



# DAILY INFORMATION BULLETIN

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WEDNESDAY, FEBRUARY 19, 1992

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WEDNESDAY, FEBRUARY 19, 1992

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FS'S STATEMENT ON BCCHK IN LEGCO

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MR DEPUTY PRESIDENT,

I WOULD LIKE TO INFORM THIS COUNCIL OF THE LATEST POSITION ON THE TAKEOVER NEGOTIATIONS BETWEEN THE PROVISIONAL LIQUIDATOR OF THE BANK OF CREDIT AND COMMERCE HONG KONG (BCCHK) AND THE HONG KONG CHINESE BANK.

AS A RESULT OF THE RECENT EMERGENCE OF LARGE UNRECORDED CLAIMS FROM THE LIQUIDATORS OF BCC OPERATIONS ELSEWHERE IN THE WORLD, I REGRET TO INFORM MEMBERS THAT THE TAKEOVER NEGOTIATIONS HAVE NOW BEEN FRUSTRATED, AND HAVE BEEN BROUGHT TO AN END BY MUTUAL AGREEMENT BETWEEN THE PROVISIONAL LIQUIDATOR AND THE HONG KONG CHINESE BANK. THE PROVISIONAL LIQUIDATOR HAS CONVEYED THIS OUTCOME TO REPRESENTATIVES OF THE DEPOSITORS OF BCCHK AT A MEETING THIS MORNING.

EVER SINCE THE CLOSURE OF BCCHK, THE OVERRIDING OBJECTIVE HAS BEEN TO SECURE THE MAXIMUM PAYOUT FOR ALL CREDITORS AND DEPOSITORS. A TAKEOVER OFFERED THE BEST PROSPECTS UNTIL THE EMERGENCE OF SUBSTANTIAL NEW CLAIMS FROM OTHER PARTS OF THE BCCI GROUP IN RECENT WEEKS. IN THE FACE OF THESE NEW CLAIMS AND THE RELUCTANCE OF THE ABU DHABI SHAREHOLDERS TO PROVIDE A FULL GUARANTEE AGAINST SUCH LIABILITIES, THE BALANCE HAS UNFORTUNATELY NOW SHIFTED IN FAVOUR OF LIQUIDATION.

AS MEMBERS WILL RECALL, IN JULY LAST YEAR MOST BCCHK DEPOSITORS RECEIVED A FIRST PAYMENT OF 25 PER CENT OF THEIR DEPOSITS, SUBJECT TO AN UPPER LIMIT OF \$500,000. WITH LIQUIDATION, IT IS HOPED THAT ALL DEPOSITORS WILL RECEIVE WITHIN THE NEXT SIX MONTHS AN INTERIM PAYOUT OF 35 TO 40 PER CENT, WHICH WOULD INCLUDE THE INTERIM RELIEF ALREADY PAID. ALTHOUGH IT IS IMPOSSIBLE TO PREDICT ACCURATELY THE OUTCOME OF A LIQUIDATION, THE PROVISIONAL LIQUIDATOR BELIEVES THAT IT IS NOT UNREASONABLE TO EXPECT A TOTAL PAYOUT, IN THE LONGER TERM, IN THE REGION OF 70-75 PER CENT. THOUGH I RECOGNISE THE CONCERN AND DISAPPOINTMENT THAT WILL BE FELT BY DEPOSITORS AT THIS OUTCOME, THESE PERCENTAGES ARE AT LEAST FAR BETTER THAN BCC DEPOSITORS ELSEWHERE IN THE WORLD CAN EXPECT.

I AM DISAPPOINTED THAT THE TAKEOVER NEGOTIATIONS CANNOT BE TAKEN FORWARD. I BELIEVE THAT THE DEPOSITORS WILL HAVE THE SYMPATHY OF EVERY MEMBER OF THIS COUNCIL. BUT IT IS THE CONSIDERED JUDGEMENT OF THE PROVISIONAL LIQUIDATOR AND THE HONG KONG CHINESE BANK THAT IN THE LIGHT OF THESE NEW CLAIMS, THE NEGOTIATIONS FOR THE TAKEOVER CANNOT SUCCEED.

/I WOULD .....

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE PROVISIONAL LIQUIDATOR AND THE SPECIAL MANAGERS FOR THEIR PAINSTAKING EFFORTS OVER THE LAST FEW MONTHS IN SECURING AND SAFEGUARDING THE ASSETS OF THE BANK AND IN THEIR COMPLEX TASK OVER THE NEGOTIATIONS FOR A POSSIBLE TAKEOVER. OVER \$5 BILLION HAS SINCE BEEN RECOVERED AND A CASH AMOUNT OF OVER \$4 BILLION REMAINS ON DEPOSIT LOCALLY AND IS EARNING INTEREST AT PREVAILING RATES. I WOULD ALSO LIKE TO PAY TRIBUTE TO THE EFFORT AND SINCERITY OF THE HONGKONG CHINESE BANK THROUGHOUT THE TAKEOVER NEGOTIATIONS. IT IS A GREAT PITY THAT THINGS CANNOT BE TAKEN FORWARD BECAUSE OF CIRCUMSTANCES BEYOND THE CONTROL OF BOTH PARTIES.

MR DEPUTY PRESIDENT, THE PROVISIONAL LIQUIDATOR WILL NOW BE APPLYING TO THE COURT FOR DIRECTIONS AS TO THE FURTHER CONDUCT OF THE WINDING-UP PETITION.

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SPEECH OF FS IN DEBATE ON TAXATION REVIEW AT LEGCO

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MR DEPUTY PRESIDENT,

MR. LI WAH-MING'S MOTION CALLS ON THE GOVERNMENT TO SET UP A COMMITTEE, WITH MEMBERS REPRESENTING A WIDE CROSS-SECTION OF THE COMMUNITY, IN ORDER TO CONDUCT A COMPREHENSIVE REVIEW OF THE TAXATION SYSTEM IN HONG KONG.

THE PHRASE "COMPREHENSIVE REVIEW" HAS SUPERFICIAL ATTRACTIONS. IT SUGGESTS A FRESH START, WITH NEW IDEAS BEING BROUGHT TO BEAR ON OLD PROBLEMS. BUT THESE SUPERFICIAL ATTRACTIONS SHOULD BE RESISTED IF THE AREA TO BE REVIEWED IS ONE WHERE EXISTING POLICY IS WORKING WELL. IF IT'S NOT BROKEN, DON'T FIX IT.

THE QUESTION TO BE ASKED ABOUT HONG KONG'S SYSTEM OF TAXATION IS WHETHER THE FUNDAMENTAL PRINCIPLES ON WHICH IT IS BASED CONTINUE TO SERVE US WELL. I WOULD HIGHLIGHT FOUR SUCH PRINCIPLES. FIRST, WE MUST MAINTAIN A SIMPLE, LOW TAX REGIME. SECONDLY, OUR SYSTEM OF TAXATION MUST BE AS PRODUCTIVE AS POSSIBLE, AND MUST PROVIDE CERTAINTY TO TAXPAYERS IN DETERMINING THEIR TAX LIABILITIES. THIRDLY, WE MUST PROVIDE A FISCAL ENVIRONMENT THAT ENCOURAGES INVESTMENT AND RE-INVESTMENT. FOURTHLY, WE MUST CONTINUE TO TACKLE TAX AVOIDANCE AND EVASION.

THERE IS NO DOUBT THAT OUR PRESENT SYSTEM OPERATES IN ACCORDANCE WITH ALL FOUR OF THESE PRINCIPLES. BOTH INDIRECT AND DIRECT TAXES ARE LOW BY INTERNATIONAL STANDARDS, AND A VERY LARGE NUMBER OF PEOPLE PAY LITTLE TAX. CALCULATING TAX LIABILITY IS STRAIGHT-FORWARD AND GIVES CERTAINTY TO BUSINESSMEN AND INVESTORS. HONG KONG'S STATUS AS AN INTERNATIONAL TRADE AND FINANCIAL CENTRE HAS GROWN ENORMOUSLY OVER THE LAST 20 YEARS, HELPED BY A FRAMEWORK OF LEGISLATION WHICH ENSURES A LEVEL PLAYING-FIELD, BUT DOES NOT OVER-REGULATE. MEASURES TO COUNTERACT AVOIDANCE OF TAX ARE BROUGHT FORWARD TO THIS COUNCIL AS NECESSARY. FOLLOWING THESE PRINCIPLES HAS ENABLED OUR TAX SYSTEM TO ACHIEVE CONSISTENTLY ITS PRIMARY OBJECTIVE, WHICH IS TO RAISE REVENUE SUFFICIENT TO MEET OUR EXPENDITURE REQUIREMENTS BOTH NOW AND IN THE FUTURE.

/ANY SYSTEM .....

ANY SYSTEM HAS LIMITATIONS AND CONSTRAINTS. HONG KONG IS OF COURSE NO EXCEPTION. THERE IS, FOR EXAMPLE, INCREASING CONSENSUS ABOUT THE DESIRABILITY OF BROADENING THE TAX BASE TO PROTECT OUR REVENUE AGAINST AN UNFORESEEN ECONOMIC DOWNTURN. AT THE SAME TIME, WE MUST BE PRAGMATIC ABOUT THIS. I HAVE MADE IT CLEAR, FOR EXAMPLE, THAT FURTHER CONSIDERATION OF THE DESIRABILITY OF A GENERAL SALES TAX MUST AWAIT A TIME WHEN INFLATION NO LONGER POSES A SIGNIFICANT THREAT TO THE LIVELIHOOD OF ORDINARY FAMILIES. SIMILARLY, THE GOVERNMENT IS WELL AWARE OF THE NEED TO PLUG AVOIDANCE LOOPHOLES CREATED BY THE INCREASING COMPLEXITY OF MODERN BUSINESS PRACTICE. IN SHORT, OUR SYSTEM OF TAXATION IS BASICALLY WORKING WELL. UNDER THESE CIRCUMSTANCES, A NEW, GENERAL REVIEW DOES NOT SEEM NECESSARY.

HOWEVER, MY CONCERN IS MORE FUNDAMENTAL THAN THIS. I BELIEVE THAT A REVIEW AT THE PRESENT TIME WOULD HAVE REAL DISADVANTAGES FOR HONG KONG. INVESTOR CONFIDENCE IN HONG KONG IS NOW HIGH, AND IT IS CRITICAL THAT IT REMAINS SO AS WE DEVELOP OUR SOCIAL AND PHYSICAL INFRASTRUCTURE IN THE YEARS LEADING UP TO 1997. ANY NEW REVIEW COMMITTEE WOULD TAKE AT LEAST A YEAR TO FORMULATE ITS CONCLUSIONS. THESE WOULD TAKE PLACE AMIDST CONTINUING PUBLIC DEBATE, AND WOULD ALMOST CERTAINLY THEN NEED TO BE SUBJECT TO PUBLIC CONSULTATION. SEVERAL YEARS COULD ELAPSE BEFORE FINAL DECISIONS WERE MADE. IT WOULD BE IRRESPONSIBLE OF ANY GOVERNMENT TO CREATE SUCH A PROTRACTED PERIOD OF UNCERTAINTY OVER AN ISSUE CRUCIAL TO INVESTOR CONFIDENCE, IN THE ABSENCE OF CLEAR INDICATIONS THAT THERE ARE MAJOR FLAWS IN THE EXISTING SYSTEM. AS I HAVE EXPLAINED, THE REVERSE IS THE CASE.

I TURN NOW TO MR. FUNG KIN-KEE'S PROPOSED AMENDMENT TO MR. LI'S MOTION. MR. FUNG SUGGESTS THAT ONE OF THE OBJECTIVES OF THE REVIEW SHOULD BE TO REDUCE THE TAX BURDEN OF THE LOWER AND MIDDLE INCOME GROUPS. TO TALK OF THEM AS VICTIMS IN RELATION TO OUR TAX SYSTEM SEEMS, TO ME, TO STRETCH POETIC LICENCE TO ITS LIMIT. A MORE CAREFUL EXAMINATION OF THE PRESENT POSITION BRINGS MR. FUNG'S SUGGESTION INTO SERIOUS QUESTION.

LOOKING AT DIRECT TAXATION FIRST, WELL OVER HALF OF THE WORKING POPULATION OF HONG KONG IN FACT PAYS NO DIRECT TAX AT ALL. OF THOSE WHO ARE LIABLE FOR SALARY TAX IN 1991-92, ONLY 100,000 PAY TAX AT THE STANDARD RATE OF 15%. THIS SMALL GROUP OF TAXPAYERS WILL CONTRIBUTE 56% OF ALL SALARIES TAX YIELD THIS YEAR.

SIMILARLY, INDIRECT TAXES ARE NOW IMPOSED ON SOME MAINLY LUXURY PRODUCTS, CERTAIN GOVERNMENT SERVICES AND ON PROPERTY. THE TOTAL INDIRECT TAX BURDEN, INCLUDING RATES, NOW MAKES UP ONLY A FEW PERCENT OF THE INCOME OF AN AVERAGE HOUSEHOLD. THUS IT IS CLEAR THAT, FAR FROM DISCRIMINATING AGAINST LOWER OR MIDDLE INCOME GROUPS, OUR PRESENT SYSTEM OF TAXATION PRINCIPALLY AFFECTS THE MOST PROSPEROUS SECTION OF THE COMMUNITY.

MR LI HAS SUGGESTED A "BROADLY-BASED" REVIEW COMMITTEE. THE IMPLICATION MAY BE THAT, HOWEVER SUCCESSFUL THE GOVERNMENT'S TAXATION POLICY MAY BE IN FISCAL TERMS, THE CHANNELS FOR REFLECTING OPINION TO THE GOVERNMENT ARE INADEQUATE.

ONCE AGAIN, THIS ASSUMPTION DOES NOT STAND UP TO CLOSE EXAMINATION. WE RECEIVE FIRST CLASS ADVICE ON A WIDE RANGE OF ISSUES FROM THE INDEPENDENT JOINT LIAISON COMMITTEE ON TAXATION. AND THERE ARE MANY OTHER CHANNELS THROUGH WHICH INDIVIDUALS AND INTERESTED GROUPS, INCLUDING THOSE WITH GRASS-ROOTS SUPPORT, CAN AND DO PRESENT THEIR VIEWS TO THE GOVERNMENT, WHETHER ON MATTERS OF PRINCIPLE OR OF TECHNICAL DETAIL. THESE INCLUDE THE OMELCO PANEL ON FINANCE, TAXATION AND MONETARY AFFAIRS. THE FINANCE BRANCH, THE INLAND REVENUE DEPARTMENT AND I MYSELF REGULARLY RECEIVE WRITTEN REPRESENTATIONS AND HOLD FACE-TO-FACE MEETINGS WITH CONCERNED PARTIES ON ALL ASPECTS OF THE TAXATION SYSTEM, PARTICULARLY DURING THE BUDGET SEASON. INDEED, I WAS HANDED SOME TAX PROPOSALS AS I ENTERED THIS BUILDING TODAY. MR LI HIMSELF HAS REFERRED TO A NUMBER OF SPECIFIC PROPOSALS MADE BY MEMBERS OF THIS COUNCIL ON PREVIOUS OCCASIONS. THESE WERE SUBSEQUENTLY CONSIDERED BY THE ADMINISTRATION. AND OF COURSE I WILL BE LISTENING WITH GREAT INTEREST TO ANY SUGGESTIONS OR IDEAS THAT EMERGE IN THE COURSE OF THIS DEBATE.

IN CONCLUSION, WE HAVE IN PLACE A TAXATION SYSTEM WHICH IS PERHAPS UNIQUE IN ITS ABILITY TO RAISE REVENUE, WHILE MAINTAINING A SIMPLE SYSTEM OF COLLECTION AND LOW LEVELS OF TAX, PARTICULARLY FOR THE LESS WELL-OFF. WE ARE IN NO SENSE COMPLACENT, AND WE WILL CONTINUE TO BRING FORWARD TO THIS COUNCIL MEASURES TO TACKLE PROBLEMS AS THEY ARE IDENTIFIED. IN DOING SO, WE WILL ADHERE TO THE FOUR BASIC PRINCIPLES WHICH I OUTLINED AT THE BEGINNING OF MY SPEECH. UNDER THESE CIRCUMSTANCES, MR. DEPUTY PRESIDENT, I CANNOT SUPPORT THE MOTION EITHER IN THE FORM PROPOSED BY MR. LI OR IN THE AMENDED VERSION PROPOSED BY MR. FUNG, AND I AND MY OFFICIAL COLLEAGUES WILL VOTE AGAINST.

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LEGCO VOTED AGAINST COMMITTEE TO REVIEW TAXATION SYSTEM

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A MOTION WHICH URGED THE GOVERNMENT TO SET UP A COMMITTEE TO CONDUCT A COMPREHENSIVE REVIEW OF THE TAXATION SYSTEM IN HONG KONG WAS DEFEATED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE MOTION, MOVED BY THE HON FRED LI, WAS DEBATED BY 29 LEGISLATIVE COUNCILLORS FOR FIVE HOURS.

AN AMENDED MOTION ON THE SUBJECT MOVED BY THE HON K.K. FUNG WAS ALSO DEFEATED.

THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SPOKE ON BEHALF OF THE GOVERNMENT.

A TOTAL OF THREE BILLS WERE PASSED AT TODAY'S MEETING.

THE MAGISTRATES (AMENDMENT) BILL 1991, THE TELEVISION (AMENDMENT) (NO.2) BILL 1991 AND THE CRIMES (TORTURE) BILL WERE PASSED WITHOUT AMENDMENT.

SEVEN BILLS - SECURITIES (CLEARING HOUSES) BILL, CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG (AMENDMENT) BILL 1992, EMPLOYMENT (AMENDMENT) BILL 1992, EMPLOYMENT (AMENDMENT) (NO.2) BILL 1992, FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) BILL 1992, EMPLOYMENT (AMENDMENT) (NO.3) BILL 1992 AND FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) (NO.2) BILL 1992 - WERE INTRODUCED FOR FIRST AND SECOND READINGS. DEBATES ON THEM WERE ADJOURNED.

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GOVT COMPLETING EXAM OF 6 ORDINANCES UNDER FREEZE

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THE PRIORITY OF THE GOVERNMENT NOW IS TO COMPLETE THE EXAMINATION OF THE SIX ORDINANCES SUBJECT TO THE ONE-YEAR FREEZE PERIOD UNDER THE BILL OF RIGHTS ORDINANCE AND TO INTRODUCE AMENDING LEGISLATION WHERE THIS IS THOUGHT NECESSARY.

THE ACTING SECRETARY FOR CONSTITUTIONAL AFFAIRS, MR PETER LAI, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING A QUESTION BY THE HON SIMON IP SIK-ON, MR LAI SAID OF THE SIX ORDINANCES SUBJECT TO THE FREEZE, AMENDMENTS TO TWO OF THEM, I.E. THE PREVENTION OF BRIBERY ORDINANCE AND THE INDEPENDENT COMMISSION AGAINST CORRUPTION ORDINANCE, HAD BEEN GAZETTED AND WOULD BE INTRODUCED INTO THE COUNCIL ON FEBRUARY 26.

"WE ARE FINALISING OUR PROPOSALS TO AMEND THE CRIMES ORDINANCE, SOCIETIES ORDINANCE AND IMMIGRATION ORDINANCE TO AVOID INCONSISTENCY WITH THE BILL OF RIGHTS ORDINANCE.

"SUBJECT TO THE ADVICE OF THE EXECUTIVE COUNCIL, THE RELEVANT AMENDMENT BILLS WILL BE INTRODUCED INTO THIS COUNCIL BEFORE THE FREEZE PERIOD EXPIRES ON JUNE 8, 1992," HE SAID.

AS FOR THE POLICE FORCE ORDINANCE, THE SECRETARY SAID MOST OF THE PROVISIONS WHICH MIGHT CAUSE PROBLEMS UNDER THE BILL OF RIGHTS WERE RELATED TO POLICE POWERS OF STOP AND SEARCH, AND ARREST AND DETENTION.

HE SAID THE LAW REFORM COMMISSION HAD CARRIED OUT EXTENSIVE EXAMINATION OF THE AREAS INVOLVED AND WOULD PUBLISH ITS REPORT SOON.

"GIVEN THE IMPORTANCE OF THE SUBJECT, IT IS BOTH PRUDENT AND NECESSARY TO AWAIT THE REPORT BEFORE FORMULATING OUR POSITION ON THE ORDINANCE.

"WE WILL CONSIDER THE REPORT AS A MATTER OF URGENCY, WITH A VIEW TO INTRODUCING AMENDING LEGISLATION INTO THIS COUNCIL AS SOON AS POSSIBLE THEREAFTER," HE ADDED.

/THE SECRETARY .....

THE SECRETARY EXPLAINED THAT THE GOVERNMENT HAD CONDUCTED A REVIEW OF THE EXISTING LEGISLATION OF HONG KONG WHERE PROBLEM AREAS WERE THOUGHT TO EXIST PRIOR TO THE ENACTMENT OF THE BILL OF RIGHTS ORDINANCE.

"WE CONCLUDED THAT WHILE CERTAIN PROVISIONS OF THE LAW COULD BE AT RISK OF BEING FOUND TO BE INCOMPATIBLE WITH THE BILL OF RIGHTS, ULTIMATELY THIS WAS A MATTER WHICH COULD ONLY BE DECIDED ONE WAY OR THE OTHER BY THE COURTS."

"WE THEREFORE ADOPTED THE CAUTIOUS APPROACH OF SEEKING TO FREEZE THE OPERATION OF THE BILL OF RIGHTS ORDINANCE ONLY IN RESPECT OF A SMALL NUMBER OF ORDINANCES CONTAINING PROVISIONS WHICH, IF REPEALED UPON A FINDING OF INCONSISTENCY WITH THE BILL OF RIGHTS, WOULD CREATE AN UNACCEPTABLE OPERATIONAL VACUUM PARTICULARLY IN THE SPHERE OF LAW ENFORCEMENT," MR LAI SAID.

AS FOR OTHER LEGISLATION, THE SECRETARY SAID THE APPROACH WAS TO DEAL WITH CASES OF POSSIBLE OR DETERMINED INCOMPATIBILITY WITH THE BILL OF RIGHTS ORDINANCE AS THEY AROSE, WHETHER AS A RESULT OF THEIR OWN REVIEW AND RESEARCH OR OF CASES DECIDED BY THE COURTS.

"IN RECOMMENDING LEGISLATIVE AMENDMENTS IN RESPONSE TO THE BILL OF RIGHTS, WE SHOULD BEAR IN MIND THAT THE BILL OF RIGHTS LEGISLATION IS AN ENTIRELY NEW AREA OF LAW FOR HONG KONG AND A LOCAL JURISPRUDENCE IS ONLY JUST BEGINNING TO DEVELOP.

"A CAUTIOUS APPROACH IS THEREFORE JUSTIFIED, AT LEAST UNTIL WE HAVE MORE LOCAL JUDICIAL PRECEDENTS TO GUIDE US," MR LAI ADDED.

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GOVT CONSULTATING PUBLIC ON CMB FRANCHISE

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THE TRANSPORT ADVISORY COMMITTEE (TAC) MET THE CHAIRMEN OF THE DISTRICT BOARDS AND THEIR TRAFFIC AND TRANSPORT COMMITTEES ON HONG KONG ISLAND ON FEBRUARY 11 TO HEAR THEIR VIEWS ON THE CMB FRANCHISE ON HONG KONG ISLAND, THE SECRETARY FOR TRANSPORT, MR MICHAEL LEUNG, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO THE HON LEE WING-TAT, MR LEUNG SAID THE FOUR DISTRICT BOARDS WERE NOW FURTHER COLLATING LOCAL OPINIONS, WITH A VIEW TO PRESENTING THEM TO THE TAC BEFORE FEBRUARY 25.

HE SAID A PAPER GIVING CMB'S PERFORMANCE RECORDS SINCE 1986 WAS SENT TO THE DISTRICT BOARDS OF HONG KONG ISLAND ON JANUARY 28.

CONTENTS OF THE PAPER WERE ALSO DISSEMINATED THROUGH THE PRINTED MEDIA INCLUDING TWO PRESS RELEASES HIGHLIGHTING THE KEY ISSUES ON WHICH PUBLIC VIEWS WOULD BE SOUGHT.

/"AS ALREADY .....

"AS ALREADY REPORTED IN THE PRESS, MEMBERS OF THE PUBLIC WHO WISH TO OBTAIN THE PAPER ON CMB'S PERFORMANCE RECORDS OR THE TEXT OF CMB'S PROFIT CONTROL SCHEME MAY CONTACT THE TRANSPORT BRANCH EITHER BY TELEPHONE OR BY MAIL," HE SAID.

MR LEUNG SAID IT WOULD NOT BE DESIRABLE IN THIS CASE TO EXTEND THE CONSULTATION PERIOD.

"TO KEEP OPEN THE OPTION FOR A FURTHER OPENING UP OF THE BUS MARKET ON HONG KONG ISLAND THROUGH COMPETITIVE TENDERING OF ROUTES, ENOUGH LEAD TIME MUST BE ALLOWED FOR TENDERS TO BE CALLED AND ASSESSED AS WELL AS FOR PROSPECTIVE CONTENDERS TO LINE UP BUSES AND SUPPORT FACILITIES.

"WE MUST ALSO ALLOW REASONABLE TIME FOR NEGOTIATION WITH CMB," HE SAID.

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GOVT TO REVIEW LAW TO PREVENT CHILDREN LEFT UNATTENDED

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THE GOVERNMENT INTENDED TO REVIEW THE EXISTING LEGISLATION TO DETER PARENTS FROM LEAVING THEIR CHILDREN ALONE AT HOME, THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON HUI YIN-FAT, MRS WONG SAID AT THE MOMENT, THE GOVERNMENT DID NOT INTEND TO ENACT A SPECIAL PIECE OF NEW LEGISLATION TO PUNISH PARENTS WHO LEAVE THEIR CHILDREN UNATTENDED AT HOME.

"NEVERTHELESS, WE INTEND TO REVIEW THE EXISTING LEGISLATION TO SEE WHETHER IT CAN BE STRENGTHENED TO DETER PARENTS FROM HABITUALLY PUTTING THEIR CHILDREN AT RISK BY LEAVING THEM ALONE," SHE SAID.

MRS WONG SAID THE GOVERNMENT WAS KEEPING AN OPEN MIND ON FUTURE OPTIONS.

SHE NOTED THAT THE THREE-MONTH PUBLIC CONSULTATION WHICH ENDED ON DECEMBER 31 LAST YEAR ATTRACTED 190 WRITTEN SUBMISSIONS.

THE COMMENTS AND SUGGESTIONS RECEIVED WERE ANALYSED AND INCORPORATED IN A REPORT SUBMITTED TO THE SOCIAL WELFARE ADVISORY COMMITTEE FOR DISCUSSION LAST MONTH.

BASED ON THE COMMITTEE'S RECOMMENDATIONS, THE GOVERNMENT PROPOSED TO EXPAND CHILD CARE AND OTHER SUPPORT SERVICES; TO ENCOURAGE THE ESTABLISHMENT OF A SOCIAL NETWORK OF INFORMAL CARE AND SUPPORT PROVIDED BY FAMILIES, RELATIVES, FRIENDS AND NEIGHBOURS; AND TO PROMOTE PUBLIC EDUCATION ON RESPONSIBLE PARENTHOOD.

ON CHILD CARE SERVICES, MRS WONG SAID A TARGET OF 1,400 DAY NURSERY PLACES FOR CHILDREN AGED BETWEEN TWO AND SIX HAD BEEN SET ANNUALLY UNTIL DEMAND WAS FULLY MET.

OTHER MEASURES INCLUDED EXPANDING THE NUMBER OF DAY CRECHES BY PHASES FOR CHILDREN UNDER TWO, PARTICULARLY IN NEW TOWNS, TO CATER FOR YOUNG FAMILIES; PROMOTING THE IDEA OF WORK-BASED CHILD-CARE CENTRES AMONG INDUSTRIAL AND COMMERCIAL EMPLOYERS; AND EXPANDING THE AFTER-SCHOOL CARE PROGRAMME AND THE OCCASIONAL CHILD-CARE SERVICES.

TURNING TO THE CONCEPT OF MUTUAL HELP, MRS WONG SAID THE GOVERNMENT WOULD EXAMINE THE FEASIBILITY OF EXEMPTING MUTUAL-HELP GROUPS FROM REGISTRATION UNDER THE CHILD CARE CENTRES ORDINANCE.

"WITH THE ASSISTANCE OF THE HOUSING AUTHORITY, SUITABLE PREMISES ARE BEING IDENTIFIED FOR THE ESTABLISHMENT OF OCCASIONAL CHILD CARE SERVICES ON A SELF-FINANCING AND MUTUAL-HELP BASIS," SHE SAID.

IN ADDITION, THE SOCIAL WELFARE DEPARTMENT, IN CONJUNCTION WITH NON-GOVERNMENTAL ORGANISATIONS, WILL PROMOTE HOME SAFETY AND RESPONSIBLE PARENTHOOD AS PART OF THEIR REGULAR FAMILY LIFE EDUCATION PROGRAMMES.

"THE DEPARTMENT WILL CONTINUE TO CONDUCT PUBLICITY AND EDUCATIONAL ACTIVITIES AT BOTH THE CENTRAL AND DISTRICT LEVELS TO EDUCATE PARENTS NOT TO LEAVE THEIR CHILDREN UNATTENDED AT HOME," MRS WONG SAID.

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#### COMPLAINTS AGAINST POLICE ARE HANDLED IMPARTIALLY

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THERE ARE A NUMBER OF MEASURES TO ENSURE IMPARTIAL INVESTIGATIONS OF COMPLAINTS AGAINST THE POLICE, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY REV THE HON FUNG CHI-WOOD, MR ASPREY SAID OFFICERS OF THE COMPLAINT AGAINST POLICE OFFICE (CAPO) BELONG TO THE COMPLAINTS AND INTERNAL INVESTIGATIONS BRANCH OF THE FORCE, WHICH WAS SEPARATE FROM THE REST OF THE FORCE.

"THE FACT THAT CAPO OFFICERS ARE PART OF A DIFFERENT CHAIN OF COMMAND ENSURES THEIR OBJECTIVITY IN DEALING WITH COMPLAINTS," HE SAID.

MR ASPREY SAID A COMPREHENSIVE SET OF PROCEDURES FOR DEALING WITH VARIOUS CATEGORIES OF COMPLAINTS HAD BEEN ISSUED FOR CAPO TO FOLLOW.

HE ADDED THAT IN THE CASE OF COMPLAINTS INVOLVING SERIOUS ALLEGATIONS AGAINST POLICE OFFICERS, ADVICE FROM THE ATTORNEY GENERAL'S CHAMBERS WOULD BE SOUGHT AFTER THE INVESTIGATION WAS COMPLETED ON THE FOLLOW-UP ACTION TO BE TAKEN.

/THE RESULTS .....

THE RESULTS OF CAPO INVESTIGATIONS, TOGETHER WITH ALL RELEVANT DOCUMENTS SUCH AS STATEMENTS OF WITNESSES, ARE PASSED TO THE POLICE COMPLAINTS COMMITTEE (PCC), AN INDEPENDENT BODY, FOR EXAMINATION.

THE PCC IS APPOINTED BY THE GOVERNOR TO MONITOR, AND WHERE NECESSARY TO REVIEW, THE INVESTIGATION OF COMPLAINTS AGAINST POLICE OFFICERS.

"IF NECESSARY, THE PCC MAY REQUEST CAPO TO RE-INVESTIGATE CASES UNTIL THEY ARE SATISFIED WITH THE INVESTIGATION RESULTS," HE ASSURED.

MR ASPREY ADDED THAT A COMPLAINANT WAS INFORMED BY THE CAPO OF THE RESULT OF INVESTIGATION ONLY AFTER THIS HAD BEEN ENDORSED BY THE PCC.

"IF HE IS NOT SATISFIED WITH THE RESULT, HE MAY PETITION THE GOVERNOR," HE SAID.

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ANTI-BURGLARY MEASURES FOR HOUSING BLOCKS ADEQUATE  
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IN REVIEWING THE ADEQUACY OF ANTI-BURGLARY MEASURES FOR TRIDENT II, III AND LINEAR BLOCK TYPES, THE HOUSING AUTHORITY HAD TAKEN ACCOUNT OF THE RECORDED BURGLARY CASES ARISING FROM ENTRY THROUGH WINDOWS.

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

MR BARNES SAID THE CRIME RATE AT THESE BLOCKS WAS OVERALL LOW AND THERE WAS NO SIGNIFICANT DIFFERENCE BETWEEN THE BLOCK TYPES.

HE SAID ADDITIONAL GRILLES WERE FITTED NOT ONLY TO TRIDENT II BLOCKS BUT ALSO TO TRIDENT III AND LINEAR BLOCKS AT THE SAME TIME IN 1988.

"THE REASON FOR THE IMPROVEMENT WORKS TO ALL THESE BLOCK TYPES WAS TO ENHANCE THEIR SAFETY AND SECURITY."

HE EXPLAINED THAT THE HOUSING AUTHORITY'S RECENT DECISION NOT TO ALLOCATE A FURTHER \$15 MILLION TO INSTALL ADDITIONAL GRILLES IN THE LATTER TWO BLOCK TYPES TOOK INTO ACCOUNT THE IMPROVED BLOCK DESIGN AND THE RELATIVELY LOW NUMBER OF BURGLARY CASES, AND THE FACT THAT ALL WINDOWS WERE ALREADY PROVIDED WITH ANTI-BURGLARY BARS.

"HOWEVER, IT HAS AGREED TO PROVIDE A STANDARD DRAWING FOR TENANTS WHO MAY WISH TO INSTALL ADDITIONAL METAL GRILLES OUTSIDE THE FLOWER BOX AT THEIR OWN EXPENSE," MR BARNES SAID.

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GOVT TO IMPROVE CONSTRUCTION SITE SAFETY

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MEASURES TO IMPROVE SAFETY AT CONSTRUCTION SITES WOULD BE PROMOTED IN CONJUNCTION WITH THE LABOUR DEPARTMENT, WORKS DEPARTMENTS, OTHER MAJOR CONSTRUCTION AUTHORITIES, THE HONG KONG CONSTRUCTION ASSOCIATION AND THE UNIONS, THE SECRETARY FOR WORKS, MR JAMES BLAKE, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON STEVEN POON, MR BLAKE SAID THE POSSIBILITY OF MONITORING MORE CLOSELY THE SAFETY PERFORMANCE OF INDIVIDUAL SUB-CONTRACTORS WAS ONE OF SUCH MEASURES.

HE SAID THE TOTAL NUMBER OF ACCIDENTS ON ALL CONSTRUCTION SITES (PRIVATE AND GOVERNMENT) FOR 1990 WAS 25,138 WHILE THAT FOR GOVERNMENT SITES WAS 4,943.

"THE GOVERNMENT'S SHARE OF THE TOTAL NUMBER OF ACCIDENTS WAS 20 PER CENT. THIS COMPARES WITH ITS SHARE OF TOTAL CONSTRUCTION EXPENDITURE OF 35 PER CENT," HE SAID.

MR BLAKE SAID THE EMPLOYEES' COMPENSATION ORDINANCE CAP 282 HELD THE PRINCIPAL CONTRACTOR LIABLE FOR PAYMENT OF COMPENSATION TO EMPLOYEES OF SUB-CONTRACTORS IN RESPECT OF WORK-RELATED ACCIDENTS.

"THIS PROTECTS WORKERS BECAUSE OF THE BETTER FINANCIAL POSITION OF THE MAIN CONTRACTOR," HE SAID.

MR BLAKE SAID UNDER THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE, IT WAS THE DUTY OF EVERY PROPRIETOR OF AN INDUSTRIAL UNDERTAKING, WHICH INCLUDED CONSTRUCTION SITES TO PROVIDE TRAINING ON HIS EMPLOYEES TO ENSURE THE HEALTH AND SAFETY AT WORK.

"THE LABOUR DEPARTMENT IS ACTIVELY PROMOTING SAFETY TRAINING ON CONSTRUCTION SITES AS ONE OF THE MEASURES MAIN CONTRACTORS CAN CONTRIBUTE TOWARDS IMPROVING CONSTRUCTION SITE SAFETY.

"SUCH TRAINING SHOULD COVER NOT ONLY WORKERS DIRECTLY EMPLOYED BY THE PRINCIPAL CONTRACTOR BUT ALL THOSE WORKING IN THE SITE," HE SAID.

MR BLAKE SAID THE LABOUR DEPARTMENT WAS CONSIDERING PROSECUTING CONTRACTORS FOR CONTRAVENTION OF THE REQUIREMENT TO PROVIDE SAFETY TRAINING TO WORKERS ON CONSTRUCTION SITES.

APART FROM THIS STATUTORY REQUIREMENT, THE SECRETARY SAID, THE INDUSTRIAL SAFETY TRAINING CENTRE WITHIN THE FACTORY INSPECTORATE DIVISION OF THE LABOUR DEPARTMENT ALSO CONDUCTED SAFETY TRAINING COURSE TO ASSIST EMPLOYERS IN COMPLYING WITH THE REQUIREMENT.

DURING THE PAST FIVE YEARS, A TOTAL OF 985 CONSTRUCTION-RELATED SAFETY TRAINING COURSES HAD BEEN HELD WITH 29,671 PARTICIPANTS FROM VARIOUS SECTORS OF THE CONSTRUCTION INDUSTRY.

/MR BLAKE .....

MR BLAKE SAID THE GOVERNMENT HAD A SYSTEM TO DISQUALIFY MAIN CONTRACTORS WHO HAD POOR SAFETY RECORDS FROM UNDERTAKING GOVERNMENT PROJECTS.

"IF THE MAIN CONTRACTOR FAILS TO MAINTAIN A SAFE WORKING ENVIRONMENT THIS WILL BE REFLECTED IN HIS PERFORMANCE REPORTS AND COULD INFLUENCE HIS RETENTION ON THE LISTS OF APPROVED CONTRACTORS," HE SAID.

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INTRODUCTION OF OTTV CONTROLS TO PROMOTE ENERGY EFFICIENCY

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THE ENERGY EFFICIENCY ADVISORY COMMITTEE HAD RECOMMENDED THAT OVERALL THERMAL TRANSFER VALUE (OTTV) CONTROLS SHOULD BE INTRODUCED FOR NEW COMMERCIAL AND HOTEL BUILDINGS IN HONG KONG, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON SAMUEL WONG, MR BARNES SAID THIS FOLLOWED THE COMPLETION OF A CONSULTANCY REPORT ON THE FEASIBILITY OF INTRODUCING OTTV TO AIR-CONDITIONED BUILDINGS IN HONG KONG.

THE COMMITTEE ALSO RECOMMENDED THAT A HANDBOOK ON OTTV CALCULATIONS SHOULD BE PUBLISHED INITIALLY TO REFINE THE OTTV STANDARDS BEFORE ANY STATUTORY CONTROL WAS INTRODUCED.

MR BARNES SAID THE PROPOSED OTTV CONTROL SHOULD BE INTRODUCED AS A FIRST STEP TO IMPROVE ENERGY EFFICIENCY IN NEW BUILDINGS WITH A VIEW TO THE EVENTUAL ESTABLISHMENT OF A COMPREHENSIVE BUILDING ENERGY CODE.

"THE PROPOSALS WILL BE PUT TO THE EXECUTIVE COUNCIL SHORTLY," HE SAID.

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HALF OF GOVT DEPTS PRODUCE ANNUAL REPORT

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ABOUT HALF OF THE GOVERNMENT DEPARTMENTS PRODUCE AN ANNUAL REPORT, THE CHIEF SECRETARY, THE HON SIR DAVID FORD SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON FUNG KIN-KEE, SIR DAVID POINTED OUT THAT SOME DEPARTMENTS, SUCH AS THE AUDIT DEPARTMENT, WERE REQUIRED BY LAW TO PUBLISH AN ANNUAL REPORT.

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AND WHERE THERE WAS NO SUCH STATUTORY REQUIREMENT, SIR DAVID SAID, A HEAD OF DEPARTMENT MIGHT DECIDE AT HIS/HER DISCRETION WHETHER TO PRODUCE AN ANNUAL DEPARTMENTAL REPORT, TAKING INTO ACCOUNT THE COST OF PRODUCING THE REPORT AND THE EXTENT OF PUBLIC INTEREST IN THE INFORMATION CONTAINED THEREIN.

HE SAID SOME STATUTORY BODIES WERE REQUIRED BY THEIR ORDINANCES TO PUBLISH AN ANNUAL REPORT. OTHER STATUTORY OR ADVISORY BODIES MIGHT DECIDE AT THEIR OWN DISCRETION WHETHER TO PUBLISH AN ANNUAL REPORT.

"ANNUAL REPORTS WHICH ARE REQUIRED TO BE PRODUCED BY LAW HAVE TO COMPLY WITH THE RELEVANT LEGAL PROVISIONS.

"THOSE GOVERNMENT DEPARTMENTAL ANNUAL REPORTS WHICH ARE NON-STATUTORY IN NATURE FOLLOW CERTAIN EDITORIAL GUIDELINES TO ENSURE PRESENTATIONAL CONSISTENCY.

"ANNUAL REPORTS PREPARED BY STATUTORY OR ADVISORY BODIES, WHICH ARE NOT REQUIRED BY LAW, FOLLOW THEIR OWN GUIDELINES," SIR DAVID SAID.

HE SAID MOST ANNUAL REPORTS REQUIRED TO BE PRODUCED BY LAW WERE ALSO REQUIRED TO BE TABLED IN THE LEGISLATIVE COUNCIL.

"ALL DEPARTMENTAL ANNUAL REPORTS WHERE AVAILABLE AND WHICH ARE NOT REQUIRED TO BE TABLED IN THE LEGISLATIVE COUNCIL ARE SEPARATELY CIRCULATED TO MEMBERS BY THE CLERK TO THE LEGISLATIVE COUNCIL.

COPIES OF ALL DEPARTMENTAL ANNUAL REPORTS ARE MADE AVAILABLE IN PUBLIC LIBRARIES AND TERTIARY INSTITUTE LIBRARIES FOR PUBLIC PERUSAL.

IN ADDITION, SIR DAVID POINTED OUT THAT SOME OF THE MORE POPULAR REPORTS, SUCH AS THE DIRECTOR OF AUDIT'S REPORT AND THE COMMISSIONER OF BANKING'S REPORT, WERE ON SALE TO MEMBERS OF THE PUBLIC.

"WHERE THEY ARE NOT, REQUESTS FOR COPIES BY MEMBERS OF THE PUBLIC WILL BE ENTERTAINED, SUBJECT TO AVAILABILITY OF SPARE COPIES.

"THE CIRCULATION OF ANNUAL REPORTS PRODUCED BY STATUTORY OR ADVISORY BODIES IS DECIDED BY THE BODIES THEMSELVES BUT IT GENERALLY FOLLOWS THE CIRCULATION LIST AS APPLIED TO DEPARTMENTAL REPORTS," THE CHIEF SECRETARY SAID.

WORKING GROUP ESTABLISHED TO REVIEW TAXI LICENSING SYSTEM

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A WORKING GROUP HAS RECENTLY BEEN ESTABLISHED UNDER THE TRANSPORT ADVISORY COMMITTEE TO CONDUCT A FRESH REVIEW ON TAXI POLICY INCLUDING THE PRESENT TAXI LICENSING SYSTEM, THE SECRETARY FOR TRANSPORT, MR MICHAEL LEUNG, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON J.D. MCGREGOR, MR LEUNG SAID ANY QUESTIONS OF SPECULATIVE ACTIVITIES AND ALLEGED MALPRACTICES WOULD ALSO BE EXAMINED TO SAFEGUARD PUBLIC INTEREST.

MR LEUNG EXPLAINED THAT THE GOVERNMENT'S POLICY OBJECTIVE WAS TO ENSURE A SATISFACTORY LEVEL OF TAXI SERVICES RATHER THAN TO MEET THE DEMAND FOR TAXI LICENCES.

"WITH THE CONTINUED IMPROVEMENT OF AND EXPANSION IN RAIL AND BUS SERVICES, THE 1990 WHITE PAPER ON TRANSPORT POLICY REAFFIRMED THE NEED TO IMPOSE A QUOTA ON THE NUMBER OF NEW TAXI LICENCES, BALANCING THE INCREASING DEMAND FOR TAXI SERVICES AGAINST WHAT THE ROADS CAN BEAR IN TERMS OF MOBILITY.

"ACCORDINGLY, THE GOVERNOR IN COUNCIL HAS DECIDED TO ISSUE NO MORE THAN 400 URBAN TAXI LICENCES EVERY TWO YEARS AND UP TO 100 NEW TERRITORIES TAXI LICENCES FROM 1991 TO 1992 SUBJECT TO REGULAR REVIEWS BY THE COUNCIL," HE SAID.

TO DETERMINE THE ACTUAL NUMBER OF LICENCES TO BE ISSUED EACH YEAR, THE SECRETARY SAID THE TRANSPORT DEPARTMENT CONDUCTED ANNUAL ROADSIDE AND TAXI STAND SURVEYS ON THE ADEQUACY OF TAXI SERVICES AND TOOK INTO ACCOUNT THE FINANCIAL POSITION OF THE TAXI TRADE AND THE TRAFFIC MANAGEMENT IMPLICATIONS.

MR LEUNG EMPASISED THAT THE TAXI LICENCE PREMIUM WAS NOT TAKEN INTO ACCOUNT IN ASSESSING TAXI FARE INCREASE APPLICATIONS.

"ALTHOUGH A HIGH LEVEL OF PREMIUM MAY INDIRECTLY EXERT PRESSURE ON FARES IN THE FORM OF HIGHER RENTAL CHARGED BY THE TAXI OWNERS, THERE IS A LIMIT TO THE LEVEL OF RENTAL THAT TAXI DRIVERS ARE PREPARED TO PAY IN RELATION TO THE EXPECTED PROFITABILITY OF TAXI OPERATION," HE SAID.

MR LEUNG SAID TAXI FARE INCREASE APPLICATIONS WERE SUBJECT TO THE SCRUTINY OF THE TRANSPORT ADVISORY COMMITTEE AND THE APPROVAL OF THE GOVERNOR IN COUNCIL TO ENSURE THAT ANY REVISIONS WOULD BE ACCEPTABLE TO THE PUBLIC.

"THE RELATIONSHIP, IF ANY, BETWEEN TAXI LICENCE PREMIUM AND INFLATION IS NOT STRAIGHT FORWARD.

"TAXI FARES, RATHER THAN THE TAXI LICENCE PREMIUM, IS COVERED BY THE CONSUMER PRICE INDEX (CPI). SPENDING ON TAXI SERVICES IS ONLY A SMALL PERCENTAGE (0.8 PER CENT) OF THE AVERAGE EXPENDITURE OF HOUSEHOLDS COVERED BY THE CPI(A)," HE SAID.

\$236 MILLION PAID OUT FOR CROP COMPENSATION

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COMPENSATION PAID FOR CROPS AND FRUIT TREES BETWEEN APRIL 1, 1986 TO MARCH 31 LAST YEAR AS A RESULT OF RESUMPTION AND CLEARANCE OF CROWN LAND AMOUNTED TO \$236 MILLION, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO THE HON TAM YIU-CHUNG, MR BARNES SAID THE AMOUNT, COMPRISING \$217.9 MILLION FOR THE NEW TERRITORIES AND \$18 MILLION FOR THE URBAN AREA, INCLUDED EX-GRATIA DISTURBANCE ALLOWANCE PAID TO CULTIVATORS.

THE CRITERIA FOR PAYMENT ARE GENERALLY THAT THE CROPS EXISTED AT THE DATE OF THE PRE-CLEARANCE SURVEY CARRIED OUT BY STAFF OF THE AGRICULTURE AND FISHERIES DEPARTMENT, AND THAT THE LAND CONCERNED HAD BEEN CULTIVATED FOR AT LEAST TWO YEARS PRIOR TO THE PRE-CLEARANCE SURVEY.

"THE AMOUNT OF PAYMENT IN EACH CASE IS ASSESSED BY STAFF OF THE AGRICULTURE AND FISHERIES DEPARTMENT WHILE THE RATE OF PAYMENT IS REVIEWED AND UPDATED PERIODICALLY UNDER DELEGATED AUTHORITY OF THE FINANCE COMMITTEE," HE SAID.

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GOVT EFFORTS IN MITIGATING SMELLS IN OPEN NULLAHS

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THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT VARIOUS GOVERNMENT DEPARTMENTS WERE RESPONSIBLE FOR MITIGATING SMELLS IN OPEN NULLAHS.

IN A WRITTEN REPLY TO A QUESTION BY THE HON JAMES TO KUN-SUN, MR BARNES SAID THE DRAINAGE SERVICES DEPARTMENT AND TERRITORY DEVELOPMENT DEPARTMENT WERE RESPONSIBLE FOR MAINTAINING THE NULLAHS TO ENSURE THAT THEY WERE HYDRAULICALLY EFFECTIVE.

"THIS IS DONE BY CONDUCTING REGULAR INSPECTIONS AND IMPLEMENTING DESILTING AND DESLUDGING PROGRAMMES," HE SAID.

MR BARNES ALSO SAID THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) HAD ENGAGED CONSULTANTS TO CARRY OUT SEWERAGE MASTER PLAN STUDIES WHICH INCLUDED RECOMMENDATIONS FOR DRY-WEATHER-FLOW INTERCEPTION SCHEMES TO REMOVE EXPEDIENT CONNECTIONS OF SEWAGE TO THE NULLAHS.

"ON COMPLETION OF THESE STUDIES, FIRST AID MEASURES ARE IMPLEMENTED SHORTLY AFTERWARDS, WHICH ACHIEVE SOME LIMITED AND TEMPORARY IMPROVEMENT TO THE NULLAHS, WHILST THE RECOMMENDED SEWERAGE UPGRADING SCHEMES ARE IMPLEMENTED IN STAGES," HE SAID.

FOR NULLAHS LOCATED WITHIN A DECLARED WATER CONTROL ZONE (WCZ), THE EPD IS GIVEN THE STATUTORY POWER UNDER THE WATER POLLUTION CONTROL ORDINANCE (WPCO) TO TAKE ENFORCEMENT ACTION AGAINST THE ILLEGAL DISCHARGERS.

IN AREAS THAT THE WPCO DID NOT YET COVER, MR BARNES SAID THE GOVERNMENT RELIED ON THE ENFORCEMENT OF LEASE CONDITIONS AND THE BUILDING ORDINANCE TO TACKLE THE ILLEGAL DISCHARGES.

"EPD IS ALSO IMPLEMENTING THE LIVESTOCK WASTE CONTROL SCHEME UNDER THE WASTE DISPOSAL ORDINANCE. THIS WILL REDUCE MUCH OF THE POLLUTION LOAD TO SOME OF THE NULLAHS.

"FULL CONTROLS ARE ALREADY IN FORCE IN THE PROHIBITION AREAS, I.E. URBAN AREAS, AND THE TOLÓ HARBOUR CATCHMENT, MUI WO AND ANGLERS BEACH ENVIRONS," MR BARNES SAID.

HE POINTED OUT THAT THE ADMINISTRATION DID NOT PLAN TO DECK ALL THE OPEN NULLAHS IN HONG KONG BECAUSE IT WAS A COSTLY CIVIL ENGINEERING EXERCISE WHICH WOULD ALSO INCREASE MAINTENANCE COSTS AND CONTRIBUTE TO THE PROBLEM OF OFFENSIVE SMELLS.

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KEEP FOOD FROM CONTAMINATION RISK, RESTAURANT OPERATORS REMINDED  
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A VERY SMALL NUMBER OF RESTAURANT OPERATORS ADMITTED DURING A RECENT SURVEY CONDUCTED BY THE URBAN SERVICES DEPARTMENT THAT FLUSHING WATER WAS BEING USED TO KEEP SEA FISHES.

HOWEVER, THIS HAS NOT BEEN CONFIRMED OR OBSERVED DURING RESTAURANT INSPECTIONS.

IN A WRITTEN REPLY TO A QUESTION BY DR THE HON CONRAD LAM KUI-SHING AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG, ADMITTED THAT THERE WAS NO LEGISLATION SPECIFICALLY PROHIBITING THE USE OF FLUSHING WATER TO KEEP LIVE SEA FISH IN RESTAURANTS.

"HOWEVER, PROVISION DOES EXIST IN BOTH THE FOOD BUSINESS (URBAN COUNCIL) BY-LAWS AND THE FOOD BUSINESS (REGIONAL COUNCIL) BY-LAWS FOR PERSONS ENGAGED IN ANY FOOD BUSINESS, INCLUDING RESTAURANTS, TO TAKE ALL NECESSARY STEPS TO PROTECT THE FOOD FROM RISK OF CONTAMINATION.

"THE OPERATORS MAY BE PROSECUTED IF THE FOOD THEY SERVE IS FOUND TO BE CONTAMINATED," MRS WONG SAID.

SHE NOTED THAT THE DEPARTMENT OF HEALTH HAD NOT RECEIVED ANY REPORT OF FOOD POISONING RELATING TO THE CONSUMPTION OF FISHES KEPT IN FLUSHING OR ANY OTHER TYPE OF WATER.

"THERE IS NO EVIDENCE OF THE CONSUMERS' HEALTH BEING PUT AT RISK," SHE SAID.

/"FURTHERMORE, THE .....

"FURTHERMORE, THE WHOLE PROCESS OF SEA FISH DISHES PREPARATION, INCLUDING CLEANING BY FRESH TAP WATER, DEGUTTING AND COOKING, SHOULD ELIMINATE THE RISK OF BACTERIAL CONTAMINATION."

IN THE INTEREST OF PUBLIC SAFETY, THE URBAN SERVICES DEPARTMENT AND THE REGIONAL SERVICES DEPARTMENT CONDUCT REGULAR INSPECTIONS OF RESTAURANTS TO ENSURE A HIGH STANDARD OF HYGIENIC PRACTICES IN RESTAURANTS.

THEY ALSO COLLABORATE WITH THE DEPARTMENT OF HEALTH IN ORGANISING REGULAR HEALTH EDUCATION PROGRAMMES FOR PERSONS ENGAGED IN THE FOOD BUSINESS.

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MORE PRIMARY AND SECONDARY SCHOOL PLACES IN TSEUNG KWAN O

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THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT THREE NEW PRIMARY SCHOOLS AND TWO NEW SECONDARY SCHOOLS WILL BE BUILT IN TSEUNG KWAN O IN THE NEXT FIVE YEARS.

IN ADDITION, TWO EXISTING SECONDARY SCHOOLS WILL BE REPROVISIONED AND EXPANDED.

"THESE CHANGES WILL ENABLE AN ADDITIONAL 5,850 PRIMARY AND 3,570 SECONDARY SCHOOL AGE CHILDREN TO STUDY WITHIN THE DISTRICT," HE SAID.

IN A WRITTEN REPLY TO A QUESTION BY THE HON GILBERT LEUNG KAM-HO, MR CHAN SAID OUT OF A TOTAL POPULATION OF 93,870 IN TSEUNG KWAN O, INCLUDING TIU KENG LENG, 12,580 CHILDREN ARE OF PRIMARY SCHOOL AGE AND 8,090 OF SECONDARY SCHOOL AGE.

THESE COMPARE WITH 13,950 AND 3,450 PLACES RESPECTIVELY AVAILABLE NOW IN THE EIGHT PRIMARY AND FOUR SECONDARY SCHOOLS IN THE DISTRICT.

ALTHOUGH THERE IS A THEORETICAL SHORTFALL OF SOME 4,500 PLACES WITHIN TSEUNG KWAN O, MR CHAN NOTED THAT SOME STUDENTS MIGHT HAVE OPTED TO ENTER EMPLOYMENT AFTER SECONDARY 3 WHILE SOME OF THOSE WHO HAD RECENTLY MOVED TO THE DISTRICT MIGHT HAVE CHOSEN TO CONTINUE THEIR STUDIES IN THEIR OLD SCHOOLS.

MR CHAN SAID UNDER EXISTING POLICY, THOSE WHO REQUIRED PLACES IN TSEUNG KWAN O BUT WHO WERE NOT ALLOCATED WITH SUCH PLACES WERE ACCOMMODATED AS FAR AS POSSIBLE IN NEARBY DISTRICTS, SUCH AS KWUN TONG AND WONG TAI SIN.

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ANNUAL EXPENDITURE OF COLLEGES OF EDUCATION

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THE ACTUAL ANNUAL EXPENDITURE OF THE EDUCATION DEPARTMENT'S FOUR COLLEGES OF EDUCATION IN THE PAST FIVE YEARS ACCOUNTED FOR JUST ABOUT ONE PER CENT OF THAT ON THE EDUCATION PROGRAMME AREA AS A WHOLE IN HONG KONG.

THIS WAS STATED BY THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN IN A WRITTEN REPLY TO A QUESTION BY THE HON CHEUNG MAN-KWONG AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR CHAN SAID THE ACTUAL EXPENDITURE OF THE FOUR COLLEGES IN ABSOLUTE TERMS AND AS A PERCENTAGE OF THE WHOLE EDUCATION PROGRAMME INCLUDING UNIVERSITIES AND POLYTECHNICS, TECHNICAL EDUCATION AND INDUSTRIAL TRAINING AND SCHOOLS EDUCATION, WAS \$89.59 MILLION (1.1 PER CENT) IN 1986/87, \$101.14 MILLION (1.1 PER CENT) IN 1987/88, \$113.95 MILLION (1 PER CENT) IN 1988/89, \$136.26 MILLION (1 PER CENT) IN 1989/90 AND \$156.72 MILLION (1 PER CENT) IN 1990/91.

THE MAJORITY OF THE ANNUAL EXPENDITURE OF THE COLLEGES WAS SPENT ON STAFF COSTS.

THESE INCLUDED \$81.84 MILLION IN 1986/87 AND \$90.53 MILLION, \$101.20 MILLION, \$118.94 MILLION AND \$139.33 MILLION IN THE FOUR SUBSEQUENT YEARS.

THE REST WAS SPENT ON IMPROVING THE COLLEGES' FACILITIES AND OTHER RECURRENT CHARGES SUCH AS ELECTRICITY AND CONSUMABLES.

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OXYGEN INJECTION SCHEME CEASED OPERATION

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THE OXYGEN INJECTION SCHEME WHICH WAS DESIGNED TO IMPROVE THE LONG-STANDING PROBLEM OF WATER POLLUTION IN KOWLOON BAY TYPHOON SHELTER HAD CEASED OPERATION IN JULY LAST YEAR, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR GRAHAM BARNES, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON LI WAH-MING, MR BARNES SAID THE GOVERNMENT HAD EXAMINED THE CAUSES FOR THE FAILURE OF THE SCHEME AND WOULD ENSURE THAT LEGISLATIVE COUNCILLORS WOULD RECEIVE THE RELEVANT DETAILS.

THE PROJECT COST OF THE SCHEME WAS \$6.2 MILLION AND THE ANNUAL RECURRENT COST WAS \$4.3 MILLION, HE ADDED.

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SUBSTANTIAL WORK DONE TO IMPLEMENT  
FAMILY LAW REPORT PROPOSALS

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SUBSTANTIAL WORK HAD ALREADY BEEN UNDERTAKEN TOWARDS THE IMPLEMENTATION OF THE BULK OF THE RECOMMENDATIONS IN THE REPORT BY THE LAW REFORM COMMISSION CONCERNING THE INTESSTATES' ESTATES ORDINANCE, THE WILLS ORDINANCES AND THE DECEASED'S FAMILY MAINTENANCE ORDINANCE, THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON ELSIE TU, MR SUEN SAID THIS WAS DONE IN THE LIGHT OF THE VIEWS RECEIVED BY THE ATTORNEY GENERAL FROM RELEVANT POLICY SECRETARIES ON THE REPORT'S RECOMMENDATIONS SINCE THE REPORT WAS PUBLISHED IN MAY 1990.

HE NOTED THAT THE REPORT CONTAINED ABOUT 70 RECOMMENDATIONS TO MODERNISE CERTAIN ASPECTS OF FAMILY LAW.

HOWEVER, MR SUEN ADDED, A NUMBER OF RECOMMENDATIONS WERE FOUND TO BE MORE COMPLEX IN NATURE AND REQUIRE CAREFUL CONSIDERATION OF THE EXTENT TO WHICH THEY WOULD BE ACCEPTABLE TO THE COMMUNITY.

"THE CITY AND NEW TERRITORIES ADMINISTRATION HAVE VERY RECENTLY ASSUMED THE RESPONSIBILITY FOR THE CARRIAGE OF THE REPORT.

"WE ARE CONSIDERING HOW BEST TO TAKE THE LEGISLATIVE EXERCISE FORWARD," HE SAID.

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NO STANDING ARRANGEMENTS TO RETURN SICK CITIZENS FROM OVERSEAS

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THE HONG KONG GOVERNMENT HAS NO STANDING ARRANGEMENTS FOR THE RETURN OF HONG KONG CITIZENS FROM OUTSIDE THE TERRITORY OF HONG KONG FOR MEDICAL TREATMENT, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON STEVEN POON, THE SECRETARY SAID SUCH ARRANGEMENTS FELL OUTSIDE HONG KONG GOVERNMENT'S RESPONSIBILITY.

HE SAID THE HONG KONG GOVERNMENT'S RESPONSIBILITY WAS TO PROVIDE HEALTH CARE SERVICES TO PEOPLE WITHIN ITS BORDERS.

"THEREFORE, IF ANY PERSON ARRIVES IN HONG KONG NEEDING EMERGENCY CARE, AN AMBULANCE WILL BE CALLED TO TRANSFER THAT PERSON TO HOSPITAL," MR ASPREY SAID.

/HE SAID .....

HE SAID IF THE FIRE SERVICES DEPARTMENT (FSD) WAS GIVEN ADVANCE WARNING, AN AMBULANCE COULD BE MADE READY AT THE POINT OF ENTRY TO RECEIVE THE PATIENT.

ON AVERAGE, THE TIME TAKEN TO TRANSPORT PATIENTS FROM THE BORDER, AIRPORT, HELIPADS OR FERRY PIERS TO THE ACCIDENT AND EMERGENCY DEPARTMENT OF THE NEAREST PUBLIC HOSPITAL WAS FROM 10 TO 20 MINUTES, DEPENDING ON POINT OF ENTRY.

THE SECRETARY SAID NO RECORD HAD BEEN KEPT OF THE NUMBER OF CASES REQUIRING EMERGENCY TRANSFERS TO HOSPITALS FROM IMMIGRATION CONTROL POINTS.

"HOWEVER, I HAVE BEEN ABLE TO ASCERTAIN THAT, SINCE OCTOBER 1991, A TOTAL OF 105 CASES INVOLVING 112 PATIENTS WERE CONVEYED BY FSD AMBULANCES FROM THE BORDER TO VARIOUS HOSPITALS. NO SIMILAR STATISTICS ARE AVAILABLE FOR OTHER POINTS OF ENTRY," HE SAID.

MR ASPREY SAID THE EXISTING ARRANGEMENTS WERE SATISFACTORY AND IMPROVEMENTS WERE NOT CONSIDERED NECESSARY.

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#### SECOND CLINIC PLANNED FOR TSEUNG KWAN O

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THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT THE PROVISION OF ONE GOVERNMENT CLINIC FOR TSEUNG KWAN O, WHICH HAS A POPULATION OF 108,000, IS CONSISTENT WITH THE GUIDELINES STIPULATED IN THE HONG KONG PLANNING STANDARD OF ONE CLINIC FOR EVERY 100,000 POPULATION.

IN A WRITTEN REPLY TO A QUESTION BY THE HON ANDREW WONG, MRS WONG SAID:

"IN DETERMINING THE LEVEL OF MEDICAL SERVICES FOR A PARTICULAR DISTRICT OR AREA, DUE ACCOUNT IS GIVEN TO THE DEMOGRAPHIC PATTERN AND SIZE OF POPULATION, THE AVAILABILITY OF ALTERNATIVE MEDICAL SERVICES FROM THE VOLUNTARY AND PRIVATE SECTORS, THE ACCESSIBILITY OF SUCH SERVICES, THE UTILISATION OF EXISTING FACILITIES AND AVAILABILITY OF RESOURCES.

SHE SAID THE REQUIREMENT FOR ADDITIONAL MEDICAL FACILITIES IN TSEUNG KWAN O WAS CONSTANTLY MONITORED.

AT PRESENT, TSEUNG KWAN O IS ALSO SERVED BY THE UNITED CHRISTIAN HOSPITAL IN KWUN TONG AND THE PRINCE OF WALES HOSPITAL IN SHA TIN.

TO CATER FOR ANTICIPATED INCREASE IN POPULATION IN THE DISTRICT, A SECOND GOVERNMENT CLINIC IS BEING PLANNED FOR COMPLETION IN OCTOBER 1996.

"THIS IS WELL AHEAD OF THE GROWTH OF THE POPULATION IN TSEUNG KWAN O TO 200,000 IN 1999," MRS WONG ADDED.

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FOURTH CENTRALISED PRIMARY SCHOOL PLANNED

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THE EDUCATION DEPARTMENT IS PLANNING TO SET UP A FOURTH CENTRALISED PRIMARY SCHOOL IN SAI KUNG TOWN BY 1994 TO PHASE OUT FIVE RURAL SCHOOLS IN THE AREA.

THIS WAS STATED BY THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, IN A WRITTEN REPLY TO A QUESTION BY THE HON GILBERT LEUNG KAM-HO, AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR CHAN EXPLAINED THAT THE OBJECTIVE OF ESTABLISHING CENTRALISED PRIMARY SCHOOLS WITH STANDARD FACILITIES WAS TO REPLACE SMALL RURAL SCHOOLS WHICH HAD LESS THAN SIX OPERATING CLASSES, LACKED FACILITIES AND WERE EDUCATIONALLY INEFFICIENT.

AT PRESENT, THERE ARE THREE CENTRALISED PRIMARY SCHOOLS, NAMELY THE SAI KUNG CENTRAL PRIMARY SCHOOL, THE HANG HAU CENTRAL SHING HONG FONG MEMORIAL PRIMARY SCHOOL AND THE SHA TAU KOK CENTRAL PRIMARY SCHOOL.

"ALL THESE SCHOOLS WERE FOUNDED BY AMALGAMATING A NUMBER OF SMALL RURAL SCHOOLS AND THE OBJECTIVE OF SETTING THEM UP HAS BEEN ACHIEVED," MR CHAN SAID.

WHERE IT IS NOT FEASIBLE TO SET UP A CENTRALISED PRIMARY SCHOOL DUE, FOR EXAMPLE, TO INSUFFICIENT DEMAND IN REMOTE AREAS, SPECIAL ASSISTANCE IS PROVIDED TO VILLAGE SCHOOLS TO ENHANCE THE QUALITY OF THE EDUCATION THEY PROVIDE.

MR CHAN ADDED THAT THE ASSISTANCE INCLUDED INCREASED RECURRENT AND NON-RECURRENT GRANTS, PREFERENTIAL PROVISION OF RESOURCE MATERIALS AND EQUIPMENT, A MONTHLY INDUCEMENT ALLOWANCE GIVEN TO TEACHERS WORKING IN REMOTE VILLAGE SCHOOLS, AND PRIORITY GIVENS TO TEACHERS IN THESE SCHOOLS TO ATTEND IN-SERVICE RE-TRAINING COURSES.

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SECURITIES (CLEARING HOUSES) BILL INTRODUCED

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A BILL SEEKING TO PROVIDE A LEGISLATIVE FRAMEWORK FOR THE OPERATION OF A CENTRAL SECURITIES CLEARING AND SETTLEMENT SYSTEM WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE SECURITIES (CLEARING HOUSES) BILL, THE SECRETARY FOR MONETARY AFFAIRS, MR DAVID NENDICK, SAID THE INTRODUCTION OF AN ACRONYM FOR CENTRAL CLEARING AND SETTLEMENT SYSTEM (CCASS) WOULD INCREASE OPERATIONAL EFFICIENCY, REDUCE MARKET RISK, LOWER TRANSACTION COSTS AND ENHANCE HONG KONG'S STATUS AS A LEADING FINANCIAL CENTRE.

/THE INTRODUCTION .....

THE INTRODUCTION OF SUCH A SYSTEM WAS ONE OF THE CORE RECOMMENDATIONS IN THE SECURITIES REVIEW COMMITTEE REPORT OF MAY 1988 AND THE ONLY MAJOR ONE THAT HAS YET TO BE IMPLEMENTED IN WHOLE OR PART, HE ADDED.

THE SECRETARY SAID THE PURPOSE OF THE BILL WAS TO PROTECT THE NETTING AND SETTLEMENT OPERATION OF CCASS FROM THE EFFECT OF THE STATUTORY INSOLVENCY RULES WHICH WOULD OTHERWISE APPLY TO THE AFFAIRS OF A PARTICIPANT WHICH BECAME BANKRUPT OR WENT INTO LIQUIDATION.

HE POINTED OUT THAT AS THE CLEARING COMPANY, THROUGH THE PROCESS OF NOVATION, WOULD BECOME A PRINCIPAL COUNTERPARTY IN EACH TRADE TO BOTH BUYING AND SELLING BROKERS, ANY INTERFERENCE WITH THE SETTLEMENT PROCESS BY A THIRD PARTY WOULD CAUSE SERIOUS DISRUPTION TO THE SYSTEM AND BRING THE NETTING PROCESS TO A HALT.

SUCH CLAIMS COULD ARISE WHEN A DEFAULTING BROKER WAS INVOLVED IN LIQUIDATION PROCEEDING, AS THE LIQUIDATOR WOULD BE ABLE TO DEMAND THAT SHARES WHICH HAD BEEN PUT INTO CCASS FOR SETTLEMENT BE WITHDRAWN.

MR NENDICK SAID THIS WOULD NOT ONLY VOID THE NETTING OF TRADES AND RENDER THE WHOLE SYSTEM UNWORKABLE, BUT ALSO CAUSE A CHAIN REACTION OF FINANCIAL DEFAULTS OR EVEN SEVERE MARKET DISRUPTION.

"IT IS THEREFORE IN THE PUBLIC INTEREST THAT THE SMOOTH OPERATION OF CCASS BE ASSURED BY APPROPRIATE LEGISLATION," THE SECRETARY SAID.

IN ADDITION, THE BILL ALSO EMPOWERS THE SECURITIES AND FUTURES COMMISSION TO DECLARE CLEARING HOUSES AS RECOGNISED AND TO APPROVE THE RULES OF RECOGNISED CLEARING HOUSES.

A RECOGNISED CLEARING HOUSE, MR NENDICK SAID, WAS REQUIRED TO HAVE "DEFAULT RULES" FOR THE TAKING OF ACTION IN THE EVENT OF A PARTICIPANT BEING UNABLE TO MEET HIS OBLIGATIONS ENTERED INTO WITH THE CLEARING HOUSE.

HENCE, THE SCOPE OF THE DEFAULT RULES AND THE BROKER'S ASSETS WHICH MAY BE SUBJECT TO A MARKET CHARGE ARE PRESCRIBED BY THE BILL.

MR NENDICK ADDED THAT UNDER CCASS, SECURITIES CERTIFICATES WOULD NO LONGER HAVE TO BE PHYSICALLY TRANSFERRED EACH TIME THEY WERE TRADED, BUT WOULD BE PLACED IN CUSTODY WITH THE CLEARING HOUSE DEPOSITORY FOR USE IN THE SETTLEMENT OF TRANSACTION BETWEEN BROKERS.

"ALTHOUGH THESE SECURITIES REGISTERED IN THE NAME OF COMMON NOMINEE ARE HELD IN FUNGIBLE FORM, THE BILL HAS EXPRESSLY PRESERVED SHAREHOLDERS' VOTING RIGHTS AS WELL AS ANY PERSON'S RIGHT TO RECTIFY A REGISTER OF MEMBERS UNDER THE COMPANIES ORDINANCE," HE SAID.

DEBATE ON THE BILL WAS ADJOURNED.

GOVT TO IMPROVE CONTROL ON EMPLOYMENT AGENCIES

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A BILL WHICH SEEKS TO IMPROVE THE CONTROL ON EMPLOYMENT AGENCIES WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE EMPLOYMENT (AMENDMENT) BILL 1992, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID IN RECENT YEARS, EMPLOYMENT AGENCIES HAD BECOME MORE SOPHISTICATED AND SOME OF THEM WERE MULTI-NATIONAL OPERATIONS.

"THEY HAVE INTRODUCED NEW MODES OF OPERATION UNANTICIPATED BY THE EXISTING REGULATORY PROVISIONS IN THE LEGISLATION," HE SAID.

THE SECRETARY POINTED OUT THAT SOME OF THE PROVISIONS OF THE EMPLOYMENT ORDINANCE HAD BECOME OUT-OF-DATE AND WERE INCOMPATIBLE WITH MODERN-DAY OPERATIONS OF EMPLOYMENT AGENCIES.

THE BILL PROPOSES THE FOLLOWING AMENDMENTS:

- \* TO REMOVE THE REQUIREMENT FOR EMPLOYMENT AGENCIES TO OBTAIN SEPARATE LOCAL AND OVERSEAS LICENCES FOR DEALING WITH EMPLOYMENT WITHIN AND OUTSIDE HONG KONG;
- \* TO REQUIRE AN APPLICATION FOR A LICENCE BY A COMPANY TO BE MADE BY A DIRECTOR OF THE COMPANY ON ITS BEHALF;
- \* TO REQUIRE AN EMPLOYMENT AGENCY TO OPERATE WITH ONE LICENCE FOR THE MAIN OFFICE AND A DUPLICATE LICENCE FOR EACH BRANCH OFFICE AND DISPLAY IT AT ALL TIMES IN A CONSPICUOUS PLACE ON THE PREMISES;
- \* TO ABOLISH THE KEEPING OF PRESCRIBED REGISTERS OF JOB APPLICANTS AND PROSPECTIVE EMPLOYERS AND SUBMISSION OF RETURNS ON DETAILS OF PLACEMENTS BY EMPLOYMENT AGENCIES. INSTEAD, AGENCIES WILL HAVE TO KEEP RECORDS OF ESSENTIAL INFORMATION ON JOB APPLICANTS AND EMPLOYERS AND MAKE SUCH RECORD AVAILABLE FOR INSPECTION;
- \* TO REMOVE ALL RESTRICTIONS ON CHARGES TO EMPLOYERS SINCE THERE IS A PRACTICAL NEED FOR EMPLOYMENT AGENCIES, IN PARTICULAR THE SO-CALLED "HEAD-HUNTING" COMPANIES, TO CHARGE A SERVICE FEE AS SOON AS THE EMPLOYER HAS PLACED A JOB ORDER WITH THE AGENCY CONCERNED IN ORDER TO DEFRAY EXPENSES INCURRED IN RECRUITMENT;
- \* TO ABOLISH THE PROVISION FOR CHARGING OF REGISTRATION FEE FROM JOB APPLICANTS SO AS TO PROTECT THEM FROM BEING CHARGED BY AGENCIES WHICH HAVE NO REAL INTENTION OR ABILITY TO HELP THEM PROCURE EMPLOYMENT; AND
- \* TO PERMIT AN AGENCY TO SHARE ITS COMMISSION WITH ANOTHER AGENCY TO FACILITATE GENUINE BUSINESS CO-OPERATION AMONGST AGENCIES.

MR CHAN SAID THE BILL HAD THE SUPPORT OF THE LABOUR ADVISORY BOARD.

DEBATE ON THE BILL WAS ADJOURNED.

PROTECTION AGAINST VICTIMISATION BY EMPLOYERS  
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A BILL WHICH SEEKS TO PLUG ONE OF THE LOOPHOLES IN THE PROTECTION AGAINST VICTIMISATION AFFORDED BY THE EMPLOYMENT ORDINANCE AND THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT) BILL 1992, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID SECTION 6 OF THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE PROHIBITED EMPLOYERS FROM DISCRIMINATING AGAINST OR DISMISSING EMPLOYEES WHO HAD ASSISTED IN THE ENFORCEMENT OF THE PROVISIONS OF THE ORDINANCE.

HOWEVER, THE ORDINANCE DOES NOT CONTAIN A SANCTION AGAINST CONTRAVENTION OF THIS PROVISION.

"THE BILL NOW SEEKS TO INTRODUCE A SANCTION AGAINST CONTRAVENTION OF THE PROVISION, NAMELY A FINE OF \$20,000.

"THIS SANCTION IS IN LINE WITH THAT UNDER A SIMILAR PROVISION IN SECTION 63A OF THE EMPLOYMENT ORDINANCE," MR CHAN SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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PROTECTION OF EMPLOYEES AGAINST DISCRIMINATION IMPROVES  
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A BILL WHICH SEEKS TO EXTEND THE REMIT OF THE PROTECTION OF EMPLOYEES GIVING ASSISTANCE IN PROCEEDINGS AGAINST EMPLOYERS IN CONNECTION WITH SAFETY AT WORK WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1992, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID LOOPHOLES HAD BEEN IDENTIFIED IN THOSE PROVISIONS OF THE EMPLOYMENT ORDINANCE AND THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE WHICH WERE CONCERNED WITH THE PROTECTION OF EMPLOYEES AGAINST DISCRIMINATION OR DISMISSAL BY EMPLOYERS ON GROUNDS THAT THE EMPLOYEES HAD ASSISTED IN THE ENFORCEMENT OF THESE ORDINANCES.

UNDER SECTION 72B OF THE EMPLOYMENT ORDINANCE, EMPLOYEES ARE PROTECTED FOR HAVING ASSISTED IN THE INVESTIGATION OR PROCEEDINGS CONCERNING BREACH OF THE ORDINANCE.

HOWEVER, MR CHAN POINTED OUT THAT THE PROTECTION AGAINST VICTIMISATION IN THAT SECTION DID NOT COVER MATTERS RELATING TO ACCIDENTS TO EMPLOYEES OR SAFETY AT WORK.

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"AT THE SAME TIME, ALTHOUGH OCCUPATIONAL SAFETY IS COVERED BY THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE, THAT ORDINANCE ONLY APPLIES TO PREMISES CLASSIFIED AS FACTORIES AND INDUSTRIAL UNDERTAKINGS," HE SAID.

TO CLOSE THE LOOPHOLE, MR CHAN SAID THE AMENDMENT BILL SOUGHT TO EXTEND THE REMIT OF THE PROTECTION IN SECTION 72B OF THE EMPLOYMENT ORDINANCE SO THAT EMPLOYEES GIVING ASSISTANCE IN PROCEEDINGS AGAINST EMPLOYERS IN CONNECTION WITH MATTERS CONCERNING ACCIDENTS TO AN EMPLOYEE OR SAFETY AT WORK WOULD BE PROTECTED FROM VICTIMISATION.

THUS OCCUPATIONAL SAFETY MATTERS IN EMPLOYMENT SETTINGS OUTSIDE FACTORIES AND INDUSTRIAL UNDERTAKINGS WERE BROUGHT UNDER THE REMIT OF PROTECTION AGAINST VICTIMISATION, MR CHAN SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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PROTECTION FOR NON-MANUAL EMPLOYEES WORKING OUTSIDE HONG KONG

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THE CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG (AMENDMENT) BILL 1992 WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID THE BILL SOUGHT TO EXTEND THE PROTECTION OF THE CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG ORDINANCE TO CERTAIN NON-MANUAL EMPLOYEES AND ALSO TO CLARIFY CERTAIN PROVISIONS OF THE ORDINANCE.

AT PRESENT, THE ORDINANCE WHICH CONTROLS CONTRACTS OF EMPLOYMENT ENTERED INTO IN HONG KONG BY WORKERS PROCEEDING TO WORK WHOLLY OR PARTIALLY OUTSIDE HONG KONG, APPLIES TO MANUAL WORKERS ONLY.

IT REQUIRES THAT THE CONTRACTS BE ATTESTED BY THE COMMISSIONER FOR LABOUR BEFORE THE WORKER PROCEEDS TO WORK OUTSIDE HONG KONG.

"HOWEVER, AN INCREASING NUMBER OF WORKERS FROM HONG KONG HAVE TAKEN UP NON-MANUAL JOBS, SUCH AS TECHNICIANS AND SUPERVISORS, OVERSEAS IN RECENT YEARS," MR CHAN SAID.

"AS NO WRITTEN AND ATTESTED CONTRACTS EXIST FOR NON-MANUAL WORKERS, THEY OFTEN FIND IT DIFFICULT TO CLAIM THEIR DUE ENTITLEMENTS IN CASE OF DISPUTES.

"THE BILL THEREFORE PROPOSES TO EXTEND THE AMBIT OF THE ORDINANCE TO GIVE THEM PROTECTION."

MR CHAN SAID THE ORDINANCE WOULD NOT COVER NON-MANUAL EMPLOYEES WHO WORKED IN PROFESSIONAL OR SENIOR EXECUTIVE POSTS BECAUSE THEY WERE GENERALLY CAPABLE OF PROTECTING THEIR OWN INTERESTS BY NEGOTIATING FAVOURABLE EMPLOYMENT TERMS.

/FURTHERMORE, A .....

FURTHERMORE, A MONTHLY WAGE CEILING OF \$20,000 WILL BE SET AND NON-MANUAL EMPLOYEES EARNING MORE THAN THIS AMOUNT WILL NOT BE COVERED BY THE ORDINANCE.

THE WAGE CEILING WILL BE REVISED FROM TIME TO TIME TO KEEP IN LINE WITH WAGE MOVEMENTS.

THE BILL ALSO SERVES TO MAKE CLEAR THAT EMPLOYEES ENGAGED BY FOREIGN EMPLOYERS TO WORK OUTSIDE HONG KONG ARE EXCLUDED FROM THE COVERAGE OF THE EMPLOYMENT ORDINANCE WHILE ALL EMPLOYEES ENGAGED BY HONG KONG EMPLOYERS TO WORK PARTIALLY OR WHOLLY OUTSIDE HONG KONG ARE PROTECTED BY IT.

"SUCH CLARIFICATION WILL BE IN THE INTEREST OF HONG KONG WORKERS WHO WORK ACROSS THE BORDER IN MAINLAND CHINA," MR CHAN SAID.

"AN INFORMAL ESTIMATE SHOWS THAT THERE ARE 50,000 TO 60,000 WORKERS IN THIS CATEGORY."

OTHER PROPOSED AMENDMENTS TO RECTIFY SOME MINOR INADEQUACIES IN THE CONTRACTS FOR EMPLOYMENT OUTSIDE HONG KONG ORDINANCE INCLUDE:

- \* TO SPECIFY CERTAIN ESSENTIAL EMPLOYMENT TERMS, SUCH AS PAID HOLIDAYS AND ANNUAL LEAVE, NOTICE OR WAGES IN LIEU OF NOTICE ON TERMINATION AND COMPENSATION FOR INJURY, FOR EMPLOYEES FALLING UNDER THE AMBIT OF THE ORDINANCE;
- \* TO REMOVE THE REQUIREMENT FOR CERTIFICATION BY THE COMMISSIONER FOR LABOUR OF THE STATUS OF PERSONS MIGRATING FOR EMPLOYMENT;
- \* TO EXTEND THE TIME LIMIT FOR PROSECUTING OFFENCES UNDER THE ORDINANCE FROM SIX MONTHS TO ONE YEAR; AND
- \* TO AMEND THE TERM "WORKERS" IN THE ORDINANCE AS WELL AS IN THE EMPLOYMENT ORDINANCE TO READ "EMPLOYEES".

THE BILL HAS THE SUPPORT OF THE LABOUR ADVISORY BOARD.

DEBATE ON THE BILL WAS ADJOURNED.

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INCREASED PENALTIES FOR WAGE DEDUCTION AND UNDERPAYMENT PROPOSED  
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A BILL WHICH SEEKS TO INCREASE THE MAXIMUM FINES FOR UNLAWFUL DEDUCTION OF WAGES FROM \$10,000 TO \$100,000 AND UNDERPAYMENT OF WAGES FROM \$20,000 TO \$200,000, AND TO INTRODUCE FOR BOTH OFFENCES AN ADDITIONAL MAXIMUM PENALTY OF IMPRISONMENT FOR ONE YEAR WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE BILL ALSO SEEKS TO RAISE THE MAXIMUM PENALTIES FOR RELATED OFFENCES OF GIVING FALSE INFORMATION, WITHHOLDING INFORMATION AND FAILURE TO COMPLY WITH INSPECTION REQUIREMENTS FROM A FINE OF \$10,000 TO \$100,000 AND IMPRISONMENT FOR ONE YEAR.

MOVING THE SECOND READING OF THE EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1992 IN THE LEGISLATIVE COUNCIL, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID CASES OF UNLAWFUL DEDUCTION AND UNDERPAYMENT OF WAGES BY UNSCRUPULOUS EMPLOYERS HAD ARISEN UNDER THE LABOUR IMPORTATION SCHEMES.

"IN ORDER TO DETER SUCH MALPRACTICE, IT IS NECESSARY TO INCREASE THE MAXIMUM PENALTIES UNDER THE EMPLOYMENT ORDINANCE FOR THESE OFFENCES," HE SAID.

MR CHAN POINTED OUT THAT A NUMBER OF IMPORTED WORKERS HAD NOT BEEN PAID THEIR FULL WAGES SINCE THE IMPLEMENTATION OF THE IMPORTATION OF LABOUR SCHEME IN 1989.

"THERE HAS ALSO BEEN A NUMBER OF COMPLAINTS FROM IMPORTED WORKERS WHO ALLEGED THAT THEY WERE ASKED BY EMPLOYERS TO SIGN BLANK WAGE RECEIPTS OR TWO DIFFERENT SETS OF WAGE RECEIPTS TO COVER UP UNLAWFUL DEDUCTION OR UNDERPAYMENT OF WAGES," HE SAID.

DURING THE FIRST ELEVEN MONTHS OF LAST YEAR, THE LABOUR DEPARTMENT RECEIVED REPORTS OF 370 ITEMS OF SUSPECTED IRREGULARITIES CONCERNING UNDERPAYMENT AND UNLAWFUL DEDUCTION OF WAGES AND 48 OF THEM WERE SUBSTANTIATED AFTER INVESTIGATION WHILE MANY OF THE REMAINING ITEMS ARE STILL UNDER INVESTIGATION.

"THE AVAILABILITY AND ACCURACY OF THE WAGE RECORDS AND RELATED DOCUMENTS KEPT BY EMPLOYERS ARE ESSENTIAL IN SUCH INVESTIGATIONS," MR CHAN STRESSED.

AS AT JANUARY 31, FIVE EMPLOYERS HAVE BEEN CONVICTED FOR UNDERPAYMENT OR UNLAWFUL DEDUCTION OF WAGES IN RESPECT OF A TOTAL OF 14 SUMMONSES.

"THE AVERAGE FINE IMPOSED FOR THESE SUMMONSES WAS \$1,000 WHICH IS UNLIKELY TO BE AN EFFECTIVE DETERRENT," THE SECRETARY SAID.

THE BILL THEREFORE SOUGHT TO INCREASE THE PENALTIES FOR THESE OFFENCES, HE SAID.

DEBATE ON THE BILL WAS ADJOURNED.

CONTROL OVER CONTAINER HANDLING ACTIVITIES

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A BILL WHICH SEEKS TO BRING OPEN GROUNDS USED FOR STORAGE EMPTY CONTAINERS UNDER CONTROL WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE FACTORIES AND INDUSTRIAL UNDERTAKINGS (AMENDMENT)(NO. 2) BILL 1992, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID AT PRESENT, PLACES USED FOR LOADING, UNLOADING AND HANDLING CONTAINERS SUCH AS CONTAINER TERMINALS AND DEPOTS WERE WITHIN THE AMBIT OF THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE.

"HOWEVER, OPEN GROUNDS USED SOLELY FOR STORAGE OF EMPTY CONTAINERS ARE OUTSIDE THE AMBIT OF THE ORDINANCE.

"MANY OF THESE ARE OPERATED ON UNEVEN LAND IN THE NEW TERRITORIES AND EMPTY CONTAINERS ARE STACKED ONE OVER ANOTHER, OFTEN TO A CONSIDERABLE HEIGHT, IN ORDER TO SAVE SPACE," HE SAID.

FOLLOWING A NUMBER OF SERIOUS INDUSTRIAL ACCIDENTS, AN INTER-DEPARTMENTAL WORKING PARTY WAS SET UP TO REVIEW THE SAFETY ASPECTS OF THE EXISTING SYSTEM OF CONTROL ON CONTAINER HANDLING.

AS A RESULT OF THE RECOMMENDATIONS OF THE WORKING PARTY, SUITABLE AMENDMENTS WOULD BE MADE TO THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE AND REGULATIONS IN ORDER TO BRING ALL CONTAINER HANDLING ACTIVITIES UNDER CONTROL.

THE BILL ALSO SEEKS TO EXTEND THE COVERAGE OF THE MAIN ORDINANCE BY EXPANDING THE DEFINITION OF "INDUSTRIAL UNDERTAKING" TO INCLUDE CONTAINER HANDLING ACTIVITIES.

IT FURTHER SEEKS TO PROVIDE FOR A DEFINITION OF "CONTAINER" WHICH FOLLOWS CLOSELY THAT USED IN THE INTERNATIONAL CONVENTION FOR SAFE CONTAINERS ADOPTED BY THE INTERNATIONAL MARITIME ORGANISATION.

DEBATE ON THE BILL WAS ADJOURNED.

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GOVERNOR TO VISIT GUANGDONG

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A GOVERNMENT SPOKESMAN ANNOUNCED TODAY (FEBRUARY 19) THAT THE GOVERNOR, LORD WILSON OF TILLYORN, WILL VISIT GUANGDONG ON FEBRUARY 26 AND 27.

THE GOVERNOR WILL MEET THE GOVERNOR OF GUANGDONG, MR ZHU SENLIN, AND OTHER SENIOR GOVERNMENT OFFICIALS IN GUANGZHOU, DONGGUAN AND SHENZHEN AS WELL AS VISITING HONG KONG ENTERPRISES OPERATING IN GUANGDONG.

THE PURPOSE OF THE VISIT IS TO STRENGTHEN TIES BETWEEN HONG KONG AND GUANGDONG AND TO ALLOW THE GOVERNOR TO SEE AT FIRST HAND THE PACE OF ECONOMIC DEVELOPMENT IN GUANGDONG.

THE GOVERNOR WILL BE ACCOMPANIED BY THE POLITICAL ADVISER, MR WILLIAM EHRMAN, AND THE SECRETARY FOR TRADE AND INDUSTRY MR CHAU TAK HAY.

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STATEMENT ON BCCHK

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THE PROVISIONAL LIQUIDATOR OF THE BANK OF CREDIT AND COMMERCE HONG KONG (BCCHK), MR NOEL GLEESON, ANNOUNCED TODAY THAT NEGOTIATIONS FOR THE SALE OF BCCHK TO THE HONG KONG CHINESE BANK (HKCB) HAVE BEEN ENDED BY MUTUAL AGREEMENT.

HE SAID: "OUR EFFORTS TO NEGOTIATE A TAKEOVER HAVE BEEN FRUSTRATED BY THE LATE EMERGENCE OF LARGE CLAIMS FROM THE LIQUIDATORS OF BCC OPERATIONS ELSEWHERE IN THE WORLD.

"THE PRIMARY AIM THROUGHOUT HAS BEEN TO SECURE THE MAXIMUM PAYOUT FOR THE DEPOSITORS. UNTIL THE EMERGENCE OF NEW CLAIMS IN RECENT WEEKS, A TAKEOVER OFFERED THE BEST PROSPECTS.

"THE SITUATION HAS NOW CHANGED. MAJOR NEW CLAIMS, AND THE RELUCTANCE OF THE ABU DHABI SHAREHOLDERS TO GIVE A FULL GUARANTEE AGAINST SUCH LIABILITIES, HAVE SHIFTED THE BALANCE IN FAVOUR OF A LIQUIDATION.

"IN JULY LAST YEAR MOST DEPOSITORS RECEIVED A FIRST PAYMENT OF 25 PER CENT. I HOPE THAT WITH LIQUIDATION ALL DEPOSITORS WILL RECEIVE AN INTERIM PAYOUT OF 35 TO 40 PER CENT, WHICH WOULD INCLUDE THE INTERIM RELIEF ALREADY PAID. IN THE LONGER TERM, IT IS NOT UNREASONABLE TO EXPECT A TOTAL PAYOUT IN THE RANGE OF 70 - 75 PER CENT. THIS IS FAR BETTER THAN DEPOSITORS ELSEWHERE IN THE WORLD CAN EXPECT.

"I AM OBVIOUSLY DISAPPOINTED THAT THE TAKEOVER NEGOTIATIONS HAVE FAILED, BUT I HAVE NO DOUBT THAT THE BEST INTERESTS OF DEPOSITORS AND OTHER CREDITORS NOW LIES IN LIQUIDATION. I ANTICIPATE THAT THE LIQUIDATOR SHOULD BE IN A POSITION TO PAY A SUBSTANTIAL DIVIDEND WITHIN SIX MONTHS, HOPEFULLY SOONER."

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NOTE TO EDITORS:

FOLLOWING IS A FULLER STATEMENT DESCRIBING THE COURSE OF THE NEGOTIATIONS, THE SCALE OF THE NEW CLAIMS AND REASONS FOR ENDING THE TAKEOVER NEGOTIATIONS:

AT A MEETING WITH REPRESENTATIVES OF THE DEPOSITORS OF BANK OF CREDIT AND COMMERCE HONG KONG ("BCCHK") TODAY (FEBRUARY 19) THE PROVISIONAL LIQUIDATOR, MR NOEL GLEESON, ANNOUNCED THAT THE TAKEOVER NEGOTIATIONS WITH HONG KONG CHINESE BANK ("HKCB") HAD ENDED BY MUTUAL AGREEMENT OWING TO THE EMERGENCE OF LARGE UNRECORDED CLAIMS, PRINCIPALLY FROM OTHER BCCI LIQUIDATORS.

HE RECALLED THAT HE HAD BEEN APPOINTED PROVISIONAL LIQUIDATOR, AND MR MARVIN K.T. CHEUNG AND MR NICHOLAS P. ETCHES OF KPMG PEAT MARWICK SPECIAL MANAGERS, BY THE HIGH COURT ON JULY 17, 1991 ON A PETITION BY THE GOVERNMENT PRESENTED UNDER THE PROVISIONS OF THE BANKING ORDINANCE TO WIND UP THE COMPANY IN THE PUBLIC INTEREST FOLLOWING THE COLLAPSE WORLDWIDE OF THE BANK'S PARENT COMPANY, BCCI HOLDINGS (LUXEMBOURG) S.A. ("BCCI") FOLLOWING ALLEGATIONS OF WIDESPREAD FRAUD AND OTHER CRIMINALITY AGAINST BCCI.

MR GLEESON EXPLAINED THAT HIS FUNCTION AS PROVISIONAL LIQUIDATOR AND THAT OF THE SPECIAL MANAGERS WAS TO SECURE AND SAFEGUARD THE ASSETS OF THE COMPANY FOR THE BENEFIT OF ALL THE CREDITORS.

A GREAT DEAL OF WORK HAD BEEN DONE AND IN EXCESS OF \$5 BILLION HAD BEEN RECOVERED AND PLACED WITH A MAJOR LOCAL BANK.

IN ACCORDANCE WITH THE FINANCIAL SECRETARY'S DIRECTION, AND WITH THE BENEFIT OF AN INDEMNITY FROM THE GOVERNMENT, A DIVIDEND OF 25 PER CENT (SUBJECT TO AN UPPER LIMIT OF \$500,000) WAS PAID TO CREDITORS, INCLUDING DEPOSITORS. THE PAYMENT OF THIS INTERIM RELIEF COMMENCED IN LATE JULY 1991.

A CASH AMOUNT IN EXCESS OF \$4 BILLION REMAINS ON DEPOSIT LOCALLY AND IS EARNING INTEREST AT PREVAILING RATES.

THE STATEMENT OF AFFAIRS FILED IN THE COURT BY THE DIRECTORS OF BCCHK IN DECEMBER 1991 INDICATED SHAREHOLDERS' FUNDS OF MORE THAN \$100 MILLION. HOWEVER, THIS ONLY MADE PROVISION OF APPROXIMATELY \$1 BILLION FOR BAD OR DOUBTFUL LOANS AND ASSUMED 100 PER CENT RECOVERY ON THE REMAINDER OF THE LOAN PORTFOLIO.

/THE STATEMENT .....

THE STATEMENT OF AFFAIRS HAS BEEN COMMENTED ON BY THE SPECIAL MANAGERS AND THE OFFICIAL RECEIVER'S OFFICE WHO CONCLUDED AT THE TIME OF FILING THAT THE COMPANY'S LIABILITIES WERE IN REALITY CONSIDERABLY GREATER THAN ITS ASSETS.

MR GLEESON SAID THAT HKCB HAD CARRIED OUT A DUE DILIGENCE EXERCISE ON BCCHK DURING SEPTEMBER AND OCTOBER 1991, AND HAD TAKEN THE VIEW THAT A FURTHER PROVISION OF \$1.1 BILLION FOR BAD OR DOUBTFUL LOANS, ASSUMING THE BANK REOPENED, WOULD HAVE BEEN REQUIRED.

THIS WOULD HAVE TRANSLATED INTO A WRITE-DOWN OF 15 PER CENT OF THE COMPANY'S NET POSITION, AND A PROVISIONAL AGREEMENT PROVIDING FOR THIS AND FOR THE TRANSFER OF THE ASSETS AND LIABILITIES OF BCCHK, WITH CERTAIN EXCLUSIONS, WAS ENTERED INTO WITH HKCB ON NOVEMBER 22, 1991.

A MAJOR OUTSTANDING ISSUE AT THAT STAGE WAS THE DEFINITION OF "UNRECORDED LIABILITIES", AN EXTREMELY TECHNICAL SUBJECT IN THE CONTEXT OF BCCHK, WHICH HAD TO BE SETTLED FOR THE PURPOSES OF BOTH THE PROPOSED SCHEME OF ARRANGEMENT AND A COVERING GUARANTEE TO BE GIVEN BY THE MAJORITY SHAREHOLDERS OF BCCI IN ABU DHABI.

FROM THE OUTSET OF THE NEGOTIATIONS, AND AS REFLECTED IN THE PROVISIONAL AGREEMENT, HKCB HAD ALWAYS MAINTAINED THAT THE NEW BANK COULD NOT TAKE ON SUCH UNRECORDED LIABILITIES.

ORIGINALLY THE MAJORITY SHAREHOLDERS IN ABU DHABI HAD INDICATED THEIR WILLINGNESS IN PRINCIPLE TO GIVE A GUARANTEE UNLIMITED AS TO AMOUNT AGAINST UNRECORDED LIABILITIES, AND THE NEGOTIATIONS WITH HKCB HAD BEGUN ON THE UNDERSTANDING THAT SUCH A GUARANTEE WOULD BE FORTHCOMING.

THE PURPOSE OF THE GUARANTEE WOULD HAVE BEEN TO COVER LIABILITIES OF THE TYPE WHICH HAD BEEN DISCOVERED IN BCCI IN OTHER PARTS OF THE WORLD AND DESCRIBED ELSEWHERE AS A "BLACK HOLE" OR A "BANK WITHIN A BANK".

ESSENTIALLY THESE WOULD HAVE BEEN LIABILITIES WHICH BY STANDARD ACCOUNTING PRACTICE SHOULD HAVE BEEN RECORDED ON THE BOOKS AND RECORDS OF THESE BANKS BUT WERE NOT.

SUBSEQUENTLY, HOWEVER, THE ABU DHABI SHAREHOLDERS FOUND THEMSELVES UNABLE TO GIVE SUCH A GUARANTEE BUT AGREED IN PRINCIPLE TO GIVE ONE LIMITED TO US\$25 MILLION AS TO AMOUNT AND TO NOVEMBER 5, 1991, SUBSEQUENTLY EXTENDED TO MARCH 31, 1992, AS TO TIME.

WHILE NEGOTIATIONS ON "UNRECORDED LIABILITIES" WERE GOING ON WITH BOTH HKCB AND ABU DHABI, MR GLEESON'S FINANCIAL ADVISERS, JARDINE FLEMING, PREPARED A SCHEME OF ARRANGEMENT DOCUMENT AND THE LAWYERS FOR BOTH SIDES PREPARED THE DRAFT LEGISLATION AND OTHER LEGAL DOCUMENTS WHICH WOULD BE NECESSARY TO GIVE EFFECT TO THE TRANSFER OF ASSETS AND DEAL WITH OTHER FEATURES OF THE SCHEME.

AT THAT STAGE, IN EARLY DECEMBER 1991, IT APPEARED THAT THE SCHEME HAD A GOOD PROSPECT OF SUCCESS AND THAT IT SHOULD BE POSSIBLE TO OPEN THE NEW BANK BY ABOUT THE END OF MARCH 1992, EVEN WITH A LIMITED GUARANTEE FROM ABU DHABI.

/THEN, IN .....

THEN, IN MID-DECEMBER 1991, THE FIRST OF A NUMBER OF POTENTIAL LIABILITIES IN THE FORM OF VERY SUBSTANTIAL BCCI RELATED CLAIMS BEGAN TO APPEAR, WHICH DID NOT APPEAR ON THE BOOKS OF THE COMPANY.

THE FIRST INTIMATION OF A CLAIM WAS FOR \$430 MILLION FROM A MAJOR OVERSEAS CUSTOMER.

THE NEXT, IN JANUARY 1992, WAS FOR \$580 MILLION FROM THE BCCI BRANCH LIQUIDATOR IN TOKYO IN RESPECT OF LOANS BY HIS BRANCH TO THE SAME CUSTOMER.

SINCE THEN FURTHER BCCI CLAIMS HAVE BEEN RECEIVED FROM BCCI LIQUIDATORS IN LUXEMBOURG (\$125 MILLION), LONDON (\$85 MILLION), SAN FRANCISCO (\$570 MILLION), NEW YORK (\$31 MILLION), AND, VERY RECENTLY, THE CAYMAN ISLANDS BCCI (OVERSEAS) LIQUIDATOR (\$275 MILLION).

IN ADDITION, MANY BCCI LIQUIDATORS HAVE WRITTEN TO THE SPECIAL MANAGERS RESERVING THEIR RIGHT TO MAKE FURTHER CLAIMS AND THE LAWYERS FOR ONE OF THE LIQUIDATORS HAVE INDICATED THAT FURTHER CLAIMS ARE LIKELY TO BE FORTHCOMING.

MOST OF THESE CLAIMS HAVE BEEN RECEIVED SO RECENTLY THAT IT HAS NOT BEEN POSSIBLE TO RESEARCH THEM IN FULL AND EVALUATE THEIR STATUS PRECISELY. HOWEVER, ALTHOUGH THEY MIGHT NOT BE ADMITTED TO PROOF IN A LIQUIDATION, THE CLAIMS WERE SUCH THAT THEY COULD NOT BE REJECTED OUT OF HAND. BECAUSE OF THIS, ANY SCHEME OF ARRANGEMENT WOULD HAVE TO TAKE ACCOUNT OF SUCH CLAIMS SO AS TO BE MANIFESTLY FAIR AND REASONABLE TO ALL CREDITORS.

ALTHOUGH THE ABU DHABI GUARANTEE, IF FORTHCOMING, WOULD HAVE BEEN OF LIMITED ASSISTANCE, IT CLEARLY WOULD NOT HAVE CATERED ADEQUATELY FOR ALL THE CLAIMS WHICH HAVE BEEN RECEIVED, GIVEN THEIR MAGNITUDE.

AFTER ALL FURTHER LEGAL AND COMMERCIAL ALTERNATIVES WERE EXPLORED BOTH SIDES AGREED WITH REGRET THAT, IN VIEW OF THE SCALE AND MAGNITUDE OF THE BCCI AND OTHER CLAIMS, AND IN THE ABSENCE OF A SUFFICIENT GUARANTEE AGAINST SUCH UNRECORDED LIABILITIES, IT WAS NOT POSSIBLE TO TAKE FORWARD A SCHEME THAT WAS BOTH ACCEPTABLE TO HKCB AND COMPATIBLE WITH THE PROVISIONAL LIQUIDATOR'S DUTY TO ALL CREDITORS.

IT WAS THEREFORE AGREED BETWEEN HKCB AND MR GLEESON THAT THE PROVISIONAL AGREEMENT SHOULD LAPSE AND THAT BOTH PARTIES SHOULD WITHDRAW FROM FURTHER NEGOTIATIONS. MR GLEESON SAID THAT HE WOULD NOW BE APPLYING TO THE COURT FOR DIRECTIONS AS TO THE FURTHER CONDUCT OF THE WINDING-UP PETITION.

HE CONCLUDED THAT SHOULD THE COURT ORDER THAT BCCHK BE WOUND UP HE WOULD ANTICIPATE THAT THE LIQUIDATOR SHOULD BE IN A POSITION TO PAY A SUBSTANTIAL FIRST DIVIDEND FROM THE CASH COLLECTED TO DATE WITHIN APPROXIMATELY SIX MONTHS FROM THE DATE OF SUCH ORDER, BUT HOPEFULLY SOONER.

/MR GLEESON .....

MR GLEESON SAID IT WAS IMPOSSIBLE TO PREDICT ACCURATELY THE OUTCOME OF A LIQUIDATION AND STRESSED THAT ANY DIVIDEND FORECAST MUST BE SUBJECT TO A NUMBER OF UNQUANTIFIABLE FACTORS, INCLUDING THE ADJUDICATION OF CLAIMS LODGED, THE RECEIPT OF FURTHER CLAIMS AND THE COLLECTION OF LOANS.

SUBJECT TO THOSE FACTORS HE THOUGHT THAT THE INITIAL DIVIDEND COULD BE IN THE REGION OF 35 PER CENT - 40 PER CENT, WHICH WOULD INCLUDE THE INTERIM RELIEF ALREADY PAID. TOTAL DIVIDENDS IN THE REGION OF 70 PER CENT - 75 PER CENT MIGHT ULTIMATELY BE POSSIBLE ALTHOUGH HE WAS NOT ABLE TO SAY HOW LONG THIS MIGHT TAKE.

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#### CLASS SIZE PROPOSAL EXPLAINED

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IN RESPONSE TO PRESS ENQUIRIES ABOUT THE PROPOSED INCREASE IN CLASS SIZE TO 42 IN THE 1992/93 SCHOOL YEAR, A SPOKESMAN FOR THE EDUCATION AND MANPOWER BRANCH ISSUED THE FOLLOWING STATEMENT:

DURING A MEETING WITH THE OMELCO EDUCATION PANEL THIS (WEDNESDAY) MORNING, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN AND THE DIRECTOR OF EDUCATION, MR LI YUET-TING, REPORTED ON THE OUTCOME OF A FURTHER ROUND OF CONSULTATION WITH SCHOOL COUNCILS AND TEACHER UNIONS ON ALTERNATIVE WAYS TO ACHIEVE THE REQUIRED SAVINGS.

10 SUGGESTIONS WERE MADE BY THE EDUCATION COMMUNITY BUT NONE OF THEM PROVIDED A VIABLE ALTERNATIVE TO THE ORIGINAL PROPOSAL TO ABOLISH THE REPEATER ALLOWANCE.

MEMBERS OF THE PANEL ASKED WHETHER IT WAS STILL NECESSARY TO PRODUCE THE SAVINGS IN VIEW OF THE LARGE BUDGET SURPLUS REPORTED BY THE PRESS.

THE ADMINISTRATION EXPLAINED THAT THE RATIONALE FOR THE SAVINGS EXERCISE WAS TO ENSURE THAT THE GROWTH IN PUBLIC EXPENDITURE DOES NOT EXCEED THE RATE OF ECONOMIC GROWTH. WHETHER THERE IS A BUDGET SURPLUS OR NOT IS IRRELEVANT.

THE SECRETARY FOR EDUCATION AND MANPOWER UNDERTOOK TO REFLECT MEMBERS' VIEWS TO THE RELEVANT AUTHORITIES.

MEMBERS ALSO INDICATED THAT THEY WOULD LIKE TO RAISE THE SUBJECT IN THE FORTHCOMING BUDGET DEBATE AND ASKED WHETHER ACTION TO INTRODUCE THE NEW MEASURES COULD BE WITHHELD IN THE INTERIM. THE ADMINISTRATION UNDERTOOK TO CONSIDER THIS REQUEST FAVOURABLY.

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WEDNESDAY, FEBRUARY 19, 1992

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POSTAL SERVICES TO MADAGASCAR RESUMED  
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THE POSTMASTER GENERAL, MR DOMINIC S.W. WONG, ANNOUNCED TODAY (WEDNESDAY) THAT ALL POSTAL SERVICES TO MADAGASCAR, WHICH WERE SUSPENDED ON SEPTEMBER 13 LAST YEAR, HAVE NOW RESUMED.

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GOVERNMENT LAND TO LET BY TENDER  
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THE BUILDINGS AND LANDS DEPARTMENT IS INVITING TENDERS FOR THE SHORT TERM TENANCIES ON THREE PIECES OF GOVERNMENT LAND.

TWO OF THE SITES ARE LOCATED AT ON MUK STREET, AREA 11, SHA TIN IN THE NEW TERRITORIES.

THE SITES, MEASURING ABOUT 520 AND 525 SQUARE METRES RESPECTIVELY, ARE FOR REPAIRS AND/OR MAINTENANCE OF MOTOR VEHICLES WITHIN THE DEFINITION CONTAINED IN THE ROAD TRAFFIC ORDINANCE BUT EXCLUDING PRIME MOVERS, TRAILERS, TRACTORS, CHASSIS, CONTAINERS AND CONTAINERS ON TRAILERS.

THE TENANCIES ARE FOR THREE YEARS AND QUARTERLY AFTERWARDS.

THE REMAINING SITE IS LOCATED AT TAT CHEE AVENUE, KOWLOON.

THE SITE HAS AN AREA OF ABOUT 2,925 SQUARE METRES.

IT IS FOR STORAGE OF UNLICENSED NEW VEHICLES (EXCLUDING CONTAINER LORRIES, ARTICULATED VEHICLES AND TRAILORS); AND/OR FEE-PAYING PUBLIC PARKING AREA FOR THE PARKING OF PRIVATE MOTOR CARS, TAXIS AND LIGHT VANS CURRENTLY LICENSED UNDER THE ROAD TRAFFIC ORDINANCE.

THE TENANCY IS FOR SIX MONTHS AND QUARTERLY AFTERWARDS.

THE CLOSING DATE FOR SUBMISSION OF TENDERS IS NOON, MARCH 6.

FORM OF TENDER, TENDER NOTICE AND CONDITIONS MAY BE OBTAINED FROM AND TENDER PLAN INSPECTED AT THE DISTRICT LANDS OFFICE, SHA TIN AT 2 TUNG LO WAN HILL ROAD, SHA TIN; THE BUILDINGS AND LANDS DEPARTMENT, 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD, HONG KONG AND THE DISTRICT LANDS OFFICES KOWLOON, 10TH FLOOR, YAU MA TEI CAR PARK BUILDING, 250 SHANGHAI STREET, KOWLOON.

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WEDNESDAY, FEBRUARY 19, 1992

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FINANCE COMMITTEE TO MEET ON FRIDAY

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THE FINANCE COMMITTEE WILL HOLD A MEETING ON FRIDAY (FEBRUARY 21) IN THE LEGISLATIVE COUNCIL CHAMBER. IT WILL BEGIN AT 2.30 PM.

MEMBERS OF THE PUBLIC ARE WELCOME TO OBSERVE THE COMMITTEE'S PROCEEDINGS FROM THE CHAMBER'S PUBLIC GALLERIES AND THEY MAY MAKE RESERVATIONS BY TELEPHONING 869 9492.

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ATTENTION NEWS EDITORS:

A BRIEFING ON THE INFORMATION SYSTEMS STRATEGY STUDY WILL TAKE PLACE IN THE CHAMBER AFTER THE FINANCE COMMITTEE MEETING.

THERE WILL BE A 10-MINUTE BREAK BETWEEN THE MEETING AND THE BRIEFING.

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HONG KONG GOVERNMENT EXCHANGE FUND  
MONEY MARKET OPERATIONS

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	DATE	\$ MILLION
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CLOSING BALANCE IN THE ACCOUNT ON	18.2.92	600
EFFECT OF FORWARDS TO BE SETTLED ON	19.2.92	+33
EFFECT OF OPERATIONS THIS MORNING		-33
EFFECT OF OPERATIONS THIS AFTERNOON		NEUTRAL

TRADE WEIGHTED INDEX 111.4 \*\*0.3\* 19.2.92

/HONG KONG .....

WEDNESDAY, FEBRUARY 19, 1992

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HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS		HONG KONG GOVERNMENT BONDS				
TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	3.98 PCT	21 MONTHS	2311	6.25	101.32	5.51
1 MONTH	3.98 PCT	24 MONTHS	2402	5.50	99.93	5.61
3 MONTHS	4.04 PCT					
6 MONTHS	4.14 PCT					
12 MONTHS	4.58 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 6,002 MN

CLOSED 19 FEBRUARY 1992

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