-tax profit of the KMB was \$2.04 billion. During this period, the company spent \$2.27 billion on the purchase of new buses and has improved its service in a number of ways. Hence, it can be seen that although the company makes a profit, the investment incurred is enormous.

Madam President, I hope that Members will accept the justifications for the fare increase applications for 1997 by the three bus companies after noting the Government's careful examination of the financial data and rationale and the effect of the proposed increase on people's livelihood. If the increases were

vetoed, then the CMB would incur huge losses in the year 1997-98, while the estimated profits of the Citybus and the KMB in 1998 would be drastically reduced. The result would be that the three bus companies would either delay or trim their plans to improve their services, and the service quality would possibly deteriorate. In the long run, this would have a serious adverse effect on the overall transport services in Hong Kong, to the detriment of the people.

Talking about "cheap buses", Mr CHAN Wing-chan said he hoped the bus companies could provide "cheap bus services". But we must not forget we already have that now. Why? Because the KMB recently employed a consultancy to compare its bus fares and other service indices with those of 13 other countries and regions, including Bangkok, Paris, New York, Singapore, Los Angeles, Japan, Berlin, Toronto, Britain and Australia. In that exercise, the KMB's fares were found to be the second lowest among all. 11 other bus companies charge more than the KMB. In other service indices, the KMB ranked first. Therefore, please do not forget that Hong Kong has already had cheap bus services without any subsidy from the Government.

Of course, we should not be complacent with the status quo. The Government hopes the bus companies will continue to improve their services. It will also actively monitor their operations to see if they can meet public demands. We need to provide them with suitable incentives to at least cover their costs and then to make reasonable profits. It is not an easy job to determine what constitutes reasonable profits, as many Members have pointed out. Dr Raymond HO requests that the Government should expeditiously set up a mechanism to examine application for bus fare increases and find a balance between the interests of passengers and operators. The Government agrees with that proposal and is working in that direction.

We have scheduled to discuss with the bus companies about the new mechanism proposed before the next fare adjustment. (Members may say the present applications have not yet been passed and it may be too early to talk about the next adjustment. However, as I said, although we do not impose a schedule for fare increases the fact remains that there is a need to consider fare increase applications on a periodic basis.) If the new mechanism is to be implemented, we will certainly consult the Panel on Transport.

To conclude, Madam President, the Government has come to the view that the proposed fare increases by the three bus companies are rather moderate and well below the forecast inflation for the same period. The public should find

the increases acceptable and the increases should be able to encourage the companies to continue to invest and improve their services. The proposed increases have balanced the interests of the passengers and those of the operators.

PRESIDENT (in Cantonese): I now put the question to you and that is : That the amendment moved by Dr Raymond HO be made to Mr CHEUNG Hon-chung's motion. Will those in favour of the amendment please say "aye".

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it.

Mr CHEUNG Hon-chung rose to claim a division.

PRESIDENT (in Cantonese): Mr CHEUNG has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): If there are no queries, the result will be displayed.

Mr WONG Siu-yee, Mr David CHU, Mr HO Sai-chu, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Siu-kit, Mr Ronald ARCULLI, Mr YUEN Mo, Dr TSO WONG Man-yin, Dr LEONG Che-hung, Mrs Sophie LEUNG, Mr Andrew WONG, Dr Philip WONG, Dr Charles YEUNG, Mrs Miriam LAU, Mr Ambrose

LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr LO Suk-ching, and Mr TAM Yiu-chung voted for the amendment.

Mr CHEUNG Hon-chung, Mr MOK Ying-fan, Mr CHAN Choi-hi, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr TSANG Yok-sing, Mr CHENG Kai-nam, Mr Frederick FUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr Bruce LIU, Mr LAU Kong-wah, Mr NGAN Kam-chuen and Dr LAW Cheung-kwok voted against the amendment.

Mr KAN Fook-yea abstained.

THE PRESIDENT announced that there were 29 Members in favour of the amendment, 15 against and one abstaining. She therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Mr CHEUNG Hon-chung, you may now reply. You have one minute and 41 seconds left.

MR CHEUNG HON-CHUNG (in Cantonese): Madam President, Members who oppose my motion all seem to make one assumption, that is, since the last bus fare increase was 20 months ago, it would seem unfair to the bus companies if we do not give them a fare rise and there would be no pay rise for their staff. However, we should not forget the factor of patronage. There has been a tremendous growth in terms of the number of passengers carried by the three bus companies. The increase in the number of passengers would make up for the losses of the three bus companies and enable them to make huge profits. Thus, this assumption simply cannot stand.

When the three bus companies first filed their fare increase applications, the TAC did not support them since it considered the information supplied by the companies to be inadequate. Only when additional information had been

provided did the TAC approve the increase rates. So far, the Provisional Legislative Council has not had access to the additional information. It is regretful that Members are asked to support the fare increase applications without proper recognition of their monitoring and consultative role.

Indeed I have had a strong feeling about such an attitude after the establishment of the Special Administrative Region (SAR). At a meeting on the franchise of the Star Ferry, the Honourable YUEN Mo asked what contingency measures the Government would take to replace the Star Ferry service if its franchise was not renewed upon expiry. The Secretary for Transport just answered by saying "No idea". Such an arrogant and condescending attitude towards the legislature spoke volumes about the Administration. How could an official in charge of the transport policy of Hong Kong answer a question posed by a Member of the legislature so irresponsibly and so flippantly? If I were the chief executive officer of a company, I would surely fire such an employee. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHEUNG Hon-chung as amended by Dr Raymond HO be approved. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

NEXT MEETING

PRESIDENT (in Cantonese): In accordance with the Rules of Procedure, I now adjourn the Council until 2:30 pm on Wednesday, 26 November 1997.

Adjourned accordingly at half-past Seven o'clock.

Annex I**WRITTEN ANSWER****Translation written answer by the Secretary for Broadcasting, Culture and Sport to Mr CHOY Kan-pui's supplementary question to Question 2**

Under the present maintenance contract for shark prevention nets installed at Provisional Regional Council beaches, contractors are required to take out public liability insurance jointly with the Provisional Regional Council so as to assume responsibility for property damage, death and injury or sickness suffered by any person as a result of action or fault on the part of the contractor or his sub-contractor, the Provisional Regional Council or its employees and agents, and for damages or compensation to be awarded. If bodily injuries or death are caused due to problems in installation and maintenance of shark prevention nets done by the contractor thus leading to the assumption of legal responsibility by the contractor and the Provisional Regional Council and the awarding of compensation, the above insurance will also provide full compensation. The premium for each incident will not be less than HK\$10 million and there is no limit to the number of incidents insured.

As regards the maintenance contract for shark prevention nets entered into by the Provisional Urban Council and the contractors, there are also similar provisions stipulating that the contractors are required to take out insurance from insurance companies jointly with the Council. The premium for such insurance should not be less than HK\$10 million so as to assume responsibility for death and injury, sickness or property damage suffered by any person as a result of action, negligence or fault on the part of the contractor, and for damages or compensation to be awarded.

Annex II

WRITTEN ANSWER

Translation written answer by the Secretary for Broadcasting, Culture and Sport to Mr HO Sai-chu's supplementary question to Question 2

Based on information provided by the Director of Urban Services, the reply is as follows:

(a) *Penalty*

Under the contract entered into by the Provisional Urban Council and the contractor for maintaining shark prevention nets, if the latter fails to perform the maintenance work satisfactorily, the Council is entitled to impose penalty on the contractor in the form of fines, and the agreed compensation is to be calculated at \$10,000 on each occasion for each beach. The compensation of \$310,000 which the contractor now has to pay is a cumulative aggregated amount representing the failure of the contractor for three times in the past to perform the contract on a number of beaches. Details of penalty are set out in the annex.

(b) *Penalty imposed as a result of unsatisfactory performance of contractor*

Under the terms of the contract, maintenance of shark prevention nets include cleaning of stains on the buoys of the shark prevention nets, removing of marine organisms caught in the shark prevention nets, strengthening the position of the shark prevention nets and mending holes on the shark prevention nets. Despite the fact that the Director of Urban Services has more than once written to the contractor advising him to complete the maintenance work without delay, the latter failed to do so to the satisfaction of the Department. Under such circumstances, the Department can but impose penalty on the contractor in accordance with the terms of the contract.

(c) *Condition of shark prevention nets*

Generally speaking, the condition of the shark prevention nets cannot be said to be poor. It is only that progress and the standard of maintenance work carried out by the contractor since May this year have failed to reach the contract requirements which include failure to clean completely the stains on the buoys of the shark prevention nets, remove marine organisms caught in the shark prevention nets, strengthen the position of the shark prevention nets and mend holes on the shark prevention nets. If not rectified in time, the condition of the shark prevention nets will deteriorate.

(d) *Termination of contract*

Since the contractor has continued to perform poorly and failed to make improvement, the Director of Urban Services will terminate the contract with the contractor in accordance with the provisions of the contract. On the other hand, the Urban Services Department is actively recruiting and making arrangements for a new contractor to take over maintenance work for the shark prevention nets next March in preparation for the advent of the swimming season. As the Deep Water Bay beach is still open during winter, the Department will employ temporary maintenance work operator to inspect shark prevention nets at that beach so as to make sure that shark prevention nets are properly maintained.

Annex

Details of Penalty

<i>Date</i>	<i>Work not completed</i>	<i>Agreed compensation</i>
14.10.97	cleaning and repairing shark prevention nets installed at 11 Urban Services Department beaches	\$110,000

<i>Date</i>	<i>Work not completed</i>	<i>Agreed compensation</i>
24.10.97	cleaning and repairing shark prevention nets installed at 10 Urban Services Department beaches	\$100,000
6.11.97	cleaning and repairing shark prevention nets installed at 10 Urban Services Department beaches	\$100,000
Total Amount:		\$310,000

Note: Under the terms of the contract, if the contractor fails to complete the maintenance work as required in the contract, the Urban Services Department is entitled to claim from the contractor the agreed compensation of HK\$10,000 on each occasion for each beach.