

# LEGISLATIVE COUNCIL

## MINUTES

No. 18

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Minutes of the meeting held on Wednesday 14 February 2001 at 2:30 pm

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### Members present:

President

The Hon Mrs Rita FAN HSU Lai-tai, GBS, JP

The Hon Kenneth TING Woo-shou, JP

The Hon James TIEN Pei-chun, JP

The Hon David CHU Yu-lin

The Hon Cyd HO Sau-lan

The Hon Albert HO Chun-yan

Ir Dr the Hon Raymond HO Chung-tai, JP

The Hon LEE Cheuk-yan

The Hon Martin LEE Chu-ming, SC, JP

The Hon Eric LI Ka-cheung, JP

Dr the Hon David LI Kwok-po, JP

The Hon Fred LI Wah-ming, JP

Dr the Hon LUI Ming-wah, JP

The Hon NG Leung-sing

Prof the Hon NG Ching-fai

The Hon Margaret NG

The Hon Mrs Selina CHOW LIANG Shuk-yee, JP

The Hon James TO Kun-sun

The Hon CHEUNG Man-kwong

The Hon HUI Cheung-ching

The Hon CHAN Kwok-keung

The Hon CHAN Yuen-han

The Hon Bernard CHAN

The Hon CHAN Kam-lam

The Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP

The Hon LEUNG Yiu-chung

The Hon SIN Chung-kai

The Hon Andrew WONG Wang-fat, JP

Dr the Hon Philip WONG Yu-hong

The Hon WONG Yung-kan

The Hon Jasper TSANG Yok-sing, JP

The Hon Howard YOUNG, JP

Dr the Hon YEUNG Sum

The Hon YEUNG Yiu-chung

The Hon LAU Chin-shek, JP

The Hon LAU Kong-wah

The Hon LAU Wong-fat, GBS, JP

The Hon Mrs Miriam LAU Kin-yea, JP

The Hon Ambrose LAU Hon-chuen, JP

The Hon Emily LAU Wai-hing, JP

The Hon CHOY So-yuk

The Hon Andrew CHENG Kar-foo

The Hon SZETO Wah

The Hon Timothy FOK Tsun-ting, SBS, JP

The Hon LAW Chi-kwong, JP  
The Hon TAM Yiu-chung, GBS, JP  
Dr the Hon TANG Siu-tong, JP  
The Hon Abraham SHEK Lai-him, JP  
The Hon LI Fung-ying, JP  
The Hon Henry WU King-cheong, BBS  
The Hon Tommy CHEUNG Yu-yan, JP  
The Hon Michael MAK Kwok-fung  
The Hon Albert CHAN Wai-yip  
The Hon LEUNG Fu-wah, MH, JP  
Dr the Hon LO Wing-lok  
The Hon WONG Sing-chi  
The Hon Frederick FUNG Kin-kee  
The Hon IP Kwok-him, JP  
The Hon LAU Ping-cheung  
The Hon Audrey EU Yuet-mee, SC, JP

**Public officers attending:**

The Honourable Mrs Anson CHAN, GBM, JP  
The Chief Secretary for Administration  
  
The Honourable Donald TSANG Yam-kuen, JP  
The Financial Secretary  
  
The Honourable Elsie LEUNG Oi-sie, JP  
The Secretary for Justice  
  
Mr CHAU Tak-hay, JP  
Secretary for Commerce and Industry  
  
Miss Denise YUE Chung-yee, JP  
Secretary for the Treasury  
  
Mr Stephen IP Shu-kwan, JP  
Secretary for Financial Services  
  
Mrs Lily YAM KWAN Pui-ying, JP

Secretary for the Environment and Food

Mrs Regina IP LAU Suk-yee, JP  
Secretary for Security

Mr LEE Shing-see, JP  
Secretary for Works

Mrs Carrie YAU TSANG Ka-lai, JP  
Secretary for Information Technology and Broadcasting

Mrs Fanny LAW FAN Chiu-fun, JP  
Secretary for Education and Manpower

**Clerks in attendance:**

Mr Ricky FUNG Choi-cheung, JP, Secretary General

Mr LAW Kam-sang, JP, Deputy Secretary General

Mrs Justina LAM CHENG Bo-ling, Assistant Secretary General (2)

Mr Ray CHAN Yum-mou, Assistant Secretary General (3)

### Tabling of Papers

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

<u>Subsidiary Legislation / Instruments</u>	<u>L.N. No.</u>
1. Prevention of Copyright Piracy (Notices) Regulation (gazetted on 9.2.2001)	39/2001
2. Commodities Trading (Trading Limits and Position Limits) (Amendment) (No. 2) Rules 2001 (gazetted on 9.2.2001)	40/2001

### Other Papers

- No.61 - Li Po Chun Charitable Trust Fund Annual Report for the period 1 September 1999 to 31 August 2000 (published on 5.2.2001)
- No.62 - Report by the Commissioner of Correctional Services of Hong Kong Incorporated on the Administration of the Correctional Services Department Welfare Fund for the year ended 31 March 2000 (published on 5.2.2001)
- No.63 - Audited Statement of Accounts together with the Director of Audit's Report and Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31 August 2000 (published on 8.2.2001)
- No.64 - Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2000 and the Results of Value for Money Audits (Report No. 35) (February 2001 - P.A.C. Report No. 35) (published on 14.2.2001)

### Address

Hon Eric LI, Chairman of the Public Accounts Committee, addressed the Council on the Committee's report on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2000 and the Results of Value for Money Audits (Report No. 35).

**Questions**

1. Hon James TIEN asked Question 1.

The Secretary for the Environment and Food replied.

Five Members asked supplementaries and the Secretary for the Environment and Food replied.

2. Hon SIN Chung-kai asked Question 2.

The Secretary for Commerce and Industry replied.

Five Members asked supplementaries and the Secretary for Commerce and Industry replied.

3. Hon CHAN Yuen-han asked Question 3.

The Secretary for Security replied.

Four Members asked supplementaries and the Secretary for Security replied.

4. Hon YEUNG Yiu-chung asked Question 4.

The Secretary for Education and Manpower replied.

Five Members asked supplementaries and the Secretary for Education and Manpower replied.

5. Hon LAU Ping-cheung asked Question 5.

The Secretary for Works replied.

Six Members asked supplementaries and the Secretary for Works replied.

6. Hon CHOY So-yuk asked Question 6.

The Secretary for the Environment and Food replied.

Four Members asked supplementaries and the Secretary for the Environment and Food replied.

Written replies to Questions 7 to 20 were tabled for Members' information.

## **Bills**

### **First Reading**

#### **Fire Safety (Buildings) Bill Telecommunications (Amendment) Bill 2001**

The Bills were read the first time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

### **Second Reading**

#### **Fire Safety (Buildings) Bill**

The Secretary for Security moved the Second Reading and addressed the Council.

Question on the Second Reading proposed. The President stated that in accordance with Rule 54(4) of the Rules of Procedure, the debate was adjourned and the Bill was referred to the House Committee.

#### **Telecommunications (Amendment) Bill 2001**

The Secretary for Information Technology and Broadcasting moved the Second Reading and addressed the Council.

Question on the Second Reading proposed. The President stated that in accordance with Rule 54(4) of the Rules of Procedure, the debate was adjourned and the Bill was referred to the House Committee.

## **Members' Motions**

### **Proposed resolutions under the Interpretation and General Clauses Ordinance**

#### **1. Subsidiary legislation relating to revision of fees gazetted on 12 January 2001**

Hon CHAN Kam-lam moved the following motion and addressed the Council:

Resolved that in relation to the -

- (a) Clubs (Safety of Premises) (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 13 of 2001;

- (b) Builders' Lifts and Tower Working Platforms (Safety) (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 14 of 2001;
- (c) Fire Service (Installation Contractors) (Amendment) Regulation 2001, published as Legal Notice No. 15 of 2001; and
- (d) Timber Stores (Amendment) Regulation 2001, published as Legal Notice No. 16 of 2001,

and laid on the table of the Legislative Council on 17 January 2001, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap.1) for amending subsidiary legislation be extended under section 34(4) of that Ordinance to the meeting of 21 February 2001.

Question on the motion proposed, put and agreed to.

The President stated that Hon LAU Chin-shek and Hon James TIEN had separately given notice to move the following five motions under the Interpretation and General Clauses Ordinance. As the motions proposed by Hon LAU Chin-shek and Hon James TIEN were identical and had the same effect, in accordance with the Rules of Procedure, she would only invite Hon LAU Chin-shek, who had given notice earlier, to move the motions.

## **2. Dairies (Amendment) Regulation 2001**

Hon LAU Chin-shek moved the following motion and addressed the Council:

Resolved that the Dairies (Amendment) Regulation 2001, published as Legal Notice No. 1 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be repealed.

Question on the motion proposed.

Hon James TIEN spoke on the motion.

Three other Members and the Secretary for the Treasury spoke on the motion.

Question on the motion put.

Hon LAU Chin-shek claimed a division. The President then ordered the Council to divide under Rule 47(1) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 25 were present, 11 were in favour



of the motion and 14 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 26 were present, six were in favour of the motion and 19 against it. (Voting record in Appendix I.) Since the question was not agreed by a majority of each of the two groups of Members present, she declared that the motion was negatived.

Hon Fred LI rose to move the following motion without notice:

That in the event of further divisions being claimed in respect of the remaining motions to be moved on the following proposed resolutions under the Interpretation and General Clauses Ordinance at this meeting, Rule 47(1)(c) of the Rules of Procedure be suspended so that the President may order that the Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

Question on the motion proposed, put and agreed to.

**3. Plant (Importation and Pest Control) (Fees) (Amendment) Regulation 2001**

Hon LAU Chin-shek moved the following motion and addressed the Council:

Resolved that the Plant (Importation and Pest Control) (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 2 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be repealed.

Question on the motion proposed, put and negatived.

**4. Pounds Fees (Amendment) Regulation 2001**

Hon LAU Chin-shek moved the following motion and addressed the Council:

Resolved that the Pounds Fees (Amendment) Regulation 2001, published as Legal Notice No. 3 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be repealed.

Question on the motion proposed, put and negatived.

**5. Veterinary Surgeons Registration (Fees) (Amendment) Regulation 2001**

Hon LAU Chin-shek moved the following motion and addressed the Council:

Resolved that the Veterinary Surgeons Registration (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 4 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be repealed.

Question on the motion proposed, put and negatived.

#### **6. Rabies Regulation (Amendment of Schedule 1) Notice 2001**

Hon LAU Chin-shek moved the following motion and addressed the Council:

Resolved that the Rabies Regulation (Amendment of Schedule 1) Notice 2001, published as Legal Notice No. 6 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be amended by repealing section 2(a)(iii) and (iv) and (b)(v), (vi), (vii) and (viii).

Question on the motion proposed, put and negatived.

The President stated that Hon CHAN Kam-lam, Hon SIN Chung-kai, Hon LAU Chin-shek and Hon James TIEN had separately given notice to move the following motion under the Interpretation and General Clauses Ordinance. As the motions proposed by Hon CHAN Kam-lam, Hon SIN Chung-kai, Hon LAU Chin-shek and Hon James TIEN were identical and had the same effect, in accordance with the Rules of Procedure, she would only invite Hon CHAN Kam-lam, who had given notice earlier, to move the motion.

#### **7. Estate Agents (Registration of Determination and Appeal) (Amendment) Regulation 2001**

Hon CHAN Kam-lam moved the following motion and addressed the Council:

Resolved that the Estate Agents (Registration of Determination and Appeal) (Amendment) Regulation 2001, published as Legal Notice No. 7 of 2001 and laid on the table of the Legislative Council on 10 January 2001, be repealed.

Question on the motion proposed, put and agreed to.

#### **Protecting the interests of small depositors of banks**

Hon LAU Chin-shek moved the following motion and addressed the Council:

That this Council is concerned about the substantial increase in charges by some banks on their small depositors, and its

impact on the elderly and the disadvantaged groups in the community; to enhance the transparency of the charging policies of banks and protect the interests of depositors, this Council urges the Government to give statutory effect to the Code of Banking Practice, expressly stipulate the penalties for non-compliance, and examine at the same time whether bank charges should be regulated through legislative means.

At 5:35 pm, the President's Deputy took the chair during the temporary absence of the President.

Question on Hon LAU Chin-shek's motion proposed.

The President stated that Hon CHAN Kam-lam and Hon Albert HO would move amendments to the motion. In accordance with the Rules of Procedure, the motion and the two amendments would be debated together in a joint debate.

Hon CHAN Kam-lam and Hon Albert HO spoke respectively on the motion and their amendments.

14 Members spoke on the motion and the amendments.

At 7:15 pm, the President resumed the chair.

Another Member spoke on the motion and the amendments.

Hon LAU Chin-shek spoke on the amendments.

The Secretary for Financial Services spoke on the motion and the amendments.

Hon CHAN Kam-lam moved the following amendment to Hon LAU Chin-shek's motion:

To add "and the Hong Kong Monetary Authority" after "this Council urges the Government"; to delete "give statutory effect to" and substitute with "review the relevant provisions in"; to delete "expressly stipulate the penalties for non-compliance" and substitute with "so as to enhance the transparency of fee revisions by banks"; and to delete "whether bank charges should be regulated through legislative means" and substitute with "the empowerment of the Hong Kong Monetary Authority to protect consumers of banking services".

Question on Hon CHAN Kam-lam's amendment to Hon LAU Chin-shek's motion proposed and put.

Hon Hon CHAN Kam-lam claimed a division. The President then ordered the Council to divide under Rule 47(1) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 26 were present, 16 were in favour of the amendment, eight against it and two abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 20 were in favour of the amendment and seven against it. (Voting record in Appendix II.) Since the question was agreed by a majority of each of the two groups of Members present, she declared that the amendment was agreed.

The President granted leave for Hon Albert HO to revise and explain to the Council the terms of his amendment.

Hon Albert HO moved the following revised amendment to Hon LAU Chin-shek's motion as amended by Hon CHAN Kam-lam and explain the revised wording of his amendment to the Council:

To add "; to this end, the Government and the Hong Kong Monetary Authority should also add in the Code of Banking Practice provisions to prohibit banks from forming a cartel and engaging in other acts which violate the principle of fair competition, and to require banks, in formulating their charging policies on small depositors, to exempt the accounts of recipients of welfare benefits as well as those depositors who receive their salaries through banks from paying charges" after "to protect consumers of banking services".

Question on Hon Albert HO's further amendment to Hon LAU Chin-shek's motion as amended by Hon CHAN Kam-lam proposed and put.

Hon CHAN Kam-lam claimed a division. The President then ordered the Council to divide under Rule 47(1) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 26 were present, eight were in favour of the amendment, 17 against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 17 were in favour of the amendment and 10 against it. (Voting record in Appendix III.) Since the question was not agreed by a majority of each of the two groups of Members present, she declared that the amendment was negatived.

Hon LAU Chin-shek replied.

Question on Hon LAU Chin-shek's motion as amended by Hon CHAN Kam-lam put.

Hon LAU Chin-shek claimed a division. The President then ordered the Council to divide under Rule 47(1) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 26 were present, 17 were in favour of the amended motion, eight against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 20 were in favour of the amended motion and seven against it. (Voting record in Appendix IV.) Since the question was agreed by a majority of each of the two groups of Members present, she declared that the amended motion was carried.

### **Proposals for the next Budget**

Dr Hon YEUNG Sum moved the following motion and addressed the Council:

That, as the general public has not yet been able to benefit from the recovery of the economy, this Council urges that, in drawing up the Budget for the next fiscal year, the Government should, having regard to its huge fiscal reserves and the growth in the economy, correspondingly increase government spending and study the feasibility of the following taxation measures, in order to relieve the tax burden on the lower and middle classes and give an impetus to environmental protection:

- (a) increasing the amount of home loan interest deduction;
- (b) introducing a mechanism for salaries tax allowances to be adjusted annually in line with the rate of inflation and to remain unchanged in times of deflation;
- (c) abolishing the standard rate of salaries tax and setting the maximum marginal rate of salaries tax at a level similar to the rate of profits tax;
- (d) introducing a progressive profits tax system with two tax bands; and
- (e) promoting green tax reform, on the basis of the tax shifting principles as far as possible, and with the aim of not increasing Government's overall revenue, changing the modes of production of enterprises and the public's spending habits through financial incentives.

Question on Dr Hon YEUNG Sum's motion proposed.

The President stated that Hon CHAN Yuen-han and Hon James TIEN would move amendments to the motion. In accordance with the Rules of Procedure, the motion and the two amendments would be debated together in a joint debate.

Hon CHAN Yuen-han and Hon James TIEN spoke respectively on the motion and their amendments.

14 Members spoke on the motion and the amendments.

Dr Hon YEUNG Sum spoke on the amendments.

The Secretary for the Treasury spoke on the motion and the amendments.

Hon CHAN Yuen-han moved the following amendment to Dr Hon YEUNG Sum's motion:

To add "as well as small and medium enterprises," after "on the lower and middle classes"; to add "and extending to 10 years the period for which the deduction can be granted" after "increasing the amount of home loan interest deduction"; to delete "(c) abolishing the standard rate of salaries tax and setting the maximum marginal rate of salaries tax at a level similar to the rate of profits tax"; to delete "(d)" and substitute with "(c)"; to delete "(e)" and substitute with "(d)"; to delete "tax reform, on the basis of the tax shifting principle as far as possible, and with the aim of not increasing Government's overall revenue," and substitute with "industries and"; and to add ", so as to achieve objectives such as reducing the wastage of resources and protecting the environment; (e) providing tax deduction for contributions to private medical insurance schemes; (f) abolishing the upper limit on the deduction for expenses on self-education; (g) reducing the rates percentage charge from 5% to 3%; and (h) granting an additional deduction equivalent to 1.5 times of the expenses of small and medium enterprises on scientific research and training" after "the public's spending habits through financial incentives".

Question on Hon CHAN Yuen-han's amendment to Dr Hon YEUNG Sum's motion proposed and put.

Hon Hon CHAN Yuen-han claimed a division. The President then ordered the Council to divide under Rule 47(1) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 24 were present, seven were in favour of the amendment, 16 against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 21 were present, 17 were in favour of the amendment and three against it. (Voting record in Appendix V.) Since the question was not agreed by a majority of each of the two groups of Members present, she declared that the amendment was negatived.

Hon Fred LI rose to move the following motion without notice:

That in the event of further divisions being claimed in respect of the remaining motions to be moved to the motion on Proposals for the next Budget at this meeting, Rule 47(1)(c) of the Rules of Procedure be suspended so that the President may order that the Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

Question on the motion proposed, put and agreed to.

Hon James TIEN moved the following amendment to Dr Hon YEUNG Sum's motion:

To add ", improve the business environment" after "the lower and middle classes"; to delete "increasing" after "(a)" and substitute with "doubling"; to add "to \$200,000" after "the amount of home loan interest deduction"; to delete "introducing a mechanism" and substitute with "maintaining the existing arrangements"; to delete "allowances to be adjusted annually in line with the rate of inflation and to remain unchanged in times of deflation; (c) abolishing the standard rate of salaries tax and setting the maximum marginal rate of salaries tax at a level similar to the rate of profits tax; (d) introducing a progressive" and substitute with "and"; to delete "system with two tax bands" and substitute with "before the Government's Task Force to Review Public Finances comes up with its conclusions"; to delete "(e)" and substitute with "(c)"; to delete "promoting green tax reform, on the basis of the tax shifting principle as far as possible, and with the aim of not increasing Government's overall revenue, changing the modes of production of" and substitute with "encouraging"; and to delete "public's spending habits" and substitute with "public to promote environmental protection".

Question on Hon James TIEN's amendment to Dr Hon YEUNG Sum's motion proposed and put.

Hon James TIEN claimed a division. The President then ordered the Council to divide under Rule 49(5) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 25 were present, 12 were in favour of the amendment and 13 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 21 were present, two were in favour of the amendment and 18 against it. (Voting record in Appendix VI.) Since the question was not agreed by a majority of each of the two groups of Members present, she declared that the amendment was negatived.

Dr Hon YEUNG Sum replied.

Question on Dr Hon YEUNG Sum's motion put.

Dr Hon YEUNG Sum claimed a division. The President then ordered the Council to divide under Rule 49(5) of the Rules of Procedure.

The President announced that among the Members returned by functional constituencies, 25 were present, five were in favour of the motion and 20 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 21 were present, 10 were in favour of the motion and 10 against it. (Voting record in Appendix VII.) Since the question was not agreed by a majority of each of the two groups of Members present, she declared that the motion was negatived.

### **Next Meeting**

The President declared that the next meeting of the Council would be held on 21 February 2001 at 2:30 pm.

The Council was adjourned at 10:07 pm.

(Mrs Rita FAN HSU Lai-tai)  
President

Council Chamber  
Hong Kong