



DAILY INFORMATION BULLETIN

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(Robert YIP)

for Director of Information Services

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Thursday, April 24, 1997

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Governor's question-and-answer session

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Following is the transcript of the Governor, the Rt Hon Christopher Patten's question-and-answer session in the Legislative Council today (Thursday):

Mr Ip Kwok-him (in Chinese): Mr Governor, with regard to a matter of concern of the public, i.e. the right of abode legislation and the definition for permanent residency, I would like to ask this question; Legislative Councillors actually have been following up on this once every month and both the British and the Chinese Governments are talking over these issues at expert group level but in the course of this we all see that the public of Hong Kong must know with certainty and clarity the definition for permanent residents and their rights of abode in Hong Kong after 1997.

At this point in time the Chinese and the British Governments have not yet reached a consensus and that is why the Chinese side is saying that the provisional legislature will be enacting legislation. And we also heard that initially the Hong Kong Administration has considered a white bill for consultation purposes. Why is it that the Hong Kong Government does not release a white bill to consult the public of Hong Kong, just so the public of Hong Kong can more clearly come to grasp with the present state of development so that their anxieties and worries can be removed and allayed?

Governor: I'm glad the honourable member has asked that question because it gives us the opportunity to get one or two facts on the record. I listened to an honourable member, who is I think a member of the SAR executive council designate, on the radio this morning opining on this issue and I welcome this opportunity of informing him what the facts are as well as answering the question.

First of all I'd like to make it plain that there is no white bill or blue bill in draft. No white bill or blue bill because there isn't, alas, as yet a consensus on all the issues which we'd need to cover in legislation. We've got a consensus on about 95% of those issues but there still isn't agreement on a number of issues such as the position of adopted children, such as the way in which the children of ethnic minorities would claim right of abode after 1997, such as the position of the children of recent immigrants from China and how they would claim right of abode, whether it would come automatically on birth. I think it's a pity that we haven't got a consensus and I think it's a pity that we didn't get a consensus way back last autumn when I think that it was well within our grasp.

Why no consensus? Not I think because of any fundamental differences over right of abode but because I think some Chinese officials saw the right of abode issue as a way of trying to provide legitimisation for the provisional legislature. I don't think these arguments have had anything to do, or nothing substantial to do, with right of abode. Despite that, we've covered about 95% of the ground.

Is it the case that the position we've taken up results in people in Hong Kong by and large not knowing what their rights are or where they stand? No it's not. We've set out for example in this pamphlet very clearly what there's a consensus on so far, the 95% of issues on which there is a consensus and our Immigration Department have a hotline answering peoples' questions on all the issues covered in here every day. So the fact that we've declined to do what we've been pressed to do doesn't mean that people aren't aware of what's been agreed so far.

Secondly, is it the case that legislation is essential before July 1? No it's not the case. It would have been desirable if we could have got legislation by now. I would've liked us to have been able to legislate on this issue as we did on the Court of Final Appeal through this constitutional body but even though that would have been desirable it's not essential. It's not essential because Article 24 of the Basic Law provides the Director of Immigration with the legal framework within which he can take decisions after July 1, and in our judgement it won't be necessary to have legislation on right of abode on the statute book for some weeks after July 1.

Let me just remind the Legislative Council what the Attorney General has said on this issue: On July 1, 1997, the Basic Law of the Hong Kong Special Administrative Region will enter into force. The right of abode of permanent residents of the region will be provided for under Article 24 of the Basic Law, and he goes on, before domestic legislation is enacted the Director of Immigration can make her decisions in right of abode matters on the basis of the provisions of Article 24 of the Basic Law.

Next, what are the consequences of the provisional legislature trying to legislate on these matters? The consequences have been spelt out very clearly. They were spelt out for example once again by the Attorney General. If legislation to amend the immigration ordinance is enacted in a manner which raises a doubt as to the validity of the amending legislation, then it's inevitable that point will be taken in any proceedings before a tribunal or court in which a person's status as a permanent resident is an issue. Whatever the outcome of such proceedings, until the proceedings and any appeal is finally disposed of, the state of the law in the vital area of immigration will be uncertain. From past experience we know that a significant proportion of judicial review cases each year relate to immigration matters. In the last two years there have been 200 or just over 200 legal challenges to the Director of Immigration and the Secretary of Security. In the same period, I think I'm right in saying, over 450 statutory petitions to the Governor-in-Council. This is a litigious area and if there's any doubt about the basis of legislation, that will lead to more action in the courts. If there are some honourable members, or others, who doubt the legal advice of the Attorney General, they might listen to what the Chairman of the Bar Association has said on exactly the same subject. Quote: "the difficulty about the provisional legislature passing a law relating to right of abode is that this is a sort of issue that you often attract litigation and to have it passed by the provisional legislature will add to the controversy and to the uncertainty." end of quote.

So legislation isn't required before July 1, and if legislation is put through by the provisional legislature, then it's a pound to a penny that that will attract legal challenges after July 1. In those circumstances, we made what I note one newspaper called a generous compromise offer, that we would provide a blue bill that would attempt to give the community even greater certainty than exists already and that the legislature of the day would legislate on that from July 1. That was the generous compromise that we put. It's still on the table. I very much hope it will be taken up.

I just want to underline one point. We don't want unnecessary arguments at this stage in the transition but for us there is one fundamental principle which we are not going to move away from and that is that the spine of this society, that what distinguishes this society more than anything else is the rule of law and we are not going to do anything now or in the future which in our judgement undermines or calls into question the rule of law.

Mr Ip Kwok-him (in Chinese): Mr President, having heard from the Governor I feel shocked again. So now I know that concerning the white bill and the failure of the Chinese and British Governments to provide Hong Kong people with certainty, you feel that that is because the Chinese side is trying to give credibility and legality to provisional legislature and so you think that is the objective of the Chinese side and as a result of that, a very pressing problem for Hong Kong's public and a problem that Legislative Councillors feel should be solved very very quickly, is now not being solved and you said that there was not going to be a white bill and there was not going to be a blue bill and you said that maybe there is a possibility that in the end a blue bill could be offered. So are you trying to stall things? Are you trying to shirk your responsibility? You also said that legislation wasn't essential before July 1, and you said that this could be solved by administrative measures. If that had been the case you wouldn't have to, or the LegCo panel wouldn't have to discuss this.

So I would like to ask you this Mr Governor, is it possible for you to, in accordance with your original thinking, come up with a white bill in order to consult members of the public so that members of the public know for sure what's going on? Maybe you think that this is not a big problem but for Hong Kong people, especially those who are living overseas and those who hold foreign nationality and foreign passports would dearly love to know more and a lot of members of the public are raising this and they want more clarity, they want more certainty and they want legislation so that they know what they are going to do.

Governor: I answered the honourable gentleman's question extremely fully. I don't think that he has raised any additional points that I did not cover in my first answer in what he has just said, but I am sure that if he reads my answer afterwards, he will find it contains all the information necessary to answer his second group of questions which appear to me to be identical to the first lot.

Mr Eric Li: Governor, my question touches on both human rights and the right of abode and the star person in the question is none other than the Commissioner of Police himself. I am of course, sir, referring to the right of the Commissioner to reside in a government quarter in breach of the double housing benefit rule. This is a subject matter of the Public Accounts Committee 27, where the Public Accounts Committee is unanimous in supporting the Director of Audit's finding that the double benefit rule, described by the Executive Council has been breached. We were also seeking for a ruling or a more authoritative statement from the Executive Council.

The committee is surprised to hear the reply of the Chief Secretary yesterday when she introduced the Government minute in response to the Public Accounts Committee Report concerned. The Chief Secretary is of course saying that she will do exactly nothing.

Now the question is, the Public Accounts Committee Report and all the argument is now in the public arena; can you still let the Chief Secretary get away with a no-action answer, and with Exco not even taking a position in the matter, and be accountable to the public openly and directly?

Governor: I don't think that the expression "get away with" is entirely appropriate when talking about the Chief Secretary. It is certainly not an expression I would dare to use in the company of the Chief Secretary and I am surprised at the honourable gentleman's audacity.

I don't have anything to add to what the Chief Secretary has said but I will, in view of the fact that the honourable gentleman has raised it again, I will of course write to him subsequently about it after having had a word with the Chief Secretary, but at present I don't have anything to add.

Can I just add one point as a footnote. It is entirely proper for the Public Accounts Committee of a legislature like this to concern itself with the minutiae of public spending. And the work that is done in this area is one of the things that keeps the Government of Hong Kong clean and, I hope, competent. So I in no way criticise what the Public Accounts Committee have concerned themselves with.

The only point I wanted to add was that I hope that this controversy won't in any way be thought by some to tarnish the reputation or image of the Commissioner of Police who is a very distinguished public servant, one of the finest heads of our Police Force that this community has had, and I think that the community has every reason to be proud of him and proud of his record.

Mr Eric Li: Mr President, I certainly concur with the last statement of the Governor and if the Governor would care to look at the report itself, there is no direct criticism directed at the Commissioner of Police or at his integrity in that sort of manner. But I think the Public Accounts Committee should be fearless and forthright --

Governor: Absolutely.

Mr Eric Li: -- just as we would expect the Chief Secretary and the civil servants in putting a point when a matter of public policy is being placed under controversy. We are concurring with your own official, Governor, the Director of Audit in that case, so it is not entirely a matter between the LegCo and the Government, I think there is an independent auditor who has expressed some views too. I am directed by the full committee, this afternoon, to be writing directly to the Executive Council and the Standing Committee on Directorate Salaries and Conditions of Services, on the matter. And Governor, can I expect that you will direct both these bodies to give the public and, of course, the Public Accounts Committee, a full reply stating the reason and the position in the matter?

Governor: First of all, I would not wish the Public Accounts Committee to be anything other than fearless and forthright, and I hope that that will be the watchword that governs its behaviour for the foreseeable future.

Secondly, we shall look forward, on the Executive Council, to receiving the communication from the honourable gentleman and responding to it suitably.

Mr Leung Yiu-chung (in Chinese): Thank you Mr President. I think the Governor knows that, recently, the CE's office has released a consultative document on civil liberties which can be regarded as a retrogression on human rights. And the official who is pushing this document, happens to be the official that is seconded, with agreement from the Governor, to the CE's office. And before this official was seconded to the CE's office, he happened to be pushing a document that was more advanced, so to speak, in human rights, on behalf of the Hong Kong administration. Now, with the change of sovereignty coming very close, a lot of guests of honour will be coming from overseas and they would be seeing that within a very short span of time, this official is having two faces.

So concerning this officer that has been seconded to the CE's office, do you find his attitude to work acceptable? And also, recently there was a rumour that there was a good possibility that he will be briefing the provisional legislature on this consultative document. And so objectively, it will mean that the legality of the provisional legislature would be established and that particular policy would be completely the opposite of the stance that you have been advocating. And so, are you going to tolerate this situation going on?

Governor: When the Secretary concerned worked as a key member of my administration, he worked extremely hard and competently and professionally in the interests of Hong Kong. He has a considerable reputation in our public service and I think that I can say without any reservation that I received from him great support which also displayed at every time considerable integrity. I would never seek to put a public official like him in a position which could be awkward or embarrassing for him as a civil servant and I hope that those with whom he is now working will behave in the same way.

I think it is important that we avoid putting our excellent civil service in positions which can cause difficulty for them as public servants. The civil service in Hong Kong - independent, meritocratic, politically neutral - is one of the main reasons for Hong Kong's success and I think we should all be very careful not to do anything which affects the civil service adversely.

It is in the nature of, I suppose, our attempts to help an incoming administration at this stage in the transition, that there may from time to time be difficulties, that individuals will find themselves in difficult positions. We should try to minimise those difficulties and those difficult positions. I hope that that will be borne in mind by some of those who have, in my view, wrong-headedly pressed us to help with the work of the provisional legislature - something, for the reasons which I mentioned earlier - our concern about the rule of law - we would not of course do. But were we to do so, it would create far more of the sort of problems which the honourable gentleman has alluded to.

Mr Leung Yiu-chung (in Chinese): Mr President, of course we don't want to see the current situation but what is unfortunate is that situations are already in existence and of course we don't want to see that civil servants are regarded as having two faces, and they say one thing to someone and say another thing to another one, because it would deal a blow to the civil service. But this is an unfortunate fact, this is an unfortunate situation, that is right there in front of us. If this particular official in future is indeed to brief the provisional legislature on the consultative document, how are you going to deal with that? Are you going to withdraw the secondment?

Governor: I very much hope that some of the concerns expressed by the Honourable gentleman and elsewhere will be borne in mind by the SAR government designate and those who lead it. It's important that the integrity and professionalism of the Hong Kong civil service remains unquestioned after July 1, as they are unquestioned today.

Dr Law Chi-kwong (in Chinese): Thank you very much Mr President. I have a question for the Governor. On February 27, at a Governor's Question Time, the Governor gave me a reply concerning the flow of illegal immigrants into Hong Kong. The Government at that time provided us with some information as to how many children will get the right of abode on July 1, under article 24 of the Basic Law and we were told very clearly that there was no sign that there was an influx of illegal immigrants. But then three months later we know that in fact in January, when compared with December last year, the figure has increased five to six times and the figure is ever on the increase and that's why we really doubt the credibility of the Government and whether the Government is competent enough to resolve this problem, tackle this problem, because on February 27, it seems that the Governor was not aware of the problem or the seriousness of the problem.

I would like to know what plans the Government has to solve the problem. Are you going to deal with this very seriously? And there have been suggestions that the Government should conduct a registration exercise concerning children in mainland whose parents are permanent residents of Hong Kong and I would like to know what response the Governor can give with regard to these suggestions?

Governor: I think I'm right in saying that a paper was presented to the relevant Legislative Council panel this morning on this issue and that paper, of course, gave some indication of the sort of steps that we're considering taking and I don't think I could usefully add to that, save perhaps to make these two obvious points.

First of all, it is extremely important that people don't seek to jump the queue, don't seek to enter Hong Kong illegally. When they do so, difficult and unattractive as it is, there is only one thing which a responsible government can do after the law has run its course. That we have done and that we will continue to do because not to take that action would send all the wrong signals across the border and would encourage more illegal immigration rather than the reverse.

Secondly, knowing the entitlements that exist under the Basic Law, we've been trying for some time to minimise the problems which the SAR Government will face after 1st July by increasing the one-way permit quotas and in particular by trying to balance those quotas so that we absorbed as many children as possible before 1st July, as we could. We increased the quota, as you know, to 150 a day and took that increase into account in our planning of resources for the future, such as the provision of primary school and secondary school classes. Now for that quota to work effectively it does require the assistance of the authorities in China. We've been discussing ideas for trying to make the system work better. For example, by making it more transparent so that parents could know how long they were likely to have to wait before their children could come into Hong Kong. There are things like that which I think we will perhaps need to implement but what is essential is that we should have the assistance, the full assistance of the authorities in China in making the system work.

Dr Law Chi-kwong (in Chinese): Mr President, the Governor has not responded to the first part of my question. It seems that he is reluctant to respond to my point concerning February 27. According to what he said, I think he underestimated the seriousness of the problem. On that day he said that there was publicity and publicity was more effective than the publicity launched by the snakeheads. That was the analogy he made on that day. Now I know that there will be publicity in the future but I am sure that snakeheads will effectively spread rumours and their efforts will be more effective than those undertaken by the Administration. So does the Administration have effective measures because after February 27, we had over 600 illegal immigrants coming in March? It's true that fewer people have surrendered themselves to the Immigration Department but it doesn't mean that the number of illegal immigrants has decreased, so do you have any resolute measures to tackle the problem please?

Governor: Well, I'm prepared to concede that my predictive capacities weren't as extensive as the Honourable gentleman's. But the one message, it seems to me, important to send out clearly in order to reduce the attractiveness, or so-called attractiveness, of whatever offers snakeheads offer, the most important message to send out is that Hong Kong is going to continue to police its immigration regulations vigorously. If we take actions which make it look as though the rumours of amnesties or slackening in the rigour of our procedures, may have some basis in fact, if we act in that sort of way then it will play into the hands of the snakeheads. Every indication that the Government may change its mind inevitably would condemn more children to the dangers of the snakehead operations and that's why we have to be absolutely firm as well as fair in trying to make this difficult policy stick.

Ms Margaret Ng: Mr President, may I refer to the Governor's plan or proposal to publish a blue bill on June 30, on the right of abode.

Mr President, would the Governor agree with me that the position of the Hong Kong Government about the provisional legislature's legitimacy before 1st July and after 1st July, is exactly the same?

Now the Governor said that no legislation is necessary before July 1. Legislation, I think he said, it's all right to have legislation a few weeks after July 1, but a few weeks after July 1, the legislature of the day is still the provisional legislature and so according to the Bar's view, that, the legitimacy of that legislature is still open to litigation. So that any legislation passed by them, by it, is still not completely safe.

In view of that, is there any reason why this Administration should not put the blue bill before this Council so that this Council, whose legitimacy is not in doubt, can pass that law before July 1, and so give certainty to the people of Hong Kong? Thank you Mr President.

Governor: As I said in my earlier reply, I would very much have liked to have legislated on right of abode as we legislated on the Court of Final Appeal with the approval of this Council and with the agreement of Chinese officials. I think that would have been incomparably the best way forward and to suggest somehow that this legislature or this Government has no role in determining these matters is an absurdity. We're not talking about definitions of Chinese nationality, definitions of Chinese nationality are matters, quite properly for the National Peoples' Congress. What we're talking about is the right of abode here in Hong Kong and it's perfectly within the powers of this Council to deal with that issue. The fact that it was a legitimate issue in the JLG is perhaps best recognised by the fact that it's been discussed in every JLG meeting since JLG XX and has been I think mentioned in every communique of the JLG since JLG XX. However, our proposals that we should legislate, even our proposals that we should legislate partly for foreign nationals for example, were rejected by China.

So the position we find ourselves in today is one in which we could only go ahead with legislation at the risk of a, I imagine, a major argument and at this stage within a few weeks of the transition, I'm anxious to have fewer arguments rather than more. The situation would I concede to the Honourable lady be totally different if we were obliged to have legislation on the statute book before the transition, as we're obliged to have legislation on the statute book before the public holidays on July 1 and 2, but we're not obliged for the reasons which I mentioned earlier, Article 24 of the Basic Law.

In those circumstances the proposal I think that we've put which I still hope will be taken up, the proposal that we've put is to publish a white bill but to delay legislation until the legislature of the day takes office on July 1.

Now the Honourable lady raises the questions of legality of that operation. There are, I suppose, two sorts of legal challenge that people might make to the provisional legislature. The first one which is of direct concern to me because I'm at present head of the Hong Kong Administration, is a challenge against any legislation which appears on the statute book after 1st July, at the end of a process which began on Saturday mornings in Shenzhen before June 30, before July 1. Now every, or most of the lawyers that I've seen commenting on this seem to think that it's very likely that there will be legal challenges to legislation produced in that way.

The second area in which there may be legal challenges is I imagine, in the relationship between the provisional legislature and the commitment to a legislative council made in the Joint Declaration and the Basic Law. Those will continue, I would judge, to be questions of international argument whatever happens here in Hong Kong. But those questions of legal validity, those questions are not ones that I can as it were take up at this time. What I have to deal with are those matters which as it were affect Hong Kong while I am directly responsible for it. But I don't doubt as the Honourable lady says that there will be some who raise legal challenges to the provisional legislature, not because of what it's done before June 30, but for what it's done after July 1.

Miss Margaret Ng: Mr President, I hear the Governor say that he has no doubt in his mind that it is entirely proper and beneficial for this Council to enact on the right of abode before July 1. In that case, can the Governor agree with me that we should go ahead with doing what we consider to be right in the hope that other people would agree with us, rather than avoiding doing what is right and in fact doing what might be wrong in response to the thought that other people might also do wrong?

Governor: I am very keen on trying to do what is right. I am also keen on trying to minimise rather than maximise argument and controversy in an area where it is important that there is the maximum certainty and where it is important that there is the minimum legal challenge. I don't doubt that if we were to bring forward legislation before June 30, that itself would be a subject of very considerable controversy with Chinese officials. And I am not sure that would provide the sort of certainty that we require in this area.

What I am determined to do, even if I am not prepared to do as much as I would have liked to have done, what I am certainly not prepared to do is what I think is actually wrong, which is a slightly different way of putting it. I repeat, if it was remotely the case that we needed the legal certainty of something on the Statute Book before June 30, I would have no doubt that we should go ahead. But that is not the legal advice that we have been given.

Now let me make just one other point, which I hope the honourable lady will take in good part. One thing which I don't think would be helpful at this stage in the transition - it's not very helpful any time - is the politics of gesture. And let me put that in context. We were pressed by this Legislative Council, by a majority in this Legislative Council, many of whom I see here today, to legislate on BL23, across the board. I sometimes come, as honourable members know, armed with quotations and voting records; I have done it today but there is a very nice lady who often waits for my arrival and departure at the Legislative Council Building who said to me as I came in today, "Don't embarrass anyone". So I am going to keep all those quotations and all those voting figures closed in the file.

On that issue of BL23, we were pressed very hard to legislate and when we could not get an agreement with Chinese officials we brought forward the legislation, And I now read what some people say about it, and some people's doubts about whether we will get it through or not. So I am not madly keen on putting forward legislation which I can't in all honesty recommend to the Executive Council or to others is likely to get through the Legislative Council.

Mrs Elizabeth Wong: I would like to ask the Governor a question, not on the possibility of civil servants being schizophrenic or with split-personalities in future, neither on the question which is a heavy-duty question on legal challenge, but I would like to ask a question which touches on the right of the child - human rights, civil liberties, all rolled into one.

I am referring to the sad case of the illegal child Chung Yeuk-lam, who was evicted from Hong Kong with her parents; her mother was bound and hurt and wounded. And I don't know whether the Governor would agree with me that this eviction, which touches upon human compassion, is also something which is incompatible with Hong Kong, our stand on civil liberties, our stand on human rights, and our stand on the right of the child, even though she is an illegal immigrant. Now I would like to have the Governor's answer to that please.

Governor: The photographs which go around the world when one has to deal with a case like this, and it is the same in any society, give the worst sort of public relations, give the worst sort of impression of a society. We, of course, recognise that. But who is to blame? Many of us here are parents and I think we have views about how, as parents, we would be prepared to act towards our children and how we would not be prepared to act. I'm not sure, whatever the bonds of affection and love, I would want to fill the corridor outside my flat or home with 30 journalists and television-cameras. There for what reason? Of course reporting an important news matter. But there, also, to try to serve the interests of a parent who had presided, not for the first time, over something that was illegal.

I have to say, my heart goes out to those people who have to make the policy work, who have to implement it. My heart goes out to the immigration officials, to the Social Welfare Department people for whom the honourable lady was once responsible with considerable distinction, having to make a policy like this effective. And why do they have to do it? For the reasons which we were discussing earlier. Because the moment that we back-off, the moment that we are not prepared to see a policy through, is the moment when the skinheads -- when the snakeheads - the skinheads too -- is the moment when the snakeheads, with their skinhead views - let me put it that way - are able to increase the credibility across the border that there may be some change in policy.

I have been through one or two of these cases before and the moment that you are not prepared to see a policy through which is right, just because of the photographs, the moment you are not prepared to back-up your own officials when they are doing a very difficult, unpleasant job, the moment you get to that situation is the moment you are ceasing to provide any leadership in a community. So I take full responsibility for what has happened as the head of the Administration. I hope that we have learnt from our experiences this time and can avoid some of the problems which were created. But it is very difficult to carry off something like this in a way which can't be used and manipulated, and I regret that that happened once again.

Mr Tsang Kin-shing (in Cantonese): Thank you Mr President. Only 68 days to go before the change of sovereignty and I am sure on the day of your departure from Hong Kong I won't be there to see you off because I will have to face new challenges and I will have to be subject to new pressure and so probably I won't be able to see you off from Hong Kong.

Now concerning the 13 THAs, you have broken your promise about demolishing them. And also, concerning the legality of the provisional legislature, still the UK Government has not pressed charges in court. But I am not going to speak on these issues, I want to talk about child IIs.

You said that you wanted to enhance publicity and you said that it's a problem with the snakeheads. But I don't think it is a problem with the snakeheads, I think the problem is this: the child IIs are the kids of Hong Kong parents and so whatever publicity you do in Mainland China it does not help because it is the parents in Hong Kong that are trying to bring them in from Mainland China. Every day you have a quota of 150; 66 of them would go to kids. And how are you going to distribute the 66 places? It is not Hong Kong that is responsible for distributing the 66 places, and if the parents are rich then they can buy the places.

Now, for the kids in Mainland China, they keep growing-up and so probably every time the children IIs are smuggled into Hong Kong they are probably only very young, either two or three years old.

Now you are about to leave Hong Kong and if you do not do anything, then the poor Hong Kong parents - I am not talking about the rich ones because they can afford to buy the one-way permits - but for the poor Hong Kong parents, their kids will have to negotiate the ocean, chased by sharks or even thrown into the sea by snakeheads.

Now this is my suggestion, although I am not particularly intelligent. Now for the kids of Hong Kong parents, I think they should all be registered - like what the Housing Authority has done, producing a waiting-list. And so even if places are to be bought, still a queue has to be formed and people have to get into the queue. Otherwise the kids of poor parents will keep growing-up and they will be perpetually waiting because they have no rich parents to buy places for them.

Now Hong Kong is a place of rule of law but not in Mainland China, everything can be bought in China: places, quotas can be bought in China. And so before you leave Hong Kong - only 68 more days to go - please do something for Hong Kong parents with kids in Mainland China, and with family members in Mainland China. Please register them all and please pass the information on to Mainland China, through the JLG or whatever avenue is appropriate, so that the Hong Kong Government can, in accordance with that particular list, receive immigrants from Mainland China. And also, the final vetting authority should rest with Mainland China. I think that is the solution to solve the children II problem. Publicity does not help. In Hong Kong we have rule of law. But not in Mainland China. Money can make things happen in Mainland China.

So I would also like to take this opportunity to wish you all the best.

Governor: I am grateful for that characteristically terse question. It will, of course, be a particular sadness for me not to see the honourable gentleman in the future as regularly as I have over the last few years - beginning on the picket-line and ending up in the Legislative Council, part of the process of democratisation which one sees in Hong Kong and elsewhere. It is an even greater sadness to hear that I am not going to be able to say farewell to the honourable gentleman but perhaps we will be able to say so and to make it au revoir rather than goodbye.

The honourable gentleman - and I won't take him up on the allegation about broken-promises; actually, we have kept very precisely the promises that we made on Temporary Housing Areas, as I will be happy to point out to the honourable gentleman. When I arrived in Hong Kong there were 55; now there will be 12 or 13 when I leave; and all the promises that we made on THAs will have been kept. There would, of course, have been far fewer, perhaps none at all, if it hadn't been for the continuing steady immigration into Hong Kong.

But the important point which the honourable member made is again about the way in which the quota is implemented. And the honourable gentleman is right to underline the extent to which we are in the hands of those who run the system on the other side of the border. One of the reasons why we have been pressing for greater transparency, for example for a points system, is to try to ensure that the sort of problems to which the honourable gentleman alluded can't actually distort the policy. The more transparency, the more openness, the more parents can see how long they are likely to have to wait; the more they can see that the policy is being implemented fairly so that people are not being allowed to jump the queue. The more that can be done, the more effective will the policy be and the less likely will it be that snakeheads will be able to operate in the disgraceful and dangerous way in which they have in the past.

So I hope before June 30 we will have made some progress in that area. I know that it is an area to which the Chief Executive (designate) and his team also attach priority. And I hope, in the interests of Hong Kong and in the interests of a lot of families who will have rights to be here in Hong Kong, I hope the policy can be made to work more effectively in the future.

And I would like to wish the honourable gentleman well in his future political career.

Mr Tsang Kin-shing (in Chinese): Mr Governor, I recall that there was a consultative document that was produced by the SARG and within the space of 36 hours the Security Branch produced a response to it and this is the kind of efficiency that has made Hong Kong people so happy because we can see that the civil service is very efficient. I hope that you can retain the same efficiency. I don't want you to wait until June 30, because by then I may not be able to see you anymore and I may not get another opportunity to put questions to you. And so, could you by April 30 or May 30, put together this registration system in Hong Kong? There is no transparency in mainland China, transparency only exists in Hong Kong. What Hong Kong can do, Hong Kong should do. We should do whatever we can do in Hong Kong. So that you register those kids, so that the parents know how long they have to wait, how long they have to wait before the kids can come to Hong Kong, five years or ten years. If they do know for certainty then they will not buy places and they do not buy places then the snakehead cannot endanger the lives of the kids. And so, can you use the same efficiency you used to respond to the consultative document from CS office to try to put together this registration system?

Governor: I agree with the honourable gentleman that we acted with our customary competence in reacting to that consultation document. I only say in passing, since the honourable gentleman gives me the opportunity, that I wish we hadn't needed to do so because the one thing which the consultative document doesn't do is to demonstrate in any way how any of the laws referred to contravene the Basic Law, or for that matter, the Joint Declaration. This has been, in my judgement, a wholly unnecessary controversy which has I think done some damage to our reputation and I wish the argument hadn't been embarked on in the first place.

As for the suggestion from the honourable gentleman that we should attempt to be as competent in the area he's touched on as we have been in others, we'll certainly take that to heart and I'm sure if he wears those braces I'll be able to go on seeing him, even in the dark.

President (in Chinese): So I'm sure your secret lighter will make you stand out!

Mr Andrew Cheng Kar-foo (in Chinese): Now you've allowed Mr Tsang to ask a long question. I thought that I would not be allowed to ask a question.

President (in Chinese): Please be concise Mr Cheng. Because we started a bit late and that's why I will allow one more question. Please be brief.

Mr Andrew Cheng Kar-foo (in Chinese): All right. Thank you Mr President. I would like to switch to another topic. I would like to talk about fund raising. The Democratic Party has been on a fund raising trip and then concerning this consultative document on civil liberties and social order, it says that political organisations should not get financial assistance from aliens. The commentary says that this is unreasonable. We support this stand. In fact in 1992, Mr Tung Chee Hwa in his personal capacity donated 50,000 pounds to the Conservative Party and we in fact support the Government's stand on this. But then Mr Tung refused to give a direct explanation as to why he made a donation. Now the donation may be rather sensitive.

Now Mr Governor, you were one of those responsible for raising funds for the Tories overseas at that time. Now I agree that it's unreasonable to ban local political parties getting a sort of financial assistance from overseas. So Mr Governor, I just want to know about your stand on this matter Mr Governor?

President (in Chinese): Now Mr Governor is giving his reply in his capacity as the Governor, not as the former conservative leader.

Governor: A short tour of the constitution of the Conservative Party. As the Chairman of that body when I was young, before I had all this grey hair, as the Chairman of that body I was responsible for spending the money not raising it. There is a constitutional distinction between being a treasurer of the Conservative Party and being Chairman and happily I was in the position as Chairman rather than treasurer. Nevertheless, I read what the newspapers say with interest.

I think my views on this particular issue are much the same as my views on the other matters covered in the consultation document. I can't understand what the purpose of all this is. It's conceded I think by some of the authors of the document that Hong Kong is an incredibly stable, moderate, balanced place, so it's also I think conceded implicitly that none of our laws at present in this area contradict the Basic Law. Does anybody in this Legislative Council, can anybody in this Legislative Council this afternoon tell me anyway in which the Societies Ordinance or the Public Order Ordinance contradict the Basic Law? Well, I'm glad we've got agreement on that.

So, there were some who I'm sure would've spoken up if they could think of any reason. So I ask myself what is the point of all this. It causes a great deal of concern in the community. It causes a lot of bad publicity around the world and it raises inevitably questions about the future commitment to civil liberties. It may be that when people start using expressions like national security, they don't mean some of the things that people think they mean, but they shouldn't be surprised if when you start opening up a debate on issues like that it causes a lot of worry and concern around the community.

The one good thing which seems to me to have come out of it whether talking about donations to political parties or whatever, is it has given the community the chance of speaking out and the community has spoken out extremely eloquently within a few weeks of the transition. Our legal profession has spoken out with considerable intellectual vigour. I get a transcript of the phone-in programmes on radio every morning. Ordinary people have spoken out. People have spoken out in the streets. A lot of people have spoken out in the newspapers. So I think that is a good sign that it's shown for once and for all how much people in Hong Kong are concerned about their freedoms.

Now the question of fund raising and contributions to political parties. Of course many societies have limits which they apply to the amount of money that can be donated for election campaigns and of course it's true that many countries have laws about the transparency of political donations but I think trying to prevent any contribution at all would cause very considerable difficulties. Difficulties of definition and difficulties of implementation in practice and for what purpose? There's a sort of implication of threats in the shadows which none of us are at present aware of but may exist unless these rather illiberal measures are taken. I don't think that there are any threats in the shadows unless people find it threatening that the ordinary men and women of Hong Kong want to go on living in a free and democratic society. If that's a threat then heaven help all of us.

Mr Andrew Cheng Kar-foo (in Chinese): A short follow-up question. We criticised Mr Tung for not letting people do what he did. Now is it that for that donation there was no political transaction behind that donation, is that the case? Because the policy that political donations are very sensitive and if we in future have to legislate so that local political organisations and bodies cannot get donations from aliens then I think what we need to do in fact is to prevent any political transactions behind political donations or donations to political organisations. There should not be a ban across the board. I hope that Mr Governor you can give some advice and I hope that you will not sort of deviate from this question.

Governor: Well, let me answer that question in the particular and in the general. I think it would be a grotesque and wholly unwarranted attack on Mr Tung's integrity to suggest that there was any political transaction as a result of a donation that he made to the Conservative Party. I saw a suggestion in one British newspaper the other day, it had obviously been heavily crawled over by the libel lawyers in order to make sure that it didn't quite transgress, the suggestion that because Mr Tung had made a donation to the Conservative Party the Governor of Hong Kong had put him on the Executive Council. I mean anybody who knows anything about Hong Kong, whose mind isn't entirely distorted by conspiracy theories, would know precisely what nonsense that was. So the particular point I'd want to make is that I don't think that this controversy should be used by anybody to cast wholly unwarranted slurs on the I think unquestioned integrity of the Chief Executive designate.

Secondly, are there sometimes political consequences of people making political donations? I suppose there are. There's plainly a great deal of controversy about this in one or two countries right at the moment. But that's why there's an argument for transparency. There's not an argument for not I think allowing people to make a donation in the first place. One honourable member is keen that there should be transparency when discussing other political activities or political parties here in Hong Kong and I'm sure that's an issue which will continue to command interest in the future. But I don't think that the wholly correct arguments that the honourable gentleman put about political transparency should be taken as being on all fours with prohibiting any donation at all and where do you draw the line. Where do you draw the line between, for example, a political party and a group which is arguing for a particular political cause? Maybe for the improvement of peoples' human rights. How do you draw the distinction between an alien in Hong Kong and somebody who's local? You could have people who had right of abode in Hong Kong I suppose but were still covered by these sort of restrictions. It's a wholly, it's a very complicated area and one I see no conceivable advantage for Hong Kong in getting involved in.

President: In accordance with Standing Orders I now adjourn the Council until 2.30 pm, Wednesday April 30, 1997.

End

Statement by the Chief Secretary

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The following is the statement by the Chief Secretary, Mrs Anson Chan, at the beginning of the hearing of LegCo Select Committee to Inquire into the Circumstances Surrounding the Departure of Mr Leung Ming-yin from the Government and Related Issues today (Thursday):

Chief Secretary: I wish to state that the Administration has done its very best to cooperate with the Select Committee in this inquiry. I regret, however, that I am unable to comply with your request to produce the ICAC Operations Review Committee, that is the ORC report. I wish to explain to this Committee why I consider production of this report to the Committee to be contrary to the public interest.

I have read the report of the ORC of the ICAC and I have consulted the Commissioner of the ICAC and sought the advice of the Attorney General's Chambers and upon such advice and having regard to the nature of the report, I have formed the view that it would be injurious to the public interest to require the production of the report to the Committee or to any Member of the Committee and it should be withheld on grounds that I will set out here under.

The ORC has been established to monitor the investigation work of the ICAC; to provide an independent and effective check on its operations and to give advice on, amongst other things, how these cases that on legal advice are not subject to prosecution or caution should be pursued. The majority of members of the ORC are from outside of the ICAC and the civil service. Reports prepared for the ORC contain full details of investigations by the ICAC together with the comments, views and assessment, including legal advice, of the professionals concerned. The ICAC operates on the basic principle of confidentiality and mutual trust. If confidentiality cannot be assured sources may be inhibited from providing information to the ICAC which would have an adverse effect on investigations. Furthermore, the information is provided to the ORC on a mutual trust basis. Any release of the information to third parties would undermine that trust and consequentially the effectiveness of the ORC in its monitoring role.

It is my view that to disclose a copy of the report, even in camera, would compromise the future operations of the ORC and ICAC in that the ICAC would feel unable to give its full and frank assessment on its investigations and the ORC would feel inhibited in giving its advice if it were not possible to ensure that such information will remain confidential. I might add that this is a view shared by the members of the ORC, most of whom, as I have said, are non-officials.

At a time when there are growing concerns in the community that endemic corruption might creep back into Hong Kong, it is in my opinion necessary in the public interest, including the proper functioning of and the maintenance of public confidence in the ICAC, for the report to be withheld from disclosure and production to the Select Committee or to any members thereof. Further I am satisfied that the disclosure of the report is not necessary to enable the Select Committee fairly to examine the circumstances of Mr Leung Ming-yin's departure or any directly related issues. The Select Committee has already been shown copies of the letter of the ICAC to me dated 8th May, 1996, and all relevant enclosures to that letter, apart from the report. Members of the Select Committee have also been permitted to watch the video-taped interviews of officers of the ICAC with Mr Leung Ming-yin, summaries of which are enclosed with the letter. Apart from the names of the various persons who are referred to in the video-taped interviews, which were edited from the tapes, and from the summaries, before they were shown to the Select Committee, the report contains nothing of a factual nature which has not already been disclosed to the Select Committee.

As the public interest lies in withholding the production of the report to this Committee, I am Mr Chairman, for the reasons I have given today and previously to this Committee, not prepared to disclose it. In view of the above and as you are aware, the Attorney General has initiated court proceedings seeking a declaration from the court that I may properly withhold production of the ORC report to the Select Committee. Finally, Mr Chairman, I wish to give you my certificate, dated April 21, which sets out my reasons for determining that public interest immunity attaches to the report and that its production is therefore to be withheld.

Thank you Mr Chairman.

End

Report of the Preparatory Committee on Chinese Medicine

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In a report to the Government, the Preparatory Committee on Chinese Medicine (PCCM) recommended that a statutory Council on Chinese Medicine be set up to provide for the regulation, promotion and development of Chinese Medicine (CM) in Hong Kong.

The proposed Council on Chinese Medicine, to be composed mainly of representatives of the CM profession and trade, would be supported by a Chinese Medicine Practitioners Board and a Chinese Medicines Board in carrying out its regulatory work.

Introducing the recommendations at a press conference today (Thursday), Chairman of PCCM, Dr Daniel C W Tse said: "The objectives of the proposals are to safeguard public health and consumers' rights by ensuring the professional standard of the CM trade.

"However, a gradual approach in implementation should be adopted to avoid affecting the livelihood of people already in the profession and trade."

Chairman of PCCM's Chinese Medicine Practitioners Sub-committee, Mr Cheung Tai-chiu said: "In the long run, CM practitioners will be required to be registered before they are allowed to practise.

"Those who wish to be registered should pass the universal licensing examination."

However, for the purpose of the initial registration exercise, the registration criteria as recommended by PCCM are:-

- * CM practitioners with 10 years or more practising experience in Hong Kong as at 1 January 1995 could be exempted from the universal licensing examination;
- * CM practitioners with five to nine years practising experience in Hong Kong as at 1 January 1995 and a recognised CM qualification could be exempted from the universal licensing examination;
- * CM practitioners with five to nine years practising experience in Hong Kong as at 1 January 1995 but without a recognised CM qualification could be exempted from the universal licensing examination but should pass an assessment test;
- * CM practitioners with less than five years practising experience in Hong Kong as at 1 January 1995 and a recognised CM qualification could be exempted from the universal licensing examination but should pass an assessment test;
- * CM practitioners with less than five years practising experience in Hong Kong as at 1 January 1995 but without a recognised CM qualification should pass the universal licensing examination.

He stressed that in order to ensure the professional standard of those practitioners to be registered through these channels, the qualifying periods of practising experience should be correspondingly extended if a cut-off date other than 1 January 1995 was to be adopted for the initial registration exercise.

Meanwhile, existing CM practitioners who did not fulfil the registration criteria might continue to practise but they were expected to undergo further training with the ultimate aim of sitting for the universal licensing examination.

The PCCM report also recommended the regulation of the CM trade by way of registration.

"The main objectives of regulating Chinese medicines are to ensure the proper use of potent/toxic herbs, and to ensure the safety, quality and efficacy of proprietary Chinese medicine," Chairman of PCCM's Chinese Medicine Sub-Committee, Mr Tam Ling-kwan said.

Under the proposed system, the distribution and retailing of certain specified Chinese herbs would be regulated and a registration system for proprietary Chinese medicine would be introduced.

"Alongside the proposed regulation of CM, the PCCM is also concerned on its further development and has hence proposed to look into the incorporation of CM into the healthcare system in Hong Kong; to provide full-time undergraduate CM courses; and to further promote researches on CM," Dr Tse added.

Members of the PCCM and its two sub-committees had been re-appointed by the Secretary for Health and Welfare for a further period of two years.

Copies of the report could be obtained at various District Offices and the PCCM Secretariat starting from tomorrow (Friday).

The report would also be distributed to CM practitioners and members of CM trade through CM associations.

Suggestions should be made in writing to the PCCM Secretariat at 1st Floor, Shun Feng International Centre, 182 Queen's Road East, Wanchai, Hong Kong.

End

Campaign launched to reduce landslip casualties

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Residents should take personal precautionary measures when the Landslip Warning is in force, Principal Government Geotechnical Engineer Dr Andrew Malone said today (Thursday).

These measures include:

- * Stay at home or remain in a safe shelter
- * Avoid walking or standing close to a steep slope or retaining wall
- * Avoid driving in hilly areas or on sections of roads where Landslip Warning signs are displayed
- * Residents of squatter huts on hillsides should move to temporary shelters provided by district offices
- * Always be alert to possible danger

Speaking at a press conference on a public education campaign, Dr Malone said many of the 470-odd people killed in landslips in Hong Kong since 1948 could have been saved if adequate personal precautionary measures had been taken.

"In the 1970s, more than 20 people died in landslips every year on average. Anti-landslip measures introduced by the Geotechnical Engineering Office (GEO) have since brought the fatality rate down to three per year," he said, adding that this was not good enough.

"The campaign, which aims to educate the public on ways to reduce exposure to risk when the Landslip Warning is in force, will help cut down the number of casualties even further," said Dr Malone.

"To drive home the safety message, GEO has, with the assistance of the Government Information Services, produced a 30-second publicity film for broadcast on television," he said.

"A bilingual pamphlet has been produced for free distribution at district offices to advise the public on personal precautionary measures to be taken," he said.

"The campaign will also include advertisements, seminars and exhibitions at popular shopping centres," he added.

Also speaking at the press conference, Government Geotechnical Engineer Mr Raymond Chan said the Royal Observatory, in consultation with GEO, would issue Landslip Warnings through radio and television every hour during persistent heavy rains.

"To enhance public alertness to landslip risk, a new Landslip Warning logo has been introduced. This new logo will be displayed on the TV screen when the Landslip Warning is in force, to remind members of the public to take precautionary measures," he said.

Mr Chan also explained various typical signs of landslip danger. These include landslip debris on roads and footpaths, falling objects, signs of soil erosion underway, serious overflow from catchpits or drains and flooding in hilly areas.

"When you notice these signs, keep away from the slope immediately, make a report to the Police or notify the property owner or manager," he said.

End

Necessary precautions should be taken against hazardous weather

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With the approach of the rain and typhoon season, the Royal Observatory advises members of the public to take all necessary precautions against the effects of severe weather.

"Hong Kong is frequently affected by severe rainstorms during the summer months, and although the No. 10 typhoon signal has not been hoisted since 1983, it does not mean that Hong Kong can sit back and relax in the face of potential typhoon damage," the Director of the Royal Observatory, Dr Lam Hung-kwan, said.

Over 20 persons were killed or missing, and 300 people injured, when typhoon Ellen brought hurricane force winds, heavy rain and high sea level to Hong Kong on 9 September 1983, sending dozens of ships aground and causing widespread flooding throughout the territory.

There has been no lack of calamities in recent years. Torrential rain in July 1994 caused the collapse of a retaining wall at Kwun Lung Lau Estate building in Kennedy Town, killing five people and necessitating the evacuation of one thousand families. In August 1995, heavy rain following the passage of severe tropical storm Helen brought widespread landslips, claiming three lives on Hong Kong Island.

The Observatory maintains a close watch on the weather and issues warnings whenever Hong Kong is threatened by heavy rain, thunderstorms and tropical cyclones, all of which can lead to floods and landslips. It is therefore important for members of the public to be fully familiar with the various weather warnings and take necessary measures to protect themselves.

Hinges, bolts, locks and shutters of windows and doors should be checked well before the rain and typhoon season, which normally starts in May. Owners of shop signs, overhanging neon lights, and rooftop TV reception dishes should ensure that these structures are safe and secure. Flower pots and other objects likely to be blown away should not be placed in exposed locations. Gutters and drains should be cleared of debris.

People living in low-lying areas and in areas with poor drainage should take precautions against flooding. Slope owners should ensure that their slopes are kept in good conditions, and that there is adequate drainage for rain water. Members of the public are advised to take necessary personal precautionary measures to minimize their exposures to potential landslide risk.

Whenever Hong Kong is threatened by hazardous weather, it is important to listen to radio and television broadcasts for the latest weather bulletins and announcements. During the passage of tropical cyclones, members of the public should call the public enquiry service Of Home Affairs Department at 2835 1473 for an update on signal status.

Weather information is also available from the Dial-a-Weather service at 187 8200 (Cantonese) and 187 8066 (English). For those with access to Internet, they may read the latest warning message at the Royal Observatory home page <http://www.info.gov.hk/ro/index.htm>.

End

Special arrangements for schools in bad weather

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The Education Department today (Thursday) drew the attention of all kindergartens, schools and parents to the department's arrangements in the event of tropical cyclones and heavy rain in the summer months.

Under the arrangements, the Education Department will announce the closure of all kindergartens through radio and television stations when tropical cyclone warning signal No. 3 is hoisted.

When a No. 8 or higher signal is issued, an announcement will be made to close all schools for the day.

In the case of rainstorm warnings - operating on a colour coded warning system of amber, red and black - schools will continue to operate on the issue of the "red" warning unless otherwise advised by the department. However, the department will make an announcement to close all schools once the "black" warning is issued.

A spokesman said: "Whenever possible, the department will make the first school closure announcement before 6.15 am for AM and whole-day schools and before 11 am for PM schools and the PM session of whole-day schools."

"In case students are already on their way to school when No. 3/No. 8 or the rainstorm warning signal red/black is issued, schools should arrange with teachers and staff to look after the students until it is safe for them to go home," he added.

He advised schools to draw up a contingency plan in advance to deal with the closure of schools or suspension of classes owing to rapidly deteriorating weather.

Schools should inform teachers, pupils and parents of all arrangements to be made in bad weather at the beginning of each school year, the spokesman said.

"However, in times of severe local weather affecting road conditions, landslides or unfavourable road traffic conditions, parents should use their discretion in deciding whether or not to send their children to school.

"Principals of kindergartens and schools should also exercise their discretion to close their schools when local weather or road conditions may endanger students' safety on their way to and from schools," the spokesman said.

He advised schools to make alternative arrangements regarding internal tests or examinations for those pupils who could not return to school or were late for schools because of bad weather or adverse road conditions.

Schools should also reassure parents that their children would not be penalised under such circumstances, the spokesman said.

Whenever No. 3 or amber signal is issued, the Education Department's Emergency Duty Team will be activated and operate from 5.45 am to 6 pm on a school day.

Last year, the Education Department's Emergency Duty Team was activated 18 times when a tropical cyclone and 17 rainstorm warnings were issued.

End

No referrals to private practitioners

In response to media enquiries on whether pupils are referred to private ophthalmologists/optometrists for assessment, a spokesman for the Education Department said today (Thursday):

"The Education Department does not refer, or introduce, any pupil to individual private practitioners for ophthalmic/optometric assessment.

"We provide eye-sight screening tests for Primary One pupils under the Combined Screening Programme. When they fail to pass the tests, we give parents' options for:

- 1) ophthalmic diagnosis at eye clinics of the Hospital Authority,
- 2) optometric assessment at the General Eye and Low Vision Clinic of the Hong Kong Society for the Blind, and
- 3) ophthalmic diagnosis by ophthalmologists in private practice.

"Parents are entirely free to make their own choice.

"We are aware that certain private optometrists claim to have had referrals from our department. We are looking into the matter and considering the appropriate action to be taken."

End

1996/97 figures on court insolvency cases released

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Reviewing the work of the Official Receiver's Office in 1996/97, the Official Receiver, Mr Robin Hearder, said that the total number of new court insolvencies had increased from 1,013 in 1995/96 to 1,119 in 1996/97. He added that it was low in comparison with other overseas jurisdictions in view of the huge volume of economic activities in Hong Kong.

There were 557 new compulsory company liquidations in 1996/97, representing less than one per cent of the total number of new companies incorporated during the year (58,010). The corresponding figure(s) in 1995/96 were 514 and 1.5 per cent.

The number of new compulsory company liquidations was only around 0.1 per cent of the total number of companies (490,000). Major causes of failure were a decline in business, cash flow problems and poor management.

Mr. Hearder said that 1996/97 was the first year since 1988/89 with the number of new bankruptcies exceeding the number of new compulsory company liquidations. Whereas new bankruptcies resulting from self-petitions increased from 10 in 1995/96 to 23 in 1996/97, the total number of new bankruptcies increased from 499 in 1995/96 to 562 in 1996/97. The major causes of failure were inability to meet liabilities arising from personal guarantees, a decline in business and excessive use of personal credit facilities.

There was no significant changes on businesses affected by compulsory company liquidations and bankruptcies. These included garment and knitting manufacturing, importers and exporters, restaurants and canteens, electrical and electronic manufacturing, construction and engineering, land / property development and investment, as well as plastic products manufacturing.

Petitions were filed by the Director of Legal Aid (35 per cent), trade creditors (32 per cent), banks and financial institutions (22 per cent), landlords (four per cent), shareholders (two per cent), personal (two per cent) and others (three per cent).

On insolvency prosecutions, there were 137 summonses as against 96 in 1995/96 issued against bankrupts and directors of compulsory wound-up companies for failure to submit statements of affairs to the Official Receiver, failure to keep proper books and records and misconduct.

A total of 64 bankrupts or directors as against 80 in 1995/96 were convicted of insolvency offences. The total amount of fines imposed by the court was \$212,595 as against \$463,345 in 1995/96. Twenty-seven orders for disqualification of company directors were made by the court in 1996/97. The directors concerned were prohibited from acting as directors for periods varying from one to five years.

Twenty-four warrants of arrest were issued against uncooperative bankrupts or directors in 1996/97 and six warrants were implemented.

Total dividends declared by the Official Receiver during 1996/97 (excluding BCCHK) amounted to \$104.52 million in 236 insolvencies, as against \$72.66 million in 241 insolvencies in 1995/96.

One hundred per cent preferential payments or ordinary dividends were declared in 93 insolvencies as against 97 cases in 1995/96, which included substantial dividends in three compulsory liquidations and one bankruptcy case declared to the creditors.

End

Child Abduction and Custody Bill to be gazetted

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The Child Abduction and Custody Bill, which provides for the implementation of the Convention on the Civil Aspects of International Child Abduction ("The Convention") in Hong Kong, will be published in the government gazette tomorrow (Friday).

The Convention seeks the prompt return home of a child wrongfully removed from his/her habitual place of residence in violation of custody rights.

Signed at The Hague on October 25, 1980, the Convention is now in force in about 40 countries, including Australia, Canada, New Zealand, the United Kingdom and the United States.

The Social Welfare Advisory Committee and the Legislative Council Panel on Welfare Services expressed support for the Bill which will be introduced into the Legislative Council next Wednesday (April 30).

End

New Kowloon City District Officer appointed

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Mr Charles Chan Kwai-chun will assume duty as the new Kowloon City District Officer tomorrow (Friday), replacing Mr William Yap Choi-chin.

Mr Chan, aged 31, joined the Government as Administrative Officer in 1989 and was promoted to Senior Administrative Officer in April last year.

He has served in the Health and Welfare Branch, the former City and New Territories Administration, the Urban Services Department and the Office of the Telecommunications Authority.

Mr Chan's last posting was Assistant Secretary for Trade and Industry.

Meanwhile, Mr Yap will take over from Mr Gavin Ure as Tsuen Wan District Officer on May 5.

End

Gradings of beach water quality announced

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The Environmental Protection Department (EPD) today (Thursday) released its beach water quality monitoring results to inform swimmers and the general public about the water quality of the beaches in Hong Kong.

Under EPD's monitoring system, beaches are classified into four grades according to the most recent E. coli data collected.

Among the 37 beaches, 16 are found to be in "good" condition (Grade 1), 10 "fair" (Grade 2), seven "poor" (Grade 3) and four "very poor" (Grade 4).

"Grade 1" beaches include Hung Shing Yeh, Lo So Shing, Hap Mun Bay, Kiu Tsui, Cheung Sha Upper, Tong Fuk, Trio (Hebe Haven), Repulse Bay, Turtle Cove, South Bay, Chung Hom Kok, Kwun Yam Wan, Deep Water Bay, Pui O, Middle Bay and Clear Water Bay 2nd Beach.

"Grade 2" beaches include St. Stephen's, Tung Wan on Cheung Chau, Clear Water Bay 1st Beach, Hairpin, Stanley Main, Discovery Bay, Tung Wan on Ma Wan, Shek O, Silverstrand and Cheung Sha Lower.

"Grade 3" beaches include Silvermine Bay, Butterfly, Kadoorie, New Cafeteria, Gemini, Big Wave Bay and Golden Beach.

"Grade 4" beaches include Hoi Mei Wan, Lido, Old Cafeteria and Casam.

Water quality of beaches with Grade 1 to 3 are suitable for swimming.

At present, five gazetted beaches, namely Anglers', Approach, Ting Kau, Castle Peak and Rocky Bay, are closed to swimmers based on the beach water quality monitoring data for 1996.

The public are advised not to swim at the closed beaches.

The grading results are announced biweekly during the bathing season to coincide with the frequency at which beach waters are usually sampled.

Details of the beach water quality grading system are available in the "Beach Water Quality Grading" leaflet which can be obtained at Environmental Resources Centre, 221 Queen's Road East, Wanchai, Hong Kong or at all EPD offices.

Meanwhile, the latest annual report "Bacteriological Water Quality of Bathing Beaches in Hong Kong 1996" is now for sale at \$30 a copy at the Government Publications Centre, Ground Floor, Queensway Government Offices, Low Block, Central, Hong Kong.

The report carries an annual review of the bacteriological water quality of all bathing beaches in Hong Kong, which found that there was a general improvement in the water quality of most gazetted beaches in the 1996 bathing season as compared with the position in 1995.

End

Granting of restricted banking licence to Lloyds Bank Plc

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A spokesman of the Hong Kong Monetary Authority said today (Thursday) that Lloyds Bank Plc (LB) had been granted a restricted banking licence by the Monetary Authority under the Banking Ordinance on April 18, 1997.

LB is a wholly owned subsidiary of Lloyds TSB Group Plc, one of the Big Five Banks in the UK and ranks amongst the top 50 banks in the world in terms of total assets and tier 1 capital. LB has an extensive domestic branch network and maintains a presence in 18 countries including the Netherlands, Switzerland, Japan and the USA.

LB is acquiring the business of Hill Samuel Bank Ltd. ("HSB") and HSB will be dissolved in the UK as part of the restructuring of the Lloyds TSB Group. The main reason for LB's application as a branch in Hong Kong is to take over the business of the Hong Kong Branch of HSB as part of this restructuring process. The principal activities of HSB are the provision of mortgage loans to local customers for the purchase of overseas residential properties. This business will be taken up by LB. The current activities of LB's representative office in Hong Kong will also be carried on in the branch.

After the grant of a restricted banking licence to LB, the number of restricted licence banks in Hong Kong has increased to 64.

End

Latest foreign exchange reserves figure released

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Hong Kong's foreign reserves as at end of March were US\$63.4 billion - a slight drop from US\$63.8 billion a month ago.

The above figures excluded forward transactions yet to be settled. Including forward transactions, the foreign reserves reached US\$67.7 billion at end March, compared to US\$68.1 billion at end February.

The slight decrease in March from February represented seasonal drawdowns in fiscal reserves and placements from the Exchange Fund by the Government and other institutions.

Foreign Reserves Ranking

1.	Japan	US\$219.4 billion	Mar 97
2.	China	US\$110.3 billion	Feb 97
3.	Taiwan	US\$ 88.6 billion	Feb 97
4.	Germany	US\$ 85.2 billion	Feb 97
5.	Singapore	US\$ 77.4 billion	Feb 97
6.	United States	US\$ 69.9 billion	Jan 97
7.	Hong Kong	US\$ 63.4 billion	Mar 97
8.	Spain	US\$ 60.9 billion	Feb 97
9.	Brazil	US\$ 57.2 billion	Jan 97
10.	Italy	US\$ 48.9 billion	Feb 97

Exchange Fund
Foreign Currency Assets

(US\$ Bn)

	Excluding forward transactions	Net forward transactions	Including forward transactions
March 95	52.4	(0.2)	52.2
June 95	53.6	-	53.6
September 95	51.8	2.8	54.6
December 95	55.4	1.8	57.2
March 96	58.1	1.7	59.8
June 96	57.3	2.7	60.0
September 96	55.4	6.7	62.1
December 96	63.8	5.7	69.6
January 97	65.9	5.2	71.1
February 97	63.8	4.3	68.1
March 97	63.4	4.3	67.7

End

Royal Navy history book is a Hong Kong best seller

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Since its launch only two weeks ago the book *White Ensign, Red Dragon - A History of the Royal Navy in Hong Kong 1841-1997* has sold over a quarter of its limited print run and looks set to race up the territory's best seller lists.

This runaway success story continues at the weekend when the book's editor, Senior Naval Officer and Chief of Staff, Commodore Peter Melson, attends a book-signing session at the Swindon Book Co Ltd, at Kowloon Star Ferry Concourse, Tsim Sha Tsui, between 3:00 pm - 4:00 pm on Saturday (April 26).

Signed copies of the full-colour, hard-back publication describing the vital role played by the Royal Navy in the founding of the colony, will be available at HK\$500 (HK\$300 unsigned) with all proceeds going to the Locally Enlisted Personnel (LEP) Trust. The Trust was established by the British Garrison to provide assistance to Hong Kong Chinese ex-Servicemen who may fall on hard times post-1997 and since the book was launched on 10 April over HK\$100,000 has already been raised.

White Ensign, Red Dragon, which marks the final chapter in the Royal Navy's long association with the territory, is published by EFP.

End

Last ANZAC Day for British Forces

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For the last time before their departure from the territory in June, British Forces will attend the annual Australian New Zealand Army Corps (ANZAC) Day commemorations at the Cenotaph tomorrow (Friday).

Four Cenotaph sentries from the Queen's Gurkha Signals and a bugler from 1st Battalion The Black Watch will take part in the early morning ceremony which honours the men and women of the Australian and New Zealand Defence Forces who gave their lives on active service.

Among those Garrison personnel laying wreaths during the ceremony will be Commander British Forces Major General Bryan Dutton, and Lieutenant Commander Nick Sandeman Royal Australian Navy.

End