



DAILY INFORMATION BULLETIN

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SPEECH OF FS ON SCHEME OF CONTROL DEBATE

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MR DEPUTY PRESIDENT,

I AM IN SYMPATHY WITH THE AIMS BEHIND BOTH OF THESE MOTIONS. I BELIEVE IT IS COMMON GROUND THAT WHEREVER POSSIBLE COMPETITION SHOULD PREVAIL AND THAT THROUGH COMPETITION FAIR PRICES WOULD BE OBTAINED. I THINK IT IS ALSO COMMON GROUND THAT FOR SOME SERVICES OR FACILITIES, HONG KONG HAS FOUND FRANCHISES A MOST SUCCESSFUL SOLUTION.

FRANCHISES ARE APPROPRIATE WHERE THE LEVEL OF INVESTMENT REQUIRED OR OTHER FACTORS INDICATED THAT FREE COMPETITION MAY NOT BE OBTAINABLE OR MAY NOT BE THE BEST SOLUTION.

IN MANY OTHER PLACES OUTSIDE HONG KONG, GOVERNMENT ITSELF PROVIDES SUCH SERVICES. IN HONG KONG BY CONTRAST WE HAVE MANAGED THROUGH FRANCHISES TO OBTAIN A REASONABLE COMPROMISE BETWEEN, ON THE ONE HAND, A MONOPOLY OR A SEMI-MONOPOLY SITUATION AND ON THE OTHER HAND, SOME OF THE BENEFITS OF COMPETITION AND THE COMMERCIAL APPROACH.

IT IS ENTIRELY REASONABLE TO ASK AS BOTH MOTIONS EFFECTIVELY DO BUT STEPS BE TAKEN TO ENSURE THAT WHERE FRANCHISES EXIST AND THAT COMPETITION IS LESS THAN FREE, PRICES ARE REASONABLE. THAT'S TO SAY, THAT UNDUE ADVANTAGES NOT TAKEN OF ANY QUASI-MONOPOLY SITUATION AND TO ENSURE THAT THE SERVICE IS SATISFACTORY.

AS IT HAS BEEN POINTED OUT, A CONSIDERABLE DIVERSITY OF ARRANGEMENTS EXIST, FRANCHISES DO NOT NECESSARILY INVOLVE SCHEMES OF CONTROL. NOR DID SCHEMES OF CONTROL NECESSARILY THE COMPANY FRANCHISES AND SO ON.

THE QUESTION THEN IS HOW MUCH FURTHER INTERVENTION SHOULD BE BROUGHT TO BEAR BY EITHER LEGCO OR THE PUBLIC OR BOTH. THIS IS WHERE THE DISTINCTION BETWEEN TAKING ACCOUNT OF PUBLIC OPINION, THE AMENDMENT AND CONSULTATION, THE ORIGINAL MOTION ON FRANCHISES AND SCHEMES OF CONTROL REALLY COMES IN.

I AGREE WITH MR SZETO WAH THAT THERE IS A SIGNIFICANT DIFFERENCE BETWEEN THE TWO. GIVEN THE COMPLEXITY OF THESE FRANCHISE ARRANGEMENTS AND GIVEN THE COMMERCIAL SECRECY OF MANY OF THE FACTS INVOLVED, A FORMAL REQUIREMENT TO DETAIL CONSULTATION DOES NOT SEEM TO ME A PRACTICAL OR SENSIBLE PROPOSITION. BUT TAKEN INTO ACCOUNT THE VIEWS OF THIS COUNCIL AND THE PUBLIC, IT IS ENTIRELY REASONABLE AND INDEED DESIRABLE.

I WOULD NOT REPEAT THE MANY COGENT ARGUMENTS PUT BY SOME MEMBERS EARLIER IN THIS DEBATE AS TO WHY THE "TAKING INTO ACCOUNT" FORMULA IS MORE PRACTICAL. AS IN CONCLUSION I WOULD LIKE TO HIGHLIGHT WHAT IS AT STAKE HERE.

PRIVATE INVESTMENT IN THE PUBLIC UTILITIES AND TRANSPORT COMPANIES IS MASSIVE. THE SECRETARY FOR ECONOMIC SERVICES IN HER SPEECH MENTIONED THAT ACTUAL AND PLANNED INVESTMENT BY CHINA LIGHT AND POWER COMPANY ALONE IS IN THE REGION OF \$55 BILLION OR CONSIDERABLY MORE THAN THE NEW CHEK LAP KOK AIRPORT.

INVESTORS ARE SENSITIVE TO ANY INCREASE IN RISK INCLUDING RISK OF PUBLIC CONTROVERSY OR CHANGES IN AGREED TERMS OR TO PUBLIC DISCLOSURE OF COMMERCIAL SECRETS. IT IS VITAL THAT WE DO NOTHING THAT MIGHT COST A DETERIORATION IN THE INVESTMENT CLIMATE AND AS A RESULT SHIFT THIS MASSIVE REQUIREMENT FOR FUNDS FROM THE PRIVATE SECTOR TO THE TAXPAYER.

WE HAVE TO FACE THE HARD COMMERCIAL FACT THAT INVESTORS WILL NOT INVEST IF THE TERMS ARE NOT REASONABLE OR IF THE INVESTMENT CLIMATE IS PERCEIVED TO BE ANTAGONISTIC. DO YOU WANT OUR TELEPHONES, OUR ELECTRICITY, OUR BUS SERVICES TO BE PROVIDED BY A GOVERNMENT DEPARTMENT, CLEARLY NOT. THAT IS WHAT WE RISK IF WE GO TOO FAR IN INJECTING POLITICAL PRESSURES INTO THESE ARRANGEMENTS. IT DID NOT MEAN THAT WE DO NOT HAVE THE INTEREST OF THE CONSUMER AT HEART. WE DO. BUT THE CONSUMER'S LONG-TERM INTERESTS REQUIRE A CAREFUL, BALANCED ASSESSMENT OF THE LEVEL OF FARES OR CHARGES WHICH IS ADEQUATE TO COVER COST PLUS PROFIT AND RE-INVESTMENT. ARTIFICIALLY LOW PRICES EQUAL TO DETERIORATING SERVICE.

MR DEPUTY PRESIDENT I SUPPORT THE AMENDMENT MOVED BY MR CHEONG.

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SPEECH OF SES ON SCHEME OF CONTROL DEBATE
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MR DEPUTY PRESIDENT,

I HAVE LISTENED VERY CAREFULLY TO THE VIEWS WHICH HAVE BEEN EXPRESSED BY MEMBERS. I SHOULD LIKE TO RESPOND TO SOME OF THESE IN GREATER DETAIL. BUT BEFORE I DO SO, I SHOULD LIKE TO SAY AT THE OUTSET THAT THE ADMINISTRATION FULLY ACCEPTS THE NEED TO TAKE ACCOUNT OF THE VIEWS OF THIS COUNCIL AND OF THE PUBLIC AND INDEED DOES SO.

ALL SCHEMES OF CONTROL AGREEMENTS HAVE BEEN PUBLISHED IN ENGLISH AND CHINESE SINCE 1982. THE PUBLIC AND MEMBERS OF THIS COUNCIL ARE FREE TO COMMENT ON THEM AT ANY TIME. DURING THE LIFETIME OF AN AGREEMENT THERE ARE MANY OPPORTUNITIES TO OBTAIN AND CONSIDER PUBLIC FEEDBACK THROUGH OMELCO MEMBERS, DISTRICT BOARDS, THE CONSUMER COUNCIL, THE MEDIA AND OTHER REPRESENTATIVE BODIES. MY COLLEAGUE THE SECRETARY FOR TRANSPORT WILL ELABORATE MORE FULLY ON THE WAYS IN WHICH THE VIEWS OF THE PUBLIC HELP TO GUIDE THE PLANNING AND PROVISION OF TRANSPORT SERVICES.

IN SEEKING TO MONITOR THE OPERATIONS OF UTILITY COMPANIES, IT IS IMPORTANT THAT THE COMPANIES REMAIN DIRECTLY ACCOUNTABLE TO THEIR OWN CONSUMERS, FOR WE BELIEVE THAT THIS IS THE BEST WAY OF ENSURING THAT THEY KEEP UP TO SCRATCH. MOST UTILITY COMPANIES ALREADY HAVE WELL-ESTABLISHED AND EFFICIENT PROCEDURES FOR HANDLING COMPLAINTS. AT THE REQUEST OF THE GOVERNMENT THE TWO POWER COMPANIES, THE HONG KONG TELEPHONE COMPANY AND THE PUBLIC TRANSPORT OPERATORS HAVE AGREED TO STRENGTHEN THEIR CHANNELS OF COMMUNICATION WITH CONSUMERS BY ESTABLISHING CONSUMER LIAISON COMMITTEES. THE FEEDBACK FROM THESE COMMITTEES WILL UNDOUBTEDLY PROVIDE A FURTHER VALUABLE INSIGHT INTO PUBLIC PERCEPTIONS OF THE SERVICES IN QUESTION.

A NUMBER OF MEMBERS HAVE EXPRESSED THE VIEW THAT IT WOULD BE DESIRABLE TO SET UP AN ADVISORY BODY TO OVERSEE THE MONITORING OF FRANCHISE AND SCHEME OF CONTROL AGREEMENTS WITH THE PUBLIC UTILITIES. MR DEPUTY PRESIDENT, THE GOVERNMENT IS ALWAYS READY TO LOOK INTO WAYS OF STRENGTHEN OUR MONITORING PROCEDURES. BUT THE GOVERNMENT CANNOT ABDICATE ITS RESPONSIBILITIES UNDER THE AGREEMENTS TO ENSURE CONTINUING RELIABLE SERVICE TO CONSUMERS. FURTHER, I PERSONALLY FORESEE ON A PRACTICAL BASIS CONSIDERABLE DIFFICULTIES IN ESTABLISHING A COST-EFFECTIVE BODY CAPABLE OF EFFECTIVELY MONITORING ALL OF THE VERY WIDE RANGE AND COMPLEXITIES OF SERVICES NOW COVERED BY FRANCHISES AND SCHEME OF CONTROL AGREEMENTS. WE WILL NEVERTHELESS CONSIDER MEMBERS' SUGGESTIONS CAREFULLY TO SEE WHETHER OUR CURRENT NETWORK OF ADVISORY BODIES NEEDS TO BE STRENGTHENED IN THIS ASPECT.

I MAY BE HELPFUL IF I NOW SAY A FEW WORDS ABOUT OUR GENERAL PHILOSOPHY WITH REGARD TO THE ROLE OF FRANCHISES AND SCHEME OF CONTROL AGREEMENTS IN THE PROVISION OF SERVICES TO THE PUBLIC.

IN PRINCIPLE THE GOVERNMENT BELIEVES THAT WHERE THE PRIVATE SECTOR CAN PROVIDE SERVICES IT SHOULD BE ALLOWED TO DO SO WITH THE MINIMUM OF INTERFERENCE. AS THE FINANCIAL SECRETARY SAID LAST WEEK WE ALSO BELIEVE STRONGLY IN ENCOURAGING COMPETITION IN THE DELIVERY OF PUBLIC SERVICES. EXPERIENCE SHOWS THAT WHERE MARKET FORCES ARE PERMITTED TO DETERMINE THE SCALE AND QUALITY OF SERVICES AND THE PRICE AT WHICH THEY ARE MADE AVAILABLE, THE PUBLIC ALMOST ALWAYS BENEFIT BY BEING OFFERED A WIDER RANGE OF SERVICES AT LOWEST PRICES.

BUT THERE ARE SITUATIONS IN WHICH MARKET FORCES ALONE CANNOT GUARANTEE THAT AN ADEQUATE LEVEL OF SERVICE AT A REASONABLE COST IS AVAILABLE TO EVERYONE WHO NEEDS IT. THIS IS WHERE THE GRANTING OF MONOPOLY RIGHTS OR FRANCHISES CAN BE AN IMPORTANT TOOL IN THE ACHIEVEMENT OF POLICY OBJECTIVES BY IMPOSING UPON THE FRANCHISEE OBLIGATIONS WHICH HE MUST FULFIL IN EXCHANGE FOR AN EXCLUSIVE RIGHT TO PROVIDE THE SERVICE IN QUESTION. TYPICALLY SUCH OBLIGATIONS WILL INCLUDE :

- A REQUIREMENT TO MEET THE FULL DEMAND FOR THE SERVICE EVEN THOSE SECTORS WHICH MAY NOT BE ECONOMICALLY VIABLE;
- THE NEED TO MEET CERTAIN MINIMUM STANDARDS OF OPERATIONAL EFFICIENCY; AND
- THE REQUIREMENT TO OBTAIN GOVERNMENT APPROVAL FOR THE PRICE CHARGED TO CONSUMERS.

EACH SCHEME OF CONTROL AGREEMENT AND /OR FRANCHISE ARRANGEMENT IS TAILORED TO SUIT THE PARTICULAR CIRCUMSTANCES OF THE COMPANY CONCERNED AND ARE SUBJECT TO REGULAR REVIEW.

TODAY'S MOTION REFERS TO BOTH "FRANCHISES" AND "PROFIT CONTROL SCHEMES" BUT IT IS IMPORTANT THAT THE DISTINCTION BETWEEN THE TWO IS CLEARLY UNDERSTOOD. WHEN THE GOVERNMENT AWARDS A FRANCHISE TO A PARTICULAR COMPANY IT GRANTS TO IT AN EXCLUSIVE RIGHT TO PROVIDE A PARTICULAR SERVICE FOR A FIXED NUMBER OF YEARS SUBJECT TO THE COMPANY FULFILLING THE SORT OF OBLIGATIONS I HAVE JUST DESCRIBED.

IN THIS WAY, THE GOVERNMENT SEEKS TO SAFEGUARD THE INTERESTS OF CONSUMERS. SOMETIMES THE TERMS OF THAT FRANCHISE WILL EMBODY A SCHEME OF CONTROL (OR PROFIT CONTROL SCHEME) BUT THIS IS BY NO MEANS ALWAYS THE CASE. FOR EXAMPLE THE FERRY COMPANIES HAVE FRANCHISES BUT NO SCHEME OF CONTROL, WHEREAS THE TWO BUS COMPANIES ARE SUBJECT TO SCHEMES OF CONTROL AS PART OF THEIR FRANCHISES.

THE POWER COMPANIES, ON THE OTHER HAND, DO NOT ENJOY AN EXCLUSIVE FRANCHISE - THERE IS NOTHING TO PREVENT A COMPETITOR SETTING UP A BUSINESS TO GENERATE ELECTRICITY ANYWHERE IN HONG KONG. IN PRACTICE HOWEVER, ECONOMIES OF SCALE, LAND CONSTRAINTS AND THE SUBSTANTIAL UP FRONT INVESTMENTS INVOLVED ARE LIKELY TO MILITATE AGAINST A PROLIFERATION OF POWER COMPANIES. AS THE TWO EXISTING POWER COMPANIES ENJOY DE FACTO MONOPOLIES IN THE GEOGRAPHICAL AREAS WHICH THEY SERVE, THE GOVERNMENT HAS ENTERED INTO SCHEMES OF CONTROL AGREEMENTS WITH THEM IN ORDER TO ENSURE THAT A PROPER BALANCE IS STRUCK BETWEEN THE INTERESTS OF CONSUMERS AND SHAREHOLDERS AND THAT THERE IS AN AGREED BASIS FOR DETERMINING MAXIMUM PROFIT LEVELS.

THE GOVERNMENT TAKES SERIOUSLY ITS RESPONSIBILITIES TO MONITOR THE ACTIVITIES OF PUBLIC UTILITIES. IT DOES SO THROUGH CAREFUL SCRUTINY OF FINANCING PLANS WHICH MUST BE SUBMITTED BY THE COMPANY THROUGH REGULATION OF PROFITS ON APPROVAL OF TARIFFS. BUT IN ADMINISTERING SUCH AGREEMENTS, THE GOVERNMENT MUST HAVE REGARD TO CONSUMERS' INTERESTS IN THE WIDEST SENSE. TOO OFTEN, THERE IS A MISCONCEPTION THAT THE INTEREST OF THE CONSUMERS LIES SOLELY IN THE MAINTENANCE OF LOW FARES AND TARIFFS. BUT THIS CANNOT BE ONLY CRITERION BY WHICH TO ASSESS THE EFFECTIVENESS OF SUCH AGREEMENTS. IT MAKES NO SENSE AT ALL TO FORCE THE PROVIDERS OF PUBLIC SERVICES TO KEEP PRICES BELOW WHAT IS NECESSARY TO COVER THEIR COSTS AND PAY A REASONABLE RETURN TO THEIR SHAREHOLDERS. AS EXPERIENCE OVERSEAS HAS SHOWN, OVER ZEALOUS REGULATION AND INTERVENTION IN THE SETTING OF PRICES CAN HAVE DISASTROUS RESULTS. IN THE FACE OF DECLINING RETURNS SHAREHOLDERS BECOME INCREASINGLY UNWILLING TO INVEST IN NECESSARY PLANT AND EQUIPMENT, SERVICE STANDARDS DROP AND THE CONSUMER LOSES OUT.

AS A GOVERNMENT WE MUST TAKE A LONG TERM VIEW OF COMMUNITY INTERESTS. IF WE WANT TO SEE THE PRIVATE SECTOR CONTINUING TO PLAY ITS CURRENT MAJOR ROLE IN THE PROVISION OF PUBLIC SERVICES THEN WE MUST RECOGNIZE THAT SUCH COMPANIES MUST BE ALLOWED TO EARN REASONABLE PROFITS IN ORDER TO BE ABLE TO ATTRACT THE CONTINUING INVESTMENT FROM SHAREHOLDERS NECESSARY TO ENSURE THAT HIGH STANDARDS OF SERVICE ARE MAINTAINED. DECLINING PRIVATE INVESTMENTS INEVITABLY MEANS THAT THE BURDEN OF KEEPING ESSENTIAL PUBLIC SERVICES OPERATING FALLS INCREASINGLY ON THE TAXPAYER TO THE DETRIMENT OF SOCIAL AND INFRASTRUCTURAL PROGRAMMES.

ONE OF THE ESSENTIAL FEATURES OF FRANCHISES AND SOC AGREEMENTS IS THAT THEY ARE GRANTED FOR A FIXED TERM AT THE END OF WHICH THE GOVERNMENT REVIEWS VERY CAREFULLY WHETHER CIRCUMSTANCES STILL WARRANT THE CONTINUATION OF SUCH RIGHTS AND IF SO ON WHAT TERMS. IN CARRYING OUT THIS REVIEW, WE TAKE VERY SERIOUSLY THE VIEWS OF THIS COUNCIL AND THE PUBLIC.

I SHOULD NOW LIKE TO DEAL MORE SPECIFICALLY WITH THE POWER COMPANIES. THE ADMINISTRATION HAS JUST COMPLETED A ROUND OF NEGOTIATIONS WITH THE CHINA LIGHT AND POWER COMPANY ON THE TERMS UNDER WHICH ITS SOC AGREEMENT SHOULD BE RENEWED. THESE NEGOTIATIONS WERE PROTRACTED AND TOUGH: BOTH SIDES HAD THEIR CONCERNS AND PERSPECTIVES AND A BALANCE HAD TO BE STRUCK. I REFUTED CATEGORICALLY THE ALLEGATION BY ONE MEMBER THAT THE ADMINISTRATION SOUGHT TO PROTECT THE INTEREST OF A BRITISH COMPANY AT THE EXPENSE OF CONSUMER INTERESTS. NEITHER I NOR MY STAFF WHO WERE INVOLVED IN THE LONG AND HARD NEGOTIATION DESERVE THIS EXPRESSION ON OUR INTEGRITY. FURTHERMORE, AS MR ALLEN LEE HAS POINTED OUT, IT IS FACTUALLY INCORRECT TO DESCRIBE CHINA LIGHT AND POWER AS A COLONIAL BRITISH COMPANY. CLP'S POWERS GENERATING PLANT IN FACT IS SIXTY PERCENT OWNED BY EXXON, AN AMERICAN COMPANY WHILST CHINA LIGHT AND POWER IS OF COURSE A PUBLICLY LISTED LOCAL COMPANY.

I WOULD STRESS THAT THE SCHEME OF CONTROL AGREEMENTS WITH THE POWER COMPANIES ARE ENTERED INTO BY THEM ON A PURELY VOLUNTARY BASIS. WITHOUT THEM THE GOVERNMENT WOULD HAVE NO DIRECT RIGHT TO INVOLVE ITSELF IN THE BUSINESS PLANS OF THE COMPANIES OR TO APPROVE THEIR TARIFF LEVEL.

LAST MONDAY MORNING I AND MY COLLEAGUES IN THE ECONOMIC SERVICES BRANCH BRIEFED MEMBERS OF THE OMELCO ECONOMIC SERVICES AND PUBLIC UTILITIES PANEL IN DETAIL ON HOW THE EXISTING SCHEME OF CONTROL AGREEMENT WAS ADMINISTERED AND ON THE BACKGROUND TO AND OUTCOME OF THE NEGOTIATIONS. I EXPLAINED SPECIFICALLY WHY WE FELT THAT THE CURRENT SCHEME OF CONTROL AGREEMENT HAS WORKED WELL. THESE ARE:

- DURING THE COURSE OF THE CURRENT AND PREVIOUS SCAS, THE COMPANIES HAVE INVESTED OVER \$38 BILLION IN ASSET AND WILL SPEND A FURTHER \$17 BILLION IN THE NEXT TWO YEARS.
- TARIFF LEVELS, WHICH COMPARE FAVOURABLY WITH THOSE CHARGED IN BOTH EUROPE AND THE REGION, HAVE ONLY INCREASED BY 12 PER CENT ON AVERAGE OVER THE PAST 10 YEARS COMPARED TO A 91 PER CENT INCREASE IN THE CONSUMER PRICE INDEX.
- IN REAL TERMS, THE COST OF ELECTRICITY HAS FALLEN OVER 40 PER CENT IN 10 YEARS.
- HONG KONG'S ELECTRICITY SUPPLY IS ONE OF THE MOST RELIABLE IN THE REGION WITH VERY HIGH LEVELS OF TECHNICAL AND THERMAL EFFICIENCY.

I ALSO EMPHASIZED TO MEMBERS THE VITAL IMPORTANCE OF ENSURING CONTINUED INVESTMENT IN THE POWER SUPPLY INDUSTRY GIVEN THAT DEMAND CONTINUES TO INCREASE AND THAT THE CURRENT INVESTMENT CLIMATE IS NOT ALTOGETHER FAVOURABLE. HK'S INTERNATIONAL CREDIT RATING WAS DOWNGRADED FROM A2 IN 1989 AND IS NOW A3, THE SAME AS MALAYSIA, BUT BELOW THAT OF MANY OF OUR COMPETITORS SUCH AS THAILAND, SINGAPORE AND KOREA.

MR. DEPUTY PRESIDENT, LET ME STRESS THAT THE ADMINISTRATION HAD CONDUCTED THESE NEGOTIATIONS CONSCIENTIOUSLY AND WITH THE INTERESTS OF CONSUMERS VERY MUCH IN THE FOREFRONT OF OUR MIND. WE WERE CERTAINLY AWARE OF THE PUBLIC CONCERNS RELATING TO THIS PARTICULAR SCA, MANY OF WHICH HAVE BEEN REPEATED DURING THIS DEBATE. I WOULD LIKE TO DEAL WITH THESE VERY BRIEFLY.

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FIRST, THERE IS THE CONCERN THAT THE RETURN ON INVESTMENT PERMITTED UNDER THE SCHEME IS TOO HIGH AND THAT IT IS "GUARANTEED" IRRESPECTIVE OF THE ACTUAL PERFORMANCE OF CLP. AS I POINTED OUT TO PANEL MEMBERS ON MONDAY ALTHOUGH THE CURRENT SCA PROVIDES FOR MAXIMUM LEVELS OF RETURN OF 13+ PER CENT ON ASSETS FUNDED BY BORROWINGS AND 15 PER CENT ON ASSETS FUNDED OUT OF SHAREHOLDERS' EQUITY, IN PRACTICE DUE TO VARIOUS COMPULSORY DEDUCTIONS FOR INTEREST ON LOANS ETC. THE ACTUAL RETURN RECEIVED BY EXXON/CLP SHAREHOLDERS HAS AVERAGED ONLY 11% OVER THE PERIOD OF THE CURRENT SCA. THIS LEVEL IS SOMEWHAT BELOW THAT OF OTHER PUBLIC UTILITIES WHICH ARE NOT SUBJECT TO REGULATORY CONTROL AND WE DO NOT BELIEVE IT TO BE EXCESSIVE, PARTICULARLY HAVING REGARD TO THE FACT THAT ELECTRICITY RELATED ASSETS HAVE LIFE SPANS OF 20 TO 30 YEARS, MUCH LONGER THAN IN MOST INDUSTRIES.

ANOTHER CONCERN OF WHICH WE WERE AWARE WAS THAT BY LINKING THE RATE OF PERMITTED RETURN TO THE AVERAGE VALUE OF NET FIXED ASSETS THE SCA APPEARS TO REWARD OVER-INVESTMENT. I BELIEVE THIS CONCERN IS MISPLACED FOR, UNDER THE TERMS OF THE SCA THE COMPANIES ARE REQUIRED TO JUSTIFY TO GOVERNMENT IN GREAT DETAIL THE ASSUMPTIONS BEHIND THEIR DEMAND FORECASTS AND THE DEVELOPMENT PLANS THEY CONSIDER NECESSARY TO MEET THAT DEMAND. THESE PLANS ARE VERY CAREFULLY SCRUTINIZED NOT ONLY BY GOVERNMENT OFFICIALS, BUT ALSO BY INDEPENDENT OVERSEAS CONSULTANTS TO ENSURE THAT THE MOST COST-EFFECTIVE AND ECONOMICAL GENERATING PLAN IS SELECTED. NEVERTHELESS, AS A FURTHER SAFEGUARD THE NEW SCA WILL INCORPORATE AMENDMENTS WHICH HELP TO ENSURE THAT ASSETS ARE NOT REPLACED PREMATURELY AND THAT ALTERNATIVES SUCH AS REFURBISHMENT TO EXTEND THE LIFE OF ASSETS ARE FULLY CONSIDERED.

WE ALSO CONSIDER WHETHER THE BASIS OF ASSESSING PROFIT SHOULD BE CHANGED. BUT CONCLUDED THAT IN THE LIGHT OF EXPERIENCE AND ACTUAL PERFORMANCE, THE PRESENT BASIS REMAINED APPROPRIATE. AN ALTERNATIVE SUCH AS PRICE-CAPING BY REFERENCE TO THE CONSUMER PRICE INDEX AS SUGGESTED BY ONE MEMBER WILL CERTAINLY NOT HAVE RESULTED IN A 40 PER CENT REDUCTION IN THE REAL COST OF ELECTRICITY.

ANOTHER AREA OF PUBLIC CONCERN WHICH WE REFLECTED TO THE COMPANIES WAS THE ENVIRONMENT, GIVEN THAT EMISSIONS FROM POWER GENERATION ARE THOUGHT TO BE A MAJOR CONTRIBUTOR TO THE SO-CALLED GREENHOUSE GASES WHICH ARE LINKED TO GLOBAL WARMING. THE POWER COMPANIES ARE SUBJECT TO GOVERNMENT'S ENVIRONMENTAL CONTROLS SUCH AS THE AIR POLLUTION ORDINANCE. AS WELL AS BEING SUBJECT TO THE PROVISIONS OF THIS ORDINANCE THE POWER COMPANIES MUST OBTAIN A LICENCE TO OPERATE. THIS LICENCE GENERALLY IMPOSES MORE STRINGENT CONDITIONS ON THE COMPANIES THAN ARE IMPOSED BY THE ORDINANCE, SUCH AS THE NEED TO ADOPT THE BEST PRACTICAL MEANS TO MINIMISE EMISSIONS.

UNDER THE TERMS OF THE NEW SCHEME OF CONTROL AGREEMENT, THEY WILL ALSO BE REQUIRED TO PROPOSE STRATEGIES FOR REDUCING THE PEAK LEVELS OF DEMAND FOR POWER AND RESTRAINING GROWTH IN DEMAND BY ENERGY SAVING THEREBY PUTTING OFF THE NEED TO BRING NEW GENERATING PLANT INTO OPERATION.

/MR. DEPUTY

MR. DEPUTY PRESIDENT, I HAVE TOUCHED ON ONLY SOME OF THE ISSUES COVERED DURING THE NEGOTIATION WITH THE COMPANIES. BUT I HOPE THE EXAMPLES I HAVE GIVEN SERVE TO ILLUSTRATE THAT FAR FROM BEING INERT AS SUGGESTED BY ONE MEMBER, THE ADMINISTRATION HAS GONE TO CONSIDERABLE LENGTH TO ENSURE THAT THE CONCERNS OF THE PUBLIC AND MEMBERS OF THE COUNCIL HAVE BEEN TAKEN FULLY INTO ACCOUNT.

AND SO FAR AS THE SCHEME OF CONTROL AGREEMENTS COVERING THE POWER COMPANIES ARE CONCERNED, I BELIEVE THAT THE RECORDS SPEAK FOR THEMSELVES. I SEEK NEITHER TO DEFEND THE COMPANIES NOR TO DENIGRATE THEM. OF COURSE, ANY SYSTEM CAN ALWAYS BE CAPABLE OF IMPROVEMENTS. BUT WE MUST BE WARY OF INTRODUCING CHANGES SIMPLY FOR CHANGES SAKE. AS I HAVE POINTED OUT EARLIER, THERE IS PROVISION FOR REGULAR REVIEWS DURING THE TENURE OF THE AGREEMENT AND THE ADMINISTRATION WILL OF COURSE CONTINUE TO GIVE FULL WEIGHT TO PUBLIC COMMENTS AND ANY CHANGE SOCIAL, FINANCIAL OR ECONOMIC CIRCUMSTANCES. WE WILL NOT HESITATE TO MAKE CHANGES WHERE THESE ARE CLEARLY IN THE PUBLIC INTEREST.

THANK YOU MR DEPUTY PRESIDENT.

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ACTIVE PUBLIC INVOLVEMENT IN
MONITORING FRANCHISED PUBLIC TRANSPORT SERVICES

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THE CURRENT MONITORING MACHINERY ALREADY ALLOWS A HIGH DEGREE OF PUBLIC INVOLVEMENT IN SHAPING THE FUTURE OF FRANCHISED PUBLIC TRANSPORT SERVICES, THE SECRETARY FOR TRANSPORT, MR MICHAEL LEUNG, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE MOTION DEBATE ON CONTROL SCHEMES AND FRANCHISE AGREEMENTS WITH PUBLIC UTILITY AND PUBLIC TRANSPORT COMPANIES, MR LEUNG SAID ONLY TWO OF THE SIX FRANCHISED PUBLIC TRANSPORT COMPANIES, THAT IS CHINA MOTOR BUS AND KOWLOON MOTOR BUS, WERE GOVERNED BY A SCHEME OF CONTROL WITH A PERMITTED RATE OF RETURN.

HE SAID THE CURRENT MONITORING SYSTEM WHICH WAS FLEXIBLE AND ADAPTABLE TO CHANGING NEEDS AND CIRCUMSTANCES INVOLVED THE PUBLIC IN MANY WAYS.

"ALL MAJOR TRANSPORT PROPOSALS ARE PUT TO THE TRANSPORT ADVISORY COMMITTEE FOR SCRUTINY AND ADVICE. IN ADDITION, THE TRANSPORT COMPLAINTS UNIT ANALYSES AND ACTS ON PUBLIC SUGGESTIONS AND FEEDBACK IN HELPING THE TAC TO GIVE MORE EFFECTIVE ADVICE.

"TRANSPORT OFFICIALS ATTEND DISTRICT BOARD MEETINGS REGULARLY AND CONSULT THEM ON A WIDE RANGE OF TRANSPORT ISSUES INCLUDING FARE STRUCTURE, SERVICE DEVELOPMENT, AND CO-ORDINATION BETWEEN DIFFERENT MODES.

"AS THE REGULATOR OF PUBLIC TRANSPORT SERVICES, THE TRANSPORT DEPARTMENT CONDUCTS STUDIES ON SERVICE ADEQUACY AND CO-ORDINATION, INCLUDING SURVEYS ON CUSTOMERS' SATISFACTION AND PREFERENCE," HE SAID.

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AT THE CENTRAL LEVEL, MR LEUNG SAID THE ADMINISTRATION MET WITH THE OMELCO TRANSPORT PANEL REGULARLY AND KEPT MEMBERS CLOSELY INFORMED OF ALL MAJOR ISSUES AND DEVELOPMENTS ON PUBLIC TRANSPORT.

"QUESTIONS AND DEBATES RAISED IN THE LEGISLATIVE COUNCIL PROVIDE FURTHER AVENUES FOR PUBLIC VIEWS TO BE VOICED AND REFLECTED," HE SAID.

MR LEUNG POINTED OUT THAT EACH OF THE FRANCHISED COMPANIES MUST PRODUCE A FIVE-YEAR PLAN WHICH WAS ROLLED FORWARD ANNUALLY FOR DETAILED DISCUSSION WITH DISTRICT BOARDS.

"THESE PLANS ARE NOT FINALISED UNTIL THE RELEVANT DISTRICT BOARDS HAVE BEEN CONSULTED AND THEIR VIEWS TAKEN FULLY INTO ACCOUNT."

HE NOTED THAT A WELCOME DEVELOPMENT IN RECENT MONTHS WAS THE ESTABLISHMENT BY SOME PUBLIC TRANSPORT OPERATORS OF CUSTOMER LIAISON MACHINERY.

"PASSENGER LIAISON GROUPS WERE SET UP BY THE KMB AND THE HONG KONG AND YAUMATI FERRY COMPANY IN 1990 AND THESE HAVE ATTRACTED ACTIVE PARTICIPATION BY DISTRICT BOARD MEMBERS.

"ALL OTHER TRANSPORT OPERATORS WILL INTRODUCE SIMILAR GROUPS WITHIN THE NEXT FEW MONTHS," HE SAID.

MR LEUNG SAID THE SCHEME OF CONTROL ENSURED THAT PASSENGERS RECEIVE EFFICIENT AND RELIABLE SERVICES AT REASONABLE FARES, WITHOUT PUBLIC SUBSIDY.

"ON THE OTHER HAND, IT GIVES THE BUS COMPANIES A REASONABLE INCENTIVE FOR CONTINUED INVESTMENT, WITHOUT WHICH SERVICE STANDARDS WOULD SUFFER AND NEW DEMANDS COULD NOT BE MET IN TIME," HE SAID.

ON FARE INCREASES, HE SAID WHILE ALL FACTORS WERE TAKEN INTO ACCOUNT INCLUDING PUBLIC ACCEPTABILITY, EXAMINATION OF THE COMPANIES' APPLICATIONS OF FARE RISES MUST NECESSARILY BE A MATTER OF CONFIDENTIALITY.

"THIS IS BECAUSE MUCH OF THE INFORMATION SUPPLIED BY THE COMPANIES IS COMMERCIALY SENSITIVE.

"HOWEVER, THE TAC IS GIVEN ALL INFORMATION NECESSARY TO ENABLE IT TO SCRUTINISE THE APPLICATION BEFORE RECOMMENDATIONS ARE MADE TO THE GOVERNOR IN COUNCIL FOR A DECISION.

"SIMILARLY, FRANCHISE RENEWAL AND THE AWARD OF NEW FRANCHISES ALSO INVOLVE THE CONSIDERATION OF COMMERCIALY SENSITIVE INFORMATION WHICH CANNOT BE THE SUBJECT OF PUBLIC CONSULTATION.

"THE VERY NATURE OF NEGOTIATIONS OF THIS KIND REQUIRES THEM TO BE CONDUCTED IN CONFIDENCE IN ORDER TO ACHIEVE THE BEST RESULTS IN THE INTEREST OF THE PUBLIC," HE SAID.

NEVERTHELESS, MR LEUNG SAID IN ALL CASES, PUBLIC VIEWS WERE TAKEN FULLY AND SERIOUSLY INTO ACCOUNT BEFORE SUCH NEGOTIATIONS WERE FINALISED AND AGREEMENTS ENTERED INTO.

NOTING THAT THE SIX FRANCHISED OPERATORS CARRIED ONLY 38 PER CENT OF PUBLIC TRANSPORT PASSENGERS, MR LEUNG SAID WHILE FRANCHISED SERVICES PLAYED AN IMPORTANT ROLE IN THE PUBLIC TRANSPORT SYSTEM, THEY DID NOT HAVE A MONOPOLY.

"WE HAVE INTRODUCED MORE INNOVATION AND BETTER INCENTIVES THROUGH HEALTHY COMPETITION TO ALLOW MARKET FORCES TO PLAY A MORE SIGNIFICANT PART," HE SAID.

THESE INCLUDED THE INTRODUCTION OF RESIDENTIAL COACH SERVICES, MORE GREEN MINIBUS ROUTES TO SUPPLEMENT THE MAIN BUS SERVICES, AND THE RECENT TENDERING OF A NEW BUS ROUTE ON A COMPETITIVE BASIS.

"THE FIRST BUS ROUTE TO BE TENDERED, FROM CENTRAL TO MACDONNELL ROAD, WAS LAUNCHED IN AUGUST. WE HOPE TO INTRODUCE MORE SUCH SERVICES TO MEET DEMAND," MR LEUNG SAID.

"MOREOVER, RAIL TRANSPORT WITH ITS MARKET SHARE INCREASING FROM 0.7 PER CENT IN 1978 TO 28 PER CENT THIS YEAR, PROVIDES POWERFUL COMPETITION FOR THE FRANCHISED BUS OPERATORS."

MR LEUNG ADDED THAT AT THE LAST TWO MEETINGS THE TRANSPORT ADVISORY COMMITTEE DISCUSSED IN DETAIL THE CURRENT MACHINERY FOR PUBLIC INVOLVEMENT IN PUBLIC TRANSPORT SERVICES AND ENDORSED THE ADMINISTRATION'S APPROACH.

"IN FORMULATING FUTURE TRANSPORT POLICIES, WE WILL CONTINUE TO REMAIN ALIVE AND ALERT TO PUBLIC VIEWS AND ASPIRATIONS," HE SAID.

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MOTION ON PROFIT CONTROL SCHEMES PASSED

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THIRTY-FIVE LEGISLATIVE COUNCILLORS DEBATED ON THE MOTION ON PROFIT CONTROL SCHEMES AND FRANCHISES IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD; THE SECRETARY FOR ECONOMIC SERVICES, MRS ANSON CHAN; AND THE SECRETARY FOR TRANSPORT, MR MICHAEL LEUNG SPOKE ON BEHALF OF THE GOVERNMENT.

THE ORIGINAL MOTION, MOVED BY THE HON LAU CHIN-SHEK, WAS NOT CARRIED WHILE AN AMENDED MOTION BY THE HON STEPHEN CHEONG WAS PASSED.

MR CHEONG'S MOTION READS: "THAT THIS COUNCIL URGES THE GOVERNMENT TO SERIOUSLY TAKE ACCOUNT OF THE VIEWS OF THIS COUNCIL AND THE PUBLIC ON PROFIT CONTROL SCHEMES AND FRANCHISE AGREEMENTS WITH PUBLIC UTILITY AND PUBLIC TRANSPORT COMPANIES BEFORE ENTERING INTO SUCH SCHEMES AND RENEWING SUCH FRANCHISE AGREEMENTS WITH THE COMPANIES."

/IN ADDITION

IN ADDITION, THE MOTION MOVED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, UNDER THE BUILDINGS ORDINANCE WAS PASSED.

THE HOUSING (AMENDMENT) BILL 1991 WAS PASSED.

TWO OTHER BILLS - INSURANCE COMPANIES (AMENDMENT) BILL 1991 AND STOCK EXCHANGES UNIFICATION (AMENDMENT) BILL 1991 - WERE INTRODUCED FOR FIRST AND SECOND READINGS. DEBATES ON THEM WERE ADJOURNED.

IN OTHER BUSINESS, THE HONG KONG INDUSTRIAL ESTATES CORPORATION ANNUAL REPORT 1990-1991 WAS TABLED BY THE HON STEPHEN CHEONG.

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IMMIGRATION RULE CONSISTENT WITH BILL OF RIGHTS

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THE IMMIGRATION ORDINANCE WHICH SETS OUT THE CRITERIA FOR DETERMINING PERMANENT RESIDENCE STATUS IS CONSISTENT WITH THE BILL OF RIGHTS.

IT IS ALSO CONSISTENT WITH THE GOVERNMENT'S OBLIGATIONS UNDER THE UNITED NATIONS INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION.

IN A WRITTEN REPLY TO A QUESTION BY THE HON EMILY LAU IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, STATED THAT THE GOVERNMENT HAD RECENTLY REVIEWED THE FIRST SCHEDULE TO THE IMMIGRATION ORDINANCE WHICH SET OUT THE CRITERIA.

HE POINTED OUT THAT THE REFERENCE TO "CHINESE RACE" WAS INTRODUCED IN 1971 IN ORDER TO ENHANCE THE CIVIL AND POLITICAL RIGHTS OF A MAJOR SECTION OF HONG KONG'S POPULATION, WHO HAD COME FROM CHINA AND HAD MADE HONG KONG THEIR HOME.

"THIS COULD ONLY BE ACHIEVED AT THE TIME BY USING THE RACIAL CRITERION TO IDENTIFY THIS CLASS OF PERSONS," HE SAID.

"SINCE ITS INTRODUCTION, THIS SPECIAL MEASURE HAS ACHIEVED ITS OBJECTIVES," THE SECRETARY NOTED.

"HOWEVER, THE EXISTING PROVISIONS WILL LAPSE IN 1997, AND WE WILL TAKE STEPS BEFORE THEN TO ALIGN THE IMMIGRATION ORDINANCE WITH THE BASIC LAW, WHICH CONFERS RIGHT OF ABODE ON THE BASIS OF NATIONALITY AND CITIZENSHIP RATHER THAN ON THE BASIS OF RACE," HE ADDED.

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NORTH LANTAU SHORELINE NOT FEASIBLE FOR RESIDENTIAL DEVELOPMENT
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RESIDENTIAL DEVELOPMENT IN NORTH LANTAU WILL BE CENTRED IN THE TWO VALLEYS OF TUNG CHUNG AND TAI HO WHILE NO SITING OF SUCH DEVELOPMENT IS INTENDED FOR THE AREAS ALONG THE PROPOSED NEW ROAD TO THE CHEK LAP KOK AIRPORT.

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, TOLD THE LEGISLATIVE COUNCIL THIS TODAY (WEDNESDAY) IN A REPLY TO A QUESTION FROM THE DR THE HON SAMUEL WONG.

MR BARNES EXPLAINED THAT THE GOVERNMENT HAD FOUND THAT RESIDENTIAL DEVELOPMENT ALONG THE ACTUAL SHORELINE TO BE NOT FEASIBLE BECAUSE THESE AREAS WERE AFFECTED BY NOISE EXPOSURE FORECAST RELATING TO THE CHEK LAP KOK AIRPORT AND THE TRAFFIC NOISE FROM THE HIGHWAY.

HE SAID TUNG CHUNG WAS PLANNED FOR AN EVENTUAL POPULATION OF ABOUT 160,000 OF WHICH ABOUT 20,000 SHOULD BE PROVIDED FOR BY 1997.

THE HOUSING TO BE PROVIDED IN THE FIRST STAGE WAS BEING PLANNED TO BE OF MAXIMUM ASSISTANCE IN THE COMMISSIONING OF THE AIRPORT, WHICH WOULD NEED SOME OF ITS WORKFORCE TO BE HOUSED LOCALLY EVEN BEFORE IT OPENED, HE ADDED.

HOWEVER, HE NOTED THAT TAI HO DEVELOPMENT WOULD NOT BE STARTED SUBSTANTIALLY UNTIL ABOUT 2004, WITH ABOUT 50,000 PEOPLE PLANNED TO BE PROVIDED FOR BEFORE 2011 AND 100,000 THEREAFTER.

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PUBLIC HOUSING STANDARDS UNDER CONSTANT REVIEW
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THE HOUSING AUTHORITY HAS, ON AN ON-GOING BASIS, REVIEWED AND SOUGHT TO IMPROVE THE BUILDING STANDARDS AND RELATED PROCEDURES ON THE QUALITY OF ITS BUILDING PROJECTS, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES SAID TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON LEE WING-TAT IN THE LEGISLATIVE COUNCIL, MR BARNES SAID A NUMBER OF MEASURES AIMED AT IMPROVING THE LEVEL OF CONSTRUCTION WORKMANSHIP HAD BEEN ADOPTED IN RECENT YEARS.

THESE INCLUDED:

- * ESTABLISHMENT OF A SEPARATE LIST OF APPROVED BUILDING CONTRACTORS TO PROVIDE FOR MORE DIRECT CONTROL IN APRIL LAST YEAR;

/* REQUIREMENT FOR

- * REQUIREMENT FOR LISTED CONTRACTORS TO OBTAIN REGISTRATION UNDER THE INTERNATIONAL STANDARDS ORGANISATION QUALITY CODE 9000 BY APRIL 1993 IF THEY WISH TO CONTINUE TO WORK FOR THE AUTHORITY AFTER THAT DATE;
- * ESTABLISHMENT OF A COMPREHENSIVE AND OBJECTIVE SYSTEM FOR THE ASSESSMENT OF CONTRACTORS' PERFORMANCE WHICH DIRECTLY RELATES TO THE CONTRACTORS' ELIGIBILITY TO TENDER IN FUTURE; AND
- * MAINTENANCE OF A CONTINUOUS DIALOGUE WITH THE CONSTRUCTION INDUSTRY TO DEVELOP WAYS TO IMPROVE WORKING CONDITIONS AND PRACTICES WITHIN THE INDUSTRY.

"THE HOUSING AUTHORITY HAS ALSO FURTHER TIGHTENED UP SITE SUPERVISION.

"BUILDINGS WILL NOT BE CERTIFIED COMPLETE NOR TAKEN OVER UNLESS THE HOUSING DEPARTMENT IS FULLY SATISFIED THAT THE STANDARDS ARE COMPLIED WITH.

"ALL DEFECTS IDENTIFIED WITHIN THE 12-MONTH MAINTENANCE PERIOD WILL BE DEALT WITH UNDER THE TERMS OF THE CONTRACTS," MR BARNES SAID.

AS FOR STRUCTURAL AND QUALITY STANDARDS, MR BARNES SAID THESE WERE INCLUDED IN THE CONDITIONS OF CONTRACT FOR THE CONSTRUCTION OF PUBLIC HOUSING ESTATES AND HOME OWNERSHIP SCHEMES.

HE SAID: "THE STRUCTURAL STANDARDS ARE VERY SIMILAR TO, IF NOT MORE STRINGENT THAN, THE STATUTORY REQUIREMENTS SET OUT IN THE BUILDINGS ORDINANCE AND ITS REGULATIONS."

THEY INCLUDED SPECIFICATIONS ON ITEMS RANGING FROM THE MATERIALS TO BE USED FOR THE CONSTRUCTION OF THE BUILDINGS, THE WIND EFFECTS WHICH MUST BE DESIGNED FOR AND FIRE RESISTING MATERIALS.

QUALITY STANDARDS APPLIED TO ALL MATERIALS INCLUDING FINISHINGS AND FITTINGS.

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AMENDMENT TO GIVE RIGHT OF ABODE CONSIDERED

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THE GOVERNMENT WISHES TO INTRODUCE AN AMENDMENT AS SOON AS IT CAN TO GIVE THE RIGHT OF ABODE IN HONG KONG TO PERSONS NOT OF CHINESE NATIONALITY WHO HAVE ENTERED HONG KONG WITH VALID TRAVEL DOCUMENTS, HAVE ORDINARILY RESIDED IN HONG KONG FOR A CONTINUOUS PERIOD OF NOT LESS THAN SEVEN YEARS AND HAVE TAKEN HONG KONG AS THEIR PLACE OF PERMANENT RESIDENCE BEFORE OR AFTER THE ESTABLISHMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION (HKSAR).

THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, INFORMED THE LEGISLATIVE COUNCIL THIS IN A WRITTEN REPLY TO A QUESTION FROM THE HON EMILY LAU.

/MR ASPREY

MR ASPREY SAID FOR THIS PURPOSE, THERE WAS A NEED TO CLARIFY CERTAIN MATTERS WITH THE CHINESE, FOR EXAMPLE, THE MECHANISM AND REQUIREMENTS INVOLVED IN TAKING HONG KONG AS ONE'S PLACE OF PERMANENT RESIDENCE.

"WE ARE DISCUSSING THESE MATTERS WITH THE CHINESE IN THE JOINT LIAISON GROUP, AND WILL PREPARE THE NECESSARY LEGISLATION AFTER THESE DISCUSSIONS HAVE BEEN COMPLETED," HE SAID.

MR ASPREY POINTED OUT THAT ARTICLE 24 OF THE BASIC LAW SETS OUT THE CLASSES OF PERSONS WHO WILL BE PERMANENT RESIDENTS OF THE HKSAR AND WHO WILL ACCORDINGLY BE ENTITLED TO RIGHT OF ABODE IN THE HKSAR.

"UNDER THIS ARTICLE OF THE BASIC LAW, PERSONS NOT OF CHINESE NATIONALITY SHALL BE PERMANENT RESIDENTS OF THE HKSAR IF THEY HAVE ENTERED HONG KONG WITH VALID TRAVEL DOCUMENTS, HAVE ORDINARILY RESIDED IN HONG KONG FOR A CONTINUOUS PERIOD OF NOT LESS THAN SEVEN YEARS AND HAVE TAKEN HONG KONG AS THEIR PLACE OF PERMANENT RESIDENCE BEFORE OR AFTER THE ESTABLISHMENT OF THE HKSAR," HE SAID.

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MEASURES TO IMPROVE WATER QUALITY OF YUEN LONG RIVERS OUTLINED

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THE MOST EFFECTIVE MEASURES TO IMPROVE WATER QUALITY OF THE RIVERS AND STREAMS IN YUEN LONG ARE THE IMPLEMENTATION OF THE LIVESTOCK WASTE CONTROL SCHEME IN THE ENVIRONS AND FULL ENFORCEMENT UNDER THE WATER POLLUTION CONTROL ORDINANCE.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, IN A WRITTEN REPLY TO A QUESTION BY THE HON NG MING-YUM IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR BARNES SAID SINCE THE YUEN LONG ENVIRONS BECAME PART OF THE LIVESTOCK WASTE CONTROL AREAS ON JUNE 1 THIS YEAR, SOME 70 PER CENT OF THE ACTIVE LIVESTOCK FARMS IN THESE AREAS HAD INDICATED THAT THEY WISHED TO CEASE BUSINESS AND APPLY FOR AN EX-GRATIA ALLOWANCE.

AS FOR THE CONTROL UNDER THE WATER POLLUTION CONTROL ORDINANCE, HE SAID FULL ENFORCEMENT ACTION BEGAN ON JUNE 1 THIS YEAR WHEN ALL DOMESTIC AND INDUSTRIAL DISCHARGES INTO THE RIVERS WERE BROUGHT UNDER CONTROL.

OUTLINING THE PRACTICABLE MEASURES FOR IMPROVING THE WATER QUALITY, MR BARNES SAID THESE INCLUDED THE CONSTRUCTION OF AN INFLATABLE DAM WHICH WOULD BE COMPLETED IN MAY NEXT YEAR, DREDGING OF CERTAIN SECTIONS OF THE RIVERS AND THE NORTH WEST NEW TERRITORIES SEWERAGE SCHEME WHICH WAS SCHEDULED TO BEGIN OPERATION BY THE END OF NEXT YEAR.

"IN ADDITION, TWO MAJOR FLOOD PROTECTION PROJECTS FOR IMPROVING THE MAIN DRAINAGE CHANNELS IN KAM TIN AND SAN TIN CATCHMENTS UNDER THE RURAL PLANNING AND IMPROVEMENT SCHEME WILL START IN THE COMING FIVE YEARS.

"THESE PROJECTS, AT AN ESTIMATED COST OF \$1.3 BILLION, WILL HAVE A POSITIVE EFFECT ON WATER QUALITY BY IMPROVING THE ALIGNMENTS OF THE EXISTING STREAM COURSES," HE SAID.

AS A FURTHER STEP TO IMPROVE WATER QUALITY OF THE RIVERS, MR BARNES SAID A SEWERAGE MASTERPLAN STUDY, WHICH COVERED THE AREA IN QUESTION, WAS NOW IN ITS FINAL STAGE.

"THIS STUDY WILL REVIEW THE ADEQUACY OF EXISTING SEWERAGE AND ADVISE ON THE CAPACITY AND ENGINEERING ARRANGEMENTS FOR NEW SEWERS.

"THESE MEASURES, TOGETHER WITH THE FULL IMPLEMENTATION OF THE LIVESTOCK WASTE CONTROL SCHEME, THE WATER POLLUTION CONTROL ORDINANCE AND THE MAJOR FLOOD PROTECTION PROJECTS, WILL IMPROVE THE WATER QUALITY OF THE RIVERS," HE ADDED.

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PUBLIC TO BE CONSULTED ON GOLF COURSE

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THE PROPOSAL TO BUILD A GOLF COURSE IN SHA LO TUNG WILL BE CONSIDERED ON THE BASIS OF ITS RECREATIONAL VALUE, PUBLIC BENEFITS, LANDSCAPING, CONSERVATION OF TRADITIONAL VILLAGES AND CIRCUMSTANTIAL IMPACT, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR. GRAHAM BARNES, SAID TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON TIK CHI-YUEN, MR BARNES SAID THE PUBLIC WOULD BE CONSULTED AGAIN BEFORE THE PROPOSAL WAS SUBMITTED TO EXECUTIVE COUNCIL FOR FINAL APPROVAL.

"THE TAI PO RURAL COMMITTEE WILL BE INVITED TO GIVE FINAL ENDORSEMENT OF THE ARRANGEMENTS FOR THE REPROVISIONING OF THE CHEUNG UK AND LI UK VILLAGES.

"THE TAI PO DISTRICT BOARD WILL ALSO BE CONSULTED ON THE PROPOSAL," HE SAID.

IN VIEW OF THE AREA OF LAND INVOLVED, MR. BARNES SAID THE AGREEMENT OF THE LAND COMMISSION TO THE INCLUSION OF THE GRANT IN THE LAND SALES PROGRAMME WOULD BE REQUIRED.

HE SAID WHEN THE COUNTRY PARKS BOARD AND THE COUNTRY PARKS AUTHORITY CONSIDERED THE PROPOSAL, THE FOLLOWING FACTORS WERE TAKEN INTO ACCOUNT :-

- * THE EXISTING LEVEL OF RECREATIONAL USE OF THE AREA;
- * THE COMPATIBILITY OF THE PROPOSED DEVELOPMENT WITH THE PARK PLANS;

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- * THE POSSIBLE ENVIRONMENTAL IMPACT OF THE PROPOSED DEVELOPMENT;
- * THE PUBLIC RIGHT-OF-WAY;
- * THE PUBLIC USE OF THE GOLF COURSE; AND
- * THE FACILITIES TO BE PROVIDED FOR PUBLIC ENJOYMENT AND THE POSSIBLE BENEFITS TO THE GENERAL PUBLIC.

AS THE PROPOSAL WOULD INVOLVE LAND EXCHANGE, MR. BARNES SAID APPROVAL FROM THE LANDS AUTHORITY WOULD BE REQUIRED.

"A RECOMMENDATION IN PRINCIPLE WAS GIVEN BY THE DISTRICT LAND CONFERENCE IN JULY 1990 SUBJECT TO FURTHER COMMENTS FROM GOVERNMENT DEPARTMENTS.

"THE CASE WILL BE RESUBMITTED TO THE DISTRICT LAND CONFERENCE FOR APPROVAL OF FINAL LAND GRANT AND SPECIAL CONDITIONS BEFORE SUBMISSION FOR FINAL APPROVAL TO EXECUTIVE COUNCIL.

MR BARNES SAID THE COUNTRY PARKS BOARD AND THE AUTHORITY CONSIDERED THAT THE PUBLIC WOULD BENEFIT IN THE FOLLOWING ASPECTS FROM THE PROPOSED DEVELOPMENT :-

- * THE PUBLIC RIGHT-OF-WAY WOULD BE MAINTAINED SO THAT THE PUBLIC COULD GAIN ACCESS TO THE COUNTRY PARKS AREA NEARBY;
- * THE PROPOSED DEVELOPMENT WOULD IMPROVE THE CURRENT SUBSTANDARD PUBLIC ACCESS AND PARKING FACILITIES AND WOULD ENHANCE USAGE OF THE AREA (THE EXISTING LEVEL OF RECREATIONAL USE OF THE AREA IS LOW AND THERE ARE NO FACILITIES);
- * THE DEVELOPMENT WOULD PROVIDE MORE PUBLIC RECREATIONAL FACILITIES IN THE AREA SUCH AS PICNIC SITES, SHELTERS, A VISITOR CENTRE AND TOILETS;
- * THE PROPOSED GOLF COURSE WOULD NOT BECOME AN EXCLUSIVE FACILITY FOR PRIVATE ENJOYMENT AND THERE WOULD BE REASONABLE PROVISIONS FOR PUBLIC USE;
- * THE PROPOSED GOLF COURSE WOULD REMAIN OPEN AND GREEN WITH GOOD LANDSCAPING PLANTING;
- * THE EXISTING VILLAGE WOODLAND AND FUNG SHUI WOODS WOULD BE PRESERVED AS FAR AS POSSIBLE; A GROUP OF EXISTING VILLAGE BUILDINGS WITH SIGNIFICANT HISTORICAL AND ARCHITECTURAL VALUE WOULD BE PRESERVED BY THE DEVELOPER; AND
- * THE VILLAGERS OF CHEUNG UK AND LI UK WOULD BE PROVIDED WITH NEW VILLAGE HOUSING PROPERLY SERVED WITH SEWAGE FACILITIES;
- * THE RISK OF HILL FIRE IN THE AREA WOULD BE REDUCED.

/MR BARNES

MR BARNES SAID ALTHOUGH THE PROPOSED DEVELOPMENT WOULD INEVITABLY AFFECT THE EXISTING LANDFORM AND THE VEGETATION COVER, THE SITUATION WOULD BE MONITORED.

"THIS WILL BE CAREFULLY MONITORED TO ENSURE THAT AS FAR AS POSSIBLE, THE EXISTING WOODLAND AND THE VILLAGE SETTLEMENTS WILL BE PRESERVED AND THE FINAL LANDSCAPE WILL REMAIN OPEN, GREEN AND COMPATIBLE WITH THE SURROUNDING AREA.

"IN FACT, THE DEVELOPER IS REQUIRED UNDER THE CONDITIONS OF APPROVAL BY THE COUNTRY PARKS AUTHORITY TO CONDUCT AN ENVIRONMENTAL IMPACT ASSESSMENT BEFORE THE DEVELOPMENT TAKES PLACE AND TO IMPLEMENT A COMPREHENSIVE LANDSCAPING SCHEME, BOTH TO THE SATISFACTION OF GOVERNMENT," HE SAID.

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REVIEW ON BUILDING MANAGEMENT COMPLETED

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THE ADVISORY COMMITTEE ON PRIVATE BUILDING MANAGEMENT HAS, OVER THE PAST THREE YEARS, COMPLETED THE EXAMINATION OF THE MAJOR POLICY AREAS ON BUILDING MANAGEMENT, THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON LI WAH-MING, MR SUEN SAID THIS INCLUDED THE WHITE BILL ON UNFAIR DEEDS OF MUTUAL COVENANT.

"AT THE SAME TIME, MEASURES ON PUBLICITY AND PROMOTIONAL ACTIVITIES HAD BEEN DRAWN UP, WITH A PROGRAMME OF EVENTS EXTENDING WELL INTO NEXT YEAR.

"IN VIEW OF THIS, NO FURTHER APPOINTMENTS WERE MADE TO THE ADVISORY COMMITTEE UPON THE EXPIRY OF ITS SECOND TERM IN OCTOBER 1991," MR SUEN SAID.

HE POINTED OUT THAT THE TASKS AHEAD WERE FOR THE GOVERNMENT TO TAKE FOLLOW-UP ACTIONS TO IMPROVE THE LEGISLATIVE AND ADMINISTRATIVE FRAMEWORKS FOR BUILDING MANAGEMENT.

MR SUEN SAID THE ADVISORY COMMITTEE ON PRIVATE BUILDING MANAGEMENT WAS FIRST APPOINTED BY THE CHIEF SECRETARY IN NOVEMBER 1988, WITH ITS MEMBERS MOSTLY DRAWN FROM THE RELEVANT PROFESSIONAL ORGANISATIONS.

ITS MAIN FUNCTIONS WERE TO REVIEW THE EFFECTIVENESS OF EXISTING POLICIES ON THE MANAGEMENT OF PRIVATE BUILDINGS AND TO RECOMMEND APPROPRIATE MEASURES TO IMPROVE THEIR MANAGEMENT.

ON DISTRICT BUILDING MANAGEMENT CO-ORDINATION TEAMS, MR SUEN SAID THERE WERE NO PLANS TO DISSOLVE THEM OR TO REDUCE THEIR NUMBER.

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COSTS TO BE RECOVERED AFTER CHOI HUNG WATER MAIN BURST

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ACTION IS NOW UNDERWAY TO RECOVER FROM THE CONTRACTOR THE COSTS OF REPAIR WORKS, WATER SUPPLIES DEPARTMENT STAFF COSTS AND THE COST OF THE WATER FOLLOWING THE RECENT BURSTING OF A WATER PIPE IN CHOI HUNG AREA, THE SECRETARY FOR WORKS, MR JAMES BLAKE, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN REPLY TO A QUESTION FROM THE HON RITA FAN, MR BLAKE SAID THE BURST WAS DUE TO A CONTRACTOR WORKING ON A HIGHWAYS DEPARTMENT ROAD INTERSECTION CONTRACT.

THE WATER MAIN WAS DAMAGED WITH A BACKHOE DIGGER WHILE EXCAVATING FOR AN OVERHEAD SIGN FOUNDATION, HE SAID.

AN ESTIMATED 18,000 CUBIC METRES OF WATER, OR ABOUT 0.72 PER CENT OF THE DAILY CONSUMPTION, WERE LOST DURING THE INCIDENT.

MR BLAKE SAID REPORTS OF WATER MAIN BURSTS WERE TELEPHONED, USUALLY BY THE POLICE BUT SOMETIMES BY THE GENERAL PUBLIC, TO THE TECHNICAL COMPLAINTS CENTRE OF THE WATER SUPPLIES DEPARTMENT.

"THEY ARE REFERRED TO THE DUTY OFFICER AT THE NEAREST DEPOT, AND FOR THE CHOI HUNG INCIDENT THIS WAS THE KOWLOON ARGYLE STREET DEPOT," HE SAID.

"THE DUTY OFFICER SENDS ONE OF THE 24 HOUR EMERGENCY TURNCOCK GANGS TO THE BURST LOCATION TO TURN OFF THE NECESSARY VALVES. THIS STOPS THE WATER FLOW AND ENABLES THE BURST TO BE REPAIRED."

MR BLAKE SAID THE TIME TO REACH THE SITE DEPENDED UPON TRAFFIC CONDITIONS, BUT WAS TYPICALLY HALF AN HOUR IN URBAN AREAS.

"BECAUSE THE WATER MAINS ARE NORMALLY IN A NETWORK SYSTEM, SEVERAL VALVES HAVE TO BE TURNED OFF, SOME OF WHICH MAY BE SOME DISTANCE FROM THE ACTUAL BURST LOCATION.

"FOR LARGE DIAMETER MAINS, AND WHERE THERE ARE PROBLEMS OF FLOODING, EXCEPTIONALLY LONGER TIME MAY BE NECESSARY TO LOCATE AND CLOSE ALL OF THE VALVES TO STOP THE FLOW," HE SAID.

FOR THE CHOI HUNG INCIDENT THE REPORT WAS RECEIVED AT THE TECHNICAL COMPLAINTS CENTRE, THE FIRST GANG ARRIVED AT THE BURST LOCATION SOME 50 MINUTES LATER.

IT THEN TOOK TWO HOURS IN DIFFICULT FLOODED CONDITIONS TO LOCATE AND TURN OFF SEVEN VALVES IN THE NETWORK.

NO STUDENTS SHOULD BE EXPELLED WITHOUT PROPER WARNING

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THE EDUCATION DEPARTMENT HAS SET UP AN AD HOC GROUP TO INVESTIGATE THE RECENTLY REPORTED CASES OF SCHOOLS ADVISING PUPILS TO LEAVE AS AN ALTERNATIVE TO DIRECT EXPULSION AND TO FORMULATE PROPOSALS TO PREVENT THE RECURRENCE OF SIMILAR INCIDENTS, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE OUTCOME IS EXPECTED TO BE AVAILABLE SOON, HE ADDED.

IN A WRITTEN REPLY TO A QUESTION FROM THE HON TIK CHI-YUEN, MR CHAN SAID: "THE EDUCATION DEPARTMENT ALREADY ASSISTS IN PLACING DROP-OUT PUPILS WHO ARE WITHIN THE AGE OF COMPULSORY EDUCATION EITHER IN THEIR OWN SCHOOL OR IN ANOTHER APPROPRIATE SCHOOL.

"FOR PUPILS BEYOND THE AGE OF COMPULSORY EDUCATION, THE DEPARTMENT PROVIDES INFORMATION TO THEM ON SCHOOLS WITH VACANT PLACES TO WHICH THEY MAY APPLY FOR ADMISSION."

BASED ON INFORMATION PROVIDED BY SCHOOL AUTHORITIES, THE NUMBER OF STUDENTS DROPPING OUT FROM SCHOOLS WAS 601 IN 1986/87, 794 IN 1987/88, 1,351 IN 1988/89, 1,212 IN 1989/90 AND 1,058 IN 1990/91.

THERE ARE NO SEPARATE STATISTICS SHOWING HOW MANY STUDENTS WITH POOR CONDUCT OR ACADEMIC PERFORMANCE WHO HAVE BEEN ADVISED BY THEIR SCHOOLS TO LEAVE VOLUNTARILY. NO SUCH CASES HAVE BEEN REPORTED BY THE SCHOOLS TO THE DEPARTMENT.

MR CHAN POINTED OUT THAT THE APPROACH ADOPTED BY SCHOOLS IN ADVISING STUDENTS TO DROP OUT OF SCHOOL DID NOT ITSELF CONSTITUTE FORMAL EXPULSION AND THEREFORE DID NOT CONTRAVENE THE CODE OF AID THOUGH THE PRACTICE WAS INCOMPATIBLE WITH THE SPIRIT OF THE CODE.

"ACCORDING TO THE CODE, PUPILS SHOULD NOT BE EXPELLED SOLELY ON THE GROUND THAT THEY ARE ACADEMICALLY WEAK," MR CHAN SAID.

"THEY MAY BE CONSIDERED FOR EXPULSION ONLY ON GROUNDS OF NON-PAYMENT OF GAZETTED FEES OR A GRAVE BREACH OF SCHOOL DISCIPLINE, AFTER REASONABLE MEASURES TO ENLIST THE CO-OPERATION OF PARENTS HAVE PROVED UNSUCCESSFUL.

"NO SECONDARY SCHOOL PUPIL SHOULD BE EXPELLED WITHOUT PROPER WARNING TO PARENTS AND THE DIRECTOR OF EDUCATION SHOULD BE KEPT INFORMED OF ALL SUCH CASES AT THE WARNING STAGE.

"MOREOVER, THE EXPULSION OF ANY PUPIL AGED UNDER 15 YEARS REQUIRES THE APPROVAL OF THE DIRECTOR," HE ADDED.

MEASURES IN HAND TO HELP TRAFFIC PROBLEMS AT CONTAINER TERMINALS

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TRAFFIC PROBLEMS ARISING FROM QUEUING AND PARKING AT CONTAINER TERMINALS WOULD BE HELPED BY THE INCREASED PROVISION OF TOTAL TERMINAL AREA FOR THE NEWER TERMINALS.

IN ADDITION, STEPS ARE IN HAND TO FIND ADDITIONAL OFF-TERMINAL LAND TO MAKE UP FOR THE SHORTFALL OF QUEUING AND PARKING AREAS AT THE EARLIER TERMINALS.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, IN A WRITTEN REPLY TO A QUESTION BY THE HON LEE WING-TAT IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

ON THE QUESTION REGARDING THE LAND USE OF CONTAINER TERMINALS, MR BARNES SAID THERE WAS NO SPECIFIED RATIO BETWEEN A CONTAINER TERMINAL AND ITS CONTAINER HANDLING AREA.

"HOWEVER, MORE VEHICLE PARKING AND QUEUING AREAS WITHIN THE TERMINALS THAN WERE PROVIDED IN EARLIER TERMINALS IS REQUIRED IN THE LEASE TERMS OF TERMINAL 8 AND WOULD BE REQUIRED IN FUTURE SALES," HE SAID.

HE POINTED OUT THAT IN TERMINAL 8 WHICH WAS SOLD IN MARCH THIS YEAR AND THE PLANNED TERMINAL 9, THE RATIO OF THE TOTAL TERMINAL AREA TO THE NUMBER OF BERTHS HAD BEEN INCREASED FROM 11 HECTARES TO ABOUT 15 HECTARES PER BERTH.

MR BARNES EXPLAINED THAT A CONTAINER TERMINAL, WHICH NORMALLY COMPRISES MORE THAN ONE BERTH, WAS CONTROLLED BY A SET OF LEASE CONDITIONS.

THESE CONDITIONS, HE SAID, SPECIFIED THE PREPARATION OF A CONCEPT OR MASTER PLAN TO THE GOVERNMENT'S SATISFACTION COVERING THE LAYOUT OF THE WHOLE TERMINAL INCLUDING THE VEHICLE PARKING AND WAITING AREAS TO BE PROVIDED BY THE DEVELOPER AS WELL AS ALL BUILDINGS ON THE SITE.

HE FURTHER NOTED THAT MONITORING ON THE SPECIFIED USE OF THE LAND WAS DONE THROUGH LEASE ENFORCEMENT.

"ALL THE TERMINALS AT KWAI CHUNG ARE OPERATING WITHIN THE TERMS OF THEIR LEASE CONDITIONS AND HENCE NO LEASE ENFORCEMENT MEASURES HAVE PROVED NECESSARY," HE SAID.

INSURANCE COMPANIES (AMENDMENT) BILL 1991 INTRODUCED

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A COMPOSITE BILL WHICH SEEKS TO REFINE EXISTING PROVISIONS OF THE INSURANCE COMPANIES ORDINANCE IN FOUR AREAS WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE INSURANCE COMPANIES (AMENDMENT) BILL 1991, THE SECRETARY FOR MONETARY AFFAIRS, MR DAVID NENDICK, SAID THE FOUR AREAS WERE: TO ALLOW AUTHORISATION AND ANNUAL FEES TO BE PRESCRIBED IN SUBSIDIARY LEGISLATION; TO RELIEVE GENERAL INSURERS FROM THE REQUIREMENT TO DEPOSIT TRADE SENSITIVE DOCUMENTS WITH THE REGISTRAR OF COMPANIES; TO EXTEND THE GROUNDS UPON WHICH THE INSURANCE AUTHORITY MAY TAKE INTERVENTIONARY ACTION; AND TO REMOVE PREFERENTIAL TREATMENT FOR UNITED KINGDOM INSURERS.

ON AUTHORISATION AND ANNUAL FEE, THE SECRETARY NOTED THAT: "SECTION 13(1) OF THE ORDINANCE SETS OUT THE FEE TO BE PAID BY AN INSURER UPON AUTHORISATION AND ANNUALLY THEREAFTER" AND "SECTION 59(B) PROVIDES THAT THE GOVERNOR IN COUNCIL MAY MAKE REGULATIONS TO AMEND SECTION 13(1)".

"THIS IS AN INDIRECT AND CUMBERSOME WAY OF AMENDING THE LEVEL OF FEES," MR NENDICK SAID.

"WE PROPOSE, THEREFORE, THAT THE ORDINANCE SHOULD BE AMENDED SO THAT REFERENCES TO THE LEVEL OF FEE ARE REMOVED TO SUBSIDIARY LEGISLATION WHILE THE PRINCIPAL LEGISLATION STIPULATES ONLY THE REQUIREMENT FOR THE PAYMENT OF FEES."

REGARDING THE DEPOSIT OF DOCUMENTS WITH THE REGISTRAR OF COMPANIES, THE SECRETARY SAID AN INSURER WAS REQUIRED UNDER THE ORDINANCE TO SUBMIT TO THE INSURANCE AUTHORITY ACCOUNTS, STATEMENTS AND OTHER INFORMATION PRESCRIBED IN THE THIRD SCHEDULE.

HE WAS ALSO REQUIRED TO DEPOSIT A COPY OF SUCH DOCUMENTS WITH THE REGISTRAR OF COMPANIES FOR PUBLIC INSPECTION.

MR NENDICK POINTED OUT THAT THE THIRD SCHEDULE WAS AMENDED IN DECEMBER LAST YEAR TO REQUIRE GENERAL INSURERS TO SUBMIT TO THE INSURANCE AUTHORITY AN ADDITIONAL ANNUAL RETURN ON THEIR HONG KONG BUSINESS.

THE GENERAL INSURERS HAD SUBSEQUENTLY REQUESTED THAT THE NEW RETURN, CONTAINING TRADE-SENSITIVE DATA, SHOULD NOT BE DEPOSITED WITH THE REGISTRAR OF COMPANIES, ALTHOUGH THEY HAD NO OBJECTION TO SUCH INFORMATION BEING RELEASED BY THE INSURANCE AUTHORITY ON AN AGGREGATE BASIS.

"WE SEE NO OBJECTION TO THIS REQUEST AND PROPOSE THAT THE ORDINANCE BE SO AMENDED," HE SAID.

EXPLAINING THE INTERVENTIONARY ACTIONS OF THE INSURANCE AUTHORITY, MR NENDICK SAID THE ORDINANCE SET OUT THE INTERVENTIONARY POWERS OF THE AUTHORITY AND THE VARIOUS GROUNDS ON WHICH DIFFERENT POWERS WERE EXERCISABLE.

"UNDER SECTION 34, AS READ WITH SECTION 26(3), THE INSURANCE AUTHORITY MAY EXERCISE HIS POWER TO OBTAIN INFORMATION AND DOCUMENTS ON THE GROUND THAT HE CONSIDERS IT TO BE IN THE GENERAL INTERESTS OF POLICY HOLDERS TO DO SO," THE SECRETARY SAID.

HOWEVER, HE SAID OTHER POWERS OF INTERVENTION UNDER SECTIONS 27 TO 33 AND 35 COULD ONLY BE EXERCISED ON MORE RESTRICTIVE GROUNDS.

FOR EXAMPLE, ON GROUNDS THAT THE INSURER HAD FURNISHED MISLEADING INFORMATION TO THE INSURANCE AUTHORITY; OR THAT IT WAS DESIRABLE FOR THE PROTECTION OF POLICY HOLDERS AGAINST THE RISK THAT AN INSURER MIGHT BE UNABLE TO MEET ITS LIABILITIES.

MR NENDICK SAID THESE MORE RESTRICTIVE GROUNDS MEANT THAT THE INSURANCE AUTHORITY COULD ONLY EXERCISE HIS INTERVENTIONARY POWERS REACTIVELY.

"WE CONSIDER THIS TO BE UNSATISFACTORY," HE SAID. "EXPERIENCE HAS PROVED THAT THE LONGER IT TAKES THE INSURANCE AUTHORITY TO BE ABLE TO REACT TO A SITUATION, THE LESS EFFECTIVE HIS SUPERVISION BECOMES.

"TO PROVIDE BETTER PROTECTION TO POLICY HOLDERS, WE PROPOSE THAT THE GROUNDS FOR INTERVENTION IN THE GENERAL INTERESTS OF POLICY HOLDERS SHOULD ALSO BE REGARDED AS A GROUND ON WHICH POWERS IN SECTION 28 TO 30, 32 TO 33 AND 35 ARE EXERCISABLE.

"THESE RELATE TO REQUIREMENTS ABOUT INVESTMENTS, MAINTENANCE OF ASSETS IN HONG KONG, CUSTODY OF ASSETS, ACTUARIAL INVESTIGATIONS, EARLY SUBMISSION OF FINANCIAL INFORMATION AND POWER TO IMPOSE REQUIREMENTS FOR PROTECTING THE POLICY HOLDERS."

HE SAID THE ADMINISTRATION, HOWEVER, PROPOSED THAT THE POWERS SET OUT IN SECTIONS 27 AND 31 RELATING TO RESTRICTIONS IN WRITING NEW BUSINESS AND LIMITING PREMIUM INCOME SHOULD NOT BE AFFECTED BY THE NEW PROVISION.

"WE CONSIDER THAT THEY SHOULD REMAIN TO BE EXERCISED ONLY IN VERY LIMITED CIRCUMSTANCES," MR NENDICK SAID.

THE BILL ALSO AIMED TO REMOVE REDUNDANT EXEMPTION PROVISIONS FOR UNITED KINGDOM INSURERS.

AT PRESENT, MR NENDICK SAID, UK INSURERS WERE EXEMPTED FROM COMPLYING WITH THE AUTHORISATION REQUIREMENTS IN SECTION 8 AND THE REQUIREMENT TO SUBMIT FINANCIAL INFORMATION PRESCRIBED IN THE THIRD SCHEDULE.

"THE ORDINANCE ONLY REQUIRES THEM TO SUBMIT TO THE INSURANCE AUTHORITY THE RETURNS WHICH THEY SUBMIT TO THE DEPARTMENT OF TRADE AND INDUSTRY IN THE UNITED KINGDOM," HE SAID.

HOWEVER, THE SECRETARY POINTED OUT THAT FOLLOWING AN AMENDMENT TO SECTION 8 OF THE ORDINANCE IN 1987, THE INSURANCE AUTHORITY HAD BEEN GIVEN DISCRETIONARY POWER TO REFUSE TO AUTHORISE AN INSURER, INCLUDING AN UK INSURER, EVEN THOUGH THE APPLICANT HAD COMPLIED WITH THE GENERAL AUTHORISATION REQUIREMENTS UNDER SECTION 8.

"SINCE THEN, THE INSURANCE AUTHORITY HAS IN FACT BEEN APPLYING THE SAME AUTHORISATION CRITERIA TO ALL APPLICANTS, INCLUDING UK INSURERS.

"THUS THE EXEMPTION FOR UNITED KINGDOM INSURERS HAS BECOME REDUNDANT," HE SAID.

MR NENDICK SAID: "THE EXEMPTION FROM SUBMITTING FINANCIAL INFORMATION IN THE FORMAT REQUIRED UNDER THE THIRD SCHEDULE IS ALSO REDUNDANT AS ANY INSURERS WHICH HAVE DIFFICULTY IN MEETING THE REQUIREMENTS MAY APPLY FOR MODIFICATIONS UNDER THE ORDINANCE.

"IN PRACTICE, THIS ENABLES THE INSURANCE AUTHORITY TO PERMIT, WHERE APPROPRIATE, MODIFICATION OF REQUIREMENTS TO ANY OVERSEAS INSURER ON THE LINES OF THAT AVAILABLE TO UK INSURERS UNDER SECTION 52. IT IS THEREFORE NO LONGER NECESSARY TO RETAIN SECTION 52," HE SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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MOTION TO DELEGATE DUTIES AND POWERS TO DRAINAGE SERVICES DEPT

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THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, MOVED A MOTION UNDER THE BUILDINGS ORDINANCE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) TO FORMALLY CONFIRM THE DELEGATION OF DUTIES AND POWERS OF THE BUILDING AUTHORITY TO THE DRAINAGE SERVICES DEPARTMENT.

THIS MOTION WAS NECESSITATED BY THE FORMATION OF THE DEPARTMENT ON SEPTEMBER 1, 1989, HE SAID.

MR BARNES SAID UPON THE SETTING UP OF THE DRAINAGE SERVICES DEPARTMENT, THE DUTIES AND POWERS OF THE BUILDING AUTHORITY PREVIOUSLY DELEGATED TO OFFICERS OF THE CIVIL ENGINEERING DEPARTMENT WERE NOW EXERCISED BY OFFICERS OF THE DRAINAGE SERVICES DEPARTMENT.

IT WAS THEREFORE NECESSARY TO FORMALLY DELEGATE SUCH DUTIES AND POWERS TO THE OFFICERS OF THE DRAINAGE SERVICES DEPARTMENT.

THE MOTION WAS PASSED WITHOUT AMENDMENTS.

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BILL TO MODIFY PROXY VOTING IN STOCK EXCHANGE INTRODUCED

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A BILL SEEKING TO MODIFY PROXY VOTING AT THE ELECTION OF THE STOCK EXCHANGE COUNCIL MEETING IS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE STOCK EXCHANGE UNIFICATION (AMENDMENT) BILL 1991, THE SECRETARY FOR MONETARY AFFAIRS, MR DAVID NENDICK, SAID A MEMBER OF THE STOCK EXCHANGE OF HONG KONG MAY ONLY APPOINT A PROXY WHILE HE IS UNABLE TO ATTEND AND VOTE IN PERSON FOR GOOD CAUSE, AND THAT A PERSON MAY NOT BE APPOINTED BY MORE THAN ONE MEMBER TO VOTE AT SUCH ELECTION.

THE AMENDMENT ALSO PROPOSED THAT A PROXY WOULD HAVE TO BE AN EMPLOYEE OR PARTNER REGISTERED UNDER THE SECURITIES ORDINANCE.

"THE PURPOSE OF THESE AMENDMENTS IS TO PREVENT ABUSE OF PROXY VOTING AND TO ENSURE THAT THE COUNCIL OF THE STOCK EXCHANGE WILL BE ELECTED IN A FAIR MANNER," MR NENDICK SAID.

UNDER THE BILL, A PRIMARY DUTY ON THE STOCK EXCHANGE TO ACT IN THE PUBLIC INTEREST AND, IN PARTICULAR, THE INTERESTS OF THE INVESTING PUBLIC WOULD BE IMPARTED.

"THE PURPOSE IS TO ENSURE THAT THE EXCHANGE, AS A QUASI PUBLIC SECTOR INSTITUTION WITH AN EXCLUSIVE RIGHT TO RAISE A STATUTORY TRANSACTION LEVY TO FINANCE ITS OPERATIONS, WILL HAVE A RESPONSIBILITY TO ACT IN THE PUBLIC INTEREST EVEN THOUGH IT OWES A FIDUCIARY DUTY TO ITS SHAREHOLDERS," THE SECRETARY SAID.

MR NENDICK POINTED OUT THAT THE BILL ALSO PROVIDED IMMUNITY AGAINST CIVIL LIABILITY TO THE STOCK EXCHANGE WHEN EXERCISING ITS PUBLIC INTEREST DUTY IN GOOD FAITH.

DEBATE ON THE BILL WAS ADJOURNED.

GOVERNOR PRESENTS INSIGNIA AND COMMENDATIONS TO 91
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INSIGNIA AND COMMENDATIONS FOR 91 PEOPLE WERE PRESENTED BY THE GOVERNOR, SIR DAVID WILSON, AT A CEREMONY AT GOVERNMENT HOUSE THIS (WEDNESDAY) EVENING.

SEVENTY-EIGHT RECIPIENTS WERE DECORATED OR COMMENDED BY THE QUEEN FOR SERVICES TO THE PUBLIC, WHILE ELEVEN WERE AWARDED THE GOVERNOR'S COMMENDATION.

IN ADDITION, TWO MEMBERS OF THE ST JOHN AMBULANCE ASSOCIATION AND BRIGADE WHOSE COMMUNITY WORK HAS BEEN RECOGNISED BY THE QUEEN, THE SOVEREIGN HEAD OF THE MOST VENERABLE ORDER OF THE HOSPITAL OF ST JOHN OF JERUSALEM, WERE PRESENTED THEIR ST JOHN INSIGNIA BY THE GOVERNOR.

THE FOLLOWING IS THE LIST OF RECIPIENTS:

CBE

MR LI YUET-TING

PROFESSOR THE HONOURABLE WANG GUNGWU

MR WONG CHUNG-HIN

OBE

MR CHUNG PUI-LAM

DR RONALD LEUNG DING-BONG

PROFESSOR THE HONOURABLE FELICE LIEH-MAK

MR JOHN ALBERT THORPE

HONORARY OBE

THE HONOURABLE ANDREW WONG WANG-FAT

ISO

MR HORACE RAYMOND KNIGHT

MR PETER LOK KUNG-NAM

MR MIAO CHI

/MBE

MBE

MR CHEUNG KUEN
MR LAI KWOK-HUNG
MRS ROSE LAM CHEN JING-HAN
MR LI KWING-YEE
MRS ANNE MARDEN
MR TANG KAM-YAN
MR WONG WAH-SANG

MBE (MIL)

MAJOR ROBERT KAM YIU-LEUNG
WING COMMANDER PETER DICKY YIP

BEM

MR CHAN KWOK-CHAN
MR CHAN YUK-YUE
MR CHEUNG JAI
MR MICHAEL HO KAM-TAT
MR KO KWAI-SHUN
MR LAM HUNG-KUI
MR LAU PUI
MR PHILIP ARCHIBALD LEUNG
MR EDMOND LOK KA-YIU
MR MAK KAI-KI
MS BARBARA SIT WOON-LING
MR SO KAM-MING
MS TO YEE-HAR
MR WONG LAM-SANG
MR YUE YUN-HING

/BEM (MIL)

BEM (MIL)

WARRANT OFFICER CLASS 2 HUGH COLLETT
WARRANT OFFICER CLASS 2 KULBAHADUR LIMBU
STAFF SERGEANT THOMAS MITCHELL
STAFF SERGEANT KENNETH TINDALE

QPM

MR ROBERT ANTHONY STEELE
MR PETER WONG TSAN-KWONG
MR BARRIE JOSEPH DEEGAN

CPM

MR RONALD JAMES CLIBBORN-DYER
MR MICHAEL LIU CHI-YUEN
MR RICHARD JAMES BEST
MR JOHN RICHARD FINCH MASON
MR DADAN KHAN
MR GEORGE FREDERICK NOEL ACHESON
MR WONG YAT-LAM
MR FRANCIS MURPHY
MR ALAN DOUGLAS NEWTON
MR DONALD KEE YAU-YIN
MR SIU KIT-HUNG
MR MIAO HSIUNG-HSUN
MR CHIANG CHI-MING
MR WONG SIK-CHUNG
MR CHAN YUK-SANG
MR CHAN CHUN-KEI

MR CHAN KWONG-FUK

MR LAM CHUN-MAN

MR HO KWOK-HONG

MR LAM WAH-HING

MR CHAN TAK-WANG

MR CHOW MAN-HING

MR CHAN YIU-TIN

BADGE OF HONOUR

MR CHING CHEUNG-YING

MR PAUL FAN CHOR-HO

MR HUI YUNG-CHUNG

MR LAM KAM

MR LEE SHUNG-SHIN

MR NG CHI-WING

MRS DELIA PEI CHEN CHI-KUEN

MR TANG CHE-CHEUNG

MR TANG YING-YIP

MR CHARLES TIN MAN-SIN

MR TONG YOK-KEE

MR WONG WAI-MAN

MR ZAI CHUNG-LING

GOVERNOR'S COMMENDATION

MR CHUNG SHU-KIN

MR KWOK HAK-MAN

MR LAU KWOK-HUNG

MR LEUNG KWOK-HO

MR CHUNG CHI-MING

/MR CHAN

MR CHAN TAT-WAH
MR SIN WAI-LEUNG
MR LI TANG-LUN
MR TREVOR CHARLES BERRY
MR NG KWOK-CHU
MISS BRENDA LEE SIU-LING

ST JOHN

KNIGHT OF ST JOHN

MR LEONARD CHIU KUNG PHOO

OFFICER BROTHER

DR PETER CHAN PO-FAN

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ECONOMIC TIES WITH ASIA PACIFIC REGION STRENGTHENING: STI
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HONG KONG'S ECONOMIC TIES TO THE ASIA PACIFIC REGION HAVE BEEN STEADILY STRENGTHENING, THE SECRETARY FOR TRADE AND INDUSTRY, MR T.H. CHAU SAID TODAY (WEDNESDAY).

SPEAKING ON REGIONAL ECONOMIC TRENDS AND ISSUES AT THE THIRD MINISTERIAL MEETING OF THE ASIA PACIFIC ECONOMIC COOPERATION (APEC) IN SEOUL, MR CHAU SAID SOME 80 PER CENT OF HONG KONG'S TOTAL MERCHANDISE TRADE, AMOUNTING TO ABOUT US\$ 130 BILLION, IS WITH OTHER ECONOMIES IN THE REGION.

"AROUND 80 PER CENT OF OUR INWARD INDUSTRIAL INVESTMENT COMES FROM WITHIN THE REGION. THE MAJOR RECIPIENTS OF OUR OUTWARD INVESTMENT ARE ALSO WITHIN THIS REGION," HE SAID.

MR CHAU SAID HONG KONG APPRECIATES JAPAN'S PROPOSAL TO UNDERTAKE A SURVEY OF ECONOMIC LINKAGES AMONG APEC ECONOMIES, AND LOOKS FORWARD TO PARTICIPATING IN THE SURVEY.

HE NOTED THAT THE ASIA PACIFIC IS THE FASTEST GROWING AND THE MOST DYNAMIC REGION IN THE WORLD.

/"HONG KONG

"HONG KONG'S STRATEGIC LOCATION AND EFFICIENT INFRASTRUCTURE, THE INDUSTRY, INGENUITY AND ENTREPRENEURIAL SPIRIT OF OUR PEOPLE AND OUR ECONOMIC SYSTEM BASED ON FREE AND PRIVATE ENTERPRISE DIRECTED BY MARKET FORCES HAVE ENABLED US TO MAKE AN IMPORTANT CONTRIBUTION TO THIS GROWTH," MR CHAU SAID.

HE POINTED OUT THAT HONG KONG IS WELL PLACED TO CONTRIBUTE TO THE APEC PROCESS AS IT IS A MAJOR BUSINESS, FINANCIAL, TELECOMMUNICATIONS AND TRANSPORTATION HUB IN ASIA PACIFIC.

MR CHAU STRESSED THAT HONG KONG IS AT PRESENT VESTED WITH FULL AUTONOMY IN THE CONDUCT OF ITS EXTERNAL COMMERCIAL RELATIONS.

"THE SINO-BRITISH JOINT DECLARATION ON THE FUTURE OF HONG KONG GUARANTEES THE MAINTENANCE OF HONG KONG'S EXISTING CAPITALIST SYSTEM FOR 50 YEARS AFTER 1997.

"IT ALSO PROVIDES THAT THE HONG HONG SPECIAL ADMINISTRATIVE REGION GOVERNMENT SHALL DECIDE ITS ECONOMIC AND TRADE POLICIES ON ITS OWN.

"HONG KONG WILL RETAIN THE STATUS OF A FREE PORT AND WILL MAINTAIN A FREE TRADE POLICY, INCLUDING THE FREE MOVEMENT OF GOODS AND CAPITAL," MR CHAU SAID.

"WE SHALL CONTINUE TO BE A SEPARATE CUSTOMS TERRITORY AND A MEMBERS OF THE GATT. AFTER 1997, THE HONG KONG SPECIAL ADMINISTRATIVE REGION WILL, ON ITS OWN AND USING THE NAME 'HONG KONG, CHINA', CONTINUE TO PARTICIPATE IN APEC MEETINGS AND ACTIVITIES AS A SEPARATE ECONOMY ENTITY," HE SAID.

TURNING TO THE WORK OF APEC'S AD HOC ECONOMIC GROUP, HE SAID THE GROUP HAS IDENTIFIED A NUMBER OF ISSUES OF COMMON AND ONGOING CONCERN.

"HONG KONG SHARES MANY OF THESE CONCERNS, INCLUDING THE IMPORTANCE OF SUSTAINING NON-INFLATIONARY GROWTH, TACKLING THE LABOUR SHORTAGE PROBLEM, STRUCTURAL ADJUSTMENT, ECONOMIC DIVERSIFICATION AND THE SUCCESSFUL CONCLUSION OF THE URUGUAY ROUND," HE SAID.

MR CHAU SAID HONG KONG'S EXPERIENCE HAS BEEN THAT WHILE RAPID STRUCTURAL CHANGE AND DIVERSIFICATION OF ACTIVITIES PROVIDE A POWERFUL IMPETUS TO OVERALL ECONOMIC GROWTH, THIS COULD OFTEN BE ACCOMPANIED BY INFLATION.

"UNDERLYING THE INFLATION PRESSURE IS THE PROBLEM OF THE SHORTAGE AND MISMATCH OF RESOURCES.

"LABOUR SHORTAGE IS OF PARTICULAR RELEVANCE TO HONG KONG AT THIS TIME. WE ARE PURSUING MEASURES TO TACKLE THIS PROBLEM," HE SAID.

"WE HOPE THAT THOSE MEASURES WILL HAVE A POSITIVE EFFECT IN ALLEVIATING INFLATION AND REDUCING CONSTRAINTS ON GROWTH," HE SAID.

HOUSING AUTHORITY'S BUDGETS FOR THE 1992/93 FINANCIAL YEAR

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THE HOUSING AUTHORITY'S INCOME AND EXPENDITURE BUDGET FOR 1992/93 TABLED AT TODAY'S (WEDNESDAY) ESTABLISHMENT AND FINANCE COMMITTEE MEETING HAS FORECAST AN OPERATIONAL DEFICIT ON ITS ESTATE WORKING ACCOUNT OF \$231 MILLION, AFTER PAYMENT OF INTEREST AND DIVIDENDS TO THE GOVERNMENT.

HOWEVER, AFTER TAKING INTO ACCOUNT PROCEEDS FROM THE HOME OWNERSHIP SCHEME/PRIVATE SECTOR PARTICIPATION SCHEME AND THE HOME PURCHASE LOAN SCHEME, A NET SURPLUS OF \$1.92 BILLION IS FORECAST.

A HOUSING SPOKESMAN SAID A TOTAL OF ABOUT \$1.9 BILLION IN INTEREST AND DIVIDENDS WOULD BE PAID TO THE GOVERNMENT -- \$1.3 BILLION BY WAY OF INTEREST ON GOVERNMENT'S PERMANENT CAPITAL, AT THE RATE OF FIVE PER CENT ON AMOUNT OF CAPITAL INJECTED INTO THE AUTHORITY, AND THE REMAINING BALANCE BEING DIVIDENDS PAYABLE AT 50 PER CENT OF THE AUTHORITY'S NON-DOMESTIC SURPLUS.

"THE AUTHORITY'S TOTAL RECURRENT INCOME IS ESTIMATED AT \$8.85 BILLION, ESSENTIALLY RENTAL INCOME FROM DOMESTIC AND NON-DOMESTIC PROPERTIES," HE SAID.

"ON THE OTHER HAND, RECURRENT EXPENDITURE IS BUDGETED AT \$9.08 BILLION, MOSTLY FOR PERSONAL EMOLUMENTS, RATES AND MAINTENANCE AND IMPROVEMENT EXPENDITURE.

"IN PERCENTAGE TERMS THE BUDGETED EXPENDITURE ON PERSONAL EMOLUMENTS AND RATES ARE MORE OR LESS IDENTICAL WITH LAST YEAR'S FIGURES, BUT THE EXPENDITURE BUDGET FOR 1992/93 ON MAINTENANCE AND IMPROVEMENT HAS BEEN INCREASED BY \$326 MILLION TO ABOUT \$1.4 BILLION.

"THE BUDGET ALSO INCLUDES AN ELEMENT OF REINSTATEMENT PROGRAMMES CURTAILED IN RECENT YEARS INCLUDING PLANNED BUILDING MAINTENANCE OF LONGER LIFE BUILDINGS, REDECORATION AND ELECTRICAL REINFORCEMENT.

"IMPROVEMENTS INCLUDE EXPANDED PROGRAMMES FOR IMPROVEMENT OF COMMERCIAL COMPLEXES AND LIFT MODERNIZATION PROGRAMME," HE SAID.

TURNING TO THE HOME OWNERSHIP AND PRIVATE SECTOR PARTICIPATION SCHEMES, THE SPOKESMAN SAID THE TOTAL SALES PROCEEDS FOR THE YEAR WERE BUDGETED TO AMOUNT TO \$6.1 BILLION.

ON THE CAPITAL BUDGET FOR 1992/93, THE COMMITTEE NOTED THAT A TOTAL OF \$9.5 BILLION WOULD BE SPENT -- \$5.79 BILLION OF WHICH WOULD BE EXPENDITURE ON RENTAL PUBLIC HOUSING.

THE PRODUCTION OF FLATS IN 1992/93 IS EXPECTED TO TOTAL 38 705, OF WHICH 23 163 ARE RENTAL UNITS, 3 312 SALE FLATS WITH RENTAL BLOCK DESIGN, 8 390 HOME OWNERSHIP SCHEME FLATS AND 3 840 PRIVATE SECTOR PARTICIPATION SCHEME UNITS.

THE SPOKESMAN SAID THAT ALLOWANCE FOR TENDER PRICE INFLATION AT 7.5 PER CENT PER ANNUM FOR PROJECTS TO BE LET OUT IN 1992/93 HAD BEEN TAKEN INTO ACCOUNT AS WELL AS THE INCLUSION OF CONSTRUCTION COSTS OF \$56.5 MILLION FOR THE NEW ONE-PERSON ANNEX BLOCKS.

HE POINTED OUT THAT ALTHOUGH THE AUTHORITY WILL INCUR A SMALL DEFICIT ON ITS ESTATE WORKING ACCOUNT IN 1992/93, A WORKING CASH BALANCE OF SOME \$1.4 BILLION BY MARCH 1993 WAS FORECAST.

THIS BALANCE IS DETERMINED AFTER TAKING INTO ACCOUNT AN OPENING CASH BALANCE OF \$4.5 BILLION, CAPITAL EXPENDITURE, THE INCOME AND EXPENDITURE SURPLUS AND DEPRECIATION.

"IN THIS REGARD THE AUTHORITY WILL NOT NEED TO SEEK FUNDING FROM OUTSIDE LOANS IN 1992/93," HE ADDED.

THE TWO BUDGETS WOULD BE SUBMITTED TO THE GOVERNOR FOR HIS FORMAL APPROVAL IN ACCORDANCE WITH THE HOUSING ORDINANCE AFTER ENDORSEMENT BY THE HOUSING AUTHORITY LATER THIS MONTH.

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MEDICAL REFORMS ATTUNED TO NEEDS OF 21ST CENTURY

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THE GOVERNMENT IS COMMITTED TO THREE MAJOR REFORMS IN THE MEDICAL AND HEALTH FIELD SO THAT THE PUBLIC WILL HAVE A HEALTH SYSTEM WHICH WILL BE WELL ATTUNED TO THE NEEDS OF THE 21ST CENTURY.

THIS WAS STATED BY THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG WHEN ADDRESSING THE OPENING CEREMONY OF THE SECOND REGIONAL CONGRESS (WESTERN-PACIFIC REGION) OF THE INTERNATIONAL SOCIETY OF BLOOD TRANSFUSION AT THE HONG KONG CONVENTION AND EXHIBITION CENTRE THIS (WEDNESDAY) EVENING.

MRS WONG SAID THE HOSPITAL AUTHORITY WILL TAKE OVER THE MANAGEMENT AND CONTROL OF ALL THE PUBLIC HOSPITALS IN HONG KONG IN LESS THAN THREE WEEKS' TIME.

"IT IS A GRAND TASK AFFECTING SOME 35 HOSPITALS AND 35,000 STAFF WHICH WILL PERMIT THE BETTER DEPLOYMENT OF RESOURCES AND THE ELIMINATION OF OVERCROWDING IN OUR HOSPITALS," SHE NOTED.

THE SECOND AREA OF REFORM IS DIRECTED TOWARDS PRIMARY HEALTH CARE.

THE GOVERNMENT BELIEVES THAT GIVEN A GOOD INFRASTRUCTURAL SUPPORT IN PRIMARY HEALTH CARE AND AN EMPHASIS IN PARTICIPATORY AND SELF-CARE, THE PUBLIC WILL BECOME HEALTHIER AND THE HOSPITALS LESS CROWDED; AND THAT PUBLIC SPENDING ON TOTAL HEALTH CARE CAN ACHIEVE A BETTER BALANCE BETWEEN PREVENTION AND CURE.

/MRS WONG

MRS WONG ALSO DISCLOSED THAT THE GOVERNMENT IS ACTIVELY PREPARING FOR THE ESTABLISHMENT OF THE HONG KONG ACADEMY OF MEDICINE WHICH WILL FOCUS ON UPGRADING POST-GRADUATE TRAINING FOR THE MEDICAL PROFESSIONALS.

TURNING TO THE DEVELOPMENT OF BLOOD TRANSFUSION SERVICE IN HONG KONG, MRS WONG PAID TRIBUTE TO THE HONG KONG BLOOD TRANSFUSION CENTRE FOR ITS EFFORTS OVER THE LAST DECADE.

"LOOKING AHEAD, THE HONG KONG BLOOD TRANSFUSION CENTRE WILL BE OFFICIALLY JOINING THE HOSPITAL AUTHORITY ON DECEMBER 1 THIS YEAR.

"WE CAN EXPECT FURTHER SPECIALISATION AND ADVANCEMENT IN THE SCIENCE OF BLOOD TRANSFUSION WHICH WILL ENABLE OUR PATIENTS TO ENJOY AN EVEN HIGHER STANDARD OF CARE," SHE ADDED.

THE BASIC FUNCTION OF THE SERVICE IS THE RECRUITMENT OF VOLUNTARY NON-REMUNERATED DONORS, THE COLLECTION OF THEIR BLOOD, THE GROUPING, TESTING, PROCESSING, STORAGE AND DISTRIBUTION OF BLOOD AND BLOOD PRODUCTS FREE OF CHARGE TO THE 35 HOSPITALS IN THE TERRITORY.

IN ADDITION TO A FULL RANGE OF LABORATORY SERVICE, IT ALSO OPERATES SEVEN FIXED BLOOD COLLECTION CENTRES IN DENSELY-POPULATED AREAS, THREE AIR-CONDITIONED COACHES ACCOMMODATING 16 BEDS, AND FOUR MOBILE COLLECTION TEAMS MAKING DAILY VISITS TO DIFFERENT PARTS OF THE TERRITORY TO PROMOTE BLOOD DONATION.

"IN 1990, WE COLLECTED SOME 168,000 BLOOD UNITS AND RECORDED 2.8 PER CENT OF THE HONG KONG POPULATION AS VOLUNTARY BLOOD DONORS.

"THE SERVICE IS NOW ABLE TO MEET THE DEMAND OF MODERN THERAPY THROUGH A RANGE OF BLOOD COMPONENTS PREPARED IN THE CENTRE.

"CONTINUOUS EFFORTS WILL BE TARGETTED AT THE PREVENTION OF TRANSFUSION TRANSMITTED DISEASES AND IMPROVED TRAINING IN TRANSFUSION MEDICINE.

"MEANWHILE, THE SERVICE HAS EMBARKED ON A NUMBER OF NEW INITIATIVES AND RESEARCH INTO DEVELOPING THE BONE MARROW TRANSPLANT PROGRAMME AND THE HEPATITIS C SCREENING PROGRAMME," MRS WONG SAID.

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APPOINTMENT OF NON-EXECUTIVE DIRECTOR TO SFC

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THE SECRETARY FOR MONETARY AFFAIRS, MR DAVID NENDICK, ANNOUNCED TODAY (WEDNESDAY) THAT THE GOVERNOR HAS APPOINTED MR EDWARD CHEN KWAN-YIU TO SUCCEED MR PETER WONG HONG-YUEN AS NON-EXECUTIVE DIRECTOR OF THE SECURITIES AND FUTURES COMMISSION (SFC).

IN ADDITION TO THAT, MR CHEN IS ALSO APPOINTED AS MEMBER OF THE SECURITIES AND FUTURES APPEALS PANEL, FOR A PERIOD OF ONE YEAR.

UNDER SECTION 5 OF THE SFC ORDINANCE, THE GOVERNOR SHALL APPOINT NOT LESS THEN EIGHT DIRECTORS TO THE SFC, HALF OF WHOM SHOULD BE NON-EXECUTIVE DIRECTORS.

AT PRESENT THE COMMISSION IS SERVED BY 10 DIRECTORS.

THE NON-EXECUTIVE DIRECTORS BRING INDEPENDENT VIEWS TO THE MANAGEMENT AND ORGANISATION OF THE SFC. THEY ARE FULLY INVOLVED IN ITS POLICY DEVELOPMENT.

"I AM MOST GRATEFUL TO MR WONG FOR HIS VALUABLE SERVICE AS A MEMBER OF THE SECURITIES AND FUTURES COMMISSION SINCE ITS INCEPTION. HIS WISE GUIDANCE HAS BEEN PARTICULARLY HELPFUL IN ESTABLISHING THE COMMISSION ON A SOUND BASIS," MR NENDICK SAID.

MR CHEN IS THE CHAIRMAN OF THE CONSUMER COUNCIL AND THE DIRECTOR OF ASIAN STUDIES IN THE UNIVERSITY OF HONG KONG.

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SURVEYOR APPOINTED TO CONDUCT ACCIDENT INQUIRY

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THE DIRECTOR OF MARINE, MR TONY MILLER TODAY (WEDNESDAY) APPOINTED A NAUTICAL SURVEYOR TO CARRY OUT A PRELIMINARY INQUIRY INTO THE HONG KONG-REGISTERED CATAMARAN "VASCO DA GAMA" WHICH WAS INVOLVED IN AN ACCIDENT IN MACAU ON MONDAY.

THE SURVEYOR IS CAPTAIN KENNETH YEOMANS.

CAPTAIN YEOMANS WENT TO MACAU TODAY TO INSPECT THE SCENE OF THE ACCIDENT AND CONSULT THE MACAU MARINE AUTHORITY.

THE PURPOSE OF THE INQUIRY IS TO FIND OUT THE CAUSES OF THE ACCIDENT AND RECOMMEND APPROPRIATE ACTIONS SO AS TO AVOID SIMILAR INCIDENTS IN FUTURE.

THE FINDINGS OF THE INQUIRY WILL BE SUBMITTED TO THE DIRECTOR OF MARINE.

ABOUT 3.18 PM ON MONDAY, THE CATAMARAN COLLIDED WITH A SMALL WOODEN BOAT IN THE MACAU OUTER HARBOUR TEMPORARY CHANNEL. THREE MEN ON THE SMALL BOAT WERE INJURED AND A FOURTH MAN WAS UNACCOUNTED FOR.

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GOVT STATEMENT ON PAY COMMITTEE'S COMPOSITION

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IN RESPONSE TO PRESS ENQUIRIES ABOUT THE DISAPPOINTMENT EXPRESSED BY THE DISCIPLINED SERVICES CONSULTATIVE COUNCIL (STAFF SIDE) OVER THE COMPOSITION OF THE NEWLY-APPOINTED STANDING COMMITTEE ON THE DISCIPLINED SERVICES SALARIES AND CONDITIONS OF SERVICE, A SPOKESMAN FOR THE CIVIL SERVICE BRANCH GAVE THE FOLLOWING REPLY:

"MEMBERS OF THE STANDING COMMITTEE ARE APPOINTED IN THEIR PERSONAL CAPACITY AND ARE NOT APPOINTED TO REPRESENT THE VIEWS OR INTERESTS OF ANY PARTICULAR GROUP WITHIN SOCIETY.

THEY ARE EXPECTED TO GIVE IMPARTIAL ADVICE ON MATTERS RELATING TO THE PAY AND CONDITIONS OF SERVICE OF THE DISCIPLINED SERVICES.

THEIR SUITABILITY IS CONSIDERED IN THE LIGHT OF THEIR KNOWLEDGE, EXPERIENCE AND OBJECTIVITY IN THE TREATMENT OF PROBLEMS.

THE MEMBERS COME FROM A WIDE RANGE OF BACKGROUNDS INCLUDING PROFESSIONALS, AN ACADEMIC, PERSONNEL MANAGEMENT EXPERTS, A DISTRICT BOARD CHAIRMAN AND A REGIONAL COUNCIL MEMBER.

THEY CONSIDER ISSUES FAIRLY AND OBJECTIVELY AND REPRESENTATIVES OF BOTH STAFF ASSOCIATIONS AND MANAGEMENT ARE ALWAYS INVITED TO ATTEND MEETINGS OF SUB-COMMITTEES SO THAT THEIR VIEWS CAN BE TAKEN INTO ACCOUNT BY THE STANDING COMMITTEE BEFORE IT SUBMITS ITS ADVICE TO THE GOVERNOR."

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THREE GOVT LOTS TO LET BY TENDER

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THE BUILDINGS AND LANDS DEPARTMENT IS INVITING TENDERS FOR THE SHORT-TERM TENANCIES OF THREE LAND LOTS IN THE NEW TERRITORIES.

THE FIRST LOT, LOCATED AT HEUNG FAN LIU STREET, AREA 4C, SHA TIN, MEASURES ABOUT 2,750 SQUARE METRES.

IT IS FOR THE OPERATION OF A FEE-PAYING PUBLIC CARPARK FOR PRIVATE CARS, LIGHT VANS, LORRIES, BUSES, TRACTORS AND TRAILERS BUT EXCLUDING CONTAINERS AND CONTAINERS ON TRAILERS.

THE TENANCY IS FOR TWO YEARS AND RENEWABLE QUARTERLY THEREAFTER.

OCCUPYING AN AREA OF ABOUT 1,510 SQUARE METRES, THE SECOND LOT IS LOCATED IN AREA 56D OFF LAI PING ROAD, SHA TIN.

IT IS FOR A PLANT NURSERY AND/OR COMMERCIAL GARDEN INCLUDING GROWING, STORAGE AND SALE OF PLANTS, FLOWERS AND OTHER ANCILLARY GARDEN PRODUCTS.

/THE TENANCY

THE TENANCY IS FOR THREE YEARS AND RENEWABLE QUARTERLY THEREAFTER.

THE THIRD LOT, A 2,550-SQUARE-METRE SITE IN AREA 4, TSING YI, IS DESIGNATED FOR OPEN STORAGE OF THE TENANT'S GOODS BUT EXCLUDING STORAGE OF CONTAINERS, CONTAINER VEHICLES, CONTAINER TRACTORS AND TRAILERS AND SCRAP METAL.

THE TENANCY IS FOR ONE YEAR AND RENEWABLE QUARTERLY THEREAFTER.

THE DEADLINE FOR SUBMISSION OF TENDERS IS NOON ON NOVEMBER 29.

FORMS OF TENDER, TENDER NOTICES AND CONDITIONS MAY BE OBTAINED FROM AND TENDER PLANS INSPECTED AT THE VARIOUS DISTRICT LANDS OFFICES OR THE HEADQUARTERS OF THE BUILDINGS AND LANDS DEPARTMENT AT 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD, CENTRAL.

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MODERN JAPANESE CRUISE SHIP ON MAIDEN VOYAGE TO HK

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WHEN IT COMES TO PASSENGER SHIPS, MARITIME SAFETY IS OF PARAMOUNT CONCERN TO ALL, THE DIRECTOR OF MARINE, MR TONY MILLER, SAID TODAY (WEDNESDAY).

HE WAS OFFICIATING AT A CEREMONY ON BOARD THE US\$120 MILLION JAPANESE CRUISE SHIP M.S. "ASUKA" TO MARK HER MAIDEN VOYAGE TO HONG KONG.

MR MILLER SAID: "JAPAN IS ONE OF THE LEADING SHIPBUILDING AND SHIPOWNING NATIONS AND HAS CONTRIBUTED SIGNIFICANTLY TO THE DEVELOPMENT OF SAFETY OF PASSENGERS AND CREW ON BOARD SHIPS.

"THIS MODERN CRUISE LINER 'ASUKA' IS A FINE EXAMPLE OF JAPANESE SKILL AND EXPERTISE."

TODAY'S HOST WAS THE CHAIRMAN AND MANAGING DIRECTOR OF NIPPON YUSEN KAISHA (HONG KONG) LIMITED, MR KOZO ABE. THE JAPANESE CONSUL-GENERAL, MR MINORU KUBOTA, WAS PRESENT.

DURING THE CEREMONY, MR MILLER PRESENTED A MEMENTO TO THE MASTER OF THE SHIP, CAPTAIN TAKESHI INAGAKI, TO COMMEMORATE THE MAIDEN VOYAGE OF THE SHIP TO THE PORT OF HONG KONG.

MR MILLER SAID HONG KONG FULLY SUPPORTED THE INTERNATIONAL CONVENTIONS ON MARITIME SAFETY PROMULGATED BY THE INTERNATIONAL MARITIME ORGANISATION (IMO) AND HAD BEEN AN ASSOCIATE MEMBER OF THE IMO FOR ALMOST 25 YEARS.

"HONG KONG IS MAKING ACTIVE CONTRIBUTION TO THE REVISION OF THE IMO'S CODE OF SAFETY FOR HIGH SPEED PASSENGER CRAFT," HE SAID.

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"WE HAVE ONE OF THE WORLD'S LARGEST FLEET OF HIGH SPEED PASSENGER CRAFT AND THEY CARRY SOME 16 MILLION INTERNATIONAL PASSENGERS ANNUALLY."

M.S. "ASUKA" HAS A GROSS TONNAGE OF 27,000, IS 192 METRES LONG, AND HAS A CAPACITY OF 584 PASSENGERS. SHE ARRIVED IN HONG KONG FROM YOKOHAMA TODAY (WEDNESDAY) AND WILL SAIL FOR SHANGHAI TOMORROW.

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DISABLED PERSONS TO SHOW WORKING ABILITIES

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A NUMBER OF DISABLED PERSONS WILL DEMONSTRATE THEIR WORKING ABILITIES IN A WEEK-LONG EXHIBITION STARTING ON FRIDAY (NOVEMBER 15) AT THE NEW WORLD PLAZA IN TSIM SHA TSUI.

THE "EMPLOYMENT OPPORTUNITIES FOR THE DISABLED PERSONS" EXHIBITION IS ORGANISED BY THE SELECTIVE PLACEMENT DIVISION (SPD) OF THE LABOUR DEPARTMENT FOR THE SIXTH YEAR RUNNING.

"THE ANNUAL EVENT AIMS TO BOOST EMPLOYMENT OPPORTUNITIES FOR THE DISABLED IN VARIOUS TRADES," A SENIOR LABOUR OFFICER, MR TANG KONG-KIN, SAID TODAY (WEDNESDAY).

"IT IS ALSO INTENDED TO ENHANCE PUBLIC AWARENESS OF THE WORKING ABILITIES OF THE DISABLED, AS WELL AS TO INTRODUCE THE TRAINING FACILITIES AND THE LATEST TECHNICAL AIDS AVAILABLE TO THEM," MR TANG SAID.

"THROUGH PHOTOGRAPHIC DISPLAYS AND AUDIO-VISUAL PRESENTATIONS, VISITORS WILL BE ABLE TO SEE HOW DISABLED PERSONS ARE PLACED IN OPEN EMPLOYMENT WITH THE ASSISTANCE OF THE SPD, AND TO BETTER UNDERSTAND THEIR POTENTIAL WORKING ABILITIES," HE ADDED.

THROUGHOUT THE EXHIBITION, DISABLED WORKERS WILL DEMONSTRATE THEIR SKILLS IN SUCH TRADES AS JEWELLERY, MASSAGE, WORK PROCESSING AND CLEANING.

THE EXHIBITION WILL ALSO FEATURE DISPLAYS OF EMPLOYMENT AIDS AND MACHINES SPECIALLY DESIGNED FOR THE DISABLED, JOB-MATCHING AND A QUESTION-AND-ANSWER GAME BY COMPUTER.

THE TECHNICAL EDUCATION AND INDUSTRIAL TRAINING DEPARTMENT AND A NUMBER OF VOLUNTARY ORGANISATIONS IN REHABILITATION WILL ALSO TAKE PART IN THE EXHIBITION.

THE EXHIBITION WILL BE OPENED BY LEGISLATIVE COUNCILLOR MR NG MING-YUM, COMMISSIONER FOR LABOUR MR DARWIN CHEN, AND SHOPPING MALL MANAGER OF NEW WORLD CENTRE MR FELIX CHAN AT 3 PM ON FRIDAY.

/IT WILL

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IT WILL THEN BE OPEN TO THE PUBLIC DAILY FROM 10 AM TO 6.30 PM UNTIL NOVEMBER 21.

ATTENTION NEWS EDITORS:

YOU ARE INVITED TO COVER THE OPENING CEREMONY OF THE "EMPLOYMENT OPPORTUNITIES FOR THE DISABLED" EXHIBITION AT 3 PM ON FRIDAY (NOVEMBER 15) AT THE NEW WORLD PLAZA IN TSIM SHA TSUI.

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272 VM'S RETURN TO VIETNAM

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A GROUP OF 272 VIETNAMESE MIGRANTS TODAY (WEDNESDAY) RETURNED TO VIETNAM UNDER THE UNHCR'S VOLUNTARY REPATRIATION PROGRAMME.

COMPRISING 102 MEN, 55 WOMEN, 64 BOYS AND 51 GIRLS, THEY WERE THE 75TH BATCH TO GO BACK UNDER THE PROGRAMME.

THIS GROUP BROUGHT TO 5,531 THE TOTAL NUMBER OF VIETNAMESE MIGRANTS WHO HAVE RETURNED VOLUNTARILY THIS YEAR, AND TO 11,827 THE TOTAL NUMBER OF RETURNEES SINCE THE PROGRAMME STARTED IN MARCH 1989.

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NO NOMINATION RECEIVED TODAY FOR LEGCO BY-ELECTION

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NO NOMINATION IS RECEIVED TODAY (WEDNESDAY) FOR THE LEGISLATIVE COUNCIL BY-ELECTION IN THE NEW TERRITORIES WEST CONSTITUENCY.

THE NOMINATION PERIOD FOR THE BY-ELECTION, TO BE HELD ON DECEMBER 8, WILL CLOSE ON NOVEMBER 18.

THREE NOMINATIONS HAVE SO FAR BEEN RECEIVED SINCE THE NOMINATION STARTED ON NOVEMBER 4.

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS
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	DATE ----	\$ MILLION -----
CLOSING BALANCE IN THE ACCOUNT ON	12.11.91	500
EFFECT OF FORWARDS TO BE SETTLED ON	13.11.91	-341
EFFECT OF OPERATIONS THIS MORNING		+341
EFFECT OF OPERATIONS THIS AFTERNOON		NEUTRAL

TRADE WEIGHTED INDEX 111.2 *+0.0* 13.11.91

HONG KONG GOVERNMENT EXCHANGE FUND

CLOSING YIELDS OF EXCHANGE FUND BILLS

	12.11.91	13.11.91
MATURING IN 1 WEEK	3.34 PCT	3.40 PCT
1 MONTH	3.46 PCT	3.49 PCT
3 MONTHS	3.85 PCT	3.90 PCT
6 MONTHS	4.16 PCT	4.16 PCT
12 MONTHS	4.89 PCT	4.87 PCT
TOTAL TURNOVER	6,230 MN	3,813 MN

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