

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 17 December 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.

DR THE HONOURABLE DAVID LI KWOK-PO, 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 YUEN MO

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE CHEUNG HON-CHUNG

DR THE HONOURABLE MRS TSO WONG MAN-YIN

THE HONOURABLE LEUNG CHUN-YING, J.P.

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 HUI YIN-FAT, J.P.

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

THE HONOURABLE HOWARD YOUNG, J.P.

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

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

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:

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING

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

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

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

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

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

MR STEPHEN IP SHU-KWAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

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

MR RAY CHAN YUM-MOU, 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>
Immigration (Amendment) (No. 2) Regulation 1997	593/97
Immigration (Amendment) (No. 2) Regulation 1997	593/97
Fugitive Offenders (Singapore) Order	594/97
Fugitive Offenders (United Kingdom) Order.....	595/97
Dangerous Drugs Ordinance (Amendment of Second Schedule) (No. 3) Order 1997.....	599/97
Kowloon-Canton Railway (Restricted Area) (No. 2) Notice 1997.....	600/97
Shipping and Port Control Regulations (Amendment of Third Schedule) Notice 1997	601/97
Shipping and Port Control Regulations (Amendment of Fifth Schedule) Notice 1997	602/97

Sessional Papers

- No. 46 — Queen Elizabeth Foundation for the Mentally Handicapped
Report and Accounts 1996-97
- No. 47 — Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the period 1 April 1996
to 31 March 1997

- No. 48 — The Sir Murray MacLehose Trust Fund Trustee's Report
for the period 1 April 1996 to 31 March 1997

- No. 49 — Grantham Scholarships Fund
Annual Report for the year 1 September 1996 to 31 August
1997

- No. 50 — AIDs Trust Fund
1996-97 Annual Accounts

- No. 51 — Hong Kong Productivity Council
Annual Report 1996/97

- No. 52 — The Accounts of the Lotteries Fund 1996-97

- No. 53 — Provisional Regional Council
Revised Estimates of Expenditure 1997/98

- No. 54 — Revised list of works annexed to the Provisional Regional
Council's Estimates of Revenue and Expenditure for
1997/98

- No. 55 — Provisional Urban Council
A list of revised works for the quarter ended
30 September 1997

- No. 56 — Report of the Chinese Temples Committee on the
administration of the Chinese Temples Fund for the year
ended 31 March 1997

- No. 57 — Report of the Chinese Temples Committee on the
administration of the General Chinese Charities Fund for
the year ended 31 March 1997

- No. 58 — Report of the Brewin Trust Fund Committee on the
administration of the Fund for the year ended 30 June 1997

- No. 59 — Emergency Relief Fund
Annual Report by the Trustee for the year ending on 31 March 1997
- No. 60 — Hong Kong Housing Authority
Annual Report 1996/97
- No. 61 — Hong Kong Housing Authority
Annual Accounts for the year ended 31 March 1997 and
Balance Sheet as at that date
- No. 62 — Equal Opportunities Commission
Annual Report 1996/97
- No. 63 — Social Work Training Fund
Thirty-sixth Annual Report by the Trustee for the years
ending on 31 March 1997

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. The time allocated to each question seeking an oral reply will on average be about 15 minutes. First question. Mr James TIEN.

Impact of the European Monetary Unification

1. **MR JAMES TIEN:** *Madam President, it is learnt that the European Monetary Unification (EMU) will come into effect on 1 January 1999. In this connection, will the Government inform this Council:*

- (a) *whether it has studied the impact of the EMU on the economy of Hong Kong, especially the export and re-export trade of Hong Kong; if so, what the findings are; and*
- (b) *how government policy bureaux such as the Trade and Industry Bureau, and relevant organizations such as the Hong Kong Trade Development Council, will assist the industrial and commercial sectors in coping with the change and other associated problems?*

PRESIDENT: Secretary for Trade and Industry.

SECRETARY FOR TRADE AND INDUSTRY: Madam President, according to the Maastricht Treaty on European Union signed in 1992, the European Union would introduce a single European currency by January 1999. The new European currency, the Euro, would replace the national currencies of participating member states by the year 2002, thereby completing the process of economic and monetary union.

To ensure a smooth and practicable transition, it was decided in the Maastricht Treaty that all participating members must fulfil convergence criteria on public finances, inflation, interest rates and exchange rates. In doing so, member states need to tighten both their fiscal and monetary policies in order to meet the criteria. This has generated a contractionary effect on economic growth and on employment for the member states concerned. As such, trade with, and more specifically imports into, the European Union is expected to continue to suffer in the interim. Hong Kong's exports to these economies have been dampened as a result.

The Government has been monitoring closely the development of the Euro. The elimination of exchange rate risks and reduction in transaction costs will make European products more competitive in their extended domestic market, thus fostering further growth in intra-trade within the Euro area, possibly at the expense of trade with the newly industrialized economies in East Asia and with the rest of the world.

However, the convergence criteria as laid down in the Maastricht Treaty, if closely observed, should help to strengthen the macroeconomic fundamentals of the member states. Greater price and exchange rate stability, lower interest rates and more prudent public finances are all conducive to overall economic growth and development in the Euro area. This in turn will stimulate their demand for imports. Moreover, trade between the European Union and Hong Kong is in practice largely complementary, with Hong Kong's exports to the European Union comprising mainly consumer goods, and with Hong Kong's imports from the European Union being mostly material inputs, capital goods and semi-manufactures. Hence, with a better economic performance in the European Union, Hong Kong should be able to find increasing trading opportunities there.

In the longer term, the outlook for Hong Kong's trade with the European Union will hinge to a considerable extent on whether or not the Euro area will evolve into a self-contained and more insular regional trading. The due process of the World Trade Organization and the global trend of trade liberalization should induce the European Union to open up more to the rest of the world. As such, there should still be much scope for expanding trade with the European Union, provided that Hong Kong can sharpen further its own competitive edge.

Furthermore, an economically more robust European Union following the progressive implementation of structural and market reforms is likely to offer greater opportunities for inward foreign direct investment, including that from Hong Kong. As regards outward foreign direct investment from the European Union, although there may be some diversion to member states within the European Union or to the Eastern Europe economies, Hong Kong should still have its distinct edge in attracting foreign direct investment considering the strategic position and role of Hong Kong as a prominent regional business centre and as a major gateway for doing business with mainland China.

The Government will continue to monitor closely the development of the Euro and its possible impact for the Hong Kong economy. It will continue to facilitate the enhancement of Hong Kong's competitiveness. Ultimately, it is the competitiveness of our industrial and commercial sectors that will determine their ability to cope with the changes brought about by the economic and monetary union. The Hong Kong Trade Development Council will continue to inform companies in Hong Kong of the latest development of the Euro through its bi-weekly newsletter entitled "EU Business Alert".

Thank you.

PRESIDENT: Mr James TIEN.

MR JAMES TIEN: *Madam President, in the Maastricht Treaty, all participating members must fulfil convergence criteria on public finances, inflation, interest rates and so forth. Why in doing so, does the Hong Kong Government feel the Euro area may or will evolve into a self-contained and more insular regional trading bloc, thus adversely affect Hong Kong's export and trading businesses?*

PRESIDENT: Secretary for Trade and Industry.

SECRETARY FOR TRADE AND INDUSTRY: Madam President, so far the formation of Europe into a single economic and monetary union has not given Hong Kong any indication that the European Union will be evolving into a more insular entity. In Europe, the process of economic and monetary union, in fact, can be traced back to 1960 when Europe first formed itself into a custom union. In 1993, Europe then formed itself into a unitary trading entity. The next step in the formation of economic and monetary union is the introduction of Euro in 1999. Based on the past experiences, Europe has not turned into an inward trading entity. In the years 1990 to 1996, statistics show that intra-Europe trade has been growing at a slower rate compared to Europe's trade with the rest of the world, as well as compared to Europe's trade with the four industrialized economies in East Asia including Hong Kong. So, for the time being, we have no reason to be concerned that Europe would become more insular following the introduction of the Euro. Nonetheless, the Government will be keeping the development of the European Union in the coming years under very close scrutiny. Hong Kong certainly does not wish to see the European Union becoming more insular. In addition to close monitoring by the Hong Kong Government, we also have the vehicle of the World Trade Organization. As I mentioned in my main reply, the due process of the World Trade Organization would also help all trading communities in the world, not just Hong Kong but every trading community in the world, to ensure that Europe will not become more insular as a result of the Euro.

Thank you.

PRESIDENT: Mrs Selina CHOW.

MRS SELINA CHOW: *Thank you, Madam President. Whether Europe will become more insular or not remains to be seen. However, in the second paragraph of the main reply, it seems that whatever happened in Europe has the effect that Hong Kong's export to these economies would have been dampened as a result. Can I ask the Secretary what the Government is doing about this in terms of measures undertaken at this point in time and in terms of advice given to the manufacturers to counter this trend?*

PRESIDENT: Secretary for Trade and Industry.

SECRETARY FOR TRADE AND INDUSTRY: Madam President, participating member states of the Euro are required to comply with five convergence criteria. These are not criteria that Hong Kong can influence in any way. Some of these convergence criteria do require governments of the participating member states to control their government expenditures better, to control the total amount of government debt on the part of these member states better, to control long-term interest rates as well as to control inflation. This is one of the reasons why we have seen, for example, the French Government and the German Government cutting back on government expenditures. This has an indirect contractionary effect on the economies in France and Germany as a whole. It is not within the ability of the Hong Kong Government to influence this particular process.

As I said in my main reply, ultimately, whether or not Hong Kong can do more trade with the member states of the European Union and with the participating members of the Euro is the competitiveness of our own companies. And this is certainly an area that the Hong Kong Special Administrative Region Government will be giving more emphasis to in the months and the years ahead, trying to enhance the competitiveness of Hong Kong as an economic entity and, more specifically, enhance the competitiveness of companies in Hong Kong.

In addition to the Government, the Hong Kong Trade Development Council is also mandated to help exports from Hong Kong to the rest of the world. I am confident that the Hong Kong Trade Development Council will continue to explore new ways of helping Hong Kong companies to export not just their goods but also their services to the European Union and the participating member states of the Euro.

PRESIDENT (in Cantonese): Mr Howard YOUNG.

MR HOWARD YOUNG (in Cantonese): *Apart from Germany, I understand that Britain is also a major market in Europe for Hong Kong exports. However, it seems that Britain is rather hesitant about whether it should participate in the EMU system, particularly after the general election, saying that it has to conduct a review. I wish to ask the Government whether it has studied the impact of Britain's participation in the EMU system on the Hong Kong export markets, including the need for some Hong Kong companies to adjust their export marketing strategy?*

PRESIDENT (in Cantonese): Secretary for Trade and Industry, although this question is not directly related to the main question, you may answer this question, if you have the relevant information at hand.

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Madam President, as far as we understand, the British Government has no intention to participate in the EMU system on 1 January 1999, but it does not rule out the possibility of joining this system in future. However, according to press reports, we learned that the British Government has no intention of joining the EMU before 2002.

Before the Britain joins the EMU, payments for Hong Kong's exports to Britain shall be calculated on the basis of sterling pounds or US dollars rather than Euro. Thus the exporters of Hong Kong will not be able to reduce their costs. The costs for Hong Kong exporters should be lower if the whole Europe or most European countries participate in the Euro system, as it is no longer necessary for them to hedge against exchange rates risks. Apart from Britain, we know that the Danish Government has officially announced that it would not be among the first batch of countries to join the Euro system. Stating from 1999, Euro will be the currency for most European countries, except two or more countries which may still use their own currencies. Accordingly, Hong Kong exporters will not be able to bring down their costs substantially. Nevertheless, the impact of this situation shall be the same on all exporters who are exporting their products to these countries. In other words, there would not be extra negative impact on Hong Kong. Thank you, Madam President.

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

Efficiency of Computerized Case Reporting System in Police Stations

2. **MR WONG SIU-YEE** (in Cantonese): *It is learned that the efficiency of the report rooms in certain police stations in handling the reporting of cases by the public has been relatively low since the computerization of the report rooms. The police officers on duty have attributed this to the speed of the computers. In this regard, will the Government inform this Council:*

- (a) of the main factors determining the efficiency of the report room staff in using computers to handle the reporting of cases;*
- (b) of the average time taken by the report room staff in using computers to finish handling a reported case, and the difference in time, when compared with a case processed manually; and*
- (c) whether, before the computerization of the report rooms of police stations, the authorities had assessed the ability of prospective users in operating computers; if so, whether all the current users have reached the required proficiency standard?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, the objective of computerizing police report rooms is to make use of modern information technology to deliver speedy and quality service to the public. We estimate that the full system, currently being implemented, will be completed by April 1998. During the implementation stage, the police will closely monitor the progress with a view to identifying areas of improvements. As regards Mr WONG's questions, I wish to respond as follows:

- (a) the processing speed of a case by a computer is affected by a number of factors including the complexity of the case being processed, the number of users accessing to the system at any one time, the user's familiarity with the operation of the computer system and the computer's processing speed;

- (b) the average time taken by the report room staff to process a case varies depending on the nature of the case. It ranges from 10 minutes in simple cases to a few hours in complicated cases with a large number of arrests and properties involved. With computerization, the overall efficiency in the handling of a case has been greatly enhanced and retrieval or matching of relevant record can be done more speedily and accurately resulting in better service for the public. For example, the report room staff receiving a report of lost property can use the computer to search in a matter of minutes for any record of found property received in all police stations which matches the description of the lost property, rather than relying on manual search which could last for days. As regards the processing of the initial report of a case, a preliminary inquiry indicates that the time taken by using a computer is about the same as or, as in some cases, even less than when it is done manually.
- (c) The Police Force had arranged all the 720 report room staff to undergo training for five days before implementing the first phase of the computerization of report rooms. Additional training would be arranged for those who have difficulties in learning computers to ensure that they attain the necessary standard. In addition, computer experts are deployed to provide on-site support to report room staff during the initial implementation stage of each report room. A help desk is also set up to provide technical support services by telephone at any time.

Madam President, in parallel with the computerization of report rooms, the Police Force is also implementing other service quality improvement measures such as streamlining reporting procedures, improving report room facilities, providing reception officers in busier report rooms, receiving and handling simple reports by facsimile and phone, and making available police forms on the Internet. The implementation of these measures will facilitate the reporting of cases by members of the public.

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

MR WONG SIU-YEE (in Cantonese): *Madam President, according to paragraph (b) of the Secretary's reply, the time taken to process a case ranges from at least 10 minutes to a few hours. I would like to ask the Government, bearing in mind that some people may have to wait for a long time, whether the police have taken any measure to help those who have to wait for a long time or if it has issued any guideline on how the police may act expediently in accordance with the situation in order to enhance efficiency.*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, according to the information provided by the police, other than computerizing the police report rooms, they are also in the process of improving the reporting procedures and facilities in the report rooms in five aspects, one of which is the implementation of a queuing scheme to give priority to cases that are more important.

PRESIDENT (in Cantonese): Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): *Madam President, at the beginning of his reply, the Secretary said that the objective of this scheme is to deliver speedy and quality service to the public. But the last sentence of paragraph (b) of the reply reads as follows, "As regards the processing of the initial report of a case, a preliminary inquiry indicates that the time taken by using a computer is about the same as or, as in certain, even less than when it is done manually." It seems to indicate that as long it is "less", it is "better". I think that "less" should be the objective. Hence, I would like to ask the Secretary for Security, what exactly is the target? How can it be faster? In other words, is there a target? What exactly is the length of time that the police wish to shorten and when can the target be reached?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, let me cite an example: when a member of the public reports a case about a crime which has affected him, the procedures that he has to go through with the police officer who receives him in the report room is more or less the same with or without the use of a computer; the one who reports the case still has to spend a certain period of time to give an account of the case and the police officer on duty has to summarize the case as described by him and record it; the only difference is that the officer had to write it down by hand before and now he puts it into the computer. The advantage of computerization is that the record can now be read in the report room and other police officers can also read it when they follow up on the case. For example, computerization can spare the police the repetition of manual work such as photocopying the documents or arranging for distribution of the work. For some important and complicated cases, even the summarized records might run tens of pages and in the past, distributing them by hand to the various district commanders and assistant district commanders could take a few hundred sheets of paper and a few hours, but now the police can distribute the information to the various district commanders in a matter of minutes via the computer system.

Besides, under certain circumstances such as the everyday administration and statistics, the work can be done in a much shorter time with the help of the computer. For instance, sorting out the bail forms could take three minutes by hand but only 40 seconds by the computer.

Thirdly, a lot of resources in the report rooms can be saved after computerization. Take a police station in Mong Kok for example; before that, we needed a 200 square-foot room to store the crime records but now, after computerization, this room can be spared for some other more effective purposes.

Fourthly, computerization of the report rooms is one of the five major parts of the police information technology strategy which is part of the so-called communal information system. When the whole communal information system is completed and the computers can run smoothly, the Police Force can save over 400 jobs. By that time, the resources and manpower (including police officers who have gone through disciplinary training) required by these jobs can be deployed to the frontline to fight crime.

I have only given a few examples above

PRESIDENT (in Cantonese): Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): *Madam President, I thank the Secretary for pointing out the above points to us but none of those points is the answer to my question. My question is what exactly the target is regarding the provision of a speedier service to the public. How can it benefit the public? How can it provide a more efficient service to the people of our neighbourhood? How much time can it save? What is the target?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have already explained that there cannot be any rigid requirement for the time spent on processing the report of a case as it depends on the complexity of the case and the number of witnesses and properties involved and therefore there cannot be any simple target.

Mrs Selina CHOW just mentioned benefiting the people in the neighbourhood. When answering Mrs CHOW's supplementary question, I explained the advantages of the police information technology strategy and I also cited one or two special examples. In my main reply, I also explained that when lost property is reported, it can be handled more speedily by the police, and in my reply to a supplementary question, I pointed out that bail forms can be sorted out more quickly. There are also other advantages such as the saving of over 400 jobs, allowing us to deploy the resources to the frontline to fight crime, and also the saving of space in the police stations. They have all indirectly enabled the police to provide better and more efficient services to the public and to safeguard their safety.

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

MISS CHOY SO-YUK (in Cantonese): *Madam President, it is learnt that the police are using the 486 type computers. Would that be a little too backward?*

Would using this type of computers affect the efficiency of the police?

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, computer technology and computer power are getting more and more advanced, and more powerful computers are on the market every year. If the police start designing their new system today, then they may use more powerful computers. But no matter what organization it is, it is simply out of the question for it to upgrade its computer system to the latest version every minute, every month and every year. I believe that on the whole, the present computer system is already sufficient to meet the demand. However, I have to reiterate that the implementation of the information technology strategy in the police will not complete until 1999. During this period, the police will keep on reviewing this question but we also have to be careful not to review it for the sake of reviewing and not to design the system all over again just to strengthen the power of the computer to gain one minute or one second in speed. If so, we will have to alter the specifications every year and we will never be able to achieve anything.

PRESIDENT (in Cantonese): Although we have spent over 15 minutes on this question, since the answers of the Secretary for Security are rather long, I would allow two more supplementary questions. Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): *Madam President, recently, there has been a report in the press that when some people dial "999" to report a case in English, very often they cannot get immediate response from the police. A newspaper reporter tried to report a case in English by dialling "999" but his call was transferred back and forth by the police officer who received it. I would like to ask the Secretary whether training in both Chinese and English had been provided for the police staff on duty, when the computerized reporting system was installed. If people report the case in English, can the police handle it?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe that Mr FUNG has mixed up two matters. The "999" system is directly linked to the emergency control system of the police which has no direct relation with the report rooms in the various police stations. But I have to repeat that policemen answering the "999" calls are generally able to handle the reports in English. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): *The Secretary did not quite understand my question. I was taking the "999" system as an example. According to the newspaper report, the police officer could not answer the phone in English and kept transferring the phone to other people. What I am asking now is after computerization, if someone comes to the report room to report a case in English, will they be able to handle it? I mean both the staff and the computer.*

PRESIDENT (in Cantonese): Mr FUNG, I think that the Secretary has already answered your question. Let us just see whether the Secretary has anything to add.

MR FREDERICK FUNG (in Cantonese): *I was not talking about the "999" system. I was talking about when a foreigner comes to report a case*

PRESIDENT (in Cantonese): Please sit down. I believe the Secretary has already heard your question clearly.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe Mr FUNG has not mixed up the "999" system with the report rooms. I will say very briefly that no matter the report is made in English or Chinese, the officers

and the computers in the report rooms can handle the situation.

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

MR CHAN CHOI-HI (in Cantonese): *Madam President, we also raised the same question when we visited the police stations last time. I would like to raise this question again with the Secretary for Security. By the year 2000, the computer will have problems handling some figures. How is the Administration going to deal with the computer nightmare of the year 2000? Is the Administration trying to sort out the problem or has it got any solution to it? What would it do by that time?*

PRESIDENT (in Cantonese): Mr CHAN, I do not quite understand your question but I hope that the Secretary for Security would give you some answer.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe what Mr CHAN has been directing at is the so-called 2000 computer problem of the "millennium bug". The problem concerns whether the year 2000 should be represented by "00" or by "2000". This not only affects the Police Force or any particular department but all government departments have to deal with it. Although I am not an expert in this field, as far as I know, the information technology department of the Government is co-ordinating the work in dealing with this problem faced by all computers of the Government.

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

Future Use of the Former Government House

3. **MR MOK YING-FAN** (in Cantonese): *Regarding the expenses on and the permanent use of the former Government House, will the Government inform this Council of:*

- (a) *the breakdown of the expenses on the former Government House since 1 July 1997 up to the present;*

- (b) *the criteria to be adopted for determining the permanent use of the former Government House; and*
- (c) *the current application procedure for using the former Government House and the criteria for approving such applications?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

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

- (a) The average monthly expenditure of the Government House from 1 July 1997 is:

Staff cost	\$530,000
Electrical and mechanical maintenance fees charged by the Electrical and Mechanical Services Department	\$170,000
Electricity	\$160,000
Gas	\$24,000
<hr/>	
Total	\$884,000

The staff cost covers the Housekeeper and 28 domestic staff of the Government House. They are not merely responsible for the proper upkeep of Government House, but also provide domestic and support services to the Chief Executive and Mrs TUNG at the Chief Executive's office, the Chief Executive's official residence and the Fanling Lodge.

- (b) We are still considering the future permanent use of Government House and have an open mind on this. Apart from official functions and entertainment, we propose also to make part of the facilities available for use by outside bodies. We aim to encourage maximum use of this facility in the overall public interest and in keeping with the status of Government House as a historical monument.
- (c) As announced in our press release on 9 December, the Ballroom in Government House will be made available for use by charitable and public organizations for hosting community events three times a month. We are still finalizing the detailed application procedure and selection criteria and these will be announced as soon as possible.

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

MR MOK YING-FAN (in Cantonese): *Madam President, I am glad to note the Government will consider the future permanent use of the former Government House. After I raised this question, the Chief Executive has decided to increase the frequency of opening the Ballroom to the public from once a month to three times a month, starting from next year. Will the Government inform this Council what the current application procedure is. I note in paragraph (c) of the main reply, the Secretary said the Government was finalizing the detailed application procedure and selection criteria. Does that mean the present application procedure is inadequate? And what criteria will the Government use in determining the detailed application procedure to avoid abuse by the applicant?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Before the details are finalized we will consider each application separately. I have

indicated the general criteria in the main reply. Applications must be made in the interest of the public. They must not get into the way of the entertainment or official activities of the Chief Executive and other officials.

PRESIDENT (in Cantonese): Mr Mok, do you think the Chief Secretary has not answered your question? Or do you want to raise another supplementary question? If it is the latter, please wait for your turn.

MR MOK YING-FAN (in Cantonese): *According to the Chief Secretary's reply, it seems there are no criteria to base on at present, and applications are considered separately. Is that the real situation?*

PRESIDENT (in Cantonese): I think the Chief Secretary for Administration has already answered your question. Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): *Madam President, will the Chief Secretary for Administration inform us whether groups or charitable organizations which have obtained approval to use the Government House will be charged any fees? If so, are staff salary and water and electricity charges included in the charges?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, we have not yet decided how charges are to be determined if we charge for the use of the former Government House. We hope to make an announcement when details are finalized.

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

MR CHOY KAN-PUI (in Cantonese): *Madam President, will the Government inform this Council how many proposals it will be considering in determining the*

future use of the former Government House? What are the details?

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, we have received 25 applications for various activities and have approved three. By and large, they are in the interest of the public. These applications were made by charitable or public organizations.

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

MISS CHOY SO-YUK (in Cantonese): *Madam President, will the Government open up the former Government House as a sight-seeing spot for foreign visitors?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, we have not thought of that yet mainly because we intend to use the former Government House for official or entertainment activities by the Chief Executive or Government officials. In addition, as I said in the main reply, we intend it to be used by other groups or charitable organizations for activities in the interest of the public.

PRESIDENT (in Cantonese): Mr Bruce LIU.

Mr BRUCE LIU (in Cantonese): *Madam President, I want to follow up on Mr CHOY Kan-pui's question. In considering the future permanent use of the former Government House, the Government should consider the various proposals from the people. Now, as the Government is deliberating on the future use of the former Government House, will it inform this Council what*

proposals there are? Is there a proposal to transform the former Government House into a museum or a sight-seeing spot?

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, one of the proposals under our consideration is to transform Government House into a museum or an exhibition hall.

PRESIDENT (in Cantonese): Mr Howard YOUNG.

MR HOWARD YOUNG: *Madam President, I refer to paragraph (b) of the main reply on permanent use and the previous two questions. My understanding is that the White House in Washington, the Buckingham Palace in London and the Great Hall of People in Beijing are open for both official use and for tourist visits. Could this type of visits be within the consideration of the Government for permanent use, coupled with the idea of a display on Hong Kong modern history?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION: I think that in considering the longer-term permanent use of Government House, we have to bear in mind that the facilities, firstly, must be there for official entertainment, for receiving foreign dignitaries, local guests and other activities, and must be compatible with the fact that the Government House is a historic monument. We also have to bear in mind security measures, the question of manpower resources. Overall, we must ensure that whatever use we put Government House to, they do not conflict with the basic use that I have already outlined. Certainly, in our

consideration, if there are suggestions to throw open Government House for tourists, we are prepared to consider these suggestions subject to the considerations that I have already outlined.

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

MR MOK YING-FAN (in Cantonese): *Madam President, as we raise questions for the Chief Secretary to answer, we have been using the term "the former Government House". Will the Government inform this Council whether it will, in considering its future permanent use, change its name?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, of course we will consider what name it should take in future.

PRESIDENT (in Cantonese): Mr Henry WU.

MR HENRY WU (in Cantonese): *Madam President, in paragraph (a) of the main reply there is the fee of \$160 000 for electricity. This is an enormous amount for the people of Hong Kong. Will the Government inform this Council whether this amount is larger or smaller when compared with the previous fees?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, it is similar to the fees prior to 1 July.

PRESIDENT (in Cantonese): Mr James TIEN.

MR JAMES TIEN (in Cantonese): *Madam President, in paragraph (c) of the main reply, it was mentioned that the press release announcement on 9 December said the Ballroom in Government House would be made available for use by charitable and public organizations for hosting community events three times a month. I very much support this arrangement. When the former British Hong Kong Government was in charge, there were no criteria for deciding which charitable organization could use Government House. I would like the Government to inform this Council whether, in finalizing the detailed application procedure and selection criteriyy, it will give priority to certain charitable organizations, or sizable groups with greater popularity, or groups with a certain level of proceeds from charits? Will the Government set a framework in which approvals will be made rather than leave the decision to people?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, we will consider Mr TIEN's idea. The Governor was the only person to decide mainly because, I think, before 1 July Government House was home for the Governor. Now that it is no longer the case, we need to lay down detailed application procedures.

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

MR WONG SIU-YEE (in Cantonese): *Madam President, in the former Government House there are some recreational facilities, including a tennis court and a swimming pool. How will the Government use these facilities? Will it open them to the public?*

PRESIDENT (in Cantonese): Chief Secretary for Administration.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, the use of the tennis court is linked to the future permanent use to which the former Government House will be put. The swimming pool is, however, too small, I think, to open to the public.

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

Control on Storage of Industrial Toxic Gases

4. **MR CHAN CHOI-HI** (in Cantonese): *In view of a recent incident in which the employees of a chemical trading company felt sick after inhaling the cyanide gas leaking from the storage containers in the company, will the Government inform this Council whether:*

- (a) *it will review the adequacy of existing legislation in regulating the storage of industrial toxic gas in private companies; and*
- (b) *it will consider stepping up inspections so as to ensure that toxic chemicals are properly stored in private companies?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President,

- (a) The Dangerous Goods Ordinance provides legislative control over a wide range of substances which are potentially dangerous. This legislation governs the labelling, packaging and storage of such substances.

The storage of cyanide is subject to licensing control. Under the Dangerous Goods (General) Regulations, if a person uses or stores metallic cyanides in excess of 5 kg for general purpose or 10 kg for medical purposes, he has to obtain a dangerous goods licence from the Director of Fire Services, and the substances must be stored in a licensed dangerous goods store that complies with the relevant fire safety requirements issued by the Fire Service Department (FSD). Fire fighting installations and other safety measures which have

been approved by the FSD must be provided.

In view of the increase in the number of types of dangerous goods used by the industries in Hong Kong, the FSD has been reviewing, among other things, the control over the storage of dangerous goods under the Dangerous Goods Ordinance, with a view to updating its provisions into line with international standards.

- (b) All dangerous goods stores licensed by the FSD are subject to regular inspections to ensure compliance with all safety and security requirements. These inspections include an annual licence renewal inspection. A 24-hour complaint hotline is available for the public to lodge complaints concerning alleged illegal use or storage of dangerous goods. All complaints against dangerous goods are regarded as posing an imminent hazard and will be followed by immediate investigation.

The FSD has stepped up inspections to commercial and industrial buildings. Immediate enforcement action will be taken against any breach of the Dangerous Goods Ordinance identified during such inspections.

Factory inspectors of the Labour Department also conduct regular inspections to workplaces in different types of buildings to ensure the proper storage and use of dangerous substances.

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

MR CHAN CHOI-HI (in Cantonese): *Madam President, will the Secretary for Security inform this Council of the number of complaints received and prosecutions made over the past three years?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, though I do not have statistics for the past three years on hand, I do have statistics for this

year, including those on the number of prosecutions made under the two types of inspections. Since 1997, the FSD which is responsible for one type of inspection, has made 236 prosecutions under the Dangerous goods Ordinance; while the Labour Department which is responsible for the other type of inspection, has conducted more than 73 000 inspections and made four prosecutions under the Factors and Industrial Undertaking Ordinance.

PRESIDENT (in Cantonese): Dr TANG Siu-tong.

DR TANG SIU-TONG (in Cantonese): *Madam President, it was mentioned in paragraph (a) of the main reply that the FSD will issue dangerous goods licences for storage of dangerous goods store. However, it seems that the FSD is only concerned about fire safety requirements, and nothing has been mentioned about safety requirements for toxic substances. I would like to know whether staff members of the dangerous goods stores have adequate and training to deal with accidents such as leakage of toxic substances like cyanide?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, under the existing licensing system, the authority concerned is not only exercising control over fire safety measures, but also over safe handling of toxic substances, including safe storage and safe packaging of these substances. As regard staff members of the dangerous goods stores, I believe that under the provisions of the relevant industrial safety and health legislation, the Labour Department would in future enact regulations for staff members of dangerous good stores to observe.

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

MR CHOY KAN-PUI (in Cantonese): *Madam President, will the Government inform this Council of the total number of industrial and commercial organizations which store toxic gases of industrial use in Hong Kong?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, since I do not have such statistics on hand, I shall give a written reply. (Annex)

PRESIDENT (in Cantonese): Fifth question, Mr Howard YOUNG.

Crowd Control Measures During Firework Displays

5. **MR HOWARD YOUNG:** *Madam President, extensive and stringent crowd control measures imposed by the police during the various firework displays this year had caused difficulty to hotels in providing proper service to guests and affected the patronage to hotel restaurants. In this connection, will the Government inform this Council:*

- (a) *whether there will be firework displays next year, including during the Chinese New Year holidays; if so, of the crowd control measures to take in various popular viewing sites, such as those along the Victoria Harbour; and*
- (b) *whether the authority has, since the firework display at Tuen Mun at midnight on 1 January 1997, imposed more stringent crowd control measures for viewing firework displays; if so, what the reasons are, and whether it will consider reverting to those measures previously adopted?*

PRESIDENT: Secretary for Broadcasting, Culture and Sport.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, while the Broadcasting, Culture and Sport Bureau

is responsible for policy related to the staging of firework displays, the logistical support, including the special traffic and transport arrangements made in connection with the displays, is provided by government departments concerned such as the police and the Transport Department. The latter part of this reply, concerning crowd control measures in force during firework displays, is based on information provided by the police.

1998 Lunar New Year Fireworks

Since 1982, a firework display has been held each year during the Lunar New Year. There will be a similar display during the coming Lunar New Year. As with the previous firework displays, the police will formulate a suitable crowd control strategy, and make appropriate road closure and traffic diversion arrangements for this display. The Transport Department will liaise with the public transport operators to work out appropriate arrangements taking account of the road closures.

The practice of restricting use of some of the roads in Tsim Sha Tsui, Central and Wan Chai to pedestrians, and the related traffic and transport diversions during the evenings of displays in the Harbour, is to facilitate the safe passage of the crowds which gather in these areas to watch the fireworks.

As part of the arrangements for the coming Lunar New Year display, most of the roads in Tsim Sha Tsui south of Austin Road will be closed in stages, depending on the crowd situation. On the Hong Kong side, roads in Central, Wan Chai and Causeway Bay along the harbour will also be restricted to pedestrian use. Bus terminals at Wan Chai Ferry Pier and Central Ferry Pier will be temporarily closed.

Crowd Control Measures for Firework Displays since 31 December 1996

Since the firework display on 30 December 1996, there have been four firework displays in the Harbour during the 1997 Lunar New Year and on 30 June, 1 July and 1 October 1997. There was also a firework display at the Tsing Ma Bridge on 27 April 1997, but I believe this is not the subject of Mr YOUNG's

question.

For the 1997 Lunar New Year firework display, the measures or procedures adopted by the police were no more stringent than those for the 1996 Lunar New Year firework display.

In respect of the other three firework displays held in the Harbour in 1997, the extent of road closure on Hong Kong Island was more or less the same as that adopted for the 1996 Lunar New Year display. The only exception was that, for the display on 30 June 1997, the area normally available to the public for viewing from the North Wan Chai waterfront was cordoned off due to security considerations relating to the Reunification events taking place that evening.

However, on the Kowloon side, the southern part of Canton Road, Kowloon Park Drive and north of Cameron Road and south of Hillwood Road were closed for the firework displays on 30 June, 1 July and 1 October but not for the firework displays during the 1996 and 1997 Lunar New Years. The reason was that the police anticipated that a larger number of spectators would turn up for the displays held on 30 June and 1 July mainly due to the expected larger number of tourists, and on 1 October, due to the expected better weather in the autumn. Closing these roads was necessary to facilitate the arrival and dispersal of crowds. However, hotel vehicles could enter the southern part of Canton Road and Kowloon Park Drive if prior arrangements had been made with the police.

The crowd control measures for the 1998 Lunar New Year firework display have not yet been finalized, but they should not be more stringent than those adopted for the 1996 and 1997 Lunar New Year firework displays.

One of the primary duties of the police is to protect life and ensure public safety. They will continue to adhere to this principle when policing public events, including firework displays. The police are also aware of the need to avoid causing undue inconvenience to members of the public. In other words, the relevant crowd control measures, which include the closure of certain roads, are implemented only when they are considered strictly necessary for the safety of the general public.

PRESIDENT (in Cantonese): Mr Howard YOUNG.

MR HOWARD YOUNG: *Madam President, I am grateful to the Secretary for indicating that arrangements for the next Chinese Lunar New Year will revert back to the previous policies and procedures, and that this summer was exceptional.*

MR HOWARD YOUNG (in Cantonese): *The Secretary has mentioned in the fourth paragraph that the roads will be closed in stages. As hotels are busy places with a lot of tourists coming and going, will the authority consider giving prior notices to hotels and restaurants concerning the arrangements to be introduced in stages, such as the time and scope of road closures, so that they may inform their customers accordingly?*

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

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): *Madam President, I certainly can refer Mr YOUNG's idea to the police for their consideration. In the past, when the police had to arrange for the roads to be closed for firework displays, apart from holding press conferences, they would also contact the Hotels Association and the hotels in the affected areas, in order to minimize the inconvenience.*

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

MR CHAN WING-CHAN (in Cantonese): *Madam President, as mentioned in paragraph 8 of the main reply, roads were closed for the firework displays on 30 June, 1 July and 1 October this year. The Secretary also mentioned that hotel vehicles could enter the southern part of Canton Road and Kowloon Park Drive if prior arrangements had been made with the police. I wish to ask that when road closure arrangements are made in future for ceremonies or activities, can the hotel vehicles in the affected areas enter the closed roads for the convenience of the tourists without giving prior notice to the police?*

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

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, the police will certainly take into consideration the convenience and safety of the firework spectators before deciding which the roads are to be closed. In the hope of not causing any inconvenience to the hotel guests, the police will allow hotel vehicles, if prior arrangements have been made, to enter the closed roads. If a certain road must be closed on the one hand, but hotel vehicles are allowed to move in freely on the other, it would beat the purpose of road closure I do not think that it is a good idea.

PRESIDENT (in Cantonese): Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): *Madam President, under the present deteriorating market conditions, the Government needs to understand the situation of the service sector (including the hotel, transport, retailing and catering industries). I wish to ask if the Government will sound out the opinions of the affected shopowners when considering road closures and crowd control for firework displays this year. Will the Government take into account their requests, and minimize the time and scope of the roads to be closed?*

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

SECRETARY FOR BROADCASTING, CULTURE AND SPORT (in Cantonese): Madam President, it has always been the practice of the police over these years to minimize the length of time for road closures. Therefore, different roads and districts will have different periods of time for road closures. Due consideration will be taken by the police so as not to cause any inconvenience to the hotels and shops. The police will minimize their inconvenience through different channels, such as holding discussions with the Hotels Association. However, as each shop has different requests, I believe it is

impossible to accede to the requests of all the shopowners affected by road closures. We must understand that if we are not to affect the shops or hotels in any way, the only solution is not to hold any firework display at all.

PRESIDENT (in Cantonese): Last question seeking an oral reply. Mr LAU Kong-wah.

Prevention of Infection by the Bird Influenza

6. **MR LAU KONG-WAH** (in Cantonese): *Since August this year, two cases of influenza A virus H5N1 (commonly known as the bird influenza) in man were discovered in Hong Kong. It was also recently announced by the Department of Health that four new cases of suspected infection were found. Among the six people infected, two were dead. Such a trend causes worry that the bird influenza might be spreading in the territory. In this connection, will the Government inform this Council:*

- (a) *whether the Department of Health had immediately taken action to trace the source and identify the causes of the infection following the first person's contracting such an illness; if so, what the details are; if not, why not;*
- (b) *of the reasons for the Department of Health announcing the second case only recently, as the infected child had contracted the virus in November;*
- (c) *whether the Department of Health has studied and pursued the development of a new vaccine for preventing and curing the infection by this virus; if so, what the details are; and*
- (d) *of the measures taken by the Department of Health to step up its guidance to the public on the prevention of infection by the bird influenza, before the successful development of a new vaccine?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President,

- (a) Shortly after the first human case of H5N1 infection was confirmed in August 1997, the Department of Health has been working closely with the Centres for Disease Control and Prevention in the United States and the World Health Organization to track down the source of infection and the mode of transmission. The Department of Health has interviewed people who have had close contact with the patients, including their family members, schoolmates, colleagues and the health care staff providing direct care to the patients. Site visits to the patients' homes, workplaces and schools and local animal/poultry farms have also been made. Specimens including blood samples, throat swabs, and so on have been taken and are being examined in Hong Kong and by the Centres for Diseases Control and Prevention. We are conducting different studies to determine the mode of transmission. We hope that the results of these investigations and studies can give us a better understanding of this new virus. Up to this stage, although information has revealed that the virus is avian in nature, we have yet to ascertain the mode of transmission to human.
- (b) The second case involves a two-year old boy who was admitted to hospital on 7 November 1997 due to fever. He made a full recovery and was discharged two days later. However, the preliminary investigation performed on the specimen taken during his hospital stay by the attending doctor was found to be positive for the H5 virus on 25 November 1997. Investigation by the Department of Health on the case started immediately and the specimen was sent to the Centres for Disease Control and Prevention for further testing. A press conference announcing the suspected case and the initial investigation results was held on 28 November 1997. The case was confirmed by the Centres for Disease Control and Prevention as a H5N1 case on 13 December 1997.
- (c) As regards the production of vaccine against the virus, we have been

maintaining close liaison with the World Health Organization which has alerted the vaccine production centres to keep in view of the development of the H5N1 cases in Hong Kong and make necessary preparations for the production of the vaccine. Since this is a new virus affecting humans, a detailed understanding of the H5N1 virus including its antigenic structure, mode of transmission and so on must be obtained before a decision can be reached on how to follow up the production of the vaccine.

- (d) The Department of Health has been reminding the public that the best way to combat influenza infection is to build up body resistance by having a balanced diet, adequate rest, sufficient exercise and good personal hygiene. The Department of Health will be stepping up publicity of this message through API on television and radio channels. These measures are also useful in preventing H5N1 infection.

It is observed from the recent H5N1 cases that the initial symptoms of H5N1 infection are similar to those caused by other types of flu viruses. Members of the public should seek the doctors' advice as early as possible when they experience flu symptoms. To ensure accurate diagnosis for treatment, they should not change doctors unnecessarily. The Department has also issued guidance notes to the doctors explaining the information about the virus and how patients suspected of the disease should be treated.

To give advice on prevention of H5N1 infection, the Department of Health has set up telephone hotlines for public enquiries. Leaflets are distributed through relevant departments to traders in food establishments and the industry to remind them of the importance of personal and environmental hygiene. The Department has also conducted briefings for the press and chairmen of Provisional District Boards on the latest situation. We will continue to implement these health education measures and explain the latest situation.

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

MR LAU KONG-WAH (in Cantonese): *Madam President, it has been about seven months since the first case of infection was discovered. So far the Government has not been able to track down the source of infection or the reason. The Department of Health gives us the impression that it is incompetent, being at a loss as to what should be done. Now the crucial thing is how to deal with the future situation. At an interdepartmental meeting held yesterday, it was revealed that by next week we would know whether human-to-human transmission is possible. If it is confirmed that this is the case and that there is sign of spread of the disease, what kind of emergency measures and contingency steps will be taken by the Government to tackle the problem?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we have already set up an interdepartmental committee. A lot of preventive measures have been taken on various fronts. We also have to wait for the test results to ascertain the mode of transmission. We believe that further information will be obtained by next week. But we are still not sure whether we will come to a definite conclusion. Once we have the conclusion, we will take further measures to control the virus and to step up publicity so that the people will know how to deal with the disease.

PRESIDENT (in Cantonese): Mr LAU Kong-wah, do you want to ask a follow-up question?

MR LAU KONG-WAH (in Cantonese): *Madam President, the Secretary has not answered my question. She gives me the impression that the department takes only one step at a time. My question is: If human-to-human transmission is possible and there is a spread of the disease, what emergency steps will the Government take? If the Secretary says that there is still no emergency measure on hand, I would think the situation is really very serious.*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we have already made certain preliminary preparation. Our medical staff have been given adequate guidance as to how to deal with this disease. Our hospitals have also made arrangements so that they can manage to handle the situation when a lot of patients are to be hospitalized. Various departments have also made preparations in this aspect.

It is not true that we have been unable to track down the virus for a number of months. Rather, we discovered the virus for the first time in August. This is a completely new virus which is discovered for the first time in the world. It is not because Hong Kong is incompetent. Rather, this virus has never been discovered in other parts of the world and it is found in Hong Kong only. This is a very special medical precedent. Hence, we have been working hand in hand with many organizations in the world to track down the source of the disease. As this is not a concern for Hong Kong only, it is a concern for the whole world, so the study on this infectious disease is very important. We will continue to work with the World Health Organization (WHO) and other health organizations in combating this disease.

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

DR LEONG CHE-HUNG (in Cantonese): *Madam President, last week the Government stressed that this kind of virus was avian in origin, the possibility of human-to-human transmission was very slim. But last night and this morning, the Government admitted that there might be human-to-human transmission. Does it mean that the spread of the disease will be faster and more extensive? If that is the case, the crux of the matter is not whether we can provide adequate treatment, but rather how we can prevent this disease. Under such circumstances, will the Government continue to urge the WHO to produce vaccine as soon as possible because only the production of the vaccine will combat the disease more effectively? If that is not the case, what other measure can the Government take to prevent Hong Kong from being an epidemic focus or the spread of the disease to other places in the world?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Since the virus was discovered, we have already conducted a number of studies in conjunction with the WHO. The WHO is keeping very close contact with us and actually we have daily telephone conversations. And they are also very concerned about the disease. When necessary, they will decide quickly whether a vaccine should be produced.

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

MR MOK YING-FAN (in Cantonese): *Madam President, this kind of virus is a very strange one because for those who have direct contact with poultry, such as those who keep, transport, sell and slaughter them, have not been infected. However, those who have indirect contact with them have been infected.*

Madam President, traditional treatments are now highly regarded and studies have been initiated by many countries in the world. Will the Government consider inviting practitioners of Chinese medicine to be involved in the study of the disease? If the Government considers that local practitioners of Chinese medicine are not qualified, will it invite famous practitioners of Chinese medicine from the Mainland to diagnose this disease and to decide the way of its treatment and prevention?

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we will not rule out the possibility of involving practitioners of Chinese medicine or Western medicine. So long as the medicine can prevent the disease or treat the disease, all possible solutions will be considered. I know that the WHO is collecting information from various centres of the world and it is also conducting studies with experts of many countries, including the experts of China.

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

MR LO SUK-CHING (in Cantonese): *Madam President, according to the report today, this kind of virus may be related to imported poultry. What measure will be taken by the Health and Welfare Bureau in order to carry out quarantine inspection or to prevent the "import" of the virus?*

PRESIDENT (in Cantonese): Secretary for Economic Services.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to thank Mr LO for his question. In the past, the Agriculture and Fisheries Department has all along been conducting inspections on chicken raised in local farms and imported chicken at Man Kam To check points. In the past, they were able to handle 240 samples every week. That was not very satisfactory. However, I was just told by a colleague of the Agriculture and Fisheries Department that there will be a breakthrough in the technology and there will be automation in the laboratory equipment. Starting from next week, we will be able to conduct sample check on every carriage of imported chicken from the Mainland. Meanwhile, we also hope that before Christmas, we will be able to conduct inspections for chicken in 160 local farms.

Besides, the Agriculture and Fisheries Department has been maintaining close contact with the Animal and Plant Quarantine Bureau and the Agriculture Department of Mainland China. Imported chickens will be required to meet the following two criteria. First, out of the 1 000 farms under the Agriculture Department, 400 are of larger scale and better managed. We will specify that chicken are to be imported from these farms which are subject to monitoring. Secondly, there must be quarantine certificates certifying that these chickens are free from disease. Besides, colleagues of the Agriculture and Fisheries Department will also assist in the inspection of chicken in these farms so as to allay the concern of the public.

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

MR CHENG KAI-NAM (in Cantonese): *Madam President, government officials said that it is possible to have human-to-human transmission. The best way of proving it is to ban the supply of chicken for some period so that we can ascertain whether there is human-to-human transmission. Will the Administration consider banning the supply of chicken for a period of time or destroying some of the chicken? As the issue evolves, more cases will surface while the issue is still under discussion. Will the Administration consider this as one of the options?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, there are a lot of scientific methods to ascertain whether there is human-to-human transmission. It may not be necessary for us to ban the supply of chicken and poultry as suggested by the Honourable Member. However, we will consider all options. But for the time being, we do not intend to ban the supply of chicken. Most importantly, we must ensure that the chicken are healthy. If we can ensure that imported chicken are healthy, there is no need for us to adopt this approach.*

PRESIDENT (in Cantonese): Mr Henry WU.

MR HENRY WU (in Cantonese): *Madam President, in part (b) of the reply, the Administration said that a two-year-old boy was admitted to hospital on 7 November and then a specimen was taken from him. The result was available 18 days later. May I ask the Government why a specimen was taken from this boy for test? Will specimen be taken from all hospitalized patients for test in future? Most importantly, how can the test be sped up so that initial test result can be available to ensure that infected people can be treated properly and in a timely manner, especially when human-to-human transmission is found to be possible?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, for all the suspected cases, we have to take specimen from the patients for test. It is not targeted at this patient. Other patients or their family members or other people who have been in contact with the patients will also be taken blood specimens for test. Since this is a relatively new kind of virus and there is no precedent in the rest of the world, the process is relatively slow at the initial stage. But as technology is developing, the time required for the test process can be shortened gradually. We hope that the necessary technology will be introduced to Hong Kong so that we can conduct the tests in Hong Kong instead of sending the specimens to the United States every time. However, it will take some time before this can be done.

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

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, concerning the bird influenza, some members of the public feel that the Administration did not attach enough importance to this issue at the early stage. But recently when there is some improvement, the Government is willing to disseminate information to the public quickly. Some said that the Administration had tried to withhold certain information in fear of a public panic. In fact, the public are still having a lot of worries. How can the Government strike a balance on this matter so that the public can get adequate information?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I do understand the public concern on this kind of new virus. The Administration is also very concerned about this matter and we have handled each and every case with extreme care. From the first detection of this virus, we have been making announcement on a regular basis. We have formed an interdepartmental committee, one of its tasks being to issue press releases. When there is a special case, we will give detailed explanation. We will be making such announcement from time to time so that the public can have a better understanding of the virus. At the early stage, this virus was very strange to us and we were not able to disseminate much information. However, with more information available and more expert input, we are able to disclose more information.

PRESIDENT (in Cantonese): Mr HUI Yin-fat.

MR HUI YIN-FAT (in Cantonese): *Madam President, there are many elderly people in Hong Kong who like to keep birds. Now it is winter season, and these elderly people are more vulnerable to diseases. As bird influenza tends to spread, does the Government have any concrete measure to help the elderly people, especially those who are living alone, in order to prevent the disease? Has the Government considered promoting the message of preventing bird influenza through the elderly centres?*

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we will step up public education and convey the message through the media on the importance of personal hygiene. As regards conveying the message through other channels or the elderly centres, we will definitely consider doing so.

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

MR CHAN WING-CHAN (in Cantonese): *Madam President, in part (a) of the reply, it is said that we have yet to ascertain the mode of transmission to human. The public as well as Honourable Members are very concerned about this. We hope the Administration can find out the answer as soon as possible.*

A couple of days ago, the Director of Health said that she ate chicken every day so as to allay the fear of the public about eating chicken. Recently I have received a lot of complaints from the food establishments and roast meat stalls that the sale of chicken has plummeted. They pointed out that some people have even refrained from eating chicken. How is the Government to restore public confidence in eating chicken as soon as possible? (Please do not

laugh, Mrs Selina CHOW) We do not want to see that the tourism industry and the catering industry face disaster one after another.

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): May I refer this question to the Secretary for Economic Services.

PRESIDENT (in Cantonese): Secretary for Economic Services.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, this afternoon, I have just eaten duck, which is also a kind of poultry as the chicken, with the Honourable Henry TANG and other Members of the Executive Council. I think we do not have to worry if the duck is fully cooked. Just now I have already mentioned a number of measures. I hope with the hard work of the Agriculture and Fisheries Department, the situation can be improved. For instance, we will visit each and every farm in Hong Kong and conduct inspection on the chicken kept there. We will also take samples from each carriage of imported chicken from mainland China. Besides, we will strengthen co-ordination with the Mainland. I believe these measures will boost public confidence. Most importantly, chicken must be fully cooked before you eat. In fact, this does not apply to chicken only. To eat raw food is harmful to health. I do not eat chicken everyday, but I will keep eating them. *(Laughter)*

PRESIDENT (in Cantonese): Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): *Madam President, one of the reasons for*

the panic is that some of the infected people have died and some of the patients are still in critical conditions. When information is released, can the Secretary give more information about those who have fully recovered, those whose conditions have improved, those who were in critical conditions are now in stable conditions and how their conditions are under control. Will that boost the public confidence?

PRESIDENT (in Cantonese): Secretary for Health and Welfare.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I fully agree to Mrs Selina CHOW's views. In the dissemination of information, we will disseminate all relevant information concerning patients admitted to hospital and discharged from hospital and also fatality and so on. But since only the more serious patients are admitted to hospital, that gives people an impression that the virus is very serious. But undeniably, it is possible that quite a lot of people have contracted the disease but are not serious enough to be hospitalized. As this is a very new kind of virus, many medical institutions may not be able to detect it. But in disseminating information, we will definitely release all relevant cases.

PRESIDENT (in Cantonese): Honourable Members, since this is a matter of serious concern to the public, I have allowed this Council to spend more than 24 minutes on this issue. As the Panel on Health Services has discussed the issue in depth on 9 December and it will take follow-up measures, I think we should stop here.

WRITTEN ANSWERS TO QUESTIONS

Housing for Senior Citizens Scheme

7. **MR HUI YIN-FAT** (in Chinese): *Does the Government know:*

(a) *the current number of applicants waiting for the allocation of*

housing units in each district, and the average waiting time, under the Housing for Senior Citizens Scheme (the Scheme);

- (b) the respective numbers of one-person and two-person units to be provided annually under the Scheme in each district in the next five years;*
- (c) whether the number of units provided under the Scheme in each district during the same period can meet the wishes of applicants on the Waiting List to live in the original districts; if not, how many of these people will have to move out of the districts where they are living; and*
- (d) how the authority puts into practice its concern about the health conditions of the elderly people living in the units under the Scheme and, where the health of such people deteriorates, the specific measures in place to arrange suitable residential care services for them; if no such measures are in place, the reasons for it?*

SECRETARY FOR HOUSING (in Chinese): Madam President, as elderly applicants for public rental housing are not required to indicate choice of flat type on application, the Housing Department does not have information on the number of such applicants waiting for housing units under the Housing for Senior Citizens Scheme¹ (the Scheme) in each district. The average waiting time is normally two years after registration provided applicants are not selective in the location of the housing units.

General information on the number of elderly applicants aged 60 or above who have applied for public rental housing is available. As at 30 November 1997, about 14 800 elderly households, each comprising one to two persons, have registered on the Waiting List with choice of districts as follows:

<i>District as first choice</i>	<i>one-person households</i>	<i>two-person households</i>	<i>Total</i>
Hong Kong Island	1 984	1 033	3 017
Kowloon	4 284	1 398	5 682
Sha Tin	992	472	1 464

¹ Under the Housing for Senior Citizens Scheme, each tenant occupies a separate bedroom and shares a common living area and kitchen with up to three elderly persons.

Tsuen Wan	1 088	384	1 472
Tseung Kwan O	577	206	783
Tai Po	817	411	1 228
Tuen Mun	778	362	1 140
Islands	56	31	87
Total:	10 576	4 297	14 873

The numbers of one-person and two-person units to be provided annually under the Scheme in the next five years are as follows:

	<i>Number of one- person units in urban districts</i>	<i>Number of two- person units in urban districts</i>	<i>Number of one- person units in non-urban districts²</i>	<i>Number of two- person units in non-urban districts²</i>	<i>Total</i>
1997-98	1 513	22	614	0	2 149
1998-99	712	12	452	0	1 176
1999-2000	392	0	656	24	1 072
2000-01	328	0	899	0	1 227
2001-02	197	0	0	0	197
Total	3 142	34	2 621	24	5 821

Apart from these units, the Housing Department will also make available a sufficient number of small flats in urban and non-urban districts to meet the demand. The Department expects to provide about 30 000 small flats for this purpose by 2001-02.

An elderly applicant has three choices of districts, and allocation is made according to these choices as far as practicable. It is difficult to estimate the number of elderly people who will have to move out of the districts where they are living as this depends on their own choices and the availability of rehousing

² Non-urban districts refer to Tsuen Wan, Sha Tin, Tseung Kwan O, Tai Po, Tuen Mun and Islands.

resources at the time.

Under the Scheme, a 24-hour warden service is provided. Social functions and gatherings are organized to promote mutual care among tenants. Elderly tenants with deteriorating health conditions will be referred to the Social Welfare Department or non-governmental organizations for home help services or admission to elderly homes or care and attention homes.

Measures to Improve the Image of the Elderly

8. **MR LAU KONG-WAH** (in Chinese): *According to a survey conducted by the University of Hong Kong, elderly people are generally perceived as being frail, infirm, stubborn, selfish and resources-consuming, which are very negative images. In this connection, will the Government inform this Council of:*

- (a) the measures in place for improving the image of elderly people; and*
- (b) its plans to step up the work of instilling in the general public, particularly the younger generation, the concept of respecting and caring for the elderly?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President,

- (a) One of the three main objectives of the Government's policy on care for the elderly is to foster a "sense of worthiness". Its aim is to encourage the elderly to lead an active life, have a positive outlook and in so doing, build up a positive image for the elderly. To achieve this, a number of measures have been taken by the Government:

To enable the elderly to remain healthy, the Department of Health has, since 1994, established seven elderly health centres. The centres provide health assessments, health talks and self-help groups to help the elderly understand the importance of disease prevention

so that they will keep themselves in good health. We will expand the scope of service and number of health centres in 1998-2000 in order to better meet the needs of the elderly.

The Social Welfare Department (SWD) subsidizes non-governmental organizations to run Social Centres for the Elderly. These centres organize activities such as outings and interest groups to help the elderly develop their own social circle. They also organize large scale activities such as carnivals and quiz competitions in conjunction with District Offices and district organizations to provide more opportunities for the elderly and other members of the community to get together to foster greater mutual understanding.

In addition to organizing cultural and recreational activities, Multi-service Centres for the Elderly also encourage the elderly to contribute to the society by setting up teams of elderly volunteers, and in so doing improve the image of the elderly amongst the general public. In this respect, the SWD launched a volunteer programme of "Reaching Out to the Elderly" in November this year to encourage the elderly to provide services to those elderly in need. The SWD is also setting up Integrated Teams in Multi-service Centres to implement volunteers programme in a more systematic way and to provide social networking and outreaching services for the elderly.

The Government also provides employment services to help the elderly seek jobs, adapt to new working environment and, in so doing, enhance their image of "independence" and "self-care". The Local Employment Service of the Labour Department provides priority free employment service to elderly job seekers aged 50 and above. The Department's Job Matching Programme offers individual placement service. In addition, the Local Employment Service also has instigated measures to prevent discrimination against elderly job seekers.

The Employees Retraining Board subsidizes the Employment Service of the Hong Kong Council of Social Service to provide a wide range of retraining programmes, placement assistance and

post-training follow-up services for the elderly.

However, enhancing the image of the elderly ultimately is a matter for each and every member of the society, who has to appreciate the contributions made by the elderly towards the society and their families throughout the years, and reciprocate with their respect of these senior members of the family and the community.

- (b) Promotion of "respect for the elderly" has to start within the family and extended to schools and society. The concept of "respect for the elderly" is therefore the most essential part of the SWD's family life education programme.

In addition, the SWD and subvented non-governmental organizations often organize or encourage young people to participate in activities which aimed at promoting respect for the elderly. These activities include visiting the elderly living in residential institutions or living alone, and organizing outdoor and recreational activities for the elderly.

As regards educating the young, the Education Department (ED) has also done a lot of work in all primary and secondary schools. In 1994, the ED produced and distributed to all primary and secondary schools a curriculum kit on "Respect the Elderly" to help the teaching of this topic. Subjects such as General Studies at primary level and Social Studies, Religious Studies, Home Economics, Human Biology and Liberal Studies at secondary level all include topics relating to the issue of respect for the elderly. Filial piety, much emphasized in Chinese culture, is an element permeating Chinese language curriculum at both primary and secondary levels.

The ED issued guidelines to schools to incorporate the topic of "respect for the elderly" in their cross-curricular programmes of moral and civic education. From the 1998-99 school year onwards, students will have more exposure to the issue of "respect for the elderly" through the new syllabus of Civic Education and the revised syllabus for Chinese History at junior secondary level.

To promote "caring and respect for the elderly at home and in society", the SWD finances schools and district-based young volunteer groups in the planning and organization of various activities for the elderly under the "Opportunities for Youth Scheme" and the "Hong Kong Award for Young People Programme". Such activities include home visits and house cleaning services.

The "Senior Citizen Card Scheme" launched by the SWD aims to project the concept of "care and respect for the elderly" among people from all walks of life and promote a community which shows care and concern for the elderly. At present, over 500 000 elderly people hold the Senior Citizen Card and over 1 000 firms have joined in the Scheme. The Government will soon conduct a review of the Scheme to see how the objective of promoting respect for the elderly can be better achieved.

To promote "respect for the elderly", we encourage district organizations and youth volunteer groups to visit the elderly under the "Social Networking for the Elderly" Scheme.

System on Declaration of Personal Investments and Interests by Senior Civil Servants

9. **MR CHAN CHOI-HI** (in Chinese): *Will the Government inform this Council whether the Civil Service Bureau will review the system for the declaration of the personal interests and investments (including investments in the Mainland) by senior civil servants, following the reunification of Hong Kong with the Motherland; if so, what the details are?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): Madam President, there are Civil Service Regulations which set out guidelines reminding all civil servants to avoid conflict of interest in their conduct of official duties. We also promulgated in 1995 and 1996 systems for declaration of private investments by civil servants in and outside Hong Kong. The declaration systems aim to ensure at all times that there is no conflict of interest between civil servants' private investments and their official duties.

Given that the guidelines and the declaration systems have been implemented for some time, we have initiated a comprehensive review with a view to identifying areas for improvement. We are firmly of the view that an effective declaration system will continue to be an essential element in upholding the integrity of the Civil Service of the Hong Kong Special Administrative Region. The review covers the following:

- (a) whether improvements are required to the administrative aspects of the declaration systems;
- (b) whether additional guidelines may be introduced to better assist the management in determining which posts to be designated for reporting of investments in and outside Hong Kong; and
- (c) whether additional measures should be launched to enhance the understanding and alertness of civil servants to situations where potential conflict of interest may arise and to remind them of the appropriate actions under such circumstances.

The review is in progress. We aim to draw up recommendations for consultation within the Administration and the Staff Side in early 1998.

Resident Qualified Pharmacists at Clinics

10. **MR HUI YIN-FAT** (in Chinese): *It is reported that currently there are no resident qualified pharmacists at clinics under the Department of Health. Recently, anti-fever syrup mistakenly mixed with mouthwash was given to patients by the dispensary staff at the Cheung Sha Wan Jockey Club Clinic. After the incident, an official remarked that mouthwash was drinkable. In this connection, will the Government inform this Council:*

- (a) *why there are no resident qualified pharmacists at clinics under the Department of Health;*
- (b) *whether it will consider reviewing the existing legislation and, if necessary, introducing legislative amendments to stipulate that all*

dispensaries under the Department of Health must have resident qualified pharmacists; if not, why not;

- (c) of the specific measures in place to ensure that the prescribed medicines was dispensed correctly at such dispensaries; and*
- (d) of the justifications for saying that mouthwash is drinkable?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President,

- (a) Under the Pharmacy and Poisons Ordinance (Cap. 138) and its subsidiary legislation, medicines should be dispensed by the Department of Health's dispensaries in accordance with doctors' prescriptions. The dispensing procedures should be undertaken under the supervision of registered pharmacists or persons approved by the Director of Health. Due to operational needs, the dispensing duties of the Department of Health are performed by dispensers. Dispensers have undergone three years of formal training on dispensing. They have sufficient knowledge and ability to perform clinic dispensing duties. Their work is supervised by registered pharmacists of the Department of Health.
- (b) In view of the dispensing incident at the Cheung Sha Wan Jockey Club Clinic, the Department of Health has set up a special working group to conduct an investigation, and to review and make recommendations on the dispensing system and procedures of the dispensary. We will examine and consider any recommendations on dispensing personnel in the light of the working group's report.
- (c) The dispensers of the Department of Health's clinics have undergone three years' training and strictly comply with the standard dispensing procedures. A dispenser must personally double check, or have another dispenser cross check, the names, quantity and dosage of the medicines and the information of the patients before the medicines are dispensed. Dispensed medicines must be labelled with the

names of patients, the names of medicines, dosage per unit, the method and dosage of administration, the dates of dispensing and precautions where appropriate. The Department of Health has from time to time issued various instructions on dispensing procedures to clinic dispensaries for dispensers' reference and compliance.

- (d) Mouthwash is a preparation for the treatment of oral conditions. Although it is not intended for intake into the body, the formulation has been drawn up to take into account the possibility of patients' accidental swallowing of a small amount.

Reduction of Greenhouse Gas Emissions

11. **MISS CHOY SO-YUK:** *Will the Government inform this Council:*

- (a) *of the bureau and department responsible for Hong Kong's global climate policy and greenhouse gas management, together with their respective duties in these areas;*
- (b) *whether it has pursued any policy of reduction in the emissions of greenhouse gases, including emissions from vehicles; if so, what the details are; and*
- (c) *whether it has any plan to inspire public utility companies to introduce new and clean technology or explore new energy sources so as to reduce the emissions of greenhouse gases during their plant or vehicular operations?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam President,

- (a) The Planning, Environment and Lands Bureau (PELB) has policy responsibility for global climate change and greenhouse gas (GHG) management and chairs an inter-departmental group to co-ordinate Government's activities in this respect.
- (b) We have pursued a wide range of GHG reduction measures mainly through energy efficiency and conservation approaches, including
 - (i) Energy efficiency. The electricity generating companies have long been encouraged to examine and adopt efficient electricity generation technology when introducing new generating capacity.
 - (ii) Energy conservation. New commercial and hotel buildings have been required to achieve statutory "Overall Thermal Transfer Values" since 1995. We have introduced and expanded the Energy Efficiency Labelling Scheme for household appliances to cover household refrigerators in 1995, room air-conditioners in 1996 and washing machines in 1997. We are preparing to introduce energy efficiency codes of practice for building services design including lighting, air-conditioning, electrical installations, and lifts and escalators. We will implement the lighting and air-conditioning codes in 1998. Also in 1998, we shall examine the feasibility of promoting water-cooled air-conditioning systems for non-domestic building development in Hong Kong to take advantage of the reduced energy usage requirements.
 - (iii) Electricity Demand Side Management. We have signed an Agreement with the Hong Kong Electric Company Limited on 5 November 1997 for the promotion of Electricity Demand Side Management Programmes under which, *inter alia*, electricity consumers are encouraged to use energy efficient appliances and retrofit their existing buildings with energy

efficient equipment. We are working towards a similar agreement with China Light and Power Company Limited.

- (iv) Sustainable and Renewable Energy. We have installed 1 700 sq m of solar collection areas for water heating in nine government premises, and a pilot photovoltaic (PV) scheme for lighting in a park. We will install a second pilot PV scheme to a radar station in 1998. We have contributed funding for research in renewable energy systems at the Hong Kong University. We have initiated a feasibility study on introducing waste-to-energy incineration in Hong Kong. This is particularly beneficial as it prevents the production of methane, a potent GHG, and reduces the burning of other fuels for electricity production. We are also taking steps to ensure that the methane released into the atmosphere at both old and current landfills is minimized.
- (v) We are working closely with the power utilities to examine the feasibility of using electric vehicles in Hong Kong. To provide an incentive for the use of electric vehicles, there has been no first registration tax for new electric vehicles since 1 April 1994. In co-operation with major oil companies in Hong Kong, we are printing energy efficiency driving tips for the promotion of energy conservation in driving.
- (vi) We are monitoring closely technological developments around the world in areas such as electric vehicles, advanced emission standards on diesel vehicles and clean fuel alternatives and will take measures to promote their use where appropriate.
- (c) The scheme of control agreements between the Government and the power companies requires that the companies pursue energy efficiency and conservation. The companies pay close heed to the Government's environmental objectives and are receptive to new energy technologies and practices. We work in close co-operation with them to achieve progress in these areas.

We have made progress in recent years in incorporating environmental mitigation measures into plans for new electricity generating capacity, including the use of low sulphur coal and flue gas desulphurization. We supported the use of natural gas for power generation at Black Point. These measures have helped reduce the rate of increase of GHG emissions. We intend to reduce further our dependence on coal as a fuel for power generation and explore the feasibility of wider adoption of renewable energy sources, as opportunities arise.

Statistics on Employees Affected by Closure of Department Stores

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

(a) *whether it knows of:*

- (i) *the respective numbers of full-time and part-time employees currently employed in department stores in Hong Kong;*
- (ii) *the respective numbers of department stores which closed down, and the resulting numbers of employees affected in each of the past three years; and*
- (iii) *the number of such employees who sought employment assistance from the Labour Department over the same period and, among these, the number of those who were re-employed in department stores and the number of those who changed to other trades; and*

(b) *of the measures in place to assist affected employees in case of closing down of department stores?*

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

- (a) (i) As at June 1997, the total number of persons employed in department stores was around 15 700. We have no statistics on the breakdown of this figure into full-time and part-time staff.
 - (ii) We do not have statistics on the number of department stores which have closed down, and the number of employees affected in each of the past three years. Nevertheless, the Outreaching Placement Service (OPS) of the Labour Department which was established in June 1995, with the objective of providing on-the-spot assistance to workers affected by major retrenchments has since reached out to 3 297 employees affected by the closure of five department stores.
 - (iii) Among these 3 297 affected employees, 1 057 of them sought employment assistance with the Local Employment Service of the Labour Department. Most of these employees (1 037) were affected by the closedown of a major department store in late November. The Labour Department successfully secured 113 job offers for them, 90 workers accepted their offer and the remaining 23 workers found work on their own. The total number of placements in respect of these registrants is expected to be higher when all the referral results are finalized. Of the 90 placements achieved by the department, 47 employees (52%) were re-employed in the retail industry and 60 (67%) in the same occupations they were previously engaged in.
- (b) The Labour Department has in place the following services to help employees affected by the closure of companies, including department stores.

(i) *Conciliation Service*

The Labour Department provides prompt advice to both the affected employees and their employer on their respective rights and obligations under the Employment Ordinance. Conciliation service will also be rendered to assist both parties to resolve any dispute over statutory and contractual compensation. If winding-up or bankruptcy proceedings against the employer are necessary, the employees will be referred to the Legal Aid Department for legal assistance in pursuing their claims. They will also be assisted to apply for *ex gratia* payments from the Protection of Wages on Insolvency Fund for any wages, wages in lieu of notice or severance payment owed to them by their insolvent employer.

(ii) *Employment Service*

The Outreaching Placement Service will reach out to affected workers and provide them with on-the-spot employment service. In case of particularly large-scale retrenchments, the Department will also set up telephone hotlines, special service centres at community halls for answering queries and conduct briefings for affected employees on the spot. Special counters will also be established at the nine Local Employment Service (LES) offices to render prompt service to these workers. At the same time, the department will also approach employers and employers' associations to canvass sufficient and suitable vacancies for the displaced workers. The Job Matching Programme provides proactive placement services for the unemployed. Thirdly, a network of nine LES job centres round the territory provides free employment services for job seekers. These services are available to displaced workers from all trades, including the department stores.

(iii) *Retraining*

Arrangements are also made for representatives of the Employees' Retraining Board to introduce their services and retraining courses for the employees affected.

Participation of Hong Kong in International Environmental Conferences

13. **MISS CHOY SO-YUK:** *With reference to the recent United Nations environmental conference in Kyoto, Japan, will the Government inform this Council:*

- (a) *given that China will be one of the signatories to any agreement reached on the target for reduction in emissions of greenhouse gases, whether Hong Kong is obliged to adopt the target; if not, the reasons for adopting a different target; and*
- (b) *whether consideration will be given to sending delegations to international environmental conferences?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam President,

- (a) China ratified the United Nations Framework Convention on Climate Change (UNFCCC) as a "developing country" party, which means it is not bound to reduce its greenhouse gas (GHG) emissions. We will not know which parties to the UNFCCC have ratified the new Protocol agreed in Kyoto until the ratification process starts in March 1998. As the UNFCCC has not been applied to Hong Kong, the Convention's targets are also not applicable to Hong Kong. Nonetheless, as a matter of policy we have aimed at the UNFCCC's targets and Hong Kong is likely to be one of the few economies that will meet them.

The agreement on the new Protocol reached in Kyoto, Japan relates to GHG emission targets for the post-2000 period. The developing countries continue to have no obligations to reduce their GHG emissions. The developed countries do not have one single target, as in the UNFCCC. Each developed country has its own individual target. These range from - 8% to +10% based on their 1990 emission levels.

Hong Kong will carefully study the new Protocol, which is unlikely to be ratified for some time, before we decide the way forward.

- (b) The Administration has in the past and will in future send delegations to international environmental conferences. Participation is decided on a case-by-case basis, bearing in mind factors such as the likely practical benefits, the resources implications and the rules on participation laid down by conference organizers.

Installation of Auxiliary Medical Equipment in Ambulances

14. **MR LEE KAI-MING** (in Chinese): *It is reported that the Government plans to install auxiliary medical equipment in more ambulances. In this connection, will the Government inform this Council:*

- (a) *of the present number of ambulances installed with auxiliary medical equipment, and their distribution in various districts of Hong Kong;*
- (b) *of the number of additional ambulances to be installed with such equipment under this plan, and their distribution;*
- (c) *whether ambulancemen capable of operating the new equipment will be assigned to such ambulances; and*
- (d) *whether it has studied the further increase in the number of such ambulances; if not, why not?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) The Fire Services Department (FSD) has 33 paramedic ambulances which provide paramedic ambulance service. These paramedic ambulances are stationed at 33 different ambulance depots/stations and fire stations in the territory - seven in Hong Kong, 12 in Kowloon and 14 in the New Territories. Their breakdown by district is at the Annex.
- (b) The FSD is planning to increase the number of paramedic ambulances from 33 to 66. The additional ambulances will be deployed to ambulance depots/fire stations like Mong Kok and Tsuen Wan where the demand for paramedic ambulance service is large, and to new ambulance depots like Tung Chung and Sham Tseng to provide a better coverage of paramedic ambulance service over the territory.
- (c) Ambulancemen trained to operate the paramedic ambulance equipment will be deployed to man paramedic ambulances.
- (d) The FSD completed a review on paramedic ambulance service earlier this year. Based on the projected demand, the FSD is planning to increase the number of paramedic ambulances from 33 to 66. The FSD will closely monitor the demand for paramedic ambulance service, and review the provision of its paramedic ambulance service as necessary.

Annex

The distribution of paramedic ambulances by districts

<i>Region</i>	<i>Division</i>	<i>Ambulance</i>
<i>Depot/Station/</i>		<i>Fire Station</i>
Hong Kong	Hong Kong	Central
	East	Chai Wan
		Morrison Hill

		Sai Wan Ho
	Hong Kong West	Pokfulam Mount Davis Aberdeen
Total		7
Kowloon	Kowloon East	Ngau Tau Kok Tseung Kwan O Wong Tai Sin Lam Tin Shun Lee
	Kowloon Wan West	Cheung Sha Pat Tin Mong Kok Ma Tau Chung Yaumati Tsim Tung Ho Man Tin
Total		12
<i>Region</i>	<i>Division</i>	<i>Ambulance</i>
<i>Depot/Station/</i>		<i>Fire Station</i>
New Territories (NT)	NT East	Tin Sum Shatin Ma On Shan Tai Po Fanling Sai Kung Sheung Shui
	NT South	Tsuen Wan Lei Muk Shu

Tsing Yi

NT
West

Castle Peak Bay
Tuen Mun
Yuen Long
Tin Shui Wai

Total

14

Regulating Blasting Operations

15. **MR TAM YIU CHUNG** (in Chinese): *Recently, an accident occurred at a construction site in Sau Mau Ping during a blasting operation, resulting in over a thousand tons of rocks tumbling down and seriously jeopardizing the safety of the residents nearby. In this connection, will the Government inform this Council whether it will further regulate the blasting operations in the vicinity of residential areas, in order to prevent accidents?*

SECRETARY FOR WORKS (in Chinese): Madam President, the Government has stringent procedures in place to control rock blasting near and on slopes, and they are enforced by the Mines and Quarries (M&Q) Division of the Civil Engineering Department (CED) under the Dangerous Goods Ordinance and Regulations, Chapter 295. A blasting assessment report, prepared by a professional engineer qualified and experienced in blasting design and the effects of blasting, assessing the feasibility of using blasting for rock excavation is required to accompany the application to the M & Q Division for a blasting licence. The application is normally made by the Contractor for the site formation works. In the course of processing the application, the M & Q Division will visit the site and stipulate the pre-licensing requirements which include the method of evacuation of people from the affected area, installation of protective measures and availability of equipment to clear debris in case an incident occurs. Before the issue of the licence, the Contractor must appoint a qualified shotfirer in possession of a valid Mine Blasting Certificate issued by the Commissioner of Mines (who is also the Director of Civil Engineering) under

the provisions of the Mines (Safety) Regulations, Chapter 285.

About one to two days before the scheduled blasting, the Contractor will inform the M & Q Division the amount of explosives to be used and the area of blasting. On the day of blasting, the explosives will be delivered from the government explosives depot to the construction site by the M & Q Division. Immediately before the blasting, roads in the affected area will be closed to traffic and the area will be evacuated. Five minutes prior to blasting, warning gongs will be beaten continuously. The blasting operation will be inspected regularly by M & Q Division to check compliance with prescribed licensing conditions.

The incident the Honourable TAM Yiu-chung referred to occurred on 4 December 1997 at a Housing Department site at Sau Mau Ping Road. Site formation works have been proceeding at the site for the past two years under the Housing Department's contract. Safety measures governing blasting operations in the contract include the designation of a non-blasting zone adjacent to public areas, erection of steel safety fence along the roadside, closure of the Sau Mau Ping Road during blasting, monitoring of ground vibration at strategic locations to ensure that they do not exceed the specified limits, use of blasting screens to prevent flyrock and supervision by a blasting control engineer. It should be noted that due to the redevelopment of the area, the housing blocks in the vicinity have been demolished, so no-one is residing near that blasting site.

The CED is investigating the cause of the incident. The Housing Department's consulting engineer supervising the project and the site formation contractor have been asked to provide reports on the incident to assist in the investigation. Blasting near the slope along Sau Mau Ping Road will not be allowed to resume until the M & Q Division is satisfied that it is safe to do so. If the investigation reveals that there is room for improvement to the established procedure of blasting control, the procedure will be reviewed and amended accordingly.

Assistance to Employees Affected by Closure of Companies or Enterprises

16. **MR LEE KAI-MING** (in Chinese): *As a number of companies and*

enterprises have recently closed down or laid off their employees, does the Government know:

- (a) of the total number of companies and enterprises which have closed down or laid off their employees so far this year; the total number of employees affected and, among them, the number of those who have not received from their employers their wages, severance payment and long service payment; and*
- (b) among such employees, the number of those who have found new jobs with the assistance of the Labour Department?*

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

- (a) From January to November 1997, the Companies Registry/and the Official Receiver's Office recorded the following statistics on the winding up of companies in Hong Kong.

<i>Year</i>	<i>Compulsory Winding-up orders made by the court</i>	<i>Members' Voluntary Winding-up</i>		<i>Creditors' Voluntary Winding-up</i>	
		Cases commenced	Dissolved	Cases commenced	Dissolved
1997 (up to 30 November 1997)	455	2 442	2 834*	106	134*

* These figures include cases which commenced in previous years.

However, we have no statistics on the number of employees involved in all these winding-up cases, and the number of those who have not received from their employers wages and other termination payments.

The only such statistics we have are those confined to the cases handled by the Labour Department. During the first 11 months of 1997, the Labour Department handled a total of 90 trade disputes and 1 946 claims arising from insolvency of the employer, cessation of business or retrenchment. The total number of employees affected was 11 121. Most of these cases involved claims by the employees for arrears of wages, wages in lieu of notice and severance payment. Where the employers fail to effect such payments, the Labour Department will refer the employees to the Legal Aid Department for assistance in pursuing their claims and assist them to apply for *ex gratia* payment from the Protection of Wages on Insolvency Fund.

The breakdown of these cases by reason of closure of company and number of employees involved is as follows:

<i>Classification of Cases</i>	<i>Trade Disputes (involving 20 or more employees)</i>	<i>Claims* (involving less than 20 employees)</i>
Insolvency (cessation of business due to insolvency)		
No. of cases	61	151
No. of employees involved	5 519**	539
Cessation of Business		
No. of cases	18	344
No. of employees	953	1 130

involved

Retrenchment (lay-off
without cessation of
business)

No. of cases	11	1 451
No. of employees involved	853	2 127

Total

No. of cases	90	1 946
No. of employees involved	7 325	3 796

* The number of claims cases does not amount to the number of companies or enterprises involved since more than one claim may be lodged against one company.

** This figure includes the 2 768 employees who became redundant following the closure of a major department stores due to insolvency at the end of November 1997.

- (b) During the period from 1 January 1997 to 10 December 1997, the Outreaching Placement Service of the Labour Department reached out to 10 586 employees affected by the closure of companies or retrenchment. Among these employees, 1 740 of them sought employment assistance from the Labour Department. Of these, 366 were placed or had found work on their own. 1 037 of these employees are those displaced from their jobs as a result of the closedown of a major department store in November and the Department is still rendering employment assistance to them. Hence, the overall total number of job placements should be higher when all the referral results for this group have been finalized.

Monitoring the Qualifications of Dispensary Staff

17. **DR HO CHUNG-TAI** (in Chinese): *In view of the recent mix-up of mouthwash in anti-fever syrup by dispensary staff of the Cheung Sha Wan Jockey Club Clinic, will the Government inform this Council of the measures in place to monitor the professional qualifications of dispensary staff working in the clinics of private medical practitioners or private drug stores and the dispensing procedures thereof?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President, under the Pharmacy and Poisons Ordinance (Cap. 138) and its subsidiary legislation, private pharmacies or dispensaries authorized by the Pharmacy and Poisons Board can dispense prescriptions for medicines. All pharmacies or dispensaries are required to employ registered pharmacists who will be responsible for supervising the dispensing procedures at the premises. Pharmacies or dispensaries are required to keep records of the dates of dispensing medicines, the ingredients of medicines and the quantity dispensed, the names and addresses of the purchasers, the names of practitioners giving the prescriptions and the dates on which the prescriptions are given. Pharmacies or dispensaries are also required to label the medicines with the names and addresses of the pharmacies or dispensaries. The Department of Health will inspect these premises regularly to ensure that the relevant requirements are complied with. Any person breaching these requirements is liable to a maximum fine of \$100,000 and imprisonment for two years. Meanwhile, according to the registered pharmacists' code of practice, dispensed medicines must be labelled with the names of patients, the names of medicines, dosage per unit, the method and dosage of administration, the dates of dispensing, and precautions where appropriate. Any registered pharmacist breaching the code of practice will be subject to the disciplinary action of the Pharmacy and Poisons Board.

As regards private doctors' clinics, medicines are supplied by the doctors. Under the Pharmacy and Poisons Ordinance, doctors are required to keep records of the dates of supplying medicines, the names and addresses of patients, the

ingredients of medicines and the quantity, dosage and duration of supply. Any person breaching these requirements is liable to a maximum fine of \$100,000 and imprisonment for two years. According to the registered doctors' professional code and conduct, the medicines doctors supply must be clearly labelled with the names of patients, the names of medicines, dosage per unit, the method and dosage of administration, the dates of supply and precautions where appropriate. Any registered doctor breaching the code will be subject to the disciplinary action of the Hong Kong Medical Council.

Criteria for Determining the Management Fees of HOS Estates

18. **DR TANG SIU-TONG** (in Chinese): *Will the Government inform this Council whether it knows:*

- (a) *if the present criteria for determining the management fees of Home Ownership Scheme (HOS) estates vary from estate to estate; if so, of the rationale for setting different criteria; and*

- (b) *if the Housing Authority will consider adopting uniform criteria and when it will implement such criteria for determining the management fees of HOS estates?*

SECRETARY FOR HOUSING (in Chinese): Madam President, management fees for flats vary from estate to estate under the Home Ownership Scheme (HOS), and are charged on a cost basis to cover total operating expenses. In accordance with the Building Management Ordinance (Cap. 344)¹ enacted in

¹ Section 22 of the Building Management Ordinance provides that the amount to be contributed by an owner should be fixed by the Management Committee in accordance with the Deeds of Mutual Covenant (DMC), or if

1993, the fee for each flat is determined by apportioning the total operating expenses in proportion to the number of undivided shares held by the owner concerned. The Housing Authority cannot adopt uniform fees for all estates.

In the case of 38 HOS estates where management have long been fixed by the Housing Authority as manager under the Deeds of Mutual Covenant before the enactment of the Building Management Ordinance, flat owners pay a uniform rate of management fees, regardless of the size of flats or the number of undivided shares. This uniform rate will continue to be charged by the Housing Authority unless a majority of owners in individual estates consent to changing the mode of determining management fees.

Carrying of Excess Passengers by Green Minibuses

19. **MR NGAN KAM-CHUEN** (in Chinese): *It is learnt that some green minibuses (GMB) drivers always carry excess passengers during the morning rush hours. In this connection, will the Government inform this Council of:*

- (a) *the total number of GMB drivers prosecuted for carrying excess passengers in the past three years; the district most seriously plagued by this problem; the average penalty imposed by the court on the convicted drivers;*
- (b) *the number of traffic accidents caused by GMBs carrying excess passengers in the past three years, together with the number of casualties caused;*
- (c) *the protection given to passengers in case of traffic accidents caused by GMBs carrying excess passengers; and*

there is no DMC or if it is silent, the amount to be contributed by an owner shall be in accordance with the undivided shares held by the respective owner.

(d) the measures adopted by relevant government departments for preventing GMBs from carrying excess passengers?

SECRETARY FOR TRANSPORT (in Chinese): Madam President, in the past three years, a total of 267 Green Minibus (GMB) drivers were prosecuted for carrying excess passengers. Fines imposed by the courts for this offence ranged from \$200 to \$800. A breakdown of the prosecution figures by region is at Annex A.

As regards traffic accidents, there were about 1 200 accidents involving Public Light Buses (PLBs) in the past three years. The police do not have any breakdown of the number of accidents involving GMBs carrying excess passengers. In fact, it would be very difficult, if not impossible, to single out carriage of excess passengers as the cause of accidents.

In case of traffic accidents involving personal injuries, GMB passengers and other victims are covered by third party insurance. In addition, passengers who have sustained injuries may apply to the Social Welfare Department for assistance under the Traffic Accident Victims Assistance Scheme.

If complaints about overloading are received, the police will be asked to step up enforcement action. The Transport Department will also interview the operators concerned and urge them to rectify the situation, with appropriate warnings given. Apart from punitive action, the Transport Department will examine whether there is a need to increase the number of vehicles deployed on the route so as to meet passenger demand during peak periods.

Annex A

Number of GMB drivers prosecuted for carrying excess passengers

	1995	1996	1997 (January-November)
Hong Kong Island	42	19	4
Kowloon East	11	2	7
Kowloon West	15	8	5
New Territories South	29	33	15
New Territories North	32	21	24
Total	129	83	55

Fire-fighting Facilities in Old Buildings

20. **MR KENNEDY WONG** (in Chinese): *As the fire-fighting facilities in some older buildings in the territory are below the fire safety standard, in the present dry season of high risk of fire, will the Government inform this Council:*

- (a) *of the immediate measures in place to lower the fire hazards of these buildings; and*
- (b) *whether consideration has been given to improving, by legislative means, the fire-fighting facilities in these buildings, such as requiring a greater number of fire extinguishers and the provision of fire-proof blankets?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Older buildings in the territory were constructed according to the fire safety standards at the time when they were built. However, it does not mean that those buildings are of a high risk of fire, if their

fire safety installation and equipment are properly maintained, and that the owners and occupiers take adequate fire safety precautions and observe fire safety.

To ensure that proper fire safety measures are taken, the Fire Services Department (FSD) has stepped up inspections during the dry season. In October and November 1997, the FSD conducted 2 540 inspections to commercial buildings, 1 513 to residential buildings and 524 to industrial buildings. Fire Hazard Abatement Notices will be issued to order the removal of any fire hazards identified.

The Buildings Department (BD) has conducted 598 inspections to pre-1973 old commercial buildings since May 1997, and has issued 5 823 advisory letters to the owners to encourage them to improve the fire safety conditions of their buildings.

The Labour Department (LD) launched a fire safety inspection campaign from 16 October 1997 to 31 December 1997. This is an intensive law enforcement exercise concentrating on work places where accidents are prone to happen. Immediate prosecutions will be initiated by the factory inspectors of the LD when serious potential fire risks are detected. The LD also conducted joint inspections with the FSD to 36 pre-1973 industrial buildings in early 1997 and 500 advisory letters were sent.

To raise the fire safety awareness of the public during the dry season, the FSD launched the 1997-98 fire prevention campaign with the theme "Fire Safety in Commercial and Industrial Buildings" in November 1997. A series of seminars and activities will be held for the general public to convey fire safety knowledge and message to them. The Home Affairs Department has frequent contacts with building management bodies, owners' corporations and mutual aid committees to promote fire safety.

The FSD complaint hotline is frequently publicized for the public to report fire hazards to the department. The LD also organizes promotional activities on fire safety at work and publishes booklets

and leaflets on fire safety at workplaces frequently.

- (b) The Government will introduce legislation to improve the fire safety standard of old commercial buildings. We are planning to extend the scope of the Fire Safety (Commercial Premises) Ordinance to require the installation of additional fire service installations and equipment (including automatic sprinkler system, fire hydrant/hosereel system and emergency lighting), and improvements to building structure in respect of means of escape, means of access and fire resisting construction in old commercial buildings. Drafting of the legislation is in progress and we aim to introduce the bill into the Provisional Legislative Council in early 1998.

BILL

First Reading of Bill

PRESIDENT (in Cantonese): Bill: First Reading.

PROTECTION OF THE HARBOUR (AMENDMENT) BILL 1997

CLERK (in Cantonese): Protection of the Harbour (Amendment) Bill 1997.

Bill read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Bill

PRESIDENT (in Cantonese): Bill: Second Reading. Secretary for Planning, Environment and lands.

PROTECTION OF THE HARBOUR (AMENDMENT) BILL 1997

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam President, I move the Second Reading of the Protection of the Harbour (Amendment) Bill 1997.

The Bill serves three purposes. First, it introduces a more refined definition of "reclamation" to remove the ambiguities created by the definition under the existing Ordinance which was simply borrowed from that in the Foreshore and Sea-bed (Reclamations) Ordinance. As a result, works and projects that may not be reclamation in the normal sense of the word, for example, the repair of a cable on the seabed or routine maintenance of facilities within the harbour, would have been affected by the Ordinance.

To avoid the definition of reclamation from being interpreted to affect and/or cause delay to essential and sometimes urgent works or projects that do not relate to reclaiming land, we propose to refine the definition of reclamation to refer to only "works or projects carried out for the purpose of reclaiming land from the seabed or foreshore so that it may be used for dry land purposes". This new definition will more accurately define the scope of works and projects concerned to better reflect the principle and spirit of the Ordinance.

Second, the Bill seeks to remove references in the Long Title to provisions in the original Protection of the Harbour Bill that were not enacted. In the original Bill, there were provisions that required reclamation projects to be approved by the Legislative Council and consequential amendments to be made to other Ordinances. These provisions had been dropped in the course of the previous Committee stage amendments and had not been enacted. Hence, the references to these provisions are incorrect and should be deleted from the Long Title.

Third, the Protection of the Harbour Ordinance covers only the "central harbour". The boundaries of the "central harbour" are defined in Schedule 1 of the Ordinance. However, in the title of section 3 and the Long Title of the Ordinance, references are made to "the harbour", instead of "the central harbour". To avoid any ambiguity that might arise, we propose to replace "the harbour" by "the central harbour" in these two places, where appropriate.

I would like to re-affirm that this amendment Bill is essential to ensure that non-reclamation works and projects in the central harbour would not be unduly disrupted by the ambiguities that might arise from the interpretation of the existing Ordinance. A lot of these works and projects are essential to the normal operation of our economy. I appeal Members to give this amendment

Bill favourable consideration.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Protection of the Harbour (Amendment) Bill 1997 be read the Second time.

In accordance with Rule 54(4) of the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

MOTIONS

PRESIDENT (in Cantonese): Motions. Motion under the Pharmacy and Poisons Ordinance. Secretary for Economic Services.

PHARMACY AND POISONS ORDINANCE

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I move that the Pharmacy and Poisons (Amendment) (No. 2) Regulation 1997 as set out under my name in the paper circulated to Members be approved.

The Veterinary Surgeons Registration Ordinance, which was enacted on 29 June 1997, provides for the registration of veterinary surgeons. We intend shortly to bring into effect section 16 of the Ordinance, which provides that only a registered veterinary surgeon with a valid practising certificate can practise veterinary surgery in Hong Kong.

It is essential for the smooth continuation of veterinary services and effective regulation of the profession that other legislation with references to veterinary surgeons should be consistent with the provisions of the Veterinary Surgeons Registration Ordinance.

The proposed regulation amends the Pharmacy and Poisons Regulations so

that references therein to duly qualified veterinary surgeons are replaced with references to registered veterinary surgeons.

The proposed regulation will be brought into effect concurrently with section 16 of the Veterinary Surgeons Registration Ordinance.

Madam President, I beg to move.

The Secretary for Economic Services moved the following motion:

"That the Pharmacy and Poisons (Amendment) (No. 2) Regulation 1997, made by the Pharmacy and Poisons Board on 21 November 1997, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Pharmacy and Poisons (Amendment) (No. 2) Regulation 1997, made by the Pharmacy and Poisons Board on 21 November 1997, be approved. Does any Member wish to speak?

(No Member wished a wish 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 Long-term Prison Sentences Review Ordinance. Secretary for Security.

LONG-TERM PRISON SENTENCES REVIEW ORDINANCE

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move the motion standing in my name on the Agenda.

The Long-term Prison Sentences Review Ordinance, enacted in June this year, provides, among other things, for the establishment of the statutory Long-term Prison Sentences Review Board, with improved and updated procedures which enhance the transparency, efficiency and fairness of our prison sentence review and remission system. The Board, which replaces its non-statutory predecessor, may, among other things, recommend to the Chief Executive that certain prisoners' sentences be changed.

The new Ordinance sets out, in broad terms, the Board's functions and the sentence review procedures. A detailed set of procedures need to be specified, through subsidiary legislation, to facilitate the implementation of the Ordinance and increase the transparency of the sentence review procedures.

Therefore, we propose that the Long-term Prison Sentence Review Regulation be made to set out details concerning the following matters:

First, to specify the factors which the Board may consider when it reviews a prisoner's sentence, such as the nature of the offence, the prisoner's criminal record and so on;

Secondly, to set out the conditions which the Board may include in a supervision order, such as the supervisee's obligation to report to the supervising officer;

Thirdly, to empower the Commissioner of Correctional Services to specify the forms of the orders made under the Ordinance;

Fourthly, to allow two or more Board members to, if necessary, interview a prisoner whose sentence is to be reviewed; and

Fifthly, to provide for the circumstances under which I may specify a place for conducting the Board's proceedings.

We have consulted this Council's Panel on Security on the proposed Regulation.

Madam President, I beg to move.

The Secretary for Security moved the following motion:

"That the Long-term Prison Sentences Review Regulation, made by the Chief Executive on 2 December 1997 after consultation with the Executive Council, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Long-term Prison Sentences Review Regulation, made by the Chief Executive on 2 December 1997 after consultation with the Executive Council, be approved. Does any Member wish to speak? Mrs Elsie TU.

MRS ELSIE TU: Madam President, I am a little concerned about the last sentence of paragraph one which says, "the Board may recommend to the Chief Executive that certain prisoners' sentences be changed". I am concerned about the word "changed", I understood this was remission, but "could change" also means the Board has the power to increase the sentences.

PRESIDENT (in Cantonese): Mr HUI Yin-fat.

MR HUI YIN-FAT (in Cantonese): Madam President, on behalf of the social

welfare sector, I welcome the Long-Term Prison Sentences Review Regulation, as proposed by the Secretary for Security, to replace the non-statutory Review Board shortly so that the effectively, fairness and transparency of the procedures of our prison sentence review and remission system can be enhanced.

In mainland China as well as in many countries in Europe and America, there have been similar legislation which provides for the review of long-term prison sentences. Overseas experience tells us that the family factor can have a decisive bearing on the rehabilitation of the prisoners after they have been released.

In China, in reviewing the prisoners' sentences, the family background of the prisoners will be attached much weight by the judiciary. They will make sure that the family will give support to the prisoners after they have been released in order to help allay the social pressure they may face. This is to achieve the long-term objective of rehabilitating the prisoners.

Madam President, the Long-Term Prison Sentences Review Board is empowered to review the sentences of the prisoners under section 2 of the Regulation. The Regulation also provides that the Board will have to consider the item under schedule 1, including the nature of the offence and the prisoner's criminal record and so on in the review of the sentences.

I notice that under schedule 1, the items to be taken into consideration do not include family background or family circumstances. However, under schedule 2 which has laid down the conditions for a supervision order, there is a clause stipulating the released prisoner's family circumstances such as the living condition and the employment situation of the prisoner. This reflects the inadequacies of the Regulation. For prisoners who have families, the items to be considered under schedule 1 are not comprehensive enough. To a certain extent, that will become an impediment for prisoners who actively seek to turn over a new leaf for themselves.

Madam President, service for released prisoners is one of the seven policy commitments under social welfare. The social welfare sector is much concerned about whether the Regulation can fully consider all factors for the

rehabilitation of prisoners. Hence I express my views as above in the hope that my views will be given detailed deliberation by the Board in the future.

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

PRESIDENT (in Cantonese): Secretary for Security, please reply.

SECRETARY FOR SECURITY: I should like to respond very briefly to the remarks made by the Honourable Mrs Elsie TU and the remarks made by the Honourable HUI Yin-fat. I take particularly Mrs Elsie TU's concern that I should state for the record that the word "changed" in the context of recommendations by the Board to the Chief Executive does not, I repeat, does not mean increase in prison terms and our system of prison terms cannot be increased by that means. Here, the Board's concern is tendering advice to the Chief Executive for the exercise of his power of pardon, that is reduction of sentences.

I also thank the remarks of Mr HUI Yin-fat and he is concerned over prisoners' rehabilitation back into society. We have consulted the Long-term Prison Sentences Review Board itself in drafting this regulation. Obviously, this is the first time we establish such a Board, and the first time that they will have to exercise the powers provided in the Ordinance. I am sure that both the Board and the Government will keep the adequacy of the regulations under review and will propose changes as necessary.

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.

PRESIDENT (in Cantonese): First motion made under the Interpretation and General Clauses Ordinance. Secretary for Planning, Environment and Lands.

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam President, I move the first motion standing in my name as set out on the Agenda. I would like to thank Madam President for waiving Rule 29 of the Rules of Procedure to enable me to move this motion and the second motion standing in my name later on.

This motion seeks to amend the Building (Administration) (Amendment) (No. 4) Regulation 1997, published as Legal Notice No. 514 of 1997 and laid on the table of the Provisional Legislative Council on 12 November 1997. A Subcommittee was formed under the House Committee of the Provisional Legislative Council to study this Regulation and three other related Regulations, namely the Building (Demolition Works) (Amendment) Regulation 1997, the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) (Amendment) (No.2) Regulation 1997 and the Building (Ventilating Systems) (Amendment) Regulation 1997. I would also like to take this opportunity to thank the Chairman of the Subcommittee, Mr Edward HO, and other members of the subcommittee for scrutinizing these four Regulations.

These four Regulations are mainly consequential to the Buildings (Amendment) Ordinance 1996 which was enacted to ensure greater safety of building works and streets works. The Administration has already reached a consensus with the subcommittee on the amendments concerning the Building (Administration) (Amendment) (No.4) Regulation 1997 and the Building (Demolition) (Amendment) Regulation 1997. The amendments to the former Regulation are covered by this motion and those to the latter Regulation are covered by the second motion. The amendments covered by this motion are mainly to allow the personal particulars, qualifications and experience of the operator of powered mechanical plant or equipment to be submitted at a time

when consent for commencement of works is applied for, and to provide a mechanism for the Building Authority to be notified of any change in the appointment of an operator.

Madam President, I beg to move.

The Secretary for Planning, Environment and Lands moved the following motion:

(see Resolution at Appendix I to the Agenda)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the first motion moved by the Secretary for Planning, Environment and Lands under the Interpretation and General Clauses Ordinance as set out in Appendix I to the Agenda, be approved. Mr Edward HO.

MR EDWARD HO (in Cantonese): Madam President, as the chairman of the Subcommittee on the four Building (Amendment) Regulations gazetted on 7 November 1997, I speak in support of the motion just moved by the Secretary for Planning, Environment and Lands. As the Secretary will later move another motion in relation to the Building (Demolition Works) (Amendment) Regulation 1997, I am now speaking on both motions.

The two Amendment Regulations were put forward by the Administration in relation to the Buildings (Amendment) Ordinance 1996, to enhance the safety of building works and street works. The main concern of the Subcommittee in the course of our deliberations is the time for submitting to the Building Authority the personal particulars, qualifications and experience of the operators of demolition works. The Building (Administration) (Amendment) (No.4) Regulation 1997 originally proposed that the authorized person will have to submit the particulars when he applies for the consent of the Building Authority to the prescribed plans of demolition works. I must point out that the particulars of the operators will only be available after the contractor, that is,

their employer is appointed. However, according to the existing requirements, the contractor is to be appointed seven days before the commencement of building works. In other words, it would be impossible to submit the particulars of the operators at the time when demolition plans are submitted to the Building Authority. In the light of this, the Subcommittee is unanimously of the view that the relevant information should only be submitted to the Building Authority after the contractor is appointed. We, therefore, suggested that the Administration should allow the authorized person to submit the personal particulars of the operators not later than the submission of the application for commencement of demolition works. As the Building (Administration) (Amendment) (No. 4) Regulation 1997 did not state what has to be done in the case when there is a change in the appointment of operators, the Subcommittee asked the Administration to stipulate clearly the ways for dealing with this situation in the Amendment Regulation. We had met with a number of professional bodies of the building sector, and our proposal was supported by all of them.

Though the feasible proposal of the Subcommittee was unanimously supported by the professional bodies of the building sector, the Administration maintained a very tough stance at the beginning and refused to accept the proposal of the Subcommittee. The arguments put forward by the Administration and its proposal on solving the problem by administrative means were not acceptable to the Subcommittee. I do not wish to repeat the details of our discussions with the Administration, but I want to point out that the Subcommittee was disappointed that the Administration was not actively trying to work out a solution to the problem at the beginning. Fortunately, the Administration eventually came to understand the views of the Subcommittee and the concerns of the professional bodies of the building sector, and was willing to make amendments to the Building (Administration) (Amendment) (No.4) Regulation 1997 and the Building (Demolition Works) (Amendment) Regulation 1997. The amendments adequately address the concerns of the subcommittee without compromising public safety.

Lastly, although the proposed amendments basically met with the demands of the building sector, it is still necessary for the Administration to issue guidelines for those in the practice as soon as possible, to lay down its requirements on the qualifications of the operators in order to avoid any ambiguity.

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

PRESIDENT (in Cantonese): Dr Raymond HO.

DR RAYMOND HO (in Cantonese): Madam President, I have to add some points to the report made by Mr Edward HO, so that Members may know this is a very special case. As we all know, both the Government and the people are concerned about the construction and quality of buildings and the future plans to examine them. We are heading in the right direction and we clearly know what we are doing. But it seems that the Government in implementing measures or putting forward proposals has not fully consulted the relevant professional bodies for advice beforehand. The amendments proposed, especially those concerning demolition works, appear to be very minor issues but they are the concern of all professional bodies, such as the engineering sector, the architectural sector, the surveying sector, and even construction proprietors and developers. The reason is that they think the Government's proposals are neither workable nor practicable. At the beginning we spent a lot of time on discussions at meetings but the Government had no intention of giving in. It did not accept our explanation. We felt the proposals were far from being complete. Fortunately, we have now come to a satisfactory solution, which is, I believe, acceptable. Still, I hope that there should be advance consultations with the relevant bodies prior to the proposal of any new methods, especially about plans to examine buildings. This is a very important point. Thank you, Madam President.

PRESIDENT (in Cantonese): Secretary for Planning, Environment and Lands, do you wish to reply?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam President, first of all, I would like to thank the Honourable Edward HO and the Honourable Raymond HO for supporting my amendments proposals. I just want to explain that when the Administration first put forward the amendments to the Regulations, the Building Authority did not know how

much flexibility he had under the existing legislations, and he was also not sure about the extent of his authority. Therefore, the Administration has adopted a more cautious approach out of safety concern for the building and demolition works. However, in the course of our deliberations on the amendments to the Regulations, the Administration and Members of this Council actually uphold the same principles and both the Administration and Members think that safety should be the guiding principle for all building works.

After meeting with members of the Subcommittee and considering the views of the building sector reflected through the Subcommittee, we conducted a more detailed study on the existing legislations and discovered that by making some minor amendments to the Regulations, we would be able to deal with the problem in a more flexible manner. Today, we are, therefore, putting forward these amendments and we do have the support of the Subcommittee. I would like to thank Mr Edward HO, Dr Raymond HO and all those Members of the Provisional Legislative Council who have joined in the scrutiny of the amendments to the Regulations. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour 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 made under the Interpretation and General Clauses Ordinance. Secretary for Planning, Environment and Lands.

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam President, I move the second motion under the Interpretation and General Clauses Ordinance which has been printed on the Agenda.

Just now, when I moved the amendment to the Building (Administration) (Amendment) (No. 4) Regulation 1997, I said that this motion is related to the amendment to the Building (Demolition Works) (Amendment) Regulation 1997, published as Legal Notice No. 515 of 1997 and laid on the table of the Provisional Legislative Council on 12 November 1997. The Subcommittee specially appointed by the Government to study this Regulation and three other related Regulations has endorsed these amendments, which are of minor and technical nature. Madam President, these are my remarks.

The Secretary for Planning, Environment and Lands moved the following motion:

"That the Building (Demolition Works) (Amendment) Regulation 1997, published as Legal Notice No. 515 of 1997 and laid on the table of the Provisional Legislative Council on 12 November 1997, be amended —

- (a) in section 3, by adding in the new regulation 4A(a) "unless it is not appropriate" after "demolished";
- (b) in section 6(3), by repealing "accept" in the proposed regulation 9(3)(b) and substituting "specify from time to time".

PRESIDENT (in Cantonese) : I now propose the question to you and that is: That the second motion moved by the Secretary for Planning, Environment and Lands under the Interpretation and General Clauses Ordinance, as set out on the Agenda, be approved. Does any Member wish to speak?

(No Member indicated a wish 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): First motion under the Public Finance Ordinance. Secretary for the Treasury.

PUBLIC FINANCE ORDINANCE

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I move the resolution standing in my name on the Agenda.

Paragraph 6 of Annex III to the Sino-British Joint Declaration stipulated the sharing of land premia between the then Hong Kong Government (HKG) and the Hong Kong Special Administrative Region (SAR) Government during the period from 27 May 1985 to 30 June 1997. Specifically, income received from land sales during this period was to be divided equally between the HKG and the SAR Government after deducting the average cost of land production. To give effect to this provision, the Legislative Council passed a resolution on the Capital Works Reserve Fund (the CWRF) on 15 May 1985. This resolution amended the original accounting arrangements under the CWRF. In lieu of it, three separate accounts, that is, the suspense account, the works account and the reserve account were created under the CWRF and provisions were made for transfers between the accounts to properly account for the sharing of land premia. After agreement on the share of land sales premium accruing to each government, the former Hong Kong Government's share was paid into the CWRF works account to meet the cost of capital works and other expenses as provided under the resolution. The share belonging to the SAR Government was held in the Hong Kong Special Administrative Region Land Fund (the Fund") to be transferred to the SAR Government upon its establishment.

The Fund was transferred to the SAR Government on 1 July 1997 and the assets of the Fund were further transferred into the SAR Government Fund which was established under the Public Finance Ordinance.

With the establishment of the SAR Government on 1 July 1997, the land premia sharing arrangements I have just described became redundant as paragraph 6 of Annex III to the Joint Declaration ceased to have effect from that date. Consequently, the relevant provisions in the CWRF Resolution for sharing land premia have become obsolete. Because of this, all income from land transactions earned after 1 July 1997 has been credited to the general revenue by virtue of section 3(1) of the Public Finance Ordinance. To regularize this situation, we need to amend the CWRF Resolution to remove the provisions that have become obsolete and to provide for the crediting of income from land transactions into the CWRF to ensure that the CWRF will have regular income to finance the capital works programme.

I, therefore, propose to make suitable amendments to the CWRF resolutions currently in effect. These amendments provide, *inter alia*, that:

- (a) The three accounts existing at present, the suspense account, the works account and the reserve account, shall be cancelled on the coming into operation of this amendment resolution and any moneys remaining in those accounts shall be carried forward in their entirety to a single account which is the CWRF itself;
- (b) all premium income received from land transactions shall be credited to the Fund; and
- (c) the Financial Secretary may, from time to time, transfer from the Fund to the general revenue any balance in the Fund which is not required for the purposes of the Fund.

In all other respects, the terms of operation of the CWRF remain unchanged. These include the categories of income that may be credited to the Fund and the types of expenditure that may be met from the Fund. As the details of the changes are contained in the draft resolution before you today, I shall not repeat them here.

Madam President, Members may also notice that we propose to bring these amendments to the CWRF Resolution into operation on a date to be appointed by the Financial Secretary by notice in the Gazette. Currently, it is our intention to appoint 1 January 1998 as the effective date.

This proposal to amend the resolution on the Capital Works Reserve Fund is essentially a management of government accounts exercise. Its purpose is two-fold — to remove from the CWRF Resolution statutory provisions which have become redundant and to provide the CWRF with a regular source of income to finance the capital works programme. I invite Members to support the motion before them.

Madam President, before Members debate and vote with regard to this motion, I wish to thank the Chairman and Members of the House Committee for accepting the need to move this motion at this particular meeting as scheduled for the reasons given in my letter of 9 December 1997 to the Chairman of the House Committee. Furthermore, I should like to thank the Legislative Council Legal Adviser for providing to Members clear and succinct legal advice on this resolution in a short period of time which facilitates the examination of this resolution at this meeting by Members.

Madam President, I beg to move.

The Secretary for the Treasury moved the following motion:

(See Resolution at Appendix II to the Agenda)

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 Public Finance Ordinance, as set out in Appendix II to the Agenda, be approved. Does any Member wish to speak?

(No Member indicated a wish 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): Second motion under the Public Finance Ordinance. Secretary for the Treasury.

PUBLIC FINANCE ORDINANCE

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I move the motion standing in my name on the Agenda.

The Electrical and Mechanical Services Department Suspense Account and the Electrical and Mechanical Services Department Workshop Services Suspense Account were set up by resolution of the then Legislative Council on 28 November 1990 and 24 February 1993 respectively. These accounts were set up to enable the Electrical and Mechanical Services Department to account for its workshop and vehicle maintenance, and ancillary services operations in a commercial manner and to promote greater cost-consciousness amongst users of vehicle maintenance and workshop services.

As the accounting functions of the two Suspense Accounts have been taken over by the Electrical and Mechanical Services Trading Fund established on 1 August 1996, we propose to close these Accounts with effect from 31 December 1997. The Electrical and Mechanical Services Department Suspense

Account has no assets nor liabilities on that date. The net proceeds on disposal of stock and the cumulative surplus recorded in the Electrical and Mechanical Services Department Workshop Services Account over the years totalling around \$200 million will revert to the General Revenue Account.

Although the Public Finance Ordinance does not require that the Suspense Accounts be closed by resolution, the then Attorney General's Chamber advised that it would be more orderly to have a Legislative Council resolution for the closure of the two Suspense Accounts. This is in accordance with normal procedure for closure of suspense accounts and to ensure the method of disposal of surplus balances is properly specified. Closure of these two Suspense Accounts will have no impact on Government finances overall.

Madam President, I beg to move.

Secretary for the Treasury moved the following motion:

"That with effect from 31 December 1997 -

- (a) this Council approves the transfer to the general revenue the balance of the Electrical and Mechanical Services Department Workshop Services Suspense Account as at 30 December 1997;
- (b) the Electrical and Mechanical Services Department Workshop Services Suspense Account shall be closed and the resolution of the then Legislative Council relating to the account made and passed on 24 February 1993 (Cap. 2 sub. leg.) shall be cancelled accordingly;
- (c) the Electrical and Mechanical Services Department Suspense Account shall be closed and the resolution of the then Legislative Council relating to the account made and passed on 28 November 1990 (Cap. 2 sub. leg.) shall be cancelled accordingly."

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 Public Finance Ordinance, as set out on the Agenda, be approved. Does any Member wish to speak?

(No Member indicated a wish 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 Hong Kong Export Credit Insurance Corporation Ordinance. Secretary for Trade and Industry.

HONG KONG EXPORT CREDIT INSURANCE CORPORATION ORDINANCE

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): I move the motion standing in my name on the Agenda.

In March 1991, the maximum contingent liability of the Hong Kong Export Credit Insurance Corporation was increased from \$6,000 million to \$7,500 million under section 23 of the Hong Kong Export Credit Insurance Corporation Ordinance. Since then, the Corporation's contingent liability under contracts of insurance has risen by an average of \$440 million per year. As of 31 October 1997, the figure stood at \$7,303 million.

An increase of the statutory maximum contingent liability if needed by the Hong Kong Export Credit Insurance Corporation to cater for the normal growth in insured business under the extant insurance policies of the Corporation, and to

support the diversification of the Corporation's portfolio in tailoring policies for small and medium enterprises as well as the services sector. In addition, demand for medium term cover for insurance policies is expected to grow, which also put pressure on the contingent liability of the Corporation.

The Corporation has, therefore, recommended that the maximum contingent liability be increased by \$2,500 million to \$10,000 million. This request has the support of the statutory advisory board of the ECIC. Failure to raise this limit would render the Corporation unable to accommodate its normal business expansion and would discourage exports of both goods and services.

I would like to stress that the maximum liability is a theoretical contingent amount which is most unlikely to be at risk in totality at any one time.

Mr Chairman, I beg to move.

The Secretary for Trade and Industry moved the following motion:

"That the contingent liability of the Hong Kong Export Credit Insurance Corporation under contracts of insurance shall not at any time exceed the sum of 10,000 million dollars."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the contingent liability of the Hong Kong Export Credit Insurance Corporation under contracts of insurance shall not at any time exceed the sum of 10,000 million dollars. 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.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' Motions. Motion under the Interpretation and General Clauses Ordinance. Mrs Sophie LEUNG.

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MRS SOPHIE LEUNG: Madam President, I move the motion standing in my name on the Agenda.

In relation to the Human Organ Transplant Regulation which was laid on the table of the Provisional Legislative Council on 21 November 1997, a Hong Kong Eye Bank has recently expressed its difficulty in complying with section 3(1)(a) of the Regulation which requires a medical practitioner who removed an organ from a donor, whether living or dead, for the purpose of its being transplanted into another person, to supply information on the removal in statutory Form 1.

This Eye Bank also points out that their removal of eye tissues from the dead persons is done by trained technicians and not by medical practitioners because of the simple and fundamental nature of the job. Accordingly, there are also other similar cases where skin say, for example, from dead persons is removed by technicians under the supervision of medical practitioners in some Hong Kong hospitals.

In order that the submission of information may comply with the statutory requirement without adversely affecting the regular operations of the Eye Bank and the hospitals in the removal of organs from dead persons done by technicians, the addition of a new paragraph (b) in subsection (1) of section 3 is required to allow the medical practitioner authorized by an organ bank to supply the information in Form 1.

In addition, a new subsection (3) in section 3 is required to specify that the medical practitioner in charge of the organ bank has the responsibility to ensure

that the information is supplied. In accordance, failing to supply the prescribed information is an offence. To conform with these amendments, Note 1 of Form 1 has also been amended accordingly.

Other than these minor technical amendments, I am glad to report, Madam President, that the Regulation itself has been presented at the House Committee of the Provisional Legislative Council some weeks ago.

Finally, the minor amendment in Form 2 of the Chinese version of the Regulation is to tie in with the wordings used in Form 1.

Madam President, I beg to so move.

Mrs Sophie LEUNG moved the following motion:

"That the Human Organ Transplant Regulation, published as Legal Notice No. 551 of 1997 and laid on the table of the Provisional Legislative Council on 26 November 1997, be amended —

(a) in section 3 —

(i) in subsection (1) —

(A) by renumbering paragraphs (b) and (c) as paragraphs (c) and (d) respectively;

(B) by adding —

"(b) a medical practitioner authorized by an organ bank in the case where a technician appointed by the bank removed an organ from a dead donor in Hong Kong, for the purpose of its being transplanted into another person, shall supply the relevant information in Form 1 in the Schedule. In the case where the organ bank is established

under a hospital or institution, the authorization of medical practitioner(s) or appointment of technician(s) shall be given or made by the hospital or institution;"

- (ii) in subsection (2), by repealing "(b)" and substituting "(c)";
- (iii) by renumbering subsections (3) and (4) as subsections (4) and (5) respectively;
- (iv) by adding —

"(3) For the purposes of subsection (1)(b), where a medical practitioner authorized by an organ bank shall supply the relevant information, the medical practitioner in charge of the organ bank, whether or not the bank is established under a hospital or institution, shall ensure that the relevant information is supplied.";

- (b) in the Schedule —

- (i) in Form 1 —

(A) by repealing "[s. 3(1) & (4)]" and substituting "[s. 3(1) & (5)];

- (B) by repealing Note 1 and substituting —

"1. This form must be completed by the medical practitioner who removed the organ(s) or the medical practitioner authorized by the organ bank in the case where the technician appointed by the bank removed the organ(s) from the dead donor or, where no organ was removed but prior approval was given by the Board, it must be

completed by the person who caused the matter to be referred to the Board for its approval or, where that person is no longer involved, by the person who made the decision not to remove the organ. Where more than one medical practitioner was involved in removing the organ, any of them can submit the information in Form 1. However, the medical practitioner who was in charge of the operation or the medical practitioner who is in charge of the organ bank is responsible for ensuring that Form 1 is submitted.";

- (ii) in Part 1 of Form 2, by repealing "未婚" and substituting "單身".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Sophie LEUNG under the Interpretation and General Clauses Ordinance, as set out on the Agenda, be approved. Does any Member wish to speak? Dr LEONG Che-hung.

DR LEONG CHE-HUNG: Madam President, I shall speak on the Regulation to which amendments are moved by the Honourable Mrs Sophie LEUNG, Chairman of the Organ Transplant Board. The Regulation is obviously a necessary document to bring the Human Organ Transplant Ordinance into effect. The main aim of the Ordinance which the medical profession fully supports is to criminalize commercial organ trading and to prevent abuses of living organ donation between non-genetically-related persons. There are, however, three problems which I understand have been deliberated by the Organ Transplant Board, but which I would like to highlight and I do hope the Administration or the Chairman of the Board would address during the reply.

Firstly, the current Regulation specifies in section 3 that the medical practitioners of Hong Kong who remove an organ for donation, be it from a living or a dead person for the purpose of transplantation, shall supply the relevant information in a prescribed form. While this must be the proper procedure, the fact remains that removal of certain organs for transplantation

from dead persons or cadavers may not be performed by medical practitioners. Rather, the procedure is done by well-trained technicians under the responsibility and supervision of a medical practitioner. This is the case, for example, with removing cornea or skin from a dead person. The amendment introduced by Mrs LEUNG, therefore, is in the right direction and it brings into the situation where whilst proper recording of procedure by medical practitioner is necessary, yet allowance is made for well-trained technician to perform the procedure.

The second point that I would like to raise is about Form 1 in the Schedule of the Regulation which is for detail information on organ removal for donation. While this is again a must, a very much needed procedure, the Form itself requires for the entry of cause of death in the case of organ donation with a dead person. The problem is that sometimes the actual cause of death may not be immediately known. Sometimes, in particular, where the donor is a person involved in a traffic accident or any form of accident, the cause of death could not be accurately known until the coroner has gone through and study the details. I hope that this also can be addressed by the Administration or the Chairman concerned.

The third point and the final point, Madam President, is a question of whether authorization is needed to use a bank bone for grafting. Now, perhaps I would like to explain a little further. During surgical operation, a piece of bone may be removed either as a necessary procedure or because that piece of bone is of no use to that particular patient anymore. That piece of bone, which is basically from a living person, is not thrown away but is usually stored in the bank, the bone bank, and that piece of bone which is stored in the bank will be used in the possible future for another patient in the form of bone-graft. Now, section 5(3) of the Ordinance states that under such a condition, permission of the Organ Transplant Board of which Mrs Sophie LEUNG is the Chairman, must be obtained beforehand. This section of the law, if applied to bone-graft, would produce a lot of operational difficulties and unnecessary actions by the surgeon concerned who, in essence, is using a piece of discarded bone for the benefit of another patient. Furthermore, sometimes before the operation, he does not even know whether he needs a bone-graft. When he knows that he needs a bone-graft, he just obtains in the bank and, therefore, there is no chance for him or her to make the application first. I am given, Madam President, to understand that the Organ Transplant Board has taken this into consideration and have decided that under such a condition, prior permission is not required. Instead, the surgeon who uses the bank bone must submit a detailed report after

the procedure. All of these are related to a proper form of professional development or professional activity and will be conveyed to the profession or the relevant professions in the form of a guideline. I do hope that the Administration or Chairman of the Organ Transplant Board can also respond to this.

Madam President, after saying that laws and the related regulations are necessary to prevent abuses and to protect public good, they must not be so structured as to produce unnecessary obstacle. With these remarks and reservations, I defer my decision after the response from the Administration or from the Chairman. Thank you.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG, do you wish to reply?

MRS SOPHIE LEUNG: I would like to just make a few comments to Dr LEONG'S various enquiries. But first of all, I would like to thank especially Dr LEONG and his colleagues in the profession for being very helpful and co-operative. Otherwise, the Board's work would not have been so expeditiously carried out.

As Dr LEONG has rightly pointed out, the operation or the removal of organs from dead persons by technicians is a concern for us and therefore is the reason for today's amendment.

The second enquiry by Dr LEONG is regarding Form 1, where the medical practitioner would have to fill in the cause of death for the case of an organ being removed from a dead person.

The Board did deliberate on those points and would take precaution or take actual action in the form of a guideline issued to the users or medical practitioners before the Regulation is put into practice. We would suggest along the line that the medical practitioners should investigate on each case and put down suspected cause of death instead of actual cause of death. So that would eliminate some of the problems that might be faced by the medical practitioners.

As far as point three is concerned, I do believe Dr LEONG is referring especially to the femur head, for example, removed clinically as a discarded bone from a patient, which means that the patient who discarded this bone does not need that bone anymore. As Dr LEONG has rightly pointed out, it is usually stored in the bone bank. However, the Board did discuss this point very carefully and there are two thoughts coming out, and we would again very specifically spell them out into the regulations. One, of course is, according to what Dr LEONG has suggested to treat this as, a bank bone and the doctor does not need to supply the information before the operation but rather to supply such information afterwards, after the operation. However, there is also another line of thinking that since the bone is discarded, the Board might prefer to exclude this discarded bone, whether stored in a bone bank or not, from the list of organs to be included or to be regulated by this Ordinance as well as the regulations.

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.

PRESIDENT (in Cantonese): Two motions with no legal effect. I have accepted the recommendations of the House Committee as to the time limits on speeches. The movers of the motions will each have 15 minutes for their speeches including their replies. 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: Developing the territory's high value-added industries. Prof NG Ching-fai.

DEVELOPING THE TERRITORY'S HIGH VALUE-ADDED INDUSTRIES

PROF NG CHING-FAI (in Cantonese): Madam President, I move the motion as set out in the Agenda.

The economy of Hong Kong began to undergo a kind of restructuring 10 years ago, with the rising of the service industry and the relative shrinking of the manufacturing industry. The direction of industrial development has thus become the most controversial issue of our economy. Is it necessary for Hong Kong to have local industries? Is it an outlet for the local industries to develop high value-added industries and high-technology industries? As regards these big problems which affect the overall economic development of Hong Kong, Mr TUNG Chee-hwa has given us an answer in his Policy address on 8 October: the Hong Kong Special Administrative Region should "encourage high value-added manufacturing industries and high-technology industries".

In the past few weeks, we have witnessed the turmoil of the financial sector in Hong Kong, in the Asia-Pacific Region and all over the world. The trouble has not come to an end yet. At the same time, we have seen the recent downturn of our tourism. Confronted with such a critical situation of these two important pillars of our economy, on the one hand, we, of course, wish that the trouble is temporary. And on the other, we think that it provides us living evidence that the Hong Kong economy should be diversified. It also explains that the commitment on industrial development of the Policy address is an accurate and forward-looking one. And because of this, I consider that there is the need to urge the Government to set up a high level committee as proposed by Mr TUNG as quickly as possible so as to proceed with the work, formulate the strategies and adopt concrete measures expeditiously. Thus, the commitment made by Mr TUNG can be implemented step by step.

I suggest this Council should urge the Government to adopt the following suggestions:

1. First of all, government officials and the Chief Executive should have the same objective, that is, "to encourage high value-added manufacturing industries and high-technology industries". Moreover, they should tell the public and the international enterprises clearly that Hong Kong is determined to develop industries vigorously through a two-pronged approach. That is to say, on the one hand, to deploy the local talented technologists and enhance the function of the Hong Kong Productivity Council so as to help the existing industries to upgrade their technology and efficiency of production as far as possible. On the other hand, the Government should boost the high value-added and thought-intensive high-technology industries.

In order to boost the industries, we should never allow the spirit of "positive non-intervention" to stage a come back in the decision-making departments of our industries, or else the commitment on industrial development pledged by the Government will become empty words again. I hope the senior level of the Government concerned will change the thought from "positive non-intervention" to "positive support for development", that is to say, while upholding the principles of economic freedom, market adjustment, fair competition and so on, enhance the support for industries flexibly.

2. The Government should treat the comprehensive development of multi level industrial co-operation between Hong Kong and the Mainland, particularly between Guangdong and Hong Kong, as part of the basic developmental strategy on technological industries. Hong Kong and the Mainland, particularly the Pearl River Delta, have established a mutual beneficial relationship. In the past, the co-operation between the two places was limited to only the level between the people or the enterprises of the two places. From now on, the industrial linkage between the two places should be strengthened and the mutual supplement on technology with the Mainland should be enhanced. We should see that, under the "one country, two systems" policy, Hong Kong can make use of the talented technologists in the Mainland. Moreover, with the implementation of the "national concession" policy in the Mainland, the new technological products of Hong Kong may even have the

opportunity to obtain the "import permit". This will give the high-technology industries in Hong Kong the most fundamental condition for survival, that is, the huge internal market. Thus, the risk for investment of the high-technology industries can be greatly reduced.

3. The new situation and the new chances brought about by the reunification require us to make strategic adjustment accordingly. I hope the Government will make corresponding adjustment to the administrative structure. We need a headquarters or a "locomotive" for promoting the technological and industrial development and co-ordinating various measures involved. These include implementing the science park plan under the new situation, funding for training of specialists for the shifting of the special techniques, as well as financing the development of high technological products and so on. At the same time, it should take up the leading role for co-ordinating the industrial co-operation between Hong Kong and the Mainland and for enhancing the equal and mutual beneficial co-operation with the administration of Guangdong and other provinces.
4. For a successful introduction of a technological product into the market, there are generally three stages to go through. First of all, mastering or inventing the technology; secondly, developing into commercial products; and thirdly, producing these products and introducing them to the market. The technological invention or mastering of the upper stream can be acquired or transformed from other places, or created by local talented technologists. However, for the mid stream of developing into a commercial product, it is to be generally supported by the industries themselves in foreign countries. It is because, even universities are application-oriented, they can hardly take up the development of the commercial products under the generally tight time constraint. For this reason, I urge the Government to establish an organization to take up the industrial and technological researches in Hong Kong so as to strengthen the midstream forces in the development of technological products in Hong Kong. This suggestion is also concluded from the thorough studies by several academics of the Hong Kong Science Society who are very experienced in international enterprises. They consider

that this is an essential part of the industrial and technological development in Hong Kong. It is because factories in Hong Kong are usually small-scaled and lack the research and development (R&D) capability as compared with the international enterprises in Europe, the United States of America USA and Japan. Whether the industries can be graded as high added-value solely depends on the products which are superior to others conceptually or technologically. However, the development of new products of high technology is the weakest area of the industrial sector in Hong Kong. Therefore, even we have science parks, industrial estates and can attract some foreign enterprises, if the local factories lack the capability for development of new products, I consider that the high technological industries in Hong Kong cannot be regarded as successful. The Hong Kong Science Society has conducted a lot of studies. Based on the past experience of success and failure of the Taiwan Industrial Research Institute as well as the actual conditions of Hong Kong, it has suggested to set up an organization similar to the Taiwan Industrial Research Institute. In doing so, it can achieve the goal to boost the technological industries in Hong Kong at the highest speed with the lowest capital investment.

It should be stressed that such an organization is not another application research centre for fundamental researches, nor is it a research centre without concrete commercial objective. On the contrary, it has a very concrete goal for assisting factories to develop new products in the mode of services or partnership, or to develop some forward-looking new technological results and then shift to the industries (the recent DVD technology in Taiwan is developed by this method).

What I want to add is that the characteristics of the industrial research institute is that it will not conduct commercial production. Moreover, it is a bridge between universities and enterprises, and is also a pool of senior talented technologists. At the same time, it also supplies the production industries with talented technologists who want to set up business and have creativity. It has also the functions of forecasting the prospect as well as planning and managing the production market, so that it can function in both the technological and marketing sides. When establishing the industrial research organizations, as regards the talents, the objective should aim at attracting excellent young Chinese experts from Hong Kong, the Mainland as well as overseas. As regards the

location, we may consider to set it up within the science park or in the border area between Hong Kong and Shenzhen for the sake of convenient participation of the R&D staff in the Mainland as well as cutting down costs. We suggest the high level committee mentioned above to set up a preparatory committee for the industrial research organization so as to decide the mode and proceed with the establishment. Hong Kong Science Society considers that if the Government can put emphasis on the organization and support it, with the back up of the local tertiary institutions, the industrial research organization can become the pool of talented technologists for production industries after operation for five years, as well as provides effective services and gives continuous supply of talented technologists with high quality and creativity. Thus, with other existing conditions of Hong Kong, the pledge for implementing high added-value industries and high-technology industries by the Government will come true.

Lastly, I would like to thank the Honourable Mrs Sophie LEUNG for her concern on this motion. I have included the main points of her concern in my motion. To be true, the crux of the stability of a society lies on whether "the local people have employment and have something to eat". I consider that under the industrial restructuring, the labour-intensive industries should be upgraded without exception. Those workers with low technological level should take courses after work to enrich themselves so as to adapt to the changes in the environment. The Government has the responsibility to provide "retraining projects" for these workers, so that they can get back their jobs in industries or change to work in the service industry. Moreover, during the restructuring, some may not be able to adapt to the overall atmosphere and are eliminated by the labour market temporarily. The Government should also have the responsibility to establish a comprehensive social security net to help them. For the long run, I hope the glorious high value-added industries will make the society more prosperous so as to provide more employment opportunities in industries and the service industry so that they can be employed again. In the long run, the diversified economy can ensure Hong Kong to maintain a healthy economic development and approach a full employment rate. Thus, it can become a prosperous and vital society for the benefit of all of us.

With these remarks, Madam President. I urge all Honourable colleagues to support my motion. Thank you.

Prof NG Ching-fai moved the following motion:

"That this Council urges the Government to implement the commitments made in the Chief Executive's policy address on 8 October by showing concern for the employment problems arising from the restructuring of the economy, and by promoting the development of high value-added manufacturing and high-technology industries in the territory; in so doing, the Government must expeditiously;

- (a) explore ways to resolve the practical problems currently faced by the industrial sector and put in efforts to adjust the administrative organ which deals with the territory's industrial development, thereby enhancing the productivity of local industries and speeding up technological transfer;
- (b) promote the upgrading and transformation of existing industries, develop high value-added and high-technology industries, and enhance technological co-operation between Hong Kong and the Mainland; and
- (c) strengthen the mid stream forces in the process of technological transfer, set up an institute of research on industrial technology in Hong Kong to enhance the capability of our enterprises in developing new technology-intensive products."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That this Council urges the Government to implement the commitments made in the Chief Executive's policy address on 8 October by showing concern for the employment problems arising from the restructuring of the economy, and by promoting the development of high value-added manufacturing and high-technology industries in the territory; in doing so, the Government must expeditiously:

- (a) explore ways to resolve the practical problems currently faced by the industrial sector and put in efforts to adjust the administrative organ which deals with the territory's industrial development, thereby

enhancing the productivity of local industries and speeding up technological transfer;

- (b) promote the upgrading and transformation of existing industries, develop high value-added and high-technology industries, and enhance technological co-operation between Hong Kong and the Mainland; and
- (c) strengthen the mid stream forces in the process of technological transfer, set up an institute of research on industrial technology in Hong Kong to enhance the capability of our enterprises in developing new technology-intensive products.

Does any Member wish to speak? Mr WONG Siu-yee.

MR WONG SIU-YEE (in Cantonese): Madam President, there is already a consensus that Hong Kong's industries should develop in the high value-added direction. But it is a shame that this is only an "empty consensus" with much said but little done. The whole matter still remains at the stage of empty talks. Actually, the Government, the industrial and commercial sector, and the universities should have formed an "iron triangle" in the development of high value-added industries. But the present situation is that the Government has yet to have a clear-cut policy on how to assist local industries to upgrade themselves and neither is it giving them any strong support. And because of the Government's ambiguous attitude and constant emphasis on "positive non-intervention", the industrial and commercial sector also lacks the motivation to make any investment. As for the universities, it is very hard for the present three-year academic system to nurture any scientists and technologists of high calibre and also because the local industries are becoming "empty" and "rootless", it is very difficult even for the university-educated scientific researchers to secure a job where they can make good use of their talents and training. As a matter of fact, it is very difficult to develop high value-added industries in Hong Kong and the Government, the industrial and commercial sector, and universities are going their separate ways, lacking in co-operation. That is exactly where the crux the problem lies.

Madam President, apart from the co-operative relationship of the "iron triangle" not having been established, as regards how Hong Kong should develop its high value-added industries, the public still have very divergent views and the

concept about it is still very vague and confusing. Some suggest that Hong Kong should follow the approach of the United States and Japan to expand the enterprises' development of technological research. But since most enterprises in Hong Kong are medium and small ones employing under 200 workers, it is just impossible for these enterprises to set up a research and development (R&D) department affiliating to them just like the transnational corporations of the United States and Japan do. Some consider that Hong Kong should model after the newly developed countries and regions in Asia, such as Singapore, Malaysia and Taiwan. But the recent financial turmoil in Asia has fully exposed the defects of the modes of these countries and regions. They mainly take the technologies and capital of the American and Japanese transnational corporations as the up-stream foundation while they carry out the composition and processing procedures down-stream. Once the up-stream support of capital and technologies are cut off, they will be thrown into chaos and financial crises thus sparked off. Therefore, Hong Kong cannot completely model on Singapore, Malaysia and Taiwan.

Madam President, to develop our own high value-added manufacturing industry and high-technology industries, I think that Hong Kong should not model on a particular country or region but should learn from the strong points of the various countries and avoid their shortcomings and make good use of our own specialities and strong points.

First of all, the Government should increase the funding for the industrial and technological research. At present, the Hong Kong Government's funding in this respect is only equivalent to one twentieth or one thirtieth of that of the other three dragons, which is far from adequate. The funding should be increased to at least 0.5% of Hong Kong's GDP. Phase I of the science park that the Government is constructing in Tai Po and to be finished in five years is only eight acres big. Compared to the 580-acre science park in Hsinchu, Taiwan, it is obvious that Hong Kong cannot depend on one science park alone but the Government should make more long-term investment in this respect. Moreover, although since its establishment on 14 March 1995, the Hong Kong Industrial Technology Centre has stimulated the advancement of various technological items including the multi media and network, telecommunication, computer software and system, micro electronics and basic components, its function of stimulating the local industries to upgrade themselves in a comprehensive scale is far from sufficient. Mr TUNG Chee-hwa, the Chief Executive, has mentioned in his Policy address that the Government will

construct a second industrial technological centre but the construction of which will not commence till next year. It will be completed in 2001. Therefore, as regards the technological transfer of the local industries, the Government should consider setting up an industrial technology research institute that has adequate power to make good use of the huge government funding. In the past, organizations of the older generation such as the research Assistance Board, Industrial Technological Centre and Hong Kong Productivity Council did not really have the power to operate the huge government resources and stimulate the upgrading of industries.

The Hong Kong Progress Alliance considers that Hong Kong's research institute on industrial technology have no need to model on the industrial technological research institute of Hsinchu, Taiwan. We also have to particularly avoid adopting Singapore's approach of relying heavily on the foreign transnational corporations to establish their affiliations there because that will only squeeze out and stifle the local medium and small enterprises. With Hong Kong's advantage of having the vast hinterland of China and huge fiscal reserves of the Hong Kong Special Administrative Region Government, I do not think that Hong Kong should depend its economic development for the next few years on the construction of large-scaled infrastructure, massive railway and highway systems, and large number of houses as that will only exhaust our resources and reserves but have little effect on enhancing our competitiveness. In view of this, I suggest that the Government establish a technological development board within its administrative framework to co-ordinate the R&D of the local high and new technologies, and to set up a research institute on industrial technology under the technological development board. The institute will mainly involve with the up-stream work of technological transfer, including the fundamental research, application research and also the development and design of the products and technological process. The up-stream research work should be done with the co-operation of the research institutes of universities and the military project departments in China so as to effect the transfer of the scientific research in China; while the local industrial bases such as Tai Po Science Park and industrial estate in Tseung Kwan O under the technological development board should undertake the trial production of samples, quality control and complementary facilities to the industries. As for mass-scaled production of goods, we still have to rely on the cheap labour and factories in China. I think that to get on the path of high value-added development, Hong Kong cannot totally copy others' mode but has to make use of its own specialities and strong points in order to find its own road to success.

Madam President, I so submit.

PRESIDENT (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam President, I worked for the Industrial Development Division of the Hong Kong Productivity Centre during the early '80s. The main work of the Productivity Centre at that time was to give impetus to the Government to pay more attention to and to develop high- technology (hi-tech) industries. But what was the result? It could be described as totally unsuccessful. The working population of the manufacturing industry has dropped from close to onemillion in the early '80s to about 300 000 today. The technological level of our industries is obviously lagging far behind that of the other three dragons. Having worked in the legislature for over two years, I find that all political parties, many independent Members and even trade union representatives are all highly in favour of the development of high-technology industries. No matter it is industrial policies, high unemployment problem, Hong Kong's competitiveness or even the education policy that they discuss, they all consider the development of hi-tech industries a panacea for all these maladies that cannot only cure the emptying industries of Hong Kong but also sharpen our competitive edges, stabilize our economy and even resolve the unemployment problem of the unskilled workers. In the past, all political parties thought that the development of hi-tech industries would be able to solve the various problems of Hong Kong, but I think that was only their wishful thinking.

That Hong Kong has not developed its own high-technology industries is by no means the outcome of the lack of capital. Actually, Hong Kong is basically never short of capital for any forms of high risk industries. As regards trained personnel, Hong Kong's universities have produced many graduates in the field of engineering and technology over the years but with better prospects available in other fields in Hong Kong, few of them would choose to engage in long-time technological research and studies. And because of the lack of hi-tech foundation in Hong Kong, foreign hi-tech people, or even local students who graduate from overseas institutes, will not come to Hong Kong and commit themselves in the hi-tech industry where there is no job security and few such opportunities. At the same time, because of the long-time prosperous real estate

business here, local consortia would of course not get themselves involved in the so-called hi-tech industries that they are not familiar with. Many of them have engaged in the telecommunication industry, but it is a high value-added service rather than a hi-tech industry.

Hi-tech products have to have good assurances in terms of their quality before they can win the confidence of the buyers. A hi-tech product which has been not market-tested cannot easily win the trust of the buyers and enter into the been market. On the contrary, without sure marketability, no one would invest in the risky hi-tech product. Therefore, the prospects for Hong Kong to develop its own hi-tech industries is indeed rather gloomy. Of course, to attract international hi-tech corporations to set up factories in Hong Kong seems to be a viable approach. According to the recent data provided by the Industry Department, the American hi-tech corporations directly introduced into Hong Kong by the Investment Promotion Division of the Hong Kong Industry Department since January 1995 are four electronic factories which are altogether employing about 310 workers. That is somewhat better than none. Given Hong Kong's high rents, high wages, high labour mobility rate, small market, short-term capital and lack of effective special preferential policies of the Government, big foreign corporations would not give priority to Hong Kong when considering setting up their overseas factories.

Will reunification with China give Hong Kong the opportunity to establish its hi-tech industries? Mainland's hi-tech enterprises may set up offices in Hong Kong but, I believe, they are here only for the purpose of collecting relevant international information, expanding their markets and serving as a financing centre, but Hong Kong is not their choice of a hi-tech production base.

In recent years, the Government has actually introduced many new policies to assist the local industries, which is an obvious departure from its positive non-intervention policy. However, the Director of Audit has recently strongly criticized a number of programmes for assisting the industrial and technological development, including the Industrial Support Fund, Applied Research and Development Scheme and Co-operative Applied Research and Development Scheme, pointing out that there are serious deficiencies in these programmes in their approval mechanism, follow-up monitoring and also effectiveness. This reflects that the attempts made by the Government to subsidize the study and development of the industries are not successful.

Many scholars in Hong Kong are very concerned about the issue of technological and industrial development. Recently, Dr KWONG Kai-sun has

published a book which is about 150-page long. Here I would like to quote his conclusion, "It cannot be denied that technological development is a long-term process. Our ultimate goal is to establish an environment where new technology products of intensive design can be bred. Although after all this depends on the enterprisers to take the lead in bringing it into being, the Government still needs to renew its efforts in attracting direct investments from overseas in the short run." He has two suggestions, "The Government needs to establish a group of professionals to deal with technological matters and consolidate the knowledge foundation of the Industry Department. Secondly, the Government should vigorously bring into Hong Kong direct investments from overseas in respect of certain areas of strategic technology." Having studied the issue for so long, even a scholar can only arrive at these two directions which I consider to be vague and insignificant. It proves that it is not at all easy to develop hi-tech industries in Hong Kong.

The motion that Prof NG Ching-fai puts forward today is only a beginning of an attempt to understand a very complicated issue. Actually, there is still a very long way to go before we can reach the goal of success.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Dr Raymond HO.

DR RAYMOND HO (in Cantonese): Madam President, the economy of Hong Kong has developed by leaps and bounds during the past 20 years. As a result, Hong Kong has become a major financial and service centre in the Asia-Pacific Region. On the industrial front, it has utilized the manpower and land resources of the Pearl River Delta, turning it into a manufacturing base. Because of this advantage, we have neglected the development of our own industries and failed to transform our labour-intensive manufacturing industry into technology-based and finance-intensive industries. The surging land and labour costs in Hong Kong have reduced the competitiveness of our traditional industries. Consequently, what remains in our industrial sector has chosen to move northwards, resulting in the problem of unemployment and under employment faced by many of our manufacturing workers. This has become a hidden problem behind Hong Kong's prosperity. With Hong Kong's reunification with China, uncertainties that have vexed us for nearly two decades have disappeared.

Now it is time for us to face up to the issue and map out a new direction for our future economic development.

Labour-intensive and low-tech industries are hard to survive in Hong Kong due to high land premium and ever increasing labour costs. Basically, our industrial development must be re orientated. Under Hong Kong's present circumstances, developing high value-added industries is a possible way out. First, Hong Kong as a modern metropolis processes advanced infrastructure including transport and information networks. Second, the average education level and efficiency of our workforce is considerably high. As an international financial centre, we would not experience too much difficulty in financing or even attracting foreign investment. Hong Kong is also able to keep abreast of market information. With the Government's decision to develop a science park, Hong Kong is ready to make a big stride on the road to developing technology-based industry.

However, Hong Kong is not equipped with the foundation on which it can develop high-tech industries, especially with regard to expertise. Hence, the Government's support is vital. The Government has so far followed the policy of "positive non-interventionism" and has only provided the infrastructure for industrial development. Undeniably, such an approach was quite sound in the past. But if Hong Kong is really to develop high value-added industries, the Government has to review its existing policy for our industries. I was a member of the first term of the Industry and Technology Development Council. I have also been the chairman of the Hong Kong Technology Committee for three years. I have unambiguously pointed out on more than one occasion that the Government must be proactive in supporting the development of industries. But that does not mean that the Government should subsidize any individual industry or trade. Apart from providing a suitable environment for development as it did in the past, I think the Government should adjust its administrative mechanism in order to give a bigger drive to industrial development.

In order to tie in with high-tech industry development, the Trade and Industry Bureau and the Industry Department must consider engaging

professionals who have practical experience in high-tech industry development so that they can help to draw up policies which will meet our future needs. When technology advances by the day, professionals and administrative generalists are equally important in laying down policies with long-term perspective.

On the other hand, we must strengthen our co-operation with the Mainland in the industrialization of high new technology. Let the two places exploit their own advantages and complement each other. Scope for industrialization of high and new technology includes scientific research, development and production, and the mutual promotion and gearing between industrialization and commercialization. Other co-ordinating activities should further include financing and market research. Simply put, in the process of developing high value-added industries, Hong Kong can make use of scientific research efforts of the Mainland to complement our own advantages in manufacturing experience and our acumen in mastering market information and financing. At the same time, people in the Mainland who are enjoying increasingly high living standard will become a massive market for our products. That will also be advantageous to the process of developing high-tech industries.

As for strengthening technological transfer, we have set up the Applied Research Fund. The Government has undertaken to inject up to \$500 million into the fund to help commercialize the fruits of information technology and other high-tech research. In fact, the Government should embark on the feasibility study of setting up an industrial technology research institution in Hong Kong. In the study, it should analyze the merits and demerits of such an establishment. When the Government reviews the operation of the Applied Research Fund and the Industry Support Fund set up in 1994, it can compare and assess the suitability of different measures to promote the technological transfer for Hong Kong. Although the success of an industrial technology research institution in other countries does not necessarily suit the situation of Hong Kong, the idea is worth the consideration of the Government.

Lastly, I urge the Government to face up to the problem of under

employment and unemployment when it sets its eyes on the support of high value-added industries. To go high-tech is only one of the ways out for our industrial development as our economy will see more balanced development without having to rely unduly on the service industries. However, development of high-tech industries does not mean that the unemployment problem can be entirely solved. Some advanced countries provide good examples. These countries have developed high-tech industries but nevertheless are still haunted by high unemployment rates since only a limited number of workers are employed by high-tech industries. We therefore should not confuse high-tech industry development with the tackling of unemployment. We must not focus our attention solely on industrial development, nor should we overlook the need to seek a solution for the unemployment problem.

Madam President, having stated my concern for unemployment, I support the motion of developing the territory's high value-added industries moved by Prof NG Ching-fai. These are my remarks. Thank you

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

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

DR TSO WONG MAN-YIN (in Cantonese): Mr Deputy, the economic development of Hong Kong during the past decades was to transform from a low-cost, assembly-typed manufacturing centre to a services and commercial centre of the region. However, the manufacturing industry is still a crucial part of our economy. In 1996, the manufacturing industry employed 327 000-odd people in total, being the third largest employer of Hong Kong. In fact, it is closely related to the services industry in Hong Kong. Therefore, the development of high value-added industries is crucial to the economic development of Hong Kong.

To boost productivity is to raise the added value of products. And the

added value can be illustrated in two aspects of the production process: Aspect A and Aspect B. Generally speaking, Aspect A of production includes conceptual creativity, research development, marketing, design, wholesale of the products and various aspects. The added value of this aspect is relatively high. Aspect B of production includes mass production, assembly, packaging, retails sales and so on. The added value of this aspect is relatively low.

In the whole production chain, Aspect A is, in general, relatively more leading and independent. And the professional requirement of the practitioners is also higher. More importantly, Aspect A can affect the trend of the global market.

At present, in the global production chain, the industries in Hong Kong concentrate relatively on Aspect B of production, that is the aspect with lower added value, whilst the enterprises of the advanced countries like Europe and the United States of America concentrate relatively on Aspect A of production, that is the one with higher added value. Therefore, in order to raise the added value of the industries in Hong Kong, the Government should explore ways to encourage the local industries to develop Aspect A of production.

As regards the issue on developing the territory's high value-added industries, I have the following three suggestions:

Firstly, as a general rule, high added value may not necessarily be high technology. Moreover, the talented technologists and the supplementary resources for developing the territory's high value-added industries are not mature yet. Therefore, we need not worry about the problems of "High-tech" and "Loss suffered". At the present stage, I think that the Government should concentrate the resources on providing improved and upgraded products and the technological support. For example, improving the clothing materials, raising the technology of textiles production, upgrading the manufacturing of electronic chips and so on.

Secondly, as a long term measure in respect of education, the Government

should study how to enhance the linkage between the academic and industrial sectors so that the professional training and scientific researches of the institutions can cater for the requirements of the local industrial development. The curriculum design of the local tertiary institutions and technical institutes should put every effort to stimulate the creativity of the students so that they can design new products after they have thoroughly mastered the knowledge of different sectors, such as minimizing the size of products, upholding environmental protection, enhancing safety and promoting multifunctionalism of products. As regards the technological researches, emphasis should be put on the applicability so as to assist the industrial sector to achieve commercialization of technological results and raise the added-value of products.

Thirdly, in respect of both the new technological industries and the existing ones, development should be directed towards the technologically intensive mode of production which requires huge capital investments. In order to help the related industries to raise capitals, the Government should encourage more capital investments into the local industrial development through taxation and other methods for stimulating investments. For example, the "second board" established by the Stock Exchange of Hong Kong Limited for trading technological and industrial shares with potential. Thus, the new technological companies will have ways and means to raise capitals and the investors will have outlets to "harvest" their investments. This should be one of the good methods to encourage capital investments into new industries.

The above three suggestions are focused on the specific economic and production mode in Hong Kong. While maintaining the past advantages of our industrial production, they would help Hong Kong to head for high added-value production. The Chief Executive of the Hong Kong Special Administrative Region, Mr TUNG Chee-hwa has stressed in his first Policy address that industries are crucial to our economy, saying that he is determined to further boost the industries to high technology and high added-value. I have much expectation on Mr TUNG for implementing his commitment. I also hope that the Government will create an environment beneficial to industrial development so that local industries may have share in the global market.

With these remarks, Mr Deputy. I support Prof NG Ching-fai's motion.

DEPUTY PRESIDENT (in Cantonese): Mrs Sophie LEUNG.

MRS SOPHIE LEUNG (in Cantonese): Mr Deputy, the motion put forward by the Honourable Prof NG Ching-fai today is to urge the Government to promote industrial development. Generally speaking, I am very supportive of it but I have much reservation over his proposal as regards the establishment of an institute of research on industrial technology. I am very grateful that Prof NG has repeatedly tried to contact me so that both of us could exchange our thoughts on these two matters. Here I would like to tell Prof NG and other Members who support this motion about my opinion on it.

More than 10 years ago, a good friend of mine brought back a beautiful present for me after a trip to Taiwan, something that I had never seen before, as it was exquisitely designed. It was a very long pole which could be stretched out and drawn back and it was used for picking up small items. If a lady accidentally drops her beautiful ring into the drain of a sink, she can lower this pole down into the drain and easily pick up the ring, thus sparing her of the trouble of having technicians come over and tear the sink apart before retrieving the ring. I felt that it was a wonderful tool. From this tool, I found out that Taiwan has a flea market that opens monthly and where this product is one or a few of its kind for sale and they are exactly the result of Taiwan's industrial and technological research. That has given me great insight.

Prof NG has mentioned that to enter the market successfully, a product has to go through three stages, including the grasp of the technology and invention, the development of the invention into a commercial product and manufacturing it, and putting the product into the market. Many Members in this Council who have a background in education or technological research have also talked about similar stages. I think that these three stages do not come one after another but they go side by side and all three have to be considered right at the very beginning. I think that what is most important is market awareness. Without an acute market awareness, whether we go one step, three steps or any number of steps, we will not be able to sell this product in the market successfully.

Prof NG has also talked about the so-called R&D. I am not trying to pick

on Prof NG. I just want to discuss point by point as I have over 20 years' experience in the industrial sector and have come in contact with a great deal of promotion work in this respect. I feel that if we try to imitate the R&D mode of other countries, we will never succeed. Hong Kong is such a small place that it is merely a tiny spot on the world map, and it is just impossible for us to copy the whole version of R&D of foreign countries. Here, I would like to cite an example of a very successful case in Hong Kong. Many industrialists in Hong Kong do attach great importance to the so-called R&D but their version of R&D bases entirely on the local environment. In the course of their production, they pay close attention to the improvement and how they can upgrade their products from one level to another.

I would like to talk about an apparel factory established in Hong Kong during the '60s or '70s. Today, when people from the apparel industry come to Hong Kong, no matter what countries they are from and whether they are experts or senior government officials in charge of this industry in their countries, we can always invite them to pay a visit to this factory and they will certainly be amazed at what they see and greatly admire its achievements. In the past decade or so, the apparel industry has faced tremendous problems including serious shortage of labour, the lack of new blood and also the existing workers' lack of incentive to upgrade their knowledge and skills owing to various reasons. In the face of workers having no incentive to improve themselves, how can the industry find a way out? This industrialist and entrepreneur has been able to lead his business into new dimensions by constantly looking for breakthroughs in the course of production. I very much hope that those who are interested in this industry can pay a visit there.

As regards whether Hong Kong has high technology industries, I wish to say a few fair words for some very outstanding scientists and industrialists of Hong Kong. Hong Kong's production of liquid crystal display is well-known in the world. And I believe some Members here also know these two or three industrialists who deserve all the credits for it. They started with a small capital and today even the French industrialists have to bow to them. Also, we are the second largest exporter of watches in the world. If we do not have the ability to strike it out on our own, we would not have such a big export. The third product is Vitasoy. Everyone knows that Vitasoy has also entered the world market and it is the result of their own efforts.

Lastly, I wish to talk about what Prof TIAN Changlin said when he visited

Hong Kong late last year. His remarks gave me much insight. He said when we approach the 21st century, one of the difficulties faced by research institutes is the need to admit that the world has embarked on democratization rapidly and our professors should step out of their ivory tower to experience the real world. We really hope that the educationalists can make this step and not only establish their own market awareness but also the students'. In addition, as we strive to resolve these problems, we should also care about the future of the unskilled workers.

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

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Kam-lam.

MR CHAN KAM-LAM (in Cantonese): Mr Deputy, in his motion today, the Honourable Prof NG Ching-fai puts forward several very important questions, including employment difficulties resulted from the economic transformation, problems faced by the existing industries and how to promote the high value-added and high-technology (hi-tech) industries in Hong Kong. These are not novel questions but it is a shame that after over a decade of discussion, they still remain empty talks of theories without any positive effects achieved. Moreover, the problems just keep worsening, which is mainly due to the Government's insistence on the non-intervention policy.

The recent closing down or down-sizing of many companies, big or small, is a phenomenon across the board, with department stores, the retail industry, real estate agencies, paging companies, stocks agencies, public utility corporations and media organizations all being affected. Those who can still hold on to a job will unlikely get a pay-rise or may even have their salaries reduced. Suddenly, all "wage earners" are fearing for their own prospects. The unemployment and underemployment rates published by the Government the day before yesterday have shown a rise of 0.1% as compared with the previous ones, indicating the employment difficulties experienced in Hong Kong recently. The Government announced yesterday that it will launch a new labour importation scheme for the construction industry early next year, which, to the "wage earners", will certainly add insult to their injury.

According to the Government's statistics, the number of unemployed workers has reached 74 000, which does not include the difference between the figures published by the Government and that published by the trade unions. In other words, the number of the unemployed is certainly higher than this. Most of the unemployed are from the consumer and service industries. This result is in fact largely brought about by the Government's *laissez faire* and non-intervention approach in the past decade or so in the face of the economic transformation. One of the biggest supports to Hong Kong's development in the last few decades is the traditional labour-intensive industries but the proportion of these industries in the GDP is diminishing year after year. The Government has however not looked squarely at this phenomenon but has in a way encouraged the industrialists to move their business away instead.

Prof NG Ching-fai's motion has talked about finding solutions to the problems faced by the industries. I think that the biggest difficulty facing the local factory owners is not that they do not want to continue operating in Hong Kong but the problem is how to lower their operation costs and raise the value-adding abilities of their products so that they have better chances to compete with the neighbouring regions and countries. There are many problems facing them, one of which is the operational costs. To solve these problems, the Government should provide them with low factory rents and sales prices or give them tax concessions where these have long been proved to be effective in other countries such as Singapore. We have also repeatedly urged the Government to consider the approaches of other more successful countries and provide benefits and subsidization for factory owners, but the Government has never accepted this suggestion.

Besides, to lower the production costs by developing new technologies is also the key to whether the traditional industries can continue to survive. At present, not many local industrialists can develop new technologies on their own and the industrial sector has always hoped that the Government will assist its members to transform their operations into hi-tech and high value-added production. Hence, the Democratic Alliance for Betterment of Hong Kong totally agree to Prof NG Ching-fai's proposal to have the Government set up a Hong Kong industrial technology research institute to enhance our ability of developing high technologies.

It is impractical to lay all our hopes on hi-tech industries to resolve the employment problems as the employment opportunities created by hi-tech industries can only be taken up by those who have undergone special training. At present, the many displaced manufacturing workers and the over 300 000 workers still engaged in traditional industries can by no means participate in the hi-tech industries through retraining. Therefore, to maintain the vitality of the local traditional industries, another approach is to find ways to increase the added value of the products of these industries by upgrading them. This does not need hi-tech but the most important thing to do is to establish the position and competitiveness of the local products in the international market through better design, whole-sale networks, promotion and publicity. Only when local factories can continue to operate in Hong Kong can the workers have work to do.

Although to engage in such service trades as the retail industry is the way out for many manufacturing workers and the Government has always depended on the service industry to absorb the displaced workers, which is also the policy of the Employees Retraining Board, the prospects of the service industry are totally dependent on Hong Kong's internal and even the international economic environment. Once Hong Kong is hit by unfavourable conditions such as the recent financial turmoil or economic downturn, the service industry will bear the brunt and will not only be unable to take in the displaced workers but will even have to dismiss workers themselves. Therefore, unless the Hong Kong Special Administrative Region Government is willing to let go of the non-intervention policy of the former colonial government, acknowledge the importance of the local traditional industries and create a favourable environment for their operation, the workers in Hong Kong will continue to face the unemployment problem and the industries in Hong Kong will go further down the slope.

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

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

MR CHAN CHOI-HI (in Cantonese): Mr Deputy, Hong Kong people have discussed the development of high value-added or high-technology (hi-tech) industries for years but there has been much said and nothing done. The discussions, after all, still remain at the level of discussion. The relevant government departments are only doing the cosmetic work such as conducting

studies, commissioning consultants to produce reports and consulting some industrialists but no progress has been made practically, let alone results. If the matter is dragged on in this way, I believe there will unlikely be any achievements in the eight or 10 years to come.

At present, the manufacturing industry accounts for less than 10% of Hong Kong's economy while the service industry accounts for over 80%. Hong Kong has already developed into a service centre, and most of the industries are being relocated north into the Mainland. Under the present situation of "emptying the industries", it is by no means an easy task to develop high value-added industries in Hong Kong. Given the extremely expensive land and very high production costs, even if we manage to develop high value-added or hi-tech industries, the competitiveness of the products will certainly be very weak. Moreover, concerning the training of workers, as most of the local workers have switched to the financial and service industries, it is very doubtful whether Hong Kong will be able to train enough people by itself to develop high value-added industries. Besides, the Government's long-standing policy of non-intervention has basically remained unchanged up till now, allowing the market forces to decide what products to produce. Most investors in Hong Kong are generally unwilling to spend large sums of money on research and development and most small and medium enterprises only wish to produce low-cost products with quick returns, how would they have the mind to develop high value-added industries?

The Government has to understand that if we do not further develop high value-added industries, Hong Kong will sooner or later lag behind other countries in terms of its competitiveness. Without the development of high value-added industries, Hong Kong's position as a service centre will also come under threat. If the Government also realizes this crisis, it should cease to be so passive as before but play a more active role, significantly increasing the investment in resources and taking measures such as the establishment of science parks in order to turn the tide. Otherwise, our products will hardly have the chance to compete with the high value-added products of other countries.

If the Government will allocate resources to the research and development (R&D) of high value-added industries, it means that to a certain extent the risks involving the R&D will be borne by the Government. In the short run, the Government may have to inject certain amounts of capital but in the long run, these investments will pay and greatly benefit Hong Kong's economy and competitiveness if the value of these products can really increase. The Government can also learn from the success of other countries in this respect.

In view of the high land costs, the Hong Kong Government can consider setting up new science parks in our neighbouring city Shenzhen or even developing Lantau Island for this purpose. If we set up a science park in the Mainland, the land will be cheaper there and we can also attract the participation of Mainland scientists and technologists. I believe that the Mainland's assistance in this regard will make up for the deficiency of the local workers.

As regards the high value-added development, I think that the example of the United States is worth our considering. How come the Silicon Valley in the United States is so successful? We must not forget that the success of the Silicon Valley is related to the Stanford University. The two have a very close relationship. Some information shows that if someone invents something or conceives some new ideas in the Stanford University, this new concept can be materialized in the Silicon Valley in seven days, that is in just a week's time. Looking back at our universities, and even the university that Prof NG Ching-fai works for, I wonder if they can measure up to this function of the Stanford University. I think that the close co-operation between the two is essential. Can the academic sector get out of their own complacency and co-operate more with the industrial and commercial so as to help develop high value-added products?

With these remarks, I support the motion.

DEPUTY PRESIDENT (in Cantonese): Mr YUEN Mo.

MR YUEN MO (in Cantonese): Mr Deputy, since the '80s, Hong Kong has undergone an industrial restructuring, resulting in the decline of the processing and manufacturing industry in the region and the tertiary production coming into greater prominence.

What Hong Kong has is a typical urban economy. We do not have to pursue a complete economic system that includes the primary and secondary productions. Of course, if the prominence of the third production can be maintained at all times and Hong Kong can maintain its role as a complex service centre serving the regions in our vicinity, it will be greatly beneficial to the economy of Hong Kong. This is where our competitive edge lies and we do earn very handsome returns from our financial, trading, transportation and communication services.

Yet, we should not sit back and watch the manufacturing industry, even just within our territory, continue to decline or even disappear. The manufacturing industry can provide a relatively large number of jobs and the presence of a certain level of manufacturing activities can help consolidate the economic base of Hong Kong. However, the present situation is that significant amount of processing work has been relocated to the north and it is out of the question to have it move back to Hong Kong as that is totally in breach of the economic laws. The direction for Hong Kong to take in future is therefore, other than helping the local enterprises who invest in factories in the Mainland to upgrade their technologies and skills and develop new products, to try to set up high value-added industries within the territory, and that is more important. Basing on this, I think that measures such as the establishment of science parks are worth trying and I support the Honourable Prof NG Ching-fai's motion. However, I also believe that it is very difficult to establish high value-added industries, by upgrading and innovating the existing in Hong Kong. Do not think that every problem will be readily solved after we have constructed a science park and established a research institute of industrial technology similar to the one in Taiwan. They are, of course, necessary but more importantly, we should bear in mind the capital and human resources are also necessary. In other words, we should study how to channel the investments of major enterprises into the high value-added industries and to set up a mechanism to stimulate people's enterprising spirit in developing hi-tech industries.

One of the main reasons why it is so difficult for Hong Kong's original processing industry to upgrade its technology is that most of the enterprises in this sector are relatively small with limited financial powers, demanding for a very short investment recovery period. It is impossible for them to invest in "research and development", nor have they the interest to do so. On the other hand, big enterprises who have ample financial resources are basically only keen on investing in real estates, financial business and public utilities. Without the

participation of big enterprises, it is very difficult to have success in the development of hi-tech and high value-added industries by relying on the small and medium enterprises alone. Therefore, I think that the Government should, without contravening the principles of a free economy, formulate corresponding policies and measures to try to induce big enterprises to inject capital in the high value-added industries also.

As is well known, the other difficulty for our original industries to upgrade their technology is the backward state of our education on technology. Having realized this, the Government has started to enhance the education on science and technology in various tertiary institutes and allocated large sums of money to set up the University of Science and Technology. Of course, in the years to come, there will be batch after batch of trained scientists and technicians joining the workforce but will they have the ground to give play to what they have learned? I think that to promote the high value-added development and attract more technological talents, the Government should consider establishing a mechanism such as an "establishment fund" to stimulate people's initiative to set up their own enterprise in this field in order to help those specializing in science and technology and have a mind to establish their own enterprise to fulfil their aspirations. When Taiwan first established the Hsinchu Science Park, it also adopted the same approach. By establishing a mechanism to stimulate the establishment of enterprises, we not only provide a ground for the local university graduates specializing in science and technology to give full play to their talents but also lure tens of thousands of Hong Kong, Mainland or even Taiwan students studying abroad to Hong Kong to bring their research results that they get from the advanced industrial countries or their inventions here so that their work could bear fruit here and they could also contribute their part to Hong Kong's development of high value-added industries.

With these remarks, Mr Deputy, I support Prof NG Ching-fai's motion.

DEPUTY PRESIDENT (in Cantonese): Dr Charles YEUNG.

DR CHARLES YEUNG (in Cantonese): Mr Deputy, this is an era of fast changing technology and keen competition in the international market. Everyone is trying to push ahead and enhance their competitive edge by making the best use of technology. The invisible hand of market economy may not

effectively promote development in technology, and so to draw up suitable policies on technology is a challenge for every government.

Hong Kong possesses a lot of assets such as a developed communication system, effective traffic links with the rest of the world, low tax rates, free flow of capital, no control on foreign exchange and proximity to the Chinese market. I believe the Government is determined to support high value-added industries. What it should do is to take the lead and give support.

In Hong Kong, 98% of the manufacturers are small to medium-sized businesses. They lack the funds to conduct research and development on their own. Indeed it is vital that productivity should be raised, wealth created, economic development enhanced and the quality of life of the people improved. Since the '80s, Hong Kong has experienced an economic restructuring. The result has been that Hong Kong turned from manufacturing into service industry. One observation is that low value-added industries die out gradually. Operating cost rise continually and competition grows keener than ever.

One challenge Hong Kong has to face in production is the study of new high technologies and the adaptation of its economic structure to produce new products and raise its added value. This is a clear message sent out in the Policy address of the Chief Executive, Mr TUNG Chee-hwa. This is the right direction into which Hong Kong should head and this is very important to Hong Kong.

Undoubtedly, for many years Hong Kong has neglected the research and application in the area of technology. In the past, the annual financial assistance given by the British Hong Kong Government to industrial technology research was less than 0.2% of the total value of industrial production. That was too small an amount for the economic potential of Hong Kong and its industrial needs.

Hong Kong clearly lags behind Singapore and Taiwan whose competitive edge has been greatly enhanced through their industrial technology. Industry in Hong Kong has been diminishing since labour-intensive industries moved to the Pearl River estuary. Hong Kong industries will face the danger of being replaced if it does not try hard to catch up on high technology and high value-added industries.

Mr Deputy, if Hong Kong is to maintain its competitiveness, it must turn to high value-added industries and high technology. The responsibility of the Government is to formulate macro plans for industrial development and adopt effective measures to enhance productivity. We must keep Hong Kong a major production centre and a major centre for service industry in the world.

Local resources are not enough in developing high-tech industries in Hong Kong. We need technological assistance from the Mainland and its huge market to help us out. In the Mainland, there is a firm foundation and a number of experts. It also has a vast market. On the other hand, Hong Kong needs to maintain its leading position in information, service facilities and marketing. These are helpful to the development of new technologies and new products before applying them to industrial production and applications. Technological achievements can help improve the economy.

In enhancing the development of high value-added industries, the Government must pay attention to developing the necessary support. Many manufacturing workers have reached only a low education level and are advanced in age. They cannot take part in high value-added activities immediately. So, if the Government is minded to advance in high value-added industries it must pay more attention to education. It must teach people knowledge in high-technologies through the retraining scheme. Because a certain level of education is required to achieve high-tech objectives, the Government should spend an enormous amount of resources on basic education. Within the community, the Government should recruit suitably-qualified professionals to help develop information technology, to find out the direction into which Hong Kong should head, and the position scientific research in tertiary institutions and investors should adopt towards development.

With these remarks, Mr Deputy, I support Prof NG's motion.

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

MR CHOY KAN-PUI (in Cantonese): Mr Deputy, industry is the foundation of the economic development of Hong Kong. In the last few decades, Hong Kong started from a primitive industrial processing area to an important industrial city in the Asian Pacific region after many years of continual growth. Industrial development has been made possible in Hong Kong due to a combination of favourable factors. We have support from mainland China, which has plenty of resources and supplies us with abundant labour. We have a favourable investment environment, making it easy for our industries to raise capital. Moreover, we have a number of entrepreneurs who are flexible, ambitious and adroit. So, our products can compete with others in the international market. In recent years, our industries have had promising growth with the help of our success in trade and finance. Due to its promising economic growth, Hong Kong has become one of the four dragons in Asia, which see rapid economic developments in the Asian Pacific region. Often, Hong Kong tops the list in some aspects.

However, despite all the favourable factors, our industries have some hidden worries. As a result of the developments in neighbouring industrial areas, some traditional, labour-intensive and low value-added industries have been eliminated. The high-land-price policy has driven up the costs of production, especially for the manufacturing industries, which need a lot of space. These industries have been forced to relocate to China or other neighbouring regions to cope with rising wages and rents. Eight or 10 years ago, despite the relocation, Hong Kong could continue to prosper because we had the service industry to take the place of the manufacturing industries. The former British Hong Kong Government was complacent and continued its positive non-intervention policy. It neglected training and research and development, not to mention any long-term industrial policy. Very little investment was made in these areas. The Government then was reluctant to assist certain foundation industries or some high-tech, high value-added industries with high productivity. It did not grant any tax concessions or reductions in land premium for such industries. The level of technology and skill in Hong Kong industries has thus lagged behind its competitors in neighbouring regions and the rest of the dragons. The competitive edge of Hong Kong products diminishes and its economy is clouded.

The prosperity of Hong Kong cannot rely just on labour-intensive industries in China any more. Compared with other competitors in the international market, the wage and rents in China are not that low. The cottage-industry-style is being questioned. Afterall, what can we do about the large number of workers in Hong Kong? Hong Kong cannot rely just on the service industries. We must have our own industries. The future of Hong Kong lies in the promotion of high value-added manufacturing and high-tech industries.

Although high value-added manufacturing may not necessarily be high-tech industries, high-tech industries are more often than not the driving force of high value-added manufacturing. To develop high-tech industries the Government should not apply the positive non-intervention policy any more because huge sums and risks are involved in developing high-tech industries. Non-government resources are limited. The Government needs to take the lead and formulate policies in training, raising money, tax concessions and the creation of a favourable investment environment.

I want to mention in passing that, as the Mainland possesses abundant experts and sound foundation in scientific research, better co-operation between Hong Kong and the Mainland will support the development of high-tech industries in Hong Kong and enhance the transformation of our traditional industries.

Mr Deputy, since taking office, the Chief Executive, Mr TUNG Chee-hwa repeatedly stressed that he has placed great emphasis on industrial development. In his October Policy address, he undertook to give assistance to local industries and upgrade our industries in terms of value and technology. It is time he implemented his pledges.

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

THE PRESIDENT resumed the Chair.

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

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, we need to arrive at a consensus on two points about industry in Hong Kong.

First, does Hong Kong need industries? Due to economic restructuring, most of the traditional industries in Hong Kong have moved northward to the Pearl River Delta. Such industries can be said to have become dwindling or sunset industries. Take manufacturing industry as an example. The number of factories, numbered 50 000-odd in its golden time in the '80s dropped to 30 000-odd in March 1996. Manufacturing workers totalled 900 000 in 1984, which accounted for 41.4% of the labour force, gradually dropped to 350 000 in 1996, which accounted for 15% of the labour force. Manufacturing industry accounted for 24% of the Gross Domestic Product (GDP) in 1980, but it gradually decreased to 9.2% in the first quarter of 1996. During the period, the proportion the service industry in the GDP gradually rose from 68% in 1980 to 83.4% in the first quarter of 1996.

Undoubtedly, the Hong Kong economy has changed from manufacturing-oriented to financial services-oriented. The fading of manufacturing industry is the inevitable result of economic restructuring and development.

But it is totally wrong to think Hong Kong does not need manufacturing industry any more. An economy without manufacturing has to face high risks. The erosion of manufacturing industry will undermine our service industry and will eventually affect our overall economy. The bursting of the "bubble industry" in Japan is a lesson to be learned. The recent financial turmoil in Southeast Asia is a warning against the need to be prepared for financial risks.

The United States and Singapore have well developed service industries. Compared with these countries, Hong Kong has a low proportion of manufacturing industry, which accounts for less than 10% of its industries. The proportion of manufacturing industry in the United States is 17.3% while that in

Singapore is 25%.

Manufacturing industry is a pillar of our economy. Hong Kong must keep this pillar if it is to maintain a decent and safe economy.

Since traditional industries have come to a cul-de-sac in Hong Kong, the production of low-cost, low-quality goods has been made impossible by rising rents and wages in the cost of production. The only alternative is to develop high value-added industries and to produce high value-added goods, if we want to enhance the competitiveness of our products and our competitive edge.

Another issue is whether the Government should assist the development of high value-added industries. Some think the Government should continue its non-intervention policy and let the market force decide everything. But high value-added industries require vigorous technological support, financial support, and advanced management. So, they are more demanding and they need to cope with higher risks. So, small to medium-sized industries cannot afford these. Therefore, without Government support and with a *laissez-faire* policy it would be very difficult for industries to upgrade themselves and the process would be slow.

The governments of the other three dragons, Singapore, Taiwan, and Korea, have placed great emphasis on high-tech industries. They have laid down long-term development strategies and granted privileges to assist high-tech industries. They have made significant progresses and their products are becoming more and more competitive. If Hong Kong sticks to its non-intervention policy it will lose the opportunity to advance and lose out to competitors in the region.

Hong Kong has what it takes to develop high-tech industries. In terms of finance, it can introduce top international professionals. It can also rely on the strong technological support from the Mainland and a more educated labour force there. The point is that the Government must have far-sighted and clear objectives and strategies in industrial development.

The Democratic Alliance for Betterment of Hong Kong (DAB) thinks the Hong Kong Special Administrative Region (SAR) Government should lay down as soon as possible a policy for industry aiming at enhancing the quality of industries in Hong Kong. It should take positive steps to assist and promote

high-tech industries. It should play a more active role in co-ordination and support. We have these specific suggestions to make:

First, the SAR Government should set up an independent "industrial development board" to formulate and direct forward-looking industrial policies.

Second, the SAR Government should set up a fund supported by non-government bodies to solve difficulties in fund-raising by companies and small and medium-sized businesses engaged in new technologies.

Third, the SAR Government should set up a "second board" stock market.

Fourth, the SAR Government should strengthen co-operation with China by borrowing industrial professionals and skilled labour from the Mainland to enhance industrial development in Hong Kong and to upgrade the skills in local production. It should promote a closer link between achievements in scientific research in China and business knowledge and market information in Hong Kong.

Fifth, the SAR Government should review existing industrial support schemes and schemes for applied studies and it should lay down an overall plan for promoting the application of skills in scientific research.

Sixth, the SAR Government should speed up the planning for a science park.

Seventh, the SAR Government should set aside a strategic industrial land zone to enable the integration of the science park, the industries and expertise in higher education.

A research report entitled "Made in Hong Kong" released by the Massachusetts Institute of Technology contains a number of constructive comments about the development of high value-added industries. They are very useful references for us. But only successful cases can serve as convincing examples. The Government must create favourable conditions conducive to successes in technological businesses. Thus there will be a favourable cycle in the development of high-tech industries.

With these remarks and on behalf of the DAB I express my support for Prof NG's motion.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr James TIEN.

MR JAMES TIEN: Madam President, many Members are impressed with Taiwan which started its technological development 25 years ago. I agree and regret that Hong Kong did not have the foresight. But I do not believe the Government has most of the answers to our technological future. We, the private sector, do.

Let me explain. There is no shortage of talents in technology in Hong Kong. We have such a surplus that we have been exporting it to Silicone Valley, the leading universities in the United States and elsewhere. We have professors leading viable research projects at our universities. We have the Hong Kong Industrial Technology Centre Corporation that has several hundred promising products to promote. Hong Kong also has inventors, such as Mr SO Fuk-sang, who won a gold medal from the Nuremburg Invention Exhibition for a rearview mirror that can look around blind spots. Many overseas car manufacturers are now interested in that design.

What Hong Kong lacks is venture capital to bring these products from the drawing board to the assembly line and to the consumers. We have many examples of products in need of venture capital. Take the case of the company Mavric, a miniature data receiving and transmitting system designed in Hong Kong for use in remote areas without digital telecom infrastructure. This product is perfect for vast China with large underdeveloped interior. Mavric needs a modest US\$4 million, which is a small investment as far as venture capital goes, but currently, is not having an easy time in raising the capital.

The problem in Hong Kong is one of a distorted investment culture. For too long our ordinary people mistake speculation for investment as they buy high growth and volatile stocks. The current stock market fluctuations ought to have taught everyone a lesson. People should be encouraged now to put their money into ventures with long-term prospects and marketable products.

In the United States, where there is a tradition for venture capital, the high-tech industry was built on people powered by a dream and would risk their money for it. Those small investors who put their faith in Microsoft, Sun Microsystems, Intel and so on are very successful today. We can do the same. This is why I urge the Government, together with the Hong Kong Stock Exchange, to help launch a second Board to let our inventors and entrepreneurs raise needed capital for their business to grow.

Madam President, earlier this year, two MIT academics, Prof Suzanne BERGER and Richard LESTER, published a book, *Made in Hong Kong*. The book contends that there is a bright future for Hong Kong if we do a few things right. They point out that we should not look to conquer the world with our products. We should, instead, target China, which has a fifth of the world's population and whose market is rapidly developing. We have a competitive advantage over others who want to develop that market.

Prof BERGER and LESTER also recommended us to concentrate on specific technologies such as biotechnology and information technology that are not labour intensive. In China today many medical advances and medicines are being developed without our participation and without the rest of the world knowing about them. We are perfectly placed to take part in their development and to promote them once they have gone through the proper pilot stages — preferably here in Hong Kong.

Madam President, venture capitalists and high-tech innovators are traditionally wary of the government. They have learned from bitter experience that a bureaucracy can stifle an infant technology and crush a new idea. Our Government has allocated \$1 billion for applied technology research and development. But so far only about 60% of that money has been approved. Many of the inventors prefer going elsewhere for their capital requirements. They do not like the strings attached by the Government because the conditions are too stringent.

I support and commend the Government for pledging \$500 million to assist applied research and development programs in science and technology. This is not a great deal of money for many projects, but is a good start. Nor should Government funding for research and development be an excuse for throwing money at product ideas. There must be discipline, proper accounting and monitoring. These qualities are not always evident, according to the Director of Audit's latest report accusing the Industry Department of not being systematic enough in its supervision of the four technology development funds for which it is responsible. These might be teething problems as the Government gets accustomed to helping out select applicants. But unless the Government uses the resources better, it would end up wasting resources and discrediting the program in the public mind.

Madam President, Prof NG has proposed an institute for technology. I do not support that idea. I am afraid such an institute will only duplicate the other institutions we already have for this purpose — such as the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Productivity Council. We also have many universities devoted to applied technological and scientific research.

The computer revolution did not start with members of some institutes sitting around a conference table. It started with a few young, bright minds putting their ideas to the test in garages and labs. What we need urgently is more actions from the Government and from inventors to nurture talent and bring products to market.

With these remarks, Madam President, the Liberal Party supports the motion.

PRESIDENT (in Cantonese): Does any other Member wish to speak?
Secretary for Trade and Industry.

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Madam

President, I wish to thank the Honourable Prof NG Ching-fai for introducing the motion on developing the territories' high value-added industries, as it has given me an opportunity to reiterate and explain the Government's promises to train local employees, and to support local industries in developing high-value added and high-technology industries. I have listened to the speeches of Honourable Members, but I can only sum up and respond to Members' opinions in several main core issues because of the time limit.

Firstly, I wish to respond to the economic and employment issues. As many Members have mentioned, the employment problem was brought about by the economic restructuring, which the Government fully understands and has responded with continuous efforts. Over the past 20 years, Hong Kong has experienced a major restructuring in its economy in the course of global production. Labour intensive and low value-added activities have all moved to places with an abundance supply of land and cheap labour cost, such as the Chinese Mainland. Consequently, Hong Kong has to develop high value-added economic activities based on knowledge and technology to take their place. Apart from being a production base, Hong Kong has transformed into a control and management centre of a large off-shore production network, as well as one of the global service providers. During the economic restructuring, employment in Hong Kong has undergone adjustments correspondingly. According to the data, the percentage of manufacturing staff to the labour population in Hong Kong dropped from 46% in the '80s to the present 12%. As at today, people employed in the service industry has risen to 77% of the labour population in Hong Kong.

Apart from bringing about changes in employment, such as new job nature, new environment and new demands, as well as search for new positions, the economic restructuring has brought new challenges to the labour population in Hong Kong. The Chief Executive has mentioned this important subject in the Policy address, pointing out that we must ensure that all workers have the chance to receive suitable training or retraining to enable them to keep their jobs and to enhance the productivity and competitive advantage of all commercial and industrial industries. To meet this target, the Government has provided a complete industrial education and vocation training through the Vocational Training Council, suitable retraining programmes for the unemployed through the Employees Retraining Programmes, and technical training and higher

technological retraining to the workers to enable them to cope with and master new technology as soon as possible.

The Government also completed a comprehensive review of the Employee Retraining Programmes in December last year to enable the Employee Retraining Programmes to meet the demands of employers and the training needs of the employees more effectively. The review's main conclusion is that the Employees Retraining Board should provide retraining for the unemployed aged 30 or above with junior secondary education level or below. Furthermore, the Employee Retraining Bureau should also provide technical training to workers to enable them to carry on working in their positions. Moreover, the Retraining Bureau should also expand their scope of service to take into considerations the newcomers to Hong Kong. The Government will co-operate closely with the Retraining Bureau to allow the Bureau to carry out the recommendations of the review step by step.

The Government will launch a series of measures which include, (1) to rearrange the retraining programmes by special design and production process to enable the training programmes to meet the needs of work, to assist the retrainees in finding suitable jobs as soon as possible; and to maintain their jobs in the present position or industry; (2) to review the number and structure of the training institutions to assess their job performance and enhance their efficiency; and (3) to introduce to the training institutions a new training cost system which is based on the students' employment rate and the institutions' performance.

Apart from the services provided by the Vocational Training Council and the Employees Retraining Bureau, the Government has started a new technological training programme. Over 100 million dollars are appropriated to enhance the technological level of local workers. Starting from this year, the proposed rules for the appropriation will be relaxed to include an increase of its maximum to 75% when the employers arrange their employees to receive training on new technology in local or overseas institutions, and the cancellation of limits in the number of times for appropriation.

Through the above series of support services, the Government hopes that it can help the labour population in Hong Kong to cope with changes in employment brought about by economic transformation, to obtain better performance in their original or new job positions, and to enjoy the economic

success by taking up high value-added jobs.

I now wish to talk about the second core issue — the direction of Hong Kong industrial development. Madam President, I am glad to hear that Honourable Members basically support the promotion of high value-added and high-technology industries in Hong Kong. As the Chief Executive has mentioned in his Policy address, "the invisible hand of market forces has already pointed out that the way forward is to develop high value-added industries and services." We should offer our support as "innovation, adapting to new technologies and developing new industries will always be important for Hong Kong." By saying these in the most distinctive way on behalf of the top levels of the Hong Kong Special Administrative Region (SAR) Government, the Chief Executive has revealed the Government's decision and intention to enhance industrial level and promote technological development. According to the arguments put forward by all of the Members just now, and the proposals submitted to the Hong Kong Government recently from various academic industrial groups and reports from the media, I think that the community in Hong Kong has generally agreed that Hong Kong industries should head for the high technological and high value-added direction.

Some Members have just mentioned that the Government should make great efforts to support the industries and to assist the industrial sector to solve their problems. I wish to reiterate that the SAR Government has all along spared no efforts in supporting industrial development. It has positively assisted the industrial sector to eliminate any to development. Some Members have used two terms, namely "*laissez faire*" and "positive non-intervention", which the Government has used before, but I wish to explain them. When the Government uses the two terms "*laissez faire*" and "positive non-intervention", it does not mean that the Government will not offer assistance. The Government always believes that it is the market forces, but not the Government, to promote Hong Kong's economic activities. It thinks that by so doing, it will be more cost-effective. However, at the same time, the Government emphasizes repeatedly that it will take suitable measures at the right time, that include providing all kinds of support services to the industrial sector so as to complement each other. The Government's policies in the recent years have given the greatest support and lowest intervention to industries to avoid the community from misunderstanding "positive non-intervention" as "not offering

assistance".

Perhaps I may introduce the third core issue here, that is, what support services the Hong Kong Government has offered to the industries. To quote an example with a rather long history, the Hong Kong Productivity Council set up by the Hong Kong Government 30 years ago has all along provided a range of services. It encourages and assists the commercial and industrial sector to adopt advanced production methods and effective operation measures in order to enhance Hong Kong productivity as a whole. The Council offers services which include consultancy services, application and transfer of production technology, environmental management, information technology, quality management, human resources management, industrial automation, information services, product development and design, prompt response and so on. Some Members also think that we should pay special regards to the services provided by this organization for the sake of the future industries of Hong Kong. Moreover, the Productivity Council keeps improving its service quality and increases the types of services offered to satisfy the commercial and industrial sector's needs for development which keeps changing. Apart from adding on the existing services, the organization will inject more resources next year to develop information technology and business research and development in order to assist various industries to increase productivity more effectively. Moreover, as most of Hong Kong's enterprises are small-to-medium sized, the Productivity Council has just set up a centre for small-to-medium sized enterprises to provide comprehensive training for business consultants and services for commercial link. The Government will continue its support with the work of the Productivity Council to ensure that the organization constantly provides effective support to the industrial sector to help them satisfy new needs and face new challenges. The Productivity Council has played an important role in promoting the advance of and transfer in technology. It has organized training courses, forums, information services, overseas exploration groups, meetings and exhibitions, to continually introduce overseas and local technological development to the commercial and industrial sector in Hong Kong.

This year, the organization will increase resources to enhance technological co-operation and exchange with productivity groups in China.

Moreover, the Hong Kong Industrial Estates Corporation has played an important role in industrial support. The company has three industrial estates, providing a total of 214 hectares of land to meet the needs of industrial land use for certain industries which cannot operate in the multi-storey industrial building. One of the Honourable Members sitting here is the Chairman of the industrial estate corporation. In the past, the industrial estate has provided land at a cost equivalent to the cost of land development (which is a big drop in percentage when compared with its market value) for suitable industries to operate in the industrial estates. I wish to emphasize this point because I have just heard some Members say that the Hong Kong Government has never introduced any favourable land policy to help out the Hong Kong industries. I wish to take this opportunity to clarify this point. Hong Kong Industrial Estates Corporation is now planning to construct the fourth industrial estate to provide relatively low-cost land to high value-added and high technology industries.

As some Members have mentioned, it is merely words with absolutely no action when the Hong Kong Government kept saying in these years that it would aid industrial development in Hong Kong. I wish to talk about the different new support programmes done by the Government over the past five or six years. Firstly, the Industrial Support Subsidy Scheme introduced by the Industry Department is a major support offered by the Government to the industrial sector in recent years. The scheme aims to subsidize projects which can benefit local industries and technological development. Since its formation in 1994, the scheme has granted subsidies to over 280 projects, which amounts to more than \$900 million. It has extensively subsidized local industries and technological industries to carry out research development projects, to build important research and technological infrastructures for the industrial sector, to enhance human resources development, and to locate and distribute all kinds of useful technological knowledge and information for the industrial sector. The scheme has created more resources for industrial research and development in Hong Kong. Besides, several activities subsidized by this scheme have helped strengthening the competence of local applied research and development to bring

up better applied research and development culture in local privately-owned organizations, industries and industrial support organizations, and all tertiary colleges and universities.

In order to encourage development of technological research, the Government has set up the Applied Research Board. At the moment, it has launched two subsidized schemes with the total capital amounting to \$250 million. The two schemes provide direct financial assistance of prime rate loans or investment to local registered companies which conduct applied research or development projects. Although Hong Kong possesses a highly developed capital market, the business fund managers are so far not interested in investing local technological business projects. The Government thus wishes to provide start-up capital through the Applied Research Board. As some Members have mentioned, the Hong Kong Government should do something about the start-up fund, and that is exactly what we are doing. The start-up fund provided by the Applied Research Board has rightly assisted some companies in handling the problem of raising capital. Until now 24 applied research projects are subsidized under these two schemes. The Industry Department is now studying how to improve the operation of the two schemes to enhance efficiency as a whole. To further strengthen our support in technological development, the Chief Executive has clearly stated in the Policy address that the Government is prepared to further invest \$500 million in these subsidized schemes to support the commercial sector to turn the information and other technological research success into commercial products.

The Government also understands the needs to provide proper support for development so as to promote and encourage technological development in industries in Hong Kong. To attain this goal, the Government has established the Hong Kong Industrial Technology Centre Company in 1993. It has constructed an Industrial Technology Centre to provide necessary land and capital for the company. Completed at the end of 1994, the centre has developed 35 small local technology-based companies and provided complete support services to them. In addition, the Technology Centre Company has also provided spaces to 32 medium-to-large sized technology companies for business operation. As people in the trade warmly welcome the services provided by the Technology Centre Company, it has now leased extra spaces from the market and

set up centres in local university campus to further develop the schemes. Furthermore, the Centre Company is going to construct a second technology centre scheduled to complete in 2002.

To further increase the infrastructure for local research and development, the Government has announced the Science Park project. We have selected Pak Shek Kok in the New Territories as the site for the Science Park. We expect that the Science Park will become a new focus, and will function as a gathering place for the academic sector, research and development personnels, the industrial sector and technological companies for exchange and stimulation of ideas and creativeness to upgrade technological level. The Science Park will provide positive technological transfer services. The Organizing Committee of the Science Park with the Director of Industry as the Chairman finished their task last month, and a report has been submitted to me. We hope to apply for fund from the Finance Committee early next year to start with major preparatory work, such as staff recruitment and job specifications in the year 1998-1999. The commissioning of the Science Park is scheduled in late 2001.

The Chief Executive has remarked in his Policy address that our objective is to develop Hong Kong as an Asia-Pacific product invention centre. Prof NG has also mentioned this objective set down by the Chief Executive. To attain this goal, we are going to form a top level committee composed of academics, representatives from the industrial sector and government officials to propose necessary measures, structure and arrangements. We hope that we can adopt more effective measures by following the Committee's suggestions, and encourage the exchange of ideas among university research professionals, the commercial and industrial sector and customers so as to stimulate ideas to turn the technological development success into commercial products. At the same time, we also wish to explore the best methods to assist Hong Kong businessmen to make good use of the success in China's research development and talents.

I wish to spend some time here to talk about how to strengthen co-operation with China in technological development. Many Members have just now mentioned this problem. The Government fully agrees with the opinions of the Members in this regard because it will be unwise of us if we do not see or use the abundance of resources in science and technology in China. The Industrial Support Subsidy Scheme has provided funds for various co-operative research projects in the past. Among them, two are systematic

researches conducted by relevant units of the National Science and Technology Committee, in conjunction with the Hong Kong Productivity Council and the Hong Kong Biological Technological Research Institute. The emphasis of the research is two-folds: firstly, to subsidize industrial development; and secondly, to develop biological technology industry. Moreover, the Applied Research Board has also subsidized another scheme, whose objective it is to improve the relation between the Hong Kong-based enterprises and the research institutions of China. Currently, universities in Hong Kong and China have arranged a lot of exchange scheme projects for academics and scientists. Coupled with the related support I have introduced, we hope that we can achieve technological transfer, application and commercialization in Hong Kong and China through such mechanism.

I wish to clarify one aspect here. If I have not got it wrong, some Members seem to think that the transactions between Hong Kong and China, that is, the exports from Hong Kong to China, should be given certain discounts. I wish to clarify this matter. Trade between Hong Kong and China after the reunification is still based on the same old rules governing foreign trade. Under the overriding principle, there cannot be any discount for the export of Hong Kong manufactured goods to China. This is a very important point, because once China becomes a member of the World Trade Organization (WTO), it cannot grant discounts to Hong Kong only, without giving the same preferential treatment to other Members of the WTO.

Madam President, the Government's industrial and technological support scheme is based on a set of fundamental policies; the Government thinks that the market itself will decide on the resource allocation to ensure that Hong Kong economy will change effectively and rapidly with the external environment. The responsibility of the Government is to provide an advantageous environment to allow all industries to have the best development. The Government should not ignore the right of existence of the current industries. However, when the industries lose their competitive edge in the world market, the Government will not and cannot provide them with subsidies. Nor will it try to offer assistance to those individual industries with a higher chance of success.

I wish to respond to the last core issue concerning government structure. During the motion debate, some Members proposed that the Government should be restructured to take up industry development mechanism in Hong Kong. Madam President, it is the responsibility of the Trade and Industry Bureau, the

Industry Department and all other subsidized industrial support organizations and universities to assist in industrial development. The present mechanism, which includes the Industry and Technology Development Council, has always provided the Government with professional opinions from the trade. Though the present structure is simple, it is a highly efficient and practical mechanism to Hong Kong, whose economy is moved by market forces. The mechanism does not remain unchanged, and the last major change took place in 1992 when the Government combined the Industry Development Board and Committee on Science and Technology. It allows relevant personnels to handle matters more comprehensively and more efficiently during the evaluation of industrial development in Hong Kong in several closely related categories. The Hong Kong Special Administrative Region (SAR) Government will continue to review the industrial development mechanism in Hong Kong from time to time to achieve maximum efficiency.

Members have also mentioned the establishment of an Industrial and Technology Research Institute. According to the experience of Taiwan, this suggestion is about the setting up of a large public organization, whose scope of duties is to mobilize various organizations of the industrial sector to carry out certain work on product development. I have heard different ideas in the Chamber, and it reflects that the proposal is controversial. If such an organization is established to forecast our future market demand and to take the lead in developing some specific products, I am afraid it will arouse greater controversy in the Hong Kong community. Therefore, we think that we must be prudent about this proposal.

One of the keys to the success of Hong Kong industry is its timely response to the rapid changes of the global market where the life cycle of products is very short and the consumer choices change constantly. These are the good points of Hong Kong. When we suggest any new mechanism, we must see to it that such good points will not vanish gradually. However, I wish to point out that the Government will strengthen the midstream force during the process of technological transfer under restricted circumstances. I believe that this is one of the concerns of the Honourable Prof NG Ching-fai.

Regarding the midstream force, the Government has tried to enhance the work of technological transfer by granting \$84 million to the Hong Kong Productivity Council for setting up an information technology centre responsible for the development of telecommunication products. Moreover, the Industry and Technology Development Council approved granting \$14 million to the

Hong Kong University of Science and Technology last week to set up a consumer media laboratory. This has rightly reflected the partnership between universities and the industrial sector to assist local multimedia electronic industries to conduct technological development and transfer. Moreover, as I have mentioned just now, we have planned to expand applied research and development scheme to enhance our support and encouragement to the technological work.

Madam President, to sum up, I have heard a lot of ideas today emphasizing that Hong Kong, in its new era before and after the 21st century, must develop into a city based on knowledge and technology, to engage in high value-added economic activities and to emphasize the increasing importance of science, technology and high value-added production activities. The SAR Government very much agrees with this perspective. When our economy booms, it will certainly bring new employment opportunities. The Government will continue to study how to further support industrial and technological development on the present basis and assist local industries to increase competitive advantage. As I have mentioned to the Honourable Members, I believe that the present programmes and follow-up work will lay a stable foundation for our continuous efforts ahead.

The valuable opinions provided by Members in today's debate, coupled with the suggestions from various organizations of the community, are of great benefit to our planning for the future industry and technology support scheme. We will certainly give them careful consideration. Thank you.

PRESIDENT (in Cantonese): Prof NG Ching-fai, you may now reply and you have five minutes 27 seconds out of your original 15 minutes.

PROF NG CHING-FAI (in Cantonese): Madam President, first of all, let me thank the 12 Members who took part in the debate. They have enlightened me on this subject. I also want to thank the Secretary for Trade and Industry for her 30-minute long reply. But as I do not have the luxury in time I cannot make a reply in as much detail.

First of all, the fact that so many Members have spoken shows that they indeed care much about industrial development. Basically, they all agree with my views. I do not want to repeat my ideas about "non-intervention". I only

want to talk about two or three points. First, I am very much for the idea that we do not want to copy from overseas experience, or even to model on them. I quoted the example of Taiwan's Industrial Research Academy just because I wanted to give something concrete for comparison. We need not follow suit. On the other hand, the Academy is not, as Mr TIEN said, a separate research body. I mentioned this when I spoke for the first time. In fact, the Academy is a good example of a close link between university and the industries.

A certain Member said that university professors should step out of the ivory tower. This I agree. In fact, many of our colleagues are trying very hard to do the same thing. But I want to point this out to you: professors at Stanford University did not step into enterprises by themselves. They did so through their students. How can students enter the enterprises? First of all, there must be enterprises which can accommodate them. The Taiwan experience reveals one point. The establishment of the Academy enables experts to work in enterprises and render support to the industries.

I must admit that I am rather disappointed in most of the responses given by the Secretary for Trade and Industry. She described a list of Government schemes and even said the Government had done everything it could to help the industries. I think the Government had done very little. I believe, as many of our friends in the commercial sector would say, empty talks are useless. The important thing is the bottom line. If all schemes have proved useful, we do not have to hold a debate here today. We would have seen our industries blooming. Why bother to discuss the matter at all? Why did 12 Members rise to speak? Even if the Government had done something useful, the effects have already gone. That is why some colleagues said we need new ideas, new ways of thinking. Some of the responses by the Secretary were rather soothing, though. First of all, she said that "non-intervention" should be a thing of the past, and that now is the time "to be actively supportive". I trust everyone in this room would be glad to hear that. She reiterated they would toe the line of Mr TUNG and promote high value-added and high-tech industries. Again, that is what we would like to hear.

In fact, we should be fair to the Industry Department. The Department has been trying out new measures to help industries. But it has been going very slowly. It lacks an overall plan, and it only acts more briskly when subjected to more pressure. This is disappointing. That is why, I think, Mr TUNG is saying that we need a high level commission to lead the overall development. I do not think I need to repeat this point.

To conclude, I would like to respond to what some people would ask: Is it too late to work on high-tech industries now? My answer would be: as a western saying goes, it is better late than never. After all, to act early has its own merits, just as acting late has its own merits too. As some of the Members have said in their speeches, Hong Kong is well equipped to develop high value-added and high-tech industries. The question is whether we are prepared to mobilize resources to work on the issue. So, I think we can make it if we have overall plans, careful considerations and the desire to learn from overseas experiences. Being late to start has the advantage that we can refer to other people's experiences, not to copy though. Thus we can be sure we find a way that suits us in progressing towards high-tech industries.

Just like most employees in the industrial sector and the scientific workers, I am cautiously optimistic about the future of the industries of Hong Kong. I think we can succeed if only the Government would co-operate well with the industrial sector and the academic people.

PRESIDENT (in Cantonese): Prof NG, the time is up. Please stop your speech.

PROF NG CHING-FAI (in Cantonese): With these remarks, I urge Members to support my motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Prof NG be approved. Will those in favour 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: Immigration Control Measures. Mr LAU Kong-wah.

IMMIGRATION CONTROL MEASURES

MR LAU KONG-WAH (in Cantonese): Madam President, I move the motion on the Agenda.

It is the common wish of the residents of both Hong Kong and Guangdong Province to have longer operating hours at the Lo Wu immigration control point. Since people of both places have that wish, why not just satisfy them?

Activities between the residents of Hong Kong and those of Guangdong Province have been increasing. Such activities include trading, working, dwelling, visiting relatives and sight-seeing. At present, there is an average of over 150 000 passengers crossing the border at Lo Wu daily, representing an increase of nearly 15% over last year. Among them, more than 10 000 passengers cross the border between the hours of 7 and 8 in the morning. The number of passengers crossing the border during weekends and holidays is much higher. Moreover, there is a tendency that the number is getting bigger and bigger, and this tells us that there is an urgent need to extend the operating hours of the control points. What the Government needs to do now is to study the feasibility of extending the operating hours. Now, people do not cross the border just for sight-seeing. They do so because their place of work is on the one side while their dwelling place is on the other. Like crossing the harbour, crossing the border has become part of the daily life of the people. The Government cannot afford to neglect the issue.

At the moment, the opening hours of the Lo Wu checkpoint is from 7 am to 11 pm. With more manpower, special public transport arrangements and accommodation from the Mainland border authorities, the opening hours can be from 6 am to 12 mid night. The ultimate goal is to extend step by step the opening hours to 24 hours a day, which is feasible. In fact, some of the checkpoints in Hong Kong operate 24 hours a day. So, the said goal is not a special case. It is just an arrangement to suit the trend.

In order to cope with the longer opening hours and the 15% increase in the number of passengers, it is necessary for the Immigration Department to review its manpower situation.

Of course, there should be additional train services and other means of transport when the operating hours are extended. I have made a site visit at Lo Wu and found that there is sufficient space at the closed area where the Government may consider building terminals for public transports such as buses, taxis or franchised mini buses. This would relieve the pressure of the trains. Some franchised mini buses or taxis in the New Territories are presently allowed to commute freely between closed areas at Ta Kwu Ling and Sha Tau Kok. So, I think it is possible to provide similar transport services at the closed area at Lo Wu.

To gradually achieve 24 opening hours at Lo Wu, it is necessary for the border passage way on the other side to have a corresponding opening period. I have raised a similar question in this Council before. The Government said in reply that indeed one of the items on the agenda next year for the Cross-Border Liaison Group is to study the feasibility of opening the checkpoint for extended hours. I think the Government should expedite the study and implement the idea.

Some may think that extending the operating period to 24 hours around the clock may impose certain difficulties on border security and the counter-illegal immigration work. Data show that there were over 20 000 illegal immigrants by land and by sea last year. Among these, 8 000 entered Hong Kong illegally by land, which represents 40% of all illegal immigrants. Of these 8 000, 3 000 were caught at the frontier closed area.

The problem of security can be solved. The determining factor is whether we have advanced and adequate equipment to maintain law and order at the border. At present, security work at the border is done manually, that is, after being alerted, the field patrol detachment use bicycles to chase illegal immigrants. To check illegal immigrants hiding underneath the chassis of vehicles, patrol police just lie down on the ground to check them out. This is rather inhuman. Most operations are done in very pristine ways. It is doubtful

whether such methods are effective in countering illegal immigration.

What is a workman without his tools? There has not been any wide application of heat sensors, reflectors, spot-lights, and earth-vibration detectors. At each checkpoint, there are only a limited amount of such equipment. As such, it is rather difficult to effectively combat illegal immigration.

On the other hand, the single fence now in use is far from being effective. Illegal immigrants can easily sneak through. I suggest using double fences. Between the fences, there should be a passage way so that the police can conduct patrols, in cars but not by bicycle. And with the proposed closed-circuit television, I think my suggestion is workable. From an on-site inspection, I found the border fence is erected along the Shenzhen River. So, it would not be difficult to erect double fences. Advanced equipment plus more modernized tools can improve border security. Hence, more police manpower can be relieved to carry out other duties.

Madam President, it is very important to improve border security. The work is not of a short-term nature. It is a long-term measure to combat illegal immigration. It is an index by which the international community will measure our ability to implement "one country, two systems".

To sum up, extending the operating hours of the immigration control points can facilitate crossing the border for the residents of both Hong Kong and the Mainland. At the same time, we should strengthen border security to stop illegal activities.

With these remarks, I urge that Members support the above motion. Thank you Madam President.

Mr LAU Kong-wah moved the following motion:

"That, as residents of Hong Kong and Guangdong Province are travelling more frequently between the two places, this Council urges the Government to expeditiously extend the operating hours of the immigration control points for travellers and provide public transport

terminals close to the Lo Wu crossing with a view to progressively opening the crossing round the clock; and also urges the Government to strengthen the security and management of the areas adjacent to the regional boundary, so as to effectively intercept illegal immigrants."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That, as residents of Hong Kong and Guangdong Province are travelling more frequently between the two places, this Council urges the Government to expeditiously extend the operating hours of the immigration control points for travellers and provide public transport terminals close to the Lo Wu crossing with a view to progressively opening the crossing round the clock; and also urges the Government to strengthen the security and management of the areas adjacent to the regional boundary, so as to effectively intercept illegal immigrants. Does any Member wish to speak? Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): Madam President, in recent years, the interflow of people and vehicles between Hong Kong and Guangdong Province has been on the increase. Following the reunification of Hong Kong with China, the increase has been even more obvious. The present operating hours of the control points cannot, however, meet the demands arising from the changed situation. The control point at Lo Wu is the busiest one. Each day more than 150 000 people pass through it. Traffic is on the rise month by month. The operating hours there, however, start from 7 am and end at 11 pm. On Saturdays, Sundays and holidays, there is a mounting pressure at the control point. So, we can see lots of people waiting at the control point during rush hours in the morning and in the evening. Staff of the Immigration Department have been kept extremely busy at such times.

In the debate of the Policy address this year, the Liberal Party had made a clear statement to demand the Government conduct an overall review of the system and operation of the present control points to meet the new demands occasioned by the new circumstances. We also find that improving the system of management of the border control points will facilitate the interflow of people between Hong Kong and the Mainland. In addition, it will also help the economic development of both places. Take the tourism industry as an example.

If the operating hours of the control points are extended and corresponding transport facilities improved, incoming tour groups will then have more choices and flexibility. If we manage to draw Hong Kong and Guangdong Province closer to each other, we may help boost the tourism industry for both places. Therefore, we think it is necessary to extend the operating hours of the control points. The operating hours at the Lo Wu control point, where traffic is heaviest, should quickly and gradually be extended until it operates 24 hours round the clock. This is not purely for the sake of the tourism industry. This is also for the sake of those Hong Kong people who have bought houses in Shenzhen or who work there.

Of course, to achieve the goal of operating the control point round the clock, the Government must find out what necessary arrangements are needed, such as staffing and corresponding transport services at the control point. At present, the relevant control point is manned by under 500 staff, 30 less than last year. It was reported that the Immigration personnel at Lo Wu expressed their dissatisfaction against insufficient manpower and overloading by staging a signature campaign and by putting up posters of protest last month. To extend the operating hours of the control points, there must be a review on staffing soonest possible to ensure there is sufficient staff to handle the work. This is good not only for the staff but also for the people who are entitled to reasonable service. As far as transport services are concerned, the Government should liaise with the Kowloon-Canton Railway Corporation for an extension of its services. Of course, the Government may also arrange bus services for the people going to town. Indeed, it has long been the demand of the community for extended operating hours of the control points, although the Government has never made a full response. I urge that the Government should conduct a study as soon as possible. But more importantly, the Government should set a clear timetable to monitor the progress to avoid procrastination. I certainly understand the goal can only be reached with negotiations with authorities in the Mainland. Negotiations take time too. But I believe if the Hong Kong Special Administrative Region Government will expedite the matter, it would not be long before we reach our goal.

Madam President, in slightly over a month, the Chinese New Year will come. By that time, the control points at Lo Wu and other places along the

Hong Kong-Guangdong border will experience a peak in traffic. I urge the Government to suitably deploy staff and make arrangements to ensure there is good order at the various control points so that people do not have to wait unduly long to cross the border. With these remarks, I support the motion.

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

MR CHOY KAN-PUI (in Cantonese): Madam President, after the sovereignty of Hong Kong was reverted to China, the relationship between Hong Kong and the Mainland has been much closer. Activities such as technological exchange, trade and investment, travels, visits to relatives and shopping have been increasing. In the last 10 years or so, Hong Kong business people have been attracted to invest or set up plants in China, especially along the coastal areas in Guangdong Province, in the light of the favourable conditions following the economic reform and open-door policy that have taken place. Therefore, Hong Kong business people and management professionals often go to the Mainland on business. With developments in tourism and consumer industry, Hong Kong people also go to the Mainland for sight-seeing and visiting relatives. Some go there for one day or even half a day just to relax themselves. Then, there are those who in recent years have gone to the Mainland to get married. The number of this category of people is increasing. So, they add to the number of travellers. As property prices in Shenzhen and the vicinity are lower than those in Hong Kong, some people have moved there. They leave home early in the morning to go to work and return home to Shenzhen. There are also schoolchildren living in Shenzhen who leave home everyday for Hong Kong to attend school. At present, there is an average of 150 000 people passing through the Lo Wu control point every day. So, it is very important that we should simplify the immigration procedures, increase service efficiency and extend the operating hours of the control points so that the link between Hong Kong and China may be strengthened.

Now, Hong Kong and China have become one family. The SAR Government should consider further simplifying the immigration procedures. For example, both Hong Kong and China may reach an agreement to check on

the in-coming visitors only. That is to say, both places check on the in-coming, but not the out-going people. Of course, this will involve close co-operation and mutual trust between the two sides as some security aspects may be involved. We can also consider using permits in the form of smart cards in place of the use of Hong Kong identity cards and home visit permits to leave or enter Hong Kong. I still recall that a long time ago we had to use home visit papers to visit the Mainland, and we had also to report our residence every day. Later home visit permits were used. Now home visit permits are computerized. With modern information technology, this is possible so long as both sides trust each other and co-ordinate well in security work and classified data. If this can be done, efficiency will be greatly enhanced.

In addition to relaxing and simplifying the immigration procedures, we should aim at gradually extending the opening hours of the control points to cater to the ever-increasing activities between Hong Kong and China. This is because we are beginning to have a well-developed transport network in China. One can go to anywhere in China by plane, by rail or by car. Road networks in the Guangdong and Shenzhen area in particular are convenient and fast. We undoubtedly need traffic support but we only have trains serving the Lo Wu control point. The Government may consider opening up the Lo Wu closed area and areas in the vicinity so that permitted public transport can serve the control point. It is hoped that in future people will find going to China as easy and fast as going to the New Territories, Hong Kong or Kowloon.

In the light of the specially close link between Hong Kong and Shenzhen and the huge amount of passengers commuting between the two places, I suggest the Government conduct a careful study on gradually extending the opening hours of the Lo Wu control point with a view to finally operating it round the clock. Thus passengers with urgent needs may commute between Hong Kong and Shenzhen and other places near Shenzhen, especially those who fly to the Huangtian Airport, may come to Hong Kong on the same day as they reach Shenzhen. As regards transportation to town, it is indeed not viable economically to run all-night train services to Lo Wu, but arrangements for franchised buses with prohibited zone permits commuting between Lo Wu and Sheung Shui may solve the problem.

Madam President, under the principle of "one country", normal and legal immigration procedures should be as relaxed and as simple as possible. Under the principle of "two systems", however, border control targeted at illegal

immigration should be as strict as possible. Immediately before and after the reunification, the number of illegal immigrants dropped but surged recently. So, we must not lower our guard even after the reunification. We must tighten security and do our best in stopping illegal immigrants by stepping up co-operation with Chinese border checkpoints.

With these remarks, Madam President, I support Mr LAU Kong-wah's motion.

PRESIDENT (in Cantonese): Mr NGAN Kam-chuen.

MR NGAN KAM-CHUEN (in Cantonese): Madam President, since Hong Kong was reunified with China, our relationship with the Mainland has become closer and closer. There are more and more visits between residents of the two places, as the livelihood of both places are now closely linked together. All these visits have created pressures on the control points, and one of the ways to relieve the pressure on the control points is to extend their operating hours. This would help to regulate the border crossing time of the travellers, and ease the crowd pressure at the immigration control points.

According to government statistics, the number of travellers passing through the Lo Wu crossing averages more than 150 000 a day, and the number of travellers passing through Lok Ma Chau has also reached an average of 14 000 a day. This includes Hong Kong people who live on the Mainland but go to work or school in Hong Kong. These people have to queue up and go through immigration clearances every day.

If the Government extends the operating hours of the immigration control points to round the clock, it would not only facilitate businessmen and people who work in Hong Kong, but also help Hong Kong residents to get together with their wives and children in Shenzhen, who have not yet obtained one-way permits to Hong Kong, without affecting their work in Hong Kong. This will also help to ease the pressure on granting approval for these family members to come to Hong Kong immediately. Moreover, the property prices are lower in

Shenzhen than in Hong Kong, and so if the immigration control points are in operation round the clock, Hong Kong people may consider to purchase properties in Shenzhen, thereby easing the housing shortage problem of Hong Kong.

Is it really possible for the Government to extend the operating hours of the immigration control points? The answer is positive and there are precedent cases. Since November 1994, the Government has opened up the Lok Ma Chau crossing on a 24-hour basis for lorries to tie in with the operating hours of the Kwai Chung container terminal. Since the department concerned could make arrangements for lorry drivers to get immigration clearances round the clock, why cannot the travellers be benefited in the same way?

Some people may say that the extension of the operating hours of the immigration control points cannot be unilaterally decided by the Hong Kong Special Administration Region Government, as the blessing of the Shenzhen Municipal Government is needed. But, this problem has now been preliminary resolved. I understand that it was decided at the fifth Border Checkpoint Management Committee Meeting of the Shenzhen Municipal Government held last month that the closing time for the Lo Wu crossing could be extended to midnight, and the closing times for Sha Tau Kok, Man Kam To and Huang Gang could also be extended accordingly as long as Hong Kong could adopt corresponding measures, and these arrangements could be put into practice with immediate effect.

The Government may think that the extension of the Lo Wu crossing's operating hours requires the co-operation of the Kowloon Canton Railway Company (KCRC), and the KCRC may not be willing to extend their operating hours because of low patronage during the late hours. However, the Government may consider providing maxicab services at Sheung Shui and Fanling for Mainland and Hong Kong travellers. It may also consider to provide cross border shuttle bus services like those running between Lok Ma Chau and Huang Gang. Furthermore, the Government may also consider to open up the restricted area near Lo Wu for setting up a public transport terminus.

The Democratic Alliance for Betterment o extending the operating hours

of the Lo Wu and Lok Ma Chau immigration control points, and then check on public responses and transport services. If the responses are favourable, then the Government could progressively open up the crossings round the clock.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): Madam President, now that Hong Kong has been reunited with China, we have a closer relationship with the Mainland. Residents of Hong Kong and the Mainland are travelling more frequently between the two places. Therefore, it is the foremost task of the SAR Government to formulate effective immigration control measures.

According to information provided by the Security Bureau, for the past 11 months in 1997, on the average, the number of holders of Hong Kong identity card entering and leaving Hong Kong daily at Lo Wu are about 70 000 and 68 500 respectively. In order to cope with this large volume of travellers, it is necessary for the authority concerned to put in place new measures, so as to maintain the high efficiency of the crossing control points, and to facilitate travelling between Hong Kong and the Mainland. The public naturally wish that the operating hours of the immigration control points would be extended, and the immigration clearance procedures, streamlined.

The operating hours of the immigration control points should be extended for the following reasons:

First of all, more and more people are acquiring properties in the Mainland, especially in Shenzhen because of high property prices in Hong Kong. Hong Kong people who live in Shenzhen have to cross the border each day to come to work in Hong Kong and return to their homes at night. However, as the cross border control points at Lo Wu is only opened between 7 am and 11 pm, people who work the early shift may have to be late for work because they have to wait

for the immigration control points to open, and those who work the late shift may not be able to go home if they miss the closing time of the control points.

Secondly, according to the informal statistics provided by the Education and Manpower Bureau, there are about 150 students, most of them primary students, travelling between the Mainland and Hong Kong each day to attend schools in Hong Kong. Most of these primary students are going to schools in Sheung Shui, Ta Kwu Ling and Lo Wu. Starting from September this year, the Immigration Department has opened up special counters for these students during the periods before and after school hours to reduce the time for immigration clearance. However, since the school hours for morning session classes usually start at half past seven and the immigration service counters at Lo Wu will not start operation until 7 am, these students would only have about 15 minutes left to travel to their schools after spending 15 minutes in crossing the border. This tight time-table will put the students in a great rush, and rushes will easily lead to accidents.

For the convenience of those people and students who have to travel frequently between the Mainland and Hong Kong, the Immigration Department should extend the operating hours of the immigration control points with a view to progressively opening the crossing round the clock.

Thirdly, after the extension of the operating hours, the crossing hours for the large number of visitors to the Mainland during the New Year or other major festivals would no longer be confined to the 10-odd hours between 7 am to 11 pm. Since some people may be able to cross the border at later hours, the extension of the operating hours may be able to relieve heavy congestions at the Lo Wu crossing.

Furthermore, if immigration control points are operated round the clock, people may be able to travel between Hong Kong and Shenzhen in the small hours to deal with emergency matters.

Of course, in order that there would be 24 hours of operation at the cross border control points, it is also necessary to extend the operating hours of the public transport services which link up the Lo Wu crossing. Since I understand that the Kowloon Canton Railway has to spend a few hours every night to examine and carry out maintenance work on the railway and the trains, it may be

difficult to request the Railway Company to operate round the clock. However, we could assist or encourage travellers to use other modes of transport, for example, overnight buses or maxicabs. Although the other modes of transport may not be able to carry as many passengers as the Kowloon Canton Railway, I believe that the number of travellers crossing the border in the small hours of the night will be fewer than those crossing the border during the daytime; hence, buses and public light buses will be able to cope with the demand.

In regard to reducing the time for immigration clearance at the cross border control points, the Security Bureau has made a pledge in the Policy Programmes of this year that a "Travel Pass Scheme" would be implemented to facilitate immigration clearance. We hope that this Scheme would be implemented as soon as possible.

According to the Security Bureau, more than 16 000 illegal immigrants were intercepted in Hong Kong over the past 11 months, that is, on the average 40 to 50 illegal immigrants were intercepted daily. In order to stem the flow of illegal immigrants to Hong Kong, we must enhance the interception ability of the pice. We could step up security on land by strengthening border fences at the regional boundary and the facilities of the police Stations along the boundary; and we could also step up the security at sea by increasing police launchers patrols.

The efforts of the Hong Kong Police alone would be inadequate in stepping up immigration controls between the Mainland and Hong Kong. We have to strengthen co-operation and maintain close relations with the Shenzhen authorities by exchanging information and conducting joint illegal immigrants interception exercises.

Finally, apart from stepping up security on land and at sea, the most effective way for discouraging illegal immigrants to Hong Kong is to step up publicity to let residents of the Mainland understand that apart from being subjected to imprisonment, illegal immigrants would also be repatriated.

In order to implement all the above mentioned immigration control measures, the Government must increase its manpower and all related facilities.

We hope the Government would not use insufficient resources as an excuse to delay the implementation of the extension of operating hours at immigration control points, and to avoid progressively opening the crossing round the clock. It is the common wish of the public to see these necessary new measures in operation. The needs and aspirations of the public rather than financial factors should be the foremost consideration of the Government in deciding whether it should implement these measures. Therefore, I earnestly hope that the Government would consider this proposal.

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

PRESIDENT (in Cantonese): Mrs Miriam LAU.

MRS MIRIAM LAU (in Cantonese): Madam President, in 1996, Hong Kong travellers to the Mainland totalled 28.8 million, an increase of 9% over 1995; while visitors from the Mainland totalled more than 2.3 million, an increase of 11% over 1995.

The Mainland and Hong Kong residents are mainly travelling between Hong Kong and the Mainland through the crossings at Lo Wu and Lok Ma Chau. In 1996, there were an average of 130 000 people, that is an increase of 10% over 1995, crossing the border at the Lo Wu major railway crossing each day. The number of tourist buses crossing the border at the Lo Ma Chau major land crossing increased from 33 270 vehicles in 1994 to 61 052 vehicles in 1996; and ever since the shuttle bus service started operation in March, it has increased from 900 vehicles per month to 2 200 vehicles per month.

All these figures show that there has been a great increase in passenger traffic between Guangdong and Hong Kong. In order to facilitate contacts between residents of the two places, it is necessary to increase the number of both railway and land crossings in the long run; and in the short run, we have to work on improving immigration control measures. In regard to short-term measures, the crux of the problem is not whether there are transport links to the railway, or whether a public transport terminal is provided close to the crossing. As long as there is a sufficient passenger volume, the public transport operators of Hong Kong are always willing to provide the services. The crux of the problem is, therefore, the operating hours of the immigration control points, and arrangements for transport links on the Mainland.

At present, although there is no round the clock border crossing service for land passenger transport, there is round the clock border crossing service for sea passenger transport at the Hong Kong — Macau Ferry Terminal. I believe the number of Hong Kong residents who live in Macau and need to go to work in Hong Kong every day is far less than the number of Hong Kong residents who live in Shenzhen and need to go to work in Hong Kong every day. Therefore, the immigration control point at the Hong Kong — Macau Ferry Terminal is chiefly operating round the clock for the convenience of those who are patronizing the casinos in Macau. Since the Government can cater for the entertainment needs of Hong Kong residents, why is it that it cannot cater for their practical needs?

The Secretary for Security has indicated that it requires a lot of resources to extend the operating hours of the immigration control points to 24 hours, and he also doubted the effectiveness of such measures. The Secretary is of the opinion that it would be more cost-effective if the same amount of resources is used on opening up more immigration counters during the daytime.

The Government has actually failed to identify the crux of the problem. For a student who has to go to school at half-past seven in the morning and for those who have to get to their place of work by 8 am, the opening up of more immigration counters during daytime will not serve much purpose.

The experience of freight transport shows that very few vehicles have made use of the 24 hours crossing operation at Lok Ma Chau to cross the border at night. In fact, most lorry drivers still cross the border during the daytime, particularly at noon. The main reason for lorry drivers not choosing to cross the border during the night-time is the law and order, especially the law and order on the Mainland in the night-time.

In regard to passenger transport, I think there will not be very much passenger traffic at midnight even if the operating hours of the immigration control points are extended to round the clock at the outset. I would, therefore, suggest that the operating hours of the immigration control points be extended on a gradual basis, for example, opening the immigration counters a couple of hours earlier and extending the closing time for a couple of hours. We could put the extended hours of operation into practice for a period of time and then review

whether there is any need to further extend the operating hours. Though our ultimate goal will be to open the crossings round the clock, we must first enhance security measures for both Hong Kong and Guangdong, so that those who are crossing the border in the small hours of the night would have more confidence in the law and order of both places. Apart from its efforts in stepping up the security measures, the Security Bureau must also actively discuss this issue with their counterparts in the Mainland to jointly achieve this purpose.

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

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

MR CHENG KAI-NAM (in Cantonese): Madam President, it is undeniable that the Lo Wu crossing is the main thoroughfare for the travellers between Guangdong and Hong Kong. It is also one of the busiest border thoroughfares of the world. According to statistics provided by the Government, an average of 150 000 passengers use this crossing every day.

Fortunately, with the highly efficient staff of the Immigration Department and its highly advanced computer facilities, the Government is able to achieve its performance pledge by completing immigration clearance for 92% of the travellers within 30 minutes. Nevertheless, many residents still experienced a lot of inconvenience in connection with the opening hours of the cross border checkpoints. At present, since the opening hours for the Lo Wu crossing is from 7 am to 11 pm, late homecomers have to rush and beat the closing time to catch the last train. I myself have had the experience of catching the last train and would like to share this experience with Members of this Council and see what they think about it. The Kowloon-Canton Railway (KCR) usually allows passengers to get on the last train at around 10.30 pm or 10.35 pm, but the train will not leave the station until 11.05 pm. Therefore, even if you manage to squeeze onto the train, you will still have to stand for 20 to 25 minutes before the train leaves. I would like to invite the Secretary for Security and the Director of Immigration to try this experience. In the past, when we discussed this issue with the Administration, it was repeatedly stressed that there was no need for

round the clock cross border checkpoints operations, since very few passengers would cross the border during the small hours of the night. However, I think very few people are travelling late at night because that there is no round the clock checkpoints operation, and this should not be used as an excuse for not introducing 24-hour cross border checkpoints operation. Since many residents know that the checkpoints are not opened round the clock, they are forced to adjust their schedule in order to beat the closing time of the crossing to catch the last train. I believe that if round the clock cross-border checkpoints operation is in place, those who have to travel frequently between the two places to study and work would adjust their schedules accordingly.

As to the transport problem, at present the only way to get to the Lo Wu crossing is by taking the KCR. At present, the train fare for Hung Hom to Sheung Shui is \$8.5, while the train fare from Sheung Shui to Lo Wu is \$20. Since I live very close to Sheung Shui, I often have to pay \$20 to take the train for one stop to Lo Wu. Although the fare is unreasonable, people are forced to take the train because it is the only mode of transportation available.

The Democratic Alliance for Betterment of Hong Kong (DAB) feels that while we have to ensure the current security level at the Lo Wu restricted area, the Government should also consider providing public transport terminals close to the Lo Wu crossing, to offer passengers crossing the border in Lo Wu with more choices. We welcome the newly introduced transport transfer service, but this is not an effective solution. We think that passengers should be provided with the choice of taking buses, maxicabs or taxis directly from the bus, maxicab or taxis stops in their neighbourhood to the Lo Wu crossing without having to board the train again with all their luggages.

The DAB would like to urge the Administration to actively take up with the Shenzhen authorities the issue of gradually extending the operating hours of the checkpoints with a view to progressively opening the crossing round the clock, so as to set a time-frame and to come up with concrete plans to solve the technical problems brought about by the extension of operating hours at the crossing.

With these remarks, I support Mr LAU Kong-wah's motion.

PRESIDENT (in Cantonese): Mr Howard YOUNG.

MR HOWARD YOUNG (in Cantonese): Madam President, the links between Hong Kong and China has become closer after Hong Kong was reunified with China. To the Hong Kong people, "visiting the Mainland" nowadays is just like "going home", and many people will go dining or shopping in the Mainland every few days. Mainland students who have the right of abode in Hong Kong but whose mothers have not yet obtained one-way permits to come to Hong Kong have to travel every day to study in Hong Kong. A lot of people who live in the Mainland but work in Hong Kong have to cross the border every day. According to the statistics, in August this year, the passenger traffic at Lo Wu exceeded 5.1 million, and that is a 20% increase as compared with the figure in June. For many Hong Kong people, going to the Mainland is no different from going to Sheung Shui, Sai Kung or to the other side of the harbour, except that they have to go through immigration clearance procedures and need to spend more time.

The Liberal Party has anticipated that there would be closer links between Guangdong and Hong Kong after its reunification with China. Therefore, years ago, we started to ask that the operating hours of the checkpoints should be extended, and that the immigration clearance procedures should be streamlined.

Fellow colleagues, if you have ever been to Shenzhen, you will know about the crowded conditions at the checkpoints, especially during peak hours during weekends, where a few thousand people would swarm up to the immigration counters at the same time. The situation would be even worse if you are travelling with children or elderly people. At present, there are 72 counters at the Lo Wu crossing, but sometimes even if all 72 counters are opened, the long queues at the counters can still not be eased. Last year the Government cut 30 posts in its establishment, and the staff shortage problem has become more acute.

As mentioned earlier by the Honourable Mrs Miriam LAU and the Honourable CHENG Kai-nam, we know that very often the crowded conditions at peak hours are caused by human factors, because everyone has to cross the border within the opening hours of the crossing. If the opening hours of the checkpoints are not restricted, then there would not be any peak hours.

In regard to this problem, the Government could adopt two measures. First, it could improve its staffing establishment at the Lo Wu crossing and boost the morale of immigration staff so that there would be adequate staff to deal with the crowds. Secondly, it could extend the operating hours of the checkpoints, as we have been advocating, so as to ease the crowds in the early hours of the day and late at night.

I think that the extension of the operating hours of the checkpoints will be of benefit to both Hong Kong and the Mainland. At present, the Lo Wu crossing is closed at 11 pm and though the Lok Ma Chau crossing is opened round the clock, it is restricted for the use of lorries. As a result, people who are travelling between the Mainland and Hong Kong and tourists, including foreign tourists, who are visiting Shenzhen, have to give up the evening programmes in order to get back to Hong Kong in time. Many Hong Kong people even have to abandon their plans for visiting Shenzhen due to the haste or other reasons. Recently, many places in the Pearl River Delta, for example, Panyu, have opened up a number of tourist attractions like the safari and other tourist spots. However, if the opening hours of the checkpoints could not be extended to round the clock, then the tourist sector of Hong Kong will not be able to make use of the tourist spots in the Pearl River Delta to develop the tourists industry.

While I believe that a lot of problems could be solved through extending the opening hours of the checkpoints, I also appreciate the difficulties which we will experience in its implementation. We all know that unless we have another railway track to facilitate its maintenance, the KCRC could not be in service round the clock. A solution to this practical difficulty is to arrange for alternate transport feeder services to link up Lo Wu with the urban and nearby areas. Madam President, since we could foresee that more and more people would be travelling between Hong Kong and Shenzhen, I hereby urge the Government to consider extending the round-the-clock immigration clearance service at Lok Ma Chau to vehicles other than lorries, even though the operating hours of the Lo Wu crossing could not be extended to round the clock for the time being. At least it could consider to extend the closing time for the Lok Ma Chau crossing from 9 pm at the moment to 11 pm, to make it on par with the closing time of the Lo Wu crossing. In order to beat the current closing time of the Lok Ma Chau crossing at 9 pm, I had the experience of crossing the border at 8.57pm last Saturday. It would be much more convenient to the Hong Kong tourists, if the closing time of the Lok Ma Chau checkpoints could be extended, and it would

also help to ease the pressure at the Lo Wu crossing.

Madam President, I support the motion.

PRESIDENT (in Cantonese): Does any other Member wish to speak?
Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have listened carefully to the motion speech made by the Honourable LAU Kong-wah and the views expressed by Members on the immigration control measures and the management and security of the areas adjacent to the regional boundary. I fully appreciate the concern of Members over these two issues.

Indeed, the number of passengers commuting between Guangdong and Hong Kong has been increasing in recent years. At present, there are four immigration control points linking Hong Kong and Guangdong, namely, the road crossings at Man Kam To, Sha Tau Kok and Lok Ma Chau, and the rail crossing at Lo Wu. While most travellers cross the boundary at Lo Wu, passengers of coaches and private cars use the other three control points. The daily average passenger throughput at Lo Wu was about 85 200 in 1991 and increased to about 131 000 in 1996. In November 1997, the daily average throughput exceeded 169 000, reaching some 214 500 in weekends. Among road crossings, Lok Ma Chau supports a greater passenger flow and the number of travellers using it has increased significantly. The daily average throughput increased from some 1 250 in 1991 to around 8 600 in 1996, an increase of nearly 600%. In November this year, the throughput stood at around 16 900 a day. In view of the continuous growth of passenger traffic, the Government is now considering the need for and the feasibility of setting up an additional boundary crossing point.

The Immigration Department has implemented a series of measures to cope with the heavy workload at these control points. 52 posts have been created for the Lo Wu Control Point since 1995. The Immigration Control Automation System has also been put into operation since September the same year to improve the efficiency of immigration clearance. As from November this year, an additional 20 staff have been deployed from other sections within the Department to reinforce the level of staffing at Lo Wu. To meet the anticipated increase in passengers during the Christmas, New Year and Lunar

New Year period, a further 78 staff will be deployed to the control point later this month and leave rosters of duty officers will be suitably adjusted. At the Lok Ma Chau Control Point, 34 and 20 additional staff have been deployed there since April and October respectively. At present, up to 20 counters can be opened everyday to handle as many as some 25 000 visitors a day.

The Immigration Department will actively identify ways to improve the existing immigration clearance procedures. It will also commission a consultancy study early next year to study how the efficiency of the immigration clearance procedures may be enhanced at the Lo Wu Terminal. Moreover, we will closely observe and monitor the traffic and manpower situations, and to plan and deploy manpower more flexibly.

Regarding the opening hours of the control points, at present, the Lo Wu Control Point opens from 7.00 am to 11.00 pm; the Man Kam To Control Point from 7.00 am to 10.00 pm; the Sha Tau Kok Control Point from 7.00 am to 6.00 pm (which will be extended to 8.00 pm in the near future) while the Lok Ma Chau Control Point opens from 7.00 am to 10.00 pm for passenger vehicles and 24 hours for goods vehicles.

Mr LAU Kong-wah's motion urges the Government to expeditiously extend the opening hours of the immigration control points and to provide public transport terminals close to the Lo Wu Control Point, with a view to progressively extending the opening hours of the control point to 24 hours, so as to facilitate those residents who need to cross the boundary for work or other purposes. I fully understand the situation. We feel that as a responsible and efficient government, we should be aware of and understand the needs of the residents and should make provisions for them where appropriate.

The opening hours of the control points are subject to many factors, including the demand generated by the passenger flow, the availability of resources, the necessary supporting infrastructures and transport services, and co-ordination with our counterparts in the Mainland authorities.

Presently, the Lo Wu Terminal is the main passenger crossing point and

passengers reach there by KCR trains direct. For safety reasons, train service cannot be provided round the clock as daily checks and maintenance of the rail have to be conducted each night. Apart from trains, there are no other public transport modes to Lo Wu. The opening hours at the control point, therefore, need to correspond with the operating hours of the rail only.

Regarding the arrangements for other modes of public transport to Lo Wu, this will not be feasible in the foreseeable future. Lo Wu is at present only accessible by a single-lane driveway which can hardly accommodate the traffic volume generated by public transport operations. Even if Lo Wu Road were to be broadened to provide double lanes for buses, traffic has to pass through Man Kam To Road, which is already very congested during peak hours and not capable of absorbing any further additional volume of traffic.

To cope with the present situation, passengers have the choice of using the other vehicular crossings. Patronage of the shuttle bus service via the Lok Ma Chau Control Point has increased since its operation commenced in March this year. With a daily passenger volume of about 8 000 passengers/trips during peak season, the service has helped, to a certain extent, relieve congestion at the Lo Wu Terminal. The Transport Department has started discussions with the bus company with a view to expanding the service and will study as soon as possible, in consultation with the Mainland authorities, the feasibility of extending the opening hours of the crossing point for passenger transport at Lok Ma Chau.

In recent years, quite a large number of school children who live in Shenzhen have to cross the boundary to attend schools in Hong Kong and the Government was urged earlier in this debate to take measures to address this problem. According to unofficial statistics, an average some 150 such school children from Shenzhen pass through the Lo Wu control point to attend school in Hong Kong every day. In order to shorten the clearance time taken by these school children, the Immigration Department has set up dedicated a dedicated passage for these children and made it open to them, depending on the circumstances during the morning peak hours and the after school hours in the afternoon since September 1997. Members also have also pointed that these children will be late for school if they miss a train or fail to clear the control point expeditiously, and suggested that priority should be given to them. At present,

the first train leaves Lo Wu at 6.01 am every morning, with subsequent trains leaving at an interval of five to eight minutes. The interval is shortened to three to eight minutes after 7.00 am. Therefore, consideration can be given to pulling the opening of the control point to an earlier time as far as train service is concerned, pending a corresponding deployment in immigration staff and co-ordination by the mainland authorities concerned.

Mr LAU Kong-wah's motion also contains another point, that is, urging the Government to strengthen the security and management of the boundary areas so as to curb the influx of illegal immigrants. We place much emphasis on our work on the security and management of the land boundary. We have deployed a wide range of co-ordinated control measures to prevent illegal immigration and to combat smuggling and cross-boundary crimes. These include frequent patrols and ambushes, erection of the boundary fence with sensor cable system and provision of various technical aids. The security and management of the boundary areas are also effected through the closed area policy. The area to the south of the boundary is designated as the closed area where entry and exit are restricted. The closed area provides a buffer zone for our security forces and is proven to be an effective measure to fight against illegal immigration, smuggling and other cross-boundary crimes.

Although the number of illegal immigrants has declined in recent years, from 26 824 in 1995 to 23 180 last year and 15 019 in the first 10 months of this year, the problem of illegal immigration still persists. We can ill afford to relax our security efforts in these areas.

In the 1997 policy address, I have made a number of commitments in my Policy Programme, which aim at improving the police's capability in preventing illegal immigration. These include, first, upgrading the boundary fence and the three police divisional stations along it, to maintain the integrity of our land boundary; secondly, rationalizing the command structure and establishment of the Marine Police and replacing seven old marine launches by six modern inshore patrol vessels; thirdly, maintaining the closed area south of the boundary to give our security forces an effective buffer zone to operate against illegal immigration, smuggling and other trans-boundary crimes; and fourthly, enhancing close liaison with the Guangdong security authorities in terms of exchanges of intelligence, joint exercises, co-ordinated operations and publicity campaigns to deter, prevent and take actions against any influx of illegal immigrants on our respective sides of the boundary. We are embarking on a full

range of operations to meet these commitments.

First, we will replace the sensor cable system of the boundary fence as most of the electronic devices of the existing system are approaching the end of their serviceable life. The Finance Committee of the Provisional Legislative Council already approved \$24 million for this project on November 14. In addition, the police will take the opportunity to enhance the detection capability by providing instant visual display of target locations at the control suites. The proposed system will improve the operational deployment of the Field Patrol Detachment at the land boundary. The project will be completed by mid 1999.

Besides, the Police Force plans to procure boundary defence equipment, such as electronic under-vehicle surveillance system and night vision devices, for land boundary control to ensure efficient performance of duties.

The Force will continue to implement the closed area policy to effectively curb illegal immigration, smuggling and other trans-boundary crimes, and will review the patrol and management strategies for the boundary area in accordance with the trend of illegal immigration and the landing black spots identified. Moreover, new strategic training will be provided for police officers. The Border District and the Field Patrol Detachment will be reorganized in four phases to achieve more effective deployment of human resources.

We will also maintain close liaison and co-operation with the Guangdong authorities to combat illegal immigration.

All the above measures fully demonstrate our determination and efforts to tackle the influx of illegal immigrants.

In this motion debate, Members have given many valuable comments and suggestions regarding the immigration control measures and management and security of the boundary area. Their views will be of great help to us in these two areas of our work and these will be seriously considered and studied.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr LAU Kong-wah, you may now reply. You

have seven minutes 56 seconds out of your original 15 minutes.

MR LAU KONG-WAH (in Cantonese): Madam President, I would like to thank Members for their support. Secretary for Security has just given a very detailed reply, and this is a more positive response as compared with what I heard at the last two debates on the same subject. Members of this Council have put forward about 10 points of reasoning from different angles, namely economy, tourism, work, livelihood, and so on, to prove that it is necessary to progressively open the Lo Wu crossing round the clock, and my fellow colleagues' reasoning is even much stronger than mine. Of course, we still have to face insurmountable difficulties like the transport problem. But, it does not mean that these difficulties could not be solved. Some Members and I have put forward a number of options for solving the transport problem.

The crux of the problem is whether the railway could be operated round the clock if the checkpoints are opened on a 24-hour basis? It would be impossible to have all carriages of the train run the whole length of the route on a 24-hour basis, for we have to take factors like maintenance and resources into consideration. However, the problem could be solved if arrangements could be made for two carriages to run between Lo Wu and Sheung Shui round the clock, because basically it is not necessary to have the entire carriages running the whole length of the route round the clock. Two carriages running between Lo Wu and Sheung Shui should be adequate to cater for the needs of late night travellers.

Therefore, if only the Secretary could get rid of his apprehensions, our proposal would be entirely feasible and could even be put into operation immediately.

Madam President, I do not intend to respond in detail for I know that I have the support of fellow Members. I hope that the Secretary for Security could eliminate his doubt about our need for round-the-clock operation of the checkpoints and the feasibility of such an operation. As far as I remember, this is the third debate we have in the Provisional Legislative Council on this subject. I hope that should we have another debate on the same topic in future, the Secretary would provide us with a detailed plan and the timeframe for implementing this proposal in stead of taking shelter behind a consultancy report.

A further point which I find of interest is that the Secretary has mentioned that the Administration is considering the possibility of opening another border crossing. I believe that he is referring to the possibility of building another railway. The Secretary should bear in mind that such a border crossing would take years to materialize. I hope that this matter should not be delayed any further. This is the request of the Provisional Legislative Council.

These are my remarks. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LAU Kong-wah be approved. Will those in favour 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.

NEXT MEETING

PRESIDENT (in Cantonese): In accordance with the Rules of Procedure, I now adjourn the Council until 2.30 pm on Wednesday, 7 January 1998. I would like to wish everyone a Merry Christmas and a Happy New Year.

Adjourned accordingly at three minutes to Eight o'clock.

Appendix I to Agenda

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

RESOLUTION

(Under section 34(2) of the Interpretation and
General Clauses Ordinance (Cap. 1))

**BUILDING (ADMINISTRATION) (AMENDMENT) (NO. 4) REGULATION
1997**

RESOLVED that the Building (Administration) (Amendment) (No. 4) Regulation 1997, published as Legal Notice No. 514 of 1997 and laid on the table of the Provisional Legislative Council on 12 November 1997, be amended -

- (a) in section 3(2) -
 - (i) in the proposed regulation 8(4)(d), by repealing the semicolon and substituting a full stop;
 - (ii) by repealing the proposed regulation 8(4)(e);
- (b) in section 5(2), by renumbering paragraphs (d) and (e) as paragraphs (e) and (d) respectively;
- (c) in section 5(3) -
 - (i) in the proposed regulation 22(6), by repealing ""." at the end;

(ii) by adding -

"(7) Where any operator of powered mechanical plant or equipment used or proposed to be used in demolition works is appointed, a registered general building contractor is required to notify the Building Authority in writing of a change in the appointment of the operator within 7 days of the change and to provide the Building Authority with the personal particulars, qualifications and experience of the new operator of the plant or equipment.";

(d) in section 5, by adding -

"(4) Regulation 22(7) is amended by repealing "registered general building contractor" and substituting "registered specialist contractor".;

(e) by adding -

"9A. Application for consent to commence

(1) Regulation 31 is amended by renumbering it as regulation 31(1).

(2) Regulation 31(1) is amended by repealing "Application" and substituting "Subject to paragraph (2), any application".

(3) Regulation 31 is amended by adding -

"(2) The application for the consent of the Building Authority for the commencement of any demolition works must be accompanied by the personal particulars, qualifications and experience of the operators of any powered mechanical plant or equipment proposed to be used in the demolition works."

Appendix II to Agenda

PUBLIC FINANCE ORDINANCE

RESOLUTION

(Under section 29(1) of the Public Finance Ordinance (Cap.2))

CAPITAL WORKS RESERVE FUND

RESOLVED with respect to the Capital Works Reserve Fund established by resolution made and passed by the Legislative Council on 20 January 1982 and published in the Gazette as Legal Notice No. 18 of 1982, that -

- (a) the Fund be administered by the Financial Secretary, who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund -
 - (i) premium income received from land transactions;
 - (ii) all moneys received arising from works or commitments entered into for the purposes of the Funds;
 - (iii) unclaimed deposits in respect of moneys referred to in subparagraph (ii) which have been unpaid for 5 years;
 - (iv) such appropriations from general revenue as may be approved by the Provisional Legislative Council or Legislative Council;

- (v) sums borrowed under section 3 of the Loans Ordinance (Cap. 61) where the resolution of the Provisional Legislative Council or Legislative Council approving the borrowing so stipulates;
 - (vi) all moneys received by way of interest or dividends earned in respect of moneys held in the Fund;
 - (vii) such donations and other moneys as may be received for the purposes of the Fund;
- (c) the Financial Secretary may expend moneys from the Fund for -
- (i) the purposes of the Government's public works programme;
 - (ii) the purchase and installation of equipment consequential on implementing the public works programme;
 - (iii) the development, purchase and installation of major systems and equipment used by the Government;
 - (iv) capital subventions;
 - (v) the acquisition of land; and
 - (vi) the payment of redemption money payable in respect of land exchange entitlements and of interest payable thereon under the New Territories Land Exchange Entitlements (Redemption) Ordinance (70 of 1996),

in accordance with such conditions, exceptions and limitations as may be specified by the Finance Committee;

- (d) The Financial Secretary may -
 - (i) transfer from the Fund to the general revenue any balance in the Fund which is not required for the purposes of the Fund;
 - (ii) repay the principal, interest thereon and expenses incurred in relation to sums borrowed under section 3 of the Loans Ordinance (Cap. 61) where such sums have been credited to the Fund;
 - (iii) in his discretion, authorize the investment in such manner as he may determine of any moneys held in the Fund at any time;
- (e) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditure from the Fund;
- (f) this resolution shall come into operation on a date to be appointed by the Financial Secretary by notice in the Gazette;
- (g) on the coming into operation of paragraphs (a) to (f), the suspense account, works account and reserve account of the Fund shall be cancelled and any moneys remaining in those accounts shall be carried forward in their entirety in the Fund; and
- (h) paragraphs (a) to (n) of the resolution made and passed by the Legislative Council on 15 May 1985, and published in the Gazette as Legal Notice No. 131 of 1985, and any subsequent amendments made to those paragraphs shall cease to apply.

WRITTEN ANSWER**Written answer by the Secretary Security to Mr CHOY Kan-pui's supplementary question to Question 4**

The Fire Services Department does not have comprehensive statistics on the number of commercial and industrial organizations storing toxic gases for industrial uses. However, the number of licensed Category 2 (compressed gases) and Category 4 (poisonous substances including toxic gases) dangerous goods stores in the territory are as follows:

Category 2 dangerous goods stores	804
Category 4 dangerous goods stores	177