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# DAILY INFORMATION BULLETIN

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ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL.: 2842 8777

Wednesday, April 3, 1996

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### Improved subsidy rate for kindergartens

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Up to 90 per cent of all kindergartens in Hong Kong will be eligible for subsidy under revisions to the Education Department's Kindergarten Subsidy Scheme which were approved by the Governor-in-Council on Tuesday (April 2).

The revisions, which applied to the annual adjustments of the subsidy rate and the cut-off point for eligibility, will take effect from this September subject to approval by the Legislative Council's Finance Committee.

According to the revisions, the 1996/97 school year will see a 14 per cent increase in the annual subsidy rate to \$790 per pupil per annum while the eligibility cut-off point for kindergartens will be raised to \$11,700 per pupil per year. These compare with a subsidy rate of \$695 and a cut-off point at \$8,300 in the present Scheme.

Acting Assistant Director of Education, Mr Wai Kwok-bong, said the basis of subsidy had been revised to take account of both inflation and the annual increment of teachers.

He said that enhancement of the eligibility cut-off point would enable up to 90 per cent of kindergartens to join the Scheme.

"While a 90 per cent coverage is considered reasonable, the remaining 10 per cent of kindergartens are charging comparatively higher school fees, and they should be able to absorb through their school fee income the additional expenses arising from Government's new regulatory requirements for kindergartens," he said.

"Therefore, it was considered that our available resources should not be directed to this group."

The revisions were proposed by an Education Department working group set up in October 1995 following an undertaking in the 1995 Policy Address to review the Scheme. The review was conducted in the light of operational experience of the Scheme and feedback from kindergarten operators and other concerned parties.

The revisions mean that kindergartens charging school fees not exceeding the cut-off point of \$11,700 per pupil per year in the 1995/96 school year will be eligible to apply for a subsidy based on a rate of \$790 per pupil per year in 1996/97, Mr Wai explained.

"For a standard kindergarten with 320 pupils, the revised subsidy will be \$252,800 per year. For one with 80 or fewer pupils, a flat rate of \$63,200 per year will be paid," he said.

Meanwhile, to streamline the operation of the Scheme, the working group has also proposed various other improvements which will be made to the administrative arrangements. These included the setting up of a Vetting Committee to decide on special and appeal cases, and an advancement in the timing for the second payment of the subsidy from May to April each year.

The Kindergarten Subsidy Scheme, introduced in September 1995, is aimed at improving the quality of kindergarten education and to minimise the impact of fee increases on parents as a result of Government's new regulatory requirements on kindergartens.

Mr Wai added that there is a three-year transitional period (school years 1995/96 to 1997/98), during which profit-making kindergartens can join the Scheme by converting to non profit-making (NPM) status.

"During the transition, profit-making kindergartens under the Scheme have to show to the satisfaction of the Director of Education that substantive progress has been made in the conversion to NPM status," Mr Wai said. "From the 1998/99 school year, the subsidy scheme will be restricted to non-profit-making kindergartens."

Under the current cut-off point, about 72 per cent of kindergartens were eligible to join the Scheme in the 1995/96 school year, with a total of 236 actually joining.

According to Government's regulatory requirements introduced in 1995/96, kindergartens are required to employ a minimum of 40 per cent trained teachers who have completed the basic training course by September 1995 and the advanced course by September 1997.

"We intend to conduct a comprehensive review in the 1998/99 school year, i.e., after the Scheme has been implemented for three years, to take stock of how well the Scheme has been operating," he said.

End

Wide-ranging recommendations in Waste Reduction Study

\* \* \* \* \*

The Legislative Council Environmental Affairs Panel was briefed by the Government today (Wednesday) on the consultants' findings and recommendations in the Waste Reduction Study which reviews the municipal waste-related activities in Hong Kong and develops a long-term plan to reduce municipal waste.

The main recommendations made in the study, which was commissioned by the Environmental Protection Department, are:

- (1) Producer responsibility schemes be set up to require manufacturers and importers of particular product groups to take responsibility for the management of the wastes generated from their products.
- (2) Sectoral schemes be organised to encourage different establishments in a sector to adopt similar waste reduction measures.
- (3) A wastewise scheme be set up jointly by industry and Government to facilitate and to monitor waste reduction initiatives adopted by participating companies.
- (4) Potential for building incinerators to modern standards with energy recovery device - known as Waste Fired Power Generation (WFPG) should be assessed in detail. If proved appropriate, WFPG plants which could reduce waste by 90 per cent in volume and by 70 per cent in weight should be constructed.
- (5) A recycling scheme be set up by the Government with funding contributions from the private sector to encourage recovery of recyclable wastes. The scheme will involve payment to organisations, such as companies engaged in waste collection/recycling operations.
- (6) Green labelling schemes be set up to help consumers select products with waste reduction implications.
- (7) Building regulations be amended to encourage the provision of dedicated areas in new buildings for handling waste recycling. Such areas should be exempted from gross floor area calculations for computing plot ratio.

- (8) Town plans should be revised to make available suitable sites for tendering or bidding only by waste recyclers to conduct their activities.
- (9) A dedicated Waste Reduction Team within the Government and a Waste Reduction Task Force representing the wider views of the community be formed to drive the Waste Reduction Plan.

Other recommendations include dedicated publicity and education campaigns, preferential purchase, launching of a waste composting programme, and monitoring and review of the waste reduction strategy.

The consultants have also recommended that Hong Kong should achieve by 2005 the targets of stabilising the amount of municipal waste requiring treatment and disposal at 1996 levels and of reducing by 21 per cent municipal waste requiring landfilling through bulk waste reduction technology.

A government spokesman said: "We need to formulate an effective waste reduction strategy because municipal waste is expected to increase by 40 per cent in 10 years - from 4 million tonnes in 1995 to 5.6 million tonnes in 2005. "If the increase goes unchecked, Hong Kong will in the next few years need more new landfills. This is difficult and expensive in a compact place like Hong Kong where land supply is always in great demand."

The spokesman emphasised that the Government has not taken a view on the consultants' recommendations.

"We are now seeking views from major commercial and industrial organisations, relevant advisory bodies and concerned groups.

"These views will help us formulate a Waste Reduction Plan for further consultation with the public later in the year," the spokesman said.

End

Release of VMs from detention

\* \* \* \* \*

A total of 207 Vietnamese migrants were released from detention today (Wednesday) as a consequence of the Privy Council judgment.

It was established this morning on further verification that seven had been cleared for return to Vietnam. They were not according released.

The group comprises 77 men, 58 women, 36 boys and 36 girls.

End

More agreements lodged with Land Registry in March

\* \* \* \* \*

A total of 11,917 sale and purchase agreements for building units, which include both residential and non-residential properties, were lodged with the Land Registry last month.

The figure represents, an increase of 29.9 per cent from that of February this year, and an increase of 59 per cent when compared with March last year.

The total consideration of these agreements in the month is \$37.42 billion, up 43.8 per cent and 83.4 per cent as compared with the amounts for February 1996 and March 1995 respectively.

The figures are contained in the monthly statistics released today (Wednesday) by the Land Registry on deeds relating to property transactions received for registration in the Urban and New Territories Land Registries last month. Relevant statistics for February 1996 and March 1995 were provided for comparison.

Figures on sale and purchase agreements received for the past 12 months and the year-on-year rate of change were also released.

These statistics generally relate to land transactions executed up to four weeks prior to their submission for registration, as there is usually a time lag between the execution of deeds and their lodgement for registration.

End

EMSD's Energy Efficiency Label for two refrigerator models

\* \* \* \* \*

The Electrical and Mechanical Services Department (EMSD) announced today (Wednesday) that they have approved the use of the Energy Efficiency Label on two refrigerator models.

Accordingly, consumers will be able to find these labels displayed on participating products shortly. The label has been designed to provide easy, pre-purchase information to consumers to assist them in choosing energy efficient appliances. It shows, among other things, the annual electricity consumption and the efficiency grading of the refrigerator.

The labels were granted under the Hong Kong Voluntary Energy Efficiency Labelling Scheme for Household Refrigeration Appliances that was introduced by the Energy Efficiency Advisory Committee last year.

The Department is responsible for the administration of the scheme. Only products that have undergone the prescribed performance tests and having been admitted to the scheme can display such a label, which applies to household refrigeration appliances for distribution in Hong Kong, but does not cover units already in use.

A spokesman for the Department said more agents were expected to join the scheme in the future.

"Energy label has become a global initiative for reducing energy consumption and green-house gas emission. Countries like Australia, Canada, United States and those in the European Union all have requirements mandating the display of energy label on specific types of appliances," he said.

The spokesman explained that the label gave concise information on annual energy consumption, energy efficiency grading, and other important figure such as the volume of respective storage compartments. Relevant test data were determined in accordance with the international standards ISO 8187, and thus helped to dispel problems arising from the use of inconsistent test methods.

The energy efficiency grading of the product is assessed on a scale of one to five. Grade one is the most energy efficient and at least 35 per cent more efficient than average products of comparable volume.

"The Department will carry out random spot checks in distribution outlets to ensure that the label is correctly displayed on refrigerator units. Unauthorised use of the label would be liable to prosecution," he said.

Meanwhile, he added, the department was developing a similar voluntary energy efficiency labelling scheme for room-coolers, planned for launching in mid-1996. Other types of household appliances were also under investigation.

Information leaflets on the energy label are available from District Offices, Customer Services Centres of the electric power companies, and the Consumer Council. The leaflets are also obtainable from the EMSD Customers Services Centre located on ground floor, 98 Caroline Hill Road, Causeway Bay. For enquiries, please phone the EMSD Energy Efficiency Office at 2881 1562.

End

#### Applications Mortgage Interest Subsidy Scheme invited

\* \* \* \* \*

The Education Department is inviting eligible full-time employees holding subvented posts in aided schools to apply for assistance under the 1996-97 Mortgage Interest Subsidy Scheme (MISS).

Chief Executive Officer, Peter Kan Tat-sing, said today (Wednesday) that eligible staff are:

- \* those receiving a monthly basic salary equivalent to Master Pay Scale point 22 or above (\$23,080 or more) and having a minimum of 10 years' continuous recognised service as at April 30; or
- \* those receiving a monthly basic salary below Master Pay Scale point 22 who have a minimum of 20 years' continuous recognised service as at April 30.

"Priority for admission to the scheme will be based on the length of service in excess of the minimum qualifying service set out above," he said.

Where two applicants have the same length of service in excess of the minimum, priority will be given to the older applicant, he added.

Circulars, application forms and relevant information leaflets have been sent to schools.

Under the scheme, successful applicants will receive a monthly subsidy for payment of interest on their home mortgage loan.

The closing date for submitting applications is May 15.

Enquires about the scheme should be directed to the Mortgage Interest Subsidy Scheme Section on 2961 7406 or 2961 7409.

End

#### Student Finance Scheme application arrangements announced

\* \* \* \* \*

The Student Financial Assistance Agency (SFAA) which administers the Government's Local Student Finance Scheme (LSFS) today (Wednesday) announces the arrangements for applications in respect of the 1996-97 academic year.

LSFS is a means-tested scheme, which provides financial assistance in the form of grant and/or loan to needy students attending full-time recognised courses at the City University of Hong Kong, the Hong Kong Baptist University, the Hong Kong Polytechnic University, the Lingnan College, the Chinese University of Hong Kong, the Hong Kong University of Science and Technology, the University of Hong Kong, the Hong Kong Technical College (Chai Wan), the Hong Kong Technical College (Tsing Yi), the Prince Philip Dental Hospital (for students studying the course leading to Diploma in Dental Technology only), and the Hong Kong Institute of Education (for students studying full-time pre-service two-year or three-year courses or other full-time recognised courses.)

Applicants must either have the right of abode in Hong Kong or have resided or have had their homes in Hong Kong continuously for at least three years immediately prior to the commencement of their courses.

Current students may obtain application forms from their respective institutions. New students admitted by the above mentioned universities and colleges may obtain application forms from the institutions concerned at the time of registration.

Students should submit their applications to SFAA via their respective institutions. Applicants whose sibling(s) is/are also applying for LSFS (1996-97) at the same time should hand in their applications, together with those of their siblings, to the institutions of either of the siblings.

Applicants who wish to apply for student travel subsidy should do so by completing the appropriate section in the same application form.

Completed applications should be returned to the applicant's institution before the deadline as specified below:

Current students

: April 26, 1996

(The deadline for current students of the Hong Kong Institute of Education is June 21, 1996)

New students

- (1) Hong Kong University of Science and Technology : September 13, 1996
- (2) Lingnan College : September 18, 1996
- (3) Hong Kong Baptist University : September 20, 1996
- (4) City University of Hong Kong : September 27, 1996
- (5) Hong Kong Polytechnic University : October 11, 1996
- (6) Prince Philip Dental Hospital : October 16, 1996
- (7) Hong Kong Institute of Education : October 25, 1996
- (8) Hong Kong Technical College (Tsing Yi) : October 25, 1996
- (9) Hong Kong Technical College (Chai Wan) : October 25, 1996
- (10) Chinese University of Hong Kong : the second Friday after the commencement of the first semester (1996-97)

- (11) University of Hong Kong : 21 days from the date of offer of admission
- (12) For postgraduate students newly enrolled to their courses in 1996-97 : The deadline is two two months from the date of registration (in any case not later than end of February 1997)

Financial assistance for applicants is assessed on the basis of their family income less permitted deductions and divided by number of family members to arrive at their annual disposable income, which will determine their grant/loan entitlements.

Applicants whose family assets exceed a set limit will have their assistance reduced.

If necessary, the applicant and/or an adult member of his/her household who is fully aware of the family's circumstances will be invited to attend an interview at SFAA to clarify information reported in the application.

Starting from the 1995-96 academic year, an extended loan scheme (ELS) has been established as an additional component of LSFS to help those applicants who fail the means test and those successful applicants with a low level of financial assistance under LSFS.

Under ELS, unsuccessful applicants of LSFS with annual disposable incomes exceeding the corresponding cut-off points but below certain maximum levels would be offered a special loan under a sliding scale at an interest rate of four per cent per annum.

The assistance level of ELS will be reviewed annually.

Furthermore, those successful applicants under LSFS with entitled loans below the ELS maximum level would be offered an additional loan at an interest rate of four per cent per annum to top up the difference.

The Agency's spokesman makes a special note of warning that incorrect or inaccurate information provided in applications not only would lead to their rejection but might also give rise to criminal proceedings against the applicants.

Applicants are advised that they should make sure all supporting documents are attached to their application forms. Applications not duly completed or without full set of supporting documentary proofs may not be processed so expeditiously.

Enquiries should be directed to SFAA at ninth floor, National Mutual Centre, 151 Gloucester Road, Wan Chai, Hong Kong, Tel 2802 1666.

End

Blankets to warm up street sleepers

\* \* \* \* \*

The Social Welfare Department last (Tuesday) night distributed a total of 363 blankets to street sleepers throughout the territory to protect them from the cold weather. Of the total, 143 were given to street sleepers on Hong Kong Island, 40 in Kowloon East, 132 in Kowloon West, 22 in New Territories East and 26 in New Territories West. "It is a normal practice for the department to distribute blankets to street sleepers when the temperature drops to about 10 degrees Celsius," a department spokesman said. It was the sixth such exercise since the current winter season.

End

Tuen Mun lot to let

\* \* \* \* \*

The Lands Department is inviting tenders for the short-term tenancy of a piece of government land in Area 16, Tuen Mun.

The site, with an area of about 10,900 square metres, is intended for use as a fee-paying public car park or parking of the tenant's motor vehicles and ancillary activities.

The tenancy will be for two years and renewable quarterly.

Tender form, tender notice and conditions may be obtained from the District Lands Office, Tuen Mun, sixth floor, Tuen Mun Government Office, 1 Tuen Hi Road, Tuen Mun; the Lands Department, 14th floor, Murray Building, Garden Road, and the District Lands Office, Kowloon, 10th floor, Yau Ma Tei Car Park Building, 250 Shanghai Street, Kowloon.

Tender plan can also be inspected at these offices.

The closing date for submission of tender is noon on April 19.

End

Hong Kong Monetary Authority money market operations

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	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,483	0930	+316
Closing balance in the account	2,467	1000	+316
Change attributable to :	1100	+315	
Money market activity	+314	1200	+315
LAF today	-330	1500	+315
	1600	+314	

LAF rate 4.00% bid/6.00% offer TWI 123.5 \*-0.1\* 3.4.96

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.13	2 years	2802	5.16	98.80	5.93
1 month	5.00	3 years	3901	5.57	98.66	6.18
3 months	5.09	5 years	5103	6.75	100.64	6.70
6 months	5.15	7 years	7302	6.02	95.28	7.01
12 months	5.44	5 years	M502	7.30	101.83	6.94

Total turnover of EF bills and notes - \$28,138 million

Closed April 3, 1996

End



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FS's conclusion on the Appropriation Bill

\* \* \* \* \*

Following is the speech by the Financial Secretary, the Hon Donald Tsang, in concluding the debate on the second reading of the Appropriation Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

Introduction

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

My Budget Speech bore the title of "Building Our Prosperous Future" for three reasons. First, I wanted to lift the community's sights above the immediate horizon of 1 July 1997. Second, I wanted to focus the community's attention on Hong Kong's bright prospects over the next five years and beyond into the next millennium. Third, I wanted to offer the community a vision of Hong Kong's prosperous future. To identify the opportunities, as well as the challenges, which lie ahead.

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

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

### The Revenue Base and The Tax Net

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

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

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

I am well aware of the technical or theoretical criticisms which can be made of our tax regime. But we must not let technicalities or theory obscure the basic facts. Our very simple, low-tax regime has been a key element in our economic success. It has enabled us to fund the dramatic improvements in our social services and our infrastructure over the past 30 years. It is the envy of many developing and developed countries. No competing economy can rival it. I will take a lot of convincing that our successful tax system needs systematic review or radical change.

### Fiscal Reserves

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

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

I said in my Budget Speech that the appropriate level of reserves, over the long term, could be a matter of debate. But, I repeat, this is not the time to reduce the cushion provided by these reserves. Maintaining confidence, both locally and internationally, in the soundness of our financial system is of paramount importance in the remaining months before the birth of the SARG. Let me emphasise this point. I believe that our strong fiscal reserves and our prudent approach to the management of Hong Kong's public finances have been fundamental to the stability of our financial system. I am not prepared to try any new approaches or take any risks which might undermine our financial system or our economic competitiveness. I may be labouring the point, but I feel very strongly that Hong Kong's future success depends above all on sticking to the economic and financial principles which have brought us our past success.

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

### Supporting Business

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

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

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

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

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

#### Preparation of the 1997-98 Budget

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

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

We shall soon embark on the preparation of the 1997-98 Budget in full co-operation with the Chinese side. The Chinese side have agreed with us that this budget should cover the normal 12-month period with effect from 1 April 1997. Both sides have the same objective of producing a Budget which will be conducive to a smooth transition and Hong Kong's long-term prosperity. There is already a great deal of common ground on the basis and mechanisms for our co-operation. For example -

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

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

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

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

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

### Conclusion

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

End

Government undertakes pro-business pilot projects

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The Secretary for the Treasury, Mr K C Kwong, today (Wednesday) told the Legislative Council at the Budget debate that the newly formed Task Force on Helping Business chaired by him was determined to ensure that the Government would play a positive and proactive role in making Hong Kong a place for business to thrive.

He said that the Task Force planned to undertake several pilot projects which would examine the present methods of payment and collection by Government for business transactions, the possibility of placing Government forms on the Internet, the feasibility of establishing a one-stop business licence information centre and the ways and means of improving the processing of land exchanges, lease modifications and the related premium assessment and appeal procedures.

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

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Following is the full text of Mr Kwong's speech:

Mr President,

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

Expenditure Guidelines

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

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

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

What has this meant in practice? Over the past six years since we adopted this fixed reference point, GDP has risen by 37.2% in real terms in total, and during the same period government expenditure has risen by 37.7% in real terms. We have thus tracked GDP very closely during this time. This is what we mean when we say that, over time, we keep our expenditure growth in line with the trend growth rate of the economy. There may be relative ups and downs on a year to year basis, but over the six-year time frame since our fixed reference point government expenditure has tracked GDP fairly consistently. So I hope that Members will be reassured that not only do we have a principle that is worth sticking to, but in practice we have stuck to it - firmly.

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

### Spending on Infrastructure and Capital Works

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

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

Even if we confine ourselves to Government spending only, total spending on capital works will be 9% higher in real terms in 1996-97 than 1995-96. Over the Medium Range Forecast period, the real increase in capital works spending will average 7% a year. We established this rate of growth after taking careful account of the capacity of the Lands and Works Group of Departments to undertake the capital works programme in the coming years. Although the total forecast expenditure is somewhat below the level allowed in our expenditure guidelines, it is what we believe to be achievable given our manpower constraints. It also allows a steady expansion of our capital works programme in the years ahead.

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

### The Deficit

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

In accordance with the arrangement agreed in the Sino-British Land Commission, land premium upon receipt will first be deposited in the Suspense Account of the Capital Works Reserve Fund. Each quarter, after deduction for the average cost of land production, the premium income received in the preceding quarter is shared between the Hong Kong Government and the future Hong Kong Special Administrative Region Government. Thus, we will only receive in the first quarter of 1996-97 our share of the premium income from sites disposed of in the last quarter of 1995-96. In accordance with our accounting convention, such receipts are rightly counted as revenue for 1996-97. The same arrangement applied to the land premium received in the last quarter of 1994-95, and the year before and so on.

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

### Rates

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

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

On the proposal for an annual revaluation, I should perhaps remind Members that we have put it forward in response to suggestions from some Members in previous Budget debates that it would be preferable to have more frequent, say annual, but smaller increases in rates than a large increase every three years following a general revaluation. Let me make one thing very clear : the aim of the proposal is to soften the impact of revaluation, not to raise additional revenue. The proposal, if adopted, would also enhance fairness in the assessment of the rateable value of properties, as changes in rentals, which can be up or down, would be more accurately reflected. We will carefully examine the views of Members and of the public in determining whether a revaluation should be conducted on an annual basis after the forthcoming general revaluation.

#### Tax Relief for Housing-Related Expenditure

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

#### Fees and Charges

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

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

A Member suggested that we should consider allowing longer renewal periods for certain licences, or indeed completely doing away with them where appropriate. This is a helpful suggestion. I will certainly ask my colleagues to examine the idea in the context of their fee reviews and take it forward as far as practicable.

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

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

### Helping Business

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

In the first phase of our programme of work, we plan to undertake several pilot projects. We will examine the present methods of payment and collection by Government for business transactions, the possibility of placing Government forms on the Internet, the feasibility of establishing a one-stop business licence information centre and the ways and means of improving the processing of land exchanges, lease modifications and the related premium assessment and appeal procedures. We will also examine if we could provide an up-to-date Hong Kong Background Facts service to the business sector. In addition, there will be two departmental studies of the regulatory activities of the Marine Department and the Trade Department.

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

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

End

Speech by Secretary for Health and Welfare on Budget

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Following is a speech by the Secretary for Health and Welfare, Mrs Katherine Fok, at the Budget debate in the Legislative Council today (Wednesday):

Mr President,

This afternoon, before I address the main issues raised by Members in their speeches last week, I would like to reiterate that in this financial year, I have just over \$39 billion in recurrent expenditure - \$22.6 billion on health and \$16.5 billion on welfare. These figures represent real increases, that is over and above inflation, of 4.4% for health and 14.7% for welfare over last year.

**WELFARE**

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

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

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

## CSSA

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

Neither is CSSA, as some Members have suggested, the means to address social relativities based on a comparison of the lifestyle of those on CSSA and that of the majority of the population.

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

### CSSA Review Methodology

I should also like to address views by some members on the methodology used in the CSSA Review. The answer to the question how much is 'enough' cannot be totally objective. We sought to minimise subjectivity by using two approaches. First, we took data from the Household Expenditure Survey and compared the CSSA standard rates with what people in the lowest 5% to the lowest 20% income groups actually spend. Secondly, we drew up basic needs budgets, for goods and services in daily life for each category of CSSA recipient.

The findings of the two different approaches corroborated each other. We based our proposed increases on these objective findings.

### Rejoining the Workforce

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

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

### Portability

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

### Old Age Allowance

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

### Social and Recreational Grant for the Elderly

I note that our intention to introduce a new social and recreational grant for the elderly has also been welcomed, but concern has been expressed about our proposal to grant it on a reimbursement basis. Let me explain the background to this proposal. Our intention was to use the grant to supplement our other efforts to improve support through social networking for elderly persons living alone. We wanted pro-actively to encourage the elderly to join in with group recreational and social activities. In so doing they would benefit from a wider network of community support. The grant would have much less welfare value if spent on other things involving no community involvement. But we have now accepted that there is a need to balance the desirability of achieving this goal against the practical arrangements involved. We are, therefore, working on a much simplified system for payment of this grant to minimize the burden both on those claiming it as well as on those who are to process it.

### Elderly Policy

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

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

### Elderly Outreach and Social Networking

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

To bring all these together in a more structured approach, we have announced a new initiative to mobilise professionals and volunteers in the districts to reach out to the elderly. Our District Social Welfare Officers will work with other relevant Government departments to draw up a list of vulnerable elderly people living alone in every district. Service providers and volunteers from local organizations /groups will be identified to establish a network for the purpose of maintaining regular contacts with the elderly persons, to provide them with support and assistance, including making referrals for formal services when necessary. More professional staff, at an extra cost of about \$17 million, will be given to multi-service centres for the elderly for this two-year pilot project.

## HEALTH

Let me now turn to the health side.

### Health Centres for the Elderly

Several Members expressed concern about the utilisation of elderly health centres. We are conscious of the low utilization rate of this service, this is partly because of the newness of the concept of preventive care amongst the elderly. Nevertheless, recent enrolment figures show an increasing interest in the service. To boost this further, we have drawn up special publicity programmes to promote these centres. Moreover, elderly health centres and District Boards also jointly arrange health promotion activities which raise the centres' profile in the district.

### Primary Health Care

In the area of primary health care, our focus is on health promotion and education. Some Members have raised concern as to whether we have sufficient allocation for this purpose. I wish to stress that the provision allocated under the "Health Promotion" programme area does not on its own reflect all the Government expenditure on health promotion and education. Health promotion and education is an integral part of the activities under the "Disease Prevention" programme as well. The increase in the provision of these two programme areas is 11.5% as compared to 1995-96. Spending in these areas represents about 33% of the total amount allocated to the Department of Health. Furthermore, the services under curative and rehabilitative programmes also contain a strong element of health promotion. In addition, we set up the Health Care & Promotion Fund in May 1995 with \$80 million in May 1995 for the purpose of stepping up efforts on health promotion and disease prevention.

In the past few years, we have made new initiatives to enhance health promotion and disease prevention, such as the setting up of a District Health System, Woman Health Centres and Elderly Health Centres on a trial basis. Some Members have urged us to increase the number of these centres. Indeed, in 1996-97, we plan to extend the District Health System to two more districts in Kowloon and open one more Woman Health Centre, as well as three more Elderly Health Centres. As these are new initiatives, we shall be monitoring closely the delivery of these services and how best to extend these services to the remainder of the territory.

### Oral Health and Dental Policy

Similarly, on oral health policy, our emphasis is on oral health promotion and the prevention of dental diseases. We have promotional and preventive services for both pre-school and primary school children. Together, they cover about 546 000 children. We believe that with oral health promotion and prevention of dental diseases, a solid foundation is being laid down for future generation of adult population with good oral health conditions and oral hygiene practices backed with sound oral health knowledge.

Public dental services are only provided for emergency treatment to general public; specialist treatment to patient in public hospitals (including those with special needs); and inmates of correctional institutions.

### Health Care Financing

On the important issue of health care financing, some Members have highlighted the need to maintain an effective role performed by the private sector in complementing the services provided by public hospitals so that available resources can be focused on those in genuine need for subsidised medical care. While we have every reason to feel proud of the quality of our medical services, the community must make a decision how our health care system should evolve to meet the challenges of rising public expectations, escalating costs and ageing population within our low tax regime. We are examining the complex issues involved with a view to drawing up long-term strategies. Needless to say, we will take into account the points raised by Members and will look to this Council for support in implementing these proposals.

All in all, this year's Budget provides us with a significant increase in funding to help us achieve our targets to the benefit of our community.

Thank you, Mr President.

End

Speech by Secretary for Recreation & Culture on Budget

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Following is a speech by the Secretary for Recreation and Culture, Mr T H Chau, at the Budget debate in the Legislative Council today (Wednesday):

Several Members have asked that the royalties paid by ATV and TVB be reduced or waived altogether. In the consultation document on our pay TV review which was issued recently, we concluded that the case for reducing royalty rates for ATV and TVB beyond the cuts already made in 1993 had not been established. But we have also made it clear that we are prepared to listen to the representations of broadcasters and others, and we shall of course do so in the current consultation exercise.

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

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

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

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

The Commissioner for Television and Entertainment Licensing has assured me that, with an additional inspection team, he will have adequate resources in the coming year to increase further the number and frequency of surveillance inspections. I must emphasise that TELA does not just respond to or act on complaints. TELA referred 510 articles to the OAT for classification during the period from 1.1.96 - 31.3.96. Out of these cases, 83% were results of TELA's own monitoring. Only 17% were cases arising from public complaint. As a matter of fact, a great deal of TELA's staff time is devoted to ensuring that publishers, distributors and newspaper vendors alike are aware of the classification rulings handed down by the Obscene and Indecent Articles Tribunal and that these are duly complied with. Contraventions of OAT classifications or conditions will of course be liable to prosecution, which is also an integral part of TELA's work.

I would now like to turn to criticisms made by two Members on funding for the arts. In this regard, I find it necessary to reiterate and emphasise the funding system involved.

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

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

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

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

Members may wish to note that the two major organisations responsible for funding cultural, sports and recreational activities in Hong Kong are the Urban and Regional Councils. Together they manage the vast majority of our recreational and cultural facilities and enjoy the lion's share of public funding for culture and sports. The Urban Council will in 1996/97 spend \$901m on the arts and culture and \$1,846m on recreation and sports. The Regional Council has earmarked \$524m for the former and \$2,061m for the latter. In 1996/97, the two Councils' combined spending on the arts is 25 times that of Government's recurrent subvention to the ADC and their combined spending on sports and recreation is 50 times that of the subvention the SDB is going to receive from the Government. I leave Honourable Members to draw their own conclusions from these interesting comparisons.

Thank you.

End

\$4B Tai Wai-West Kowloon road link being considered

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The Secretary for Transport, Mr Haider Barma, said that the Government was considering the option of funding a \$4 billion road project which would link Tai Wai in the New Territories and West Kowloon.

Mr Barma revealed the plan at the Budget Debate in the Legislative Council today (Wednesday).

He stressed that there was no question of the Government not proceeding with justified projects simply because it could not be proceeded by way of Build, Operate and Transfer (BOT).

On traffic management schemes, Mr Barma said the Government remained firmly of the view that Electronic Road Pricing (ERP) was an efficient, equitable and flexible way of dealing with traffic congestion.

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The following is the full text of Mr Barma's speech:

Mr Deputy President,

May I begin by thanking all those Honourable Members who attended the special session of Finance Committee to discuss transport issues as well as those who have spoken during this budget debate. I am particularly grateful to the Hon Miriam Lau, the Hon Zachary Wong Wai Yin, the Hon Cheung Hon Chung and the Hon Law Cheung Kwok for reflecting the aspirations and views of the party to which they belong. This has provided us with a useful pointer regarding our transport policies and programmes.

The underlying message that has emerged is that the Administration must continue to invest in the transport infrastructure. This is precisely the approach that has been adopted by the Administration as evidenced by the \$25.6 billion spent on capital projects on transport over the past 5 years. And let me assure Hon Members that in the years ahead the Administration will continue to invest in new roads and railways to provide a comprehensive network for an efficient transport system capable of meeting the economic, social and recreational needs of the community into the 21st century.

Some Members have been skeptical, citing the 9.1% reduction in total expenditure on transport in the 1996/97 estimates. But this needs to be put in perspective bearing in mind that expenditure on transport-related projects in the Airport Core Programme peaked in 95/96. If this is set aside, as it should be, and we focus only on expenditure on roads and other transport projects, this year's estimates actually provide for an increase of \$765 million over 1995/96. This represents a real growth of 8.7%.

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

I am glad that the Honourable Miriam Lau supports private sector participation in the development of transport infrastructural projects. This is exactly what we have been doing. The Western Harbour Crossing and the Route 3 Country Park Section together cost over \$14 billion, are two notable examples. But not all projects are suitable for private sector participation because they may not be commercially viable. Let me stress that there is no question of the Government not proceeding with justified projects simply because we cannot proceed by way of BOT. For example, in the case of Route 16, a major road project linking Tai Wai in the New Territories and West Kowloon, we are now considering the option of funding this project, estimated to cost over \$4 billion, under the public works programme.

Mr Deputy President, the Administration's determination to invest in the road infrastructure is reflected in our 5 year forecast with \$28.7 billion earmarked up to the financial year 2000/2001. Many other administrations would be envious of this amount of funding for transport and, indeed, the business environment we have developed to attract BOT investments.

Turning now to the Railways, the blueprint for the future has been embossed in the Railway Development Strategy. I acknowledge the strong support for the implementation of our 3 top priority projects, namely the Western Corridor Railway, the Tseung Kwan O extension and the Ma On Shan to Tai Wai link coupled with the Hung Hom to Tsim Sha Tsui loop. Hon Members have commented at length and, in particular, have urged the acceleration of these 3 railway systems.

Let me briefly re-cap the present position. What the Kowloon-Canton Railway Corporation did last November was to submit their outline proposal for building the WCR. The Corporation now needs to carry out more detailed studies to provide the necessary information to support in-depth consideration by and discussion with the Administration, so that a project agreement can eventually be drawn up. Likewise, the Mass Transit Railway Corporation is in the process of finalising their recommendations for building the Tseung Kwan O extension. We expect to commence dialogue with the MTRC within the next 2 months. Separately, the engineering feasibility study on the third priority is expected to be completed by the end of this year. We shall then be in a better position to determine how best to take this project forward.

All these 3 priority projects present enormous engineering, legal, land, environmental and financial dimensions which will require detailed scrutiny and, in fact, much of 1996 will be taken up in examining these complex issues. This has been envisaged and included in the overall timetable. The Administration will also be drawing up the legislative framework and deciding how best to tackle the land resumption problem. However, this does not mean that the 2 railway corporations have to sit back and wait. There is plenty of preparatory work they can and need to undertake in tandem.

Some Members are concerned that apart from the \$15 million that has been earmarked in the estimates for the provision of additional staff to handle the planning work involved the Administration has not provided any equity injection for the 3 railway projects. Funding now will be premature since we have yet to agree on the final alignment, costs and financial parameters. But what is important and significant, is that the Financial Secretary has put down a specific marker in his budget speech, recognising the need for Government funding. Let me quote him. "One of the probable calls on these funds will be the need for capital injections into the KCRC and perhaps the MTRC towards the cost of the priority railway development projects. At the present time, the precise cost, timing and mode of financing of these projects are uncertain."

One final point on railways. We have kept the Chinese authorities up-to-date on the present state of play on these 3 projects, as is the requirement for all major projects straddling 1997, we shall need to consult them before firm decisions are taken.

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

As for traffic management schemes, this is an on-going exercise. In 1995 Transport Department implemented over 1800 projects ranging from the introduction of no waiting and no parking zones in busy districts to the implementation of the bus-only lane on Tuen Mun road. Major road junctions on Hong Kong Island, in Kowloon and Tsuen Wan are already largely controlled by computerised traffic lights. In July this year, we will call for tenders to extend the area traffic control system to Sha Tin. On a broader front, subject to funding approval from Hon Members, we shall proceed with the consultancy study on major bus only lanes.

Electronic Road Pricing is, of course, another major traffic management initiative. I thank the Hon Zachary Wong for his confirmation that the DP supports our proposal for a feasibility study on introducing ERP. Having regard to the views expressed by Honourable Members, we are now giving further thought to what we should ask the consultants to do and will seek funding from Finance Committee shortly. We remain firmly of the view that ERP is an efficient, equitable and flexible way of dealing with traffic congestion.

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

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

Thank you.

End

S for S on Budget debate

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Following is a speech by the Secretary for Security, Mr Peter Lai, at the resumption of the Budget debate in the Legislative Council today (Wednesday):

Mr President,

At the debate on the Governor's Address in this Council on 2 November 1995, I outlined the policy directions in the Security Branch's programme areas, and the steps that we would take in the coming year to implement these policy directions. I am pleased to say that the provisions in the 1996/97 Budget enables us to fulfil our pledges.

**To Meet the Community's Aspirations**

Combating Crime

There is no doubt that the community places particular importance on the maintenance of law and order. Violent crimes, and triad-related crimes are the two areas where the average men or women in the streets are most concerned about. We have achieved substantive success in reducing violent crimes : the violent crime rate has decreased by 6.4% in the past 3 years; more noticeably armed robberies have decreased by 44% during the same period. Triad-related crimes, however, have not shown a similar down-trend. We have, with the support of this Council, put in place the necessary tough legislation - the Organised and Serious Crimes Ordinance; we have last year strengthened the intelligence capability of the Organised and Triad Society Bureau; we have put in place a witness protection scheme, and are planning to introduce new legislation shortly on change of identity for witnesses. In the coming year, the Budget provides for a substantial increase in the strength of Police Regional and District anti-triad units. I am grateful for Honourable Members' support for this proposal. When all these elements are put in place, we should see results in our unrelenting war against triads.

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

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

#### Fire and Ambulance Services

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

- \* by providing 312 additional posts to strengthen the capabilities of 3 existing fire stations and for commissioning 5 new fire stations; and
- \* by providing the necessary resources to put into effect new legislation to improve fire safety in older commercial buildings, which will be introduced soon.

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

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

### Correctional Services

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

### The Fight Against Drugs

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

## **In Step with the Times: Improving Efficiency and Service**

### Immigration Services

Pressures on us to facilitate the movement of people in and out of Hong Kong efficiently have continued to increase. Over the last 5 years, passenger trips across our land, sea and air entry points have increased by 33%. Despite this, we have generally been able to maintain our performance pledge of clearing 92% of the passengers within 30 minutes, through a combination of additional resources, redeployment, efficiency improvements, computerisation and the use of advanced technology such as Optical Scanners. At the same time, we have through the application of information technology produced savings in the order of \$190 million (or 613 posts). In this financial year, we shall see further improvements in the land border at Lok Ma Chau, with the increase of one vehicle kiosk and 5 passenger counters. We have also provided sufficient resources to cope with the additional workload arising from the increase of the One Way Permit Quota from 105 to 150 per day, and to extend the scope of the Direct Visa Application Scheme. We have just completed a consultancy study on how to improve efficiency further in the immigration control points at the Airport, and I look forward to improved performance in the year ahead. Let there be no doubt about the efficiency of the Immigration Department to respond to fast-changing developments: the tremendous response by the Department in recent days to cope with the flood of applications for naturalisation is a clear testimony of this.

### Police Management Review (PMR)

We have kept faith with our commitment to continue the task of implementing recommendations arising from the Police Management Review, which will ultimately enable us to have one of the world's most modern Police Force. We have already implemented 9 of the Review Reports. In this financial year, we will begin to implement 12 more Reports which means that nearly half of the PMR Reports will have been implemented. Furthermore, through the increasing use of modern communication and information technology, we have been able to release a good number of professionally-trained police officers to front-line operational duties. In this financial year, we will be spending an extra \$190 million in computerisation, and \$31 million in modernising communication equipments.

Honourable Members will recall that the Commissioner of Police announced in March last year his commitment to the development of a Service Quality Strategy. The Strategy aims to ensure that the Force provides an effective, efficient service of high quality to the public. It involves the development of a customer-based culture, and the provision of training in "quality management". As part of the Strategy, the Force has recently conducted an opinion survey on public perceptions of the Police and its performance. This was released yesterday. We will carefully study the findings of the Survey to determine what needs to be done to further improve the quality of service of the Police in order to keep up with the time and the expectation of the public. We welcome constructive suggestions from Honourable Members and the public in this process.

### **Looking Beyond 1997**

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

### Vietnamese Migrants

Like Honourable Members, I wish to pay tribute to the professionalism, courage and perseverance of our disciplined services, in particular our colleagues in the Correctional Services Department, who have been at the sharp end in coping with the Vietnamese migrants problem. We had a bad year in 1995; I believe we are now seeing the turning of the tide. In the whole of 1995, we had about 1,600 Vietnam migrants volunteering to return to Vietnam; in the first three months of this year, we already have 1,500 volunteers. That of course is still far short of the sort of figures which will enable us to clear the camps by mid-1997. Much remains to be done, in seeking the co-operation of the Vietnamese Government to clear all, I repeat, all the remaining Vietnamese migrant caseload, to step up the Orderly Repatriation Programme and to encourage more voluntary returns. The decision announced yesterday to release a small number of Vietnamese migrants from detention, as a consequence of the Privy Council's recent judgment, in no way affects our determination to achieve our goal. We will also do our best to enable our Correctional Services Department colleagues to better face their arduous tasks, to give as much protection to them against the possible dangers, and to seek to reduce the burden on them by speedy repatriation. Let me also take this opportunity to make it clear to the Vietnamese migrants in the camps : your only future lies in returning to Vietnam.

Security Wing

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

• Thank you, Mr President.

End

Mortgage corporation vital to HK's financial system

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The Secretary for Financial Services, Mr Rafael Hui, said the proposed mortgage corporation would enhance Hong Kong's status and reputation as an international financial centre.

Speaking at the Budget Debate at the Legislative Council today (Wednesday), Mr Hui said the mortgage corporation would have a major role to play in the strength and stability of the Hong Kong financial system and therefore it was desirable for the Government to take a leading role to facilitate this venture.

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Following is the full text of Mr Hui's speech:

Mr President,

I will mainly speak on two issues today, namely economic forecast and the mortgage corporation.

### Economic forecasts

Some Members commented that our economic forecasts for this year are too optimistic. I can appreciate how people look at forecasts against the usual uncertainties for the future, and particularly in periods where the economy is faced with the impact of significant extraneous events. Opinions about the likely performance are bound to differ, and forecasts put out by the private sector are not necessarily the same as that of the Government. But this time I sense a 'consensus range' of private sector forecasts on the GDP growth rate for 1996 which is actually not much different from our own forecast figure of 5%. Most private sector analysts suggest a growth rate in between 4.5% and 5%, and a few suggest an even better growth.

We do not make forecasts out of the air. Every time when our economic forecasts are produced or updated, we deploy a comprehensive macro-econometric model which encompasses all the key aspects of demand in our economy which together constitute the overall economic performance. The trade sector covering both visible and invisible trade is one such key aspect. Domestic demand covering both consumption and investment is another. The model process is fully quantitative and is backed up by a wealth of data from the Census and Statistics Department. We also have a panel of representatives from relevant departments working together with our economists to appraise the model-run results against their knowledge of latest developments in the sectors under their purview. In short, we strive to produce forecasts which, as much as possible, are systematic and scientific. Full details of our forecasts are explained in the 1996 Economic Prospects, a standard document accompanying the Budget Speech.

On Hong Kong's economic outlook for 1996 I have grounds to be optimistic. Our export growth for the first two months of this year has remained satisfactory notwithstanding a high base of comparison in the same period last year. Locally, sentiment has turned for the better, as the unemployment rate has receded somewhat, and as the pick-up in both the stock market and the residential property market is carried over into the current year. In line with an improved sentiment, consumer spending can also be expected to improve. Moreover, construction work on the Airport Core Programme is now progressing to its peak. The services sector should receive a boost from our various promotion initiatives. Upon these positive factors it is not unreasonable to expect the growth pace of the economy to revive to its trend rate for the medium term. As for inflation, the Consumer Price Index (A) recorded a year-on-year increase of 6.2% for the first two months of 1996 combined, well below our forecast of 7.5% for the year as a whole. I see scope for a further moderation of inflation during the course of this year particularly on the domestic front, along with greater stability in the prices of our imports. Barring significant adverse developments such as non-renewal of China's Most Favoured Nation trading status in the United States, the economy should be able to attain a slightly faster growth this year, accompanied by a more distinct slow-down in inflation.

### Mortgage Corporation

The Financial Secretary announced, as part of Government's endeavours to promote the financial services sector, that we were conducting a study into the establishment of a mortgage corporation in Hong Kong. I am very pleased to note that public response, including comments made by Members in last week's debate, has been favourable. I am very grateful for Members' very encouraging support and I am similarly grateful to some people who have, mostly through the media, expressed certain reservations, cautioning the Administration to heed certain potential risks and to examine critically how the corporation should be set up to serve Hong Kong's particular needs.

I can assure Members here that we are ever mindful that, like any type of financial intermediaries, the mortgage corporation will not be a completely risk-free endeavour. We have been advised that the corporation will be exposed to four main types of risks, namely credit risk (i.e. default by the mortgagors), interest rate risk (i.e. mismatch between the different interest rates on the asset and liability sides), prepayment risk (i.e. mortgagors repaying the loan in full or in part before maturity) and operational risk (i.e. risk arising from the internal operation of the corporation). So far, our consultation with market practitioners and experts both in Hong Kong and overseas suggests that these risks can be properly managed.

Some concerns have been expressed about problems associated with US mortgage corporations, savings and loans and the Japanese Jusen mortgage corporations. Let me clarify. The US mortgage corporations did experience some credit and interest rate risks in the early 1980s, but with improved risk management techniques, they are now very profitable and robust institutions. The proposed mortgage corporation will utilise the US experience to manage its risks professionally. As a wholesale institution, it will not function like the US savings and loan institutions which originate retail residential mortgages in competition with the banking system. Neither will the proposed mortgage corporation behave like a Japanese Jusen, because the Jusen mortgage corporations lent money directly to finance commercial real estate. May I repeat, as a wholesale financial intermediary, the proposed mortgage corporation is designed to spread the concentration and liquidity risks of the banking system more evenly in the financial sector. It will not compete with the banks, nor will it lend directly to finance commercial property.

As to the queries on why Government should play a leading role in the mortgage corporation business, Members may recall that development of the secondary mortgage market is a subject that has been under the close examination by both the private sector and ourselves since the early 1990s. A very limited mortgage securitisation market emerged then but the momentum was not sustained because of illiquidity of the issues. In a joint HKMA-private sector study, some of the leading players in the private sector argued that a government supported mortgage corporation would give the liquidity, homogeneity and necessary impetus to the development of the secondary mortgage market. Private sector issues lacked these qualities to get the market going. Hence, clear government support of the corporation at the outset is desirable, as this will greatly enhance its acceptance by the market. From a wider perspective, our analysis suggests that the corporation will offer many benefits in the banking, monetary and home financing spheres. We therefore conclude that it is desirable for the Government to take a leading role to facilitate this venture.

The mortgage corporation will have a major role to play in the strength and stability of the Hong Kong financial system. It will be a primary channel whereby long term savings are safely utilised to finance long term assets, namely, residential mortgages. From the savings point of view, the growth of provident and pension funds, aided by the Mandatory Provident Fund System, would want high quality assets to invest in. With the development of a deep and liquid secondary mortgage market, the mortgage corporation would enhance Hong Kong's status and reputation as an international financial centre.

Thank you, Mr President.

End

#### Priority tasks on education and labour outlined

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Up to 90 percent of kindergartens will be eligible to join the revised Kindergarten Subsidy Scheme (KSS) and the rate of subsidy will be increased to take account not only inflation but also the annual salary increment for teachers.

Announcing this today ( Wednesday) at the resumed debate on the Appropriation Bill 1996, the Secretary for Education and Manpower, Mr Joseph W P Wong said the revised Scheme was the result of a recently completed review of the KSS.

Subject to the approval of the Finance Committee of the Legislative Council, the Administration proposes to implement the improved Scheme from the 1996/97 school year onwards.

Mr Wong emphasised that the 1996/97 Budget had made sufficient provision for implementing all the new initiatives in education set out in the Government's 1995 Policy Commitments and that the ambitious programme of ongoing improvements was in good progress.

On special education, Mr Wong reiterated that the Government would consider carefully the outcome of the review undertaken by the Board of Education when it was completed in the middle of the year.

He pointed out that the Government had accepted all the recommendations of the Education Commission's Final Report No. 6 on enhancing language proficiency and had set aside the necessary resources in the Budget to implement the phase one programme.

In response to comments on the distribution of resources between tertiary education and basic education, Mr Wong stressed that the Government adopted a "total and building-block approach towards education."

"Given that we have achieved the target of providing 14,500 first-year-first degree places, thereby enabling 18% of our relevant age group to receive tertiary education, it should enter a period of consolidation.

"Our main emphasis now is to improve the quality of our graduates and to find ways to reduce costs. We will work closely with the University Grants Committee and I expect to receive their advice later this year," he said.

Mr Wong pointed out that one of his top priorities was to continue to seek new resources for basic education and to enhance its quality in a comprehensive manner. He noted that the Government also had to make the most cost-effective use of existing resources which were vast by themselves.

Turning to the manpower programme, Mr Wong announced that the Government would shortly commission a consultancy to review the strategy, direction, funding arrangements and management structure of the Employees Retraining Scheme (ERS).

"The study will assess the effectiveness of the various types of retraining courses in meeting the requirements of employers and the retraining needs of workers.

The review on the ERS and the consultancy study being conducted on the Vocational Training Council are expected to be completed this summer.

"Together, their findings should provide a solid basis for the Government to draw up a coherent and visionary blueprint for the development of our vocational training and retraining programmes into the next century," Mr Wong said.

On promoting industrial safety, he reassured the Legislative Council that the Government was committed to implementing the recommendations in the 1995 Consultation Paper on the Review of Industrial Safety in Hong Kong.

" We recognise the vital role of the Occupational Safety and Health Council. We will work closely with the Council to ensure that its expanded programme of activities in the coming years will complement the Government's efforts in this important area," he said.

End

#### SEM on Budget debate

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Following is the speech by the Secretary for Education and Manpower, Mr Joseph W P Wong, at the resumption of the Budget debate in the Legislative Council today (Wednesday):

Mr Deputy President,

I am grateful for the interest expressed by Members in the education and manpower programme in the Budget Debate last week. I appreciate their supportive and constructive comments. I hope what I am going to say will address their main concerns.

#### Education

Let me first deal with education. I entirely agree with Members on the importance of education. Our fundamental aim in education is to develop the potential of every child so that he or she will become an independent-minded and socially-conscious person, to make positive contribution to the community, to possess knowledge and skills and at the same time, also to develop their different interests, guide them to love and lead a full life. Investing in our education is investing in our future - a continuing stable and prosperous future and a meaningful life.

This explains why education has always been the single largest item of Government spending. It will continue to account for over 20 percent of Government's proposed recurrent expenditure for 1996-97.

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

- \* enhancing teacher education through the courses offered by the Hong Kong Institute of Education and other institutions;
- \* providing additional graduate teacher posts in primary schools;
- \* assisting schools with a high proportion of low achievers;
- \* supporting the schooling of new immigrant children from China and their integration into our education system;
- \* extending the Target Oriented Curriculum to all primary schools;
- \* converting existing bi-sessional schools into whole-day operation;
- \* improving the teaching and learning environment in existing schools through the School Improvement Programme;
- \* phasing out the floating classes in secondary schools;

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

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

But we are far from complacent. We act swiftly to tackle problems and address particular concerns. I want to give two examples. First, it was only last month that the Education Commission published its Final Report No. 6 on enhancing language proficiency. Not only have we accepted all its recommendations, we have also set aside the necessary resources in the Budget to implement the phase one programme.

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

There have been a lot of comments on the distribution of resources between tertiary education and basic education. Let me assure Members that we adopt a total and building-block approach towards education. Given that we have achieved the target of providing 14,500 first-year-first degree places, thereby enabling 18% of our relevant age group to receive tertiary education, it should enter a period of consolidation. Our main emphasis now is to improve the quality of our graduates and to find ways to reduce costs. We will work closely with the University Grants Committee and I expect to receive their advice later this year.

As Secretary for Education and Manpower, my top priorities is continue try my best to seek new resources for basic education and to enhance its quality in a comprehensive manner. We also have to make the most cost-effective use of existing resources which are vast by themselves. In all these, I hope we can work closely with Members, the education sector, parents, employers and the community at large. I firmly believe that our investment in education and the fruit it bears are a key factor in deciding whether Hong Kong can continue to develop and remain stable and prosperous.

#### Manpower

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

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

Industrial Safety

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

Thank you. Mr Deputy President.

End

Probate and Administration (Amendment) Bill

\* \* \* \* \*

Following is a speech by the Attorney General, the Hon Jeremy Mathews, in the second reading of the private member's bill, Probate and Administration (Amendment) Bill 1996, in the Legislative Council today (Wednesday):

Mr President,

Subsection (1) of section 15 the Probate and Administration Ordinance provides that the Registrar of the Supreme Court, in his capacity as Official Administrator, may summarily administer estates which do not, in his opinion, exceed \$50,000 in value. This provision alleviates the financial burden of undertaking a formal administration of such estates.

The Honourable Bruce Liu Sing-lee's Probate and Administration (Amendment) Bill provides for the limit to be increased to \$150,000. This is a reasonable adjustment as it approximates to the real value in today's money of the current limit when it was set in 1983.

The Administration accordingly supports the Bill and commends it to this Council.

End

S for S on withdrawal of committee stage amendment

\* \* \* \* \*

Following is a speech by the Secretary for Security, Mr Peter Lai, in response to the withdrawal by the Hon James To of his committee stage amendment to the Appropriation Bill, in the Legislative Council today (Wednesday):

Mr Chairman,

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

We have taken great pains in preparing last Monday's briefing for the LegCo Security Panel to explain the work and functions of the Security Wing, without compromising our ability to protect the internal security of Hong Kong. I appreciate that some Honourable Members may have further points to make on the Security Wing. We will try our best to answer them in due course. As I have said earlier, the best way of resolving matters of concern to Honourable Members is through dialogue and discussions conducted in a spirit of mutual trust. We appreciate Honourable Members' wish to ensure that Security Wing performs its duties faithfully and lawfully. Let me assure Honourable Members that the Security Wing, like other formations of the Police Force, is governed by the Police Force Ordinance, and that all of its work is carried out strictly in accordance with the laws of Hong Kong. The Commissioner of Police and I are accountable to this Council for what it does, or does not do and how effectively it performs its role.

Thank you, Mr Chairman.

End

Electricity (Amendment) Bill 1996

\* \* \* \* \*

Following is the speech by the Secretary for Economic Services, Mr Gordon Siu, in moving the Electricity (Amendment) Bill 1996, in the Legislative Council today (Wednesday):

Mr President,

I move that the Electricity (Amendment) Bill 1996 be read a second time.

In March 1995, safety requirements for plugs and adaptors came into effect. These requirements were widely publicised and were targeting the improvement of safety of plugs and adaptors and increasing public awareness of electrical product safety.

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

The Bill has three main provisions.

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

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

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

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

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

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

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

Mr President, over the past four years, 28 severe electrical accidents relating to unsafe household electrical products and involving death or injury, were reported to the Government. While the majority of household electrical products available locally are safe, tests carried out by the Consumer Council have shown that some models of common household electrical products do not pass examination against international safety standards. The proposals that I have outlined aim to ensure that all such products are safe to use.

I commend the Bill to this Council.

End

#### Firearms and Ammunition (Amendment) Bill

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Following is the speech by the Secretary for Security, Mr Peter Lai, in moving the second reading of the Firearms and Ammunition (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Firearms and Ammunition (Amendment) Bill 1996 be read a second time.

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

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

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

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

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

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

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

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

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

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

Thank you, Mr President.

End

### Trade Descriptions (Amendment) Bill

\* \* \* \* \*

Following is a speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Trade Descriptions (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Trade Descriptions (Amendment) Bill 1996 be read a second time.

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

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

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

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

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

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

End

#### Import and Export (Amendment) Bill

\* \* \* \* \*

Following is a speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Import and Export (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Import and Export (Amendment) Bill 1996 be read a second time.

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

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

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

End

Control of Chemicals (Amendment) Bill

\* \* \* \* \*

Following is the speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Control of Chemicals (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Control of Chemicals (Amendment) Bill 1996 be read a second time.

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

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

End

Reserved Commodities (Amendment) Bill

\* \* \* \* \*

Following is the speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Reserved Commodities (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Reserved Commodities (Amendment) Bill 1996 be read a second time.

The Bill seeks to delete the reference to "vehicle" from the definition of "article in transit" in Section 2(1) of the Reserved Commodities Ordinance. The Ordinance, together with its regulations, provides for the control of the import and export of reserved commodities, such as rice. Articles in transit are exempted from the controls under the Ordinance. The reason for the proposed amendment is identical to that which I have already explained earlier in moving the second reading of the Trade Descriptions (Amendment) Bill 1996.

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

End

#### Toys and Children's Products Safety (Amendment) Bill

\* \* \* \* \*

Following is the speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Toys and Children's Products Safety (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Toys and Children's Products Safety (Amendment) Bill 1996 be read a second time.

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

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

End

Consumer Goods Safety (Amendment) Bill

\* \* \* \* \*

Following is the speech by the Secretary for Trade and Industry, Miss Denise Yue, in moving the second reading of the Consumer Goods Safety (Amendment) Bill 1996 in the Legislative Council today (Wednesday):

Mr President,

I move that the Consumer Goods Safety (Amendment) Bill 1996 be read a second time.

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

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

End

HK-Guangdong infrastructural developments

\* \* \* \* \*

Following is a question by the Hon Ngan Kam-chuen and a written reply by the Secretary for Planning, Environment and Lands, Mr Bowen Leung, in the Legislative Council today (Wednesday):

Question:

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

- (a) what progress has been made in the formal consultation channels between the Guangdong and Hong Kong authorities (such as the Infrastructure Coordinating Committee) on the Tuen Mun-Zhuhai Bridge and the Shenzhen-Hong Kong Bridge projects; and
- (b) what positive measures the Government will adopt to strengthen the communication between the Guangdong and Hong Kong authorities on the question of co-ordination of infrastructural developments?

Answer:

Mr President,

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

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

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

End

Reports of unidentified gas leakage incidents

\* \* \* \* \*

Following is a question by the Hon Yum Sin-ling and a written reply by the Secretary for Security, Mr Peter Lai, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council:

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

Reply:

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

Table 1 : Reports of unidentified gas

	<u>Residential areas</u>	<u>School</u>
Hong Kong	228	5
Kowloon	835	10
New Territories	535	38
	1598	53

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

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

	<u>Residential areas</u>	<u>School</u>
Hong Kong	145	2
Kowloon	652	8
New Territories	329	30
	1126	40

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

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

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

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

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

Table 5 : Cases with other gases identified

	<u>Residential areas</u>	<u>School</u>
Hong Kong	5	1
Kowloon	2	0
New Territories	2	1
	9	2

The details of these incidents are given at Annex A.

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

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

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

- (c) We have sufficient equipment to detect gases commonly found and used in Hong Kong. The Fire Services Department has contingency plans to deal with gas leakage incidents. These plans have been developed in consultation with concerned parties including the Police, the Mass Transit Railway Corporation, the Kowloon-Canton Railway Corporation, Environmental Protection Department and the Government Chemist. The contingency measures involve :
- (i) cordoning off the affected area and its nearby vicinity;
  - (ii) evacuating all people in the affected area and the vicinity;
  - (iii) rescue of casualties, if any, and convey them to hospital for immediate medical treatment;
  - (iv) locating the source of discharge and identify the type of gas; and
  - (v) with the assistance of the utilities companies or the advice of other government authorities, stopping the discharge of gas by cutting off the supply or sealing up the gas container and removing it for proper disposal.

<u>Year</u>	<u>Location</u>	<u>Residential areas</u>	<u>Schools</u>
1993	Siu Lek Yuen	Petrol vapour issuing from a goods vehicle	
1994	Wanchai		Petrol vapour issuing from a petrol filling station
1994	Pokfulam	Leakage of acetylene from an acetylene cylinder	
1994	Sheung Wan	Fumes issuing from suspected hydrogen peroxide solution	
1994	Hung Hom	Gas evolved during the cleaning of drainage pipe using sodium hydroxide and hydrochloric acid mixture	
1994	Shatin	Leakage of nitrogen from a dangerous goods tanker	
1995	Sheung Wan	Fumes issuing from suspected ammonia solution	
1995	Wanchai	Unpleasant smell issuing from a putrefied body	
1995	Shun Lee	Unpleasant smell issuing from rubbish chamber	
1993	Siu Lek Yuen	Petrol vapour issuing form a goods vehicle	
1996	Tsing Yi Island		Vapour issuing from an underground fuel tank during replenishment process
End			

New Territories land categorisation

\* \* \* \* \*

Following is a question by the Hon Lau Wong-fat and a written reply by the Secretary for Planning, Environment and Lands, Mr Bowen Leung, in the Legislative Council today (Wednesday):

Question:

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

Reply:

Mr President,

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

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

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

- \* "old schedule lot" means land held under a block lease granted by, or on behalf of, the Governor to the persons described in the schedules to those leases;
- \* "village lot" means land granted before the operation of the Small House Policy, for the extension or improvement of an established village;

- \* "small house" means land held under a lease granted under the Small House Policy; and
- \* "similar rural holding" includes land granted to an indigenous villager in place of other land previously held by him.

End

Stock Exchange and SFC corporate plans proposed

\* \* \* \* \*

Following is a question by the Hon Andrew Cheng Kar-foo, and a written reply by the Secretary for Financial Services, Mr Rafael Hui, in the Legislative Council today (Wednesday):

Question:

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

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

Answer:

- (a) Following the publication of the SFC Corporate Plan in February 1996, the Financial Services Branch has held meetings with the SFC and the SEHK, and the two organisations have reached broad understanding of their respective roles in the work programme outlined in the SFC Corporate Plan. Both the SFC and SEHK have reaffirmed their commitment to working jointly for the benefit of the securities and futures market.

- (b) The Securities and Futures Commission has outlined under the Work Programme section of the Corporate Plan 17 items of new initiatives that will be pursued in the next three years as part and parcel of a strategy to maintain the competitive edge of the Hong Kong market, thereby enabling Hong Kong to retain the status as a leading regional market. The successful development and implementation of these initiatives will require full co-operation, co-ordination and communication between the SFC and the SEHK as well as the commitment and dedication of the people involved. As a general guideline, the SFC will be primarily responsible for the initiatives where the thrust is market regulation and the SEHK will be primarily responsible for the initiatives where the thrust is development of the stock market. For example, the SFC would take the lead in the study on the local over-the-counter derivatives market with a view to developing an appropriate regulatory regime, in further enhancing its market surveillance capabilities to deal with malpractices in the market, and in developing guidelines on internal control by market intermediaries. On the other hand, the SEHK would take the lead in the study on the feasibility of a second board, a depository receipts market or other trading facilities for regional stocks, in surveys of retail participation, and in organising industry training programmes related to the stock market. In practice, both organisations will be working jointly and closely on many of the initiatives, as market development and regulation often go hand in hand. Joint efforts are also required where cross-market issues are involved, e.g., in initiatives related to China in general, and to the study of the China capital and debt markets in particular, and in the development of an international promotion programme involving the key market participants.
- (c) The Secretary for Financial Services is supported by one Deputy and two other officers in the Financial Services Branch in dealing with policy issues concerning the securities and futures market. The day-to-day supervision of the market is the responsibility of the SFC, the SEHK and Hong Kong Futures Exchange. There is on-going liaison and co-ordination between the Branch, the SFC and the two Exchanges. Such efforts will continue and intensify as necessary in response to the changing market environment.

End

Pilot scheme to bring in professionals from China

\* \* \* \* \*

Following is a question by the Hon Henry Tang Ying-yen and a written reply by the Secretary for Education and Manpower, Mr Joseph Wong, in the Legislative Council today (Wednesday):

Question:

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

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

Reply:

Mr President,

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

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

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

As of 20 March 1996, of these 1,514 applicants on the reserve list, 900 have been called up to submit their formal applications under the Scheme. Out of the formal applications for quotas from the total of 1,900 applicants (the original 1,000 successful companies in the four ballot exercises plus 900 from the reserve list), 712 were approved, 66 refused, 983 withdrawn, and 139 under processing. Applicants with approved quotas are normally given 4 months to arrange for the submission of visa applications by the candidates. Of the 712 approved quota applications, 394 visa applications have been approved so far.

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

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

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

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

- (c)& We will continue to process applications and closely monitor the utilisation of the quotas under the Scheme. Our previous plan was to conduct a review of the Scheme when a sufficiently large number (say about 75%) of visa applications have been approved under the Scheme. However, in view of the slow utilisation rate, we plan to commence the review shortly with a view to completing it before the end of this year.
- (d)

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

End

#### Pets keeping problems in public housing estates

\* \* \* \* \*

Following is a question by the Hon Albert Chan and a written reply by the Secretary for Housing, Mr Dominic Wong, in the Legislative Council today (Wednesday):

Question:

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

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

Answer:

Mr President,

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

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

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

End

#### Civil servants joining political parties

\* \* \* \* \*

Following is a question by the Hon Elizabeth Wong and a written reply by the Secretary for Civil Services, Mr W K Lam, in the Legislative Council today (Wednesday):

Question :

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

Reply:

Mr President,

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

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

End

#### Population forecasts

\* \* \* \* \*

Following is a question by Dr the Hon Law Cheung-kwok and a written reply by the Secretary for Financial Services, Mr Rafael Hui, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council:

- (a) whether it has substantially revised its forecasts of the territory's population for the next ten to 20 years in view of the increase in the number of returning emigrants and new immigrants from China in recent years; and
- (b) how the population growth in recent years will affect the Government's long-term planning on various fronts?

Reply:

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

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

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

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

End

Flight movement capacity of new airport

\* \* \* \* \*

Following is a question by Dr the Hon Samuel Wong and a written reply by the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question:

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

Reply:

Mr President,

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

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

End

Residential care homes for the elderly

\* \* \* \* \*

Following is a question by the Hon Li Ming-wah and a written reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

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

- (a) of the reasons for deferring the implementation date of the above-mentioned section of the Ordinance;
- (b) what contingency measures the Government will adopt to deal with those residential care homes which are operated without a certificate of exemption or licence, in the event that the processing of applications for residential care home licences cannot be completed by 1 June 1996; and
- (c) what specific measures will be put in place to ensure that the licensed residential care homes are operated in accordance with the statutory requirements?

Reply:

- (a) The Residential Care Homes (Elderly Persons) Ordinance, with the exception of section 6 i.e. the penalty section, came into operation on 1 April 1995. The reason for not bringing section 6 into operation at that time was to give operators of residential care homes sufficient time to familiarise themselves with the new legislation, to apply for licences and to make any improvements needed to comply with the prescribed standards. Social Welfare Department initially estimated that operators would need about 12 months to do this. However, it became clear by February 1996 that it would not be advisable to bring section 6 into operation as early as originally intended for the following reasons:

- (1) As at 29 February 1996, there were still 38 residential care homes for the elderly (about 6% out of a total of 586) which had not yet applied to the Social Welfare Department for a licence or certificate of exemption. Of the 548 applications received, 182 (about 33%) had been received between December 1995 and February 1996. Because so many had been received in such a short space of time, more time was needed to process them.
- (2) In the course of processing the applications, it was found that some of the information and floor plans submitted by the residential care homes were not acceptable. Progress was delayed while operators were required to provide supplementary information and revised layout plans and to clarify parts of their applications.
- (3) A small number of residential care homes have structural, design and location problems which are impossible to overcome. Operators of such homes have been advised to re-provision their homes in alternative premises. More time is needed to allow for these re-provisioning plans to be carried out.

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

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

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

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

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

End

#### Public housing security installation project

\* \* \* \* \*

Following is a question by the Hon Zachary Wong and a written reply by the Secretary for Housing, Mr Dominic Wong, in the Legislative Council today (Wednesday):

Question:

Although stage I of the public housing security installation project has been well-received by the residents since its implementation, there are some areas which they have queried as being inadequate, such as the unsatisfactory quality of security guards and blind spots of the closed-circuit TVs which fail to cover the side entrances. In this regard, will the Government inform this Council:

- (a) of the problems that have been identified in stage I of the security installation project and the measures which can be taken to address such problems; and
- (b) of the specific plan and arrangement for implementing stage II of the security installation project?

Answer:

Mr President,

The Housing Department receives regular feedback from tenants on security facilities in public housing estates, and the points of concern include -

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

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

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

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

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

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

End

Water sports facilities

\* \* \* \* \*

Following is a question by the Hon Emily Lau and a written reply by the Secretary for Recreation and Culture, Mr T H Chau, in the Legislative Council today (Wednesday):

Question:

In response to my question at the LegCo Sitting on 5 July 1995 concerning the pollution of beaches, the Government indicated that an inter-departmental committee was looking into various water sports facilities at the time and that it would also examine the need for the feasibility of developing new beaches. Will the Government inform this Council:

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

Reply:

Mr President,

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

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

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

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

End

#### Penalties on environmental offences

\* \* \* \* \*

Following is a question by Dr the Hon John Tse Wing-ling and a written reply by the Secretary for Planning, Environment and Lands, Mr Bowen Léung, in the Legislative Council today (Wednesday):

Question:

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

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

- (d) whether the Government has considered amending the legislation to raise the existing penalties so as to increase the deterrent effect; if not, what other measures does the Government have to combat the problem of repeated violation of environmental protection legislation?

Reply:

Mr President,

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

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

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

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

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

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

End

#### Breakdowns on allocation of research grants

\* \* \* \* \*

Following is a question by Dr the Hon Law Cheung-kwok and a written reply by the Secretary for Education and Manpower, Mr Joseph W P Wong, in the Legislative Council today (Wednesday):

Question:

Is the Government aware of the following information relating to the grant for academic research received by each of the local universities directly from the Government in each of the past three years:

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

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

Reply:

Mr President,

The Government is aware of the following information relating to the allocation of Earmarked Research Grants through the University Grants Committee during the past three years -

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

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

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

2 Numbers/percentages rounded.

A more detailed breakdown of the funded research projects by subject discipline (and by institution) for the past three years is given in the tables at Annexes A - C. More information about the individual projects and their status can be found in the RGC Annual Report 1994 and supplementary information in respect of 1995 which were lodged with the Legislative Council Library in early March 1996.

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

	92-93	93-94	94-95	95-96	Total
No. of RGC funded projects approved in that year	172	193	371	454	1190
No. of these projects which have subsequently been given an extension	110	93	31	0	237
Percentage of projects granted extension	64%	50%	8%	0%	20%

End

Financial impact of second runway under study

\* \* \* \* \*

Following is a question by the Hon Samuel Wong and a written reply by the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question :

As the construction of the second runway and the expansion of the passenger terminal at the new airport will cost \$5 billion, will the Government inform this Council what impact this investment will have on the overall financial position of the Airport Authority?

Reply :

Mr President,

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

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

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

End

British consulates' services to HK residents

\* \* \* \* \*

Following is a question by the Hon Emily Lau and a written reply by the Secretary for Security, Mr Peter Lai, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council:

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

Reply:

Mr President, the answers to the Hon Member's questions, in the order they are raised, are as follows:-

- (a) Like other British Nationals, BDTCs and BN(O)s can obtain the following consular services from British Consular Posts overseas. These services include:-
- (i) assistance in rendering travel documents and other related services;
  - (ii) visiting British nationals who are under detention or serving sentences in overseas prisons;
  - (iii) helping British nationals to get in touch with local lawyers, interpreters and doctors;
  - (iv) arranging for messages to be sent to relatives or friends of British nationals who are in custody; informing next-of-kin of accidents or deaths and advising on procedures;
  - (v) pleading for clemency in death sentence cases; and
  - (vi) evacuation in cases of natural disaster or political upheaval.
- (b) Information on consular services and assistance that Hong Kong residents can enjoy while overseas is available from the Immigration Department. The Hong Kong Immigration Department also acts as a point of contact for overseas consular posts and the family of Hong Kong residents who are under trial, serving prison sentence or otherwise in distress overseas.
- (c) We are in the process of stepping up our activities to publicise consular services available to BDTCs and BN(O)s. Leaflets on "British Consular Services Abroad" currently being used by British Consular Posts can be obtained from Immigration Department. Steps are being taken to produce bilingual leaflets. The intention is to make new bilingual leaflets available to British passport holders upon issuance of passports.

End

Manpower at hospitals' emergency units

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Following is a question by the Hon Zachary Wong and a written reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council of:

- (a) the number of doctors on duty and the number of people who sought medical treatment at the Accident and Emergency Department in each of the hospitals under the Hospital Authority over the past three years;
- (b) the average waiting time before a patient is given treatment;
- (c) the reason why, at the Accident and Emergency Department of Tuen Mun Hospital, patients in emergency cases had to wait for more than three hours and whether such delay would put patients' lives at risk; and
- (d) how the situation mentioned in part (c) above can be improved, and whether the Government will consider increasing the number of medical staff in order to shorten the waiting time?

Reply:

A breakdown showing the deployment of medical staff at different accident and emergency units and the number of attendances are provided at Annexes A and B respectively. The average waiting time is 30 minutes.

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

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

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

Annex A

Deployment of Medical Staff  
at Accident and Emergency Units

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

Annex B

Number of Accident and Emergency Attendance

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

End

Non-Commonwealth degrees in civil service recruitment

\* \* \* \* \*

Following is a question by the Hon IP Kwok-him and a written reply by the Secretary for Civil Service, Mr W K Lam, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council:

- (a) of the progress of recruiting degree holders of non-Commonwealth tertiary institutions to positions in the civil service requiring an entry qualification of Matriculation level and above since the Government announced that it would recognise such degrees in civil service recruitments last year;
- (b) whether there have been any degree holders of non-Commonwealth tertiary institutions recruited to such positions in the civil service in the three years preceding the implementation of the arrangement mentioned in (a) above; if so, what were the ranks of those recruited and to which departments did they belong; and
- (c) in regard to the appointees referred to in (b) above, why their non-Commonwealth degrees were recognised for appointment?

Reply:

Mr President,

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

The answers to the specific questions are as follows:

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

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

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

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

End

Measures to shorten patients' waiting time

\* \* \* \* \*

Following is a question by the Hon Ip Kwok-him and a written reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

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

- (a) it is aware of the situation described above; if so, what measures are in place to shorten the waiting time: and
- (b) consideration will be given to extending the practice of providing "chips for the elderly" and the arrangement for the elderly to seek consultation by appointment, which are only available at the out-patient department of some public hospitals, to all public hospitals in the territory; if not, why not ?

Reply:

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

- (i) Block appointment system

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

(ii) Advance appointment

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

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

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

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

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

End

Liaison group to review note issuing process

\* \* \* \* \*

Following is a question by the Hon Andrew Cheng Kar-foo, Andrew, and a written reply by the Secretary for Financial Services, Mr Rafael Hui, in the Legislative Council today (Wednesday):

Question:

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

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

Reply:

- (a) The Bank Notes Issue (Amendment) Ordinance 1995 will be brought into effect as soon as the necessary preparatory work, which includes the drawing up of terms and conditions regarding bank note issues, is complete. These terms would cover such items as the design of notes, regular review of counterfeiting precautions, demagnetisation procedures, safe-keeping of unissued notes (e.g. location and type of vaults to be used), accounting procedures to record movements between issued and unissued stock and destruction procedures. These detailed and technical terms do require a fair amount of drafting and discussion with the note-issuing banks. The Hong Kong Monetary Authority (HKMA) has been discussing these terms with the note-issuing banks since the enactment of the amendment ordinance and agreement is expected to be reached with them later this year.
- (b) In connection with bank note issues, the HKMA has established two liaison committees, namely a HKMA-Police liaison group in January this year and the Bank Notes Issue Advisory Committee in March this year, to consider, inter alia, issues relating to the security and quality of the printing of bank notes and the enforcement of the provisions of the Bank Notes Issue (Amendment) Ordinance 1995.

- (c) The HKMA-Police liaison group comprises representatives from the HKMA and the Commercial Crime Bureau of the Police. It will in future include the senior management of the banknote printing plant when acquisition of the plant by Government is complete. The group meets bi-monthly to discuss, inter alia, matters concerning the security and printing quality of bank notes. It also covers the question of the security of the coinage.

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

End