

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 28 November 2001

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

DR THE HONOURABLE DAVID CHU YU-LIN, J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE BERNARD CHAN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE JASPER TSANG YOK-SING, J.P.

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG, B.B.S.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

THE HONOURABLE AMBROSE LAU HON-CHUEN, G.B.S., J.P.

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

THE HONOURABLE TIMOTHY FOK TSUN-TING, S.B.S., J.P.

THE HONOURABLE LAW CHI-KWONG, J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, J.P.

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S.

THE HONOURABLE TOMMY CHEUNG YU-YAN, J.P.

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE MA FUNG-KWOK

MEMBERS ABSENT:

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE LAU WONG-FAT, G.B.S., J.P.

THE HONOURABLE CHOY SO-YUK

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE ANTONY LEUNG KAM-CHUNG, G.B.S., J.P.
THE FINANCIAL SECRETARY

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

MR CHAU TAK-HAY, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

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

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

DR YEOH ENG-KIONG, J.P.
SECRETARY FOR HEALTH AND WELFARE

MRS REGINA IP LAU SUK-YEE, J.P.
SECRETARY FOR SECURITY

MRS FANNY LAW FAN CHIU-FUN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

MS SANDRA LEE SUK-YEE, J.P.
SECRETARY FOR ECONOMIC SERVICES

CLERKS IN ATTENDANCE:

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

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Dutiable Commodities (Amendment) Regulation 2001 ..	248/2001
Companies (Summary Financial Reports of Listed Companies) Regulation	249/2001

Other Papers

- No. 31 — Annual Report of the Protection of Wages on Insolvency Fund Board 2000-01
- No. 32 — Hong Kong Council on Smoking and Health Annual Report 2000-2001
- No. 33 — The Government Minute in response to the Thirteenth Annual Report of The Ombudsman issued in June 2001
- No. 34 — Office of the Privacy Commissioner for Personal Data, Hong Kong Annual Report 2000-2001
- Report of the Bills Committee on The Ombudsman (Amendment) Bill 2001

ADDRESS

PRESIDENT (in Cantonese): Address. The Chief Secretary for Administration will address the Council on the Government Minute in response to the Thirteenth Annual Report of The Ombudsman issued in June 2001.

The Government Minute in response to the Thirteenth Annual Report of The Ombudsman issued in June 2001

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, the Thirteenth Annual Report of The Ombudsman was tabled at the Legislative Council on 27 June this year. The Government undertook at the time to prepare a Government Minute in response to the recommendations made by The Ombudsman in respect of the cases contained in annexes 6 and 10 of the Annual Report respectively. This will enable The Ombudsman and the public to better monitor the implementation of the relevant recommendations by the Government and public bodies. I now present the Government Minute to the Legislative Council.

The Government Minute covers the cases investigated by The Ombudsman in 2000-01 on which recommendations were made, as well as the five cases on which The Ombudsman had initiated direct investigation. Most of the Policy Bureaux, departments or public bodies involved in these cases have adopted all of the recommendations made by The Ombudsman and are currently implementing them. But the Policy Bureaux or departments involved in a small number of cases have not yet been able to take on board all of the recommendations of The Ombudsman owing to resources or operational constraints. As regards these exceptional cases, the relevant Policy Bureaux or departments have explained their problems in the Government Minute and duly suggested revised proposals in line with the objectives of The Ombudsman.

Over the years, The Ombudsman has provided the public with an independent, direct and effective channel for administrative complaints. Government departments and public bodies have all along responded positively to the investigation of The Ombudsman. We have gained multi-faceted enlightenment from it and improved the quality and efficiency of public administration. In May this year, we tabled The Ombudsman (Amendment) Bill 2001 to further enhance the independence of The Ombudsman and the operational efficiency of The Office of The Ombudsman. We are confident that The Office of The Ombudsman, after it is completely delinked from the Government, will play a more active and effective role in pushing government departments and public bodies to improve their services and enhance their accountability.

Should any Member require further explanation by the Government on any part of the Government Minute, we will be glad to provide the relevant information.

Thank you, Madam President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question time normally does not exceed one and a half hours, with each question being allocated about 12 to 15 minutes. The Member who asks a question has priority to ask the first supplementary. Supplementaries should be as concise as possible and Members should not make statements when asking supplementaries.

First question.

Regulation on Use of Laser Devices

1. **DR TANG SIU-TONG** (in Cantonese): *Madam President, at present, there is no legislation in Hong Kong for regulating the use of laser devices by beauty salons, and staff of beauty salons, in operating such devices, may voluntarily comply with the Laser Safety Code of Practice drawn up by the Committee on Science and Technology. In this connection, will the Government inform this Council:*

- (a) *whether the Department of Health (DH) has taken the initiative to collect statistics on cases in which patrons of beauty salons sustained injuries as a result of laser beauty treatment; if so, of the number of such cases in the past three years and the channels through which the relevant data are collected, and whether it knows the total number of complaints received by the Consumer Council (CC) in respect of similar cases in the same period;*
- (b) *of the measures in place to ensure that staff of beauty salons will follow the safety guidelines set out in the Laser Safety Code of Practice; and*

- (c) *as the Panel on Health Services of this Council was advised in June last year that the authorities were studying the feasibility of introducing a regulatory system on the use of health care equipment, including laser devices, of the progress of work in this respect, and the overseas experience to which reference has been made?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the DH has statutory responsibilities relating to medical services, including registration and regulatory matters concerning medical clinics, pharmacy and poisons to safeguard the health of the community. Services provided by beauty salons generally fall outside the ambit of this system of control. Nevertheless, owners and employees of beauty salons have a responsibility to ensure the safety of their clients. Consumers who are injured as a result of laser beauty treatment at beauty salons may seek redress through civil proceedings. In addition, whether the conduct complained of amounts to breaches of the criminal law would depend upon the individual facts and circumstances of the case.

- (a) As far as injuries as a result of laser beauty treatment at beauty salons are concerned, aggrieved customers may lodge their complaints with the CC. The CC has received a total of 21 complaints in the past three years. These complaints have been settled between the parties concerned with the mediation of the CC, except for a few cases for which discussions are continuing.
- (b) A Laser Safety Code of Practice was prepared by the Committee on Science and Technology, and distributed to the trade and users of laser equipment for their voluntary compliance. The Code of Practice contains guidelines on laser safety in industry, manufacturing, entertainment and display, as well as beauty therapy and biostimulation. Laser equipment is classified according to international standard into Classes 1, 2, 3A, 3B and 4 on the basis of the accessible emission limits of the equipment. The Electrical and Mechanical Services Department (EMSD) has been offering advice and education on the safety aspects of lasers to users and owners, including operators of beauty salons.

Under the Occupational Safety and Health Ordinance, employers are held responsible for ensuring, so far as reasonably practicable, the safety and health at work of their employees. Employers of beauty salons where laser equipment is used are, therefore, required to provide and maintain laser equipment in safe condition and to ensure the safety and health at work of their employees through providing information, instruction, training and supervision as necessary.

In the past three years, the Labour Department inspected about 40 beauty salons, of which 12 were found to use Classes 3B and 4 laser equipment. Two improvement notices, three warning letters and seven advisory letters in relation to the display of laser warning labels/signs and the provision of information, instruction and training to the employees were issued to the concerned beauty salons. Subsequent follow-up inspections found that the irregularities had been rectified.

- (c) The DH has carried out Phase I of the study on the regulation of medical devices. It has studied the experience of overseas countries and also participated in the Global Harmonization Task Force meetings on the regulation of medical devices and established dialogue with regulatory authorities in Australia, Canada, Singapore, the United Kingdom and the United States of America. The degree of control of medical devices varies in these countries, ranging from self-regulation to legislation. Regulatory controls over medical devices are intended to safeguard the health and safety of patients, users and other persons. Such controls should be proportional to the level of risk associated with a medical device. While the level of regulatory control should increase with increasing degree of risk, taking into account the benefits offered by the use of the device, the imposition of controls should not place an unnecessary burden on regulators or manufacturers.

In view of the rapid advances in medical technology, we have proposed in the Consultation Document on Health Care Reform to carry out a comprehensive review of the present statutory regulations in relation to, among other things, the use of medical

facilities/equipment. The DH is now working with the EMSD, in consultation with interested parties, with a view to proposing a regulatory framework for medical devices.

DR TANG SIU-TONG (in Cantonese): *Madam President, the Government mentioned in paragraph one of the main reply that services provided by beauty salons are not subject to control. I would like to ask the Secretary if laser beauty treatment provided by clinics is subject to control? If so, then why is laser beauty treatment provided by beauty salons not subject to control?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, at present we only impose control on clinics. If the treatment provided by beauty salons is medical in nature, then we are in a position to regulate it. If this is the case, then the beauty salon concerned should register as a clinic and we must possess evidence before we can regulate them. If we do not have any evidence and the beauty salon concerned is only engaged in beauty treatment, then we are not in a position to regulate it.

MR AMBROSE LAU (in Cantonese): *Madam President, part (b) of the main question inquires about the measures in place to ensure that staff of beauty salons will follow the relevant Code of Practice and it is mentioned in the main reply that in the past three years, the Labour Department inspected about 40 beauty salons. I would like to know on what criteria does the Government base to determine which beauty salon to inspect? Does the Government think that by merely inspecting these 40 beauty salons, it can adequately ensure that the staff of beauty salons will follow the relevant Code of Practice?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I have already indicated in my main reply that warnings in relation to the display of laser warning labels/signs and the provision of necessary information, instruction and training to the employees were issued by the Labour Department to the beauty salons concerned. These beauty salons will adhere to these criteria.

MR AMBROSE LAU (in Cantonese): *Madam President, the Secretary has not fully understood the thrust of my supplementary question. Part (b) of the main question inquires about the measures in place to ensure that the staff of beauty salons will follow the safety guidelines set out in the Laser Safety Code of Practice, that is, how does the Government monitor whether or not the staff of beauty salons complies to the Code of Practice, since even though a Code of Practice has been formulated, the staff of beauty salons may not necessarily comply with it. It is mentioned in the main reply that the Labour Department inspected about 40 beauty salons in the past three years. If the Secretary tells us that as far as he knows, only 40 beauty salons use laser, of course I would understand that such a course of action is adequate. However, if there are 400 beauty salons which use laser, how did the Administration select these 40 beauty salons for inspection? Can this adequately ensure that the staff concerned will adhere to the guidelines?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, when the Labour Department inspects beauty salons, it will check if that the beauty salons have provided training to their staff according to the guidelines and request these beauty salons to show the certificates. Manufacturers of laser equipment often provide training courses to the persons concerned and issue certificates to the trainees on completion of the courses. In addition, warning labels are placed on laser equipment and the persons-in-charge have to display special warning signs in the rooms where treatments are carried out. The Labour Department will ensure that the users adhere to the criteria.*

MR FRED LI (in Cantonese): *Madam President, according to part (b) of the main reply, the Labour Department carried out inspections on about 40 beauty salons and found that more than a quarter of them used Classes 3B and 4 laser equipment, which are the most powerful and dangerous. Since their use is so common and they are primarily used to treat ladies' faces, there are causes for concern. Why does the Government not simply require the staff of beauty salons to enroll into specified courses and allow them to use the equipment only after they are qualified? At present, beauty salons are given a free hand in staff supervision. Why does the Administration not give some consideration to this matter?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I agree that a review of the relevant regulatory regime is called for. Therefore, we will carry out reviews in a number of aspects. In fact, beauty salons is a type of business and have to apply for business registration licence. However, we will examine whether the services provided by beauty salons are similar to those provided by clinics. If the evidence indicates that this is the case, then we can prosecute the beauty salon involved. However, it will of course be necessary for us to gather evidence to prove that the treatment provided by a beauty salon is medical in nature before prosecution can be instituted. In addition, we are now reviewing the legislation regulating health care equipment and upon completion of the review on the regulatory regime, this issue can be dealt with more comprehensively.

DR LO WING-LOK (in Cantonese): *Madam President, the Government mentioned in part (c) of the main reply that as part of the reform on health care, the relevant legislation will be reviewed. Health care reform is a protracted process requiring as long as 10 or 20 years. I would like the Secretary to tell us whether the Administration has laid down a timetable for the review of legislation? Can the Secretary tell us when he will come to the Legislative Council to discuss the relevant legislation with us?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, my main reply is in fact be divided into two major parts. One part deals with the comprehensive review of statutory regulations in relation to the use of medical facilities or equipment. In the other part, it is mentioned that the DH has carried out Phase I of the study on the regulation of medical devices and Phase II of the study is being conducted and is scheduled for completion next year. On completion of Phase II of the study, a major consultation exercise will be carried out to consult the relevant Panels of the Legislative Council.

MR HENRY WU (in Cantonese): *Madam President, the Government mentioned in part (c) of the main reply that the DH has established dialogue with regulatory authorities in Australia, Canada, Singapore, the United Kingdom and the United States of America. I would like to ask the Secretary which of these countries impose control by means of legislation? Is there any country which originally adopted self-regulation, but for some reasons had to switch eventually to regulation by means of legislation?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I do not have the relevant details at hand. I will give a written reply to Mr WU's supplementary. (Annex I)

MR MICHAEL MAK (in Cantonese): *Madam President, the Secretary did not mention in his main reply whether there is any case of injury sustained by customers of beauty salons. I would like to know if there is any such instance of injury arising from the improper use of laser equipment; if so, what are the details of the most serious case and whether the Administration has helped the victim seek the most reasonable redress possible?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, since the information was obtained from the CC, we do not know if anyone was injured. However, we can make inquiries with the CC to see if it can provide the relevant information to us under privacy rules. If anybody complains to the DH against beauty salons about the provision of treatment which is similar to medical treatment, we will try to institute prosecution after sufficient evidence has been gathered. However, we do not have the information at the moment. We will make inquiries with the CC to obtain further information. (Annex II)

PRESIDENT (in Cantonese): Last supplementary.

DR RAYMOND HO (in Cantonese): *Madam President, the Secretary said in part (c) of the main reply that advances in health care technology are rapid. In fact, advances in laser equipment are made in leaps and bounds. There are many experts in this field in the Hong Kong Institution of Engineers. In the past, the Government have never consulted the Institution in this area. I wonder if the Government will consult the Institution when conducting an overall review on medical equipment, including that used for beauty treatment?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we will definitely consult the appropriate experts to seek their advice.

PRESIDENT (in Cantonese): Second question.

Measures Against Illegal Employment

2. **MR TAM YIU-CHUNG** (in Cantonese): *Madam President, the Chief Executive stated in his policy address 2001 that the Administration would take strong action against the employment of illegal workers. In this connection, will the Government inform this Council:*

- (a) *whether the respective numbers of illegal workers who worked in construction sites, who were foreign domestic helpers engaging in non-domestic duties, and other types of illegal workers have shown a rising trend in the past three years;*
- (b) *of the respective numbers of construction site controllers and other employers prosecuted for employing illegal workers in the past three years; and*
- (c) *of the measures in place to step up efforts against illegal employment so as to safeguard the employment opportunities of local workers?*

SECRETARY FOR SECURITY (in Cantonese): Madam President,

- (a) The Immigration Department (ImmD), the police and the Labour Department have been working in close collaboration to combat illegal employment. The number of illegal workers arrested in each of the past three years is at Annex 1. The number of illegal workers arrested in 1999 dropped by 27% compared to that of 1998. In 2000, the number saw a rise of 32% over that of 1999.
- (b) The number of employers and construction site controllers prosecuted for employing illegal workers in each of the past three years is at Annex 2. In 2000, 306 people were prosecuted and one of them was a construction site controller.
- (c) To combat and suppress illegal employment, the relevant departments have put in place a series of measures. These include:

- (1) The ImmD continues to exercise stringent controls at the various immigration control points to intercept illegal immigrants and to identify dubious visitors intending to work illegally in Hong Kong so as to prevent people who may become illegal workers from entering Hong Kong. The police has also established a liaison mechanism with the relevant mainland authorities for the exchange of intelligence on the activities of illegal immigrants in Hong Kong and the Mainland;
- (2) The Task Force of the ImmD inspects factories, restaurants, business establishments and domestic premises from time to time to carry out special operations against illegal employment. It also conducts joint operations with the police at construction sites;
- (3) The Labour Inspectors of the Labour Department pay frequent visits to various establishments to inspect employee records kept by the employers and proof of identity carried by the employees. Cases of suspected illegal employment are referred to the ImmD for follow-up action to help combat the problem. The Labour Department also stages regular inter-departmental joint operations with the police and the ImmD to carry out spot checks at blackspots of illegal employment;
- (4) To enhance the deterrent effect, illegal immigrants, visitors or foreign domestic helpers who work illegally in Hong Kong are all subject to prosecution. Prosecutions are also taken against employers and construction site controllers who employ illegal immigrants or persons not lawfully employable. Construction site controllers are liable on conviction to a maximum fine of \$350,000 and employers to a fine of \$350,000 and imprisonment for three years;
- (5) Apart from enforcement actions, the Administration has also made proactive efforts to publicize against illegal employment through television advertisements, the ImmD's homepage, posters and publicity leaflets so as to enhance public and employers' understanding of the relevant legislation and policies and to remind them not to employ illegal workers;

- (6) The Administration also encourages the public to report cases of illegal employment to the ImmD by calling its hotline, fax, mail and e-mail. Employers who have doubt about the identity of the job seekers may also make inquiries through the ImmD's hotline;
- (7) All visitors who enter Hong Kong on the strength of Two-way Permits are given a leaflet in Chinese stating that all visitors are not allowed to engage in employment (either paid or unpaid), and offenders may be prosecuted and subject to repatriation. The conditions of stay endorsed on the Two-way Permits also spell out such restrictions;
- (8) The visa stamp endorsed on the travel documents of the foreign domestic helpers also spells out clearly the conditions and restrictions of stay in both Chinese and English for the easy reference of employers and employees. In addition, all contract workers are issued with W-prefix identity cards which denote that they are not allowed to engage in employment in Hong Kong freely;
- (9) In order to combat illegal employment of mainland visitors more effectively, the ImmD sends information about those mainlanders who have abused their visitor status to the mainland authorities on a regular basis so as to enable them to take corresponding actions.

Annex 1

The number of illegal workers arrested between 1998 and 2000:

	1998	1999	2000
Illegal Workers Arrested at Construction Sites	1 655	785 (-53%)	356 (-55%)
Foreign Domestic Helpers Engaging in Illegal Employment	443	344 (-22%)	244 (-29%)
Illegal Workers of Other Categories (Including Suspected Prostitutes)	3 851	3 185 (-17%)	5 115 (+61%)
Total	5 949	4 314 (-27%)	5 715 (+32%)

() denotes the percentage increase or decrease over that of the previous year.

Annex 2

The number of employers or construction site controllers prosecuted for employing illegal workers between 1998 and 2000:

	1998	1999	2000
Number of Employers	490	393	305
Number of Construction Site Controller*	-	-	1
Total	490	393 (-20%)	306 (-22%)

Note: * According to the Immigration (Amendment) Ordinance 1999, which came into effect on 12 February 1999, if visitors are arrested at construction sites for engaging in illegal employment, liability shall rest upon construction site controllers (including contractors and persons-in-charge of construction sites).

() denotes the percentage increase or decrease over that of the previous year.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, the Secretary mentioned in Annex I of her main reply that the number of illegal workers of other categories (including suspected prostitutes) was increased by 61% to 5 115 last year; will the Secretary inform this Council which types of workers are included in illegal workers of other categories, what kinds of work are involved, and of the 5 115 illegal workers of other categories, how many are suspected to be prostitutes?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, there are three main categories of illegal workers arrested, in the first category are those arrested at construction sites, in the second category are foreign domestic helpers engaging in illegal employment and in the third category, or included as illegal workers of other categories, are those engaged in a variety of jobs. I have personally received information from members of the public on illegal workers working in homes for the aged and on those helping out in companies*

undertaking public housing estates renovation works. Last night, we arrested some Two-way Permit holders at the fruit wholesale market. Of course, prostitutes are also among illegal workers being arrested, and these workers are engaged in all types of work. I do not have information at hand on the proportion of suspected prostitutes in illegal workers of other categories being arrested, but I remember that it is quite a large proportion.

PRESIDENT (in Cantonese): Honourable Members, there are still more than 10 Members waiting for their turn to ask their supplementary questions. Please therefore be concise when asking your questions.

MR LAU CHIN-SHEK (in Cantonese): *Madam President, will the Secretary inform this Council whether it is obvious that there are cases in which illegal workers are found at work places (such as construction sites or public lavatories) but cannot identify their employers? Will the Administration consider amending the Ordinance so that when such incidents occur, the persons-in-charge of the work places (such as the main contractors of construction sites or contractors undertaking public lavatories cleansing services) are required to be held criminally liable?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, the problems of construction sites are rather unique. According to our past experiences, there is a multi-layered sub-contracting system at construction sites, and very often, even if illegal immigrants or over-stayers are found, it is impossible to prove who their employer is. The Immigration Ordinance was amended in 1999 and according to the Ordinance, it is not absolutely necessary to prove who their employer is. If visitors are arrested at construction sites for engaging in illegal employment, liability shall rest upon construction site controllers and they are liable on conviction to a maximum fine of \$350,000. Furthermore, those illegal workers need not be found working when arrested, for once illegal immigrants are found in construction sites, construction site controllers commit an offence and are liable on conviction to a fine of \$350,000. If their work place were public lavatories or restaurants, then the question of having difficulties in proving who the employer is would not arise and legislation is also in place to deal with such situations. Section 17I of the Immigration Ordinance is targeted at this situation. It provides that any person who employs a person who is not lawfully employable is liable to a maximum fine of \$350,000 and imprisonment of three years.

PRESIDENT (in Cantonese): Mr LAU Chin-shek, has your supplementary question not been answered?

MR LAU CHIN-SHEK (in Cantonese): *Madam President, the first part of my supplementary question is: Is it a common situation where illegal workers are found but their employers cannot be identified?*

SECRETARY FOR SECURITY (in Cantonese): Before we amended the Immigration Ordinance in 1999, we had extensively consulted the Hong Kong Construction Association and reminded those concerned that they must comply with the Ordinance. As a result, not too many construction site controllers were convicted after the Ordinance came into effect. In 2000, 31 construction site controllers were arrested and one was prosecuted; this year, seven construction site controllers were arrested and two persons were prosecuted. As regards other employers employing illegal workers, quite a number was prosecuted.

MR LEUNG FU-WAH (in Cantonese): *Madam President, one of the figures in Annex 1 of the main reply was the number of foreign domestic helpers engaging in illegal employment over the past three years, and Annex 2 of the main reply set out the number of employers prosecuted for employing illegal workers. In fact, as regards foreign domestic helpers engaging in illegal employment, some have been so engaged on their own initiative while others have acted upon instructions of their employers. Will the Secretary please tell us whether she has any statistics on the number of employers being successfully prosecuted for instructing foreign domestic helpers to be engaged in illegal employment?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have got the statistics on the number of employers prosecuted for employing illegal workers over the past three years on hand. In 1998, 1 139 employers were arrested for engaging domestic helpers in illegal employment and 490 were prosecuted; in 1999, 758 employers were arrested and 393 were prosecuted; in 2000, 712 employers were arrested and 305 were prosecuted; during the first 10 months of this year, 818 employers were arrested and 264 were prosecuted. As regards the breakdown on employers engaging domestic helpers in illegal employment, 227 were arrested this year and 15 were prosecuted. Perhaps, I

can provide Mr LEUNG with the above figures in detail again in writing. (Annex III)

MR JASPER TSANG (in Cantonese): *Some time ago, the DAB conducted a survey and discovered that though many members of the public may have information on illegal workers, they are reluctant to report those cases to law enforcement authorities. With reference to the statistics provided, has the Secretary ever analysed the figures to see whether or not there are more cases of illegal workers uncovered by law enforcement officers in their rounds of inspections than cases reported by members of the public?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not have information on such breakdowns at hand. However, the ImmD has set up a telephone hotline for members of the public to report on illegal workers and I have some figures at hand to prove that quite a substantial number of cases were reported by the public. During the past three years, the ImmD alone (not including the Labour Department) received 2 884 reports on illegal employment in 1998; 2 432 in 1999; 2 946 in 2000; 2 836 for the first 10 months of this year; and the fruit wholesale market operations last night were also launched upon receiving information from the public.

MR LAW CHI-KWONG (in Cantonese): *Madam President, it was mentioned in part (3)(d) of the main reply that convicted employers are liable to a fine of \$350,000 and imprisonment for three years. Will the Secretary please inform us whether this penalty is applicable to employers who employed other people's domestic helper on a part-time basis and whether there is any such case law? I believe that many employers are not aware of this regulation. Has the Secretary publicized this for the information of members of the public?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have some information at hand on penalties passed by the Court on the employment of persons not lawfully employable. For employers prosecuted for employing illegal workers, the Court normally imposes a fine of \$500 to \$15,000 and imprisonment of one to 12 months, suspended for three years. If the case were particularly serious, employers would be subject to immediate imprisonment for

a term of one to six months. As to whether this includes cases in which employers employ another person's domestic helpers, I have to go back and check the relevant information before I can answer Mr LAW Chi-kwong's supplementary question. (Annex IV)

MR ALBERT HO (in Cantonese): *Madam President, as the Secretary said earlier, the Immigration Ordinance as amended in 1999 have increased the legal liabilities of construction site controllers. From the figures provided, 356 illegal workers were arrested at construction sites in 2000, but of the 31 construction site controllers arrested, only one was prosecuted. Why is it that only such a small number of controllers have been prosecuted? Does the Administration have difficulties in law enforcement?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, this is not due to difficulties in law enforcement. I wonder if Members still remember when we discussed the relevant amendment, we spent a lot of time on discussing the problem of illegal workers at construction sites. I recall that Mr Ronald ARCULLI raised many questions at that time. He said the interests of construction site controllers should be safeguarded by preventing them from being prosecuted in cases where illegal immigrants have gained access to construction sites due to the negligence of some people. So eventually, we added a corresponding clause in section 17I and 38A(3) of the Immigration Ordinance to the effect that it will be a defence for construction site controller who can prove that he has taken all reasonable steps such as administration measures on inspecting the identity cards and safety cards of all employees, putting up no unauthorized entry signs at construction sites and erecting barbed fences, then the Court may accept them as defence. As long as the construction site controller has taken such steps as well as reasonably feasible measures, no prosecution will be made against him. And, even if he is prosecuted, he will not be convicted. Therefore, there are already checks and balances in the legislation.

MISS LI FUNG-YING (in Cantonese): *Madam President, we are aware that in addition to illegal immigrants, some tourist visa holders have also taken up illegal employment in Hong Kong. Does the Secretary have any statistics on the number of tourist visa holders engaging in illegal employment at hand for our reference? The Government of the Hong Kong Special Administrative Region*

(SAR) is now striving to develop tourism. In this regard, has the SAR Government adopted any special or effective measures to prevent people from taking up illegal employment in Hong Kong?

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not have at hand any statistics on the number of Two-way Permit holders prosecuted for engaging in illegal employment each year, but later I can provide the relevant information in writing. (Annex V) Our practice is, once those engaging in illegal employment are being convicted, we will forward the relevant information to mainland immigration authorities, so that they may consider not to issue Two-way Permits to those people for a period of time which will serve as a deterrent effect.

PRESIDENT (in Cantonese): This Council has spent more than 16 minutes on this question. I will allow one Member to raise the last supplementary question.

MR NG LEUNG-SING (in Cantonese): *Madam President, in paragraph (3)(d) of her main reply, the Secretary referred to the term "persons not lawfully employable". Will the Secretary tell us whether the ImmD will regard employees receiving unreasonable wages, that is, wages lower than the statutory pay as persons not lawfully employable? How would the Administration deal with this situation?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, under the Immigration Ordinance, "persons not lawfully employable" is specifically defined as people who are holding the status as visitors or illegal immigrants. In this connection, we have distributed leaflets to employers, explaining that for those who enter Hong Kong as visitors, the visa stamp endorsed on their travel documents will spell out clearly that they should not take up any employment, work or engage in any business, whether paid or unpaid. As regards foreign domestic helpers, the visa stamp endorsed on their travel document also spells out clearly which employer the domestic helper works for, the contract number, change of employer is not permitted and so on. Those who violate this regulation will be regarded as "persons not lawfully employable". Those who

work for a pay lower than the statutory level is another problem. The ImmD and the Labour Department will conduct investigations and make prosecutions under another legislation. The practice of the two departments is that prosecutions will definitely be instituted if sufficient evidences are gathered.

PRESIDENT (in Cantonese): Third question.

Publicly-funded Bodies Organizing Activities with Tobacco Companies

3. **DR LO WING-LOK** (in Cantonese): *Madam President, it is learnt that the newly-formed Committee on Youth Smoking has accepted sponsorship in the amount of \$18 million from tobacco companies and plans to produce teaching kits on anti-smoking for schools and youth services organizations and to organize anti-smoking activities with them. In this connection, will the Government inform this Council whether:*

- (a) *Government and aided schools and public-funded youth services organizations should, in line with the government policy on tobacco control, refrain from organizing activities in collaboration with tobacco companies or organizations sponsored by them; if so, how it deals with non-compliance with this policy;*
- (b) *the Education Department (ED) and the Social Welfare Department (SWD) have issued guidelines or rules to schools and organizations within their purview to instruct them to avoid organizing activities in collaboration with tobacco companies or organizations sponsored by them, or even prohibit their taking part in such activities; if so, of the details of these guidelines or rules; if not, whether it will consider drawing up such guidelines or rules; and*
- (c) *it has issued guidelines to public-funded tertiary institutions instructing them not to receive tobacco companies' sponsorships or collaborate with organizations sponsored by them in conducting researches in sciences, teaching and open activities; if it has, of the details of the guidelines; if not, whether it will consider formulating*

such guidelines?

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, over the years, it has been the Government's declared tobacco control policy to seek, through a step-by-step approach, to discourage smoking, contain the proliferation of tobacco use, and protect the public from passive smoking to the maximum extent possible. To this end, a multi-pronged approach, comprising legislation, taxation, publicity, education and law enforcement, has been adopted to achieve the policy objectives.

In order to minimize the effect of tobacco advertisement on youth, under the existing Smoking (Public Health) Ordinance, there are provisions governing strictly the tobacco advertisement and promotion. At present, it prohibits the display of tobacco advertisement in most public places. Apart from that, the Ordinance imposes restrictions on the wordings and advertisement appearing in events sponsored by tobacco companies, so as to avoid rising the event as a tool for their tobacco advertisement.

Overseas experiences show that education and publicity are the most effective means of tackling the youth smoking problem. In view of this and under our multi-pronged approach, different government departments and the Hong Kong Council on Smoking and Health have undertaken extensive and sustainable promotional and educational programs targeting at the youths.

At present, the ED, the University Grants Committee (UGC) and the SWD have not issued guidelines or rules to schools, tertiary institutions and organizations under their purview on their collaboration with tobacco companies or organizations sponsored by them. Nonetheless, to be in line with the Government's tobacco control policy and to avoid conflict with the nature and the objectives of the programs, we do not encourage school, youth services and social welfare organizations to collaborate with tobacco companies or organizations sponsored by them in organizing various, including anti-smoking, activities. The ED, the UGC and the SWD will be conveying this message to schools, tertiary institutions and organizations under their purview. We will also advise the relevant organizations of the drawbacks and potential risks of accepting funding from and co-organizing activities with tobacco companies. Before accepting any sponsorship or co-organizing any event, organizations concerned should give regard to the source of funding and the background of the co-organizer, and assess whether the act will conflict with the organization's nature and objectives, which might in turn adversely affect the overall

effectiveness of the programs.

DR LO WING-LOK (in Cantonese): *Madam President, the Government has stated in the third paragraph of the main reply that it does not courage the collaboration and it would only advise schools and the relevant organizations. My supplementary is: If schools ignore the advice or encouragement and accept sponsorship from tobacco companies and collaborate with organizations sponsored by them, how would the Government handle the case? I hope the Secretary for Education and Manpower would answer this supplementary.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, all along, we have not issued any explicit guidelines to prohibit schools from accepting such sponsorship. Since Members have expressed concern, we would follow the direction of the smoking control campaign of the Government and issue guidelines to schools, asking them not to accept such sponsorship. But at present, basically, it will be up to the School Management Committee to decide whether such sponsorship should be accepted. We are just asking them to make public the amounts of sponsorship they have received to find out if there is any conflict of interest. We believe schools and the education sector basically support that schools should be no smoking areas. If there is strong opposition in the community, we can certainly ask schools to turn down such sponsorship. Yet, under the Education Ordinance, accepting sponsorship from tobacco companies does not constitute a reason for imposing penalty on schools.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, according to a survey, half of the smokers in Hong Kong start smoking before they are aged 18, thus, it is very important to step up anti-smoking activities in schools to maintain schools as non-smoking premises. Can the Government seriously consider issuing circulars or guidelines, specifying that schools cannot accept sponsorship from tobacco companies for holding activities, and prohibit even anti-smoking activities sponsored by tobacco companies? If so, what are the details? If not, as schools are to make decisions on their own, would it be contradictory to the anti-smoking activities carried out by the Government at school level?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, we can certainly issue guidelines, asking schools to turn down sponsorship from all tobacco companies. If the Council can reach a consensus

on this point, I am very willing to do so.

MR WONG SING-CHI (in Cantonese): *Madam President, I wish to say that many kindergartens, primary schools, social service organizations and youth centres hold activities with the sponsorship from the Hong Kong Jockey Club Charities Trust during the summer vacation. Their construction projects are also sponsored by the Lotteries Fund. The Secretary has stated in his main reply that the Government would remind the relevant organizations to give regard to the source of funding and the substantive effects on the relevant activities before accepting any sponsorship or co-organizing any event. However, the Hong Kong Jockey Club Charities Trust and the Lotteries Fund actually come from many people who have taken part in gambling. Accordingly, has the Government issued guidelines to or briefed the organizations or groups concerned, reminding them to consider the consequences before accepting sponsorship from these Funds?*

PRESIDENT (in Cantonese): Mr WONG Sing-chi, the subject matter of this question is anti-smoking but your supplementary is relevant to another issue. What reasons do you have to convince me that your supplementary is related to the main reply?

MR WONG SING-CHI (in Cantonese): *Madam President, in the last paragraph of the main reply, it is stated that "Before accepting any sponsorship or co-organizing any event, organizations concerned should give regard to the source of funding and the background of the co-organizer, and assess whether the act will conflict with the organization's nature and objectives", as far as I understand, all sponsored amounts have actually been included, not only those for anti-smoking activities.*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I would try to answer Mr WONG Sing-chi's supplementary.

The guidelines we issue to the relevant organizations must be fairly comprehensive, specifying that they must consider the general source of the funds and the background of the co-organizer. However, it is another thing to target at tobacco companies. We agree that the situation of tobacco companies is rather special. According to international experience, tobacco companies

sponsor activities for the following reasons: first, for promotion of their image and for showing that they are socially responsible; second, for the purpose of publicity; third, for minimizing the pressure for their regulation. Therefore, we have to particularly target at tobacco companies. As regards other sponsorship, the relevant organizations should make a decision on the basis of the background of the recipients of the sponsorship. Regarding the supplementary just asked by Mr WONG Sing-chi, organizations very often know the sources for the relevant fund.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, the policy of the Government on prohibiting smoking is very unclear. On the one hand, it legislates to prohibit children under the age of 18 from buying cigarettes; on the other hand, it allows children under the age of 18 to smoke. In other words, it allows them to smoke but does not allow them to buy cigarettes. Would the Secretary consider legislating to prohibit smoking by children under the age of 18, just like prohibiting the entry of children under the age of 18 to betting stations under the current legislation, in order to safeguard their health?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, our policy is very explicit. In prohibiting smoking, smokers are not the offenders, but only the cigarette sellers are the ones who have committed an offence. How can smoking be an offence? Are we going to turn all smokers into offenders? I believe it is inappropriate. Can we say that all young people who smoke have committed an offence and have to be prosecuted? I think this is not an appropriate policy, instead, it is more appropriate to prohibit the sale of cigarettes.

MISS EMILY LAU (in Cantonese): *Madam President, has the Secretary investigated why the newly-formed Committee on Youth Smoking would have made such an "unwise move" and committed such contradiction by asking tobacco companies for sponsorship?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as far as I know, this Committee has not yet been registered. We heard that tobacco companies have wished to encourage some organizations to

carry out similar activities. Earlier, I have also explained why tobacco companies have taken such actions that seem to be very contradictory. Actually, not only in Hong Kong, a lot of information shows that tobacco companies have similar international strategies and activities. They have the following objectives: first, minimizing the pressure for their regulation, they show that they would help society prevent smoking by the youth, thus, it is not necessary to legislate to regulate them; second, promoting their image and showing that they are responsible, so that the community will generally have a better impression of them, thereby helping to reduce the regulation on them; third, attaining the purpose of publicity. Some countries have conducted fairly detailed studies and it is pointed out that very often they have done something to prevent smoking by the youth, but the work is superficial and not effective, and it fails to achieve the aim.

MISS EMILY LAU (in Cantonese): *Has the Secretary investigated why this Committee that has not yet been registered would make such an unwise move and ask tobacco companies for sponsorship? While the Government is in itself contradictory, the Committee may be more contradictory. On the one hand, it prevents smoking; on the other hand, it asks tobacco companies for sponsorship. Has the Secretary investigated why the Committee could be so "wrong" and how the case has been handled afterwards?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we have certainly consulted the Committee but we do not have the right to investigate. According to the information I gather, tobacco companies have encouraged the establishment of such bodies and the Committee has not made such requests, but I do not have any proof.

DR LUI MING-WAH (in Cantonese): *Madam President, the age of smokers ranges from below 10 to 80. Does the Government have any information to show the distribution of the age of smokers in the past five years, so that the tendency of smoking by youths can be seen easily?*

PRESIDENT (in Cantonese): This supplementary is not very closely related to the main question but after all, it is relevant, thus, I grant you the permission to

raise this supplementary.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, around 14% of all smokers in Hong Kong are aged over 15, and the figure is relatively low internationally. However, around 5% young people are smokers and there is a tendency for the number to increase. Why do we have to show concern for the youth? A Member has just said that smokers in general form the habit of smoking from adolescence, therefore, even though the percentage of young smokers is relatively low, we do not wish to see the youths to take up smoking. Once they start to take up smoking during adolescence, they would become addicted to it and it will be difficult for them to quit smoking.

DR LUI MING-WAH (in Cantonese): *Madam President, thank you for letting me ask this supplementary. The Government has not answered the part about the distribution of the age of smokers. I wish to ask, in the past five years, how were smokers aged between 10 and 80 distributed?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I would give a written reply. (Annex VI)

MR LAW CHI-KWONG (in Cantonese): *Madam President, when the Secretary answered Mr WONG Sing-chi's supplementary just now, part of his answer is worrying and I wish to put the question more clearly. The Government does not encourage gambling but it has not advised social service organizations not to receive funds from the Lotteries Fund or the Hong Kong Jockey Club Funds. The Government does not encourage smoking but it will advise social service organizations not to receive the relevant assistance. When the Secretary answered the question, the only reason he gave was just guessing the motive of the sponsors and so it was necessary for the Government to intervene. Does it mean that if we need not guess the motive of the Funds established by the Hong Kong Jockey Club or the Lotteries Fund established by the Government, there will be no need for intervention? Does the Government decide upon whether or not it would intervene in civic activities on the basis of guessing others' motives?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, in general, the Government would not intervene in the decisions made

by these organizations. As the Secretary for Education and Manpower has just said, we would advise them to consider from different perspectives whether or not they should accept sponsorship. However, sponsorship by tobacco companies is a very special case. We do not act by mere guessing as there is evidence showing that tobacco companies have done so. Internationally, the World Health Organization and other anti-smoking organizations have conducted plenty of studies. There is evidence to prove that tobacco companies have done so. Therefore, it is a special case.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. We shall now proceed to the fourth question.

Co-ordinating Port Development in Guangdong and Hong Kong

4. **MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, the Government of the Hong Kong Special Administrative Region (SAR) and the local governments in Guangdong Province are committed to developing logistics industries. In this connection, will the Government inform this Council whether:*

- (a) *it is quite common for goods imported or exported to/from Guangdong and Hong Kong to have the same origin; if so, of the details;*
- (b) *it has examined the feasibility of reorganizing or co-ordinating the ports in Guangdong and Hong Kong to avoid detrimental competition; and*
- (c) *it plans to discuss with the Guangdong Provincial Government or the Shenzhen Municipal Government the setting up of a standing working group to co-ordinate the development and operation of the ports in Guangdong and Hong Kong?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President,

- (a) At present, mainland China, the United States, Japan and the United

Kingdom are the main export markets of Hong Kong, accounting for 35%, 23%, 6% and 4% of Hong Kong's total export value respectively. Hong Kong's main import suppliers include mainland China, Japan, Taiwan and the United States, representing 43%, 12%, 8% and 7% of Hong Kong's total import value respectively. Guangdong Province's main export markets include Hong Kong, the United States, European Union and Japan, accounting for 34%, 26%, 14% and 8% of Guangdong's total export value respectively. Guangdong's main import suppliers include Taiwan, Japan and the United States, representing 19%, 18% and 7% of the Province's total import value respectively.

Hong Kong has long been the gateway for mainland China's external trade. A substantial portion of Guangdong Province's exports is re-exported to overseas markets through Hong Kong. Similarly, Guangdong's imports, including raw materials for outward processing in the province, are also mainly imported via Hong Kong. Hence, Hong Kong and Guangdong's external trade markets are very similar.

- (b) The main objective of our port development policy is to ensure a realistic planning of port-related infrastructure and the timely provision of port facilities to handle the development of Hong Kong's forecast cargo throughput.

At present both Hong Kong and Shenzhen formulate their port development plan according to the market demand, and with reference to the respective port cargo forecasts. In preparing our latest Port Cargo Forecasts, which was completed earlier this year, we have maintained close communication with our counterparts in the Mainland. Hong Kong and Shenzhen hold similar views on the cargo growth trend in South China, and in using the port cargo forecasts as the basis for planning port development, we have reduced the risk of over supply of container terminals in the region.

According to our Port Cargo Forecasts published earlier this year, the handling capacity of the Shenzhen ports will continue to increase in the coming few years. However, the trade volume and the foreign direct investment in the Mainland are expected to increase

following China's accession to the World Trade Organization (WTO). This will result in further development of import and export trade in the Mainland. Cargo from Southern China will grow sufficiently fast to support the planned expansion of ports in the region, including Hong Kong and Shenzhen.

At present, container terminals in Hong Kong and Shenzhen are operated by private enterprises on commercial principles. Hong Kong and Shenzhen ports offer different container terminal services in terms of service frequency, customs clearance procedures, supporting services and charges. Each port has its own competitive edge and shippers and consignees are provided with choices.

- (c) Guangdong Province is Hong Kong port's main cargo source. We put considerable emphasis on strengthening our communication with the mainland authorities, especially those in Guangdong Province and Shenzhen on port planning matters.

The Port and Maritime Board of the Economic Service Bureau maintains close contacts with our mainland counterparts including the Ministry of Communication, State Planning Commission as well as Guangdong's and Shenzhen's Transport Bureau and Planning Bureau, which are responsible for port planning and infrastructure, with a view to strengthening communication and exchanging information on the latest port development and plans. The meetings have facilitated mutual understanding on the latest trends and enable both sides to formulate appropriate strategies on port development.

In the past two years, we exchanged views on port development matters in the meetings, including:

1. developments in the international container business;
2. developments in the international maritime and shipping industry;
3. the planning process, development strategy and the latest

- developments of the ports in the Mainland and Hong Kong;
4. the characteristics, operations and developments of container terminals in the Mainland, Southern China and Hong Kong;
 5. planning and development of container terminals in the 10th Five-year Plan (2001-2005) in the Mainland;
 6. Hong Kong port cargo forecasts; and
 7. Hong Kong port development strategy.

We consider that the existing contact and communication channels are effective for both Hong Kong and the Mainland to exchange views on port development and there is no immediate need to establish another joint standing working group to perform this function.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, the Secretary said in part (b) of the main reply that following China's accession to the WTO, cargo from Southern China will grow sufficiently fast to support the planned expansion of ports in the region, including Hong Kong and Shenzhen. However, according to recent government statistics, the accumulative imports and exports of Guangdong had gone up 2.2% and 4.8% respectively, whereas the figures for Hong Kong of the same period had dropped by 4.8% and 3.9% respectively. In this connection, may I ask the Secretary, considering Hong Kong and Guangdong are running in the opposite direction, is there any detrimental competition between Guangdong and Hong Kong, or is it not enough to go round?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, I believe what Mr HUI Cheung-ching has just said is a short-term situation amid different cargo development stages in Hong Kong and Guangdong. In the past two years, we put emphasis on medium and long-term forecast and we exchanged data. Just now Mr HUI Cheung-ching mentioned the different growth trend in the cargo throughput in the two places: Guangdong enjoys a positive growth while Hong Kong suffers a negative growth. However, that does not mean any detrimental competition is in place. We have to bear in mind*

that the data for just a period of three months are not conclusive enough to determine whether or not the infrastructure should be expanded. Everybody knows that a project as huge as the Container Terminal 9, which is under construction, will at least take several years for construction works to commence as from the first day of planning. As a result, we should look at the matter in a broader perspective, and should not think there is detrimental competition or competition in any form because of few months' data. We are working actively with our counterparts in the Mainland. Hopefully, we can put all of our strengths together and achieve a win-win situation, instead of pondering how detrimental competition can be conducted after such data are exchanged.

MS MIRIAM LAU (in Cantonese): *Madam President, the Secretary mentioned in paragraph two of part (b) of the main reply that Hong Kong and Shenzhen would use the cargo growth trend in South China as the basis for planning port development. Mr HUI Cheung-ching has just quoted some data on that. According to the information I have, in the past few years, Yantian enjoyed a double-digit growth in its cargo throughput, but Hong Kong only had a single-digit growth and the digit was on the lower side. For the first eight months, we have registered zero growth in cargo throughput. If we calculate on the basis of these figures, perhaps we find that Yantian of Shenzhen is developing constantly, but the need of port development in Hong Kong is getting smaller. In fact, we have seen that Yantian has been developing continuously in the past decade, but the construction of Container Terminal 9, which should have started a decade ago, is still under construction. Does it mean that for a long period in future, we may have no need to build new container terminals, while Yantian is expanding ceaselessly? How can the Government protect the interests of Hong Kong?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to thank Ms Miriam LAU for her supplementary. First of all, I think that if we only talk about the growth percentage, Yantian is indeed very high. But if we look back at the base factor, then the base factor of Hong Kong is much bigger. Everybody is aware of that, and I have mentioned on different occasions that in last year, year 2000, Hong Kong has handled a total of 18.1 million standard containers, but in the same year, the handling capacity of Yantian was only 2.14 million. We can see that the difference between Hong Kong and Yantian is eight times. Certainly, if we just look at the growth percentage, perhaps it is higher than Hong Kong, but if we come across any

slight growth, the quantity will be correspondingly higher.

Furthermore, I would also like to thank Ms Miriam LAU for asking the supplementary on the future plan of container terminal development. Actually, in the meeting of the Panel on Economic Services this Monday, I have briefed Members on the study result of this year concerning port development strategy. Just as I said on that day, the result of the study was based on the findings we published in March this year regarding the forecasts on container industry in the next two decades. Honourable Members should have also heard that if we take the need of constructing another terminal into consideration, a new container terminal will be needed by 2010, and that is Container Terminal 10 that Members always refer to. Container Terminal 9 is under construction, which is expected to be commissioned in 2002, but it does not mean that we would hesitate to move forward. Actually, after the briefing on the strategy this Monday, the next step is to conduct thorough and accurate study in when the container terminal we needed should be constructed. Once the need of constructing a new terminal is identified, we should give comprehensive consideration, and not just restrict to container terminal alone. For example, since we are pushing the development of logistics industries today, therefore in the site search, we should also consider the ever-growing deep-draught vessel, the road network, river trade and other relevant facilities in relation to logistics services, on top of the suitability for the construction of a container terminal. Then we may determine how adequate port services can be provided by the year 2010. In fact, we have started to study that aspect. The Port and Maritime Board will hold a meeting tomorrow, and I believe Ms Miriam LAU will give us a lot of suggestions then.

DR DAVID CHU (in Cantonese): *Madam President, in July this year, the SAR Government proposed that it would conduct a study with Guangdong on the joint development of the port of Nansha, with a view to making it a consolidation hub for cargoes of the Hong Kong International Airport. May I ask the Government what is the progress of the plan?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): I would like to thank Dr David CHU for his supplementary. Ever since the memorandum was signed in the first meeting between Hong Kong and Guangdong under the leadership of the Chief Secretary for Administration, two more meetings were convened for further communication between both sides. Last week, the Deputy Secretary for Economic Services, Mr A FONG, has just discussed with

relevant authorities in Nansha about how to set up a working group, and what would be the most suitable type of development for Nansha. Our colleagues will study how the transport system should be connected to tie in with the development, because various industries are involved in the logistic flow, ranging from warehouse management to supply management, pure storage or goods repackaging and so on. Furthermore, we have to identify which source of supply is most cost-effective. Therefore, there is a sequence of issues for us to deal with. We have actually held two meetings and our colleagues in Hong Kong have visited Nansha personally. I believe Dr David CHU is surely interested in updated news of future progress, and I am glad to provide the information to Honourable Members.

MR KENNETH TING (in Cantonese): *Madam President, the Secretary mentioned in part (b) of the main reply that each port has its own competitive edge, but I would like to point out the fact that we have registered very low or even zero growth in the cargo throughput actually shows that we have lost our competitiveness. As far as the big three American toy traders are concerned, including HASBRO and MATTEL, they once conducted their production operations in Hong Kong and have their goods shipped from Hong Kong, but now that they have moved away and decided to have their products shipped from Yantian. Does the Government have plans to win back these companies, and restore the competitive edge of Hong Kong?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to thank Mr Kenneth TING for his supplementary. First of all, please allow me to answer a more comprehensive question. In fact, each port has its unique competitive edge. Although handling charges of mainland container terminals are lower, Honourable Members should bear in mind that as far as local container terminals are concerned, we have over 400 liners setting off to more than 500 destinations in every week, and over 130 destinations for air cargoes. With regard to Yantian, according to the latest information I have, their weekly scheduled liners only set off to around 71 destinations. Therefore, our network is much bigger than the South China shipping network. Secondly, Honourable Members should not forget that after years of hard works, our customs clearance procedures have been streamlined significantly, and so did the import and export licensing procedure. As to personnels, I hope that they can work more precisely. Certainly, we should not become complacent. However, with regard to the issue of whether we are able to win back companies

we have lost, I hope that it can be achieved through co-operation between the Government and the business sector, as it can improve our overall competitiveness, and hopefully we can win back these companies and make them come back to make use of our port facilities again. However, if we only aim at just three companies, I believe Honourable Members will query why the Government have shown favouritism to them.

MR AMBROSE LAU (in Cantonese): *Madam President, the Secretary mentioned in part (c) of the main reply that Hong Kong and the Mainland have exchanged views on certain issues concerning port development, including those matters mentioned in item (3), that is, "the planning process, development strategy and the latest developments of the ports in the Mainland and Hong Kong". The Secretary has mentioned the development of the port of Nansha earlier, now I wish to ask about the general situation beyond Nansha, such as the latest planning, strategy and developments.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to thank Mr Ambrose LAU for his supplementary. According to the information we obtained, the Guangdong Provincial Planning Commission forecasts that by 2005, the capacity of Shenzhen and Guangdong ports will be raised to 6.5 million standard containers. At the same time, they are also planning to increase 14 berths. As to the existing berths, they hope to modify five of them. The information also mentions the tonnage that each berth handles, some of them can handle 50 000 tons, and handling capacity of other berths will be increased. All these prove that we have been exchanging practical information at the working level and we are dealing with such kinds of information that we have practically exchanged. Furthermore, we are also aware of the target of the throughput to be lifted and the number of new berths to be increased within the next five years.

PRESIDENT (in Cantonese): we have spent 18 minutes on this question, but seven Members are still waiting for their turns to raise their supplementaries. The time for this question will have to end here, however, I think the issue involve a very broad range of concerns, it is therefore absolute necessary for Honourable Members to follow up the issue on other occasions.

Fifth question.

Fire Safety of Main Doors of Public Housing Units

5. **MR ANDREW CHENG** (in Cantonese): *Madam President, regarding the fire safety of the main doors of public housing units, will the Government inform this Council whether it knows:*

- (a) *the current fire resistance specifications for the main doors of public housing units;*
- (b) *the number of public housing units which were completed in or before 1996 and whose main doors do not conform with the current fire resistance specifications, together with a breakdown of such figures by individual housing estates or courts, and the fire resistance capability of the doors of these units; and*
- (c) *if the authorities concerned will consider replacing the main doors of public rental housing units which do not conform with the current fire resistance specifications; if not, of the reasons for that?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, the current fire resistance specifications for entrance doors of public housing flats of the Housing Authority (HA) comply with the requirement set out in the Building (Construction) Regulations. That is to say, entrance doors of individual flats are able to resist fire for at least half an hour. Listed door suppliers of the HA are required to ensure compliance with this requirement through certification by accredited laboratories.

In fact, entrance doors of flats in the HA's new public housing block designs used since the mid-1980s are able to resist fire for at least half an hour, and they already comply with the current fire resistance requirement introduced in 1996 by the Building Authority. The Housing Department (HD) estimates that roughly about 380 000 flats in blocks with old designs have entrance doors which do not meet the new requirement subsequently introduced in 1996 as it does not have retrospective effect. Details are at Annex. The fire resistance capability of entrance doors in these flats is not known without testing. For these old blocks, fire safety was achieved through building designs with widened corridors for escape, good ventilation and fire services installations.

The HA is conducting a study to ascertain the adequacy of entrance doors in its old housing blocks. The study will be completed by April 2002. The HA will, in the light of the findings, determine whether any necessary improvement work is needed.

Public housing flats built by the Housing Society (HS), as in the private sector, have various fire safety designs and are subject to the Buildings Ordinance in effect at the time of construction. The entrance doors of flats built after 1996 comply with the new fire resistance requirement. As the flats built before 1996 have different fire safety designs, it is not known whether the entrance doors all meet the new requirement subsequently introduced in 1996.

Annex

Rough Estimate of Old Public Rental Housing Estates with Flat Entrance Doors not Meeting the 1996 Fire Resistance Requirement

	<i>Estate</i>	<i>Number of Flats</i>
1	Ap Lei Chau	4 453
2	Butterfly	5 405
3	Chak On	1 905
4	Cheung Ching	4 905
5	Cheung Fat	2 618
6	Cheung Hong	8 594
7	Cheung Kwai	472
8	Cheung Shan	1 621
9	Cheung Wah	5 120
10	Choi Hung	7 455
11	Choi Wan (1)	5 922
12	Choi Wan (2)	2 967
13	Choi Yuen	5 077
14	Chuk Yuen (South)	6 655
15	Chun Shek	2 191
16	Fu Shan	1 582
17	Fu Shin	5 518
18	Fuk Loi	3 128

	<i>Estate</i>	<i>Number of Flats</i>
19	Hing Man	1 999
20	Hing Wah (2)	3 578
21	Kai Yip	4 300
22	Kwai Fong	2 345
23	Kwai Hing	1 582
24	Kwai Shing (East)	720
25	Kwai Shing (West)	5 254
26	Kwong Fuk	6 191
27	Lai King	4 212
28	Lai Kok	3 068
29	Lai Yiu	2 662
30	Lei Cheng Uk	4 832
31	Lei Tung	7 536
32	Lek Yuen	3 211
33	Lok Fu	2 050
34	Lok Wah (North)	2 972
35	Lok Wah (South)	7 008
36	Long Ping	8 483
37	Lung Hang	4 384
38	Lung Tin	733
39	Ma Tau Wai	2 075
40	Mei Lam	4 162
41	Mei Tung	664
42	Model Housing	667
43	Nam Cheong	1 897
44	Nam Shan	2 848
45	Ngan Wan	466
46	Ngau Tau Kok, Lower (1)	5 169
47	Ngau Tau Kok, Upper	3 775
48	Oi Man	6 288
49	On Ting	5 049
50	Pak Tin	4 973
51	Ping Shek	4 575
52	Po Lam	5 259
53	Pok Hong	5 479
54	Sai Wan	638
55	Sam Shing	1 833

	<i>Estate</i>	<i>Number of Flats</i>
56	Sau Mau Ping (1)	1 898
57	Sau Mau Ping (2)	5 003
58	Sha Kok	6 424
59	Shan King	8 643
60	Shek Kip Mei	8 305
61	Shek Lei (1)	5 886
62	Shek Wai Kok	6 502
63	Shui Pin Wai	2 135
64	Shun Lee	4 450
65	Shun On	3 001
66	Shun Tin	7 026
67	Siu Sai Wan	4 155
68	So Uk	5 314
69	Sun Chui	6 698
70	Sun Tin Wai	3 432
71	Tai Hang Tung	2 373
72	Tai Hing	8 601
73	Tai Ping	1 429
74	Tai Wo Hau	6 594
75	Tai Yuen	4 878
76	Tin Yiu (1)	4 022
77	Tsui Lam	4 932
78	Tsui Ping (North)	6 398
79	Tsui Ping (South)	2 226
80	Tung Tau (2)	6 820
81	Wah Fu (1)	4 793
82	Wah Fu (2)	4 345
83	Wan Tsui	3 493
84	Wang Tau Hom	4 132
85	Wo Che	6 071
86	Wo Lok	1 940
87	Wong Chuk Hang	5 480
88	Wong Tai Sin, Lower (2)	3 620
89	Wu King	4 385
90	Yau Oi	9 153
91	Yue Wan	2 178

<i>Estate</i>	<i>Number of Flats</i>
Total number of flats:	385 260 (about 380 000)

MR ANDREW CHENG (in Cantonese): *Madam President, among the 91 housing estates listed in the Annex, many of the entrance doors of these flats are actually like "hollow slabs" which will break simply by knocking at them with force, not to speak of using them for fire prevention. Since more than 380 000 households are involved, it is probable that more than a million residents are living in these flats which are not in compliance with the new fire resistance requirement. The impact is indeed very significant. Why did the Secretary say in his main reply that still a study had to be conducted? Why are the main doors not replaced at the earliest possible time for the residents to enhance their functions of fire prevention, so that in view of the fact that more people need replacement of their doors, more employment opportunities would be created?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the relevant requirement was announced in 1996. Therefore, it is probable that flats completed before 1996 may not conform with the current requirement. However, according to the HA's information, fire prevention lies not only in the main doors, for building designs, fire escapes, fire service installations, and so on, are also very important. Therefore, the HA must study this in order to ascertain whether improvement work is necessary for old blocks. Now, it is still premature to say whether main doors should be included or not. The HA has to review the overall situation of flats in old blocks before making a decision.*

MR ALBERT HO (in Cantonese): *Madam President, some of the old housing estates listed in the Annex have been included in the Sale of Flats to Sitting Tenants Scheme to be implemented. Should the Government advise the HA to complete the replacement of the main doors that meet the requirement announced in 1996 for residents before selling the flats in these housing estates?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the HA has all along undertaken to inspect the building in respect of its safety and various circumstances concerned before selling the public rental housing units to sitting tenants. The flats will only be sold if the HA is satisfied with the conditions. The relevant inspection certainly will include fire safety equipment. As regards*

whether main doors will be replaced in particular, this is another matter. The HA has to consider factors such as the designs and fire safety facilities of the whole building before making the final decision. Anyway, the fire safety of every unit must be ensured before it is sold.

DR RAYMOND HO (in Cantonese): *Madam President, may I ask the Secretary whether or not the new requirement announced in 1996 was drafted in accordance with the Buildings Ordinance? If yes, the HS should construct buildings in accordance with the Buildings Ordinance. So, why has the HS failed to ascertain whether the public housing units it built before 1996 conform with the new requirement subsequently introduced in 1996?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, as I said in my main reply, the buildings constructed by the HS are subject to the stipulations of the Buildings Ordinance. Therefore, the HS has constructed buildings in accordance with the Buildings Ordinance, just like the buildings constructed by private developers in the private sector. In this regard, the HS is subject to the requirements in effect at the time of construction. The HS has used many forms of building designs because it had engaged architects and engineers externally to do the project concerned. Therefore, in respect of the fire resistance of the wooden doors, the HS actually did not have readily available information. I have made inquiry to the HS in this respect, but it failed to provide me with the information.

DR RAYMOND HO (in Cantonese): *Madam President, the Secretary has not answered my supplementary question clearly. If the requirements announced in 1996 work in line with the Buildings Ordinance, and the HS has all along designed housing units in accordance with the Buildings Ordinance, then why has the HS failed to ascertain whether the buildings constructed before 1996 conform with the Buildings Ordinance or not?*

PRESIDENT (in Cantonese): Secretary for Housing, do you understand this follow-up question?

SECRETARY FOR HOUSING (in Cantonese): Madam President, I am aware of the general situation. Before 1996, the HS constructed buildings in

compliance with the Buildings Ordinance and there was absolutely no violation of law. The new requirement announced in 1996 only requests the main entrance doors to be able to resist fire for at least half an hour. Therefore, the main doors of housing units constructed by the HS after 1996 can resist fire for more than half an hour, and this also conforms with the requirement. Before 1996, this rigid requirement was not applicable to the main doors of all flats.

MR FRED LI (in Cantonese): *Madam President, when we paid visits to residents of public rental housing units during the campaigning period, we knew clearly which doors were solid and which ones were hollow when we knocked at them, because hollow doors would give out some special sounds. We found it very convenient to knock at such doors, but these doors could not prevent fire. The Secretary stated that the main doors of 380 000 flats do not meet the requirement announced in 1996, and most of these flats are in old housing estates completed two to three decades ago. In fact, many of the wooden doors in these housing estates are broken. Does the HD have plans to replace the wooden doors of housing units in these old housing estates one after another with regard to fire safety and durability?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, generally speaking, the tenant can inform the HA or the HD if the wooden door is broken, and the department responsible for maintenance and repairs will handle it. Insofar as the fire safety of a wooden door is concerned, the fire safety standards of old public housing units do not depend only on the structure of the main door. As I have mentioned earlier, it has to depend on such factors as the building designs, fire service installations, whether there are wider fire escapes and better ventilation, all these are to decide on whether sufficient protection is provided with general fire safety measures taken.

MR MICHAEL MAK (in Cantonese): *Madam President, does the Housing Bureau have the figures indicating the number of incidences of fire and the number of injuries or deaths caused by substandard main doors?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, I thank Mr MAK for raising this question. I am well-prepared for this question as I have

inquired the authority concerned earlier about the relevant figures. *(Laughter)*

According to the information provided by the HA, approximately 4 500 incidences of fire took place in the last three years, but all of them had nothing to do with the main door in particular. Regarding the HS's record, 56 incidences of fire occurred during the same period of time, but none of them involved the fire safety standards of the main door, too. Therefore, past fire outbreaks had no direct correlation with the main doors.

MR ANDREW CHENG (in Cantonese): *Madam President, it was mentioned in paragraph three of the main reply that the study being conducted by the HA will have been completed by April next year. May I ask the Secretary what criteria and conditions would be used as the standards governing the results of the study? If the main doors do not conform with the fire safety standards announced in 1996, will the HD definitely replace the main doors of the public rental housing units for the residents? Can the Secretary inform us of the relevant criteria and conditions?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the HA and the HD are studying the conditions of main doors of old public rental housing units, and the study will be completed in a couple of months' time. As to what will be done in future, this is another issue to be dealt with afterwards. As the Secretary for Housing, I cannot answer in advance on behalf of the HA or the HD. Certainly, I can reflect Members' views to the HA.*

MR ALBERT HO (in Cantonese): *Madam President, the Secretary said in his reply to the supplementary question raised by Mr Michael MAK that according to the records, fortunately, no fire accident was related to main doors that do not meet the existing requirement. Current requirement provides that the main door must be able to resist fire for at least half an hour. May I ask the Secretary how long those substandard main doors can resist the fire? Can they resist fire for 10 minutes? How much higher will the risk be because of that?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, I cannot answer this question because I do not have the relevant information, the HA and*

the HD do not have it either.

PRESIDENT (in Cantonese): Sixth question.

Interest Rate Adjustment Mechanisms of Loan Schemes for Post-secondary Students

6. **MR CHEUNG MAN-KWONG** (in Cantonese): *Madam President, at present, various loan schemes provided by the Government for post-secondary students have different interest rate adjustment mechanisms: the annual interest rates of non-means-tested loans are adjusted on a regular basis by reference to the prime rates set by the note-issuing banks, while the interest rates of means-tested loans are fixed at 2.5% per annum. In this connection, will the Government inform this Council:*

- (a) *of the prevailing interest rate and the interest rates in the last two months for the non-means-tested loan schemes (NLS), and how they compare to the changes in the prime rates set by the note-issuing banks in Hong Kong in the last two months;*
- (b) *whether it will consider lowering the fixed interest rate on means-tested loans in the light of the declining interest rates payable on bank loans; and*
- (c) *in view of the continuous decline in the interest rates on bank loans and the current economic downturn, whether the Government will consider reviewing the interest rate adjustment mechanisms and modes of operation of various loan schemes, with a view to reducing the financial burden on graduates and encouraging members of the public to pursue continuing education; if so, of the details; if not, the reasons for that?*

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

- (a) The interest rate charged under the NLS is linked to the average of the best lending rates (BLR) of the note-issuing banks, with a

difference of 0.5 percentage point. The adjustment to the NLS interest rate takes effect at the beginning of the month following the adjustment to the BLR. On 1 September 2001, the NLS interest rate was 6% per annum. Since then, this interest rate has been reduced on two occasions, namely 1 October and 1 November, by 0.5 percentage point each time. The interest rate now stands at 5% per annum.

As the BLR has been further lowered by 0.25 percentage point to 5.25% per annum on 8 November, the NLS interest rate will be lowered correspondingly to 4.75% with effect from 1 December.

- (b) Starting from the 1987-88 academic year, the means-tested loan has been changed from interest-free to interest-bearing with a fixed rate of 2.5% per annum. The intention is for graduates to make a basic contribution towards their loans and to ensure that they apply for what they genuinely need. As the difference between the fixed interest rate and the BLR has been shrinking, we are reviewing whether the interest rate for the means-tested loan should be adjusted.
- (c) For the NLS, the current adjustment mechanism already enables borrowers to benefit from lower interest rates in tandem with movements in the market. We are examining the feasibility of opening up the NLS market so that borrowers can benefit from more favourable interest rates and repayment conditions, and at the same time be assured of their accessibility to the non-means tested loan. We aim to complete our review within this financial year.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, the annual interest rate for the NLS has been reduced several times this year. From the Secretary's main reply, it can be seen that since September this year, the rate has been reduced twice from 6% to 5%, and will be reduced to 4.75% in December. There will be a total reduction of 1.35 percentage point in three months. However, the interest rate on low-interest loans for needy students remains unchanged at 2.5%. So, the difference in interest rate is narrowing and the low-interest nature is beginning to live not up to its name. Will the Government*

inform this Council whether it is fair to students who must obtain fixed-interest loans? Why can the 2.5% fixed-interest rate not be reduced correspondingly? When will the Government complete the review so that needy university students may benefit from a reduced interest rate?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, in 1996 the Public Accounts Committee, referring to the findings of a study by the Director of Audit, recommended that the Government review the assistance schemes for local tertiary students and that interest be charged under such schemes, though before the academic year 1987-88, the Government granted loans interest free. At that time, the Legislative Council agreed that all graduates who had obtained loans should be charged interest at a fixed rate of 2.5%. The thinking behind the proposal was that there should be a more cost-effective loan scheme, taking into consideration the repayment ability of the students. Despite the fixed rate of 2.5% for the means-tested loan, it is still almost 2.5% lower than the rate under the NLS. So, there is still a difference. As I have mentioned in the main reply, the Government is conducting a review to see if there is sufficient ground to revise the fixed rate of 2.5%. We hope to complete the review before the start of the next academic year.

DR YEUNG SUM (in Cantonese): *Madam President, under the NLS which carries a rate lower than the BLR, there is an additional risk rate charged at 1.5%. Will the Secretary inform this Council whether the risk was high in the past and whether the rate should be maintained? Will the Government consider removing the risk rate in the review?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the review I was referring to just now relates to the assistance scheme for needy local tertiary students. At present, the rate for the scheme is fixed at 2.5%. We will be conducting a review on that.

There is indeed a risk adjustment of 1.5% under the NLS. Since its implementation in 1997, the scheme has been studied by experts who agree that loans made out under this scheme are unsecured loans and there should be a risk adjustment. At that time, we agreed that we would assess the repayment situation after the first batch of students had graduated to see if there would be defrauds in payment, that is, to see how high the risk would be before deciding whether a review was needed. Figures we have obtained so far indicate that as

at 30 October 2000, we have made out loans totalling \$1 billion under the NLS. Around \$150 million have been repaid. There are 5 158 cases due for repayment, but there are 467 cases of delay in repayment for up to two instalments or more involving \$2.42 million. Using this to compare with the total repayment due, we obtain a rate of 1.59%, which is close to the estimated risk. Of course, delays in repayment do not mean non-payment, and so there is no need to write the amount off yet. However, the present data do indicate a defraud rate of over 1.5%.

PRESIDENT (in Cantonese): Dr YEUNG, has your supplementary question not been answered?

DR YEUNG SUM (in Cantonese): *Madam President, I asked the Secretary whether the review to be conducted by the Government would include the risk rate.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have answered the Honourable Member's question already. The review mentioned by me was related to another scheme. The Government has no plans to review the interest rate under the NLS for the time being.

MR NG LEUNG-SING (in Cantonese): *Madam President, in part (b) of the main reply, the Government said it wanted to ensure that students only applied for what they genuinely needed and this is the intention of the means-tested loan scheme set up since the academic year 1987-88. But then in part (c) of the main reply, the Government said it was examining the feasibility of opening up the NLS market so that borrowers are assured of their accessibility to non-means tested loans. Will the Secretary inform this Council whether there are any contradictions at all between what were mentioned in the two parts?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I believe the Honourable NG Leung-sing may have misunderstood my answer as they are two different schemes. The first scheme is a means-tested loan scheme providing loans for needy students at a fixed interest rate of 2.5%, whereas the second one is the NLS under which the

interest rate is linked to the BLR. There is an interest of 0.5% between both schemes. It is the NLS market we intend to open up. We hope private institutions, that is, banks, will provide loans. However, banks may not accept certain applications from students. So, in addition to inviting banks to participate in the scheme, the Student Financial Assistance Agency (SFAA) may have to keep some cases so that if students choose not to borrow from banks, they may apply for loans from the SFAA.

PRESIDENT (in Cantonese): Question time ends here.

WRITTEN ANSWERS TO QUESTIONS

Progress of Flood Prevention Projects

7. **DR TANG SIU-TONG** (in Chinese): *Madam President, regarding the progress of flood prevention projects and flooding blackspots, will the Government inform this Council:*

- (a) *of the number of projects in progress, the description, estimated expenditure and scheduled completion date, as well as the revised expenditure and completion date of each of these projects;*
- (b) *whether there are any delays or cost overruns in the projects mentioned above; if so, of the reasons for that;*
- (c) *of the number of flooding blackspots in the New Territories at present, and the number of them expected to be delisted before the onset of the next rainy season as a result of completion of the relevant flood prevention works; and*
- (d) *of the areas which are expected to become new flooding blackspots next year, the causes of the emergence of such blackspots, as well as the measures in place or the works undertaken to completely resolve or relieve the flooding problems in these areas?*

SECRETARY FOR WORKS (in Chinese): Madam President,

- (a) As regards flood prevention in Hong Kong, there are 16 major projects totalling some \$5 billion under construction as listed in Table 1 with brief description, expenditure and completion dates.
- (b) Of these 16 major flood prevention projects, all their expenditures are within budget. As regards completion, the main channel works of these projects (except for 7053CD and 7087CL) either have been substantially completed by now or will be substantially completed by the original completion date to provide the necessary flood protection.

There is some delay in the project 7053CD, River Training Works for the Upper River Indus. However, we have excised part of the contract and awarded to a new contractor in September 2001, targeting to complete the critical channel works in the Upper River Indus to provide an interim improvement to the flow capacity before the onset of the next rainy season in 2002. Besides, all channel works are scheduled for completion by early 2003.

As for 7087CL, Shek Wu Hui development, package 4, Engineering Works, some works were deferred in mid-2001 in order to avoid adverse impact on the existing river during the exceptionally heavy rain in 2001 rainy season. These works were resumed in November 2001 and all the channel works will be substantially completed before the onset of the 2002 rainy season.

- (c) Back in 1995, there were about 100 flooding blackspots in the New Territories. Since then we have successfully removed from our list 31 blackspots. With the progressive completion of flood prevention works, we will remove another five flooding blackspots before the onset of the 2002 rainy season. Moreover, by early 2005, we will further remove another 38 flooding blackspots. There will then be less than 30 blackspots, covering mostly localized areas.

- (d) With the progressive completion of major flood prevention projects, it is expected that the extent and severity of the flooding problems should be significantly reduced. At present, we do not anticipate any likely emergence of new flooding blackspots next year.

Table 1: Major flood prevention projects under construction

<i>PWP No.</i>	<i>Title</i>	<i>Original</i>		<i>Revised</i>		<i>Remark</i>
		<i>Estimated Cost (\$M)</i>	<i>Estimated Completion Date</i>	<i>Estimated Cost (\$M)</i>	<i>Estimated Completion Date</i>	
4089CD/A	West Kowloon drainage improvements, stage 1 works	464	January 2003	464	January 2003	
4091CD/A	Rural drainage rehabilitation scheme, stage 1, phase 1A - rehabilitation works at Ng Tung River	231	July 2000	145	December 2001	Drainage channel already in use since September 2001.
4093CD/A	Rural drainage rehabilitation scheme, stage I, phase IB - rehabilitation works at Sheung Yue River	246	April 2001	135	December 2001	Drainage channel already in use since September 2001.
4099CD/A	West Kowloon drainage improvement, stage 2 phase 1 works	749	August 2005	749	August 2005	
4101CD/A	Rural drainage rehabilitation scheme, stage 2, phase 1 - Nam Hang drainage improvement	16.9	May 2002	16.9	August 2002	Major works will be substantially completed in May 2002.
4106CD/A	West Kowloon drainage improvement, stage 2 phase 2 and stage 3 phase 1 works	901	June 2007	901	June 2007	
7029CD/A	Main drainage channel for Ngau Tam Mei, phase 2 - Ngau Tam Mei to Yau Mei San Tsuen section	142.1	August 2002	132.3	August 2002	
7053CD/A	River training works for the	587.6	March	587.6	March	Critical channel

<i>PWP No.</i>	<i>Title</i>	<i>Original</i>		<i>Revised</i>		<i>Remark</i>
		<i>Estimated Cost (\$M)</i>	<i>Estimated Completion Date</i>	<i>Estimated Cost (\$M)</i>	<i>Estimated Completion Date</i>	
	Upper River Indus		2002		2002	works will be substantially completed in March 2002.
7081CD/A	Main drainage channels for Yuen Long and Kam Tin, stage 2 - remainder	291.6	June 2003	291.6	June 2003	
7087CL/A	Shek Wu Hui development, package 4, engineering works	360*	May 2001	326	February 2002	
7095CD/A	Main drainage channels for Yuen Long and Kam Tin stage 2 - Kam Tin San Tsuen to Wang Toi Shan section	419.3	May 2002	324.6	December 2002	Major works will be substantially completed in May 2002.
7097CD/A	Main drainage channels for Yuen Long and Kam Tin stage 2 - Kam Tin Road to Tai Kek section	410.4	March 2002	234	March 2002	
7098CD/A	Phase 1 village flood protection for Pok Wai and Wang Chau, North West New Territories	106.8	August 2002	102	August 2002	
7100CD/A	Main drainage channel for Ngau Tam Mei phase 1 - Yau Mei San Tsuen to Tai Sang Wai section	442.5	August 2002	366	March 2003	Major works will be substantially completed in August 2002.
7107CD/A	Village flood protection for Chuk Yuen Tsuen and Ha San Wai, North West New Territories	152.1	March 2003	152.1	March 2003	
7113CD/A	Main drainage channels for Yuen Long and Kam Tin -	93.7	March 2003	93.7	March 2003	

PWP No.	Title	Original		Revised		Remark
		Estimated	Estimated	Estimated	Estimated	
		Cost	Completion	Cost	Completion	
		(\$M)	Date	(\$M)	Date	
	Sham Chung Channel					
	Total Cost		5,614.0		5,020.8	

* The estimated cost refers to the relevant flood prevention contract (not the whole project).

Visa Service and Requirement Applicable to Russian Nationals

8. **MR HOWARD YOUNG:** *Madam President, I have learnt that a group of 60 Russian nationals holding valid visas for entry to the Mainland for attending an exhibition there could not take a short trip to Hong Kong on their way back to Russia because there was insufficient time for the Immigration Department (ImmD) to process their visa applications under the normal procedure. They were also ineligible to apply for visas to visit Hong Kong under the fast-track visa service because it was available only to Russian nationals travelling in the Mainland as a group organized by one of the two approved travel agents. In this connection, will the Government inform this Council:*

- (a) *of the number of visas granted to Russian nationals under the fast-track visa service since its introduction on 18 January 1999 and the average time now taken to process such applications; and whether it has reviewed the arrangements for the fast-track visa service with a view to increasing the number of approved travel agents and the daily quota of 100 persons;*
- (b) *of the time it takes to process visa applications from Russian nationals to visit Hong Kong under the normal procedure and whether it will consider shortening the processing time for such visa applications, in particular, those related to emergency or urgency; and*
- (c) *whether it will consider relaxing the visa requirement applicable to Russian nationals, in particular those travelling in groups and*

holding valid visas to visit the Mainland, and granting visa-free access to those who are in transit via Hong Kong?

SECRETARY FOR SECURITY: Madam President, with reference to the case referred to by the Honourable Member in his question, we have made enquiries with the ImmD and the Beijing Office. None of them have any record of the case in question. The answers to the Honourable Member's questions *seriatim* are as follows:

- (a) Since the introduction of the fast-track visa service for Russian tour groups travelling in the Mainland on 18 January 1999, only three Russian tour groups comprising a total of 60 visitors have visited Hong Kong under the service. The visa processing time for each tour group member is three working days.

The number of Russian visitors visiting Hong Kong has been increasing (5 736 in 1998; 7 281 in 1999; 10 324 in 2000), but this has not resulted in a corresponding increase in the demand for the fast-track visa service as noted above. Accordingly, we do not have any plans to increase the number of authorized mainland tour operators or the daily quota of 100 persons, and would review our position from time to time having regard to service demand.

Under the fast-track visa service, visa applications of Russian nationals travelling in the Mainland may be submitted collectively, in a group of normally no less than 10 persons, by one of the two authorized mainland tour operators to the Hong Kong ImmD or the Beijing Office. However, it is not a requirement that they have to travel in the Mainland in a group organized by the two authorized mainland tour operators.

- (b) Simplified arrangements are in place for Chinese diplomatic and consular missions and the Beijing Office of the Government of the Hong Kong Special Administrative Region to issue single or double journey visit visas to Russian visitors for a stay of up to 14 days in

Hong Kong without reference to the Hong Kong ImmD. Such visa applications are normally finalized within one week. Visit visa applications made to the Hong Kong ImmD, which are largely applications for multiple journey visit visas for a stay of more than 14 days in Hong Kong, are normally finalized within four weeks.

The ImmD will also expedite the processing of visa applications to deal with situations of emergency or urgency. Such applications will be considered on a case by case basis and visas may be issued within one working day (that is, on the day of application). A condition is that the applicant must fulfil normal immigration requirements such as holding a valid travel document with adequate returnability to his country of residence or citizenship and having no likelihood of becoming a burden on Hong Kong.

- (c) Russian visitors require a visa to visit Hong Kong and there is no plan to change this requirement.

Applications for Operation of Non-franchised Bus Service

9. **MR ALBERT CHAN** (in Chinese): *Madam President, at present, management companies or resident organizations of housing estates may recommend operators to apply to the Commissioner for Transport for operating residents' non-franchised bus (RB) service to carry passengers to and from the housing estates. Also, employers may apply for operating employees' non-franchised bus (EB) service to carry their employees to and from their places of work. In this connection, will the Government inform this Council of the following concerning RB and EB service respectively:*

- (a) *the respective numbers of applications for the operation of new routes approved and rejected by the Transport Department (TD) in the last 24 months, together with the details of each application, including the number of buses involved, routeing arrangements, destinations, frequency and schedule of services, fare per journey*

and the application results;

- (b) among the applications approved for operating new routes, the applications recommended by relevant persons from recently occupied housing estates; and*
- (c) the criteria adopted by the TD for approving or rejecting the applications?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, in the past 24 months (from November 1999 to October 2001), the TD had approved 85 Residents' Service applications. Details are appended at Annex A. During the same period, 133 applications for Residents' Services were not approved. Details are appended at Annex B.

An Employees' Service is a service provided by an employer for the carriage of persons employed by him to or from their place of work. The origin or destination of Employees' Service shall be the work place of his employees. The details of the Employees' Service (such as routeing arrangements, frequency and schedule of services) are to be arranged by the employer flexibly in accordance with relevant factors such as the residence and working hours of his employees. At present, the TD has no fixed requirement for these service details. In the past 24 months, the TD had in total approved 309 Employees' Service applications, and eight applications were not approved. Details are appended at Annexes C and D.

All applications for Residents' Service are required to be supported by relevant persons of the relevant residential development. Of the 85 approved Residents' Services as mentioned above, 31 were to provide service for newly completed residential development. Please refer to Annex A.

The main considerations adopted by the TD in examining the applications are as below:

- the need for the services to be provided by the applicant;

- the level of service already provided or planned by other public transport operators;
- traffic conditions in the areas and on the road where the services are to be provided; and
- the standard of service to be provided by the applicant.

Annex A

Number of Residents' Service Applications Approved by
Transport Department from November 1999 to October 2001

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
1.	Hong Kong Parkview – Wan Chai	8.15 am, 5.45 pm and 6.20 pm (3 trips)	1	15.0
2.	The Regalis, Crown Terrace – Central	8.00 am (1 trip)	1	No Separate Fare
3.	Conduit Road (Imperial Court) – Admiralty (Tamar Street)	7.15 am to 7.45 pm (15-35)	2	No Separate Fare
4.	Seymore Road (Goldwin Heights) – Central (Queen's Pier)	7.30 am to 12.30 pm and 2.30 pm to 7.15 pm (10-30)	2	No Separate Fare
5.	Tregunter Path (Branksome) – Central (Connaught Place) (Circular)	7.20 am to 7.40 pm (10-20)	3	No Separate Fare
6.	Old Peak Road (Hillsborough Court) – Central (Queen's Pier)	7.00 am to 9.00 pm (10-15)	3	7.0
7.	Old Peak Road (Garden Terrace) – Admiralty (Tamar Street)	7.15 am to 9.45 pm (30)	2	No Separate Fare
8.	Magazine Gap Road (Harbourview) – Admiralty (Tamar Street) (Circular)	7.30 am to 9.30 am, 10.30 am to 12.30 pm, 2.15 pm to 3.45 pm and 4.30 pm to 7.30 pm	1	No Separate Fare

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
		(30-45)		
9.	Old Peak Road (Tregunter) – Central (Queen's Pier) (Circular)	7.15 am to 8.20 pm (30-35)	2	7.0
10.	Old Peak Road (Tregunter) – Admiralty (Tamar Street) (Circular)	7.30 am to 8.20 pm (25-30)	1	7.0
11.	Conduit Road (Pearl Garden) – Admiralty (Circular)	7.30 am to 12.00 noon and 2.00 pm to 7.00 pm (30-40)	1	No Separate Fare
12.	Kennedy Road (Bamboo Grove) – Central (Ice House Street) (Circular)	7.00 am to 7.00 pm (30-40)	1	No Separate Fare
13.	150 Kennedy Road – Central (Queen's Pier)	7.30 am to 8.30 am (60)	2	No Separate Fare
14.	The Regalia – Pitt Street (Circular)	7.30 am to 9.30 am and 5.45 pm to 7.15 pm (30)	1	No Separate Fare
15.	Belair Monte (Fanling) – Sheung Shui KCR Station*	6.00 am to 11.00 am and 12.00 noon to 11.00 pm (15)	4	2.5
16.	Woodland Crest (Sheung Shui) – Sheung Shui KCR Station	6.30 am to 10.20 pm (10-20)	2	1.5
17.	Avon Park (Fanling) – Tin Hau	7.20 am to 7.40 am (5)	4	20.0
18.	Woodland Crest (Sheung Shui) – Tin Hau	7.15 am (1 trip)	1	20.0
19.	Dawning View (Fanling) – Fung Ying Sin Koon (Circular)*	7.00 am to 8.40 pm (10)	2	2.0
20.	Avon Park (Fanling) – Fanling KCR Station (Circular)	6.30 am to 9.30 pm (20)	1	3.5
21.	Vienna Garden – Sheung Shui KCR Station (Circular)	6.30 am to 1.40 pm and 3.40 pm to 9.00 pm (15-20)	1	3.5
22.	Kwong Yuen Estate, Sha Tin – Mei Lam Estate, Sha Tin	7.10 am to 7.20 am (10)	1	4.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
23.	Lakeview Garden – Tai Wai KCR Station	6.30 am to 8.45 pm (20-30)	1	No Separate Fare
24.	Golden Time Villas, Sha Tin – Tai Wai KCR Station	7.00 am to 11.45 am and 3.30 pm to 8.30 pm (20-30)	1	12.0
25.	Granville Garden – Tai Wai KCR Station	6.30 am to 10.35 am and 4.30 pm to 7.35 pm (15)	1	2.0
26.	Shatin Heights, Tai Po Road – Tai Wai KCR Station	7.00 am to 10.30 am and 4.35 pm to 8.30 pm (15)	1	No Separate Fare
27.	Kwong Yuen Estate, Sha Tin – Ma On Shan	7.00 am to 7.20 am (20)	2	4.0
28.	Vista Paradiso, Ma On Shan – University KCR Station*	6.30 am to 12.00 noon, 1.00 pm to 4.00 pm and 5.00 pm to 11.00 pm (20)	1	No Separate Fare
29.	Vista Paradiso, Ma On Shan – Diamond Hill MTR Station*	6.40 am to 11.00 am, 12.00 noon to 3.00 pm and 4.00 pm to 8.15 pm (10-30)	5	No Separate Fare
30.	Vista Paradiso, Ma On Shan – Bayshore Towers*	6.30 am to 1.00 pm, 2.00 pm to 5.00 pm and 6.00 pm to 11.00 pm (20)	1	No Separate Fare
31.	Lee On Estate, Ma On Shan – Tuen Mun	7.15 am and 6.15 pm (2 trips)	1	16.5
32.	Villa Athena, Ma On Shan – Pai Tau Street, Sha Tin	7.00 am to 9.10 pm (45)	1	No Separate Fare
33.	Kam Ying Court, Ma On Shan – Lai Chi Kok	7.30 am to 8.25 am and 6.00 pm to 7.20 pm (10-20)	7	12.0
34.	Chung On Estate, Ma On Shan – Fo Tan	7.00 am to 10.00 am and 4.00 pm to 7.30 pm (15)	4	7.0
35.	Castello, Sha Tin – Sha Tin New Town Plaza (Phase 1)*	7.00 am to 10.13 am and 4.00 pm to 8.13 pm (6-8)	5	4.0
36.	Jubilee Garden – Wong Tai Sin	7.00 am to 10.30 am and	4	9.0

	<i>Origin - Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
	MTR Station	4.00 pm to 8.30 pm (15)		
37.	Monte Vista, Ma On Shan - University KCR Station*	6.30 am to 1.20 pm and 3.00 pm to 11.20 pm (15-20)	3	No Separate Fare
38.	Richwood Park - Tai Po KCR Station	6.45 am to 9.25 pm (15-40)	2	No Separate Fare
39.	Parc Versailles - Tai Po KCR Station	6.45 am to 10.00 pm (15-30)	2	No Separate Fare
40.	Shui Long Wo - University KCR Station	7.00 am to 9.30 am and 5.00 pm to 9.30 pm (60)	2	6.5
41.	Grand Palisades to Tai Po KCR Station*	6.30 am to 11.26 pm (10-14)	2	2.0
42.	Chateau Royale - Tai Po KCR Station*	7.00 am to 7.00 pm (20-25)	1	No Separate Fare
43.	Yuen Leng - Tai Po Market	6.30 am to 8.00 pm (60)	1	5.0
44.	Casa Marina - Tai Po KCR Station*	7.00 am to 11.30 pm (30-40)	1	No Separate Fare
45.	Grand Palisades - Tin Hau MTR Station*	7.30 am (1 trip)	1	20.0
46.	Parc Versailles - Tin Hau MTR Station	7.00 am to 7.30 am (30)	2	20.0
47.	Classical Garden - Tin Hau MTR Station	7.20 am to 7.40 am (10)	3	20.0
48.	Villa Castell - Tai Po KCR Station	7.15 am to 8.45 pm (20 - 60)	1	7.0 (Mon. to Sat.) 5.0 (Sun. and PuH)
49.	Symphony Bay - University KCR Station*	6.00 am to 11.15 am and 4.00 pm to 9.00 pm (5 -15)	5	No Separate Fare
50.	Wong Yi Au Tsuen/Care Villa - Tai Po KCR Station	6.00 am to 11.15 am and 4.00 pm to 9.15 pm (20-30)	1	3.5 (Adult) 2.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$) #</i> (Aged, Children under 12 and Student with school uniform)
51.	Nan Fung Plaza, Tseung Kwan O – Lam Tin MTR Station*	7.30 am to 9.00 am (15)	3	5.0
52.	Well On Garden, Tseung Kwan O – Lam Tin MTR Station	7.30 am to 9.00 am (15)	3	5.0
53.	Metro City, Tseung Kwan O – Lam Tin MTR Station*	7.30 am to 9.30 am and 5.00 pm to 9.00 pm (15)	5	5.0
54.	La Cite Noble, Tseung Kwan O – Lam Tin MTR Station*	7.00 am to 3.00 pm and 5.00 pm to 9.15 pm (15-30)	5	5.0
55.	East Point City, Tseung Kwan O – Quarry Bay MTR Station	7.50 am to 8.20 am (5-10)	5	18.0
56.	Floral Villas – Chan Man Street*	7.00 am to 8.00 pm (30-90)	1	No Separate Fare
57.	East Point City, Tseung Kwan O – Lam Tin MTR Station	7.00 am to 11.00 pm (5-30)	14	4.0
58.	Maritime Bay, Tseung Kwan O – Lam Tin MTR Station*	7.10 am to 7.50 pm (10-50)	1	4.0
59.	Jade Villa, Sai Kung – Fuk Man Road*	7.00 am to 8.00 pm (60)	1	5.0
60.	The Portofino, Clear Water Bay – Silverstrand Mart*	7.00 am to 9.30 pm (30)	1	No Separate Fare
61.	Beverly Garden, Tseung Kwan O – Fo Tan, Sha Tin*	8.00 am (1 trip)	1	10.5
62.	Ocean Shores, Tseung Kwan O – Lam Tin MTR Station (Circular)*	7.00 am to 11.00 pm (10)	6	4.0
63.	Sam Shing Estate – Sheung Shui KCR Station	6.30 am to 7.30 am and 6.30 pm to 7.30 pm (60)	2	14.0
64.	Tuen Mun Siu Hong Court – Kwun Tong Ferry Pier	7.15 am and 6.20 pm (2 trips)	1	14.0
65.	Lung Mun Oasis – Tsing Yi AR Station	6.40 am to 8.40 am and 5.45 pm to 7.00 pm	4	10.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
		(20-25)		
66.	Botania Garden, Tuen Mun – Hung Hom KCR Station*	7.20 am (1 trip)	1	18.0
67.	Botania Garden, Tuen Mun – Tsing Yi AR Station*	7.20 am to 7.40 am (10)	3	14.0
68.	Tuen Mun (Po Tin Interim Housing) – Tsuen Wan*	7.00 am to 9.00 am, 11.00 am to 2.00 pm and 4.00 pm to 7.00 pm (20-30)	3	No Separate Fare
69.	Parkside Villa – On Shun Street	6.30 am to 2.00 pm and 4.00 pm to 11.10 pm (20-30)	1	2.0
70.	Park Royale – On Shun Street (Circular)*	7.00 am to 10.00 am and 4.00 pm to 7.00 pm (15)	1	No Separate Fare
71.	Scenic Garden – On Shun Street*	6.30 am to 2.20 pm and 4.20 pm to 11.20 pm (20)	1	No Separate Fare
72.	Chun Hing New Village – Sau Fu Street (Circular)	6.40 am to 1.00 pm and 3.00 pm to 8.00 pm (20)	1	3.0
73.	Park Royale – Tsing Yi AR Station*	7.45 am to 8.15 am (15)	3	12.0
74.	Belvedere Garden (Phase 1) – Kowloon City Ferry Pier	7.15 am to 8.45 am and 5.30 pm to 6.45 pm (15)	5	12.0
75.	Belvedere Garden (Phase 3) – Tsuen Wan MTR Station	6.50 am to 7.45 pm (5-30)	3	No Separate Fare
76.	Hanley Villa – Tsuen Wan MTR Station	6.30 am to 11.00 pm (10-30)	2	No Separate Fare
77.	Rhine Terrace – Tsuen Wan MTR Station	6.45 am to 10.15 am and 4.45 pm to 8.15 pm (60)	1	No Separate Fare
78.	Belvedere Garden (Phase 2) – Tsuen Wan MTR Station	7.00 am to 7.35 pm (5-30)	3	No Separate Fare
79.	Belvedere Garden (Phase 1) –	7.00 am to 7.57 pm	1	No Separate Fare

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
	Tsuen Wan MTR Station	(20-30)		
80.	Greenview Court – Tsuen Wan MTR Station	7.00 am to 1.00 pm and 3.00 pm to 8.00 pm (10-60)	2	No Separate Fare
81.	Lido Garden – Tsuen Wan MTR Station	6.30 am to 9.55 am and 4.15 pm to 7.30 pm (5-30)	3	No Separate Fare
82.	Villa Esplanada (TsingYi) – Tsing Yi AR Station (Circular)*	7.00 am to 9.30 am and 5.00 pm to 8.00 pm (10-15)	2	No Separate Fare
83.	Villa Esplanada (TsingYi) – Tak Hoi Street (Tsuen Wan) (Circular)*	6.30 am to 1.30 pm and 3.30 pm to 9.00 pm (15)	2	No Separate Fare
84.	Discovery Bay – Tung Chung*	5.30 am to 1.30 am (10-30)	6	8.0
85.	Discovery Bay – Airport*	5.30 am to 12.30 am (30-90)	2	28.0

@ The table does not contain information on the routing arrangements because of the time required to go through all relevant records to identify such details.

Fare is determined by passenger representative and operator of the residents' service.

* Residents' service supported by relevant party of newly completed residential development.

Annex B

Number of Residents' Service Applications Rejected by Transport Department from November 1999 to October 2001

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
1.	The Belchers' – Shun Tak Centre, Sheung Wan	7.00 am to 10.30 pm (10-15)	3	No Separate Fare
2.	Robinson Place – Admiralty MTR Station	7.00 am to 10.00 am and 5.00 pm to 8.00 pm (15)	2	No Separate Fare
3.	Manhattan Heights – Hong Kong Station	7.30 am to 12.20 pm and 2.10 pm to 7.00 pm (45)	1	No Separate Fare

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
4.	Tung Shan Terrace – Wan Chai	7.00 am to 12.30 pm and 5.30 pm to 7.10 pm (20-60)	1	5.0
5.	Swiss Tower – Central (Star Ferry Pier)	7.20 am to 6.25 pm (40-75)	1	No Separate Fare
6.	Pacific Palisades – North Point	7.30 am to 12.20 pm and 1.50 pm to 8.50 pm (20-30)	1	4.0
7.	Pacific Palisades – Causeway Bay	7.30 am to 11.30 am and 1.00 pm to 9.00 pm (23-30)	2	4.0
8.	Pacific Palisades – Central	8.20 am (1 trip)	2	4.0
9.	Stanley Prison – Causeway Bay	7.00 am to 10.30 am and 4.00 pm to 7.30 pm (15)	4	9.0
10.	Laguna Verde – Hung Hom	7.00 am to 11.00 am and 4.00 pm to 9.00 pm (10)	2	No Separate Fare
11.	Laguna Verde – Tsim Sha Tsui	7.00 am to 8.00 pm (20-30)	2	No Separate Fare
12.	Elley Terrace – Yau Ma Tei MTR Station	7.00 am to 8.30 pm (15)	2	No Separate Fare
13.	Elley Terrace – Festival Walk	10.15 am to 9.10 pm (45)	2	No Separate Fare
14.	Regent on the Hill – Galaxia, Diamond Hill	6.00 am to 9.00 am (20)	1	No Separate Fare
15.	Scenic View –Choi Hung MTR Station	6.30 am to 10.00 pm (5-15)	5	No Separate Fare
16.	Island Harbour View – Mong Kok	7.00 am to 10.00 am (15)	3	No Separate Fare
17.	Dynasty Heights – Kowloon Tong MTR Station	7.00 am to 10.00 pm (30)	3	No Separate Fare
18.	Dynasty Heights – Mong Kok	7.00 am to 10.00 pm (30)	1	No Separate Fare
19.	Symphony Bay – Sha Tin New Town Plaza	9.35 am to 10.35 pm (5-15)	5	No Separate Fare

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
20.	Blossom Villa – Tai Wo KCR Station	7.00 am to 11.00 pm (30)	2	No Separate Fare
21.	Fung Yuen Tsuen – Tai Po KCR Station	6.30 am to 8.15 pm (30)	1	5.0
22.	Emerald Palace – Tai Po KCR Station	7.15 am to 10.30 pm (30-45)	1	5.0
23.	Fu Heng Estate – Shau Kei Wan	7.15 am and 5.45 pm (2 trips)	1	18.0
24.	Chung Nga Court – Tseung Kwan O	6.30 am and 6.30 pm (2 trips)	1	12.0
25.	Tai Yuen Estate – Hung Hom Ferry Pier	7.30 am to 7.45 am and 5.45 pm to 6.05 pm (4 trips)	2	11.0
26.	Parc Versailles – Central	7.10 am to 7.30 am (3 trips)	3	18.5
27.	Classical Garden – Central	7.10 am to 7.45 am (4 trips)	4	18.0
28.	Classical Garden – Tsim Sha Tsui	7.43 am (1 trip)	1	15.0
29.	Grand Palisades – Central	7.30 am (1 trip)	1	18.0
30.	Kwong Fuk Estate – Cheung Sha Wan	8.00 am to 8.40 am and 6.20 pm to 6.40 pm (4 trips)	2	10.0
31.	Monte Vista – Diamond Hill MTR Station	6.45 am to 9.00 am and 4.30 pm to 8.00 pm (5-60)	6	No Separate Fare
32.	Ravana Garden – Wan Chai	7.35 am (1 trip)	2	15.0
33.	Baycrest – Hollywood Plaza, Diamond Hill	7.15 am to 11.30 am, 12.45 pm to 3.30 pm, and 4.45 pm to 10.30 pm (30)	1	N.A.
34.	Castello – Diamond Hill	7.35 am to 8.15 am (10)	4	12.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
35.	Kam Ying Court, Ma On Shan – Wan Chai	7.25 am to 8.00 am and 5.30 pm to 6.30 pm (10-15)	4	18.0
36.	Granville Garden – Kowloon Tong	6.30 am to 9.45 am (15)	1	6.0
37.	Granville Garden – Wai Wah Centre	9.30 am to 7.37 pm (20)	1	4.0
38.	Villa Athena, Ma On Shan – Central	7.30 am (1 trip)	1	No Separate Fare
39.	Villa Athena, Ma On Shan – Pai Tau Street, Sha Tin	7.00 am to 10.00 pm (45)	1	No Separate Fare
40.	Castello, Sha Tin – Sha Tin New Town Plaza	7.30 am to 10.40 pm (10-20)	3	4.0
41.	Castello, Sha Tin – Diamond Hill, Kowloon	7.35 am to 8.15 am (10)	4	No Separate Fare
42.	Castello, Sha Tin – Central	7.50 am to 8.10 am (20)	2	18.0-20.0
43.	Baycrest, Ma On Shan – Ma On Shan Plaza	7.00 am to 10.45 pm (20-30)	1	No Separate Fare
44.	Fu Ning Garden, Tseung Kwan O – Tsuen Wan	7.50 am (1 trip)	1	10.5
45.	Fu Ning Garden, Tseung Kwan O – Sha Tin	7.50 am (1 trip)	1	10.5
46.	Fu Ning Garden, Tseung Kwan O – Siu Sai Wan	7.50 am (1 trip)	1	14.5
47.	Fu Ning Garden, Tseung Kwan O – Aberdeen	7.50 am (1 trip)	1	14.5
48.	Hillview Court – Kowloon Bay	6.30 am to 11.10 pm (50)	1	No Separate Fare
49.	Metro City (Phase 2), Tseung Kwan O – Lam Tin MTR Station	7.00 am to 9.30 pm (30)	2	5.0
50.	La Cite Noble, Tseung Kwan O – Wan Chai	7.30 am to 7.55 am (10-15)	4	15.0
51.	Well On Garden, Tseung Kwan	8.15 am	4	N.A.

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
	O – Hung Hom	(1 trip)		
52.	Well On Garden, Tseung Kwan O – Central	7.50 am (1 trip)	4	N.A.
53.	Beverly Garden, Tseung Kwan O – Tsuen Wan	7.50 am to 8.10 am and 6.30 pm (4 trips)	3	9.0
54.	East Point City, Tseung Kwan O – Tsim Sha Tsui	7.55 am (1 trip)	1	11.0
55.	East Point City, Tseung Kwan O – Central	7.45 am to 8.10 am (5-10)	5	15.0
56.	East Point City, Tseung Kwan O – Chai Wan	8.15 am (1 trip)	1	16.0
57.	Maritime Bay, Tseung Kwan O – Lam Tin MTR Station	7.10 am to 7.50 pm (50)	1	4.0
58.	Ocean Shores – East Point City, Tseung Kwan O	7.45 am to 8.00 am (15)	2	8.0
59.	Ocean Shores – Taikoo Place, Quarry Bay	7.45 am to 8.15 am (15)	3	12.0
60.	Ocean Shores – World Trade Centre, Causeway Bay	7.45 am to 8.15 am (15)	3	14.0
61.	Regent Ville – Tin Hau MTR Station	7.20 am to 7.30 am (5)	2	20.0
62.	Regent Ville – Hung Hom KCR Station	7.30 am to 7.45 am (15)	2	18.0
63.	Yung Shing Court – Fanling KCR Station	6.00 am to 10.00 pm (4-12)	2	2.0
64.	Europa Garden – Sheung Shui KCR Station	6.45 am to 10.30 am, 12.15 pm to 3.00 pm and 3.45 pm to 7.00 pm (30)	1	N.A.
65.	Fanling Centre – Macau Ferry	7.15 am to 7.45 am and 5.45 pm to 6.15 pm (5 trips)	3	19.0
66.	Ka Shing Court (Fanling) – Central	7.30 am (1 trip)	2	20.0
67.	Ka Shing Court (Fanling) –	7.30 am and 6.00 pm	1	15.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
	Cheung Sha Wan	(2 trips)		
68.	Wah Ming Estate (Fanling) – Sheung Shui KCR Station	5.30 am to 10.00 pm (Not available)	2	3.0
69.	Wah Ming Estate (Fanling) – Tuen Mun Ferry Pier	5.45 am to 7.45 am and 5.20 pm to 7.15 pm (6 trips)	1	13.0
70.	Avon Park (Fanling) – Chai Wan	7.30 am (1 trip)	1	18.5
71.	Avon Park (Fanling) – Central	7.20 am to 7.40 am (10)	1	18.5
72.	Avon Park (Fanling) – Tsim Sha Tsui	7.40 am (1 trip)	1	15.0
73.	Choi Yuen Estate (Sheung Shui) – North Point	7.00 am and 5.30 pm (2 trips)	1	20.0
74.	Woodland Crest (Sheung Shui) – Chai Wan	7.10 am (1 trip)	1	17.5
75.	Woodland Crest (Sheung Shui) – Central	7.10 am (1 trip)	1	17.5
76.	Woodland Crest (Sheung Shui) – Kowloon Tong	7.00 am (1 trip)	1	12.0
77.	Avon Park (Fanling) – Hung Hom KCR Station	7.45 am (1 trip)	1	15.0
78.	Vienna Gardens (Sheung Shui) – Sheung Shui KCR Station (Circular)	6.30 am to 10.00 pm (15-20)	1	No Separate Fare
79.	Hong Kong Gold Coast (Phase II) – Sheung Shui KCR Station	7.00 am to 10.30 am and 5.00 pm to 9.00 pm (30)	4	18.0
80.	Glorious Garden – Tsing Yi AR Station	6.40 am to 8.40 am and 5.20 pm to 7.20 pm (20)	7	9.0
81.	Parkland Villas – Tuen Mun Tuen Hop Street	7.00 am to 10.35 pm (N.A.)	2	No Separate Fare
82.	Tin King Estate – Sheung Shui KCR Station	7.30 am and 8.00 am and 5.30 pm and 6.00 pm (4 trips)	4	13.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
83.	Tin King Estate – Kowloon City Ferry Pier	7.00 am to 7.40 am and 5.45 pm to 6.15 pm (15-20)	3	14.0
84.	Fu Tai Estate – Kowloon City Ferry Pier	7.25 am to 8.10 am and 5.30 pm to 6.10 pm (15-20)	4	N.A.
85.	Siu San Court – Tsing Yi AR Station	6.40 am to 8.55 am and 5.20 pm to 7.40 pm (15-20)	6	9.0
86.	Tuen Mun JC Place – Causeway Bay	7.30 am (1 trip)	1	No Separate Fare
87.	Lung Mun Oasis – Kwun Tong Ferry Pier	7.25 am to 8.10 am and 5.35 pm to 6.35 pm (15-20)	4	13.0
88.	Lung Mun Oasis – Kowloon City Ferry Pier	7.10 am to 7.55 am and 5.30 pm to 6.10 pm (15-20)	4	13.0
89.	On Ting Estate – Tsing Yi AR Station	6.30 am to 7.30 am and 5.30 pm to 7.00 pm (30)	3	11.0
90.	Siu San Court – Kowloon City	7.20 am to 7.55 am and 5.25 pm to 6.00 pm (15-20)	3	14.0
91.	Siu San Court – University KCR Station	7.20 am to 7.55 am and 5.25 pm to 6.00 pm (15-20)	3	14.0
92.	Botania Villa – Tsim Sha Tsui	7.19 am (1 trip)	1	18.0
93.	Botania Villa – Central	7.40 am (1 trip)	2	20.0
94.	Glorious Garden – Admiralty	7.30 am to 7.45 am and 5.35 pm to 6.10 pm (25-35)	2	16.0
95.	Glorious Garden – Kowloon City	7.25 am to 7.40 am (15)	2	12.0
96.	Glorious Garden – Kwun Tong	7.30 am to 7.45 am and 5.35 pm to 6.10 pm (15-35)	2	14.0
97.	Glorious Garden – Sha Tin	7.30 am to 7.45 am and	2	14.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
		5.35 pm to 6.10 pm (15-35)		
98.	Glorious Garden – Tai Po	7.30 am to 7.45 am and 5.35 pm to 6.10 pm (15-35)	2	14.0
99.	Glorious Garden – Fanling KCR Station	7.00 am to 8.10 am and 5.30 pm to 6.30 pm (15-25)	5	14.0
100.	Chelsea Heights – Kwai Chung Sports Centre	7.30 am to 8.15 am and 5.30 pm to 6.35 pm (15-20)	4	11.0
101.	Chelsea Heights – Kowloon City Ferry Pier	7.15 am to 8.00 am and 5.15 pm to 6.30 pm (15)	4	15.0
102.	Chelsea Heights – North Point Ferry Pier	7.10 am to 7.30 am and 5.30 pm to 6.00 pm (10-15)	3	22.0
103.	Fu Tai Estate – Wan Chai	7.25 am to 8.10 am and 5.30 pm to 6.30 pm (15-30)	4	16.0
104.	Fu Tai Estate – Kwun Tong Ferry Pier	7.25 am to 7.40 am and 5.30 pm to 6.15 pm (15-45)	2	13.0
105.	Wu King Estate – North Point/Taikoo Place, Quarry Bay	7.15 am to 7.45 am and 5.25 pm to 6.15 pm (10-40)	3	20.0
106.	Wu King Estate – Tseung Kwan O, Tai Chik Sha TVB City	7.05 am to 7.25 am and 5.35 pm to 5.50 pm (15-20)	2	20.0
107.	Tsing Yung Terrace – Tsuen Wan MTR Station	7.00 am to 7.45 pm (30-65)	2	10.0
108.	Serenade Cove – Tsuen Wan MTR Station	7.30 am to 9.15 pm (20)	1	No Separate Fare
109.	Panorama – Tsuen wan MTR Station	7.00 am to 8.00 pm (Not available)	1	No Separate Fare
110.	Sea Crest Villa, Tsuen Wan – Sheung Wan	7.45 am and 6.15 pm (2 trips)	1	14.0

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$)#</i>
111.	Sea Crest Villa, Tsuen Wan – Kwun Tong	7.40 am and 6.15 pm (2 trips)	1	N.A.
112.	Panorama, Tsuen Wan – Tsuen Wan MTR Station	7.00 am to 9.30 am, 11.00 am to 1.00 pm and 5.30 pm to 7.30 pm (20-30)	1	No Separate Fare
113.	Green Knoll Court, Kwai Chung – Kwai Fong MTR Station	7.30 am to 9.15 pm (20-30)	1	No Separate Fare
114.	Greenwood Villas, Lai Chi Kok – Mei Foo Market (Phase I)	7.00 am to 10.30 am, 12.00 noon to 3.00 pm and 3.30 pm to 7.00 pm (20-30)	1	No Separate Fare
115.	Tin Yiu Estate, Tin Shui Wai – Tsim Sha Tsui	7.00 am to 8.00 am and 5.30 pm to 6.30 pm (15)	4	14.5
116.	Kam Tin – Tung Chung	6.30 am to 7.15 am and 5.00 pm to 7.30 pm (15-30)	4	17.0
117.	Lau Fau Shan – Quarry Bay	6.30 am to 7.40 am and 5.20 pm to 6.15 pm (10-15)	6	25.0
118.	Lau Fau Shan – Mong Kok	6.35 am to 7.20 am and 5.15 pm to 7.55 pm (15-30)	4	18.0
119.	Ha Tsuen – Tin Shui Wai	7.00 am to 7.30 pm (30)	2	6.0
120.	Grand Del Sol – On Shun Street (Circular)	6.45 am to 12.00 noon and 2.00 pm to 10.00 pm (15)	1	No Separate Fare
121.	Parkside Villa – Central	7.20 am (1 trip)	1	22.0
122.	Grand Del Sol – Central	7.20 am (1 trip)	1	22.0
123.	Maple Court – Tsim Sha Tsui	8.00 am to 8.20 am and 5.45 pm to 6.15 pm (15-20)	2	14.0
124.	The Parcville – Yuen Long Plaza	7.00 am to 10.00 pm (7-15)	4	No Separate Fare

	<i>Origin – Destination@</i>	<i>Operating Period (Frequency (minutes))</i>	<i>Vehicle Allocation</i>	<i>Fare per Trip (\$) #</i>
125.	The Parcville – Central	7.15 am to 7.45 am and 5.45 pm to 6.30 pm (15)	3	22.0
126.	The Parcville – Tsim Sha Tsui	7.20 am to 8.00 am and 5.45 pm to 6.30 pm (15-20)	3	16.0
127.	The Parcville – Kwai Fong	7.30 am to 8.00 am and 5.45 pm to 6.15 pm (15)	3	12.0
128.	Tin Chung Court – Causeway Bay	7.00 am to 8.00 am and 5.15 pm to 6.10 pm (10-15)	4	20.0
129.	Tin Chung Court – Tsim Sha Tsui	7.00 am to 8.00 am and 5.15 pm to 6.45 pm (15-20)	4	14.0
130.	Tin Chung Court – Kwun Tong	7.00 am to 8.00 am and 5.45 pm to 6.45 pm (15)	4	16.0
131.	Tin Yiu Estate – Tai Po (Hong Kong Institute of Education)	7.00 am to 9.00 am and 5.00 pm to 7.00 pm (15-20)	2	13.0
132.	Tai O (Lung Hin Court) – Central	6.00 am to 11.00 am and 4.00 pm to 8.00 pm (60)	4	25.0
133.	Pui O (Ham Tin Village) – Mui Wo	6.30 am to 8.00 pm (60)	1	5.0

@ The table does not contain information on the routing arrangements because of the time required to go through all relevant records to identify such details.

Fare is determined by passenger representative and operator of the residents' service.

Annex C

Number of Employees' Service Applications Approved by Transport Department from November 1999 to October 2001

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
1.	San Yip Street, Chai Wan	1	Fully Subsidized by Employer
2.	Ap Lei Chau	8	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
3.	King's Road	1	Fully Subsidized by Employer
4.	Pok Fu Lam	1	Fully Subsidized by Employer
5.	Ap Lei Chau	2	Fully Subsidized by Employer
6.	Yip Kan Street, Wong Chuk Hang	1	Fully Subsidized by Employer
7.	Pok Fu Lam Road	6	Fully Subsidized by Employer
8.	Aberdeen	2	Fully Subsidized by Employer
9.	Ocean Park	1	Fully Subsidized by Employer
10.	Aberdeen	1	Fully Subsidized by Employer
11.	Ocean Park	1	Fully Subsidized by Employer
12.	Wong Chuk Hang Road	1	Fully Subsidized by Employer
13.	Pok Fu Lam Road and Tin Wan	1	Fully Subsidized by Employer
14.	Victoria Road	2	Fully Subsidized by Employer
15.	Heung Yip Road, Wong Chuk Hang	1	Fully Subsidized by Employer
16.	Des Voeux Road Central, Kwun Tong Road	2	Fully Subsidized by Employer
17.	Quarry Mine, Shek O	4	Fully Subsidized by Employer
18.	Chai Wan, Tseung Kwan O	1	Fully Subsidized by Employer
19.	United Centre, Admiralty	1	Fully Subsidized by Employer
20.	Hing Wah Street West, Lai Chi Kok	4	Fully Subsidized by Employer
21.	Castle Peak Road, Cheung Sha Wan	1	Fully Subsidized by Employer
22.	Castle Peak Road, Kowloon	1	Fully Subsidized by Employer
23.	Stonecutter Island	1	Fully Subsidized by Employer
24.	Caldecott Road, Cheung Sha Wan	1	Fully Subsidized by Employer
25.	Cheung Sha Wan Road	1	Fully Subsidized by Employer
26.	Castle Peak Road	1	Fully Subsidized by Employer
27.	Hop Hing Building, Castle Peak Road	2	Fully Subsidized by Employer
28.	King Lam Street	1	Fully Subsidized by Employer
29.	Argyle Street	1	Fully Subsidized by Employer
30.	Parkes Street	1	Fully Subsidized by Employer
31.	Hok Yuen Street, Hung Hom	1	Fully Subsidized by Employer
32.	Hoi Bun Road, Kwun Tong	2	Fully Subsidized by Employer
33.	Hoi Bun Road, Kwun Tong	18	Fully Subsidized by Employer
34.	San Po Kong	5	Fully Subsidized by Employer
35.	Tung Yuen Street, Yau Tong	2	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
36.	Tung Yuen Street, Yau Tong	1	Fully Subsidized by Employer
37.	Hoi Yuen Road, Kwun Tong	1	Fully Subsidized by Employer
38.	Ko Fai Road, Yau Tong	2	Fully Subsidized by Employer
39.	Kai Cheung Road, Kowloon Bay	1	Fully Subsidized by Employer
40.	Kai Cheung Road, Kowloon Bay	2	Fully Subsidized by Employer
41.	Kai Cheung Road, Kowloon Bay	1	Fully Subsidized by Employer
42.	Ko Fai Road, Yau Tong	1	Fully Subsidized by Employer
43.	Sze Shan Street, Yau Tong	2	Fully Subsidized by Employer
44.	Chong Yip Street, Kwun Tong	1	Fully Subsidized by Employer
45.	Ko Fai Road, Yau Tong	1	Fully Subsidized by Employer
46.	Anderson Road	1	Fully Subsidized by Employer
47.	Anderson Road	1	Fully Subsidized by Employer
48.	Cha Kwo Ling Road, Yau Tong	1	Fully Subsidized by Employer
49.	Kwun Tong Road	1	Fully Subsidized by Employer
50.	Lam Lok Street	2	Fully Subsidized by Employer
51.	Tseung Kwan O Chinese Permanent Cemetery	2	Fully Subsidized by Employer
52.	Ko Fai Road, Yau Tong	1	Fully Subsidized by Employer
53.	Tung Yuen Street, Yau Tong	1	Fully Subsidized by Employer
54.	Yau Tong	2	Fully Subsidized by Employer
55.	Cho Yuen Street, Yau Tong	1	Fully Subsidized by Employer
56.	On Chuen Road, Fanling	2	Fully Subsidized by Employer
57.	Fuk Wan Street, Sheung Shui	2	Fully Subsidized by Employer
58.	Pai Fung Road, Sheung Shui	1	Fully Subsidized by Employer
59.	On Chuen Road, Fanling	1	Fully Subsidized by Employer
60.	On Kui Street, Fanling	1	Fully Subsidized by Employer
61.	On Chuen Road, Fanling	1	Fully Subsidized by Employer
62.	Yip Cheong Street, Fanling	3	Fully Subsidized by Employer
63.	Wo Keng Shan Road, Sha Tau Kok	1	Fully Subsidized by Employer
64.	Ma Tso Lung, Sheung Shui	1	Fully Subsidized by Employer
65.	On Chuen Road, Fanling	1	Fully Subsidized by Employer
66.	On Chuen Road, Fanling	1	Fully Subsidized by Employer
67.	Chuk Wan Street, Sheung Shui	2	Fully Subsidized by Employer
68.	On Lok Mun Street, Fanling	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
69.	Jockey Club Road, Sheung Shui	1	\$3
70.	Yuen On Street, Siu Lik Yuen	1	Fully Subsidized by Employer
71.	Yuen Shun Circuit, Siu Lik Yuen	5	Fully Subsidized by Employer
72.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
73.	Shing Chuen Road, Sha Tin	1	Fully Subsidized by Employer
74.	Lai Ping Road, Sha Tin	4	Fully Subsidized by Employer
75.	Lai Ping Road, Sha Tin	5	Fully Subsidized by Employer
76.	Siu Lik Yuen, Sha Tin	3	Fully Subsidized by Employer
77.	Yuen On Street, Siu Lik Yuen	1	Fully Subsidized by Employer
78.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
79.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
80.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
81.	Yuen Shun Circuit, Siu Lik Yuen	2	Fully Subsidized by Employer
82.	Wo Shui Street, Fo Tan	3	Fully Subsidized by Employer
83.	Au Pui Wan Street, Fo Tan	1	Fully Subsidized by Employer
84.	On Ping Street, Sha Tin	4	Fully Subsidized by Employer
85.	Pak Shek Kok, Sha Tin	1	Fully Subsidized by Employer
86.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
87.	Sha Tin Race Course	5	Fully Subsidized by Employer
88.	Yuen Shun Circuit, Siu Lik Yuen	2	Fully Subsidized by Employer
89.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
90.	On Sum Street	5	Fully Subsidized by Employer
91.	Yuen Shun Circuit, Siu Lik Yuen	1	Fully Subsidized by Employer
92.	Siu Lik Yuen	2	Fully Subsidized by Employer
93.	Wong Chuk Yeung Street	2	Fully Subsidized by Employer
94.	Goldlion Centre, Siu Lik Yuen	1	Fully Subsidized by Employer
95.	Pak Hok Ting Street, Sha Tin	1	Fully Subsidized by Employer
96.	Tai Po Industrial Estate	1	Fully Subsidized by Employer
97.	Dai Kwai Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
98.	Dai Shing Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
99.	Dai Fat Street, Tai Po Industrial Estate	6	Fully Subsidized by Employer
100.	Dai Li Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
101.	Dai Shun Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
102.	Dai Fu Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
103.	Dai Kwai Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
104.	Dai Fu Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
105.	Dai Li Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
106.	Dai Shun Street and Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
107.	Dai Li Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
108.	Dai Kwai Street, Tai Po Industrial Estate	8	Fully Subsidized by Employer
109.	Dai Li Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
110.	Dai Fu Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
111.	Dai Li Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
112.	Dai Kwai Street, Tai Po Industrial Estate	4	Fully Subsidized by Employer
113.	Dai Kwai Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
114.	Dai Fu Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
115.	Dai Li Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
116.	Dai Fu Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
117.	Dai Shun Street and Dai Wang Street, Tai Po Industrial Estate	6	Fully Subsidized by Employer
118.	Kwong Fuk Road, Tai Po	1	Fully Subsidized by Employer
119.	Tai Po Tau Shui Wai Pumping Station	2	Fully Subsidized by Employer
120.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
121.	Dai King Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
122.	Dai Fu Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
123.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
124.	Dai Fat Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
125.	Dai Fu Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
126.	Dai Fat Street, Tai Po Industrial Estate	5	Fully Subsidized by Employer
127.	Dai Fat Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
128.	Dai Shing Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
129.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
130.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
131.	Dai Fu Street, Tai Po Industrial Estate	2	Fully Subsidized by Employer
132.	Dai Li Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
133.	Tai Po Road, Tai Po Kau	5	Fully Subsidized by Employer
134.	Tai Po Industrial Estate	1	Fully Subsidized by Employer
135.	Dai Li Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
136.	Dai Kwai Street, Tai Po Industrial Estate	8	Fully Subsidized by Employer
137.	Dai Shun Street and Dai Wang Street, Tai Po Industrial Estate	6	Fully Subsidized by Employer
138.	Dai Hei Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
139.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
140.	Dai Li Street, Tai Po Industrial Estate	7	Fully Subsidized by Employer
141.	Dai Shing Street, Tai Po Industrial Estate	3	Fully Subsidized by Employer
142.	Dai Shun Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
143.	Dai Wang Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
144.	Dai Kwai Street, Tai Po Industrial Estate	1	Fully Subsidized by Employer
145.	Dai Li Street, Tai Po Industrial Estate and Wang Fu Street, Yuen Long Industrial Estate	4	Fully Subsidized by Employer
146.	Tai Chik Sha, Tseung Kwan O	1	Fully Subsidized by Employer
147.	Tseung Kwan O	1	Fully Subsidized by Employer
148.	Tseung Kwan O Industrial Estate	7	Fully Subsidized by Employer
149.	Tseung Kwan O Industrial Estate	12	Fully Subsidized by Employer
150.	Tseung Kwan O MTR Extension Construction Site	3	Fully Subsidized by Employer
151.	Wan Po Road Construction Site, Tseung Kwan O	2	Fully Subsidized by Employer
152.	Tseung Kwan O	2	Fully Subsidized by Employer
153.	Tseung Kwan O	3	Fully Subsidized by Employer
154.	Tseung Kwan O, Tsing Yi	4	Fully Subsidized by Employer
155.	Area 62, Tseung Kwan O	2	Fully Subsidized by Employer
156.	Tseung Kwan O MTR Extension Construction Site	3	Fully Subsidized by Employer
157.	Chun Cheong Street, Tseung Kwan O Industrial Estate	2	Fully Subsidized by Employer
158.	Chun Cheong Street, Tseung Kwan O Industrial Estate	10	Fully Subsidized by Employer
159.	Chun Kwong Street, Tseung Kwan O Industrial Estate	9	Fully Subsidized by Employer
160.	Clear Water Bay	2	Fully Subsidized by Employer
161.	Tai Lam, Tuen Mun	2	Fully Subsidized by Employer
162.	Tap Shek Kok, Tuen Mun	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
163.	Tap Shek Kok, Tuen Mun	2	Fully Subsidized by Employer
164.	Tsing Yeung Street, Tuen Mun	1	Fully Subsidized by Employer
165.	Lung Kwu Tan, Tuen Mun	1	Fully Subsidized by Employer
166.	Tap Shek Kok, Tuen Mun	9	Fully Subsidized by Employer
167.	Lung Mun Road, Tuen Mun	11	Fully Subsidized by Employer
168.	Lung Kwu Tan, Tuen Mun	3	Fully Subsidized by Employer
169.	Lung Mun Road, Tuen Mun	3	Fully Subsidized by Employer
170.	Kin Wong Street, Tuen Mun	1	Fully Subsidized by Employer
171.	Lung Mun Road, Tuen Mun	9	Fully Subsidized by Employer
172.	Kin Wing Street, Tuen Mun	1	Fully Subsidized by Employer
173.	Tap Shek Kok, Tuen Mun	1	Fully Subsidized by Employer
174.	Hung Cheung Road, Tuen Mun	1	Fully Subsidized by Employer
175.	Tap Shek Kok, Tuen Mun	1	Fully Subsidized by Employer
176.	Lung Kwu Tan, Tuen Mun	2	Fully Subsidized by Employer
177.	Fairview Park, Yuen Long	8	Fully Subsidized by Employer
178.	Wang Lok Street, Yuen Long Industrial Estate	4	Fully Subsidized by Employer
179.	Yuen Long Industrial Estate	1	Fully Subsidized by Employer
180.	Au Tau, Yuen Long	3	Fully Subsidized by Employer
181.	Yuen Long Industrial Estate	1	Fully Subsidized by Employer
182.	Fuk Wang Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
183.	On Lok Road, Yuen Long	1	Fully Subsidized by Employer
184.	Wang Yip Street West, Yuen Long Industrial Estate	2	Fully Subsidized by Employer
185.	Wang Lee Street, Yuen Long Industrial Estate	3	Fully Subsidized by Employer
186.	Ngau Tam Mei, Yuen Long	1	Fully Subsidized by Employer
187.	Wang Lee Street, Yuen Long Industrial Estate	2	Fully Subsidized by Employer
188.	Fuk Hi Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
189.	Fuk Hi Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
190.	Wang Lok Street, Yuen Long Industrial Estate	8	Fully Subsidized by Employer
191.	Tong Yan San Tsuen, Yuen Long	1	Fully Subsidized by Employer
192.	Wang Lee Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
193.	Pat Heung West Rail Construction Site and Kwai Chung Container Port	4	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
194.	Wang Lok Street, Yuen Long Industrial Estate	4	Fully Subsidized by Employer
195.	Kam Tin Road, Pat Heung	1	Fully Subsidized by Employer
196.	Wang Lee Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
197.	Wang Lee Street, Yuen Long Industrial Estate	1	Fully Subsidized by Employer
198.	Yuen Long On Lok Road, Tsing Lung Tau and Siu Chik Sha	3	Fully Subsidized by Employer
199.	Castle Peak Road, Tsuen Wan	3	Fully Subsidized by Employer
200.	Texaco Road, Tsuen Wan	9	Fully Subsidized by Employer
201.	Pun Shan Street, Tsuen Wan	1	Fully Subsidized by Employer
202.	Yeung Uk Road, Tsuen Wan	1	Fully Subsidized by Employer
203.	Castle Peak Road, Tsuen Wan	1	Fully Subsidized by Employer
204.	Pak Tin Par Street, Tsuen Wan	3	Fully Subsidized by Employer
205.	Texaco Road, Tsuen Wan	2	Fully Subsidized by Employer
206.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
207.	Tsing Lung Tau, Tsuen Wan	1	Fully Subsidized by Employer
208.	Castle Peak Road, Tsuen Wan	1	Fully Subsidized by Employer
209.	Yeung Uk Road, Tsuen Wan	1	Fully Subsidized by Employer
210.	Sha Tsui Road, Tsuen Wan	4	Fully Subsidized by Employer
211.	Sha Tsui Road, Tsuen Wan	1	Fully Subsidized by Employer
212.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
213.	Texaco Road, Tsuen Wan	2	Fully Subsidized by Employer
214.	Castle Peak Road, Tsuen Wan	2	Fully Subsidized by Employer
215.	Sham Tse Street, Sham Tseng	2	Fully Subsidized by Employer
216.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
217.	Yeung Uk Road, Tsuen Wan	1	Fully Subsidized by Employer
218.	Castle Peak Road, Tsuen Wan	4	Fully Subsidized by Employer
219.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
220.	Pun Shan Street, Tsuen Wan	2	Fully Subsidized by Employer
221.	Castle Peak Road, Tsuen Wan	1	Fully Subsidized by Employer
222.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
223.	Sham Tse Street, Sham Tseng	7	Fully Subsidized by Employer
224.	Pun Shan Street, Tsuen Wan	1	Fully Subsidized by Employer
225.	Castle Peak Road, Tsuen Wan	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
226.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
227.	Texaco Road, Tsuen Wan	1	Fully Subsidized by Employer
228.	Texaco Road, Tsuen Wan	2	Fully Subsidized by Employer
229.	Sha Tsui Kok, Tsuen Wan	2	Fully Subsidized by Employer
230.	Castle Peak Road, Tsuen Wan	1	Fully Subsidized by Employer
231.	Pun Shan Street, Tsuen Wan	1	Fully Subsidized by Employer
232.	Kwai Chung Container Terminal	1	Fully Subsidized by Employer
233.	Sai Tso Wan Road, Tsing Yi	3	Fully Subsidized by Employer
234.	Sai Tso Wan Road, Tsing Yi	4	Fully Subsidized by Employer
235.	Kwai Chung Container Terminal	3	Fully Subsidized by Employer
236.	Kwai Chung Container Terminal	1	Fully Subsidized by Employer
237.	Kwai Chung Container Terminal 8 and Clear Water Bay	12	Fully Subsidized by Employer
238.	Kwai Chung	33	Fully Subsidized by Employer
239.	Kwai Chung Container Terminal	1	Fully Subsidized by Employer
240.	Kwai Cheong Road, Kwai Chung	2	Fully Subsidized by Employer
241.	Tsing Yi Pier Road, Tsing Yi	2	Fully Subsidized by Employer
242.	Castle Peak Road, Kwai Chung	2	Fully Subsidized by Employer
243.	Sai Tso Wan Road, Tsing Yi	1	Fully Subsidized by Employer
244.	Kwai Fuk Road, Kwai Chung	2	Fully Subsidized by Employer
245.	Tsing Keung Road, Tsing Yi	4	Fully Subsidized by Employer
246.	Kwai Chung Container Terminal 8	1	Fully Subsidized by Employer
247.	Kwai Chung Container Terminal	1	Fully Subsidized by Employer
248.	Wah Sing Street, Kwai Chung	2	Fully Subsidized by Employer
249.	Tam Kon Shan Road, Tsing Yi	1	Fully Subsidized by Employer
250.	Ngau Kok Wan, Tsing Yi	6	Fully Subsidized by Employer
251.	Kwai Chung Container Terminal 8	1	Fully Subsidized by Employer
252.	Sai Tso Wan Road, Tsing Yi	2	Fully Subsidized by Employer
253.	Sai Tso Wan Road, Tsing Yi	1	Fully Subsidized by Employer
254.	Kwai Chung Container Terminal	2	Fully Subsidized by Employer
255.	Kwai Chung Container Terminal	7	Fully Subsidized by Employer
256.	Kwai Chung Container Terminal	20	Fully Subsidized by Employer
257.	Sai Tso Wan Road, Tsing Yi	2	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
258.	Kwai Chung Container Terminal 4	1	Fully Subsidized by Employer
259.	Kin Hong Street, Kwai Chung	5	Fully Subsidized by Employer
260.	Kwai Fuk Road, Kwai Chung	2	Fully Subsidized by Employer
261.	Tsing Keung Road, Tsing Yi	4	Fully Subsidized by Employer
262.	Kwai Fuk Road, Kwai Chung	2	Fully Subsidized by Employer
263.	Kwai Chung Container Terminal 9	2	Fully Subsidized by Employer
264.	Kwai Chung Container Terminal	3	Fully Subsidized by Employer
265.	Kwai Fuk Road, Kwai Chung	2	Fully Subsidized by Employer
266.	Wing Lap Street, Kwai Chung	2	Fully Subsidized by Employer
267.	Kung Yip Street, Kwai Chung	1	Fully Subsidized by Employer
268.	Container Port Road South, Kwai Chung	4	Fully Subsidized by Employer
269.	Castle Peak Road, Kwai Chung	6	Fully Subsidized by Employer
270.	Container Port Road South, Kwai Chung	1	Fully Subsidized by Employer
271.	Kwai Chung Container Terminal 4	1	Fully Subsidized by Employer
272.	Container Port Road South, Kwai Chung	3	Fully Subsidized by Employer
273.	Tsing Tim Street, Tsing Yi	2	Fully Subsidized by Employer
274.	Kwai Chung Container Terminal 4	1	Fully Subsidized by Employer
275.	Tsing Keung Road, Tsing Yi	2	Fully Subsidized by Employer
276.	No. 88 Container Port Road, Kwai Chung	1	Fully Subsidized by Employer
277.	Kwai Chung Container Terminal 3	4	Fully Subsidized by Employer
278.	Wah Sing Street, Kwai Chung	2	Fully Subsidized by Employer
279.	Kung Yip Street, Kwai Chung	2	Fully Subsidized by Employer
280.	KMB Depot at Sai Tso Wan Road, Tsing Yi	1	Fully Subsidized by Employer
281.	Container Port Road, Kwai Chung	2	Fully Subsidized by Employer
282.	Kwai Cheong Road, Kwai Chung	2	Fully Subsidized by Employer
283.	Kwai Chung Container Terminal 4	4	Fully Subsidized by Employer
284.	Tsing Tim Street, Tsing Yi	2	Fully Subsidized by Employer
285.	Tsing Yi Road South, Tsing Yi	1	Fully Subsidized by Employer
286.	Kwai Chung Container Terminal 6	11	Fully Subsidized by Employer
287.	Ta Chuen Ping Street, Kwai Chung	1	Fully Subsidized by Employer
288.	Kwai Chung Container Terminal	3	Fully Subsidized by Employer
289.	Kwai Chung Container Terminal 4	1	Fully Subsidized by Employer
290.	Wah Sing Street, Kwai Chung	1	Fully Subsidized by Employer

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare per Trip</i>
291.	Kwai Fuk Road, Kwai Chung	1	Fully Subsidized by Employer
292.	Watson's Industrial Centre, Kwai Chung	1	Fully Subsidized by Employer
293.	Sai Tso Wan Road, Tsing Yi	1	Fully Subsidized by Employer
294.	Shell Oil Depot, Tsing Yi	1	Fully Subsidized by Employer
295.	Kwai Chung Container Terminal	1	Fully Subsidized by Employer
296.	Siu Ho Wan Construction Site, Tung Chung	2	Fully Subsidized by Employer
297.	Tat Tung Road, Tung Chung	2	Fully Subsidized by Employer
298.	Construction Site at Tung Chung	1	Fully Subsidized by Employer
299.	Scenic Road, Chek Lap Kok	9	\$25
300.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
301.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
302.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
303.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
304.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
305.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer
306.	Chek Lap Kok Airport (Passenger Terminal Building)	4	Fully Subsidized by Employer
307.	Chek Lap Kok Airport (Passenger Terminal Building)	3	Fully Subsidized by Employer
308.	Chek Lap Kok Airport (Passenger Terminal Building)	2	Fully Subsidized by Employer
309.	Chek Lap Kok Airport (Passenger Terminal Building)	1	Fully Subsidized by Employer

Annex D

Number of Employees' Service Applications Rejected by
Transport Department from November 1999 to October 2001

	<i>Work-place</i>	<i>No. of Vehicles Involved</i>	<i>Fare Per Trip</i>
1	Causeway Bay Gloucester Road	2	Fully subsidized by employer
2	Chai Wan Ka Wah Street	1	Fully subsidized by employer
3	New Kowloon Plaza	2	Fully Subsidized by Employer
4	Kwai Chung Asia Trade Centre	2	Fully Subsidized by Employer
5	Chek Lap Kok Catering Road East	4	Fully Subsidized by Employer
6	Chek Lap Kok Scenic Road	14	Fully Subsidized by Employer
7	Tung Chung Man Tung Road	2	\$9.0
8	Chek Lap Kok Catering Road West	8	Fully Subsidized by Employer

Difficulties Encountered by Students from South Asian Countries in Admission to Schools

10. **DR DAVID CHU** (in Chinese): *Madam President, it has been reported that a survey reveals that students from South Asian countries (South Asian children) have generally encountered difficulties in admission to schools. In this connection, will the Government inform this Council:*

- (a) *of the current number of South Asian children in Hong Kong belonging to the age group for receiving basic education;*
- (b) *of the current respective numbers of secondary and primary schools which have admitted South Asian children, as well as the respective total numbers of South Asian children they have admitted; and*
- (c) *whether special measures have been formulated to assist South Asian children in overcoming difficulties in their admission to schools?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, we understand that by "South Asian children", Dr the Honourable David CHU is referring to children who are of Indian/Pakistani/Nepalese nationality and are residing in Hong Kong. The replies below are prepared on this basis.

- (a) According to the statistics of the Immigration Department, as at 26 November 2001, there are about 5 000 South Asian children who are residing in Hong Kong and belonging to the age group for receiving basic education (that is, children aged between six to 15).
- (b) Under the existing policy, all eligible local children (see Annex for eligibility criteria), including local South Asian children, may attend public sector schools in Hong Kong. In addition, they may choose to attend private/international schools. Since a student's ethnic origin/nationality does not affect his/her eligibility to study, the Education Department (ED) does not keep statistics on the numbers of secondary and primary schools which have admitted South Asian children, as well as the total number of South Asian children these schools have admitted.
- (c) Government policy is to provide nine years of free and universal education, and a subsidized senior secondary education to local children (including South Asian children). To enable local South Asian children to integrate into the local community as soon as possible, the Government encourages them to attend public sector schools. These children may request placement assistance from the ED whenever necessary. The ED's performance pledge is to find a school place for these children within 21 working days. In addition, the ED from time to time conducts briefing and experience sharing sessions with relevant non-governmental organizations (NGOs) to see how our education and support services could be better publicized among these children and their parents. To help parents of South Asian children better understand our education and support services, the relevant information pamphlets are translated into Hindi, Pakistani, Nepalese, and so on.

We are conscious that some South Asian children may not be able to adapt to the local education system initially. Therefore, starting from the 2000-01 financial year, the ED has been providing support services to children whose native language is not Chinese (non-

Chinese speaking children). The support services are similar to those received by newly arrived children from the Mainland. Block grants (\$2,720 and \$4,035 per student for primary and secondary levels respectively) are provided to schools which admit non-Chinese speaking children. Schools may use the grants to provide school-based support services, such as organizing tutorial classes on Chinese/English, developing special teaching materials, and so on for their non-Chinese speaking students. In addition, subventions are provided to NGOs for running induction programmes to help non-Chinese speaking children adapt to the local school environment.

In order to further strengthen the support services for non-Chinese speaking children, the ED is considering to run a half-year full-time "initiation programme" for non-Chinese speaking children starting from early next year. The initiation programme aims at enhancing the Chinese and English standard of these children, as well as providing them with learning experience in the local classroom context.

Annex

Admission criteria of children to public sector schools in Hong Kong

Children holding one of the following documents can be admitted to public sector schools:

(a) *Hong Kong Birth Certificate*

- (i) For birth registration effected before 1 January 1983, the birth certificate alone is sufficient proof of the holder's eligibility for admission to such schools;
- (ii) For birth registration effected between 1 January 1983 and 30 June 1987, column 12 of their birth certificates must indicate their Hong

Kong believer status as "*Established*";

- (iii) For birth registration effected on or after 1 July 1987, column 12 or 11 of their birth certificates must indicate their Hong Kong permanent resident status as "*Established*";
- (iv) Children whose Hong Kong believer status or Hong Kong permanent resident status is known as "*Not established*" in the birth certificate should have a Permit to Remain in Hong Kong — ID 235B or valid travel documents, with one of the endorsements listed in (c) below.

(b) *Hong Kong Identity Card*

A Hong Kong Identify Card issued on or after 1 July 1987 which does not bear the symbol 'C' (for conditional stay) at line 6. If the symbol 'C' is shown, the holder must have a valid travel document with one of the endorsements listed in (c) below;

(c) *Travel Document*

A valid travel document with any of the following endorsements:

- (i) "*Permitted to remain until (date)*" (the date showing the stay in Hong Kong to be still valid at the time of admission to school);
- (ii) "*Permission to remain extended until (date)*" (the date showing the stay in Hong Kong to be still valid at the time of admission to school);
- (iii) "*The holder of this travel document has the right to land in Hong Kong. (Section 2AAA, Immigration Ordinance Cap. 115, Laws of Hong Kong)*";
- (iv) "*The holder arrived Hong Kong on (date) and was permitted to land.*";
- (v) Permitted to stay with no condition attached;

- (vi) *"Previous conditions of stay are hereby cancelled"; or*
- (vii) *"Holder's eligibility for Hong Kong permanent identity card verified".*

Progress of Study on Introduction of LPG Vans

11. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, the relevant authority has stated that it would conduct a study on replacing diesel vans with liquefied petroleum gas (LPG) vans in order to alleviate the air pollution problem caused by vehicle emissions. In this connection, will the Government inform this Council:*

- (a) *of the progress of the study on the introduction of LPG vans, including the proposed implementation timetable;*
- (b) *whether it will consider subsidizing diesel van owners for switching to LPG vans; if so, of the details; if not, the reasons for that; and*
- (c) *whether, before implementation of the plan to replace diesel vans, it will provide assistance to diesel van owners with a view to reducing emissions by such vans; if so, of the details?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Chinese):
Madam President,

- (a) There are about 39 000 light passenger/goods vans and 29 000 light goods vehicles in Hong Kong. The Electrical and Mechanical Services Department has commissioned a consultancy study on the feasibility of replacing them with ones that are run on LPG. The scope of the study includes examining whether the available LPG terminal storage capacity, LPG filling stations and other related supporting infrastructure will be adequate to meet the requirements of the vehicles if they are replaced by LPG ones, as well as other relevant factors. The consultant is finalizing the study report. We will brief the Legislative Council on the detailed findings of the study once the report is completed.

- (b) As the feasibility of replacing existing light passenger/goods vans has not yet been established, it would be premature to consider the provision of financial assistance to owners of these diesel vans for replacing their vehicles with LPG models.
- (c) To reduce emissions from diesel light vehicles, the Government offered financial assistance to all owners of pre-Euro diesel light vehicles, including light passenger/goods vans, to retrofit their vehicles with particulate reduction devices between September 2000 and October 2001. A total of 24 000, or 80%, of such vehicles joined that retrofit programme. Among them were more than 12 000 diesel light passenger/goods vans. The Government also introduced a concessionary duty rate for ultra low sulphur diesel (ULSD) such that owners or drivers of diesel vehicles could switch to this environmentally cleaner diesel, which would otherwise be more expensive than ordinary diesel, and reduce emissions from their vehicles without having to bear an increase in fuel cost.

SkyCity Project

12. **DR RAYMOND HO** (in Chinese): *Madam President, last month, the Airport Authority (AA) unveiled the Hong Kong International Airport Master Plan 2020, with the SkyCity being one of the proposed new facilities. In this connection, will the Government inform this Council whether it knows:*

- (a) *if the AA will organize an open design competition for the SkyCity;*
- (b) *the expected commencement and completion dates of the SkyCity project; and*
- (c) *the estimated total amount of investments in the SkyCity?*

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

- (a) The AA has no plan at this stage to organize an open design competition for the SkyCity. This development blueprint was prepared by the AA based on the recommendations of its consultants.
- (b) The first phase of the SkyCity would include mainly an international exhibition centre, office development, retail facilities and a cross-boundary passenger ferry terminal. Construction work is planned to start in early 2003 and is expected to be completed in 2005. The second phase development will include mainly a business park, hotel and additional retail facilities. Construction work on the various facilities is planned to start in stages after 2005 and the overall completion date is around 2020.
- (c) The estimated amount of investment for the first phase of the SkyCity is around \$10 billion at present value and around \$20 billion to \$25 billion at present value for the second phase. These estimates include investment by both the AA and other participating parties (for example, franchisees and private developers).

Plan to Construct a Mosque in Sheung Shui

13. **MISS EMILY LAU** (in Chinese): *Madam President, it is learnt that the Administration plans to grant a piece of land which is situated in Area 6B of Sheung Shui and adjacent to Blocks 4 and 5 of Tsui Lai Garden to the United Muslim Association of Hong Kong (UMAH) for constructing a mosque and a school mainly targeted at children of ethnic minorities. The plan has aroused strong opposition from local residents. In this connection, will the executive authorities inform this Council :*

- (a) *of the history and latest progress of the above plan;*
- (b) *of the reasons for residents opposing the plan and the actions taken to explain the plan to the local residents and allay their sentiments against it;*

- (c) *how they deal with the problem of children of ethnic minorities being deprived of schooling because of the delay in the plan; and*
- (d) *whether they have sought legal advice on whether the incident has involved racial or religious discrimination; if they have sought such advice, of the details; if not, the reasons for that?*

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

- (a) In February 1997, the UMAH, a registered charitable organization, requested the Government to grant a piece of land in the New Territories for the Association to build a mosque and other community facilities. Policy support was given by the Home Affairs Bureau in April 1997. The UMAH's proposed project included the provision of a mosque, an Islamic centre, a residential care home for the elderly, a clinic and an international primary school. Based on the UMAH's proposed project requirements, the Government conducted a site search in August 1997. As a result, the site in Area 6B, Sheung Shui was identified as suitable for the UMAH's proposed project. The UMAH then submitted a development proposal to the Lands Department in April 1998. Since then, the Lands Department has been processing the UMAH's application for the grant of land in accordance with established procedures and in consultation with the relevant government departments. These include scrutinizing details of the proposed project by the relevant government departments and local consultations. In April 2001, the UMAH submitted a revised development proposal to the Lands Department. The application is still under consideration. The Administration will continue to make concerted efforts in dealing with the application.
- (b) The North District Office began to consult residents on the plan in 1998 and has arranged a number of meetings with government departments and the UMAH for residents, District Council members, as well as the relevant rural committees and villages so as to collect the residents' views and to try to resolve possible

misunderstandings and other problems through discussion. Previous contacts with residents revealed that the residents were mainly opposed to the proximity of the proposed site to Tsui Lai Garden and the possible traffic problems from the increased pedestrian flow upon completion of the mosque. In addition, residents considered that Area 6B was not large enough for all the proposed uses including the school and the home for the elderly. They also considered that a youth centre or a child care centre would better cater for residents' needs. At the North District Council meeting as well as meetings with District Council members, the representatives of the Planning Department explained the principles and procedures of the site search, pointing out that Area 6B was identified through a detailed selection process. The representatives of the Planning Department and Lands Department also met with residents and discussed issues of concern such as transport and other related facilities. They pointed out to the residents that these issues would be addressed during the study of the detailed plan of the mosque project.

- (c) Under the existing policy, all eligible local children, including non-Chinese speaking children of ethnic minorities, are entitled to nine-year free and universal education. It is the Government's goal to integrate children of the ethnic groups who wish to settle permanently in Hong Kong into the local community and our mainstream education system. Sufficient school places are provided for them. The performance pledge of the Education Department is to arrange admission of these children to public sector schools up to Secondary Three within 21 working days. Placement assistance is also provided for children seeking admission to Secondary Four level or above.
- (d) Residents of Tsui Lai Garden have indicated clearly that they do not oppose the construction of the mosque out of racial or religious considerations. Their worry is that the mosque, being too close to their estates, will create heavy pedestrian flow and traffic. At present, there is no objective evidence to show that the residents' opinions are related to racial or religious discrimination. As the incident does not involve legal issues, we consider it unnecessary to

seek legal advice.

Expenditure on Staff Salaries and Fringe Benefits of Hospital Authority

14. **MR LAW CHI-KWONG** (in Chinese): *Madam President, regarding the expenditure on staff salaries and fringe benefits of the Hospital Authority (HA), will the Government inform this Council whether it knows:*

- (a) *the respective annual total amount of salaries paid to and the expenditure on fringe benefits incurred for each grade of staff by the HA since 1992-93, as well as the annual increase in these figures; and*
- (b) *whether the HA's expenditure on staff fringe benefits in each of the past three fiscal years exceeded the estimate; if so, whether a breakdown of the over-spending by grades can be provided; and of the measures adopted by the HA to prevent the recurrence of over-spending?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President, the annual expenditure of the HA on personal emoluments and staff on-costs since 1992-93, with breakdown by staff groups, is at Annex. It should be noted that the 52% increase in payroll expenditure of the HA during the period 1992-93 to 2000-01 is matched by a significant increase in hospital activities. The total in-patient and day patient discharges and deaths, Accident and Emergency attendances and specialist out-patient attendances had increased by 64%, 71% and 87% respectively during the same period.

The budget provisions for personal emoluments and staff on-costs are for resource allocation purpose only. The HA has the flexibility to pool these budget provisions together to meet overall staffing expenditure in response to changing needs of the organization, including the need to cope with higher staff on-costs expenditure due to changes in staff mix and skill mix such as increased specialists requirement, change in management structure, conversion of ward

attendants to health care assistants, and phasing out of nurse trainees by qualified nurses. In so doing, the HA is guided by the principle that the terms and conditions of service of HA staff should not be superior to those provided by the Government to comparable grades in the Civil Service. Staff on-costs, in particular, will be adjusted periodically to ensure overall cost comparability with that of the Civil Service.

As a result of the HA's ongoing efforts in achieving productivity savings through rationalization of services, streamlining of management structure and re-engineering of work processes, the personal emoluments and staff on-costs accounts of the HA recorded a small surplus of \$342 million, \$154 million and \$120 million in 1998-99, 1999-2000 and 2000-01 respectively.

Hospital Authority's Expenditure on Personal Emoluments and On-costs

(All figures adjusted to 2000-01 price level)

	1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		2000-01	
	(\$M)		(\$M)	%	(\$M)	%	(\$M)	%	(\$M)	%	(\$M)	%	(\$M)	%	(\$M)	%	(\$M)	%
				Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)		Increase / (Decrease)
<i>Personal Emoluments</i>																		
Medical	@	2,360*	N/A	2,559*	8.43%	2,781*	8.68%	2,939	5.68%	3,104	5.61%	3,304	6.44%	3,523	6.63%	3,683	4.54%	
Nursing	@	5,330*	N/A	5,530*	3.75%	5,731*	3.63%	5,865	2.34%	6,032	2.85%	6,346	5.21%	6,634	4.54%	6,797	2.46%	
Allied Health	@	1,218*	N/A	1,393*	14.37%	1,557*	11.77%	1,588	1.99%	1,679	5.73%	1,799	7.15%	1,840	2.28%	1,893	2.88%	
Management	@	456*	N/A	496*	8.77%	549*	10.69%	579	5.46%	616	6.39%	631	2.44%	640	1.43%	629	(1.72%)	
Others	@	2,360*	N/A	2,572*	8.98%	2,843*	10.54%	3,000	5.52%	3,125	4.17%	3,263	4.42%	3,322	1.81%	3,287	(1.05%)	
Total		11,003	11,724	6.55%	12,550	7.05%	13,461	7.26%	13,971	3.79%	14,556	4.19%	15,343	5.41%	15,959	4.01%	16,289	2.07%
<i>Staff On-costs</i>																		
Medical	@	1,478*	N/A	1,618*	9.47%	1,778*	9.89%	1,871	5.23%	1,990	6.36%	2,126	6.83%	2,256	6.11%	2,355	4.39%	
Nursing	@	1,960*	N/A	2,054*	4.80%	2,152*	4.77%	2,217	3.02%	2,293	3.43%	2,416	5.36%	2,502	3.56%	2,588	3.44%	
Allied Health	@	424*	N/A	489*	15.33%	554*	13.29%	655	18.23%	692	5.65%	725	4.77%	752	3.72%	781	3.86%	
Management	@	221*	N/A	244*	10.41%	271*	11.07%	319	17.71%	327	2.51%	332	1.53%	331	(0.30%)	327	(1.21%)	
Others	@	730*	N/A	804*	10.14%	899*	11.82%	1,054	17.24%	1,098	4.17%	1,140	3.83%	1,142	0.18%	1,133	(0.79%)	
Total		4,490	4,813	7.19%	5,209	8.23%	5,654	8.54%	6,116	8.17%	6,400	4.64%	6,739	5.30%	6,983	3.62%	7,184	2.88%

Note : @ Separate breakdown not available.

* Estimated figures.

N/A : Not applicable.

Operation of Octopus System

15. **MR SIN CHUNG KAI** (in Chinese): *Madam President, regarding the operation of the Octopus system, will the Government inform this Council of the following:*

- (a) *the total number of complaints about the Octopus system received by the authorities concerned since the launch of the system in September 1997, together with a breakdown by the subject of the complaints;*
- (b) *whether it knows the number of Personalized Octopus Cards (Personalized Cards) issued by the Octopus card-issuing company so far, and the number of Personalized Cards holders who are using the Automatic Add-Value Service; and*
- (c) *as cardholders are required to report the loss of their Personalized Cards to the card-issuing company immediately through the Octopus hotline, which is manned by operators during office hours only, and according to the Octopus Automatic Add-Value Agreement, cardholders using the Automatic Add-Value Service shall be liable to pay for all the value added to the cards through the Automatic Add-Value Service within 48 hours after the report of the loss was received, whether it will request the card-issuing company to improve its services, including the provision of a 24-hour hotline manned by operators to receive loss reports, so as to enhance the protection of consumer rights?*

SECRETARY FOR TRANSPORT (in Chinese): *Madam President,*

- (a) *Since the launch of Octopus in 1997, the operator of the Octopus system, the Creative Star Limited (CSL), has received 762 complaints up to October 2001. Categorization of complaint cases, available only from 2000 onwards, is as followings:*

<i>Nature of Complaint</i>	<i>1997 to 1999</i>	<i>2000</i>	<i>2001*</i>
Refunds		76	45
Automatic Add Value Service		83	16
Loss Cards		65	34
Octopus Watches		56	15
Add Value Facilities	Categorization not available	28	7
Deposits		23	5
Fare Deduction		9	2
Card Malfunction		8	1
Miscellaneous		4	7
	Total	278	352
			132

* Complaint figures from January to October 2001

To put the figures in perspective, the average number of monthly complaints in 2001 (up to October 2001) was 13. With daily Octopus transactions in excess of 6.5 million, the 13 complaint cases per month represents 0.0000066% of the monthly Octopus usage.

- (b) As of October 2001, the CSL has issued 580 500 Personalized Cards. Amongst these cardholders, 277 000 (47.7%) have subscribed to the Automatic Add-Value Service.
- (c) If a Personalized Cards holder loses his card, he should immediately report the loss to the Octopus Hotline. Whilst the hotline is only manned during office hours, the interests of the Personalized Cards holders are protected by an out-of-hours telephone recording system. As soon as a cardholder's message is recorded, the procedures for blacklisting the lost cards begins. It is not, therefore, necessary for a cardholder to talk to a hotline operator for the reporting of the lost card to become effective. The cardholder can also report the loss through fax or e-mail and the blacklisting will likewise be triggered once the fax or the e-mail reaches the CSL.

Security Screening for Flight Passengers

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, it was reported that on 5 November this year, a passenger on a transit flight via Hong Kong successfully passed through the security screening and boarded an aircraft with*

13 live birds hidden in his hand baggage. In this connection, will the Government inform this Council:

- (a) of the details of the incident and whether or not the incident involved dereliction of duty on the part of anybody; if so, of the details;*
- (b) of the current respective procedures adopted by the Customs and Excise Department and airline operators for screening passengers' hand and check-in baggage; whether the hand baggage of transit passengers is subject to screening; if so, of the relevant procedures;*
- (c) whether there have been cases in the past three years in which passengers were found carrying prohibited articles just before the aircraft was about to take off; if so, of the number of such cases and their details, including the articles involved and the reasons for the security screening's failure to intercept such passengers; and*
- (d) of the measures in place to prevent the recurrence of similar incidents?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) On 5 November this year, a male transit passenger arrived at the Hong Kong International Airport (HKIA) from Fuzhou, China, on Dragonair flight KA661, carrying with him 13 individually caged birds (Hwamei). Some cages were wrapped up in newspapers and all cages placed inside two big plastic bags.

After arrival, he proceeded to a transfer point to subject himself to the required security screening prior to departure. At the transfer point, he put his hand baggage and the big plastic bags with the birds inside into the x-ray machine. The image shown up on the screen suggested the contents to be organic substances with no indication of any restricted article or animal. As no restricted article was detected on him or in his accompanied belongings, the passenger was allowed to proceed to the departure level. He subsequently boarded Cathay Pacific flight CX888 to New York, United States.

Prior to the departure of the aircraft, the airline staff informed the Aviation Security Company Limited (AVSECO) that one of their passengers was found in possession of 13 birds on board the flight. Subsequently officers from the Agriculture, Fisheries and Conservation Department (AFCD) were called to attend the scene. As the passenger could not present a valid Health Certificate for the birds for inspection, the birds were seized for a breach of Regulation 7A of the Public Health (Animals and Birds) Regulations (Cap. 139A).

This incident did not involve dereliction of duty on the part of the security staff. The objective of performing security screening for all departure and transit passengers is to safeguard international civil aviation operations against acts of unlawful interference. To achieve this, the AVSECO is tasked to provide security screening to a standard sufficient to detect a restricted article as defined by the Aviation Security Ordinance (Cap. 494). Animals — birds in this case — are however not considered restricted articles in the context of aviation security. Moreover, the security screening equipment at the airport is primarily designed for the detection of items that might compromise aviation security, such as explosive devices, arms and weapons.

- (b) The screening of hand and check-in baggage of all departure and transit passengers is performed by the AVSECO on behalf of the airline operators, rather than the Customs and Excise Department. All hand baggage is x-ray screened, and a secondary search of the hand baggage is conducted if it is found suspicious, or if its contents cannot be identified and cleared by x-ray examination. All check-in baggage is screened by an automated high technology detection system with the primary objective of detecting explosives. All passengers are required to go through the archway metal detector, and a secondary search is conducted if the passenger alarms the metal detector, or is found suspicious.

At any of the HKIA security screening points, should a passenger be found to be carrying animals, the AVSECO will inform the airline concerned. If the passenger concerned is a departing passenger, the airline will decide if carriage of the animals is to be allowed

having regard to the condition of carriage and compliance with any relevant regulations of the country of destination. The policy for carriage of animals into the cabin of an aircraft varies with individual airlines. If any transit or arriving passengers are found to be carrying animals, the AVSECO will inform the airline concerned which will then inform the AFCD staff. If these passengers do not possess the relevant documents for bringing the animals into Hong Kong, the animals may be held or confiscated by the AFCD as appropriate. In addition, the AVSECO will inform the AFCD staff at the airport if it detects an animal which is suspected to be an endangered species and protected under the Animals and Plants (Protection of Endangered Species) Ordinance (Cap. 187).

- (c) This case does not involve the carrying into an aircraft articles which are prohibited for the purpose of aviation security. There has not been any case in which passengers were found carrying prohibited articles just before the aircraft was about to take off since the opening of the HKIA at Chek Lap Kok in 1998.
- (d) As mentioned above, the security screening equipment at departure and transit points of the airport is primarily designed for the detection of items that might compromise aviation security, such as explosive devices, arms and weapons. Nevertheless, under normal circumstances, carriage of animals could be easily detected by security personnel. This incident is an isolated case. Although the possibility of failure to detect animals cannot be ruled out, the risk presented is low and the current security arrangements are considered appropriate.

Granting of Fifth Freedom Traffic Rights

17. **MR HUI CHEUNG-CHING** (in Chinese): *Madam President, recently, some United States-based multinational express cargo operators have said that the failure of the Government of the Hong Kong Special Administrative Region (SAR) to grant fifth freedom traffic rights to their fleets is the primary factor that inhibits them from investing in the local logistics industry. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed the impact of the granting of more fifth freedom traffic rights on the local economy; if it has, of the assessment results; and*
- (b) *it will expedite the liberalization of air services so as to facilitate the development of the local logistics industry ?*

SECRETARY FOR ECONOMIC SERVICES (in Chinese): Madam President, first, I should point out that all matters relating to aviation traffic rights between Hong Kong and the United States are dealt with at the government to government level and we have repeatedly indicated to the United States Government that the SAR Government has a liberal attitude towards the question of expanding traffic rights with the United States. On the two specific questions raised by the Honourable HUI Cheung-ching, my replies are as follows:

- (a) Having regard to Hong Kong's overall economic interests, the SAR Government will analyse in detail how third, fourth and fifth freedom traffic rights (in respect of both destination and capacity) should be expanded before conducting negotiations on bilateral air services agreements or arrangements with our aviation partners. We will consider factors such as the capacity and frequency of service between Hong Kong and individual destinations as well as relevant economic data (such as tourism, cargo traffic and trade statistics). The economic effect of granting more fifth freedom traffic rights for each route varies. Before each round of negotiations, we will assess the possible impact of granting more fifth freedom traffic rights for individual routes on related economic activities.
- (b) Based on Hong Kong's overall economic interests, the SAR Government will continue to further enhance Hong Kong's position as an international and regional aviation centre so as to support the development of the logistics sector. We will firmly implement our policy of progressive liberalization of the air services market and adopt a proactive and pragmatic approach to expanding traffic rights (including third, fourth and fifth freedom rights) with our aviation partners on a fair, equitable and mutually beneficial basis.

Work of Estate Agents Authority

18. **MR FRED LI** (in Chinese): *Madam President, concerning the work of the Estate Agents Authority (EAA), will the Government inform this Council whether it knows:*

- (a) *which institutions are running training courses recognized by the EAA for estate agents; how the EAA ensures that the courses offered by different training institutions are consistent in quality and up to standard; and whether the EAA has considered organizing its own training courses; if not, the reasons for that;*
- (b) *given that, upon being engaged by an owner to sell or rent out his property, estate agents shall obtain the prescribed types of information about the relevant property from the departments concerned, whether the EAA has assessed the resources wasted as a result of duplicated efforts spent in checking information by different estate agents engaged to sell or rent out the same property; if it has, of the details; and*
- (c) *the progress of the establishment of a centralized property databank?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the following nine institutions run training courses recognized by the EAA for estate agents having "senior practitioner" status, who choose to attend courses instead of taking qualifying examinations to satisfy the licensing requirement:

Caritas Adult and Higher Education Service

Chinese University of Hong Kong (School of Continuing Studies)

City University of Hong Kong (School of Continuing and Professional Education)

Hong Kong Management Association

Hong Kong Polytechnic University (School of Professional Education and Executive Development)

Hong Kong Productivity Council

Open University of Hong Kong

University of Hong Kong (School of Professional and Continuing Education)

Vocational Training Council (Continuing Professional Development Centre)

The recognized training courses are all based on a curriculum stipulated by the EAA which has also compiled a Trainer's Manual for all training institutions to help ensure consistency in quality and standards. EAA staff regularly sit in at the courses to monitor the delivery of such courses. The EAA will also ask participants to complete an anonymous survey questionnaire at the end of each course.

The EAA does not run such courses for senior practitioners otherwise it would be a duplication of efforts.

To enhance the professional knowledge and standard of all practitioners, the EAA organizes general training courses, lectures, seminars and workshops regularly on a free of charge basis.

As regards part (b) of the question, section 36 of the Estate Agents Ordinance stipulates that estate agents must obtain certain prescribed information about the property of which they are agents. To ensure maximum consumer protection and to fulfil the statutory duty placed on estate agents, it is prudent and necessary for them to ascertain the up-to-date prescribed information before the signing of legal documents. Checking of information in accordance with statutory requirements cannot be considered a waste of efforts or resources. No estimate has been made of the resources engaged in these activities.

As regards part (c) of the question, in March 2000 the EAA commissioned a consultant to study the feasibility of establishing a centralized property databank. The study concluded that it would be very costly and time-

consuming to do so, and would involve complicated issues such as copyrights and periodic updating of information. The consultant recommended that information on restriction of property usage from the Buildings Department should be provided through the Info-Hotline Service of the Rating and Valuation Department, so that estate agents can obtain all prescribed property information from two sources, that is, the Rating and Valuation Department and Land Registry. The trade was consulted on this recommendation and agreed. The enhanced Info-Hotline Service was launched on 26 November 2001. As a result, the average cost for searching the prescribed information has been reduced from \$72 to \$39 per transaction.

Air Quality Inside Air-conditioned Buses

19. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, in reply to my question raised on 1 December 1999 regarding air quality inside air-conditioned buses, the Government indicated that an inter-departmental Indoor Air Quality Management Group (IAQMG) had been set up at that time to co-ordinate all matters related to indoor air quality, and that the IAQMG planned to develop guidelines in the year 2000 for public transport facilities including air-conditioned buses. In this connection, will the Government inform this Council:*

- (a) of the progress in developing such guidelines and when the guidelines are expected to be issued;*
- (b) whether it has removed from the terms of reference of the IAQMG its co-ordinating role in respect of air quality inside air-conditioned buses; if it has, of the reasons for that; and*
- (c) of the measures it will take, including whether it will develop the relevant air quality objectives, to ensure that the air quality inside air-conditioned buses can be maintained at reasonable levels?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Chinese):
Madam President,

- (a) The inter-departmental IAQMG has completed an initial draft of the relevant guidelines and is now consulting operators of air-

conditioned public transport facilities (including air-conditioned buses) on it. It plans to issue the guidelines in 2002.

- (b) The scope of work of IAQMG includes providing guidelines to operators of air-conditioned buses with the objective of guiding them on how to maintain the air quality inside the passenger compartment at a reasonable level.
- (c) The guidelines mentioned above will be in the form of a code of practice to guide operators on the management of air quality within their facilities (including air-conditioned buses) covering issues such as the management policies and measures they should consider adopting, how they should design, operate and maintain ventilation and air-conditioning system, and the objectives and methodology they should consider adopting in air quality monitoring.

Implications of 24-hour Operation at Land Boundary Control Points

20. **MISS EMILY LAU:** *Madam President, on 14 November this year, the Secretary for Security informed this Council that the 24-hour provision of cross-boundary passenger clearance remained a long-term objective of the Hong Kong Special Administrative Region. In view of the fact that the issue has never been discussed in this Council, will the executive authorities inform this Council:*

- (a) *how the Administration has come to the conclusion that the above arrangement is a long-term objective;*
- (b) *whether the Administration has assessed the economic, social and transportation implications of the implementation of 24-hour operation at land boundary control points; if so, of the details of the assessment; and*
- (c) *whether and when the Administration intends to consult the public on this issue?*

SECRETARY FOR SECURITY: Madam President,

- (a) The conclusion that the 24-hour provision of cross-boundary passenger clearance should remain a long-term objective was reached following close consultations between Hong Kong and mainland authorities and careful balancing of a multitude of factors.

Both Hong Kong and the Mainland see the gradual extension of the operating hours for cross-boundary passenger clearance as a natural development in view of the close social and economic ties as well as increasing flow of people between the two places. Both sides recognize that the further extension of operating hours in a gradual manner would eventually lead to 24-hour clearance, and have accordingly agreed that this should be adopted as a common long-term goal. The pace at which this long-term goal is to be achieved depends on a careful balance of all the factors at play, including practical needs, the interests of the peoples of the two sides, efficient use of resources as well as socio-economic considerations.

Against the above background, the two sides agreed at the 4th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference on 25 July 2001 that, as an immediate measure, the operating hours at Lo Wu should be extended for 30 minutes on the day before and during a Hong Kong Public Holiday. Also, as a mid-term measure, the extension should apply daily and the operating hours at Lok Ma Chau should be aligned with those at Lo Wu. The immediate measures are already in place and have operated smoothly during the recent Mid-Autumn/National Day and Chung Yeung Festival holidays. The mid-term measures will be implemented with effect from 1 December 2001, when the control points at both Lo Wu and Lok Ma Chau will operate from 6.30 am to 12 midnight.

We would closely monitor the situation following the implementation of the mid-term measures, and consider the timing and extent of further extension taking into account all relevant factors, and in the light of consultations with mainland authorities.

- (b) The Administration's preliminary assessment of the economic, social and transportation aspects of 24-hour cross-boundary passenger clearance is set out below. Since 24-hour passenger clearance is a long-term goal, the Administration will need to update its assessment in light of the implementation of the mid-term and any further extension measures:
- Economically, further extension of cross-boundary passenger clearance to up to 24 hours will facilitate freer flow of people and services and is likely to be conducive to the growth of commercial and business ties between the two places and further strengthen the role of Hong Kong as a major services centre in South China. On the other hand, the prospect of some negative impact on certain specific sectors such as retail and property prices in areas close to the boundary cannot be ruled out, although such impact would only be temporary and is likely to be outweighed by the benefits to the overall economy. In addition, the extent of any negative impact may also vary depending on the number and choice of control points providing 24-hour cross-boundary clearance. Careful handling is required.
 - There is no consensus on the social implications of 24-hour cross-boundary passenger clearance and the issues involved are wide-ranging and complex. For example, some people are worried that the increased convenience resulting from longer passenger clearance hours could pose risks to family unity as Hong Kong people might find it easier to develop extra-marital relationship across the border, whilst some dismiss this as far-fetched. Our preliminary view is that provided that we do it in a gradual and incremental manner, in accordance with the approach adopted by the two sides in dealing with this question, the community should be able to adjust over time so that the fabric of our society will not be adversely affected.
 - From a transportation angle, 24-hour passenger clearance in itself will not help much to solve the problems of congestion at our control points since the number of people crossing the

boundary in the unsocial hours is unlikely to be substantial. In the final analysis, the solution lies in expanding the capacity of our control points to deal with peak hour passenger traffic and in building more cross-boundary facilities at appropriate locations and supporting them with adequate transportation infrastructure. With this in mind, we are expanding existing facilities at both Lo Wu and Lok Ma Chau and proceeding at full steam with the construction of the Shenzhen Western Corridor and the Lok Ma Chau Spur Line, which we aim to complete in 2005 and in 2006-07 respectively.

- (c) The issue of 24-hour opening of our boundary control points has been widely discussed by different sectors of the community for some time and public views on the subject are divergent. A diversity of views have been expressed and the Administration is fully aware of them. The Administration will continue to take careful note of views from all walks of life expressed through various channels.

BILL

First Reading of Bill

PRESIDENT (in Cantonese): Bill: First Reading.

IMMIGRATION (AMENDMENT) BILL 2001

CLERK (in Cantonese): Immigration (Amendment) Bill 2001.

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.

IMMIGRATION (AMENDMENT) BILL 2001

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Immigration (Amendment) Bill 2001 be read the Second time. The Bill seeks to provide that mainland officials shall not be treated as ordinarily resident in Hong Kong during any period in which they are directed to work in Hong Kong in their official capacity. According to Article 24 para 2(2) of the Basic Law, as implemented by paragraph 2(b) of Schedule 1 to the Immigration Ordinance, a Chinese citizen who has ordinarily resided in Hong Kong for a continuous period of not less than seven years before or after the establishment of the Hong Kong Special Administrative Region (SAR) is a permanent resident. Section 2(4) of the Immigration Ordinance excludes certain categories of persons from being treated as ordinarily resident during the period they remain in Hong Kong, including those under detention or imprisonment, members of a consular post and the Garrison.

Following a review, we decided that mainland officials who are posted to Hong Kong under the directive of the State in their official capacity should not be treated as ordinarily resident in Hong Kong. They include officials sent by the Central People's Government to work in the Central People's Government's Liaison Office, and the Office of the Ministry of Foreign Affairs in Hong Kong, and officers of Chinese enterprises which have been set up in Hong Kong with the approval of the mainland authorities. Like members of consulates and the Garrison, these officials are sent to Hong Kong due to their official capacity and it is not intended that they become part of our permanent population. These officials are required by the Central People's Government to return to the Mainland upon expiry of their assignment in Hong Kong.

Accordingly, the Government decided to introduce the Immigration (Amendment) Bill 2001 to extend section 2(4) of the Immigration Ordinance to cover these persons. Operationally, the Central People's Government has since 11 October 2001 started to add a special endorsement on the travel permits of the mainland officials concerned stating that "Holder of this document is a public official of the State directed to work in the Hong Kong/Macao Special Administrative Region". Persons holding travel permits with this special endorsement will be subject to the proposed legislative amendment when it comes into operation.

Once the amended provision comes into effect, the Director of Immigration will have the necessary power to reject applications for permanent

resident status from mainland officials directed to work in Hong Kong. However, the Bill will have no retrospective effect. Therefore, those persons who have already been ordinarily resident in Hong Kong for a continuous period of seven years or more before the amended provision comes into operation will not be affected.

When the Bill was discussed at the Legislative Council Panel on Security, a Member asked whether the Bill is consistent with the relevant provisions of the Basic Law. I wish to take this opportunity to reiterate that the proposed amendment is fully consistent with the Basic Law, and this has been confirmed by the Government's legal advisers.

Article 24 para 2(2) of the Basic Law defines a category of permanent resident based on the period of ordinary residence in Hong Kong. The Basic Law, however, does not define the term "ordinarily resident". When a term is not defined in the Basic Law, it must be construed in its ordinary and natural meaning. But local legislation and the common law may assist in interpreting the term, provided that such interpretation is consistent with the Basic Law.

In the context of ordinary residence under Article 24 para 2 of the Basic Law and Schedule 1 of the Immigration Ordinance, greater certainty can be given by expressly excluding certain categories of residence, which can properly be regarded as "extraordinary". The statutory exclusion of a period of imprisonment or detention was, for example, accepted as constitutional by the Court of Final Appeal in a recent judgement delivered in July this year.

The mainland authorities have since 11 October 2001 implemented the administrative arrangement of adding the special endorsement on the travel permits of mainland officials concerned. As the Bill will have no retrospective effect, we hope this Council can pass the Bill at an early date so that the provisions can be implemented as soon as possible.

With these remarks, Madam President, I beg to move.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Immigration (Amendment) Bill 2001 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on The Ombudsman (Amendment) Bill 2001.

THE OMBUDSMAN (AMENDMENT) BILL 2001**Resumption of debate on Second Reading which was moved on 30 May 2001**

PRESIDENT (in Cantonese): Miss Margaret NG, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's Report.

MISS MARGARET NG: Madam President, as Chairman of the Bills Committee on The Ombudsman (Amendment) Bill 2001, I report on the deliberations of the Bills Committee.

The main purpose of the Bill is to amend The Ombudsman Ordinance to make The Ombudsman a corporation sole to enable it to operate in a mode independent of the Administration. The Bill adds a new Schedule 1A to the Ordinance requiring The Ombudsman to be subject to certain accounting and auditing requirements, including examination by the Director of Audit. In addition, the Bill brings the Equal Opportunities Commission and the Office of the Privacy Commissioner for Personal Data within the jurisdiction of The Ombudsman.

The Bill also proposes other amendments to provide statutory basis for certain functions being performed by The Ombudsman. These include provisions for preliminary inquiries, dealing with complaints by mediation, and appointment of advisers.

The Bills Committee supports conferring an independent status on The Ombudsman to make it a corporation sole, and bringing the Equal Opportunities Commission and the Office of the Privacy Commissioner for Personal Data within the jurisdiction of The Ombudsman. The Bills Committee has carefully examined the provisions in the Bill with the Administration. As the deliberations are detailed in the report of the Bills Committee, I wish only to highlight a few important points.

The Bills Committee has noted that the drafting of clause 3 in the Bill and the existing provisions in the Ordinance make it difficult to distinguish between The Ombudsman as a corporation sole from the person holding the office. The Administration has accepted members' views and agreed to move amendments to clause 3 to make the distinction clear.

On the tenure of office of The Ombudsman, some members have queried the rationale of permitting a person to be appointed to the office of Ombudsman for an indefinite number of terms. Members have suggested that The Ombudsman should be reappointed for not more than one further term of five years, by the end of which the person shall have been in the post for 10 years. The Administration does not agree to impose such a restriction. The Bills Committee resolved that I should move the amendment on behalf of the Bills Committee. I shall speak more on this amendment during the Committee stage.

The Bills Committee also notes that the Bill provides for the salaries of staff of The Ombudsman and their terms and conditions of appointment to be approved by the Chief Executive. In line with the spirit of the Bill which is to allow flexibility for The Ombudsman to make its own administrative and financial arrangements, members have requested the Administration to consider empowering The Ombudsman to determine the terms and conditions of his staff. The Administration has accepted the Bills Committee's suggestion and will move an amendment to transfer the power of approving the terms and conditions of appointment of staff from the Chief Executive to The Ombudsman.

The Administration has informed the Bills Committee that The Ombudsman will strictly adhere to the principle that the remuneration package for his staff should be no better than that of the civil servants, and this will be specified in a Memorandum of Administrative Arrangements to be signed between the Administration and The Ombudsman.

As regards the monitoring of the work of The Ombudsman, some members of the Bills Committee are of the view that there should be adequate checks and balances while maintaining the independence of The Ombudsman. They have requested the Administration to consider whether the management and operation of The Ombudsman should be subject to monitoring by the Legislative Council or a statutory committee.

The Administration has advised that The Ombudsman is responsible to the Chief Executive and the Legislative Council, and that there are adequate and effective monitoring and accountability provisions in the legislation. For example, The Ombudsman may be removed by resolution of this Council. He has to make an annual report to the Chief Executive for tabling in this Council. He has the power to report to the Chief Executive cases of serious irregularity or injustice, and such reports have to be tabled in Council. In addition, The Ombudsman is subject to monitoring by the Director of Audit and by the public. The Administration, therefore, does not consider it necessary to set up a standing committee to monitor the work of The Ombudsman.

To enhance the accountability of The Ombudsman to the Council and to the public, the Bills Committee has suggested that the annual report of The Ombudsman to be tabled in Council should include the number of complaints against the outcome of investigation and the outcome of such complaints. The Ombudsman has accepted the suggestion.

As regards the new section 11B on dealing with complaints by mediation, the Bills Committee is particularly concerned that the legislation and The Ombudsman should avoid giving a wrong message to the public that the complainants may be compelled to accept mediation in lieu of investigation, especially if the subject matter of the complaint involves injustice or serious maladministration.

The Administration has explained to the Bills Committee that the proposed section is only to formalize an existing service provided by The Ombudsman, and there are sufficient safeguards in the new section 11B to protect the interest of the complainant and to ensure the impartiality of any subsequent investigation. For example, participation in the mediation by parties concerned is entirely voluntary and either party can withdraw at any time. Should the mediation fail and the matter is then dealt with by way of investigation, the mediator will not take part in the investigation.

The Bills Committee however, considers that for the avoidance of doubt, the types of complaints which may be dealt with by mediation should be specified in the Bill. The Administration has accepted the Bills Committee's suggestion that only those cases which involve "no or only minor maladministration" can be dealt with by mediation. To ensure the impartiality of subsequent investigation and to avoid any possible conflict of interest, the Administration also agrees to

move an amendment to specify that the person appointed to be The Ombudsman will not act as a mediator personally in any case.

Madam President, subject to the amendment that I shall move at the Committee stage, I urge Members to support the Bill.

MISS EMILY LAU (in Cantonese): Madam President, I rise to speak in support of the Second Reading of The Ombudsman (Amendment) Bill 2001.

Madam President, I believe Members of the Legislative Council, particularly those who have been involved in the corporatization of the Legislative Council Secretariat, can all appreciate the importance of an agency's independence. Hence, quite a number of Honourable colleagues have for many years been seeking to establish the credibility of The Ombudsman by giving The Ombudsman independence. We hope that The Ombudsman can really be independent of the executive authorities, and that is why we welcome this Bill before us very much. Perhaps this Bill has arrived somewhat late and there are people who wish to see it a lot earlier; but then, it is better late than never. For my part, I certainly welcome this Bill very much. Besides, we also hope that upon the passage of the Bill, the Administration will help The Ombudsman to recruit its own staff expeditiously. As regards the civil servants currently on secondment to The Ombudsman, they will of course be redeployed back to the Civil Service. I think this arrangement is fully reflective of the independence of The Ombudsman and will therefore give my full support to the provisions in this connection.

Madam President, I am also pleased to learn that when the Bills Committee was in the process of scrutinizing the Bill, the Administration agreed to empower The Ombudsman to recruit its own staff and to determine the terms of employment for its different grades of employees. This is because if the same power should still rest in the hands of the Chief Executive, the independence of The Ombudsman just could not be fully realized. Having said that, Madam President, I must point out that problems will bound to arise upon the delegation of power. In my view, if the power is conferred on The Ombudsman alone, all decisions will be made by him alone. In this connection, we have discussed over and over whether it would be possible to set up a council or other agency to assist The Ombudsman in making such decisions. Certainly, if the Chief Executive should continue to be responsible for making such

decisions, the independence of The Ombudsman would never be realized. We all agreed on this point of fact. But then again, problems might also arise if the same power should be conferred on The Ombudsman alone. So, in the end, we could not arrive at any conclusion. On the other hand, the Government has also put forward many reasons, saying that The Ombudsman is also subject to monitoring, including monitoring by the Legislative Council. One example cited by the Government is that the incumbent Ombudsman will meet with Members next month to discuss her work. The Government therefore holds that there is no need for any further action in this respect.

So, Madam President, this is the reason why so far no progress has been made in relation to this issue. For my part, I still cannot set my mind at rest; yet at the same time, I cannot think of any particular solution either. I believe the President may also recall that a former Ombudsman had suggested that this Council should set up a select committee to monitor the report submitted by The Ombudsman all along. Yet the situation at that time was that there was a kind of connection between this Council and The Ombudsman because only Members of this Council could refer complaints to The Ombudsman. According to the Government, the said connection does not exist any more as any people can contact The Ombudsman direct to lodge complaints. The Government therefore questioned the need for this Council to set up any select committee to handle the complaints. I must admit that I am not yet convinced. However, Madam President, as you can also see, I am actually a rather co-operative person. Although we may be rather unyielding under certain circumstances, on some other issues I am willing to concede grounds after listening to other people's suggestions.

I am only expressing my concern now, and I hope that my worry will not come true. What I do not wish to see is that if something should go wrong in future, some people would say, "Look, The Ombudsman is really given a free hand, even the Legislative Council had failed to realize what consequences this would lead to." In that case, I believe the Chief Secretary for Administration would also consider reviewing certain things. Actually, some Members have already raised the question of whether this Council should play a monitoring role in this respect. According to the Chief Secretary for Administration, the Council may give play to its monitoring role at any time. However, since this Council has not set up any select committee to handle such matters, we must keep a close watch on the situation and raise the issue to the Council for consideration when the need arises.

Furthermore, Madam President, just now the Honourable Margaret NG has also mentioned the issue of mediation. Members have discussed many points of concern at the meetings of the Bills Committee. We were concerned that members of the public might have a wrong impression that they would be compelled to accept mediation in lieu of investigation. We will never allow this to happen or give the public a wrong message that this will happen. It would certainly be a good thing if complaints could be dealt with by mediation because this is a simple and easy way to handle complaints, and that is also the reason why I welcome this method. I just do not wish to give members of the public the impression that The Ombudsman is seeking to settle things hastily with mediation. It is not feasible to do away with the step of investigation. Besides, the executive authorities have also given us the assurance that investigations would certainly be conducted. I may as well put it loud and clear here: I hope that this Council will not receive any complaints in future to the effect that members of the public are compelled to accept mediation in lieu of investigation. As Miss NG has also pointed out just now, there are in fact very few cases that can be dealt with by mediation, for those that can be dealt with this way are mainly minor cases involving no maladministration or public interest. We therefore hope that The Ombudsman will observe the relevant criteria to avoid giving rise to the aforementioned undesirable situation, so that no members of the public will complain to this Council that they are being compelled to accept mediation as the means to handle their cases.

Last but not least, Madam President, I also wish to say that I support the amendment to be proposed by Miss Margaret NG later on. I have asked at the meeting of the Bills Committee why the reappointment of the same person as The Ombudsman should not be restricted to not more than one further term as in the case of the Privacy Commissioner for Personal Data. The reply given by the Government was that to maintain flexibility for the office of The Ombudsman, the Government would be ready to reappoint any suitable person as The Ombudsman for two further terms or even more. Actually, Madam President, I consider The Ombudsman an office vested with considerably great powers; besides, by the end of two terms the person shall have been in office for 10 years. Looking back, for some unknown reasons, no former Ombudsman has ever been reappointed for a second term. One former Ombudsman pleaded for reappointment upon completion of the first term of office but his effort was in vain. I therefore feel that two terms of office should be enough. In fact, I believe this restriction should be applied to not only The Ombudsman but also any other holders of powerful positions in high places. Moreover, even the

Chief Executive can be re-elected for not more than one further term, so I believe two terms of office should indeed be enough. As a matter of fact, the tenure of office of the Privacy Commissioner for Personal Data is already subject to this restriction, which was introduced by the Government on its own initiative and it was then considered not necessary to make any amendment. Although the Government said at that time that the Commissioner could at most be reappointed for a second term, the then Commissioner was not reappointed after the first term of office. I therefore suggest that it should indeed be enough for people holding any high and powerful positions to remain in the relevant posts for not more than two terms, which will amount to a total of 10 years. Madam President, I believe you may also recall this saying: Power corrupts. It should be time for a change if the same person has been in office for 10 years. I so submit.

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

MR JASPER TSANG (in Cantonese): Madam President, I rise to speak on behalf of the Democratic Alliance for Betterment of Hong Kong (DAB) to support the Second Reading of The Ombudsman (Amendment) Bill 2001. The DAB also very much supports the independent status the Bill confers on The Ombudsman.

During the course of scrutiny by the Bills Committee on The Ombudsman (Amendment) Bill 2001 (the Bills Committee), some Members were concerned about the possibility of any layoffs when the office of The Ombudsman reorganizes its staff after the passage of the Bill. We were given an assurance at that time that there would not be any layoffs. In addition, when the incumbent Ombudsman comes to this Council to meet with Members next month, she will also explain to us how staff members seconded from the Civil Service will be dealt with properly in the staff reshuffle. We will continue to keep this matter in view.

Just now both Miss Margaret NG and the Honourable Emily LAU have mentioned the power of The Ombudsman. We feel that there are fundamental contradictions in this connection. On the one hand, we hope that The Ombudsman can truly function and discharge his duties independently, which means that The Ombudsman will genuinely have sufficient power to conduct

investigations independently into cases of maladministration on the part of the various government departments or any other organizations within its jurisdiction. Yet on the other hand, we are of course concerned whether the problem of "absolute power corrupts people absolutely" mentioned by some Members just now would arise if The Ombudsman should really be given a so-called free hand. The DAB has thoroughly examined the relevant provisions of the present Bill regulating The Ombudsman and considered that the existing mechanism should be sufficient regulating the performance of The Ombudsman. In addition to other relevant organizations, The Ombudsman will also be subject to effective monitoring by this Council. In this connection, The Ombudsman is required to table an annual report to this Council, while The Ombudsman is also required to meet with Members to discuss his work. Besides, any investigation report intended for publication must be submitted to this Council for examination.

Another issue I should also like to raise is the power of The Ombudsman. We say that The Ombudsman has considerable powers, but what exactly are the powers conferred on him? Actually, the powers of The Ombudsman have already been clearly defined. He may conduct investigations into certain problems, complaints received by him, or cases where he has reasons to believe that there is maladministration on the part of certain organizations or officials. Yes, he possesses enormous investigative powers, but can we say such powers are absolute? I am afraid not. To cite an example, The Ombudsman does not have absolute power to intervene in the internal staffing matters of the Government, nor does he have any power to remove government officials from office. If the outcome of any investigation conducted by The Ombudsman proves that the problem involved is indeed very serious, he has to publish an investigation report to let the public know what the problem is. Hence, I think the powers of The Ombudsman are different from those of the Chief Executive or other people in the so-called high and powerful positions as mentioned by Miss Emily LAU earlier on.

With regard to the tenure of office of The Ombudsman, I have also read the letter written by Miss Margaret NG to Members, explaining why she has to move an amendment on behalf of the Bills Committee to suggest that The Ombudsman should be reappointed for not more than one further term of five years. Miss NG points out that if The Ombudsman should remain in office for too long a period, he might become complacent and refuse to accept other people's advice. I do believe that such a problem may arise; but then, how long

is too long a period? I am afraid we can hardly set any absolute standard in this respect. Are we sure that a term of 10 years can certainly avoid all problems? Will things be better if the tenure of office is shorter? Should The Ombudsman be not allowed to extend his office after he has been in the office for five years? Why is it a further term of five years to a total of 10 is the best, but an additional further term of five years will give rise to problems? I am afraid we can hardly have any objective and accurate yardstick for this. As a matter of fact, 10 years are neither too long nor too short a period compared to one's working life expectancy. With such a restriction imposed, there would be an additional concern affecting one's decision to accept the appointment as The Ombudsman. Having considered the pros and cons, the DAB has come to the conclusion that the proposed restriction will do more harm than good. For this reason, we will not support the proposed amendment.

Thank you, Madam President.

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

MR ANDREW CHENG (in Cantonese): Madam President, I rise to speak on behalf of the Democratic Party to support the Second Reading of the Bill and the amendment to be moved later on by Miss Margaret NG on behalf of the Bills Committee.

I had originally intended to wait until after Miss NG has moved the amendment to express my views. Now that the Honourable Jasper TSANG has already made his point, so in order to save time, I will also expound my view on a line in Miss NG's letter to Members today and that is: Power corrupts. Earlier, Miss Emily LAU even added the words "absolute" and "absolutely" to the line to make it read as follows: "Absolute power corrupts absolutely". Mr Jasper TSANG said there would not be absolute powers. However, I hope Mr TSANG will understand that while nothing is absolute, when we try to analyse the limit of certain powers in this world where all things are relative, we need to know that the powers of certain people or the holder of a certain post are indeed enormous. Obviously, the Bill will enhance the powers of The Ombudsman in response to the view expressed by different parties and factions of the Council in the past, which considered that the powers and status of The Ombudsman should

be enhanced. Since the powers of The Ombudsman has been enhanced, relatively speaking, these enhanced powers will corrupt.

I think Miss NG has put her idea very well. She said she was not trying to say that The Ombudsman would necessarily indulge in corruption and malpractices, but if The Ombudsman should remain in office for too long a period, it might be possible that he would one day find certain problems trivial when investigating into the blunders of the Government or the Civil Service. In which case he would consider it makes no difference whether or not investigations are carried out and would eventually slack in his work, turning a blind eye to the blunders he has seen repeatedly. How then could he play the role as the champion of the people's cause which we expect of The Ombudsman? I therefore hope that the Government will consider this question: If a certain person should remain in an office over a long period (like 10 years, which is indeed not a short period of time), would he get used to certain cases of malpractices and find such cases not uncommon or abnormal, so much so that he would slack in his work and even become complacent? For these reasons, we believe 10 years should be a right threshold.

As regards the argument put forward by the Government, I hope the Chief Secretary for Administration will explain clearly to us again. Sometimes I just feel that the reasons given by the Government are really unacceptable. As far as I can recall, the argument of the Government was that if there should be a limit on the tenure of office of The Ombudsman, the continued smooth operation of The Ombudsman would be affected. Honestly, there could be some sort of continuity in a period of 10 years. How many years does the Government have in mind when it talks about continued smooth operation? Would the continued smooth operation of The Ombudsman be affected if the tenure of office of The Ombudsman should be limited to not more than 10 years? In the Government's view, how long should the appointment last to ensure continued smooth operation; a period of 20 years or even permanent appointment? The Democratic Party just cannot be convinced by this argument of the Government's. I hope that later on the Chief Secretary for Administration will offer a strong and forceful argument regarding this point of continued smooth operation.

Besides, the Government also said that it could not identify any policy or operational justifications to restrict the tenure of office of The Ombudsman to not more than 10 years. Sometimes the Government is indeed executive-led.

When it wants to do something, it can always find some reasons to support its action. When it wants to refrain from doing something, it can also certainly find reasons to support its decision. The reason given by the Government this time is that no such justifications could be identified in the past. Actually, the availability or otherwise of such justifications is dependent on chiefly the sincerity of the Government in seeking to identify them. The case of the Privacy Commissioner for Personal Data is one example. We just cannot understand why the Government said the 10-year limit was a restriction not found in any past cases ever.

Madam President, I have no intention to repeat the points already made by other Members. I just wish to stress again that we very much support the content of the Bill as a whole, and that the Democratic Party will support the amendment to be moved by Miss NG later on.

Thank you, Madam President.

MR JAMES TIEN (in Cantonese): Madam President, the Liberal Party has considered the question of whether or not The Ombudsman should be reappointed for another 10 to 15 years after he or she has been in office for 10 years with reference to the general practice of the business sector in Hong Kong. In the past, many chief executive officers (CEOs) and presidents of commercial enterprises used to remain in office for quite a long time, ranging from five to 10 years. However, the current trend is for the presidents and CEOs who have been in office for a long time to have their tenure of office shortened gradually. In our view, Hong Kong does have plenty of talents who are not very difficult to identify. The post of The Ombudsman is very special in that the appointee has to balance the complaints lodged by members of the public, and such complaints are lodged mainly against government departments. Certainly, any member of the Civil Service can as well be appointed as The Ombudsman. Yet at the same time, the Government has also made it clear that the civil servant once appointed as The Ombudsman may not rejoin the Civil Service. In that case, will elite civil servants in their forties be discouraged to take up the post, having considered that the appointment only lasts for 10 years, that they will not be redeployed to any government department upon completing the tenure of office and that there will be great difficulty in finding a job in the private sector?

The Liberal Party finds the aforementioned argument put forward by the Government reasonable and has therefore taken it into consideration. But then, our conclusion is that The Ombudsman does not necessarily be selected from among the Civil Service. As seen in past cases, the post has been taken by both civil servants and non-civil servants before. In our view, if the Chief Executive should have influence on The Ombudsman even until his 10th to 15th years of tenure of office, the work of The Ombudsman during the second term of office, which is the fifth to the 10th years, might be affected. We are concerned that such a situation will not be desirable. Moreover, sometimes our friends in the business and industrial sectors have also remarked that even the Chief Executive, our highest leader, could only be in office for 10 years at most. They believe 10 years are indeed a rather long period of time. So, on the whole, we support Miss Margaret NG's proposed amendment.

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

MR ERIC LI (in Cantonese): Madam President, I had originally intended to wait until the Committee stage to express my views, but since Members have spoken so enthusiastically, I just may as well join them.

With regard to the amendment to be proposed by Miss Margaret NG later on in respect of the tenure of office, a number of independent Members of the Breakfast Group have also discussed it and I should like to raise a point here. We feel that the Government's argument is not at all convincing because it has only talked about the need for some flexibility without specifying clearly under what circumstances such flexibility must be applied or the way in which it should be applied. In our view, nowadays, we must have a more transparent policy (regardless of whether or not the Government is empowered to make the relevant appointment) in keeping with the times.

Even though the amendment proposed by Miss Margaret NG is convincing to a certain extent, some Members of the Breakfast Group do not wish to intervene in the appointment and manpower deployment of the administrative system. The Legislative Council certainly has a responsibility to protect public interest, but since this is still a matter of internal deployment matter of the executive, we feel that however good our intention is, we may still be suspected

of meddling in affairs outside the jurisdiction of the Council if we intervene too much in the matter. We do believe that this proposed amendment is made out of goodwill, but if legislative means should really be employed to induce changes, it would to a certain extent be a change in government policy. But then, even if the Government should change its policy, it would carry out consultation exercises beforehand rather than taking actions hastily. In our view, if we want the Government to change its policy, a more appropriate way is to give the Government more time for careful consideration before taking any actions; legislative amendment just may not be the best method.

I believe that whether or not the amendment is passed today, the Government has already been subjected to considerable pressure and will thus be reminded of the need to review the matter. We fully support that, taking a longer view, the Government should be urged to review the present appointment system and enhance its transparency. Once the Government has in place an open policy and justifications, future appointments will be made on the basis of such policy and justifications rather than the preference of individual officials. That way, the objective of self-monitoring will be achieved, and so there will not be any need for monitoring by inflexible legislation.

Concerning this issue, we feel that although both the Government and the Bills Committee have their reasons, there is no urgent need for the relevant change which is a change in policy. Under the circumstances, we believe the benefit of doubt should go to the Government. For this reason, I will vote against the amendment proposed by our respectable Member, Miss Margaret NG this time, so as to maintain the *status quo*. Having said that, however, we also wish to make it clear to the Government that if it does not make any improvement and enhance the transparency of the system, our voting decision this time will not be a precedent for the future. Thank you, Madam President.

MR AMBROSE LAU (in Cantonese): Madam President, on behalf of the Hong Kong Progressive Alliance (HKPA) I support the passage of The Ombudsman (Amendment) Bill 2001.

Members were concerned about the tenure of office of The Ombudsman when scrutinizing the Bill. According to the Bill, the person appointed as The Ombudsman will hold the post for a period of five years and may be reappointed

for unlimited times. However, the Bills Committee on The Ombudsman (Amendment) Bill 2001 (Bills Committee) has reservations about this provision. Members of the Bills Committee believe the tenure of office of The Ombudsman should be subject to some limitation and have therefore suggested that the same person could be reappointed once only, which means that the same person could only be in office for a total of 10 years. The HKPA holds that a member of society should be appointed as The Ombudsman on the basis of his or her job performance, experience, ability and other relevant factors. We must ensure that the office of The Ombudsman is filled by the most suitable candidate. As regards the question of whether or not The Ombudsman has performed satisfactorily during his or her tenure of office, there is already a monitoring mechanism in place, under which The Ombudsman is accountable to both the Chief Executive and the Legislative Council and is required to meet regularly with the Council to discuss the work of The Ombudsman. Moreover, The Ombudsman has also accepted the suggestion of the Bills Committee to include the number of complaints against the outcome of investigation and the outcome of such complaints in the annual report of The Ombudsman. The HKPA believes that all these measures can help to ensure The Ombudsman to be more effectively answerable to the public, avoid engaging in power abuse or being corrupted. Perhaps it is because the Legislative Council has all along been answerable to the public in an effective manner that the relevant legislation does not stipulate that Members of the Council can only hold their seats for a maximum of 10 years.

In addition, the Bills Committee was also concerned about the issue of handling complaints by way of mediation. Members considered that the Bill should seek to prevent giving the public or the complainants the wrong message that they may be compelled to accept mediation in lieu of investigation. The HKPA supports the amendment to be proposed by the Government to stipulate that only cases which involve "no or minor maladministration" can be dealt with by mediation, and that The Ombudsman will not act as a mediator personally.

Madam President, I so submit.

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

(No Member responded)

PRESIDENT (in Cantonese): Chief Secretary for Administration, you may now reply.

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, I am most grateful to the Honourable Margaret NG and other members of the Bills Committee for the careful consideration that they have given to this Bill.

The purpose of the Bill, as explained by Miss Margaret NG, is to improve the efficiency of the Office of The Ombudsman and to reinforce its independent status.

We agree totally with the Bills Committee that we should propose further amendments to enable The Ombudsman to function better, to clarify the new powers vested in The Ombudsman and to refine the drafting of the Bill. I shall move these amendments at the Committee stage. These amendments have the support of the Bills Committee as a whole. I would just like to highlight the more prominent ones here.

One amendment proposes to transfer to The Ombudsman the authority to determine the terms and conditions of service of his staff. This is in line with the spirit of protecting The Ombudsman's full independence from the Administration.

This notwithstanding, we are proposing this amendment on the clear understanding that The Ombudsman will adhere strictly to the long-standing principle that the remuneration package offered to his staff, like any other publicly-funded bodies, should not be better than that applicable to comparable ranks in the Civil Service. We shall reflect this principle in our Memorandum of Administrative Arrangements with The Ombudsman.

I will also move a number of technical amendments to prescribe more precisely the new powers vested in The Ombudsman. For example, we will make it clear that The Ombudsman may appoint advisers to tender technical or professional advice.

In response to the Bills Committee's suggestion, we have set out clearly The Ombudsman's undertaking to resort to mediation only when a complaint involves no or minor maladministration. In order to preserve The

Ombudsman's impartiality in any possible investigation following an unsuccessful mediation service, we agree that we should preclude The Ombudsman from acting as a mediator personally. These provisions will provide added safeguards to protect a complainant's right of access to mediation service, and to ensure that The Ombudsman will not be detracted from his primary duty of conducting investigation under the Ordinance.

I would now turn to the proposed amendment to be moved by Miss Margaret NG and explain why the Administration cannot accept the amendment.

The Honourable Member seeks, in effect, to restrict the Chief Executive's power of appointment of The Ombudsman, such that the Chief Executive can reappoint The Ombudsman for one term only, no matter how capable and outstanding the incumbent is. I should state from the outset that the appointment and reappointment of The Ombudsman, as with other statutory authorities, should be considered primarily on the basis of merit and performance. Indeed, all factors being equal, we should regard a public officer's years of experience in office as an asset.

The Honourable Andrew CHENG just now has asked me to elaborate on the importance of continuity in this office, for he believes that this forms the basis of the Administration's objection to Miss Margaret NG's proposed amendment. Let me explain that this is not the Administration's contention. Very simply in this connection, we do not think that it is right to discriminate against an incumbent because of his longer experience in the job. It is also illogical to do so. There are of course other more compelling arguments which I shall explain. For many people, the function of The Ombudsman is very similar to that of a Judge. It seems rather illogical to argue that the tenure of a Judge should thus be limited because he has long been on the job. Furthermore, a restriction on the term of reappointment might discourage a promising and younger candidate from taking up appointment on the ground of limited career prospect. So the amendment does not make to us very much sense.

I am aware of the concern expressed over the possible abuse of office or complacency by an authority arising from a prolonged appointment. But surely, the Chief Executive will take these factors into account in considering reappointment. Furthermore, The Ombudsman Ordinance has already provided effective checks and balances over the work and performance of The Ombudsman whilst protecting his independence. These include the Legislative

Council's power in examining The Ombudsman's annual report, in scrutinizing his office's annual estimates, and in passing a resolution to remove him from office on the ground of inability to discharge his statutory functions. In this regard, it has been the established practice for The Ombudsman to meet with the Legislative Council to discuss his work and development plan regularly. These arrangements provide, I submit, a very high degree of accountability and transparency expected of the important office of The Ombudsman.

For all these very important reasons, the Administration does not agree with the amendment to be moved by Miss Margaret NG.

I am pleased that the underlying principles of the Bill, which are to make The Ombudsman's office more efficient and independent from the Administration, have the general support of the Legislative Council. I am sure that Members will continue to support the work of The Ombudsman in enhancing the quality and accountability of public administration in general.

Madam President, with these remarks, I recommend the Bill to Members.

PRESIDENT (in Cantonese): I now put the question to you and that is: That The Ombudsman (Amendment) Bill 2001 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): The Ombudsman (Amendment) Bill 2001.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

THE OMBUDSMAN (AMENDMENT) BILL 2001

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of The Ombudsman (Amendment) Bill 2001.

CLERK (in Cantonese): Clauses 1, 4, 7, 9, 11 to 19 and 21.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clause 3.

CHAIRMAN (in Cantonese): Both Miss Margaret NG and the Chief Secretary for Administration have separately given notices to move an amendment to clause 3 of the Bill.

CHAIRMAN (in Cantonese): Committee now proceeds to a joint debate. In accordance with the Rules of Procedure, I will first call upon Miss Margaret NG to move her amendment.

MISS MARGARET NG: Madam Chairman, on behalf of the Bills Committee on The Ombudsman (Amendment) Bill 2001, I move the amendment in my name on the Agenda.

The amendment to clause 3 is to restrict the reappointment of The Ombudsman to not more than one further period of five years. As I have pointed out earlier in reporting on the deliberations of the Bills Committee, some members of the Bills Committee do not agree that a person may be appointed as The Ombudsman for an indefinite number of terms. These members are of the view that continuity should not be a problem even if the restriction is imposed. They consider that an important post such as The Ombudsman who is vested with the responsibility of investigating complaints of injustice and maladministration should not be occupied by the same person for an indefinite period.

The Bills Committee notes that the Personal Data (Privacy) Ordinance contains a similar provision restricting the reappointment of the Privacy Commissioner for Personal Data to not more than one further period of five years. The Bills Committee proposes that the same restriction should apply to The Ombudsman.

I urge Members to support the amendment.

Madam Chairman, now I would like to speak in my personal capacity. I believe in the well-known saying of Lord ACTON: "Power tends to corrupt and absolute power corrupts absolutely." William PITT, a famous British Prime Minister, had spoken the same thought in the House of Lords a hundred years before ACTON: "Unlimited power is apt to corrupt the minds of those who possess it."

Therefore, wise political systems build in checks and balances. Wise legislation limits power and puts in safeguards. Where powers are of necessity unimpeded by intervention, care should be taken to prevent concentration in the hands of any person for too long. It is in this spirit that I particularly and personally identify myself with the amendment that I am moving.

To be effective, The Ombudsman must be endowed with far-reaching powers of investigation and must be able to exercise such powers independently, free from political and administrative interference, and without fear of being removed from his or her office. This is what the existing The Ombudsman

Ordinance does. And with the Amendment Bill now before this Council, the powers and independence of The Ombudsman are enhanced. The Ombudsman will become a corporation sole with all the customary autonomy and capabilities. The person appointed to the office can freely hire and fire staff, and offer such remuneration as he or she thinks fit, provided it is below a ceiling agreed with the Administration. He or she runs the Office of The Ombudsman and deploys the staff in it at his or her sole command, without the monitor of any advisory committee. The Bills Committee did suggest such an advisory committee to the Administration. The suggestion was not accepted, on the grounds that it would be cumbersome and could bring undesirable pressure on The Ombudsman.

Under the existent Ordinance, The Ombudsman may investigate into virtually every government department and public authority on a complaint from the public or of The Ombudsman's own motion if he or she is of opinion that some persons may have sustained injustice as a result of maladministration. This Bill extends The Ombudsman's jurisdiction to the Equal Opportunities Commission and the Office of the Privacy Commissioner for Personal Data.

In carrying out an investigation under the present law, The Ombudsman can summon witnesses and call for confidential documents. He or she conducts the investigation in private. No hearings need to be held. At the end of the investigation, The Ombudsman may publish a report on it if he or she is of the opinion that it is in the public interest to do so. Except a person whom The Ombudsman is minded to criticize in the report or who may be adversely affected by it, no one has the right to be heard.

The Bill reaffirms these powers, and adds to The Ombudsman the function and power of dealing with complaints by way of mediation. It gives The Ombudsman a freer hand in the publication of a report by allowing him or her to do so even if the identity of any person aggrieved, any complainant or any officer of an organization can be ascertained from the report.

I accept that these powers, old and new, are necessary and to the public good. However, there is no doubt that they are vast and intrusive powers, the exercise of which in any individual case may not be open to scrutiny. He or she is judge and jury, investigator and even complainant to boot. The sole accountability is by way of any report that The Ombudsman may publish, and the voluntary annual appearance of The Ombudsman before a Panel of this Council. He or she can only be removed by the Chief Executive with the approval of this Council for cause expressly provided under the Ordinance.

In this setup, the warning of Lord ACTON and the Earl of Chatham becomes relevant. Boosted by power, in the name of righting wrong and doing good, a person appointed to the office can be in danger of self-righteousness, complacency and other weaknesses. He or she may become impervious to criticism, or may become case hardened. When one says "power corrupts", one is not referring so much to the crime of corruption, for which The Ombudsman is subject to the law and the vigilance of the Independent Commission Against Corruption. One is speaking more of the corruption of the mind which in turn corrupts the function of the office. It is in this spirit that my colleagues and I put forward the amendment, so that no one, however excellent, can be appointed to the office for more than two terms — that is a total of 10 years.

It is most regrettable that the Administration does not accept our suggestion. The arguments advanced are, to begin with, that other offices are not so restricted. But the Office of the Privacy Commissioner for Personal Data certainly is, by statute. It is then said that Judges also have their tenure protected. But Judges are constitutionally entirely different. Their power is judicial, not administrative. Moreover, they Judge in open court; they rule on the law; they are assisted by legal submissions; there is due process and a system of appeal laid down by the law. Further, Judges' appointments are subject to retirement age. None of these apply to The Ombudsman.

The Administration argues that quality should come first, not how long the incumbent has been occupying the office. But it is a well-known saying that no one is indispensable. Even the best Ombudsman can be replaced. His replacement, even if less excellent as at the date of appointment, may grow to surpass him. New blood is necessary for the vitality and viability of the system.

It is then argued that the Administration needs flexibility. If it so happens that a new Ombudsman cannot be appointed for a year or two, then the incumbent should be able to extend his appointment for just that short period of time. But administrative flexibility can turn into administrative licence if there is no limitation by statute. Good administration will render such flexibility unnecessary. On the other hand, flexibility is often the gateway to indecision or downright sloppiness and even abuse, and may eventually give rise to the belief that while a troublesome Ombudsman will be got rid of as soon as possible, a compliant Ombudsman will be dealt with "flexibly". This will have the most undesirable effect on the public's confidence in the system.

Madam Chairman, the chances of the Administration's need to appoint the same person as Ombudsman for more than 10 years are small and avoidable. The benefit of restricting the appointment to two terms is real and serious. Once more, I urge Members to support the amendment.

Madam Chairman, I beg to move.

Proposed amendment

Clause 3 (see Annex VII)

CHAIRMAN (in Cantonese): I now call upon the Chief Secretary for Administration to speak on the amendment moved by Miss Margaret NG as well as his own amendment. However, the Chief Secretary for Administration may not move his amendment at this stage.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I would just like to reiterate for the reasons I gave earlier that I do not agree with the amendment moved by the Honourable Margaret NG, because it will restrict the Chief Executive's power of appointment or reappointment of The Ombudsman. Such power rightly belongs to the executive branch of the Government and this amendment is illogical. It militates against having the best person for the job. It ignores the educating character of the work of The Ombudsman who does not exercise any direct powers over the population at large. The amendment, if passed, will discriminate against and penalize a candidate simply because he is more experienced. The Legislative Council has always wanted to argue for more power and more independence for The Ombudsman, and it is indeed the object of this exercise and the purpose of the Bill. We have wanted to make sure in the Bill that The Ombudsman can perform his statutory monitoring functions more efficiently and more independently. Now I am somewhat surprised to hear that Members, including Miss Margaret NG, seem to be worried about the power bringing about corruption. This does not seem to be logical. In any event, I have explained that The Ombudsman Ordinance contains excellent checks and balances over the work and performance of The Ombudsman while protecting his independence. We do not consider restricting the power of reappointment an appropriate way to guard against corruption or complacency by the office-bearer.

Finally, I wish to point out that the analogy with the Privacy Commissioner for Personal Data is not appropriate. As we have explained and the Bills Committee has also accepted that the case of the Privacy Commissioner for Personal Data is rather unique, and we cannot find similar restriction on the term of reappointment in other statutory public offices.

Madam Chairman, we do not propose any change to the provision concerning the reappointment of The Ombudsman. The effect of our clause 3 of the Bill is simply to establish The Ombudsman as a corporation sole, capable of taking and defending civil actions. This is in line with the objective of enhancing The Ombudsman's independent operation from the Government. The purpose of the Administration's amendment to clause 3 is to improve the drafting and overall presentation of the clause. And this amendment should contain no other objective.

CHAIRMAN (in Cantonese): Members may now debate the amendment moved by Miss Margaret NG as well as the amendment by the Chief Secretary for Administration.

Does any Member wish to speak?

DR YEUNG SUM (in Cantonese): Madam Chairman, I am very glad that the Bill can be submitted to the Legislative Council today, and that its Second Reading has been resumed and passed. Mr Andrew CHENG has expressed on behalf of the Democratic Party earlier support to this Bill, as well as the amendment proposed by Miss Margaret NG. Indeed an independent commission is beneficial to the international image of Hong Kong, for apart from the upholding justice with practical actions, justice can also be seen to be done. Therefore, we very much support the establishment of an Office of The Ombudsman which is independent of the Civil Service and in fact we have been fighting for this for a long time. We are glad that the Government has acceded to the demand of the Members and proposed this Bill.

I have listened carefully to the response made by the Chief Secretary for Administration in respect of Miss Margaret NG's amendment. First of all, the Chief Secretary for Administration thinks that the amendment is lacking in flexibility. Secondly, he thinks that the best person should be given the job,

that is, since The Ombudsman has assumed office, it is not necessary to impose any restrictions on him. However, I have looked up the Basic Law and found that the term of office of the Chief Executive is restricted to two terms, that is, 10 years. The Chief Secretary for Administration says that the best person should be given the job. I am not sure if the incumbent Ombudsman is the best person available. But according to Miss NG's amendment, the person can at least serve two terms. If it is said that there is no flexibility, can it be said that the Basic Law has restricted the operation of the Government as a whole?

In addition, Mr Andrew CHENG, Miss Emily LAU and Miss Margaret NG have quoted the example of the Privacy Commissioner earlier and pointed out that when the Government set up this office, it was made clear that the term of office of the Privacy Commissioner was restricted to two terms. Why did the Government subject itself to such a restriction? The Chief Secretary for Administration has said earlier that the functions of the Privacy Commissioner are unique and hence the two offices cannot be drawn into an analogy. But I think the functions of The Ombudsman are also unique. Everything being equal, the case of The Ombudsman is more so unique because he can conduct investigations on complaints lodged by the public against the Government. I think the Chief Secretary for Administration is somewhat self-contradictory on this issue and his arguments are very weak. When the Privacy Commissioner was established, it was decided that the office-bearer should be allowed to serve a maximum of two terms, or 10 years. Now the Chief Secretary for Administration is glossing over this issue, saying that the case of the Privacy Commissioner is unique. And it is precisely because he is so unique that he is not to be subjected to the normal rules, and since he is not subjected to the normal rules, people should not resort to this as a major argument. I cannot agree to this view of the Chief Secretary for Administration. It is because the position of The Ombudsman is also unique and it is more so unique because the present development is heading for greater independence. I therefore think that the argument of the Chief Secretary for Administration is very weak.

I hope those Honourable Members who have not yet decided on how they should vote, if there are still such Members, will seriously consider supporting the amendment moved by Miss Margaret NG. Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): Chief Secretary for Administration, would you like to speak again before I call upon Miss Margaret NG to speak again?

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I can only assure this Council that the Administration has fully considered the points raised by Honourable Members in favour of the amendment moved by the Honourable Margaret NG. In fact, these arguments have been rehearsed several times at the Committee stage. However, we are unable, having heard all these, to accept the amendment because this amendment impinges upon an important aspect of the Government's appointment policy and will result in an erosion of the power which rightly belongs to the executive.

Decisions on important statutory appointments should be guided by merits and performance, in which a whole range of factors including competence, foresight, leadership and managerial skills of a candidate come into play. We see no justification to single out the length of service, irrespective of age, and make it an overriding objection to reappointment.

Sufficient safeguards, as I pointed out, already exist in The Ombudsman Ordinance to tackle unsatisfactory performance or incompetence of the incumbent who is, after all, directly accountable to the Legislative Council and the public over his work and performance in a very transparent way. In any event, restricting the power of reappointment is, in our view, a clumsy and inappropriate way to guard against corruption or complacency of The Ombudsman. After all, we cannot see the justification to single out The Ombudsman and impose a restriction on his term of office, whilst most other statutory authorities do not have such limitation.

I am sure that Members will not lose sight of the general consensus of the Bills Committee and the Administration over the primary object of the Bill and that is to enhance the independence of The Ombudsman from the Government.

Madam Chairman, with these remarks, I really urge Members to support the Administration's Committee stage amendment and oppose Miss Margaret NG's Committee stage amendment to clause 3.

MISS MARGARET NG (in Cantonese): Madam Chairman, I would like first to thank Honourable Members who have shown their support for this amendment despite strong lobbying by the Administration. I would like to thank them in advance for their support.

Madam Chairman, I would like to make some comments in response. What in fact are the real arguments advanced by the executive? To put it simply, as the Chief Secretary for Administration has said earlier, it is a reluctance to impose any restrictions on the powers of the Chief Executive. As a matter of fact, all laws will restrict the powers of the Chief Executive. If we do not want to restrict the powers of the Chief Executive, the best way is not to legislate at all. So the question is: Do we have any sound arguments to restrict this particular power? If yes, then we should restrict his power.

The Honourable Eric LI said earlier that we should not intervene in executive appointments. I agree that if the Chief Executive decides to appoint someone, the legislature should indeed not intervene in such matters. But we are not intervening in any appointment procedures or in the choice of appointee, we are only talking about the term of office. This is similar to defining the retirement age. We may say that someone may be quite senile when the person is in his or her fifties, like myself; and someone may still be filled with vigour and vitality, like an Honourable Member here, though he may be a few years older than I am. Notwithstanding this, then why do we have a policy to stipulate a certain age as the age of retirement, so that these people cannot continue to work? I think I do not need to list out all the arguments and reasons. We all know that setting a retirement age is not meant to discriminate against anybody, nor is it an intervention in the appointment of anyone, that is, even if the appointments are made by the Administration or the Chief Executive. However, we should not think that the powers of the Chief Executive should not subject to any restriction.

Madam Chairman, there is another view that the appointment of a person should be decided according to his ability, rather than saying that once he has been in office for a certain number of years, he should not be allowed to remain in office. Often times we know the importance of injecting new blood and taking on new perspectives. When a person has been in office for too long, should we not think that he should step down to make way for better persons?

Madam Chairman, some Honourable Members have cited the example of Members returned by elections, and they asked if a ceiling should be set to bar the number of years such Members can stay in office. In fact, there is such a ceiling. It is a natural one, that is, when after some time, a person will find it increasingly difficult to get re-elected. That is because new talents would come

up from time to time and they will replace the old. There are bound to be some new and better candidates. Members returned by elections will need to put in renewed efforts every time they stand for election (in order to win the mandate of the electorate if the votes are considered a kind of appointment), to strive for reappointment. However, The Ombudsman is appointed only by one person and so the imposition of such a restriction is well-justified.

Madam Chairman, if it is said these arguments are not justified and logical, then can it be said that the restriction on the term of office of the Privacy Commissioner not logical as well? The Chief Secretary for Administration has said earlier that the case of the Privacy Commissioner is unique. But how unique is it? I have listened very carefully to his speech, and I find that he has not given us any explanation. If the law can restrict the term of office of the Privacy Commissioner, and this restriction was not made by Members of this Council but by the Government at that time, then what grounds are there as a matter of principle to forbid us from restricting on the term of office of The Ombudsman?

Madam Chairman, when I spoke earlier I had explained why it is illogical for the Chief Secretary for Administration to make an analogy of the term of office of The Ombudsman with that of the Judges. We can see clearly that there is a very great difference in the way judicial officers exercise their judicial powers and the way The Ombudsman exercises his. First, The Ombudsman is appointed by the Chief Executive alone, but the appointment of every Judge has to undergo a very stringent process. However, the most important point is that the way in which powers are exercised is different. Madam Chairman, I am not saying that there is a lack of transparency when The Ombudsman exercises his powers. It is because since The Ombudsman is vested with such great powers to conduct investigations into government departments and public organizations and to gain access to many confidential papers, the Government in a bid to ensure the credibility of The Ombudsman and in order to avoid giving people the impression that he is acting on unsubstantiated claims, The Ombudsman is permitted to conduct investigations under circumstances which are private and to summon witnesses for questions. So this kind of power to conduct investigations under such concealed circumstances is a kind of administrative power, and it is a power to make judgement, a solid power. Hence it is very much different from those powers exercised by Judges.

So excuse me for putting it bluntly, the remarks made by the Chief Executive to make an analogy of the powers of The Ombudsman with the appointment of Judges are illogical. In addition, even Judges have a retirement age. So even with the appointment of Judges, sometimes we will think that it would be most desirable if a certain Judge will retire early, but there is nothing we can do except to wait until that Judge retires. Thus even the best thing will come to an end. An Ombudsman who has been in office for 10 years, even if he has done the job well, would be quite enough. Then why would it violate the principle if we want to make a provision in law to restrict the term of office of The Ombudsman?

Madam Chairman, after taking into consideration all the arguments for and against restricting the term of office of The Ombudsman, I would like to conclude objectively that I think the arguments in support of restricting the term of office are far more convincing than those against it. To put it simply, I think the question boils down to the fact that there are some people who believe that the powers of the Chief Executive should not be subject to any restriction. Personally, I do not agree to this. But even if we do not sidetrack too far and focus our discussion on the legislation related to The Ombudsman, I think it is sufficiently justified to impose restrictions, especially on the term of office, on a person like The Ombudsman who can exercise such unique powers in such a unique status.

I therefore implore Honourable Members to support the amendment proposed by me on behalf of the Bills Committee. Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): Before I put the question in respect of the amendment moved by Miss Margaret NG, would the Committee note again that in the event of the amendment moved by Miss Margaret NG is passed, the Chief Secretary for Administration may not move his amendment.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Miss Margaret NG be passed. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Dr David CHU rose to claim a division.

CHAIRMAN (in Cantonese): Dr David CHU has claimed a division. The division bell will ring for three minutes.

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

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Kenneth TING, Mr James TIEN, Miss Margaret NG, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Ms Miriam LAU, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Tommy CHEUNG and Mr Michael MAK voted for the motion.

Dr Raymond HO, Mr Eric LI, Dr David LI, Dr LUI Ming-wah, Mr HUI Cheung-ching, Mr CHAN Kowk-keung, Mr Bernard CHAN, Dr Philip WONG, Mr Timothy FOK, Mr Abraham SHEK, Mr Henry WU, Mr LEUNG Fu-wah, Dr LO Wing-lok and Mr LAU Ping-cheung voted against the motion.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Miss Emily LAU, Mr Andrew Cheng, Mr SZETO Wah, Mr Albert CHAN, Mr WONG Sing-chi and Ms Audrey EU voted for the motion.

Mr Andrew WONG, Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Dr TANG Siu-tong, Dr David CHU, Mr NG Leung-sing, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Mr MA Fung-kuok voted against the motion.

THE CHAIRMAN, Mrs Rita FAN, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 25 were present, 11 were in favour of the motion and 14 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 25 were present, 14 were in favour of the motion and 10 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negated.

CHAIRMAN (in Cantonese): As the amendment moved by Miss Margaret NG has been negated, I now call upon the Chief Secretary for Administration to move his amendment.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move the amendment to clause 3, as set out in the paper circularized to Members.

Proposed amendment

Clause 3 (see Annex VII)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by the Chief Secretary for Administration be passed. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clause 3 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clauses 2, 5, 6, 8, 10 and 20, and heading before clause 21.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move the amendments to clauses 2, 5, 6, 8, 10, 20 and heading before clause 21 as set out in the paper circularized to Members.

The amendments have the support of the Bills Committee. They will do three main things.

- (a) First, they add the reference "technical or professional" to clause 6 to make it clear that the advisers appointed by The Ombudsman are to tender technical or professional advice;
- (b) Second, they amend clause 10 to provide that The Ombudsman may mediate in a complaint only if the complaint involves no or only minor maladministration and that The Ombudsman shall not act as a mediator personally; and

- (c) Third, they expand the savings and transitional provision in clause 20.

The rest of the amendments are technical in character.

Proposed amendments

Clause 2 (see Annex VII)

Clause 5 (see Annex VII)

Clause 6 (see Annex VII)

Clause 8 (see Annex VII)

Clause 10 (see Annex VII)

Clause 20 (see Annex VII)

Heading before clause 21 (see Annex VII)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Chief Secretary for Administration be passed. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Clauses 2, 5, 6, 8, 10 and 20, and heading before clause 21 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): New heading before clause 1	PART I Preliminary
New heading before clause 2	PART II Amendments To The Ombudsman Ordinance
New clause 5A	Staff of Ombudsman
New heading before clause 20	PART III Savings And Transitional Provisions.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move that the new headings before clauses 1, 2 and 20, and new clause 5A, as set out in the paper submitted to Members, be read the Second time.

The Administration agrees with the Bills Committee that we should transfer the Chief Executive's power to determine the terms and conditions of the staff of the office to The Ombudsman. Clause 5A gives effect to this agreement. The rest of the amendments are technical in nature.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new headings before clauses 1, 2 and 20 and new clause 5A be read the Second time.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): New headings before clauses 1, 2 and 20, and new clause 5A.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move that the new headings before clauses 1, 2 and 20, and new clause 5A be added to the Bill.

Proposed additions

New heading before clause 1 (see Annex VII)

New heading before clause 2 (see Annex VII)

New clause 5A (see Annex VII)

New heading before clause 20 (see Annex VII)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new headings before clauses 1, 2 and 20, and new clause 5A be added to the Bill.

CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Long title.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move the amendment to the long title as set out in the paper submitted to Members.

Proposed amendment

Long title (see Annex VII)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the amendment to the long title moved by the Chief Secretary for Administration, be passed.

CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raise their hands.

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

THE OMBUDSMAN (AMENDMENT) BILL 2001

CHIEF SECRETARY FOR ADMINISTRATION: Madam President,

The Ombudsman (Amendment) Bill 2001

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That The Ombudsman (Amendment) Bill 2001 be read the Third time and do pass.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): The Ombudsman (Amendment) Bill 2001.

MOTION

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Factories and Industrial Undertakings Ordinance in relation to approving the Factories and Industrial Undertakings (Gas Welding and Flame Cutting) Regulation.

PROPOSED RESOLUTION UNDER THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, I move that the Factories and Industrial Undertakings (Gas Welding and Flame Cutting) Regulation made by the Commissioner for Labour be passed.

The proposed Regulation seeks to require operators of gas welding and flame cutting equipment to undergo safety training and to obtain a certificate. We consider it necessary to introduce mandatory safety training for these

workers because gas welding and flame cutting work is commonly used in various trades and is prone to cause serious accidents if not handled properly. The hazard may cause significant loss of life and property. In February 2000, a tragic industrial accident occurred in Yuen Long and claimed the lives of three workers. With safety training, it is expected that operators of gas welding and flame cutting equipment would be able to observe the desired safety standards, thereby improving safety at their workplace.

Under the proposed Regulation, the proprietor of an industrial undertaking concerned will be required to provide safety training to an operator who is instructed to perform gas welding and flame cutting work. He will also be required to ensure that such work is only performed by a person who has attained the age of 18 and holds a valid certificate; or a person who is undergoing training under the supervision of a holder of a valid certificate. Workers will be required by the proposed Regulation to attend the safety training provided by the proprietor.

The safety training required under the proposed Regulation will need to be recognized by the Commissioner for Labour. Through administrative means, the Commissioner will ensure that certificates issued for the purpose of the proposed Regulation would be valid for five years. The Construction Industry Training Authority, the Occupational Safety and Health Council and the Vocational Training Council have indicated that they have the capacity and intention to run the safety training as stipulated by the proposed Regulation. According to the estimate of the Labour Department, at present, about 40 000 workers would be required to undergo safety training. To allow adequate time for the prescribed training, we shall provide a grace period of 24 months before the proposed Regulation comes into full effect.

We have taken note of a request from the industry to include electric arc welding work under the proposed Regulation. Following a thorough review, we notice that past accidents relating to electric arc welding work were mainly caused by electrocution. The nature and degree of seriousness of such accidents are very different from those relating to gas welding and flame cutting work. Furthermore, as the safe operation of electric equipment is already provided for in the Factories and Industrial Undertakings (Electricity) Regulations, we do not consider it necessary to single out electric arc welding for inclusion in the proposed Regulation.

Although the required safety training would incur additional training cost for the proprietors concerned, there will be clear benefits from enhanced training for the operators. When consulted, the Labour Advisory Board and the Legislative Council Panel on Manpower both supported the proposal and I now recommend the proposed Regulation to Honourable Members.

Madam President, I beg to move.

The Secretary for Education and Manpower moved the following motion:

"That the Factories and Industrial Undertakings (Gas Welding and Flame Cutting) Regulation, made by the Commissioner for Labour on 21 June 2001, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Education and Manpower be passed.

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

MR LEUNG FU-WAH (in Cantonese): Madam President, the relevant Regulation seeks to ensure that gas welding and flame cutting work is carried out by trained operators. Employers are required to provide safety training to operators to enable such work to be done under safe conditions. As a representative of the labour sector, I certainly agree to the enactment of another piece of legislation to protect the interest of workers. However, I am quite saddened by the circumstances surrounding the coming into existence of this Regulation. Similar to many other pieces of labour legislation in Hong Kong, the Regulation came in the aftermath of some serious industrial accidents causing workers their lives and limbs. The Government then took actions to study into preventive measures to avoid the recurrence of such tragedies. It can therefore be said that the legislative process of some industrial safety and occupational health legislation is the history of workers' woes. The present Regulation was sparked off by the tragedy which occurred in a workshop of the Bachy Soletanche Company Limited in Tai Sang Wai in Yuen Long on 12 February last year. The tragedy was caused by the explosion of welding gas cylinders, in which three workers were killed and four others wounded. The tragedy

occurred on the eighth day of the Chinese New Year. Since it was the Chinese New Year, the fatal accident stirred up some reactions in society. The Hong Kong Federation of Trade Unions (FTU) assisted the families of the deceased workers to claim compensations. Each family of the deceased workers was given an extra compensation of \$650,000. The sum included \$200,000 in compassionate grant, \$200,000 in burial expenses, \$150,000 being one year's wages and \$100,000 being the money from the employer's contribution to the spring feast which was then cancelled. The dangers in operating welding gas cylinders thus became a concern. The Labour Department conducted an expeditious study on the incident and the findings were submitted to the Labour Advisory Board for discussion. After almost two years, the Regulation has finally been made. Provisions are made to require gas welding work must be carried out by workers who have received training.

Doubtless the Regulation can protect the safety of workers. However, I would like to raise two points. First, the Regulation is not comprehensive enough. According to figures from the Labour Department, over the past five years, there were altogether six gas welding workers who lost their lives at work. There were four fatal accidents involving electric arc welding. The number of fatal accidents in these two kinds of work is quite close. It implies that workers engaging in electric arc welding also need safety training. The Welding Industry Employees Association of the FTU has reflected to the Government that it wishes to expand the contents of the one-day gas welding safety training course offered in compliance with this Regulation to include safety training for electric arc welding. The reason is that workers in the welding industry generally engage in these two kinds of work for employers normally require workers to be competent in these two skills, and so most of the welding industry workers engage in both gas welding and electric arc welding operations at the same time. If the Regulation can offer protection according to the realistic situation, then the occupational safety of workers can really be protected. Welding workers are worried that the Government will later on require them to enrol in electric arc welding safety courses, for this would cause them a lot of inconvenience. I had considered proposing an amendment, but later I gave up the idea because of the Rules of Procedure. Another thing is that I hope the Administration can listen to the sensible demands of the trade associations and will not start to introduce legislation and regulation only after industrial accidents have happened. The Administration must be aware that legislating only after a problem has surfaced is not a practice in an advanced society. Our labour legislation must keep abreast with the times. It is my fervent hope that our laws on occupational safety and health do not come with the loss of workers' lives.

The Regulation has not called for deliberations by a subcommittee, and that implies that there is no divergence of opinions among Members. The Secretary would be glad to know this. I hope the same will go to other labour laws.

With these remarks, Madam President, I support the resolution with reluctance.

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

(No Member responded)

PRESIDENT (in Cantonese): I now call upon the Secretary for Education and Manpower to speak in reply.

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, I just want to reassure the Honourable LEUNG Fu-wah that we have no intention of bringing electric welding under further regulation. As I have pointed out in my main reply, the safe operation of electric equipment, including the operation of electric arc welding, is already adequately provided for in the Factories and Industrial Undertakings (Electricity) Regulations. So there is no question of asking the workers to undergo further training after the present Regulation is passed.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Education and Manpower be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance in relation to extending the period for amending Public Health (Animals and Birds) (Amendment) Regulation 2001, Public Health (Animals and Birds) (Animal Traders) (Amendment) Regulation 2001 and Food Business (Amendment) Regulation 2001.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR FRED LI (in Cantonese): Madam President, in my capacity as Chairman of the Subcommittee, I move the motion as set out under my name on the Agenda.

The House Committee formed a Subcommittee to study the following three pieces of subsidiary legislation on 2 November 2001:

- (i) the Public Health (Animals and Birds) (Amendment) Regulation 2001
- (ii) the Public Health (Animals and Birds) (Animals Traders) (Amendment) Regulation 2001
- (iii) the Food Business (Amendment) Regulation 2001.

The Subcommittee has agreed that I should move a motion to extend the scrutiny period of the three pieces of subsidiary legislation to the meeting of 5 December 2001, so that the Subcommittee can have sufficient time to study the Regulations and report the results of deliberations to the House Committee.

With these remarks, I urge Members to support this motion.

Mr Fred LI moved the following motion:

"That in relation to the —

- (a) Public Health (Animals and Birds) (Amendment) Regulation 2001, published in the Gazette as Legal Notice No. 218 of 2001;
- (b) Public Health (Animals and Birds) (Animal Traders) (Amendment) Regulation 2001, published in the Gazette as Legal Notice No. 219 of 2001; and
- (c) Food Business (Amendment) Regulation 2001, published in the Gazette as Legal Notice No. 220 of 2001,

and laid on the table of the Legislative Council on 31 October 2001, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) for amending subsidiary legislation be extended under section 34(4) of that Ordinance to the meeting of 5 December 2001."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Fred LI be passed.

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

(No Member responded)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Fred LI be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. I would also like to remind Members that I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Reducing utility charges.

REDUCING UTILITY CHARGES

MR FRED LI (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, it is in view of the incessantly rising unemployment rate and the hardships facing the people that I have moved this motion today to urge the Government to reduce water and sewage charges and encourage the various utility operators, particularly the two power suppliers and Towngas, to ride out the storm together with the public by reducing charges and offering concessions to users.

The unemployment rate was 5.3% when I gave notice of this motion. Regrettably, it has by now risen to 5.5%. Some analysts even opine that the unemployed ranks will continue to expand. In the face of the present economic slump, people are all in a state of anxiety. For those who are lucky enough to keep their jobs today, they can hardly rest assured that their employers will not make them redundant in the next layoff exercise. As for others, even though their employers have decided not to lay them off, they may probably be made to accept wage cuts, no-pay leave, and so on. Given that they have no other choices, wage earners have to swallow their pride and accept the fact that their wages will be cut again and again.

When the economy is in recession, members of the lower strata of society and the middle class will more often than not be the first to bear the brunt. "Save as much as you can" is not just the slogan of a certain advertisement but the philosophy held by the people of Hong Kong in their daily lives. Perhaps the senior government officials do not know that a dollar or a few dimes, which may seem so insignificantly small to them, would mean a lot to the general public. This is because they have to scrimp and save as much as they can to make provision for the hard times; otherwise, they could hardly support their own living if they should lose their job one day.

The Democratic Party made this proposal today for reducing water, electricity and gas charges not just because these utilities are the daily necessities of the people, but also because we believe there is plenty of room for the water, electricity and gas charges to adjust downwards.

According to the findings of an opinion survey conducted by us recently, 86% of the public considered that the increases in utility charges have added to the financial burden on them, while close to 90% of the interviewees have expressed the hope that utility operators would reduce charges to help them alleviate their hardships in life.

THE PRESIDENT'S DEPUTY, MRS SELINA CHOW, took the Chair.

Electricity, gas and water are daily necessities on which the people can hardly cut back their consumption. In the said survey conducted by the Democratic Party, 36.3% of the interviewees remarked that their monthly expenses on water, electricity and gas would amount to some 10% to 20% of their household income.

In fact, according to government statistics, the tariff rates for electricity, fuel and water have increased 3.3% over the past three years, even though the Composite Consumer Price Index (CCPI) has recorded an accumulated drop of 8.2% during the same period.

We cannot help but wonder why do the suppliers of water, electricity and gas not follow the general trend and reduce their charges or offer concessions to users at a time when the prices of food, clothing and accommodation have all gone down.

I remember the Government and Secretary Sandra LEE have told me in reply that utility charges could by no means be linked with the rise and fall of the CCPI. The reason is that the CCPI adjusts in tandem with the changes in the general household expenditure items and thus has no significant connection with the operating expenditure of public utilities. Unlike the General Consumer Price Index, the operating expenditure is mainly composed of expenditure on staff salaries, prices of imported raw materials, and so on. Since I have already explained the matter for her, perhaps the Secretary may skip this part when she gives her reply later on.

Actually, the Democratic Party does agree with the rationale that the costs of production may not necessarily be linked with the Consumer Price Index. Nevertheless, the average wage in Hong Kong has dropped 10% over the past three years. During the same period, the import prices of the principal raw materials imported by public utilities, such as coal and natural gas, have also dropped. As the cost of production has fallen, there should be room for these public utility operators to reduce their charges.

Moreover, the two electricity suppliers have made rather handsome profits from their electricity supply services over the past two years. To cite an example, the profits of the CLP Power Hong Kong Limited (CLP Power) and the Hongkong Electric Company Limited (Hongkong Electric) in the first half of the year were \$2.64 billion and \$2.89 billion respectively, representing an increase of 4.3% and 19% compared to the profits made during the same period last year.

Towngas has also recorded a total profit of \$1.7 billion during the first half of the year, representing an increase of 6.5% compared to the profits made during the same period last year. Is it really so easy to make profits in the present world? I believe these three public utility companies really have some room for a reduction in their charges.

More importantly, the two electricity suppliers have currently accumulated a rather substantial amount of surplus in their respective development funds. As at June this year (I hope the Secretary will clarify the following figures), Hongkong Electric has accumulated \$670 million in its development fund while CLP Power has accumulated more than \$2.5 billion. The reserves in the development funds are accumulated from the excess electricity tariffs collected by these two companies from their consumers. For this reason, the money

cannot be put into the pockets of the shareholders or the CLP Power coffers. For this reason, the two electricity suppliers may make use of their reserves or development funds to offer concessions to their users.

Perhaps some may query whether it is out of jealousy that we wish to force the public utility operators to reduce their charges as some sort of punishment for making fat profits. Other people may also wonder whether the Democratic Party is trying to make use of the political power of the eight parties and factions in this Council to intervene in the operation of the commercial market. My answers to these questions are definitely in the negative. Those who pose such questions or ideas are in fact affected by their incorrect or biased assumption.

To begin with, the most significantly incorrect assumption is that the electricity and fuel supply market is an absolutely free market. In reality, the market has basically been monopolized.

The electricity supply market has all along been monopolized. The public have no choice in respect of their power suppliers; people living on Hong Kong Island have to turn to Hongkong Electric while those living in Kowloon or the New Territories have to buy electricity from CLP Power. In this connection, the two companies are protected by their respective scheme of control agreements.

The situation in the fuel supply market is just the same. According to the information provided by Towngas, the company has a total of 1.3 million household users, accounting for 85% of the households in Hong Kong. Given that the gas distribution network has yet to be truly opened up, there could hardly be any competition in the market, not to say choices of suppliers for the public.

In fact, in as early as 1995, which was six years ago, the Consumer Council already pointed out that Towngas had developed into a public utility with "near monopoly dominance". Besides, Towngas is also the only public utility not subject to supervision by the Government.

The second incorrect concept in our view is related to the question of intervention. People holding this concept consider that if the Government should urge the two power companies to reduce charges, it would be intervening in their operation against the spirit of agreement. Actually, the Government has

all along been exercising a certain degree of "intervention" in the electricity tariffs charged by these two companies, albeit such act of intervention carries the better name of supervision or control.

The Government exercises its control over the electricity tariff rates through the Scheme of Control Agreement signed respectively with the two power companies. Since these Agreements will expire in 2008, the Government should expeditiously look into how the electricity supply market can be liberalized.

At the same time, since the two power companies will submit reports on their proposed tariff rates and financial position to the Government at the end of each year, we also hope that by the end of every year — this motion is therefore very timely — the Government will urge the two power companies to reduce their charges or offer concession scheme to provide some sort of temporary relief to the people who are in financial straits.

The Government is empowered to exercise proper control over the two electricity suppliers and to suggest them to reduce charges or offer concessions. So doing has never been considered as intervention in market operation or a breach of the spirit of agreement. Indeed, it is specified in the Scheme of Control Agreements that the Government has the power to take such actions.

The Democratic Party has also suggested the Government to reduce water and sewage charges.

For the first half of the year, the Government has collected a total of \$3,187 million in water and sewage charges.

Since June this year, the Government has imposed a freeze on water and sewage charges until March next year. We certainly welcome this action of the Government. Nevertheless, we also hope that the Government can do even better by further reducing the charges to help the people to alleviate their hardships.

It was in view of the then economic slump that the Government decided to impose a freeze on water and sewage charges. However, because of the "September 11 incident", the economic situation has deteriorated further while the rate of unemployment has been on the increase. Should the Government not think of more methods to help the general public?

We propose to reduce water and sewage charges because this can benefit members of the different sectors in society; not only households can save on their expenditure, many trades and industries, particularly the catering industry and small and medium enterprises, will also be benefited. Naturally, our ultimate hope is that workers employed in the catering or manufacturing industries can keep their jobs and therefore do not have to worry about their living.

The Government has repeatedly emphasized that the fiscal deficit is already very enormous, and that since it would only spend money where it is worth, it would not be handing out reliefs easily. Actually, our demand for a reduction of public utility charges is consistent with the principle of spending money where it is worth. If the Government should agree to reduce water and sewage charges by 10%, the cost to revenue would be some \$600 million annually. But then, the resultant favourable chain effects and the benefits enjoyable by the public as well as various trades and industries would be of a far greater value than that.

Further still, we also believe that the Government will set a good example by taking the initiative to reduce water and sewage charges. After taking this first step, the Government may then discuss with the three public utility companies concerned and encourage them to be more co-operative and join the Government in reducing charges or offering concessions to users to help alleviate the burden on the public.

Finally, I am glad to say that this has been the most relaxing experience I have ever had in moving motions. It is because the eight parties and factions in the Council have already discussed the motion, and so I do not have to go around lobbying Members. I just hope those Honourable colleagues who have not participated in our discussions will also appreciate and understand the points raised by us. We are basically urging the Government to discuss with these companies while taking into account their operating conditions at the same time. This motion is indeed very mild; it does not force the Government to do anything or use any radical wordings. Actually, the speech made by me just now was also delivered in a mild tone. I just hope the Secretary will appreciate my thoughts and give us some response expeditiously, rather than deferring until the budgeting exercise next year to consider our requests. At the present moment, we are in dire need of the Government's assistance to resolve problems involving as small a sum as a dollar or a few dimes.

With these remarks, I beg to move.

Mr Fred LI moved the following motion: (Translation)

"That, as Hong Kong economy remains in the doldrums with the unemployment rate rising to 5.3%, while various utility charges remain high, accounting for a large proportion of the public's living expenses, this Council urges the Government to expeditiously reduce water and sewage charges and discuss with various utility operators and encourage them to take account of their respective operating conditions and reduce charges or offer concessions to users, thereby alleviating the burden on the public."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Fred LI be passed.

MR LAU CHIN-SHEK (in Cantonese): Madam Deputy, with the continual economic downturn, a population of unemployed and close-to-unemployed reaching almost 300 000, and spates of wage cuts and layoffs, no wonder the employers, employees, the middle class and the public at large are all having a rough time and airing grievances.

Last Saturday, the Director of Transport stated on a public occasion that the Hong Kong and Kowloon Ferry, and operators of the New Territories and Lantau taxis had all withdrawn their applications for fare increases. These operators come from trades or companies which are facing difficulties in their business. They are able to be sympathetic to the plight of the public and realize that raising the fares will only harm others while doing no good to themselves. Their spontaneous move to withdraw the applications for fare increase has given an impression that they are prepared to tide over the hard times together with the people and therefore should be appreciated.

It is precisely because of this that I hold great expectations for the debate today on electricity, gas, water and sewage charges, as well as the motion debate on reducing the fares for modes of public transport held two weeks ago.

The CLP Power Hong Kong Limited (CLP Power), the Hong Kong and China Gas Company Limited (Towngas) and the Government have all announced a freeze on charges or indicated that they have no intention of raising the charges in the near future. There were even speculations on a move to be made by CLP

Power to give a rebate of the tariff to the public. But apparently, at this time of continual deflation, even if the charges are frozen, it will be an increase in charges in disguise. The rebate made by individual companies would certainly be greeted with gratitude in the past, but with the unprecedented economic hardship at present, to those utility companies which have been making huge profits over the years, and in particular those companies which are franchised, monopolistic, and which the public have no choice but to use their services, our request is to ask them to think of the hardship of the public, make a bit less profits and do something to pay back the community.

I know very well what I want. I will not ask those utility companies which are having losses to reduce their charges. I just want to appeal to a few major utilities like CLP Power, Hongkong Electric Company Limited (Hongkong Electric) and Towngas. These three companies made a combined profit of \$14.4 billion last year and this \$14.4 billion represented an increase in profit of more than 30% compared to that in 1996. During the same period, however, the income of families in the lower income bracket fell by almost 30%. I am not jealous of the huge profits these companies have made. I am just asking them to make a bit less profits and to do something to alleviate the hardship of the people. Now the people are in the bleak winter of their lives. All they want is not a present or a red packet, but something concrete to reduce the basic charges they have to pay. Charge a bit less, these companies will go on making big money. But what they do will spark hope in the community.

As for water and sewage charges, these are the utilities charges collected by the Government and the Government should not make profiting its principal objective. At this time of economic hardship, the prime task for a caring government is to lessen the burden borne by the people in living.

Madam Deputy, recently I have heard a song sung by celebrities in the show business, it is called "Walk through the winter together". The lyrics are very moving and there are some lines which go like this: "Let us walk through this dreary winter, with hopes of a shining sun brightening up our day, when the burden on our shoulders becomes light".

Madam Deputy, these are my remarks. I hope that people both inside and outside this Chamber will be able to hear this message of "Ride out the storm and walk through this winter". Thank you.

MR JASPER TSANG (in Cantonese): Madam Deputy, two weeks ago this Council unanimously passed a motion to urge the Government to negotiate with the public transport service providers and encourage them to take account of their operation conditions and reduce the charges or offer concessions to users, thereby alleviating their burden. The motion received unanimous support from Members of this Council belonging to various political parties. It is because Members are aware of the drop in the income of the public and the deterioration of their quality of living in this economic downturn. For many families, the expenses on public transport have become a heavy burden indeed.

Madam Deputy, the various political parties continue to focus their attention on other problems in relation to the people's livelihood. In the motion today, we are discussing the water and sewage charges, as well as charges of the various utilities. Our concern is due to the same reason. At present when deflation continues and the income of the public is dropping all the time, such household necessities as water, power and gas are exerting the same pressure on the public as they used to be and not less. So the motion today is proposing a similar suggestion, that is, to urge the Government to discuss with the various utility operators and encourage them to reduce charges or offer concessions to users. In the meantime, the Government should take the lead to reduce water and sewage charges.

I trust the motion today will receive the support of all the parties in this Council, for the motion has its social backing. It also represents the needs of the majority of the public. Therefore, I do not need to present a lot of arguments on this point. I would only like to respond to a particular issue, that is, we have come across some criticisms saying that the political parties are joining hands to exert pressure on the Government and that if these utilities operators are forced to reduce their charges, that would be a breach of the contract spirit because these companies have entered into Scheme of Control Agreements with the Government. It will also destroy the business environment in Hong Kong. Some others criticize Members of this Council for holding the view that companies making profits should be requested to reduce their fares and charges. That is in fact a violation of the operation of the market economy of Hong Kong.

Madam Deputy, Members of the Liberal Party should be the most suitable defenders of the argument that the motion will not injure the business environment, for they are most concerned about the business environment of

Hong Kong. If even the Liberal Party can lend its support to the motion, it would be clear to everyone that the motion will not injure the business environment of Hong Kong. Notwithstanding this, I would like to say a few words on the Scheme of Control Agreements. The Democratic Alliance for Betterment of Hong Kong (DAB) is in full support of the motion today and we do not wish to challenge the control schemes here. We may find some other occasions to study how a review of the schemes can be made, but the motion does not disapprove of these schemes, nor does it seek to change them. Even as these Scheme of Control Agreements are in place, if the utility operators really want to care about the quality of life of the public, there is still room for these companies to revise their charges downwards or to offer concessions to users. We know that these schemes have something called a development fund as mentioned by the Honourable Fred LI earlier. Each year when these utilities determine the charges, there are bound to be estimations on the business outlook for the coming year to serve as a basis for the determination of charges. There may be times when the return may be more than the amount estimated, and sometimes less. When there are changes in the return and the scheme, there is some kind of an adjustment mechanism to negate any influence on the so-called return permitted under the Scheme of Control Agreement. If after these utility operators have studied all the relevant conditions and find that there is no room to make any adjustment in the charges at all, I think the public will take a sensible view of the issue.

The wording of our motion is precisely on this, that is, these decisions are to be made as "various utility operators take account of their respective operating conditions". Certainly, this practice does not violate the spirit of contract. As to the criticism that Members want companies which make profits to reduce their charges, the motion does not touch on this point. For the Scheme of Control Agreement already carries a provision that if the return has exceeded the permitted rate and the accumulated cash and bank balance are in the excess, then the mechanism for reducing the charges should be triggered. This is nothing new at all.

Madam Deputy, we hope that the Secretary for Economic Services will, like the Secretary for Transport last time, agree to our views and discuss with the various utility operators and encourage them to reduce charges or offer concessions. Just as the Honourable LAU Chin-shek has pointed out, some of the public transport operators have made positive responses already, so we hope that more public transport operators and utility operators will adopt similar measures. Thank you.

DR TANG SIU-TONG (in Cantonese): Madam Deputy, the Council passed a motion last Wednesday to urge the Government to encourage public transport operators to reduce fares or offer concessions. Thereafter, a number of transport operators have responded to the suggestion in different degrees. The measures taken have been criticized as trivial concessions, but nonetheless, they are a first step taken. It can thus be seen that there is indeed some room for these operators to pay back the public. That also shows that the views of the Legislative Council, as a representative of public opinion, are met with positive response. However, we are not interfering with market operation, nor showing any disrespect for the spirit of contract. The profits made by the utility operators come from their franchised or monopolistic operations. As the saying goes, "of the people and for the people". When the people are experiencing hardships, these companies should bear some social responsibility. Since the charges collected by utility operators have a direct bearing on the interests of thousands of households, and they have to do with the most basic and indispensable expenses of the people, the Government and Members of this Council are duty-bound to make their views known. The thrust of this motion is on the water and sewage charges, as well as the utility charges, such as power and gas tariffs, and so on. These items are directly linked to the people's livelihood, and they also have a direct bearing on the overall business environment of the territory, especially that of the small and medium enterprises which are struggling so hard to survive.

Madam Deputy, charges of the public sector departments, such as water and sewage charges, are all public money. The question of whether these charges can be reduced will have to depend on the impact of the reduction on the overall financial position of the Government and whether or not the charges are reasonable. During the financial year of 2000-01, the water charges brought about \$2.4 billion to the public coffers. From this it can be seen that even if the water charges are reduced by 5% or even 10%, the impact on public revenue will at most be just about \$200 million. The Government is absolutely capable of taking this. Admittedly, there have been some kind of operating losses over the past few years recorded by the Water Supplies Department, but are these losses unavoidable? Can the resources put in sending water from Dongjiang River to Hong Kong be spent more effectively so that there will be no wastage of resources? All these issues warrant consideration by the Government. On the other hand, most families have to pay some sewage charges every month. So

for most families, water and sewage charges have become a burden. Ever since the launch of the sewage charge system, it has been a cause of public criticism. The reason is that the calculation of the charges does not reflect the real situation. As a result, the degree of pollution in the waste water of the users is often over-estimated. The present difficulties and crises experienced by the restaurants and the catering industry owe to a major extent to these water and sewage charges. What the Government should do is to rectify the unreasonable standards adopted in the sewage charges and the trade effluent surcharge. Before a fair charging mechanism is set up, the Government should reduce the sewage charges as appropriate to reduce the business costs of the industries. Once water and sewage charges are reduced, it will not only benefit the public, but it will also be conducive to the operation and development of the catering industry and some manufacturing industries. In addition, this will help increase the employment opportunities of the grassroots.

As for the electricity charges, ever since CLP Power and Hongkong Electric increased their charges in 1998, they have not adjusted their tariffs downwards. The Hongkong Electric even made a 5% increase at the beginning of this year. Many people have indeed pointed out that there are loopholes in the existing profit control schemes in that they have become profit guarantee schemes. When added to the factor that there is a serious lack of competition, it has become the cause of failing to revise downwards in keeping with the economic conditions. As a matter of fact, electricity charges may rise as fuel prices increase, but they will not go down as fuel prices drop. In addition to this, when the economy was booming, power companies increased their investment and built generation plants in a bid to increase the charges and hence their profits. This is utterly unfair to the public. Since these power companies have been recording substantial profits, it is only reasonable for them to offer concessions to the public at times of economic downturn. Hongkong Electric, for example, has recorded increases in profits over the past few years. In 1998, 1999 and 2000, its profits were \$4.9 billion, \$5.2 billion and \$5.5 billion respectively. As for CLP Power, the group made as much as \$5.7 billion in profits last year. In addition, the two power companies have their own development funds which can be used to offset the impact caused by a reduction of the charges. In a word, the two power companies do have room to reduce their charges. Reducing the charges is the most effective and direct way to ease the hardship of the public. It remains of course that in the long run, the

Government should step up its efforts in supervising these utility operators and to introduce competition, as well as to eradicate this defect of allowing utility operators to ask for increases in charges all the time while never considering a reduction. Since Towngas is not subject to any profit control scheme, I would ask the company to consider the public quest and revise its charges as appropriate.

Madam Deputy, it seems likely that our economy will have to pass a long and dreary winter and the public will have to tighten their belts for yet some more time. I would like to appeal to the Government and the utility operators to be sensitive to the hardship of the people and reduce the utility charges so that the public can breathe a sigh of relief. With these remarks, I support the motion.

DR RAYMOND HO: Madam Deputy, last week, we discussed the disparity between the rich and the poor. Our discussion revealed that the wealth gap in Hong Kong is very wide now compared with other countries. According to the study reflected by the 2001 Population Census, the Gini Coefficient now stands at 0.525, but 10 years ago, it was only 0.476. On 19 November, the provisional unemployment rate between August and October this year was announced and the rate went up to 5.5%. There is a tendency that the unemployment rate will continue to rise in the next few quarters. While I am glad that the original motion urging the Government to review the current wealth gap problem was passed, I hope that the Government will do more than just reviewing the problem and will do something else like reducing water and sewage charges to alleviate the financial burden of Hong Kong citizens.

Water and sewage charges are two common living expenses in Hong Kong. If the Government could reduce these two kinds of charges, not only would the financial burden of Hong Kong citizens be relieved, but that of some industries in Hong Kong would also be relieved. As we all know, water and sewage charges account for a large proportion of operating expenses of the textile and beverage industries. In recent years, many restaurants have to close down and hence many people have become unemployed. To a certain extent, reducing water and sewage charges can help prevent the unemployment rate from rising further.

Also in last week, the MTR Corporation Limited and the Citybus Limited announced fare concessions. I hope that other utility operators can also offer

concessions to users or reduce charges according to their own operating conditions. Hong Kong is a society of free economy. Utility operators' marketing rights should be respected. The lower the charges, the better it will be from the perspective of Hong Kong citizens. Utility operators need to remain competitive in the highly competitive market, otherwise their financial situation will be threatened, with the inevitable consequence of layoffs, and the unemployment rate will continue to rise. We cannot neglect this vicious cycle.

Madam Deputy, the Hong Kong economy remains in the doldrums. It is imperative for our Government to find some ways to solve the problems. I urge the Government to expeditiously reduce water and sewage charges, as well as to encourage various utility operators to take account of their respective operating conditions and reduce charges or offer concessions to users. As long as the utility operators can survive and provide services that are safe to the public, their help to the Hong Kong economy will definitely be appreciated.

I so submit. Thank you.

MR LEUNG YIU-CHUNG (in Cantonese): Madam Deputy, the question before us today is to urge the Government to reduce water and sewage charges and discuss with various public utility operators and encourage them to reduce charges or offer concessions to users. Actually, a similar motion was passed in this Council two weeks ago, though the target of this motion is different. The eight-party coalition has also made a similar plea to the Government, urging it to discuss with various public utility operators. Nevertheless, the response received so far has not been satisfactory for the attitude taken by various operators is in general not positive. In our opinion, the attitude demonstrated by various operators is actually closely related to the Government's long-standing practice.

I say so because I believe this is related to the profit control agreements reached between the Government and the public utility operators. Under the agreements, various operators can say this to the Government true the spirit of contract: "Since we have entered into an agreement, please mind your own business. Shut up and refrain from interfering with our prices." To put it bluntly, it was the Government who "hit its own feet with a stone" and "fell into its own trap". Finally, the Government was unable to move for it was straitjacketed in the agreements reached with the public utility operators.

Actually, we can see that many of these operators, such as CLP Power, Hongkong Electric and Towngas, have been reaping huge profits year after year. To put it bluntly, they have been "raking in money". However, they are still turning a blind eye to the predicament of their users and the hardship faced by the community. They are still using the spirit of contract as a protective shield in a bid to write off everything. I think we have not done enough if we just talk about social obligations today. This is because it is very easy to talk to people with conscience about social obligations. It is much harder to do so if we are faced with someone without social conscience.

Although the question we are discussing today has not mentioned profit control according to the analysis made by Mr Jasper TSANG, I still hold that the Scheme of Control Agreement should be reviewed again if we are to seek a long-term solution to the problem rather than merely coping with the economic hardships facing us today. Otherwise, what shall we do should the same thing happen again (of course, I do not hope to see this happen again)? Actually, what we are doing today smack of begging these public utility operators for mercy: "Please be understanding. Given the present poor economic situation, please do a good deed." I think this is utterly unfair indeed. After reaping enormous profits year after year, these public utility operators are expecting us to beg them to return the money to us or not to charge exorbitant tariffs. Why can this be allowed to happen? Although they are public utility operators in name, they are utterly indifferent to their consumers or have not tried to understand the situation of their users. This attitude is not good. Therefore, although the question under discussion today is not focused on profit control, I still hope that public utility operators can reduce charges and tide over the hard times together with the public. It is indeed worthwhile for us to discuss this issue again.

In addition to the profit control scheme, there is another problem and that is, "monopoly". This is indeed a grave problem. Let me cite Towngas as an example. We can see that the Government only allows towngas pipes to be laid in the public housing estates managed by the Housing Department, whereas other pipes, such as liquefied petroleum gas pipes, are prohibited. Users can use towngas only since there is no other alternative. The public are simply given no choice regardless of whether the price is fair or reasonable. Today, towngas charges and profits keep rising incessantly. Yet no adjustments will be made. What should users do under such a difficult situation? In the past when their

financial situation was sound, the public could still connive at the exorbitant charges and allow the situation to go on like that. However, things have remain unchanged even though the current economic situation is so tough. This is just not right. In addition to the profit control scheme, monopoly is not to be ignored too. If this situation continues, it will be difficult for the Government to ask public utility operators to tide over the hard times together with the public.

Madam Deputy, in addition to the two issues mentioned by me earlier, I would like to say a few words on water and sewage charges. On the one hand, it appears that the Government is acting indifferently, yet on the other, it keeps on urging the public to tide over the hard times and face their hardship. But no actions have been taken so far. Perhaps the Government might have discussed with some public utility operators and asked them to consider lowering their charges, as I suggested earlier. But how can it convince others to lower charges if it refuses to do the same thing? "To practise what one preaches" is very important. It will not work if the Government merely asks others to act whereas it refuses to act likewise. How can we expect the Government to say it loudly and with confidence that: "In order to tide over the hard times, please lower your charges." This just will not work. I am not sure whether the Government can make it. In my personal opinion, however, this is going to be extremely difficult. How can we expect others to act if we refuse to act likewise? How can the Government be so shameless as to make such a request? The Government must "take the lead" and put up a good show if it wishes to justify its request. Unless it takes a positive attitude to really put up a good show, it will not be able to persuade others to follow suit.

Madam Deputy, if the Government refuses to "take the lead", it will be very difficult to get things done. We have learned that the Post Office has to increase postal charges in April 2002. This piece of news will only induce public utilities to raise their charges, for public utility operators will naturally think that they can insist on their position since the Government has been acting like that and displaying such a firm attitude. Why should they accede to our demand? I believe the Government will find it extremely difficult to convince others. Mr Fred LI has also made this point very clearly earlier in the debate. As the mover of the motion, he may prefer using mild wordings. However, I must state my attitude very clearly.

Madam Deputy, I so submit.

MR ALBERT HO (in Cantonese): Madam Deputy, as pointed out by Mr Fred LI of the Democratic Party earlier, although the Government possesses a huge surplus, it has chosen not to use it though there is a good cause to do so. This is definitely not what a government that really seeks to serve the public should do. Now I would like to say a few more words on "spending for a good cause".

In spite of the fact that government reserves have reached more than \$300 billion, the Government has repeatedly stressed that it must manage its finance with prudence under the pressure of deficits. Nevertheless, we think that the Government is able to and has room to use its reserves and make use of its fiscal policy to improve our business environment, thereby stimulating the revival of Hong Kong economy. However, the Government has been overly conservative and cautious, refusing to make good use of its ability.

The Democratic Party has all along held that the Government must not act like a miser. In our opinion, the level of reserves should be considered reasonable if it is sufficient to meet expenditure for one year. This means that a reserve of approximately \$250 billion should suffice. In addition, more than \$700 billion in foreign exchange reserve is now managed by the Hong Kong Monetary Authority, with part of it being surpluses accrued from Foreign Exchange Fund investments. Actually I believe some of the money can be turned into usable reserves through accounting arrangements.

It is estimated that it will only cost the Government \$310 million annually if our proposal to lower water and sewage charges is accepted. This proposal is actually very mild. We are definitely not suggesting the Government to "hand out reliefs", so to speak. Members should be aware that there had been an economic boom in Hong Kong in the years before 1997. In particular, government revenue was quite impressive in 1997 and the Government was able to accrue surpluses amounting to hundreds of billions of dollars. Drawing down the reserves to provide relief to the people is certainly the best option many countries will be pleased to take in times of flagging economy.

Macao, our neighbour, has recently announced that \$2 billion, accounting for 15% of its \$13.4 billion reserves, will be drawn for the implementation of a number of tax concession measures to provide relief to the people.

Not long ago, the Singaporean Government outlined a bold plan to inject a total of S\$11.3 billion, or approximately HK\$48 billion, to revive the economy of the country. The Singaporean Government has even chosen to return wealth to the public through such means as distributing shares to stimulate the economy and the people's spending desire.

On the contrary, the Hong Kong Government is trying to impose constraints on itself. The measures it has proposed for improving the economy are simply too weak. As for the numerous initiatives agreed by the eight-party coalition, the Chief Executive has accepted only one of them, that is, the proposal to offer rate concessions. Moreover, the concessions will be subject to a restrictive ceiling.

Despite the continually rising number of jobless and the increasing pressure faced by the public in living, the Government has surprisingly decided to postpone its consideration of the recommendations made by the eight-party coalition for a couple of months. We find this delaying tactic of the Government most disappointing and regrettable.

The proposal raised by us today seeks to reduce water and sewage charges and urge the Government to discuss with various utility operators and encourage them to take account of their respective operating conditions and reduce charges or offer concessions to users, thereby alleviating the burden on the public. The merit of this proposal lies in that various sectors of the community will be benefited immediately. More importantly, it can help trades and businesses facing operational difficulties to cut some of their operating costs so that they will find more room to take a break.

The Government will probably say that water charges have been frozen since 1995 and no adjustments have been made in the past several years. Furthermore, revenue from water charges is still short of the operating costs and the Government has to frequently rely on rate proceeds as subsidy. The Government might even say that a bad image of interfering with the market will be created if it asks the two power companies and Towngas to reduce charges. We would like to stress that the Democratic Party supports today's motion. In short, it will only cost the Government approximately \$300 million. We are not trying to ask the Government to fix the levels of gas charges and electricity tariffs; we will definitely not do anything to interfere with the free market. We trust that these utility operators will be able to reap, year after year, sizable

profits under the profit control schemes, so a reduction in charges will not affect their financial position. Furthermore, we must not forget that under the current schemes, these utility operators are actually enjoying many particular advantages by virtue of their monopolizing position. We do not mean to exert pressure on them to reduce charges. By moving this motion today, we hope the Government can encourage these utility operators to reduce their charges voluntarily to help ease the hardship of the public. In brief, we do not intend it to be an act of interference or a concessionary measure. Insofar as the utility operators are concerned, the investment environment of the community in general can be improved if they accede to our request.

Thank you, Madam Deputy.

MR JAMES TIEN (in Cantonese): Madam Deputy, in the past, the Liberal Party usually supported the fee increases of the Government and public utility operators. But the conditions last year and this year have been very different; in fact, the business environment is very poor now, and the economy as a whole is undergoing a deflation. We can also foresee the prospects of Hong Kong by looking at our major markets — Europe and the United States, for example, will not probably recover in a short time. That is why the Liberal Party expects that our economy will still be in a very bad shape next year. Given the sluggish economy, most business operators and the people will continue to have a hard time. But in contrast, the Government has amassed huge fiscal reserves over the past years of economic boom. The Liberal Party is of course not saying that the Government should spend all its fiscal reserves during the current period of difficulties. But as rightly asked by some of the Members just now, as long as our fiscal reserves can still afford, why can the Government not do something more, why can it not introduce more measures to ease the people's plight, even if that would mean deficit budgets?

Madam Deputy, the motion moved by Mr Fred LI today was the result of discussions held among the eight political parties; since the Liberal Party was one of the participants, it will naturally render its full support to the motion. The relevant proposal is actually divided into two parts. The first part is about water and sewage charges. Madam Deputy, let me first discuss these charges. Over the years, all government fees and charges have been charged according to the "user pays" principle and the concept of costs recovery. The Liberal Party supported these principles in the past, and it is still behind them now. However,

despite the current economic difficulties, I really think that the Government does have some room for adjustment with respect to the cost recovery principle. Take this financial year as an example. The revenue from water charges is \$2.4 billion, or roughly \$2.5 billion. The 10% reduction proposed by us will only amount to \$250 million. For sewage charges, the amount of revenue this financial year is \$700 million, and if the Government reduces the charges by 10% as proposed, the loss in revenue will just be \$70 million. The combined sum of reduction for these two items, as also mentioned by the Honourable Albert HO, will only be \$310 million or \$320 million, representing a mere 2% of the \$15.2 billion of government fees and charges. We thus think that the Government should really consider the proposal. These two charges will also affect the businesses besides affecting the masses. Given the current circumstances, if the Government can take the lead and reduce water and sewage charges, it will set a good beginning and a good example for public utility companies.

Madam Deputy, the Liberal Party's decision to support the other political parties in proposing public utilities companies to reduce their fees and charges was made only after meticulous analyses and comparative studies. The proposal is in fact directed at the two power companies and Towngas. We of course know that there is no agreement between the Government and Towngas, but we also understand that a contractual relationship does exist between the Government and the two power companies under the Scheme of Control Agreement. And, the Liberal Party certainly understands best all those points on the business environment, international agreements and the Government's commitments towards private-sector institutions. That is why with the consent of other political parties, these words are incorporated into the motion: "encourage them to take account of their respective operating conditions and reduce charges or offer concessions to users". All these words are simply meant to encourage utility operators, in the hope that they can really reduce their fees and charges. I think the motion as it is worded certainly does not violate the spirit behind any agreement between the Government and private-sector institutions. Some Members have pointed out that the rate of permitted return at 13.5% set down in the Scheme of Control Agreement signed 15 years ago, around 1993 and 1994, is probably too high by the standards of today. But we must note that at that time, that is, around 1993 and 1994, the prime rate was about 8% and 9%, and so the rate of return at 13.5%, as mentioned by the Honourable LEUNG Yiu-chung, was certainly not high for a 15-year investment. Admittedly, the interest rate now is very low, but we are not going to conduct

another review of the Agreement until 2008, and what should be done by then should depend on the investment environment of the time. In the meantime, the Liberal Party is of the view that the Government should definitely allow the two power companies to get the levels of profits specified under the Scheme of Control Agreement.

We may also analyse the issue from an alternative perspective. The two power companies are certainly part of the commercial sector. But they are the only companies that do not have to pay electricity charges, and all other industrial and commercial organizations have to do so like the ordinary people, whether they are restaurants, retail businesses, factories or offices. Therefore, the commercial sector, I mean not only the ordinary people, but also many in the commercial sector, very much hope — and I am also saying "very much hope" — that the two power companies can take account of their financial conditions and consider whether they can reduce their charges. Alternatively, if they cannot do so, they can consider whether they can introduce some concessions to reduce our burden.

Towngas does not even have an agreement with the Government, so we hope that, circumstances permitting, the company can reduce its charges. Recently, following the passage of the relevant motion in the last meeting of the Legislative Council, the MTR Corporation Limited has responded promptly; it is the first public utility operator to do something to help by offering concessions, and it has won our appreciation. The Legislative Council hopes that following this motion debate, the two power companies can do the same, or more importantly still, the Government can lead the way by reducing the water and sewage charges. If the Government can do this, I believe other public utility operator will also do something, taking account of their respective operating conditions. Thank you, Madam Deputy.

MR LAU PING-CHEUNG (in Cantonese): Madam Deputy, Mr Fred LI's motion, moved amidst an economic downturn and a soaring unemployment rate, is really a difficult one to vote on. Emotionally, I see no reason why public utility operators should keep their fees and charges unchanged, or even increase them, when prices are all dropping because of deflation. Rationally, I understand that many public utility operators have raised outside loans, usually long-term ones obtained with the Scheme of Control Agreement as support of their creditworthiness. If these operators rashly reduce their charges, their

credit ratings may be adversely affected, and this may impose a heavier interest burden on them. In the end, fares and fees may have to go up because of earlier reductions.

I very much appreciate the neutral or flexible wording of Mr Fred LI's motion — expressions like "discuss", "reduce charges or offer concessions to users", and so on can all avoid causing the impression that the Government is trying to interfere with the market.

There are actually many types of public utility in Hong Kong. In terms of ownership, some are wholly-owned by the Government, some are privately-owned, and some are just mutations of both. In terms of scope of business, some are monopolistic in nature, while others have to compete in the open market; some operate just one single type of business, but some belong to a huge group engaging in a variety of businesses. But no matter which types they belong to, public utility operators are all providing services essential to the people's living, so if they can reduce their fees and charges during the economic recession, we should always give our support.

I notice that the motion of Mr Fred LI makes a particular reference to water and sewage charges. These public utilities are wholly-owned by the Government, and once after consulting this Council, the Government can adjust these charges. In principle, I support this proposal. To begin with, the Government now possesses huge fiscal reserves, and is thus fully able to reduce water charges; second, water is a basic necessity of the people, and I do not see anything wrong with using public money to look after this basic necessity; and third, water and sewage charges can each be divided into two categories, the domestic and non-domestic categories, which means that once the economy starts to pick up again, we can immediately consider an upward adjustment of the latter.

Actually, as far as I know, in addition to water supply, the Government also wholly-owns two other public utilities, the Post Office and the Cross Harbour Tunnel at Hung Hom. The Post Office has repeatedly said that it will increase postal charges in April next year. One of the reasons advanced is that many foreign courier companies will first forward huge amounts of mail by air to Hong Kong and then send the letters to the recipients by making use of our inexpensive local surface mail service. Therefore, if postal charges continue to

be frozen, we will in effect be subsidizing our competitors. As estimated by the Post Office, the relevant losses amount to as much as \$240 million a year. In principle, I agree that local postage should be raised to plug this loophole, particularly because the cost of handling local mail is \$1.65 per letter, and even after an increase to \$1.4 per letter, there is still a difference to cover. But on the other hand, I also note that the operating costs of the Post Office is \$3.6 billion a year, which means that the additional revenue generated by increased local postal charges, being just \$590 million, or 1.6% of the total operating costs, will still be unable to reverse the loss-making situation. This, together with the overall condition of our economy, has led me to think that the Government should wait until our economy recovers before it considers adjusting the postal charges.

As for the toll of the Cross Harbour Tunnel at Hung Hom, statistics indicate that while \$5 goes to the tunnel company as operating charges, the remaining \$15 will be pocketed by the Government. The tunnel has by now recovered all the costs, so there should be no justification for it to charge such a high toll unless the Government has an agreement of some kind with the Eastern Harbour Crossing and the Western Harbour Crossing, or unless the Government plans to use the revenue for the construction of a fourth harbour crossing. If not, the Government should reduce the toll of this tunnel.

Madam Deputy, Hong Kong has always upheld the principles of a highly free market economy. With the exception of government fees and charges, I do not think that the Legislative Council should pass any motion to request any public utility operators funded by private investments to adjust their prices, lest this may adversely affect the desire of the international business community to invest in Hong Kong.

I so submit.

MR TOMMY CHEUNG (in Cantonese): Madam Deputy, in the 1980s, when sewage charges and the trade effluent surcharge (TES) were still not levied in Hong Kong, expenditure on water, electricity and town gas charges cost just about 5% of the overall revenue of the catering industry. But now, two decades or so later, these charges (including of course sewage charges and the TES) represent as much as 10% to 20% of the overall expenditure of the catering

industry. One of the main reasons is the imposition of sewage charges and the TES in 1995. Under the current situation of continual economic sluggishness, this expenditure can easily lead to the death of a food establishment.

Let me first talk about towngas charges. There has not been any increase in towngas charges since 1991, but we must not forget that there is a surcharge, which fluctuates with oil prices. So while there has been no increase towngas charges since 1999, the surcharge last year still saw a double-digit growth compared to that of the year before last. The reason was high oil prices. When oil prices go up, Towngas will increase the surcharge, but we simply do not know whether the surcharge will be reduced immediately when oil prices drop. Towngas charges have already become a major and fixed expenditure item of the catering industry, representing about 3% to 4% of business turnovers.

Next, I wish to talk about sewage charges. I guess when Members mention sewage charges in this motion debate, they should also be referring to the TES levied on 30 trades and industries, in addition to the domestic sewage charge of \$1.2 per unit of water consumed. At present, a food establishment has to pay three kinds of charges for each unit of water consumed: water charges at a rate of \$4.2 per unit, the TES at \$3.89 per unit and the sewage charge at \$1.2 per unit. More than 80% of the total revenue received by the Government from the TES is paid by the catering industry, with the rest of the 10% or so being shared by 29 trades and industries. Statistics indicate that in 2000-01, the total revenue received by the Government from the TES was \$240 million; \$215 million out of the \$240 million, or nearly 90% of the surcharge, was paid by the catering industry. The catering industry is thus the largest victim of this surcharge.

I must reiterate that the catering industry's request for a lower TES is actually not a new demand made during the current period of economic difficulties. Ever since this surcharge was first introduced by the Government in 1995, the industry has in fact been criticizing that this surcharge is unreasonable, that its rationale is unscientific, that its operation is secretive, and that it runs counter to the objective of environmental protection. The industry has been staging a protracted struggle against the Government on this surcharge over all these years, but the Government has not introduced any amendment or revision so far.

Since 1995, I have been pointing out that taking the average from just 20 or so sewage specimens in 1993 and 1994 and using a Chemical Oxygen Demand (COD) of 2 000 units as the benchmark of computing the TES were most unreasonable, because there were at that time thousands of food establishments in Hong Kong, and taking the average from 20 or so sewage specimens could not thus meet scientific standards. The benchmark should not thus be set that way.

The Government has been resorting to the very beautiful reply that there is an appeal mechanism. But the appeal procedure is both time- and money-consuming, generally requiring something between \$20,000 to \$40,000, which is a far bigger sum than the TES paid by most food establishments. More than 80% of the food establishments have thus dropped the idea of filing an appeal. How can such a mechanism be called fair? How can it be considered reasonable?

Besides paying sewage charges and the TES, a food establishment still has to apply for an environmental licence which sets down six licensing requirements. One of these requirements is that the COD of the water discharged by a food establishment must not exceed 2 000 units. A fine will be imposed even if there is just an excess of one single unit: \$200,000 for the first time, \$400,000 for the second and \$500,000 for the third, on a daily basis, until rectification is made. The licensee may also be sentenced to imprisonment. The level of the trade effluent surcharge being so high, and the fines imposed by the environmental licence being so harsh, food establishments will not of course dare to fail the standard. But even after a food establishment has tried hard to limit the COD of the water it discharges to below 2 000 units, it will not get any benefit anyway. It still has to pay the exorbitant TES all the same, and it cannot file an appeal. To the catering industry, this surcharge is nothing but downright robbery, something which is completely unfair.

What is more disappointing is that after food establishments have been made to pay this unreasonable surcharge and the exorbitant fines, there has been no improvement to Hong Kong's water quality at all. Sewage continues to flow into the sea; the quality of water just remains as poor as ever. Is it thus correct to say that the hard-earned money of food establishments and the catering industry has all been washed down the drain? Is it possible for the Government to reduce the charges? We believe that it is absolutely possible for it to do so.

The catering industry has been made to pay this unreasonable TES for six years, so the industry and I will of course support the motion today, which urges the Government to reduce the sewage charges. But in addition to this, the industry also requests the Government to suspend the TES for one year as compensation for the unreasonable charges paid in the past six years. A one-year suspension of the TES cannot of course enable the industry to recover all the excess it was made to pay in the past, but the industry can still be given a kind of booster, something that can encourage it to carry on its business operation.

At the same time, the Government must promptly review and revise the criteria and appeal mechanism of the TES, with a view to drawing up a simple and reasonable scheme acceptable to the industry. Most importantly, under the revised scheme, food establishments should be allowed to pay a lower charge once they meet the environmental standards. The prospects of saving expenses will motivate food establishments to do better, to meet the environmental standards. This will definitely be far more effective than indiscriminate prosecutions and fines.

With these remarks, Madam Deputy, I support the original motion.

MR AMBROSE LAU (in Cantonese): Madam Deputy, the latest unemployment rate announced by the Government last week was as high as 5.5%. The number of unemployed people was 194 000, which was almost the highest over the last two years. At the same time, the income of the 205 000 households in the lowest income bracket against the total monthly income of all households in Hong Kong has dropped to an all-time low in 10 years. From this we can see that more and more people in Hong Kong are experiencing economic hardship. However, the public is paying expensive utility charges in such basic necessities as water, electricity, gas, and so on. Over the past two years, the Composite Consumer Price Index (CCPI) for many items of public utilities has an aggregate change which is negative, but the aggregate change is positive for the charges collected by the public utilities. Though it is arguable that revisions in the charges of public utilities may not be linked directly with the CCPI in such a simple manner, but it is indisputable that there is room for these utilities to reduce their charges.

Utility operators often complain that no adjustments have been made to many items of service for two years. They claim that if the charges cannot be increased, their credit ratings will be lowered. The question is that public utilities have all along been guaranteed reasonable and substantial profits. In addition, the consumer market in Hong Kong has experienced more than two years of deflation which is here to stay. Even if the income of utilities does not increase, at least a lot of operational expenses can be saved. If the utilities can pay back the money thus saved to the users, it would not only be a kind of public relations gesture to show that the companies are tiding over the difficult times together with the people, it will also enhance their corporate image. There is even a possibility that this move may induce more demand and hence bring in more income for the operators.

The Hong Kong Progressive Alliance thinks that while the cost of doing business in Hong Kong has dropped, our competitiveness has yet to be raised. Both the public and the business sector need time to recuperate and recover from the impact of the economic downturn. If public utilities wish to improve their financial position and hence raise their credit rating, they should first think about how to cut their expenses and enhance their productivity.

Madam Deputy, I so submit.

MR HUI CHEUNG-CHING (in Cantonese): Madam Deputy, as a Member coming from the industrial and commercial sector, I certainly understand that business operation must be free from political interference, and I suppose this is precisely the cornerstone of Hong Kong's free economy. But with respect to the Legislative Council's request that the Government should encourage utility operators to lower their fees and charges, I do not think that such a request should be oversimplified as a form of political interference in business operation.

To begin with, although utility companies do operate in accordance with prudent commercial principles, they should still shoulder a certain degree of social responsibility and should not be regarded as commercial institutions in the strictest sense of the term, because their advantageous market positions can offer them a certain degree of protection, and also because their services do affect the interests of all people and all businesses in Hong Kong. Besides, the

Legislative Council, as the highest representative institution in Hong Kong, should be duty-bound to protect public interest, to reflect the wishes of the people and the businesses. If the Legislative Council is accused of political interference whenever it puts forward any demands or makes any appeals on business issues, I am afraid nothing much will be left for the Legislative Council to do as an upholder of public interest.

The fact is that as far as utility operators are concerned, the adherence to commercial prudence and price reductions as a means of relieving their customers' burden are not mutually exclusive. As long as utility companies can cut costs and raise efficiency, they will be able to reduce their fees and charges, and their actions to offer concessions will in turn stimulate customer demand. That way, they will be able to maintain profits while enhancing their customer-oriented corporate image. In a way, now is actually the best time for the management of utility companies to prove their worth to their shareholders and the people.

I think it is imperative that utility companies continue to back up the people and the businesses in their recuperation by lightening their burden as much as possible. The prices and business costs in Hong Kong now can be described as the lowest in some 10 years. The Government has also, in a rare fashion, made very active efforts to attract inward investments in recent years. All these rare circumstances, together with the large numbers of business opportunities brought about by the accession of the Mainland to the World Trade Organization, have aroused the desire of many foreign and local enterprises to make investments or develop their businesses in Hong Kong. If utility companies maintain their fees and charges at the existing high levels, or if they even introduce fee increases (however mild as these may be), they will deliver a very negative message to potential investors that the lowering of business costs in Hong Kong is nothing but a short-lived bubble. In that case, once the efforts of private enterprises in Hong Kong to control costs in the two years are undone, the economy of Hong Kong will always be the victim in the end.

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

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

MR ABRAHAM SHEK: Madam Deputy, public utilities such as water, electricity, gas, telephone, bus and railway services are daily necessities in modern life. To live with the current economic downturn, most of us will endeavour to reduce our living expenses in every possible way. To save a few dollars here and to save a few dollars there, we may go for set meals instead of *a la carte* dishes in a restaurant. We may pick up only those groceries with price reduction tags in a supermarket. However, unlike food or clothing expenses, when it comes to expenses on water and other necessities, we have no choice but to pay the full price stated on the bill. Today's motion is most timely as thousands of families are going through difficult times and public utility charges are a major burden for them. It is necessary to assist them in alleviating this burden.

As one of the public utility providers, the Government has imposed a freeze on many charges related directly to the public's livelihood since 1998. Last year, the Financial Secretary again extended the freeze in water, sewage, education and medical charges. I fully understand the negative impact of a freeze or reduction in charges on government revenue. But this is a bitter medicine that we have to swallow. Is there room for extending such alleviating measures? I believe that the answer is positive. Our Government, with its reserves, should be financially capable of supporting on a tight or even deficit budget for a difficult period right now. By taking the lead, the Government shows that it really cares about its citizens. This is what a benevolent government should do.

Some colleagues of mine constantly remind us of how profitable the privately owned public utilities are, and therefore how unreasonable of them not to reduce fares or charges in economic hard times. I agree that even in the current economic recession, these utilities have generated very moderate profit. In 2000:

- The CLP Holdings Limited has total earnings of \$5,768 million — down 13.4% from the previous year;
- The Hong Kong and China Gas Company Limited recorded a profit of \$3,133 million — 8% higher than that in the previous year; and
- The Hongkong Electric Company Limited has a profit which is 4.7% higher than the previous year.

However, I do not agree that this gives us reason to pressurize public utilities to reduce prices. It is true that these corporations should be more socially responsible as they are protected by strong entry barriers and enjoy benefits brought by such barriers. Yet they are also private businesses running on commercial principles with profit-making as their top priority. They have to bear the same business risks as other private enterprises encounter. For them, staying profitable is the only way to sustain long-term development for the benefit of Hong Kong, and to be responsible to their shareholders.

At present, fare or charge adjustments are already regulated by a set of profit monitoring schemes and franchise system, which have been running efficiently and effectively for years. We should not, and cannot, easily change the current regulatory mechanism. It should be up to public utilities and the market to decide whether they want to give concessions. If we intervene into the business of public utilities, we will only risk undermining Hong Kong's reputation as the freest economy in the world.

However, I hold a different view about the two railway operators. Unlike the public utilities that we have just mentioned, the Kowloon-Canton Railway Corporation (KCRC) and the MTR Corporation Limited (MTRCL) are substantially owned by the Government. As long as they are enjoying special privileges such as land provision and subsidies from the Government, they should adopt a more socially responsible attitude. I have already expressed such a view in a motion debate on the fares of public transport services two weeks ago, and I am delighted to see a while after that, both the MTRCL and the Kowloon Motor Bus Company (1933) Limited have announced special concessions for their frequent travellers. I eagerly wait for the KCRC to give similar good-will gestures to its commuters.

Madam Deputy, Hong Kong is a free market economy. A general principle we always believe is that the less intervention the better. As a Legislative Council Member, I cannot ignore the prevailing economic hardships suffered by the public. I, therefore, urge public utility providers, especially the Government, to adopt a more sympathetic and community conscious attitude in their formation of new charging policies.

Thank you, Madam Deputy.

MR CHAN KWOK-KEUNG (in Cantonese): Madam Deputy, many bus, railway and ferry operators are now offering various kinds of concessions such as "one free ride for 10 rides" and "interchange concessions", so as to show that they do appreciate the people's hardship and are willing to stand by them in times of difficulties. But why have all these public-sector and private-sector institutions not simply reduced their fees and fares? That way, the prices of the people's daily necessities, such as electricity, water and transport, will not remain so high, and they will thus be given some genuine relief.

A couple of days ago, it was reported in the press that some 30 000 people more would be required to pay sewage charges, and that the affected areas would include 24 villages in the New Territories and three town centres on the Outlying Islands. Once these 30 000 people are made to pay sewage charges, the water charges each of them has to pay will go up to \$200 or \$300 a month. In some cases, the sum may well increase to \$1,000. Outlying Islands residents are mostly old people and fishermen, and an extra expenditure of several hundred dollars is by no means light to them.

That would also mean an added burden on small business operators. In the case of the catering industry, for example, many employees are worried that because of the trade effluent surcharge levied by the Government, the food establishments they are working for may sooner or later fail to cope and close down, plunging them into unemployment. Has the Government taken account of their difficulty and considered reducing the water and sewage charges? I believe that the resultant reduction in expenditure will certainly improve the business environment and the employment situation, and in terms of effectiveness, this will not compare any less favourably with the creation of jobs through the launching of large-scale infrastructure projects.

Under the Scheme of Control Agreement, the two power companies are almost guaranteed no losses for their capital or other investments; they can always have their franchises renewed, and they make handsome profits year after year. But on the other hand, the unemployment rate has climbed by 2% this quarter, making a total unemployed population of some 190 000. And, there is also a large number of Comprehensive Social Security Assistance recipients. All these people have to pay exorbitant electricity charges every month. As a result, these utility operators, which are so closely related to the people's living, should no longer ignore the needs of grass-roots people and keep talking about empty commercial principles.

On the part of the Government, Policy Bureaux like the Economic Services Bureau should convene meetings with the public utility operators and ask them to submit information about their business conditions, so as to achieve the aim of lowering the various fees and charges. We hope that such discussions would not be used as a means of shifting responsibility; rather, we hope that utility operators can all submit accurate information about their business conditions and explore the possibility of fee reduction, so as to help improve the economy and ease the burden on the various sectors of the community.

In other countries, many utility operators have agreed to reduce their fees and charges in times of recession in exchange for corresponding adjustments when the economy picks up again. For example, the German Government has discussed with large enterprises, telling them that if they can reduce their fees and charges, they will be permitted to adjust their fees and charges as appropriate when the economy improves in the future. This approach should merit our consideration, for it can ease the people's plight at the time.

Concessions like "one free ride for 10 rides" offered by a certain transport operator is simply unable to give any genuine relief to the people. A free single journey will be offered only after 10 cross-harbour Mass Transit Railway rides within one week. If one forgets to redeem the free single-journey ticket, one will in effect enjoy no concession at all. Individual ferry companies have adopted a strategy of retreating before advancing — on the one hand, they announced in high profile that they would not apply for fare rises, but in practice, they rejected our request for fare reduction. This is really a very clever approach.

The Consumer Price Index is dropping, bringing about a continual deflation, but utility operators still charge very high fees and charges. This will hinder our economic development and slow down our pace of recovery. The Government should engage in serious discussions with utility operators and work out possible solutions. The best solution will be for utility operators to reduce their fees and charges as quickly as possible, so that the people can be given an opportunity of recuperation.

Madam Deputy, I so submit.

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

(No Member responded)

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam Deputy, I would like to thank Mr Fred LI for his mild speech and Honourable Members for their views and suggestions on utility charges.

Faced with the current economic situation, Members naturally hope to ease the financial burden on the public and alleviate their hardship. We fully appreciate this. I do not intend to quote excessive data on this occasion to argue with Members. I only wish to briefly point out that according to the 1999-2000 household expenditure survey conducted by the Census and Statistics Department (C&SD), water, sewage, electricity and gas charges account for less than 3% of the average household monthly expenditure.

Let me start by responding to several issues raised by Honourable Members with respect to the two power companies and Towngas. Members should be well aware that a Scheme of Control Agreement has been signed between the Government and the two power companies. I am very grateful to Honourable Members for respecting the Agreement and its spirit, as well as our obligation to act according to the Agreement. Members should know it very well that the two power companies will submit their operating data to the Economic Services Bureau at this time every year. In accordance with the Agreement, the Economic Services Bureau will review the tariffs proposed by the two companies for the next year. Now these data have been submitted to the Economic Services Bureau, which is now studying the data and it is hoped that a conclusion will soon be drawn. I have listened to a lot of views expressed by Honourable Members today. I will definitely discuss with the two power companies to help them understand the views expressed by Members. Taking into account the business environment and operation of the two companies, we will examine how best to ensure that the tariffs will not impose an excessive burden on the public.

Insofar as Towngas is concerned, its pricing is not regulated by the Government. Nevertheless, as pointed out by an Honourable Member, an Information and Consultation Agreement has been reached between the Government and Towngas. Under this Agreement, Towngas is obliged to submit detailed information on the relevant standard fees and maintenance fees to the Government three months before making adjustment. Yet Members should also be aware that Towngas has indicated earlier that there will be no increases in basic charges in the next quarter. But still I will reflect the views expressed by Members today to the company.

THE PRESIDENT resumed the Chair.

Insofar as the two power companies and Towngas are concerned, it has been questioned whether the two power companies constitute a monopoly. I would like to take this opportunity to clarify that the two power companies are actually private institutions. No franchise has been granted to them. This has something to do with the history of the development of Hong Kong. The two power companies have been making sustained investment since the inception of Hong Kong as a port, and it was at a much later stage that a Scheme of Control Agreement was reached. Therefore, it is incorrect to say that they are operating on a franchise. In spite of that, we must understand that one of the objectives of the control agreement is to enable the companies to reserve sufficient capital to continue with their investment and development in electricity supply in keeping with the economic development of Hong Kong. On the other hand, it is also essential to ensure as far as possible that reasonable tariffs are levied and properly regulated under the Scheme of Control Agreement. This is the purpose of the Scheme of Control Agreement.

Furthermore, it has been pointed out by a number of Members that it is essential for a major review to be conducted before the expiry of the Agreement in 2008. Actually, I have indicated on other occasions, such as during a meeting of the Panel on Economic Services, that we have begun examining how the general direction of the future electricity market should be set in the interim review in 2003. The Economic Services Bureau is actively examining the matter in a bid to propose some general directions for the future electricity supply market during the 2003 interim review. By 2008, we will have an idea of what reforms should be introduced to the electricity supply market.

Besides, doubts have been expressed as to whether the two power suppliers, Towngas and other institutions would follow suit if the Government does not take the lead to reduce fees and charges. I would like to talk about the differences between the two cases here. The difference actually lies mainly in the water and sewage charges we are discussing today. In addition to the fact that the Government has introduced no increases since 1995, substantial subsidies have actually been provided. I will explain this point in detail later.

Earlier on in the debate, the Honourable LAU Ping-cheung mentioned the revision of postal charges in April next year. In this connection, I would like to

point out that the relevant proposal was actually submitted to the Panel on Economic Services in May this year and issues related to the revision of postal charges have been discussed repeatedly. Relevant papers have been submitted to the Panel too. As pointed out by Honourable Members, the revision seeks to reduce the deficit of the Post Office. In addition, insofar as subsidies are concerned, it is inappropriate to allow the deficit incurred by the domestic postal service to increase as a result of subsidizing outside competitors. After repeated discussions and summing up the views expressed by Honourable Members, we decided to postpone the effective date of the revision from October 2001 to April 2002. I did indicate to Honourable Members then that we had to notify postal organizations in other parts of the world if the proposed postponement of the revision to April was accepted by Members. After giving notification, we should not change our decision once again. We should also understand that the Post Office will still incur trading deficits after raising the charges. I can assure Members that the Post Office has tried various means to cut down its cost as far as possible.

As regards water charges, my colleagues and another Bureau Secretary have also mentioned on different occasions that the Government perfectly understands that the public are very sensitive to all fees and charges, particularly under the current economic situation. The Government has considered the basis of various fees and charges in detail and examine ways to revise the levels of charges. In particular, we have seriously examined whether it is possible to lower the levels of water and sewage charges. However, we find it impossible to do so in view of the extent of subsidization. Water charges were last revised six years ago in February 1995. Although the Government has been under pressure to revise water charges in recent years, it has taken the initiative to freeze water charges in consideration of the overall economic situation of the territory and the affordability of the public. The Financial Secretary also announced in June this year that there would be no increases in water charges in this financial year.

In fact, water charges in Hong Kong are cheaper than those in many advanced cities in the world. For instance, water charges in such cities as Los Angeles, Singapore, London and Sydney are 10% to 78% higher than ours here in Hong Kong.

I would also like to take this opportunity to point out that Hong Kong is one of the very few cities in the world that offer "subsidy for free supply". At

present, "free supply" of 12 cu m at four-monthly interval is given to all domestic users and many people have benefited from this. While the use of sea water for flushing purpose is free of charge, households using fresh water for flushing purpose are entitled to 30 cu m of flushing water at four-monthly interval free of charge too.

Water charges account for only a small proportion of the overall expenses of households. According to the findings of the 1999-2000 Household Expenditure Survey, each household spends an average of \$55 on water charges, that is, 0.25% of the total household expenditure. In cities in other parts of the world, the ratios range from 3% to 7%. Although water charges in Shanghai are low when compared to Hong Kong, they account for 1.4% of the average monthly household expenditure.

According to the latest figures provided by the Water Supplies Department (WSD), 16 million, or 75%, of the 21 million households pay less than \$63 in water charges every month. 360 000, or 17%, of these households are not required to pay any charges thanks to the "subsidy for free supply". Insofar as non-domestic users are concerned, 98% of account holders, or approximately 230 000 users, pay a mere \$160 in tariffs per month on average.

For a long time, water charges require substantial subsidy from the Government because of the WSD's failure to recover costs. At the moment, the first tier of 12 cu m is free of charge, while the second tier is charged at \$4.16 per cubic metre and the third at \$6.45 per cubic metre. Even the fourth tier, charged at the rate of \$9.05 per cubic metre, is far lower than the cost that stands at \$10.3 per cubic metre.

For the abovementioned reasons, the operating accounts of the WSD are still suffering from losses for a third consecutive year. In 2000-01, the deficits totalled \$620 million. Although this amount represents a decrease of 13% compared to \$710 million in 1999-2000, the subsidy provided by the Government in relation to water supplies has reached \$3.5 billion, that is, 57% of the operating costs, if rates subsidy and the subsidy for free supply are taken into account as well. With the projected growth of the population and resultant water consumption, it is anticipated that the subsidy from the Government will see a constant rise in the next few years.

Apart from these, the Government expends enormous resources every year on the improvement and expansion of water supply services. At present, 99.9% of the population enjoys water supply round the clock, reaching the most advanced standard in the world. Although water charges have remained at the year 1995 level, the Government has spent \$16.4 billion in the past six years expanding and improving the water supply infrastructure. It is planned that an additional \$21 billion will be invested over the next decade on providing additional water supply facilities for newly developed areas and certain remote villages, adding new water treatment facilities and replacing aged water mains. At the same time, the number of domestic users enjoying the "subsidy for free supply" has also been rising constantly. Over the past six years, the number of these users has increased by nearly 30%, from 280 000 to 360 000.

At the same time, a huge amount of resources has been injected by the WSD to ensure the quality of potable water supplied to the public is comparable to the first-class world standard. Despite occasional negative media reports, the quality of potable water supplied in Hong Kong fully meets the 94 standards prescribed by the World Health Organization, comparable to that in many major cities in the world, such as Tokyo, London, and so on.

In order to constantly enhance its efficiency and productivity, the WSD has formulated a massive programme, including more than 100 improvement initiatives, and a total of more than \$100 million has been saved so far. These initiatives are expected to help raise the productivity enhancement target to 5.5% by 2002-03. Both the management and staff side of the WSD are making joint efforts to examine alternative efficiency enhancement initiatives in a bid to raise productivity by an additional 4.5% before the end of 2003 in compliance to meet the target of making an annual saving of \$300 million, or approximately 10% of the overall operational and maintenance expenditure of the WSD.

As water charges only account for a relatively small proportion of the public's living expenses, reducing water charges will not offer much help to the public in easing their burden. However, it will increase the operating deficits of the WSD and the additional deficits will eventually be borne by taxpayers.

As regards sewage charges, capital investment in sewage treatment infrastructure has all along been met by public revenue. Prior to 1995, the recurrent expenditure on sewage treatment services was wholly met by General Revenue.

In 1995, the Administration started levying sewage charges to offset part of the operating and maintenance costs incurred for the provision of sewage treatment services. Sewage charges are calculated on the basis of potable water consumed. The rate was set at \$1.2 per cu m of water discharged in 1995 and has remained unchanged since then. We can see from the bill received by domestic users at four-monthly interval that the first 12 cu m of potable water are exempted from payment of sewage charges. In 2000-01, 75% of potable water users paid a monthly charge of less than \$15. Of these users, 16% were not required to pay any sewage charges because their water consumption levels were below the exemption level. According to the findings of the 1999-2000 Household Expenditure Survey conducted by the C&SD, sewage charges only account for 0.06% of the average monthly expenditure of households. We can thus see that sewage charges only represent a negligible share of family expenditure. Actually, sewage charges levied in Hong Kong are relatively low when compared to those levied in other major cities. For instance, water charges are levied at a rate of \$5.8 per cu m of water in Paris and a relatively high rate of approximately \$15.6 in Cologne, Germany. As the water discharged by some trades is of a higher pollutant level, a trade effluent surcharge (TES) is levied on them to offset additional recurrent expenditure incurred as a result of treating such sewage. Nevertheless, the cost of providing infrastructural facilities will still be borne by the Government. At present, approximately 14 700 commercial and industrial users are required to pay the TES. Of these users, 71% pay less than \$1,000 each month. This amount is considered relatively small compared to the general operating costs of commercial and industrial operators.

The levy of sewage charges can help the Government use less public revenue to subsidize the recurrent expenditure incurred for sewage treatment. At the same time, efficient sewage collection and treatment facilities can help improve water quality, safeguard public health, and protect the marine environment. The volume of sewage treated by sewage facilities operated by the Government has more than doubled since 1989. We can thus see that there has been substantial improvement in the water quality of our bathing beaches and rivers. Sewage treatment facilities and standards have also been constantly upgraded to further reduce the quantity of pollutants discharged into the seas and rivers. When Stage I of the Harbour Area Treatment Scheme is fully commissioned early next year, the volume of sewage treated by this sophisticated system will more than triple the present volume, thus bringing further improvement to water quality in the harbour. Despite the fact that the level of

sewage charges is maintained at the 1995 level, the Government has invested a total of \$12.8 billion in Strategic Sewage Disposal Scheme Stage I over the past six years. An additional investment amounting to approximately \$9 billion will also be made over the next five years to improve aged sewers and provide facilities for areas or villages lacking sewage facilities.

In order to maintain the normal operation of the territory's sewage collection and treatment system, recurrent operating costs have increased more than two-fold from \$624 million in 1995-96 to \$1,347 million in 2000-01. However, sewage charges have not been raised accordingly since their introduction in 1995 to offset the growing expenditure. At the same time, the ratio of recurrent expenditure offset by the levy of sewage charges has been rapidly declining. In 2000-01, the Government could only recover approximately half of the costs through the sewage charges, and a deficit of more than \$600 million has to be met by General Revenue. It is anticipated that the deficit will rise to approximately \$1 billion by the end of 2002-03.

It is worth mentioning that the Drainage Services Department (DSD) has introduced a number of initiatives to cut its operating costs. We can see that the ratio between staff expenditure and the overall operating costs of sewage facilities has been on a dropping trend over the past several years. The staff size has decreased by nearly 3.2%, from 1 333 in 1998-99 to 1 291 in 2000-01.

Summing up the above analysis, further reducing water and sewage charges will have profound impact and do more good than harm to the community in the long run. We therefore consider it inappropriate for the two charges to be adjusted downward at this stage.

I would also like to respond to an issue raised by Dr TANG Siu-tong and Mr Tommy CHEUNG in connection with the TES payable by the catering industry. According to the Government's statistics, it is estimated that the average expenditure on sewage charges and TES incurred by such trades as wholesaling, retailing and import accounts for a mere 0.87% of the operating costs of restaurants. However, in consideration of the consultancy's recommendation and the experience gained by the DSD over the past five years in implementing the Trade Effluent Surcharge Scheme, the Government has made a set of proposals for the purpose of streamlining and improving the Scheme. We are now studying the industry views in respect of the proposals. If necessary, the relevant authorities will discuss with the industry about making

revisions to improve the proposals so as to help the industry reduce their operating costs.

Madam President, as the Secretary for Economic Services, I am obliged to reflect to the relevant operators the views expressed by Honourable Members, particularly views on the tariffs charged by the two power companies and Towngas next year. At the same time, we will examine further the operational information submitted by the two power companies this year as well as the proposed charges for the next. I hope there can be an outcome by the middle or end of December. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Fred LI, you may now reply and you still have four minutes 40 seconds.

MR FRED LI (in Cantonese): Madam President, let me first of all thank the 13 Members for speaking on this motion, and let me also thank those Members representing the commercial and industrial sector for unanimously supporting the motion; the commercial and industrial sector are very concerned about the business environment, and it knows that water charges, electricity charges and gas charges do affect operating costs. If all these charges can be reduced, all sectors will benefit. I do not wish to dwell on this point here, because I have just heard the Secretary's long speech on the deficits in respect of water supplies and sewage disposal.

We definitely realize the problem of subsidy here, as we know that there has not been any increase in water and sewage charges since 1995. But we also hope that the Government can understand that a downward adjustment in water and sewage charges will not seriously affect its revenue and the deficit situation. What is more, a downward adjustment can serve to show that the Government is "not close-fisted when there is a real need for spending". As rightly pointed out by Mr Albert HO, this will not wash the money down the drains, because if the operating costs of small and medium enterprises and food establishments can be reduced, they will not have to close down and fewer workers will have to apply for Comprehensive Social Security Assistance. These are all chain effects, with one leading to another. The only problem is whether the Government is prepared to provide the stimulus, that is, to try to untie the knot. If the Government simply disregards the realities and refuses to loosen the purse strings because of the hundred-million deficits, then it cannot be called, in the

words of the Honourable Abraham SHEK, a benevolent government, or a government with love and concern (I suppose that is what Mr Abraham SHEK basically thinks).

Finally, if Members can still remember, in 1996 and 1997, the Legislative Council already asked the then China Light and Power Company Limited (now CLP Power Hong Kong Limited) to delay the commissioning of its No. 5, No. 6, No. 7 and No. 8 generating units, because we were of the view that its over-estimation of electricity demand had led it to increase its assets too quickly, thus producing an upward pressure on electricity charges. The Government accepted our advice in the end. I do not wish to see any repetition of this, because in the near future, Hongkong Electric will construct a generating plant on Lamma Island, and the CLP Power will also make investments worth several hundred millions of dollars. The question to consider now is whether these investment projects should be slowed down a bit given the current economic downturn, so as to avoid any upward pressure on electricity charges due to assets expansion. I hope that the Government can explore this carefully.

I have arranged a meeting with the top management of the two power companies and Towngas, with the intention of relaying the views expressed in this motion debate to them. Following the meeting, I will also meet with the Secretary again, in the hope of getting executive and legislative support. As a Legislative Council Member, I will personally meet with the management of the two power companies and Towngas, and the Secretary will also reflect the views expressed here today to them. It is hoped that this two-pronged approach can achieve some results.

I so submit. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Fred LI be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: Going northward for development and employment.

GOING NORTHWARD FOR DEVELOPMENT AND EMPLOYMENT

MR NG LEUNG-SING (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

In the economic downturn of late in Hong Kong, enterprises and the people encounter a lot of difficulties in respect of business and livelihood, and a depressive mood has emerged in the community. In the face of globalization, the transformation to knowledge-based economy and China's accession to the World Trade Organization (WTO), people have had mixed reacting of good and bad, and their confidence has been shaken. For instance, they worry that the intermediary role of Hong Kong may not be able to be maintained, or it would be replaced by mainland cities. With depression and a lack of confidence, people tend to become introversive and self-protective. For example, some doubt if asking the Government to strengthen measures to assist various trades and people in going northward to look for development and job opportunities is a show of lack of confidence in Hong Kong, and if it means that Hong Kong does not have any prospects and has reached the "game over" stage. I do not think so. I believe Members will understand that it is the law of survival and development of Hong Kong to make the best use of the situation and flexibly adapt to it. On the contrary, adopting a closed-door policy cannot maintain the prosperity of Hong Kong in the past. Certainly, those doubting Thomases may not have confidence in Hong Kong; conversely, it really needs confidence to go beyond the boundaries of Hong Kong. Under the difficulties and challenges, enterprises and the public must have confidence in their abilities. The Government should also have confidence in the long-term development of Hong Kong, and the courage to open up and encourage enterprises and the public to develop beyond our boundaries. If they are trapped in self-made anxieties, and fail to grasp the

new opportunities and way-out before them, the future of Hong Kong would really be questionable.

Outward development is the way in which an economy can increase its strength and competitiveness. A government with confidence in the long-term development of Hong Kong should not only be optimistic about the intention of trades and people to seek development northward but also give them a hand. We must know that foreign political leaders, business officials and outstanding enterprises have been frequently shuttling back and forth among mainland cities. In assisting enterprises in going northward, the Government holds a rather positive attitude but it should be able to do better. First of all, in regard to the provision of economic, trade and policy information on the Mainland for the industrial and business sectors in Hong Kong, there is ample room for improvement. For example, some mainland government officials have recently proposed a series of preferential policies for Hong Kong businesses in order to enhance the economic and trade co-operation between the two places. However, as the specific contents of the policies have still not been elaborated in detail and need follow-up, there have been speculations and confusions among the local business sector. There have also been reports that some other mainland regions have already such preferential policies in place.

It is understandable that the Government of the Hong Kong Special Administrative Region (SAR) may not be able to fully control and grasp the dissemination of such policy information, but we must take greater initiative in the future to strive for better co-operation and co-ordination with the mainland government in respect of the dissemination of information on the economic and trade policies of different regions in the Mainland. In this way, the contents of the relevant information will come through clearer and more explicit, especially the different policies of different regions for preferential treatment to foreign investors, for the benefit of positive follow-up. This way, it would help various trades in Hong Kong grasp such information and make suitable arrangements in respect of business strategies in time.

Besides, the SAR Government should strive for the establishment of fixed notification channels related to large-scale infrastructural development and other investment opportunities with the governments of different regions in the Mainland, and to ensure that such information can be disseminated to different sectors in Hong Kong in a more uniform and transparent manner. Thirdly, the SAR Government should adjust and enhance the functions and work of various government and quasi-government organizations resident in the Mainland, and

play an intermediary role to suitably assist according to law Hong Kong enterprises running business in the Mainland and Hong Kong people working in the Mainland in resolving certain difficulties. It should also encourage them to establish merchants' associations or organizations for promoting mutual help and contact, and establish a community network to aptly assist new participants in handling problems in respect of medical insurance and education for children. Lastly, the SAR Government should continue to encourage and help Hong Kong professional bodies interested in going northward for development to understand the market and the tendency of opening up of different regions in the Mainland. It should also suitably increase the number of meetings for negotiations on channels of co-operation and development for professionals in the two places.

So far, the Government has done relatively little in assisting people in going northward to seek job opportunities, and it has fairly concentrated its efforts on the professionals. In fact, apart from the professional sectors, a lot of trades and industries in Hong Kong have a large number of quality talents with rich experience in management and sales as well as various professional skills. For instance, I believe many people in the financial, trade, catering and tourism industries would be interested in going northward for development. Moreover, there are many graduates from various professional disciplines of local tertiary institutions every year. If they concentrate on finding jobs in the local market, they may not be able to apply what they have learnt or find suitable room for development. Though they lack working experience, if they are bold enough to try irrespective of the remuneration in the short term, they may be able to find more opportunities for practice and long-term development in the Mainland. I believe there are many such aspiring young graduates. If we can fully promote the two-way exchange of talents, that is, importing outstanding talents and professionals from the Mainland while providing the enormous mainland market with Hong Kong talents, then we may be able to open up more room for employment of Hong Kong people and train up local talents so that they can accumulate practical experience in various regions, explore business or employment opportunities in the continuous integration of the economic activities of the Mainland and Hong Kong and even find a chance to start their own businesses. This would ultimately benefit Hong Kong economy as a whole.

In view of this, the Government should strengthen measures to assist Hong Kong people in going northward for employment, and put in considerable resources. In the latter initiative, for instance, it can establish a centre for exchange of information on talents, with the recipients of its services being local

people interested in going northward for development, and mainland business bodies, organizations and enterprises interested in soliciting talents in Hong Kong. The centre would provide them with a channel for the exchange of employment information and mutual understanding and promotion of talents matching. Furthermore, this centre for talents and information exchange should closely follow up and disseminate information on relevant mainland policies, laws and regulations, taxation provisions, employment requirements of different trades as well as ways to meet those requirements.

In actual operation, when this centre for exchange of information on talents collects and disseminates recruitment information, it can mainly operate on the Internet as a government website, but the Government still needs to put in suitable resources. It should enhance contacts among government personnel departments and talents exchange centres in different mainland regions through organizations resident in the Mainland such as the Office of the SAR Government in Beijing and the future office in Guangdong. It should also enhance contacts with different non-governmental associations of industries, large enterprises and organizations in the Mainland. On the one hand, it should collect information on recruitment, employment policies and regulations of the Mainland in the traditional way and release it on-line. On the other hand, it should promote the application of the centre for exchange of information on talents to non-government bodies in the Mainland. In addition, the Government must suitably adopt such modes as advertising to publicize and promote in the Mainland the functions of this centre, so that more mainland enterprises owned by the people, and Chinese and foreign enterprises can understand and make use of this centre to facilitate the recruitment of Hong Kong people interested in going northward for employment.

Madam President, the situation of economic development in Hong Kong and the Mainland changes with each passing day and new realities and needs may constantly emerge. Therefore, I have proposed the motion in this connection. I have tried my best to use simple wordings and emphasize one direction in order to provide more room for discussion and inducing more colleagues to express their views. I would also like to urge the Government to maintain sufficient adaptability and vision, size up the situation and act with preparation. The Chief Executive has encouraged the people to "make more efforts when doing everything and go one step further everywhere". The Government must also make more efforts in everything it does and provide more and more effective assistance to businessmen in various trades and the general public who are

interested in going northward for development and employment. This would be conducive to the sustained prosperity of Hong Kong.

With these remarks, Madam President, I beg to move.

Mr NG Leung-sing moved the following motion: (Translation)

"That this Council urges the Government to strengthen measures to assist local trades and industries as well as Hong Kong people that intend to go northward for development and employment."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr NG Leung-sing be passed.

PRESIDENT (in Cantonese): Mr Albert HO will move an amendment to this motion, as printed on the Agenda. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr Albert HO to speak and move his amendment.

MR ALBERT HO (in Cantonese): Madam President, I move the amendment, as set out in the paper circularized to Members.

Madam President, in the wake of China's accession to the WTO and our economic restructuring, the northward relocation of industries in Hong Kong has become more evident, and the tendency has even spread to the services industries with lower value-addedness. It is estimated that more and more enterprises would go northward and more and more people would go northward for employment. The Democratic Party certainly agrees that this is the general tendency and part of the process of our transformation towards high value-addedness, our development into a cosmopolitan and the further integration with the mainland economy. We must note that the northward relocation of enterprises is just one of the links in economic restructuring. A more important point is how we could attract capital from the Mainland, various parts of the world and Hong Kong to continue to stay in Hong Kong as far as possible. Hong Kong should become the first place they would consider for investment,

and we should continue to attract foreign and mainland investors to choose Hong Kong as their investment headquarters so that the status of Hong Kong as a financial centre can continue to be reinforced. We should also attract the high value-added manufacturing industries from various places to set up headquarters in Hong Kong so that Hong Kong can become a hub of research and development, logistics control centres, placement of purchasing orders and trade.

If we cannot fulfil this very important task but still hope that people would first consider making investments in Hong Kong and unilaterally emphasize or call upon local investors or international investors making investments in Hong Kong to go northward for development, there may be unforeseeable results. For instance, a lot of capital would move northward, reducing the appeal of Hong Kong to investors. This would subject our economy to the crisis of further shrinking. In proposing the amendment, the intention of the Democratic Party is partly to ask the Government not to forget the importance of calling upon local people and foreign investors to first consider Hong Kong as a place for investment.

Let me further discuss the second part of my amendment concerning why we hope that the Government would assist enterprises or people going northward for investment. For many people who grasp the turning point and wish to look for opportunities northward, the Government should carefully consider what problems they would encounter. We have to stress in particular that although many local people are quite familiar with the mainland situation for many people may have some working experience and have exchanges with mainlanders, or many people have relatives and family members living in the Mainland, if they wish to go northward for employment, or if they wish to arrange for the whole family to live in the Mainland for a certain period during their search for opportunities for development or long-term employment, they would have to encounter more complex problems. This complexity comes from many aspects and the most important of all are the very different social, economic, cultural and legal systems of the two places. In fact, the situation of Hong Kong people working in the Mainland is very different from the situation when they are there visiting relatives or sightseeing. I believe colleagues of this Council should be able to observe this when they dealt with many issues of concern to this Council. Such differences would create personal problems for local businessmen or local people going northward for employment.

I just wish to give the most obvious example of personal protection or safety. A few years ago, this Council urged the Government time and again to consider whether it could provide assistance to detained Hong Kong people who were involved in civil or criminal legal problems. Why? It is because we found that many of them encountered a lot of problems since detention. Firstly, when they were detained, they might not have any chance to contact their family members. They did not know how to appoint a lawyer. Many Hong Kong businessmen might be detained because people or organizations who detained them wanted to solve civil liability problems by means of certain procedures. In some cases, a person might be detained for reasons of alleged criminal liability and under some pretexts, and the period of detention might far exceed the legally specified time limit. Yet, when we studied and investigated the case, we discovered that the reason for detention was not as initially thought, that is, on legal grounds, but we found that the party concerned was just detained to assist in investigation. He might even not be officially detained but just living under monitoring. As a result, a lot of problems were caused, and the family of the party concerned was seriously affected.

With the concern shown and efforts made by many colleagues of this Council and the efforts made by the Government, we all know that there is now a notification mechanism. The detained Hong Kong people can at least notify the Hong Kong authorities as soon as possible through the notification mechanism, and they may be able to notify their family members in Hong Kong through the Security Bureau or Immigration Department. Thus, their family members in Hong Kong may be able to help the detained through certain measures. However, the application of the mechanism is very narrow and it is applicable to the Public Security Bureau but not the Ministry of State Security or the Customs General Administration or other organizations with detention authority. We hope that the Government would try its best to expand the scope of application of the notification mechanism. This is the most important point.

In addition, at present, the detained people do not have the right to be visited by their family members. In particular, those involved in criminal offences can only be visited by lawyers but not their family members. The family members can only visit the detainees only after the detainees have been convicted. We have repeatedly asked the Government to try its best to fight for, at least, basic humanitarian treatment for detained Hong Kong people. In my view, a visit by family members is the most fundamental human right and it would not interfere with the operation of other systems. Our Government

should try its best to protect the rights and interests of Hong Kong residents, especially such a basic human right and due humanitarian treatment.

There are also medical problems. If people have to seek medical treatment in mainland hospitals, they very often have to pay cash before they can get any treatment. What should they do if they are not prepared but they unfortunately have a serious accident? In fact, the Government can do something. Certainly, we are not asking the Government to guarantee that it would pay the bills if Hong Kong people have to receive treatment in the Mainland as a result of accidents. We only wish to suggest that it should make people going northward for employment better understand the problem of medical protection through more extensive publicity and education. One possibility is that the Government should suggest that people consider taking out insurance policies. However, the insurance products should be recognized and publicized by the mainland organizations so that they would be accepted by mainland medical institutions. This would solve the problem Hong Kong people failing to receive treatment out of a lack of cash when they need to receive medical care after accidents.

Education is another problem. If children have received two to three years' education in the Mainland, how could the education he received dovetail with the local system on returning to Hong Kong? The Government must consider the problem and make suggestions. This is the objective of the amendment proposed by me today. I wish Members would support it. Thank you.

Mr Albert HO moved the following amendment: (Translation)

"To add ", apart from promoting local employment opportunities and consolidating the foundation of local economic development," after "That this Council urges the Government"; and to add "in resolving problems commonly encountered by Hong Kong people in the Mainland, such as those relating to medical treatment, education, personal safety, consumer rights and legal protection" after "Hong Kong people that intend to go northward for development and employment"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Mr NG Leung-sing's motion, be passed.

MRS SELINA CHOW (in Cantonese): Madam President, the accession of China to the WTO will not only bring forth many business opportunities, but also make it necessary for China's legal and accounting systems, and so on to converge with those of the international community. More talents are therefore required to assist in the development of China. The professionals of Hong Kong possess internationally recognized qualifications and wide world perspectives, and many of them are biliterate and trilingual; all this can cater for the needs of the Mainland in its development. Therefore, at a time when all kinds of businesses in Hong Kong are having a hard time during the current recession, the further economic development of the Mainland will no doubt make many in Hong Kong think that going northward for development is a way out for them.

Though whether to go northward for employment and development is very much the own choices of individuals and enterprises, the Liberal Party does not think that the Government should thus stand there with folded arms. Rather, it should provide active support and assistance.

The Mayor of Beijing, Mr LIU Qi, for example, have earlier announced six measures to strengthen the economic co-operation between Beijing and Hong Kong; all these measures can safeguard Hong Kong businesses' investments and development in Beijing. Therefore, the Liberal Party proposes that the Government should approach other provinces and cities, in particular Guangdong, and strive for mutually beneficial terms of co-operation, so as to bring forth more prospects for those Hong Kong people going northward for development.

We naturally understand that following China's accession to the WTO, many countries have become concerned about whether China will accord any special privileges to Hong Kong. Since both China and Hong Kong are members of the WTO, China is not supposed to offer any special privileges to Hong Kong enterprises under the regulations of the WTO. But it is still possible for both sides to sign a separate trade agreement and establish a free trade zone. Therefore, the Liberal Party very much supports the proposal that the Hong Kong Government should explore with the Mainland the possibility of establishing a free trade zone like those found in North America and the European Union. That way, even without violating the regulations of the WTO, Hong Kong businesses will still be able to enhance their development in the Mainland and get better terms of co-operation there.

Madam President, following China's accession to the WTO, the commercial and trading ties between Hong Kong and Guangdong will inevitably become closer. In order to attract investments from major cities and provinces in the Mainland, and to facilitate Hong Kong businessmen looking for business opportunities there, the Government has decided to set up an Economic and Trade Office (ETO) in Guangzhou next year. There is also a plan to set up more ETOs in Shanghai, Dalian, Chongqing, Sian and four other cities in the future.

The Liberal Party naturally welcomes the move of the Hong Kong Government to establish ETOs in the major cities and provinces of the Mainland, but it also wishes to raise one point here. Apart from paying attention to speed, quantity and the selection of sites based on Hong Kong businesses' actual needs, the Government must also ensure that there is no overlapping of functions with the Beijing Office and the 10 offices of the Trade Development Council in the Mainland. The relevant authorities must strengthen their co-ordination with the bodies mentioned.

On how best the Government should assist those people going northward for development, the Liberal Party is of the view that the Government should organize more training and talks for them. For example, chambers of commerce, professional bodies, tertiary institutions and providers of continuing education should be encouraged and supported to organize more Putonghua courses, or other professional and practical courses on China, so that people wishing to go northward for development can equip themselves as early as possible.

The Liberal Party also thinks that besides the measures mentioned, the Government should still provide the people with more information about the Mainland through different channels such as the Internet or an information centre. The information to be provided should cover, for example, news about China's accession to the WTO, latest developments in the mainland job market and even the living, consumer rights, health care and education in different mainland cities and provinces. That way, people belonging to different occupations and enterprises intent to go northward for employment and development will be able to grasp the information required to plan properly for their northward moves, thus avoiding any rash adventures.

Madam President, in the past, the Hong Kong Government frequently refused to work out policies that could help the mutual development of the two

sides on the ground of positive non-intervention. For example, many people operating businesses in the Mainland were subjected to numerous rules and regulations, but the Government simply refused to "act for" them and avert the unfair and unreasonable treatment they faced. But the Liberal Party thinks that with the closer ties between the two places in the future, the Government must step up its liaison with the Mainland, with a view to working out some measures to improve the business environment of Hong Kong businesses. This is particularly necessary in cases where there are conflicts between what is written down and actual operation. Every attempt must be made to work out fair and thorough solutions for Hong Kong businesses.

Finally, I wish to say a few words in response to the amendment moved by Mr Albert HO. Mr HO has put forward a package of proposals, demanding the Government to assist Hong Kong people in overcoming the various problems they encounter in the Mainland. The Liberal Party does not think that all these measures are at all practicable, for they are essentially different from the simple provision of reference information, and so on. Even if the Hong Kong Government is really capable of implementing all the proposals made in the amendment, it will still entail huge financial resources. What is more, many of the problems mentioned in the amendment, such as those relating to health care, education and personal safety, are all the internal affairs of the local governments concerned. How can the SAR Government be expected to solve all these problems?

Madam president, going northward for development is likely to become a new trend among the people of Hong Kong and different trades and industries. I hope that the Government can follow this trend closely and make active efforts to back it up. I so submit.

MISS LI FUNG-YING (in Cantonese): Madam President, China's accession to the WTO will bring us plenty of both business opportunities and challenges. Government officials have been stressing that if Hong Kong can grasp the opportunities available, give full play to its edge and integrate itself into the Pearl River Delta economy, it will be able to consolidate and sustain its economic development. I agree. But while the Government stresses the advantages of going northward for investment, it must not place the cart before the horse, or it will only further reduce the room of survival for those who are either unwilling or unable to go northward. This is the last thing I wish to see.

The northward movement we talk so much about has already resulted in a continuous disappearance of jobs in Hong Kong, particularly those jobs that can absorb low- and middle-skilled workers. The massive northward shift of local manufacturing industries started in the 1980s; according to government statistics, in 1991, there were still 768 121 manufacturing workers in Hong Kong, but this year, the figure has dropped to 400 952. There has been a drop of 367 169 workers over a span of 10 years. In other words, the number of jobs offered by local manufacturing industries has gone down by some 360 000. At present, many large enterprises in Hong Kong are moving their back-end departments northward. For example, the HSBC, PCCW, Cathay Pacific, and so on have already moved their back-end services to the Mainland. So, many workers in the service industry now have to follow the path of manufacturing workers to become jobless. As the Government encourages people to go northward for investment in such a high profile, how is it going to tackle the ensuing problem of decreasing job opportunities offered by the remaining enterprises?

The Government encourages the people of Hong Kong to go northward for investment and starting businesses, and it also encourages professionals to look for development opportunities there. The assistance it has provided in this respect is indeed both meticulous and all-embracing. I do not intend to criticize the Government for this. Last week, when the Secretary for Commerce and Industry replied to my oral question, he said, "The Mainland's further economic development is expected to generate greater manpower demand. But the decision on seeking employment in the Mainland is entirely up to individual citizens. This is no different from the case of Hong Kong residents choosing to work overseas." I cannot agree to such a viewpoint. Why are things so different? Top government officials were assigned to lead an investment tour in the Mainland; professional bodies going northward for negotiations were given a morale boost by the Chief Executive in the Government House, but when it comes to workers going northward, we are at once given such a cold response: "no different from the case of Hong Kong residents choosing to work overseas". The Secretary admitted that the demand for labour in the Mainland had increased, but with such a high unemployment rate in Hong Kong now, what has the Government done so far to provide workers with information about employment opportunities in the Mainland? Is it really so easy to go northward for employment? As I pointed out last week when I asked my oral question, a work permit is the minimum requirement of employment in the Mainland — "no permit, no job". In marked contrast to the treatment that commercial, industrial and professional bodies have received, the treatment received by those workers

wishing to go northward for employment, highlighted in the comment "no different from the case of Hong Kong residents choosing to work overseas", is really very unfair.

Even those workers who are now already moving between the two places in the course of their work also have to face many practical problems and difficulties. Drivers engaged in China-Hong Kong freight transport are one example. At present, some 20 000 container lorries are flying between the Mainland and Hong Kong. According to mainland regulations, a driver from outside the Mainland wishing to operate a vehicle in the Mainland must hold a valid driving licence issued by a mainland public security office; not only that, for his vehicle, there must be a valid document and customs clearance paper issued by the place of registration outside the Mainland, specifying the model, licence number and information about the driver and the company concerned. In other words, the vehicle must always be driven by the same driver, and there can be no replacement at all. Theoretically, when the employment contract between a driver and his employer is terminated, the employer will have to go to the Guangdong Office of the Public Security Bureau to cancel the registration of the driver and register a replacement. Under the regulations, only an employer can cancel the registration of a driver. That is why if an employer intends to make things difficult for a driver, he can keep on delaying the cancellation of the driver's registration, in which case the driver will neither be able to change his job nor work as a China-Hong Kong container lorry driver again. Even if the driver complains to the Labour Department, his complaint will not be entertained, so it can be said that there is no channel of complaint at all.

Besides, many China-Hong Kong container lorry drivers have told of the many cases of night-time robbery and even murder that occurred on Yu King Road and Yan He Bei Road near Man Man To as well as Fu Hua Road near Huanggang, when the driver victims were waiting for customs clearance there. Drivers are now extremely scared when they have to wait for customs clearance in these place at night. Wage earners going across the boundary for employment are faced with so many difficulties, but how much manpower assistance has the Government offered to them?

Madam President, going northward for development may perhaps offer the local industrial and commercial sector as well as professionals some golden opportunities, but most wage earners in Hong Kong have neither the qualifications nor the skills to seize these opportunities. It is hoped that besides

giving assistance to the elite, the Government can also provide assistance to our wage earners.

I so submit.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, the economic hardship confronting us and rising unemployment rate have taken a heavy toll on professionals as well as middle and higher level managers. In order to resolve the unemployment problem, it is most crucial that we must revive Hong Kong economy and create more local employment opportunities. At the same time, we must introduce a new way of thinking and look to the north for breakthroughs.

As the global economy continues to slacken, the economies of Europe, the United States and Japan have also plunged into recession. Thanks to its spectacular economic growth, China has succeeded to outshine all its rivals, with its economic growth for this year reaching 7.3% and its Gross National Product expected to break through RMB9,000 billion yuan. In particular, China's accession to the WTO and the full liberalization of its markets have brought infinite business opportunities. More and more Hong Kong enterprises and foreign-funded corporations will venture into the Mainland to scramble for its enormous domestic market. These companies will naturally create a growing demand for professional and management personnel from Hong Kong. Talents from Hong Kong who can play a bridging role between China and foreign countries are also required as a large number of state enterprises and privately-owned enterprises strive to enter overseas markets and align their rules and regulations with those practised in the international markets.

There are a number of advantages for Hong Kong people to go northward for employment. For instance, it can help us gain a better understanding of the conditions in the Mainland, establish interpersonal networks, and so on. This will provide immense help to Hong Kong people who intend to start businesses in the Mainland in future.

Hong Kong people going to the Mainland for development and employment will naturally face a lot of difficulties, challenges and keen competition. We must seize the opportunities and make a head start to go northward for development. Otherwise, when the education standard in the

Mainland progressively rises and mainland university graduates start to develop an international perspective, we will find it more difficult to enter the mainland market. Regrettably, the notion of both the young people and professionals in Hong Kong has remained unchanged. According to the findings of a survey conducted by the Hong Kong Federation of Youth Groups, as many as 70% of the young respondents have no intention to seek employment in the Mainland. A survey conducted by the Hong Kong branch of CPA Australia has also indicated that only 28% of the professionals are willing to go northward for development if they are offered salaries comparable to their present salaries. Even if a pay rise is offered, 32% of the respondents are still unwilling to work in the Mainland. This shows that the majority of Hong Kong people are not prepared, or even not yet equipped, to go northward to seek employment.

Madam President, I am of the view that the Government should introduce comprehensive measures to help Hong Kong people to go northward for development. In addition to providing timely, accurate information and advisory services, support should be rendered in the following areas.

First, to set up a specialized fund for supporting the development of small and medium enterprises (SMEs) in the Mainland. The Chief Executive has pledged in the policy address to provide \$1.9 billion to support the development of SMEs in Hong Kong and enhance their competitive edge. This is certainly worthy of approval. Perhaps we can consider using part of the provision to finance SMEs making investments in the Mainland. Of course, it will be most satisfactory if a new specialized venture capital fund can be set up to support the development of SMEs in the Mainland.

Second, to provide training and publicity for business-starters intending to go northward. The Government should, through such means as providing policy guidance and funding support, encourage various universities to, based on the needs of Hong Kong to co-operate with the Mainland in economic development, organize timely professional courses related to mainland trade and commerce, laws, accounting, and so on. Alternatively, short-term training or diploma courses may be provided to nurture professionals in hot demand to enhance the standard and Putonghua proficiency of business-starters, and to help them gain a better understanding of mainland laws, policies, economy and culture.

Third, in overseas and the Mainland, the Government should pool strength to give wide publicity to and to promote the role of Hong Kong as an intermediary between the Mainland and other parts of the world, and enhance the

image of Hong Kong as an international hub. In particular, the intermediary role of Hong Kong will become increasingly prominent following China's accession to the WTO. When carrying out publicity and promotion campaigns overseas, the emphasis should be placed on promoting Hong Kong as a bridgehead for foreign enterprises intending to enter the mainland market.

Fourth, the Government should encourage more tertiary institutions to organize for their students practical training programmes in the north so as to help them gain an early understanding of the working condition in the Mainland and enhance their competitive edge. Last year, the Democratic Alliance for Betterment of Hong Kong (DAB) organized a summer holiday practical training programme named "A further step into a new world" ("進一步的天空") and the result was satisfactory. Practical training programmes of this nature can provide students with valuable and practical experiences and this will help them compete with elites from the other parts of the Mainland.

Fifth, the Government should, through its mainland offices, take the initiative to collect information on the employment situation and rules and regulations of the Mainland. In addition, a special feature on going northward for employment should be included in the government website to collect all the relevant information to facilitate the acquisition of important information by people interested in going northward to seek employment.

Going northward for development is only at an initial stage. There is still a lot of work to do. We should not impose excessive restrictions and hurdles in order not to deter Hong Kong people from going northward for development. I think it is unrealistic for Mr Albert HO to propose an amendment to urge the SAR Government to resolve problems encountered by Hong Kong people in the Mainland, such as those relating to personal safety and consumers rights. For this reason, the DAB will vote against the amendment moved by Mr HO.

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

DR LUI MING-WAH (in Cantonese): Madam President, time is merciless. "Going northward for development and employment" is in itself a neutral topic. As Hong Kong is part of China, it is reasonable and understandable for Hong Kong people to seek employment and development in mainland China. But as

the Hong Kong economy is in the doldrums and the unemployment rate stands high, discussing the issue of going northward for development and employment at this juncture gives the impression that Hong Kong people have come to a dead end and therefore have to go northward to find a way out and leave their homes to make a living. A few years ago when the Hong Kong economy was thriving, who would consider going northward for development and employment?

Madam President, I absolutely agree that entrepreneurs, professionals, technology personnel and salaried persons may consider going to the Mainland to explore business opportunities and seek employment from an economic viewpoint. It is because mainland China will become the world's largest production base and the largest market with unlimited business and employment opportunities.

Having said that, however, I think the SAR Government absolutely should not encourage Hong Kong businessmen to swarm to transfer their capital to the Mainland for investment in a high profile. I do not wish to see the Government strongly recommending Hong Kong people to seek employment in the Mainland and using this as a means to tackle unemployment problem in Hong Kong. It is because Hong Kong is an independent customs territory, and an independent economy with boundary control. Any economy must have the ability to create wealth in society and it must have business activities to sustain prosperity, so that members of the public can bring their talents into full play and successfully seek employment to maintain their standard of living. Only in this way can people live and work in contentment and peace and order prevail in society.

If industries capable of generating wealth, such as the manufacturing industry, all relocated elsewhere, and if the professionals and technology personnel would leave too because opportunities are disappearing in Hong Kong, then Hong Kong would lose both its industries and talents, and the consequences would be disastrous. Hong Kong is neither London of England nor New York of the United States. As we all know, London has no industries and in New York, there is just a small presence of manufacturing industries. But these world famous metropolises are not haunted by a high unemployment rate. The reason is that they can export unemployment. There is no boundary control between London or New York and their hinterland. The unemployed people can go to other cities to find jobs anytime and therefore, the standard of living will not be affected.

Madam President, the point here is simple. As Hong Kong is an independent economy, the Government must put Hong Kong in the central position in considering economic and employment problems. There is a need for the Government to formulate policies to attract inward investments to Hong Kong, and to guide and support enterprises capable of creating wealth, in order to earn foreign exchange and create jobs. Moreover, the Government should not drive away professionals and technology personnel. Nor should it export unemployment to the Mainland. Otherwise, it would be a disgrace to Hong Kong and a disservice to the Mainland.

Thank you.

MISS MARGARET NG (in Cantonese): Madam President, going northward to look for business opportunities or development has now become the talk of the town. I basically think that whether for professional development or investment, as long as there are opportunities anywhere in the world, we should go there by all means. We just cannot say that there are inhibitions or whatever when it comes to the Mainland. I very much agree on this point and so, I will vote for the Honourable NG Leung-sing's motion.

However, I must stress at the same time that when we talk about going northward, we must not forget Hong Kong, particularly when our discussion now targets at the Hong Kong Government. The first and foremost duty of the Hong Kong Government lies in Hong Kong and the people of Hong Kong. It cannot simply tell the people to go northward if they face the problem of unemployment or if there are problems with their investments. So we talk about going northward to give impetus to the development of the Northwest region, Shanghai, Tianjin, Chongqing or other places, we run the risk of placing Hong Kong in a position of secondary importance. I will find it most unfortunate if it becomes a prevailing trend.

Earlier on, I have listened to the Honourable LI Fung-ying's speech and I very much share her views. As she has already made the points, I will not repeat them here.

In fact, Madam President, Article 4 of the Basic Law provided that "The Hong Kong Special Administrative Region shall safeguard the rights and freedoms of residents of the Hong Kong Special Administrative Region and of

other persons in the Region in accordance with law." Residents of the SAR include permanent and non-permanent residents of Hong Kong. The Hong Kong Government is duty-bound to protect not only permanent or non-permanent residents in Hong Kong, but also permanent residents in places outside Hong Kong. So, we must not forget this basic duty of the Hong Kong Government.

Miss LI Fung-ying mentioned earlier that even professionals are now talking about going northward. I think while professions are going northward, we must at the same time stress the need to enhance the professional services in Hong Kong, especially those of the legal profession. A group of professionals in the legal profession have particularly spared time to conduct studies in this area. For instance, I, together with some friends, have been stepping up studies of ways to improve our services to Hong Kong people. Another example is the free legal advice service which should be expanded to better serve Hong Kong people. Besides, another group of legal professionals is conducting studies to examine if it is possible to make positive assessments of the needs in respect of legal services in Hong Kong in the next decade. Therefore, we must not only think about ways to exploit business opportunities in the Mainland in future and lose sight of the fact that there are also many needs in Hong Kong.

Madam President, I will also support the amendment of Mr Albert HO. But I must emphasize what I support. He mentioned the role of the Government. In my view, the Government should be able to play a very good role in resolving problems faced by Hong Kong people in the Mainland. That is, the Government can set up an information centre where Hong Kong residents who have gone northward can visit when they encounter problems, and where they can be provided with more readily available information about their rights and benefits, legal protection and the actual circumstances in the Mainland. There should be an easily accessible place where people caught in problems can visit so as to enquire about the situation in the Mainland and see what help they can obtain. The Government should provide some information to help them.

Yet, I have great reservations about the provision of facilities. On the education front, for example, some Members suggested setting up an information centre to help Hong Kong people understand the problems. This, I agree. But if the Hong Kong Government is made to take the lead and make provisions for building schools, I do not consider it justifiable. As for medical services, and so on, they can be run on a commercial basis. If there are so many Hong Kong people who intend to work in the Mainland, their children may also wish to go with them and they may wish to take out medical insurance. In this connection,

I think the relevant commercial organizations should look into ways to provide these services. Particularly, the Government has set priorities for the utilization of resources. Priorities should therefore be given to the development of medical and education systems in Hong Kong, so as to safeguard the interest of Hong Kong. As for an information centre, I think efforts can be stepped up for this cause.

As Mr Albert HO's amendment allows this interpretation, I will also support his amendment. Thank you, Madam President.

DR PHILIP WONG (in Cantonese): Madam President, apart from the economy of China which is developing rapidly and which outshines all the other economies in the world, including the Hong Kong economy, I am afraid it is difficult to find another place where a positive economic growth is recorded. At present, many people as well as trades and industries are seriously considering going to the Mainland to find a way out, which is only natural. After the Chief Executive had delivered his policy address this year, the Chinese General Chamber of Commerce wrote to the Chief Executive twice to suggest concrete proposals to the SAR Government on such issues as how to strengthen the economic ties between Hong Kong and the Mainland.

The original motion today urges the SAR Government to take measures to assist people who intend to go to the Mainland for employment or development. This, I think, merits our support. Since the "September 11 incident", the unemployment rate in Hong Kong has been on the rise. From the new group of unemployed people, we see that professionals and managerial personnel cannot be spared. Indeed, the Mainland has a population of 1.3 billion and is rich in natural resources. Enterprises of different kinds and sizes have sprouted and thrived, and they are all using every means possible to enter the international market. They are in great need of professionals and managerial personnel with world vision and broad connections. It is, therefore, not difficult for them to absorb these people from Hong Kong. In my view, people who intend to go northward for development should grasp the opportunity, equip themselves and upgrade their competitiveness. They should also acquire a better understanding of the situation in the Mainland and come up with a wise decision early. On the other hand, the SAR Government should proactively take steps to provide support. In addition to its efforts in improving the business environment and

creating more local job opportunities, the SAR Government should also foster closer liaison with the Central Government and various provincial and municipal governments, with a view to encouraging robust mainland enterprises, including foreign companies and Hong Kong companies operating in the Mainland, to use the professional and intermediary services of Hong Kong and to come to Hong Kong to recruit the talents they require.

Both the people and businesses in Hong Kong are good at adapting to changes flexibly and so, I think we need not be overly pessimistic about the future of Hong Kong. Following China's accession to the WTO and its successful bid to host the Olympic Games, exchanges and co-operation between the Mainland and Hong Kong are bound to become more frequent and closer; and this will bring infinite business opportunities to Hong Kong people. I believe the mainland market will be increasingly open. Trades or industries that can be operated only by local residents now, such as the retail industry, professional services, and industries targetting at domestic sales, will be gradually open for operation by people from outside. I hope that during its contact with the mainland authorities, the SAR Government can persuade them to provide a less restrictive and more favourable investment environment for Hong Kong people by, among other things, allowing Hong Kong people to operate certain businesses which target at domestic sales and which are subject to relatively more restrictions. If this could be achieved, it would help many SMEs in Hong Kong enormously.

Madam President, I so submit.

MS AUDREY EU (in Cantonese): Madam President, many senior government officials have recently proposed one after another the so-called "theory of Hong Kong people going northward for development". Public opinion is also positive about this. However, we must note one thing: Will Hong Kong people hold excessively high expectations on going northward for development under the influence of remarks of this sort, or even consider it a panacea to resolve the problem of employment?

In fact, to get a job in the Mainland is not at all easy for wage earners in general. Firstly, the labour supply in the Mainland is sufficient, and dismissed workers seeking employment in cities are numerous; and secondly, the wages of

mainland labour are much lower than those of Hong Kong. It is nothing but difficult for people to go northward to start a business or career because an inadvertent slip may lead to a total loss. Therefore, I hope the Government will not "sing praises blindly" to encourage Hong Kong people to swarm northward.

The force of the economic trend is irresistible. If going northward for development really becomes a trend in future, the Government can hardly stop people from seeking employment, starting business or developing professional services there even if it intends to do so. By the same token, the Government does not have to actively fan the fire and "sponsor" Hong Kong people "to look towards China in the north" and encourage them to work or make investments in the Mainland. The active intervention mentality of the SAR Government, as manifested in the housing policies, has made Hong Kong people suffer enormously already. I hope the Government will not repeat the same mistake in respect of going northward for development.

With China's accession to the WTO, and the accelerating fusion between the economies of Hong Kong and the Pearl River Delta Region, more Hong Kong people will go northward for development. To Hong Kong business operators or people intending to go northward or having gone northward, the Government should, as usual, provide them with certain assistance. For example, the SAR Government is in a privileged position to facilitate the communication between the two governments, enabling people of these two places to come into contact more easily.

Another example is that there will be many changes policies and regulations in respect of foreign investments in various provinces and cities. Therefore, the SAR Government should maintain close liaison with the Central and authorities in respective provinces and cities responsible for trade and economic matters in order to keep abreast of the latest developments, and provide Hong Kong businesses with first-hand information as far as possible.

As regards Mr Albert HO's amendment which suggests to assist Hong Kong people in China to resolve problems in respect of medical services, education, consumer rights, legal protection, and so on, pardon me for not subscribing to his suggestion if what he means is to provide resources, construct or build hospitals and schools.

To begin with, these people are not required to pay taxes in Hong Kong because they are working and doing businesses in the Mainland. If the Government invest enormous resources into helping this group of people going northward, it would mean being much too generous with Hong Kong taxpayers' money. In fact, with the increasing number of Hong Kong people going to the Mainland for development, products of medical insurance will naturally be introduced into the market; or more Hong Kong-style or even international schools will be constructed, so the SAR Government needs not worry about these. The prime task of the SAR Government is to improve the administration of Hong Kong internally, rather than subsidizing certain people going northward to seek business opportunities.

Madam President, I am more concerned about the many deficiencies existing in the legal system of China, particularly the problem of unreasonable detention of Hong Kong businessmen or people working in the Mainland, which warrants serious attention. Since early this year, Hong Kong and the Mainland have implemented a notification mechanism. However, the mainland units covered by this mechanism only include the Public Security Bureau and the Customs. If other departments such as the Ministry of State Security or the People's Procuratorates, and so on, have detained Hong Kong people, they do not have to notify Hong Kong. In addition, the notification mechanism is only applicable to criminal cases, excluding cases of administrative detention.

Evidently, the notification mechanism is not comprehensive and warrants a review. The Central Authorities must understand that for whatever offences committed by Hong Kong people in the Mainland and for whatever reasons they are charged, their families should be informed of the relevant circumstances because this is a basic human right. I think the SAR Government should put up this case on reasonable arguments with the Central Authorities, ensuring that Hong Kong people who are detained, or even prosecuted can have a fair trial according to the law, and prisoners' families should be permitted to visit them at the places of detention.

Miss Margaret NG has already mentioned in her speech that under Article 4 of the Basic Law, the SAR Government shall safeguard the rights and freedoms of Hong Kong people, including Hong Kong people in the Mainland. There were indeed many past examples of Hong Kong people being detained in the Mainland, power abuse or even violation of laws. For example, the detention period exceeded that prescribed by the law, and so on. When encountering this

type of cases, the SAR Government should initiate to get an understanding of the circumstances concerned, and request the Central Government to conduct thorough investigations and request the Central Government to seriously punish those government officials who break the law. In the past, the Government's attitude was weak in handling this type of problems by resorting to the excuse of it being not in a position to interfere with the judicial proceedings in the Mainland. However, when the relevant acts have infringed upon the legal rights and benefits of Hong Kong people, the SAR Government is duty-bound to handle it instead of burying its head in the sand, or this would be deemed irresponsible.

Madam President, insofar as Hong Kong people going northward to start businesses or seek employment are concerned, the Government should help them appropriately by rendering assistance that only it can or should provide. However, I am afraid that once we pass today's motion, it will give the Government or the community a wrong message, mistaking that the Government should also make investments for Hong Kong people going northward in respect of medical services, education, and so on. Based on the above reasons, I shall vote to support Mr NG Leung-sing's original motion which is relatively neutral, and oppose Mr Albert HO's amendment.

Thank you, Madam President.

MR LAU PING-CHEUNG (in Cantonese): Madam President, I speak in support of the motion moved by Mr NG Leung-sing. The Hong Kong Coalition of Professional Services (HKCPS) to which I belong, 10 professional bodies and I have been working hard to develop the mainland market for local professionals in the last few years, striving to enable local professionals to practise in the Mainland. Tomorrow, some colleagues of the HKCPS including Dr the Honourable LO Wing-lok and I will go to Chongqing City together to introduce to the municipal government officials and industry counterparts there the services and opportunities of co-operation that Hong Kong professionals can provide in respect of construction and development in the Mainland.

In the past, I have in this Council repeatedly requested the Government to grasp the opportunities of our Motherland's accession to the WTO, and help local professionals to develop the mainland market. However, the Government has always refused to intervene on the pretext that it is "commercial". This is active non-intervention bearing a good name, but actually the Government is watching with folded arms.

By looking at the sovereign states worldwide, or those independent economic regions such as provinces, states, and so on, under a sovereign state, it can be seen that their organizations overseas will often have tasked personnel such as trade commissioners or commercial counsellors, and so on, resident and specialized in collecting local business information and reporting it immediately to their respective governments. And the information will then be disseminated to other business associations or professional bodies in their own countries. For example, the Panel on Environmental Affairs of this Council paid a visit to Europe early this year to study the biochemical environmental protection technology. Before setting off, we had already received some promotional materials from the relevant environmental protection companies in Europe. Some of the companies even arranged business luncheons to actively promote their products and technologies. Relevant consulates of European countries or chambers of commerce in Hong Kong also actively participated in briefing the Panel. Their government officials and chambers of commerce worked closely with one another, and they were very well-prepared.

In fact, Western countries consider it perfectly justified to assist local businessmen to promote businesses and strive for business opportunities, so some cabinets even have special secretaries or ministers for these. In short, these officials will gather business information and assist in the promotion through organizations stationed overseas. Or they will even personally support local businessmen to fight for business contracts. Madam President, let me use our Motherland as an example. Every time when foreign leaders visit China or our leaders pay visits overseas, we will often see the media covering reports on both parties signing some commercial and trade contracts. In addition, we may also recall that Hyundai of South Korea bid for the project contract of Tsing Ma Bridge in Hong Kong. At that time, the British Hong Kong Administration had doubts about Hyundai's financial position, and the South Korean Government openly supported Hyundai because of this. These are examples of government support to business and trade.

What the SAR Government has been doing so far is to collect business information and help with the promotion only. However, it has totally failed to provide the necessary support, not to speak of to fight for anything. Despite that, I still have to thank the Office of the SAR Government in Beijing and the Hong Kong Trade Development Council (TDC), because in the last couple of years, they have been providing the HKCPS and professional bodies with the latest information on the Mainland, as well as assisting local professional bodies

to go to various provinces and cities in the Mainland for exchanges, with a view to increasing opportunities of co-operation.

Madam President, Beijing succeeded in its bid to host the Olympics in September this year. I thus suggested that the construction sector of Hong Kong should grasp this opportunity actively. *Ming Pao* reported my concern on 2 October by using the heading "Ambrose LAU does not know the mastermind of the Olympics". In fact, it meant I could not even figure out the person-in-charge of the Olympics in Beijing. Frankly speaking, it is important to find the correct counterparts who are in charge, or it will simply be a waste of time and efforts as well as embarrassing if we make a mistake of it. However, it is more important to enable Hong Kong professionals to establish their companies and practice in China. Absolutely, I cannot do this on my own.

At present, different professions are subject to varying degrees of restrictions in the Mainland. Some cannot take the professional examinations, some cannot employ mainland professionals direct, some cannot operate simply by establishing their own companies, and many others. In my opinion, the most effective method to develop the mainland market is the Government or the TDC making an appropriate platform upon which relevant professional bodies can discuss and set out requirements as well as methods that meet the specific circumstances of respective professions, thereby enabling both parties to co-operate for mutual benefits.

Madam President, full liberalization of the market is an irreversible development with our Motherland's accession to the WTO. Whether Hong Kong can grasp the opportunities because of its proximity entirely depends on our proactive efforts. Hong Kong slang is always very lively and to the point. One of them is, "One should never lag behind the others". With our Motherland's accession to the WTO, business opportunities are abound. We evidently are in a good position to grasp the opportunities, so there is no reason for us not to advance and wait for other Western countries to set off together. I so submit.

DR RAYMOND HO (in Cantonese): Madam President, according to the report released by the Business Cycle Dating Committee of the National Bureau of Economic Research in the United States this Monday, the United States has entered a period of recession. In fact, after the outbreak of the "September 11

incident", the United States or even the global economies have plummeted. We have already expected that the United States would be in recession. However, the United States has always been one of the major markets of Hong Kong. The fact of recession will still impose greater pressure on the already fragile economy of Hong Kong and the worsening unemployment problem. On the contrary, the economy in the Mainland continues to develop. This together with China's recent accession to the WTO and active development of the western regions will bring new opportunities to companies and talents in Hong Kong.

Hong Kong should, as usual, grasp this important opportunity by all means to explore the room and opportunities available in the Mainland. Insofar as Hong Kong is concerned, an enormous population and the continuously rising national income in the Mainland will bring many opportunities for development. Insofar as an individual is concerned, the rapid development of the Mainland will give rise in the course to considerable and attractive opportunities of career development. If compatible measures are taken, local companies and various kinds of talents will come into full play again in the important course of China's integration with the world economy.

If Hong Kong companies and talents wish to play this positive role, they must know the markets and relevant regulations in the Mainland. At the same time, they have to equip themselves, study their own merits and find an appropriate market position. In making the decision to go northward for development, they should not look at it as a simple matter as perceived by some government officials or members of the community, who think that people failing to find an opportunity for business development or unemployed can also consider going northward for development. Since the economic and business environments or even the conditions and requirements of employment in the Mainland are totally different from those of Hong Kong, it is believed that people will stand very little chance of success if they go northward hastily without making sufficient preparations.

Apart from the preparations that should be made by the companies and individuals mentioned above, I think the SAR Government should draw up some policies and measures to support Hong Kong companies and people who intend or decide to go northward for development. First of all, the Government can collect and disseminate information concerning the mainland market,

investments and job vacancies, and so on, through its offices or offices of the Trade Development Council set up in various cities in China, so that more information can be provided to Hong Kong companies and individuals intending to go northward for development. At the same time, the Government should also consider enhancing the functions of the above offices established in China by adopting a more proactive approach to promote services and products available in Hong Kong. The scope of promotion should also include different professional services in the territory. In order to make the work in this respect more effective, the Government should employ mainlanders who are familiar with the mainland market and with relevant experiences to help carry out the work concerned.

Secondly, the Government can enhance the communication and co-operation with various levels of government in the Mainland by establishing an information exchange system in respect of infrastructure projects and other investment opportunities. It can also release the relevant information to local relevant businesses under the principles of uniformity and openness.

Finally, I hope the Government can realize that Hong Kong companies and people going northward for development is purely a mutually complementary process in the large course of economic development of the Motherland and Hong Kong. It is not a short-term proposal to resolve the problems of high unemployment and poor economy in Hong Kong. Therefore, the Government must formulate more comprehensive policies and measures to facilitate this.

Madam President, I so submit.

MR MICHAEL MAK (in Cantonese): Madam President, people going northward for entertainment has become a trend in recent years, so the Government even comments that Hong Kong people going northward for development is a new outlet for employment. Very unfortunately, before recommending this "good path" and "new way" to Hong Kong people, the Government has somehow forgotten to repair this "good path", especially when many problems have arisen in connection with Hong Kong people working in the Mainland. When Hong Kong people encounter problems in the Mainland, the Government should give them assistance as it is duty-bound to do so.

As indicated by the information of the Security Bureau, since 1999 to October this year, the Office of the SAR Government in Beijing, the Immigration Department and the Hong Kong Police Force have received from Hong Kong people in the Mainland a total of 76 cases of request for assistance and complaint relating to personal safety. The nature of the relevant cases involved victims being unlawfully put under detention, assaulted, harassed, threatened or robbed. Although relevant departments are available in China and Hong Kong to help Hong Kong people, the provision of information and the identification of agents of assistance is still far from being readily available. In this connection, I urge the Government to study as soon as possible ways to educate Hong Kong people on the channels to seek help when they encounter problems relating to their personal safety.

In addition, the Health and Welfare Bureau of Hong Kong indicates that the Government has no plans to provide Hong Kong people with information on charges of medical facilities in the Mainland. Nor has it made any arrangements to co-operate with the Pearl River Delta Region to provide Hong Kong people going northward for employment any medical services and relevant support facilities. There is no official channel to date for Hong Kong to provide medical services to its people in pursuit of development in the Mainland. Once they are ill or injured in the Mainland, they may have no one to turn to for help or be placed at the mercy of others. Therefore, I urge the authorities to co-operate with the Mainland to set up a research centre to provide medical support for Hong Kong people.

Since many Hong Kong people have gone northward, I opine that despite the reluctance, the Government should provide assistance to Hong Kong people in the Mainland to resolve the problems encountered by them. However, I do not agree to the relevant authorities actively advocating Hong Kong people should go northward for employment. The reason is very simple. Since Hong Kong is still a valuable place of investment, more resources should be injected with a view to achieving the objective of Hong Kong people constructing Hong Kong. Moreover, we have yet to see a recovery of the injured domestic economy or a consolidation of economic foundation. Therefore, Hong Kong should not put the cart before the horse in this respect by only "looking to the north" all the time. We should do things in an orderly manner first by constructing Hong Kong, enabling Hong Kong to have greater development.

Madam President, I urge the Government to evaluate the various problems encountered by Hong Kong people going northward for employment, and formulate relevant strategies. I so submit.

MR ABRAHAM SHEK: Madam President, Hong Kong is undergoing an economic downturn. Economists said that the economic hard time will persist for several quarters of the year. Mainland China's average annual economic growth rate is over 7%. Coastal cities such as Shanghai, Guangzhou and Shenzhen, which have close economic ties with Hong Kong, have developed rapidly. What I want to point out is that the remarkable economic achievement of China is largely resulted from its implementation of open-door policy, which attracts talents and investors from different parts of the world. Owing to our close proximity to China, Hong Kong people have started to go northward in exploring market since the implementation of China's open-door policy in 1979. In the present economic downturn, is it appropriate for the Government of the Hong Kong Special Administrative Region (SAR) to openly encourage people to go northward for development and employment? Today, I am going to express my view on this.

Hong Kong has always opened its door to talented people and professionals. In the late '40s and early '50s, Hong Kong was only an entrepot. The scale of its infrastructural and economic developments was far behind that of Shanghai. During that period, most of the Chinese immigrants were elite talents providing Hong Kong with capital, technology and management skills. With the influx, the Hong Kong economy was rejuvenated and developed rapidly.

In the '60s and '70s, the economic development of China was impeded by the Cultural Revolution. Hundreds of thousands of mainlanders came to Hong Kong. Their hard-work and entrepreneurial knowledge changed Hong Kong from an entrepot to a centre of manufacturing industries and financial services and laid a firm foundation for its development into a world-class city.

Madam President, Hong Kong people are familiar with this part of our history. We all agree that Hong Kong's success today relies on our free market economy and its willingness to accept talents from every part of the world, particularly mainland China. Hong Kong is a dreamland for the ambitious and the talented to develop their careers and achieve their goals. This is the attraction of Hong Kong to the talented and the professionals.

I am totally disappointed with the SAR Government in encouraging Hong Kong people and local trades to go northward for development and employment during the present economic downturn, because I firmly believe that it is the duty of our Government to resolve the prevailing economic problems, create employment and nurture an environment for business growth. I believe that finding ways to retain people with talents is the most effective means of revitalizing the Hong Kong economy. The Government should not encourage a brain drain, which I believe, will seriously hamper our economic recovery.

Hong Kong has undergone economic restructuring and low-skilled labourers find it hard to find jobs nowadays. Some of them may want to go north for new opportunities. But they may be disappointed because China already has an oversupply of cheap labour force. What the mainland market needs are people with professional knowledge and management skills. The rapid growth of the Mainland's service industry and its accession to the World Trade Organization (WTO) have created insatiable appetite for such professional talents. China is actually competing with Hong Kong for our valuable human asset. What will happen to us if a significant number of our talents go northward? The resulted brain drain will shrink our talented labour market and will be of little help to alleviating the problem of structural unemployment.

Madam President, the Hong Kong economy is one of the freest in the world. Hong Kong people will not give up any good opportunities for business and employment. The evidence of this is the development of the Pearl River Delta, the success of which is mainly the result of direct Hong Kong investment. The Secretary for Commerce and Industry, Mr CHAU Tak-hay, has rightly said that government officials should never advise people how to conduct business, and rightly so, we really have ways of finding where the business is and when to invest. When there is a brain drain occurring in almost every part of the world, it is absurd for our Government to encourage people, particularly our professionals, to go northward for business and employment.

Madam President, I am not against going northward for development, what I oppose is the Government urging people to go northward to seek employment opportunities during the present economic downturn instead of providing practical measures to alleviate the problems. As a responsible government, it should not openly encourage its people to leave their homes and find business and job opportunities elsewhere. This will create a man-made brain drain. In my view, whether individual citizens or companies should go north should be a decision for them to make for themselves.

However, this does not mean that the Government has no responsibility to those who choose to work in the Mainland. As Hong Kong citizens, they are entitled to the SAR Government's practical and timely support, such as provision of market information and legal services. There are over 120 000 local residents now working in the Mainland. They face legal and law enforcement systems which are significantly different from those in Hong Kong. We have heard cases in which Hong Kong residents complained that they could not get sufficient support when they got involved in legal or commercial disputes in the Mainland. The differences of legal systems are expected to narrow as China will improve its legal system with its accession to the WTO. Before that, the SAR Government will need to give its assistance to Hong Kong people working in the Mainland.

Madam President, I have noticed that in the original motion, the Honourable NG Leung-sing asks the Government to give support to those who intend to go northward for development and employment. Hong Kong is a free place and we have freedom of movement. So it is up to our Government to help them when they need it.

I support the original motion. Thank you, Madam President.

MR LAW CHI-KWONG (in Cantonese): Madam President, when we first saw the motion, we were a little bit worried whether we would be accused of encouraging people to go northward. Thus Mr Albert HO's amendment is about two aspects. It mentions, firstly, the prime task of the Hong Kong Government is local employment and economic development; and, secondly, help, if any, provided to Hong Kong people in the Mainland should be related to those problems they encounter. Already, Mrs Selina CHOW from the Liberal Party and Ms Audrey EU have expressed reservations about the amendment. When I read Mr Albert HO's amendment once again, I found there is a problem too, due, perhaps, to a comma. Indeed, the Democratic Party does not have any justification to request that the Government solve the problems for some people. Even for people here in Hong Kong, we are of the view that the people should work hard for their own good despite the current state of affairs. How can we ask the Government to solve all their problems? Thus, the entire phrasing of the amendment should mean that the Government should provide assistance to those who intend to go northward for development.

How can the Government help the people mentioned above to solve their problems? Obviously, it can do so by providing information and assistance to help them solve their problems. I would be spending more time on medical care and education later. How do we solve problems relating to these areas? Practically, there can be many different proposals and methods. During discussions, we heard people suggest that hospitals and schools be built in the Mainland. The Democratic Party has great reservations about this. We would not ask that the Government build hospitals in the Mainland. How many hospitals can the Government build? Are we going to build hospitals in Shenzhen and then in Guangzhou? The list may go on and the Government may have to build hospitals in a dozen cities or more. So, this is not a solution to the problem. That is why the Democratic Party never asks the Government to solve problems for the people, rather we hope the Government will provide assistance to them. I hope the Liberal Party and Ms Audrey EU would note our idea. We are not asking the Government to solve the problems, but we are asking the Government to help solve them. Nor are we asking the Government to help people to go northward for employment. Rather we hope that the Government would provide assistance to those who intend to go northward in solving the problems they may face.

I would like to talk about two areas: medical care and education. At present, because of huge differences in medical financing and the charging of fees between Hong Kong and the Mainland (hospitals in the Mainland can obtain a subsidy of only 10% to 20%), Hong Kong people will have to pay very expensive fees for services in the two areas since they are not on the household register. A month or so ago, a Hong Kong resident was seriously injured in the Mainland. The doctor on duty at the women and children health care centre to which he was sent refused to administer treatment. Similar cases are not uncommon. Whereas large-scale hospitals have clear guidelines to require that emergency medical treatment be administered to anyone in need, otherwise they may be investigated for responsibility for the case, smaller hospitals in some regions may refuse to provide medical care and cases like the above case may appear.

Some Members mentioned medical insurance earlier. In recent years, such medical insurance policies have been offered but the coverage is not complete. Often, only accidents and emergency treatment are covered. So, if one is hospitalized for reasons other than emergencies or accidents, one may not be covered. Moreover, some medical insurance policies are recognized by only some hospitals in the Mainland, while some medical insurance carries a time

limit in which the insured can spend outside Hong Kong, meaning that if the insured spends too long a period outside Hong Kong, he/she may not be covered. Thus, there is still room for improvement in respect of these insurance products. We must find ways to help Hong Kong residents deal with medical problems while they are in the Mainland.

If a Hong Kong resident staying in the Pearl River Delta (PRD) Region encounters financial difficulties in connection with medical care, the Red Cross Hospital in Guangdong Province may provide transportation to send the injured to Shenzhen, and then to be sent to a Hong Kong hospital. The Red Cross in the PRD Region may also provide emergency financial assistance. The Red Cross offices in the Mainland are now being supported by some cities through the provision of lists of local hospitals, liaison for cross-boundary ambulance, and so on. The efforts made by similar organizations should merit our commendation. However, due to a lack of resources, there is insufficient coverage in the services they provide. Thus, there are a number of areas in which no services are possible. Moreover, there is also insufficient publicity, so many people who work in the Mainland may not be aware of their services.

Therefore, the Government should look into ways to help Hong Kong residents working in the Mainland to solve problems in respect of medical care. One of the ways is the provision of information. Thus it may find ways to inform people of the work of the voluntary organizations mentioned by me. It may also find ways to help these voluntary organizations to enhance their services. In this way, results may multiply. So, instead of relying on the Government to provide services, Hong Kong residents may obtain assistance through these services provided by voluntary organizations.

I now come to the issue of education. Problems in respect of education faced by the children of those who work in the Mainland have given rise to the so-called "separated families", causing many Hong Kong families to be riddled with family problems. For example, there is the issue of "keeping second wives", which all of us must have heard about over and over again. Nowadays, thousands of students, especially primary students, travel from Lo Wu at Shenzhen to the North District to attend school every day. Their upbringing, supervision and safety should be a concern for us. The Government should look into issues such as information about enrolment in mainland schools, the link between educational attainments between the Mainland and Hong Kong, and so on, and it must find solutions to these problems.

If we mean to provide assistance to Hong Kong residents who really need to work in the Mainland, I think we must find ways to help them solve the problems they and their family members may face in such areas as medical care and education. I hope the Government can conduct more research into such issues.

I hope Members may consider supporting Mr Albert HO's amendment after listening to the explanations given by me at the beginning of my speech.

Thank you, Madam President.

MR TAM YIU-CHUNG (in Cantonese): Madam President, the Chinese economy continues to flourish. This year, China enters the WTO, which reflects a further opening up of its market and convergence with the world economy. All these will bring about immense business opportunities and will mean more job opportunities and development opportunities. Hong Kong people will be going northward to do business, find jobs or develop their careers. This will become a trend.

However, in the process of going northward for development, Hong Kong people may face a number of difficulties. Hong Kong businessmen have to understand a legal system, an accounting system and market conditions for various localities completely different from those of Hong Kong. They will have to face keen competition from international conglomerates too. Hong Kong people aspiring to find jobs there may lack market information for various localities or even information about how to find jobs. We understand that the SAR Government cannot possibly provide assistance in every area to help Hong Kong residents who seek jobs or other development in the Mainland. I do not think it is easy for the SAR Government to help such residents solve problems in medical care, education or even consumer rights. But we should and can carry out research on ways to promote information flow, to develop business opportunities, to improve job matching and to enhance the competitiveness of Hong Kong people. And we may do a good job with all this.

In helping Hong Kong businesses develop the mainland market, the Government should try its best to provide timely and accurate commercial information, including information on the demand, trends of economic development and changes in policies and regulations about the mainland market.

Since China has just joined the WTO, a number of policies are rapidly changing. So, it is all the more important to provide timely and accurate consultation services on the relevant topics. Moreover, the Government should expand the scope of services provided by the Hong Kong Trade Development Council (TDC). As a quasi-government institution, the TDC has been providing certain services for the Hong Kong business community in developing the mainland market. An area that warrants improvement is the provision of consultation services. The TDC currently provides individual consultation services to small and medium enterprises through its offices in Hong Kong, but not those in the Mainland. Therefore, we suggest that the TDC expand its services to enable its mainland offices to establish direct contacts with Hong Kong businesses in the Mainland. It may also consider providing consultation services to them on specified markets and products at a fee or on preferential terms. When Hong Kong businesses meet difficulties in their operation in the Mainland, TDC offices there should also provide assistance by liaising with mainland commercial groups, trade organizations or government departments, and provide preliminary legal consultation or referral services.

Next year, the SAR Government will establish an Economic and Trade Office (ETO) in Guangzhou but its role and positioning are similar to the Guangzhou office of the TDC. So, there will be some overlapping in their functions. Hence, the Government should consider expanding ETO's scope of service making it a major duty of the office to help Hong Kong businesses in the Mainland to solve problems relating to investment and operation, providing them with adequate, timely and practical services. The Government should also expeditiously set up ETOs in major cities in the Pearl River Delta Region such as Dongguan and Shenzhen and other cities such as Beijing, Shanghai, and so on, to help Hong Kong residents develop the mainland market.

On the employment front, the economic development of the Mainland has created a large number of job opportunities. Mainland enterprises require not only a large army of specialists in senior management, finance, technology, hotel management, sales management, foreign language teaching, and accounting but also skilled workers such as cooks, electrical technicians, property managers, and so on. Though Hong Kong people are better positioned in terms of professional services or services requiring technical skills, mainland enterprises do not have any direct link with Hong Kong and Hong Kong people lack information on job vacancies in the Mainland. So, there are mainland enterprises in want of talented people and talented people in want of job

information. The SAR Government may thus foster better links with human resources departments in the Mainland, strive for more streamlined procedures for recruitment of Hong Kong employees by mainland enterprises, and set up job matching services in Hong Kong to provide information on relevant job vacancies in the Mainland so that Hong Kong job seekers may find opportunities of bringing their skills into full play.

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

MR HENRY WU (in Cantonese): Madam President, given the uncertain economic prospects of Hong Kong which are estimated to persist for another nine months, and the enormous business opportunities to be brought about by China's accession to the WTO and the development of western regions, going northward for development has become an attractive option for Hong Kong people.

Recently, the SAR Government organized high-profile large-scale study tours and arranged or assisted local trades to visit the Mainland for inspection and in search of business opportunities. For this, I am both delighted and disappointed.

Madam President, in the numerous study tours organized by the Government to encourage or assist local trades to go northward for development, it appeared that only the top management of the Securities and Futures Commission (SFC) and the managers of large-scale fund houses were among the representatives of the financial services industry. Traders in securities, futures and gold were, however, nowhere to be seen. Obviously, to the Administration, financial services have come to mean the SFC and fund managers of large-scale houses. People other than these have either intentionally or unintentionally been forgotten.

In fact, in the past year, I found that different government departments had different understanding about the financial services industry. The financial services industry, particularly the securities and futures industry, is a profession. In addition to attending professional courses leading to licences, industry practitioners have to pursue continuing education in order to keep their professional qualifications. Despite all these, policies laid down by finance officials have not shown due respect to these people as professionals.

Madam President, in the heyday of the gold trade, Hong Kong was one of the three leading gold markets in the world. Despite diminished activities in gold trading in recent years, participants in the trade have been working hard silently, standing firm in their positions, and, consequently, Hong Kong still retains its position of significance in the world gold market though the market is weak.

In the past, the Government adopted a positive non-intervention attitude towards the gold market in Hong Kong. But as the world gold market weakens, persistent efforts made by the trade alone are not sufficient to maintain the leading position of the Hong Kong gold market. The Government should take the initiative to provide assistance, especially assistance in developing the gold market in the Mainland before it is fully liberalized. It should expeditiously help the gold trade enter the mainland market so that new horizons are opened up for the gold market in Hong Kong during the prevailing economic downturn.

Madam President, two weeks ago, the Secretary for Financial Services indicated, in response to a question asked by a Member of this Council, that the existing economic situation would mean more difficult trading than before and that he was trying to strengthen co-operation with the financial services industry in the Mainland and create business opportunities by combining the competitive edge of Hong Kong in talents and market infrastructure, and the enormous potentials of the mainland market.

The Secretary's words on that day impressed us that there was nothing the Government could do about the current weak economy, except encouraging local trades to go northward for development and seek business opportunities. Since that is a reality we cannot change, we have to go with the tide and catch the north-bound train. However, the Government has been helping other local trades with some results, whereas the gold trade has been left out in the cold, not even reaching the train station, let alone catching the train. All that we can do is to feel happy for other people.

Madam President, I think a responsible government should endeavour to maintain the steady development of the local economy and community. The present economic downturn would mean that the Administration should more than ever show its mettle in governance, in actively leading Hong Kong out of the ghost of an economic recession haunting the entire world. I firmly believe that the Government would win support from across the community if it can stick to a correct philosophy of governance and provide practical assistance to the

financial services industry, namely fighting of some room of development northward for the industry as a whole.

Although only the Secretary for Commerce and Industry is present today, I hope he can lend me a hand, like the Hand of God, as described by the football star, Diego MARADONA, to help the forgotten practitioners in the financial services industry.

Madam President, I so submit.

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

(No Member responded)

PRESIDENT (in Cantonese): Mr NG Leung-sing, you may now speak on Mr Albert HO's amendment. You have up to five minutes to speak.

MR NG LEUNG-SING (in Cantonese): Madam President, as I said in my speech earlier, the wording of my motion is deliberately made simple as far as possible, with the purpose of allowing more room for discussion and inducing more constructive views. In fact, I have achieved this purpose. It is indeed difficult to set out in the motion each and every policy pertaining to all industries and all sectors as well as the details of their requirements.

Regarding the amendment proposed by Mr Albert HO, I do appreciate it to some extent but I still have many reservations about it. Firstly, Mr HO's amendment seems to be concerned that the Government might ignore the work to "promote local employment opportunities and consolidate the foundation of local economic development". This concern is indeed unwarranted. An additional initiative made by the Government to provide assistance for trades and industries as well as Hong Kong people that intend to go northward for development and employment cannot be considered an expedient measure to tackle the immediate difficulties now confronting Hong Kong. The wording of the original motion absolutely does not ask the Government to assist people going northward to the neglect of its duty to resolve the current hardships in Hong Kong. I think this motion today underscores a key direction, that is, given the realities of globalization of the world economy and China's accession to the WTO, strengthening measures to assist industries and Hong Kong people that intend to

go northward for development and employment is in keeping with the global trend, disregarding whether the Hong Kong economy today is good or bad, and what internal problems there are in Hong Kong that need to be handled. The entire world is striving in this direction. So, this should form an important strategy in the overall and long-term administration of the Government, and a key aspect of external economic affairs.

Secondly, the wording of the amendment carries the effect of urging the Government to strengthen measures, aiming only to help resolve some of the problems encountered by Hong Kong people in the Mainland after they have gone northward. This has greatly narrowed the scope of the original motion, for the amendment only stresses the negative issues that may arise after they have gone northward and calls on the Government to resolve them. It has ignored the positive strategic theme of proactively striving for opportunities to go northward for development and employment. This effect is even more obvious in the English version of the amendment. Therefore, I think the wording of the amendment leaves a lot to be desired and may easily lead to misgivings about the positive policy of providing assistance for people to go northward for development.

From a practical viewpoint, the Government certainly should not forget to do whatever it can to help people overcome the problems they may face in the Mainland. But the role of the Government should be confined to that of a coordinator, responsible for promoting legitimate and direct interaction of industries and people that are already pursuing development or employment in the Mainland with the relevant mainland authorities as far as possible. In this process, it is all the more necessary to respect the existing legal parameters and system in the Mainland. The SAR Government should provide accurate information as far as possible, and should absolutely not transcend its role or interfere in such matters. I also believe that since Hong Kong people choose to go northward for development in pursuit of a larger return, they naturally should be psychologically prepared to take the associated risks, the same preparation they have to make when pursuing development in any other place in the world. As the saying goes, "do in Rome as the Romans do". We should not take a nitpicking attitude, showing distrust at everything and seeing everything as an eyesore. We should not be unduly worried and over protective towards ourselves, for this would make it impossible for us to compete with other competitors in the world for opportunities of development and employment northward.

Finally, I urge colleagues to support the original motion. Thank you.

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, I am grateful to Mr NG Leung-sing for proposing this motion, for it has given me the opportunity to expound the policy position of the Government of the Hong Kong Special Administrative Region (SAR) on the issue of Hong Kong enterprises and people going northward for development and employment, and to give a brief account of the relevant support measures, at a time when our country will soon join the World Trade Organization (WTO) and when China has become the focus of world attention. I am also grateful to Members for the many views expressed in their speeches. I will respond to some of these views. But for most of the comments and proposals involving matters not within my purview, that is, outside the areas of commerce and industry, such as the problems involved in seeking employment northward as mentioned by a number of Members, I will refer them to the relevant Policy Bureaux for consideration in order to keep to my remit.

Mr NG Leung-sing spoke of confidence. Other Members also mentioned the economic prospects of Hong Kong as well as the business opportunities following China's accession to the WTO. All these are big issues. If I have to respond to each of these issues, I think the meeting might take all night. So, I can only be brief. Concerning our basic view on Hong Kong's economic prospects, the Hong Kong Government is basically optimistic. In the past two decades, had there not been economic reforms and the open-up policy in mainland China, and had there not been the Mainland serving as our economic hinterland, Hong Kong would absolutely not have become a financial, business, shipping and information centre as it is today. Therefore, in the medium-to-long term, the economic prospects of Hong Kong should be optimistic as long as the mainland economy continues to thrive.

Besides, some Members opined that the Government should not only talk about going northward to the neglect of Hong Kong's own development. In fact, this observation is entirely incorrect. The Hong Kong Government has not in the least neglected the policies and development in all aspects in Hong Kong. On the contrary, we have done a lot of work and made huge investments over the past few years. In future, we will continue to carry out a great deal of work and make massive investments. In case Members are forgetful, they may refer to the Chief Executive's policy address delivered in October this year, then they will know what I have said is true.

Mrs Selina CHOW asked whether the SAR can enter into a Free Trade Agreement with the Mainland. All I can say today is that the SAR Government and the Central Government are currently studying a number of proposals to facilitate the economic and trade co-operation between Hong Kong and the Mainland within the parameters of the WTO. It is inappropriate for me to comment on individual proposals at this stage.

Madam President, as the mainland economy flourishes, it will become increasingly commonplace for Hong Kong people to go northward to develop their business or seek employment. This trend is indicative of the free flow of capital and talents in Hong Kong. With a sensitive business acumen, the local business sector has all along been able to invest its capital in places worldwide where there are business opportunities; and some Hong Kong people have chosen to build up their own careers in places outside Hong Kong based on their talents and in pursuit of their aspirations. As Members may know well, it has always been the practice of the Government not to restrict the free flow of capital and talents in and out of Hong Kong. "Come and go as you please" has been a tradition of Hong Kong; and it has been a guiding principle of the Government to respect decisions made by individuals.

That said, however, it does not mean that we are oblivious to the needs of the industrial and commercial sector and those of the public. In fact, insofar as enterprises are concerned, as the mainland market is crucial to the future development of all trades and industries in Hong Kong, the SAR Government has in recent years done its utmost to help the industrial and commercial sector seize the business opportunities in the Mainland through various channels and measures. An example of important government support for enterprises is the provision of information about mainland policies and regulations, as well as that about the mainland market.

Mr NG Leung-sing suggested that we should enhance communication and co-operation with the Central Authorities as well as government departments at the provincial and municipal levels, so that information about the economic and trade policies as well as investment in the Mainland can be disseminated to the relevant trades and industries in Hong Kong in a consistent and transparent manner. This is actually what we have been doing. The Commerce and Industry Bureau and the Ministry of Foreign Trade and Economic Co-operation of China already set up in 1999 a regular communication mechanism, namely, the Mainland/Hong Kong Special Administrative Region Joint Commission on

Commerce and Trade (Joint Commission). Information about national economic and trade policies has been obtained through close liaison, and the information is disseminated to the industrial and commercial sector through the Trade and Industry Department (TID). In addition, the TID and the Beijing Office of the SAR Government (Beijing Office) also collect information on the latest development of economic, trade and investment policies and regulations as well as the relevant administrative measures of the Central Authorities and of various provinces and municipalities through their contact and liaison with the Mainland. The information will immediately be disseminated to the industrial and commercial sector in Hong Kong in a consistent and transparent manner through the *Commercial Information Circulars* and the Internet at the earliest possible time.

Moreover, the Hong Kong Trade Development Council (TDC), being the major organization tasked to assist Hong Kong businesses to expand their market, also plays a pivotal role in helping the various trades in the local industrial and commercial sector grasp economic and trade information about the Mainland. Madam President, I wish to stress here that the TDC is a statutory body set up by the Government with public money some 30 years ago. Since then, the TDC has been made responsible for the promotion of the external trade of Hong Kong. This does not mean that the Government has done nothing in this regard. Just that the Hong Kong Government is different from many foreign governments in that this area of work is delegated to a publicly-funded quasi-government statutory body, namely, the TDC, rather than a Ministry of Commerce which is a practice adopted by many governments overseas. The TDC gathers information about the market through its 11 offices in major mainland cities and disseminated to the various trades in the industrial and commercial sector information about investment in mainland provinces and municipalities through various channels, such as the *Business Alert* which is a periodical published by the TDC, special issues of publications, the Internet, electronic mail, and so on. Such information also covers infrastructural investment projects as mentioned by Members. The TDC opened its China Trade and Investment Resource Centre last week where abundant information on economic and trade matters as well as investment projects in different mainland provinces and municipalities are stored for easy reference of members of the industrial and commercial sector. Such information is helpful to enterprises in their understanding of business operation in the Mainland, and is valuable reference for enterprises that intend to go northward for development.

Recently, the TDC published a book titled *Guide to Doing Business in China*, in which detailed market information are provided to help Hong Kong businessmen who intend to set up business in the Mainland understand better the regulations in the Mainland as well as the issues to which attention should be paid while doing business in the Mainland. Meanwhile, the TDC is planning to step up the existing China Trade Advisory Service. In this connection, consent has been sought from the Ministry of Foreign Economic and Trade Co-operation of China and its local authorities in the Guangdong Province for seconding their officials to Hong Kong. These officials, together with principal officers of China-financed enterprises resident in Hong Kong, will answer questions from Hong Kong businessmen concerning the problems they face in doing business in the Mainland. I believe this service will be very useful to enterprises that intend to go to the Mainland for development.

I can assure Members that we will certainly endeavour to further improve the dissemination of information in future. We do appreciate that after our country's accession to the WTO, the various trades in the industrial and commercial sector in the SAR will have a greater need for timely data on economic and trade policies and regulations as well as market information in the Mainland. Therefore, the TID and the TDC will inject more resources in the coming year to step up efforts in collecting and disseminating information. They will also organize many activities, such as holding seminars on specific topics, with a view to assisting the industrial and commercial sector, including the professionals mentioned by a number of Members earlier on, to seize the opportunities early. Here, I must point out that the websites of the TID and the TDC are interlinked and therefore, when enterprises or the public visit one of these websites, they can conveniently browse the information in the other website.

Apart from providing information, the SAR Government actively reflects to the relevant mainland authorities the difficulties faced by the local industrial and commercial sector in doing business in the Mainland and also their suggestions, in an effort to strive for a better business and investment environment for Hong Kong businesses. This area of work involves different levels of the Government and different Policy Bureaux. Channels for reflecting their difficulties and suggestions include standing channels, such as the Joint Commission mentioned by me earlier on, and also mutual visits and meetings between officials at various level and their counterparts in the Mainland.

In the meantime, leaders of the SAR Government as well as all Policy Bureaux and departments have also played an active intermediary role in recent years, with the aim of enhancing communication and understanding between the local industrial and commercial professions and the relevant mainland authorities. For example, meetings between the industrial and commercial sector and the business and trade authorities in the Mainland were arranged by the Joint Commission last year and this year. In May this year, a deputation comprising members of the business sector and headed by the Chief Secretary for Administration visited the western part of China, with a view to helping various sectors in Hong Kong obtain information about investment in Western China. At the level of Policy Bureaux, the Works Bureau, Department of Justice, Information Technology and Broadcasting Bureau, and so on, have also made arrangements for members of the local trades and industries to take part in major seminars in the Mainland and study missions to the Mainland, in order to facilitate their contact with their counterparts and the relevant government officials in the Mainland, and to lay down a basis for co-operation. The Government will continue to step up efforts in this regard in future.

To assist the various trades in the industrial and commercial sector to open up the mainland market, we have exerted ourselves to upgrade the reputation and status of Hong Kong products and services in the mainland market. The TDC has all along been given the important task of publicizing and promoting outstanding products and services of Hong Kong. The TDC will hold for the first time a large-scale trade fair on Hong Kong products in such major cities as Beijing and Shanghai next year. This trade fair will be launched in tandem with the promotional activities carried out by the Beijing Office in various provinces and municipalities, in order to entrench the understanding of Hong Kong and Hong Kong products among people in the Mainland. Last year, major promotional campaigns, including seminars and exhibitions, were organized by the Beijing Office in Tianjin, Hebei and Shanxi. Besides, the various Policy Bureaux of the SAR have through various channels consistently promoted in the Mainland the various professions in Hong Kong, such as the accountancy, legal, financial services and engineering professions, with a view to helping them expand their business in the Mainland. These efforts will be stepped up following our country's accession to the WTO.

To help the local professions to open up the mainland market, the Government has been providing them with information about economic, trade and management regulations and policies in the Mainland. Meanwhile, the

Government maintains active liaison with the relevant mainland authorities in order to obtain timely information and reflect to the authorities concerned the problems faced by local professions in their operation in the Mainland in such areas as recognition of professional qualifications, application for licences, and other matters. The Commerce and Industry Bureau will implement measures next year to further enhance the support given to them. They include setting up a \$100 million funding scheme for professional service development to support, on an equal matching basis, useful projects that can enhance the competitiveness of professional services in Hong Kong. Second, a website will be launched in collaboration with professional bodies to help promote the professional services of Hong Kong; and business and trade promotional activities will also be organized to help local professions build up their business network in the Mainland for the purpose of market expansion.

As regards small and medium enterprises (SMEs) that intend to develop in the Mainland, the Legislative Council Finance Committee approved just this month the setting up of four funding schemes at a cost of \$1.9 billion. These funding schemes will provide very practical assistance. For instance, under the Business Installations and Equipment Loan Guarantee Scheme, SMEs can be provided with credit guarantee from the Government to secure bank loans to purchase business installations or production equipment to be placed in the Mainland. Through the Export Marketing Fund, they can obtain funding to participate in exhibitions and study missions in the Mainland. Industrial and business organizations can also apply for funding under the Development Fund to carry out projects or research programmes to facilitate entry to the mainland market by SMEs in individual trades and industries.

For Hong Kong businesses that have already entered the Mainland, we also plan to strengthen the relevant services for them. As Members may know, the SAR Government will establish an Economic and Trade Office (ETO) in Guangzhou next year, the first of its kind in the Mainland. After the establishment of this ETO, we will maintain close liaison with the local government and also enhance communication between Hong Kong businessmen doing business in Southern China and the relevant business and trade authorities in Guangdong Province, with a view to resolving problems commonly faced by Hong Kong businesses. The ETO will also help Hong Kong businesses obtain business and trade information on Guangdong Province to facilitate their business development.

Now I wish to turn to the issue of Hong Kong people going northward for employment. In its policy on facilitating employment, the Government has put emphasis on education and training with the aim of nurturing competent talents. We believe as long as Hong Kong people are biliterate and trilingual and equipped with adequate professional knowledge and skills, and as long as they take a good learning and working attitude, they should be able to meet the needs of different labour markets, including the mainland market.

To promote biliteracy and trilingualism among Hong Kong people, the Government has made Putonghua a subject taught in most primary and secondary schools, and has stepped up the training of Putonghua teachers. Besides, through the adult education funding programme, the Education Department grants subsidies on a yearly basis to non-profit-making non-governmental organizations for them to organize Putonghua courses for adults. People who intend to go northwards for development and employment can benefit from these courses.

At present, tertiary institutions funded by the University Grants Committee also offer China-related undergraduate or postgraduate programmes. These programmes mainly cover the social and economic development of China, and the characteristics of trade and corporate management in the Mainland, with the aim of providing a relevant academic basis for students who intend to seek development in the Mainland. Other programmes may also include subjects related to the Mainland where necessary. Local students can acquire a deeper understanding of the culture in the Mainland through various academic exchange activities, such as going to the Mainland as exchange students or exchanges with mainland students studying in local universities. These experiences will certainly be helpful to them should they choose to go to the Mainland for development in future.

On the training front, many tertiary institutions and training providers in Hong Kong have offered programmes targeting at employment in the Mainland, with a view to enabling people interested in going to the Mainland for employment or development to know more about the social, business and economic conditions in the Mainland. These programmes cover a wide range of areas, including business start-up and business operation, management training, business and trade documents, business correspondences, business practices, regulation mechanism and other professional aspects in the Mainland.

Moreover, the Job Matching Service provided by the Labour Department also applies to vacancies in the Mainland offered by Hong Kong employers. People who are interested can obtain information about these job vacancies through the on-line interactive employment service website of the Labour Department anytime.

A number of Members expressed the hope that the Government can provide the public with more information on employment in the Mainland. Mr NG Leung-sing even raised a concrete proposal of setting up a human resources information exchange centre to serve as a channel for exchanges between people who intend to go northward for employment and mainland companies interested in recruiting talents in Hong Kong. But as China is a vast country, the regulations or requirements in different provinces and municipalities may be different. Coupled with the fact that it is difficult to verify the background of the mainland companies conducting recruitment in Hong Kong, the Government has to further look into the feasibility of this proposal.

Many Members mentioned the assistance provided by the Government for Hong Kong people doing business or working in the Mainland. I will now address this point together as I respond to Mr Albert HO's amendment. Mr HO urges the Government to strengthen measures to assist trades and industries and Hong Kong people that intend to go northward for development and employment and at the same time take steps to resolve problems commonly encountered by Hong Kong people in the Mainland, such as those relating to medical treatment, education, personal safety, consumer rights and legal protection. First of all, I must point out that before anyone made a decision to go elsewhere for business development or employment, he would have considered the various aspects of life there, including the standard and quality of living. Therefore, on personal problems in such areas as education for their children, medical treatment and consumer rights, it is inappropriate for the Government to expend public money to provide assistance for them. When it comes to providing assistance for Hong Kong people in the Mainland to build up their community network or for new arrivals to deal with these problems, I think it is more appropriate for non-governmental organizations to take up the role, such as the trade associations and community organizations mentioned by Mr NG Leung-sing.

Furthermore, under the principle of "one country, two systems", the SAR Government must respect the administrative, judicial and social systems of the mainland authorities, and Hong Kong businessmen or Hong Kong people doing business or working in the Mainland must also comply with the laws and

regulations in the Mainland. At present, Hong Kong people who encounter those problems in the Mainland can approach the Beijing Office. The Beijing Office will reflect their problems through its day-to-day contact with the mainland authorities.

If Hong Kong residents run into troubles or suffer losses from thefts, or if they are detained or arrested for involvement in criminal cases and thus require assistance, the Immigration Department (ImmD) and the Beijing Office have in place established procedures to provide them with assistance. People in need of help can seek assistance from the ImmD's Assistance to Hong Kong Residents Unit or the Beijing Office. In case of special or serious incidents outside Hong Kong that involve casualties of Hong Kong people, the ImmD will immediately take contingency measures and inform the public of the hotline number of that Unit through the media, so that the public can make enquiries and seek assistance from the Unit. For Hong Kong residents who sustain injuries in accidents or are hospitalized for illness in the Mainland, if they wish to return to Hong Kong for medical treatment, the relevant departments of the SAR Government will effect co-ordination and send ambulances to border control points to take the persons concerned to hospitals for treatment. As for proposals in other areas, I will refer them to the relevant Policy Bureaux for detailed consideration.

Madam President, I hope that my speech can make Members understand that the SAR Government has taken a host of measures to assist enterprises and people in seizing the business opportunities generated by our country's accession to the WTO. We will make ongoing efforts to strengthen the relevant effort in future. I wish to stress that while government support will certainly help, the key to success, after all, lies in the competitive edge and the enterprising spirit of the enterprises and people.

I so submit, and I wish to express my gratitude to Honourable Members who have spoken on this motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr Albert HO to Mr NG Leung-sing's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Albert HO rose to claim a division.

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

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

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr LAW Chi-kwong, Miss LI Fung-ying and Mr Michael MAK voted for the amendment.

Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Dr Philip WONG, Mr Timothy FOK, Mr Abraham SHEK, Mr Henry WU and Dr LO Wing-lok voted against the amendment.

Mrs Selina CHOW, Mrs Sophie LEUNG, Mr Howard YOUNG, Ms Miriam LAU and Mr Tommy CHEUNG abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Dr YEUNG Sum, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr Albert CHAN and Mr WONG Sing-chi voted for the amendment.

Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Dr TANG Siu-tong, Ms Audrey AU, Mr NG Leung-sing, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Mr MA Fung-kuok voted against the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, five were in favour of the amendment, 10 against it and five abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 21 were present, 11 were in favour of the amendment and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr NG Leung-sing, you may now reply and you have three minutes 45 seconds.

MR NG LEUNG-SING (in Cantonese): Madam President, first of all, I wish to thank the many colleagues who have spoken in this debate. Despite the fact that some of the views are similar and some are divergent, they are still indicative of this Council's characteristic. I believe the topic of going northward for development and employment warrants ongoing and open discussion by this Council and concern by various sectors of the community. Meanwhile, I believe the Government and all walks of life will continue to adopt appropriate measures to follow up and take forward this issue. This will bring a win-win situation to the Government and the people, and to the Special Administrative Region and the Mainland.

My thanks also go to the Secretary for his speech. I hope that the Government will step up its efforts in assisting enterprises and Hong Kong people in going northward. I hope more proactiveness and thoughtfulness and faster actions can come out in the process. Many countries and territories are now working actively to secure a foothold in the mainland market. Everyone is vying for such opportunities. If Hong Kong, being an international metropolis, does not react efficiently and take positive and proactive measures, it will simply let slip a golden opportunity.

To end, I wish to thank colleagues again for their concern on and participation in this motion. I hope that all colleagues will support my original motion. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr NG Leung-sing, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

REQUEST FOR SPECIAL LEAVE OF THE COUNCIL TO GIVE EVIDENCE OF COUNCIL PROCEEDINGS

REQUEST MADE UNDER SECTION 7 OF THE LEGISLATIVE COUNCIL (POWER AND PRIVILEGES) ORDINANCE (CAP 382) AND RULE 90 OF THE RULES OF PROCEDURE FOR SPECIAL LEAVE OF THE COUNCIL TO GIVE EVIDENCE OF COUNCIL PROCEEDINGS

PRESIDENT (in Cantonese): Request made under section 7 of the Legislative Council (Power and Privileges) Ordinance for special leave of the Council to give evidence of Council proceedings.

(The request made by the Deputy Director of Public Prosecutions (Ag.) and a list of statements and documents provided by the witnesses are at Annexes VIII and IX respectively.)

PRESIDENT (in Cantonese): Rule 90(2) of the Rules of Procedure provides that upon the placing of the request on the Agenda, the Council shall be deemed to have ordered that leave be granted, unless on a motion moved without notice at this meeting by any Member of the Council determines to refuse it.

Does any Member wish to move a motion?

MR MARTIN LEE (in Cantonese): Madam President, I wish to declare an interest. I will represent Mr CHENG Kai-nam in court tomorrow.

PRESIDENT (in Cantonese): As no Member has sought to move a motion, I declare that, under Rule 90(2) of the Rules of Procedure, the Council has granted the leave sought.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 5 December 2001.

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

Annex I**WRITTEN ANSWER****Written answer by the Secretary for Health and Welfare to Mr Henry WU's supplementary question to Question 1**

The degree of control of medical devices varies in different countries. The regulatory systems of the United Kingdom, the United States, Australia and Singapore are set out below:

- (a) In the United Kingdom, the safety and marketing of medical devices are regulated through the implementation of the Medical Devices Regulations 1994. The control mechanism involves pre-market assessment of products; manufacturing controls and post-market monitoring. As for the control of laser, premises where treatment using specially controlled techniques (for example, use of Class 3B or 4 lasers) is provided are required to be registered with the Department of Health.
- (b) In the United States, the safety and marketing of medical devices is regulated by the Food and Drug Administration. The regulation of laser varies from state to state, and is mainly concerned with the registration of laser equipment and licensing of operators and institutions. For example:
 - (i) In the New York State, operators of lasers are required to obtain a certificate of competence. Medical lasers are prescription devices available for sale only to licensed practitioners.
 - (ii) In Florida, the rules regulate all facilities with Class 3A, Class 3B and Class 4 laser system.
 - (iii) In Arizona, all laser facilities must register with the state if they possess Class 3 or 4 lasers.
 - (iv) In Georgia, registration of all lasers and injury reporting are required.

WRITTEN ANSWER — *Continued*

- (c) In Australia, the registration of medical devices is provided under the Therapeutic Goods Act 1989. Laser equipment is required to be listed on the Australian Register of Therapeutic Goods before supply.

- (d) In Singapore, the Administration is developing a regulatory system for medical devices. We understand there are plans to introduce a voluntary listing system for high risk medical devices supplied, imported into or exported from Singapore. A Medical Device Register will be promoted within public sector hospitals as a source of information on devices which meet requirements of safety and effectiveness.

Annex II**WRITTEN ANSWER****Written answer by the Secretary for Health and Welfare to Mr Michael MAK's supplementary question to Question 1**

According to the information provided by the Consumer Council, all the 20 complaints received in 2000 and the first 10 months of 2001 relating to laser were about the poor quality of services provided by beauty salons. The majority complained about the aggressive promotional strategy and considered the fees and charges excessive. Of the 20 cases, five complainants alleged that they suffered from skin infections after laser treatment and one alleged she suffered from skin injury. All the complainants who alleged complications approached the Consumer Council after the skin presentations had subsided. As the complainants usually wished to seek refund from the beauty parlours, the Consumer Council had assisted in resolving the complaints through mediation.

Annex III

WRITTEN ANSWER

Written answer by the Secretary for Security to Mr LEUNG Fu-wah's supplementary question to Question 2

As regards the statistics on employers prosecuted for engaging domestic helpers in illegal employment, the relevant information is hereby enclosed for Members' reference.

Appendix

Number of employers or construction site controllers
arrested and prosecuted for employing illegal workers
between 1998 and 2001 (January to October)

	1998		1999		2000		2000 (January to October)		2001 (January to October)	
	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>
No. of employers (employers employing domestic helpers to do illegal work)	1 139 (350)	490 (100)	758 (218)	393 (61)	712 (209)	305 (53)	575 (165)	256 (50)	818 (227)	264 (15)
No. of construction site controllers	-	-	-	-	31	1	28	0	7	2
Total	1 139	490	758	393	743	306	603	256	825	266

Note: * According to the Immigration (Amendment) Ordinance 1999, which came into effect on 12 February 1999, if visitors are arrested at construction sites for engaging in illegal employment, liability shall rest upon construction site controllers (including contractors and the persons-in-charge of the construction site).

Annex IV**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr LAW Chi-kwong's supplementary question to Question 2**

The Honourable Member asked whether the penalty stipulated under section 17I of the Immigration Ordinance was applicable to employers employing another person's foreign domestic helpers to do part-time job. Under the Ordinance, any person who is the employer of an employee who is not lawfully employable commits an offence. As foreign domestic helpers can only work for employers as approved by the Director of Immigration, an employer who employs another person's foreign domestic helper is equivalent to employing an employee who is not lawfully employable and thus commits an offence and is liable on conviction to a fine of \$350,000 and to imprisonment for three years. For employers prosecuted for employing illegal workers, the Court normally imposes a fine of \$500 to \$15,000 and imprisonment of one to 12 months, suspended for three years. These include cases in which employers employ another person's foreign domestic helpers to do part-time job. However, the Immigration Department (ImmD) does not keep detailed records of the penalties for individual cases.

The visa stamp endorsed on the travel documents of the foreign domestic helpers spells out clearly the conditions and limits of stay in both Chinese and English for the easy reference of employers and employees. The words "Change of employer is not permitted" are also clearly specified on the stamp. In addition, the ImmD distributes nearly 1 000 bilingual leaflets entitled "Don't employ illegal workers" every year. The leaflet explains clearly the provisions and penalties stipulated in the relevant legislation. Television advertisements are also broadcast to remind the public not to employ illegal workers.

Annex V

WRITTEN ANSWER

Written answer by the Secretary for Security to Miss LI Fung-ying's supplementary question to Question 2

As regards the number of mainland visitors engaging in illegal employment, the relevant information is hereby enclosed for Members' reference.

Appendix

Number of illegal workers arrested and prosecuted between
1998 and 2001 (January to October)

	1998		1999		2000		2001 (January to October)	
	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>	<i>No. of persons arrested</i>	<i>No. of persons prosecuted</i>
	Mainland Visitors	4 419 (74%)	3 318 (77%)	3 314 (77%)	2 786 (81%)	4 593 (80%)	3 448 (80%)	4 218 (67%)
Mainland Illegal Immigrants	384 (6%)	373 (9%)	172 (4%)	164 (5%)	380 (7%)	377 (9%)	1 361 (21%)	1 277 (29%)
Visitors of Other Nationalities	536 (9%)	422 (10%)	424 (10%)	342 (10%)	468 (8%)	415 (10%)	570 (9%)	394 (9%)
Foreign Domestic Helpers	443 (7%)	161 (4%)	344 (8%)	141 (4%)	244 (4%)	83 (2%)	170 (3%)	27 (0.6%)
Other Illegal Workers	167 (3%)	50 (1%)	60 (1%)	21 (1%)	30 (1%)	12 (0.3%)	22 (0.3%)	5 (0.1%)
Total	5 949	4 324	4 314	3 454	5 715	4 335	6 341	4 465

() denotes the percentage of the total

Annex VI

WRITTEN ANSWER

Written answer by the Secretary for Health and Welfare to Dr LUI Ming-wah's supplementary question to Question 3

Please find enclosed information about the distribution of the smoking population in Hong Kong over the past five years.

2000

Age group	No. of persons ('000)	Male %	Rate*	No. of persons ('000)	Female %	Rate*	No. of persons ('000)	Overall %	Rate*
15 - 19	14.9	2.5	6.4	5.7	5.6	2.6	20.6	3.0	4.5
20 - 29	90.7	15.4	19.9	22.7	22.1	4.7	113.3	16.4	12.1
30 - 39	132.1	22.4	23.1	24.4	23.8	3.4	156.4	22.6	12.1
40 - 49	154.7	26.2	26.4	16.0	15.6	2.5	170.8	24.7	14.1
50 - 59	93.7	15.9	26.2	8.2	8.0	2.5	101.9	14.7	14.8
≥ 60	103.9	17.6	21.8	25.6	25.0	4.9	129.4	18.7	12.9
Overall	@ 589.9	100.0 (85.2)	22.0	102.6	100.0 (14.8)	3.5	692.5	100.0 (100.0)	12.4

Table 1: Number of Daily Smokers by Age and Sex in 2000

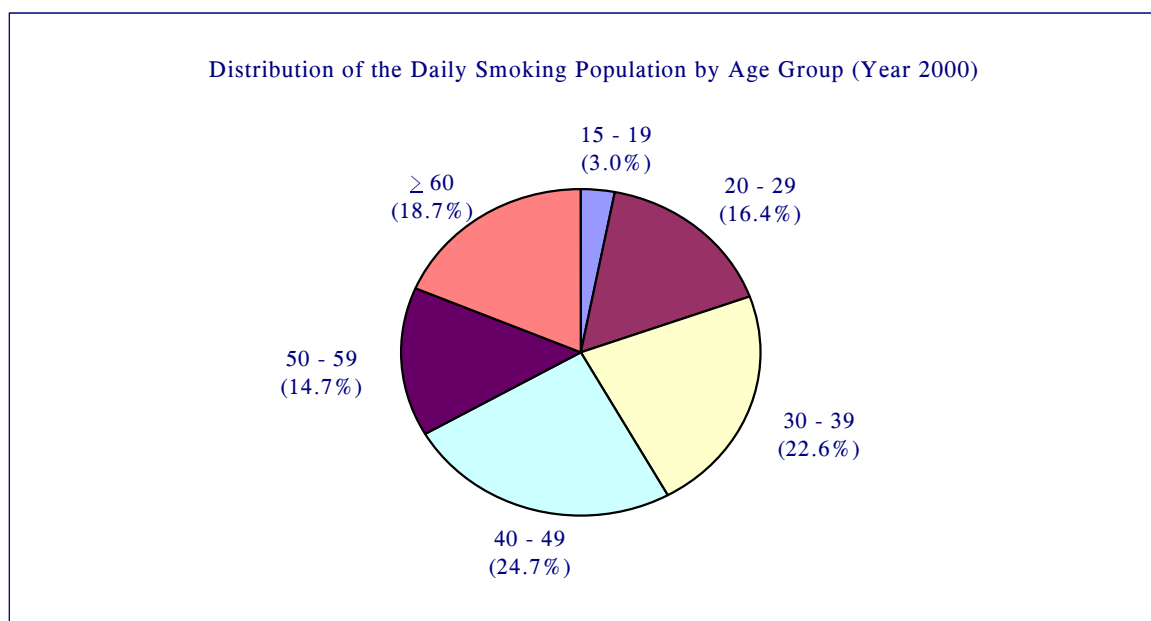


Chart 1 : Distribution of Daily Smokers by Age Group in 2000

WRITTEN ANSWER — *Continued*

1998

Age group	No. of persons ('000)	Male %	Rate*	No. of persons ('000)	Female %	Rate*	No. of persons ('000)	Overall %	Rate*
15 - 19	9.1	1.3	4.2	2.7	3.4	1.3	11.8	1.5	2.8
20 - 29	114.3	15.7	24.1	22.2	28.1	4.3	136.5	16.9	13.8
30 - 39	196.2	27.0	30.1	14.1	17.9	2.0	210.4	26.1	15.7
40 - 49	187.2	25.8	33	14.5	18.4	2.7	201.7	25.0	18.3
50 - 59	111.2	15.3	35.1	4.0	5.1	1.5	115.2	14.3	19.9
≥ 60	108.3	14.9	24.2	21.3	27.0	4.4	129.6	16.1	13.9
Overall	@ 726.3	100.0 (90.2)	27.1	78.8	100.0 (9.8)	2.9	805.1	100.0 (100.0)	15.0

Table 2: Number of Daily Smokers by Age and Sex in 1998

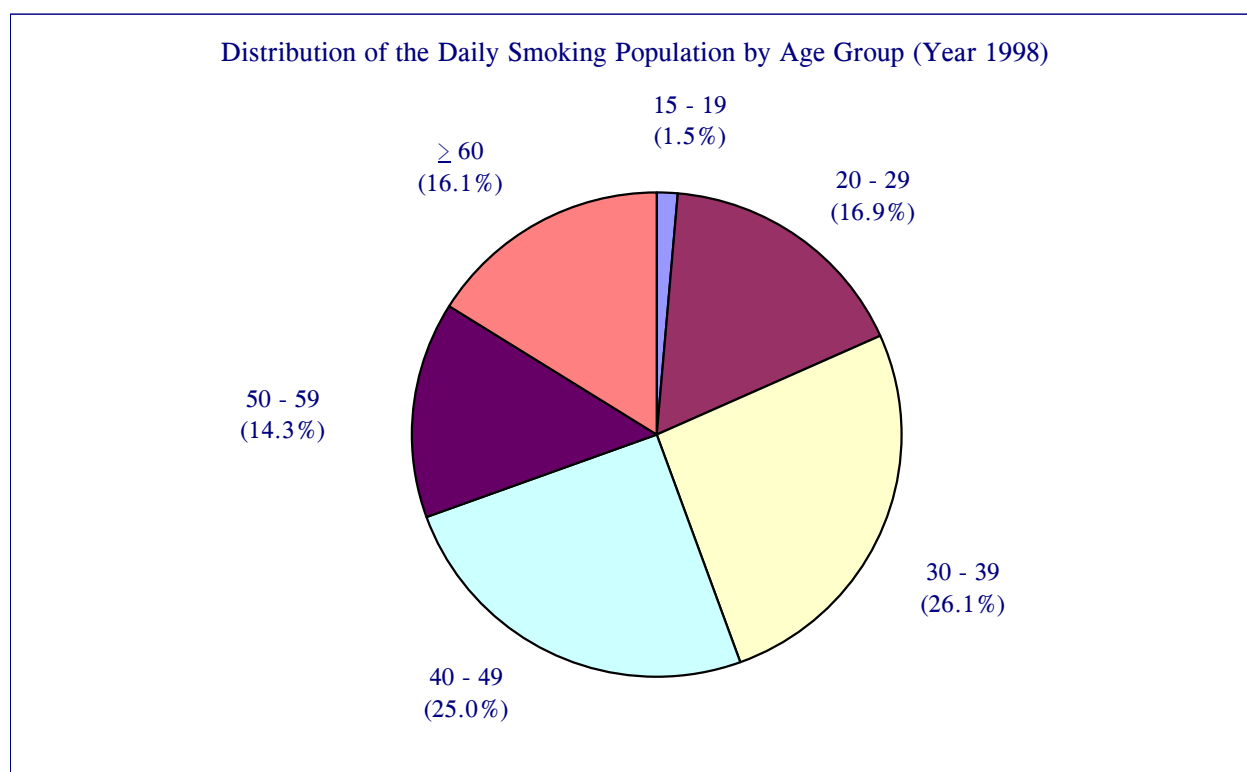


Chart 2 : Distribution of Daily Smokers by Age Group in 1998

WRITTEN ANSWER — Continued

1996

Age group	No. of persons ('000)	Male %	Rate*	No. of persons ('000)	Female %	Rate*	No. of persons ('000)	Overall %	Rate*
15 - 19	14.1	2.1	5.9	2.4	3.1	1.3	16.5	2.2	3.8
20 - 29	99.7	15.1	23.0	22.0	27.5	4.1	121.7	16.4	12.5
30 - 39	173.6	26.3	29.0	15.9	19.8	2.5	189.5	25.6	15.2
40 - 49	148.6	22.5	30.0	11.0	13.7	2.4	159.6	21.6	16.8
50 - 59	99.7	15.1	35.3	9.8	12.2	4.1	109.4	14.8	20.9
≥ 60	124.7	18.9	29.7	19.0	23.7	4.0	143.7	19.4	16.1
Overall	@ 660.3	100.0 (89.2)	26.7	80.1	100.0 (10.8)	3.1	740.4	100.0 (100.0)	14.8

Table 3: Number of Daily Smokers by Age and Sex in 1996

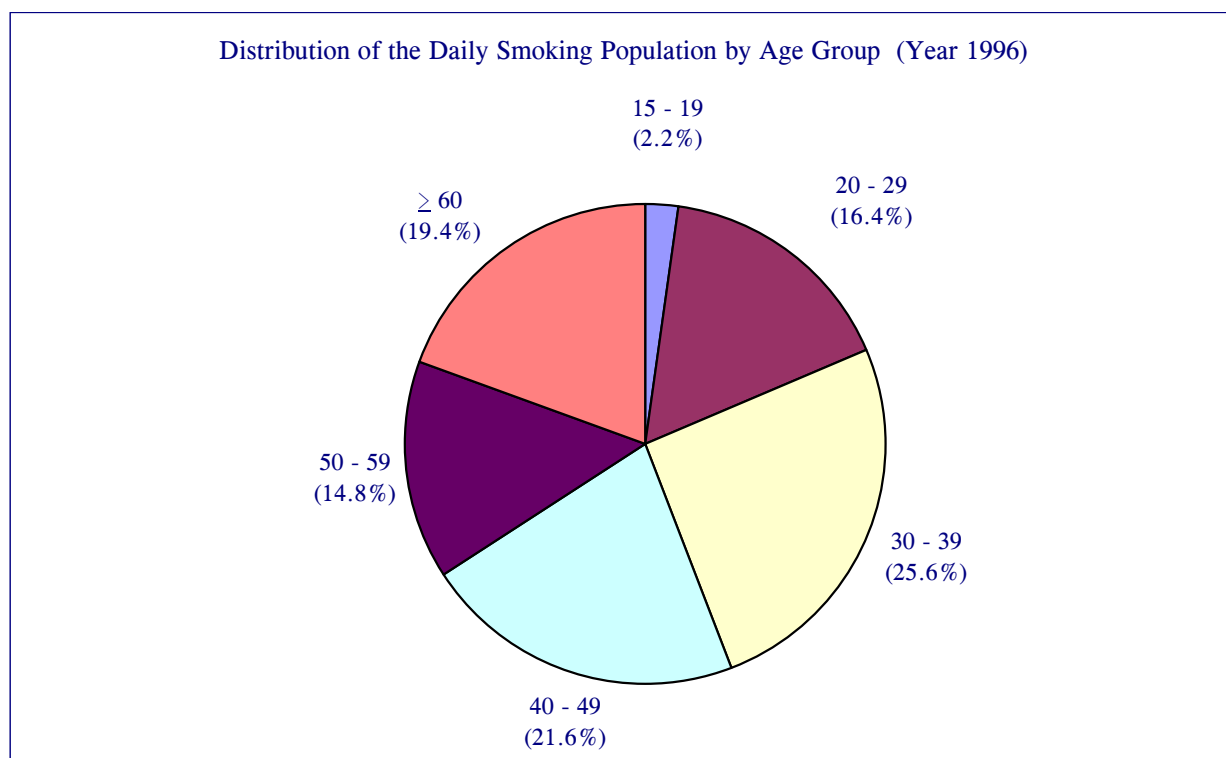


Chart 3 : Distribution of Daily Smokers by Age Group in 1996

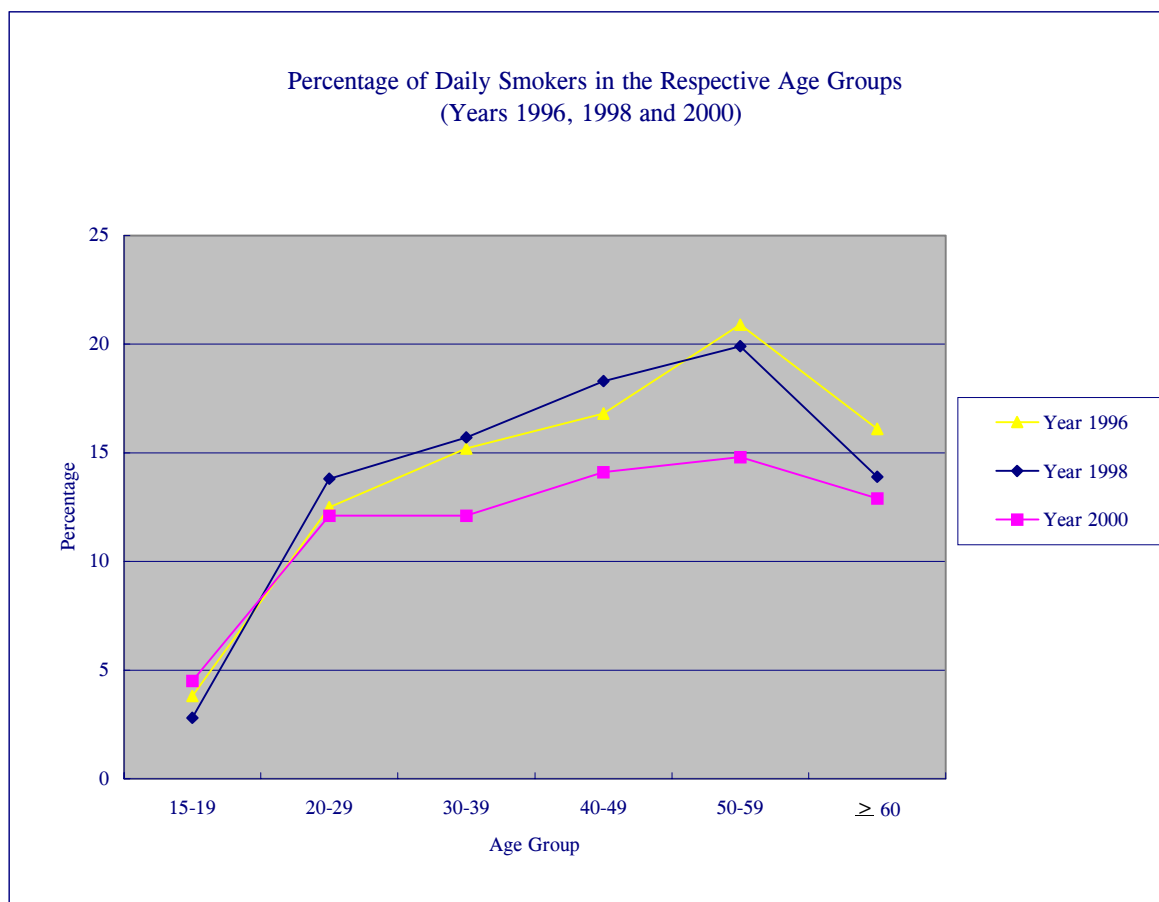
WRITTEN ANSWER — *Continued*

Chart 4: Percentage of Daily Smokers in the Respective Age Groups in Year 1996, 1998 and 2000

Notes : * As a percentage of all persons aged 15 and over in the respective age and sex sub-groups. For example, among all males age 15-19, 6.4% were daily smokers based on the 2000 enquiry.

@ Figures in brackets represent the percentages in respect of all daily smokers.

Annex VII

THE OMBUDSMAN (AMENDMENT) BILL 2001

COMMITTEE STAGEAmendments to be moved by the Chief Secretary for Administration

<u>Clause</u>	<u>Amendment Proposed</u>
Long title	<p>(a) By deleting "and" and substituting a comma.</p> <p>(b) By deleting the full stop and substituting ", and to provide for related matters."</p>
New	<p>By adding before clause 1 -</p> <p style="text-align: center;">"PART I</p> <p style="text-align: center;">PRELIMINARY".</p>
New	<p>By adding before clause 2 -</p> <p style="text-align: center;">"PART II</p> <p style="text-align: center;">AMENDMENTS TO THE OMBUDSMAN ORDINANCE".</p>
2	By deleting "(2)(a)" and substituting "(1)".
3	<p>By deleting paragraphs (a) and (b) and substituting -</p> <p style="padding-left: 40px;">"(a) by repealing subsections (1) to (3) and substituting -</p>

ClauseAmendment Proposed

"(1) For the purposes of this Ordinance, there shall be a corporation sole known as "The Ombudsman".

(2) The Ombudsman shall have perpetual succession and -

(a) may sue and be sued in that corporate name; and

(b) shall have an official seal.

(3) The Chief Executive shall in writing under his hand appoint a person to be The Ombudsman.

(3A) A person appointed to be The Ombudsman shall, subject to subsection (4), hold office for a period of 5 years and shall be eligible for reappointment.";"

5 By deleting paragraph (b) and substituting -

"(b) by repealing subsection (2) and substituting -

"(2) All provisions, except sections 3(3), (3A) and (4), of this Ordinance that apply to the person appointed to be The Ombudsman shall apply to the person appointed to act as The Ombudsman."."

ClauseAmendment Proposed

New By adding -

"5A. Staff of Ombudsman

Section 6(2) is amended by repealing everything after "shall be" and substituting "determined by The Ombudsman."."

6 In the proposed section 6A, by adding "technical or professional" before "advisers".

8 By deleting the clause and substituting -

"8. Functions and powers of Ombudsman

Section 7 is amended by adding -

"(1A) The Ombudsman may do all such things as are necessary for, or incidental or conducive to, the better performance of his functions, and in particular, but without prejudice to the generality of the foregoing, may -

(a) acquire and hold property of any description if in the opinion of The Ombudsman such property is necessary for -

(i) the accommodation of The Ombudsman or any person appointed under section 6(1);

ClauseAmendment Proposed

(ii) the performance of any of his functions,

and, subject to the terms and conditions upon which such property is held, dispose of it;

(b) enter into, carry out, assign or accept the assignment of, vary or rescind, any contract, agreement or other obligation."."

10

In the proposed section 11B -

(a) by deleting subsections (1) and (2) and substituting -

"(1) The Ombudsman may decide to deal with a complaint by mediation under this section if he is of the opinion, having regard to all the circumstances of the case, that the subject matter of the complaint involves no, or only minor, maladministration.";

(b) in subsection (3), by deleting "For the purposes of subsection (2)(b), the" and substituting "The";

(c) by adding -

"(3A) The person appointed to be The Ombudsman under section 3(3) shall not participate as a mediator in any mediation.".

ClauseAmendment Proposed

New By adding before clause 20 -

"PART III

SAVINGS AND TRANSITIONAL PROVISIONS".

20 By deleting the clause and substituting -

"20. Interpretation

In this Part, unless the context otherwise requires -

"amended Ordinance" (經修訂條例) means The Ombudsman Ordinance as amended by Part II;

"appointed day" (指定日期) means the day on which Part II comes into operation;

"former Ombudsman" (前專員) means The Ombudsman within the meaning of The Ombudsman Ordinance;

"new Ombudsman" (新專員) means The Ombudsman within the meaning of the amended Ordinance;

"The Ombudsman Ordinance" (《申訴專員條例》) means The Ombudsman Ordinance (Cap. 397) that is in force immediately before the appointed day.

20A. Vesting of property, rights and liabilities

(1) All property, rights and liabilities of the former Ombudsman shall be vested in the new Ombudsman as from the appointed day by virtue of this section.

ClauseAmendment Proposed

(2) Nothing in this Ordinance affects the validity of anything lawfully done by or in relation to the former Ombudsman before the appointed day.

(3) Anything that immediately before the appointed day is in the process of being done by or in relation to the former Ombudsman may be continued by or in relation to the new Ombudsman to the extent that it is consistent with this Ordinance.

20B. Continuance of appointment

(1) Subject to subsection (2), the person holding office as The Ombudsman under The Ombudsman Ordinance immediately before the appointed day is taken as from that day to have been appointed as The Ombudsman under section 3(3) of the amended Ordinance with the same terms and conditions as those which were applicable to the person immediately before that day.

(2) The person taken to have been appointed as The Ombudsman under subsection (1) holds that office only for the unexpired term under his previous appointment, but is eligible for reappointment under section 3(3A) of the amended Ordinance.

(3) Subject to subsection (4), a person who has been appointed by the former Ombudsman under section 6 of The Ombudsman Ordinance and who holds office immediately before the appointed day is taken as from that day to have been appointed by the new Ombudsman under section 6 of the amended Ordinance to the same office with the same terms and conditions as those which were applicable to the person immediately before that day.

ClauseAmendment Proposed

(4) The person taken to have been appointed by the new Ombudsman under subsection (3) holds his office only for the unexpired term under his previous appointment under section 6 of The Ombudsman Ordinance.

(5) The effect of subsection (3) in relation to any employment contract with the former Ombudsman that is in force immediately before the appointed day is to modify that contract as from that day by substituting the new Ombudsman for the former Ombudsman and, notwithstanding any other law, employment with the former Ombudsman and the new Ombudsman under an employment contract to which that subsection applies is taken to be a single continuing employment with a single employer."

21 By deleting the heading "**Related Amendments to Prevention of Bribery Ordinance**" before the clause and substituting -

"PART IV

RELATED AMENDMENTS TO PREVENTION OF
BRIBERY ORDINANCE".

THE OMBUDSMAN (AMENDMENT) BILL 2001

COMMITTEE STAGEAmendments to be moved by the Honourable Margaret NGClauseAmendment Proposed

3

By deleting the clause and substituting -

"3. Appointment and tenure of office

Section 3 is amended -

- (a) by repealing subsections (1) to (3) and substituting -

"(1) For the purposes of this Ordinance, there shall be a corporation sole known as "The Ombudsman".

(2) The Ombudsman shall have perpetual succession and -

- (a) may sue and be sued in that corporate name; and

- (b) shall have an official seal.

(3) The Chief Executive shall in writing under his hand appoint a person to be The Ombudsman.

(3A) A person appointed to be The Ombudsman shall, subject to

ClauseAmendment Proposed

subsection (4), hold office for a period of 5 years and shall be eligible for reappointment for not more than 1 further period of 5 years.";

(b) in subsections (5) and (6), by adding "the person appointed to be" before "The Ombudsman";

(c) by adding -

"(7) The financial and report provisions set out in Schedule 1A shall have effect with respect to The Ombudsman."."

Annex VIII

律政司

刑事檢控科
商業罪案組香港金鐘道 66 號
金鐘道政府合署高座 7 樓

圖文傳真：852-2869 0236

DEPARTMENT OF JUSTICE
Prosecutions Division
Commercial Crime Unit7/F., High Block
Queensway Government Offices
66 Queensway, Hong Kong

Fax: 852-2869 0236

本司檔號 Our Ref.: DCCC 524/2001

來函檔號 Your Ref.:

電話號碼 Tel. No.: 2867 2260

Clerk to the Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

13 November 2001

Dear Sir,

**Application for special leave of the Legislative Council
for Mr. Fung Choi-cheung, Ricky, Ms. Tai Yin-ping, Flora and
Ms. Chan Man-ling, Doris to give evidence of Council Proceedings
in DCCC No. 524 of 2001**

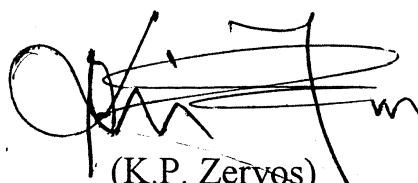
This is an application for special leave of the Legislative Council under section 7 of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) for Mr. Fung Choi-cheung, Ricky (Mr. Fung), Secretary General of the Legislative Council Secretariat, Ms. Tai Yin-ping, Flora (Ms. Tai), Chief Assistant Secretary of the Legislative Council Secretariat, and Ms. Chan Man-ling, Doris (Ms. Chan), Chief Assistant Secretary of the Legislative Council Secretariat, to give evidence in the case of *HKSAR v Cheng Kai-nam, Gary*, DCCC No. 524 of 2001 in respect of the contents of minutes, records of evidence or any documents laid before the Legislative Council or a committee or subcommittee of the Legislative Council.

The reason for the application is as follows. Mr. Cheng Kai-nam, Gary (Mr. Cheng) is a former member of the Legislative Council who is being prosecuted for one charge of false accounting, contrary to section 19(1)(a) of the

Theft Ordinance (Cap. 210), two charges of theft, contrary to section 9 of the Theft Ordinance (Cap. 210), one charge of accepting an advantage as a public servant, contrary to sections 4(2)(a) and 12(1) of the Prevention of Bribery Ordinance (Cap. 201) and one charge of misconduct in public office, contrary to Common Law. It is alleged that Mr. Cheng in his capacity as a member of the Legislative Council accepted an advantage and/or engaged in misconduct in the discharge of his public office in relation to the appointment of members to the Hong Kong Sports Development Board. Mr. Fung is required to give evidence in relation to Mr. Cheng's position as a member of the Legislative Council and his attendance and participation in meetings of the Legislative Council and its panel and subcommittee in relation to the Hong Kong Sports Development (Amendment) Bill 1999. Ms. Tai and Ms. Chan are required to give evidence by producing the relevant minutes thereto.

The statements of Mr. Fung, Ms. Tai and Ms. Chan and the documents they are required to produce are attached to this application.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'K.P. Zervos', written over a horizontal line.

(K.P. Zervos)

Deputy Director of Public Prosecutions (Ag.)

Annex IX

**A list of statements and documents provided by the witnesses
(compiled by the Legislative Council Secretariat)**

Name of Witness	Document	Reference
Ricky FUNG Choi-cheung	Statement of Ricky FUNG (dated 21 February 2001)	---
	The Legislative Council Oath of Mr CHENG Kai-nam	RF/1
	Letter dated 19.9.2000 from Mr CHENG Kai-nam (Re: Decision not to accept the seat in the new session of the Legislative Council with effect from 19.9.2000)	RF/2
	Rules of Procedure of the Legislative Council of the Hong Kong Special Administration Region (Amended to 9 September 1998)	RF/4
Doris CHAN Man-ling	Statement of Doris CHAN (dated 16 February 2001)	---
	LC Paper No. CB(2) 291/99-00 dated 8 November 1999 (Re: Minutes of the first meeting of the Bills Committee on Hong Kong Sports Development Board (Amendment) Bill 1999 held on 26 October 1999)	DC/1
	LC Paper No. CB(2) 2069/99-00 dated 20 May 2000 (Re: Minutes of the meeting of the Bills Committee on Hong Kong Sports Development Board (Amendment) Bill 1999 held on 9 November 1999)	DC/2
	LC Paper No. CB(2) 1720/99-00 dated 13 April 2000 (Re: Minutes of the meeting of the Bills Committee on Hong Kong Sports Development Board (Amendment) Bill 1999 held on 6 December 1999)	DC/3
	LC Paper No. CB(2) 49/99-00 dated 11 October 1999 (Re: Invitation to join the Bills Committee on Hong Kong Sports Development Board (Amendment) Bill 1999)	DC/4
Flora TAI Yin-ping	Statement of Flora TAI (dated 16 February 2001)	---
	LC Paper No. CB(2) 2574/98-99 dated 15 July 1999 (Re: Minutes of special meeting of LegCo Panel on Home Affairs held on 18 May 1999)	FT/19
	LC Paper No. CB(2) 2923/98-99 dated 23 August 1999 (Re: Minutes of special meeting of LegCo Panel on Home Affairs held on 27 May 1999)	FT/20