

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 2 January 1980****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE ACTING GOVERNOR (*PRESIDENT*)
THE HONOURABLE THE CHIEF SECRETARY
SIR JACK CATER, K.B.E., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. JOHN CALVERT GRIFFITHS, Q.C.

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. LI FOOK-KOW, C.M.G., J.P.

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, C.M.G., O.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, J.P.
SECRETARY FOR HOUSING

THE HONOURABLE EDWARD HEWITT NICHOLS, O.B.E., J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE DEREK JOHN CLAREMONT JONES, C.M.G., J.P.
SECRETARY FOR THE ENVIRONMENT

DR. THE HONOURABLE THONG KAH-LEONG, J.P.
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, J.P.
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, J.P.
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, J.P.
COMMISSIONER FOR LABOUR

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E.
LAW DRAFTSMAN

THE HONOURABLE OSWALD VICTOR CHEUNG, C.B.E., Q.C., J.P.

THE HONOURABLE ROGERIO HYNDMAN LOBO, C.B.E., J.P.

THE HONOURABLE LI FOOK-WO, C.B.E., J.P.

THE HONOURABLE JOHN HENRY BREMRIDGE, O.B.E., J.P.

DR. THE HONOURABLE HARRY FANG SIN-YANG, C.B.E., J.P.

THE HONOURABLE FRANCIS YUAN-HAO TIEN, O.B.E., J.P.

THE HONOURABLE ALEX WU SHU-CHIH, O.B.E., J.P.

THE REVD. THE HONOURABLE JOYCE MARY BENNETT, O.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, O.B.E., J.P.

THE HONOURABLE LYDIA DUNN, O.B.E., J.P.

DR. THE HONOURABLE HENRY HU HUNG-LICK, O.B.E., J.P.

THE HONOURABLE LEUNG TAT-SHING, O.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE McGOVERN, O.B.E., S.J., J.P.

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE WONG LAM, O.B.E., J.P.

DR. THE HONOURABLE RAYSON LISUNG HUANG, C.B.E., J.P.

THE HONOURABLE CHARLES YEUNG SIU-CHO, J.P.

DR. THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WONG PO-YAN, O.B.E.

ABSENT

THE HONOURABLE THOMAS LEE CHUN-YON, C.B.E., J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE LO TAK-SHING, O.B.E., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. LORNA LEUNG TSUI LAI-MAN

Papers

The following papers were laid pursuant to Standing Order No. 14(2):—

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Ferries Ordinance.	
Excluded Ferries (Passenger Ferry Service between Hong Kong Central District and Mei Foo Sun Chuen) (Amendment) Regulations 1979	284
Ferries Ordinance.	
Excluded Ferries (Passenger Ferry Service Across Tsau Wan) (Amendment) Regulations 1979	285
Widows' and Children's Pensions Ordinance.	
Widows' and Children's Pensions (Extension of Election Period) Order 1979	293
Dangerous Goods Ordinance.	
Dangerous Goods (General) (Amendment) (No. 2) Regulations 1979	294
Fixed Penalty (Criminal Proceedings) Ordinance.	
Fixed Penalty (Criminal Proceedings) (Amendment) Regulations 1979	295
Fixed Penalty (Traffic Contraventions) Ordinance.	
Fixed Penalty (Traffic Contraventions) (Amendment) Regulations 1979 ...	296
Import and Export Ordinance.	
Import and Export (Registration) (Amendment) Regulations 1979	297
Companies Ordinance.	
Companies (Forms) (Amendment) Order 1979	298
Summary Offences Ordinance.	
Summary Offences (Permitted Work) (Amendment) Regulations 1979	299
Dangerous Drugs Ordinance.	
Dangerous Drugs (Amendment of First Schedule) Order 1979	300
Public Health and Urban Services Ordinance.	
Public Health and Urban Services (Public Markets) (Designation and Amendment of Tenth Schedule) (No. 5) Order 1979	301

<i>Subject</i>	<i>L.N. No.</i>
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 4) Order 1979.....	302
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 5) Order 1979.....	303
District Court Ordinance. District Court Suitors' Funds (Amendment) Rules 1979.....	304
Legal Practitioners Ordinance. Practising Certificate (Solicitors) (Amendment) Rules 1979	305
Legal Practitioners Ordinance. Solicitors' Accounts (Amendment) Rules 1979	306
Legal Practitioners Ordinance. Solicitors' Practice (Amendment) Rules 1979	307
Deposit-taking Companies (Amendment) Ordinance 1978. Deposit-taking Companies (Amendment) Ordinance 1978 (Commencement) Notice 1979.....	308
Deposit-taking Companies Ordinance. Deposit-taking Companies (Minimum Liquidity Ratios) Notice 1979.....	309
Deposit-taking Companies Ordinance. Deposit-taking Companies (Minimum Liquidity) (Specified Liquid Assets) Notice 1979	310
Public Health and Urban Services Ordinance. Declaration of Markets in Urban Areas (No. 2)	311
Supreme Court Ordinance. Rules of the Supreme Court (Amendment) (No. 5) Rules 1979	312
Supreme Court Ordinance. Rules of the Supreme Court (Amendment) (No. 6) Rules 1979	313
Supreme Court Ordinance. Rules of the Supreme Court (Amendment) (No. 7) Rules 1979	314

<i>Subject</i>	<i>L.N. No.</i>
Supreme Court Ordinance. Rules of the Supreme Court (Amendment) (No. 8) Rules 1979	315
Legal Practitioners Ordinance. Students (Amendment) (No. 2) Rules 1979.....	316
Public Health and Urban Services Ordinance. Hawker (Amendment) By-laws 1979	317
Public Health and Urban Services Ordinance. Pleasure Grounds (Amendment) (No. 2) By-laws 1979	318
Sessional Paper 1979-80:	
No. 26—Hong Kong Export Credit Insurance Corporation Annual Report 1978-79 (published on 2.1.79).	

Oral answers to questions

Inspections of factory premises for fire prevention

1. MR. CHEN asked:—*In view of the recent spate of factory fires, with one case involving the tragic death of 5 workers, will Government make a statement on the extent to which factory premises are being checked to ascertain compliance with fire prevention regulations especially in regard to:*

- (a) the storage of inflammable materials; and*
- (b) the blockage of staircase areas and means of escape?*

SECRETARY FOR SECURITY:—Sir, in the first 11 months of 1979 there were 460 fires in factories in industrial buildings and 92 in factories in domestic premises compared with 474 in industrial buildings and 80 in factories in domestic premises in 1978.

Fire safety requirements in new industrial buildings are considered before building plans are approved. At that stage the Director of Fire Services specifies the equipment and installations required to protect the building and those working in it. On completion the building is inspected to ensure that all such installations and equipment have been provided. Thereafter it is the responsibility of the owner to ensure that these facilities are kept in efficient working order and are inspected by a registered contractor at least once every 12 months. 10 percent of all such installations are checked annually by the Fire Services Department.

268,000 inspections of buildings of all kinds (including factories and dangerous goods stores) were undertaken by the Fire Prevention Bureau in the first 11 months of 1979 and of these 151,000 were in respect of staircases and means of escape. Separate statistics are not kept by the Department for factories but included in these figures are 2,720 inspections of the 1,730 dangerous goods stores. Where fire hazards are identified, abatement notices are issued to the owners and if the hazard is not removed within a specified time, prosecution may follow. In the first 11 months of 1979, 9,663 such notices were issued in respect of all types of premises and 3,422 prosecutions followed including 109 for the improper storage of dangerous goods.

In addition, the Labour Department made 33,477 inspections of factories in the first 11 months of 1979, and these inspections included checks for fire hazards.

MR. CHEN:—*Sir, I believe approximately two years ago, the plastics industry introduced a code of practice. May I ask what progress has Government been able to make in the implementation of that code of practice; and furthermore, is it Government's intention to extend this code of practice to cover other industries?*

SECRETARY FOR SECURITY:—*Sir, 522 firms employing about 50% of the total labour force in the plastics industry now participate in this self-regulatory scheme, and the Director of Fire Services is reviewing the scheme to gauge the degree of success achieved and will be reporting his findings to the Dangerous Goods Standing Committee. It is not intended at the present time to extend the code of practice to other industries, but consideration is being given under the Factories and Industrial Undertakings Ordinance regarding fire precautions and arrangements in such buildings.*

REVD. JOYCE M. BENNETT:—*Sir, what is the penalty for those found infringing staircases and other areas of escape, and what are the penalties usually given in these cases?*

SECRETARY FOR SECURITY:—*I do not know the answer to that question, but I will provide it to the honourable Member in writing.*

THE FOLLOWING WRITTEN REPLY WAS PROVIDED SUBSEQUENTLY

Obstructing the means of escape from a building constitutes a fire hazard and in such cases the Fire Services Department issues an abatement notice to the person responsible. If the person does not comply with the notice within a specified period of time, then he is liable, under section 9(3) of the Fire Services Ordinance (Chapter 95), to a maximum fine of \$2,000 plus an additional \$40 for each day during which the offence continues. Where the obstruction is particularly serious or where the fire hazard is considered likely to recur, the Director of Fire Services may apply to a magistrate's court, under section 9(4) of the Ordinance, for the issue of a summary order in respect of the premises. Such an order may require abatement or prohibition of the fire hazard. Failure to comply with a fire hazard order issued by a magistrate's court may result in

a maximum fine of \$4,000 and \$100 for each day during which the offence continues.

In 1979, 255 prosecutions were brought against offenders for blocking means of escape from industrial buildings. Of these, 193 were pursued under section 9(3) of the Ordinance and resulted in fines which averaged \$540 per prosecution. The remaining 62 prosecutions were under section 9(4) and the fines imposed averaged \$1,760. In some of these cases the maximum fine provided for under the Ordinance was levied.

MR. PETER C. WONG:—*Is Government satisfied that the checks and investigations currently being carried out are adequate for the purpose of prevention of fire in industrial premises?*

SECRETARY FOR SECURITY:—The checks which are made are very comprehensive as a result of each fire, and the one which led to the unfortunate death of five women workers recently is now the subject of investigation. The answer is that the Government is satisfied. Unhappily however, the fact is that very large numbers of staircases are blocked by very large numbers of entrepreneurs almost immediately after inspections, and it is there I fear that the responsibility really lies.

Overload devices in lifts

2. MR. WU asked:—*For the sake of public safety, is it compulsory for all lifts, passenger and cargo, to be equipped with automatic devices which would prevent movement of the lifts in case of overload?*

DIRECTOR OF PUBLIC WORKS:—Sir, under Regulation 35A of the Building (Lifts) Regulations all lifts installed on or after 3 May 1969 must be provided with an overload device which will operate when the load in the car is 10% or more in excess of the rated load for the lift. When the device comes into operation it prevents movement of the car and prevents the closing of power-operated doors fitted to the car or to the lift landing.

Although lifts installed prior to 3 May 1969 are not required to have overload devices it should not be assumed that they are therefore unsafe as very high safety factors are employed in lift design particularly in respect of rope strengths. The most likely effect of heavy overloading one of these older generation lifts would be its failure to stop at the correct designed level. The car could overrun the levelling zone and as a result the doors would not open. In such a situation the passengers would require outside assistance to open the doors or to raise the car to the right level to enable them to exit.

The overload device is in effect a desirable refinement in lift design which is incorporated more for convenience than for safety.

MR. WU:—*Sir, are lifts installed before the 3 May 1969 regularly inspected and if so, does Government consider such inspections adequate to ensure public safety?*

DIRECTOR OF PUBLIC WORKS:—*Sir, under the Lifts and Escalators (Safety) Ordinance, all lifts are subject to monthly checks and maintenance programmes by registered lift contractors. They are also subject to yearly and five-yearly programmes—thorough inspections by registered lift engineers—at the one-yearly intervals without loads and the five-yearly intervals with full loading. These are considered to be adequate.*

Eligibility of elderly applicants for public assistance

3. MR. HO asked:—*Will Government say how eligibility for public assistance is determined for those elderly applicants whose adult children decline to support them and also refuse to co-operate with the welfare authorities?*

SECRETARY FOR SOCIAL SERVICES:—*Sir, where an elderly applicant is living physically apart from his adult children and claims that he is not supported by them, the Social Welfare Department processes the claim in the normal way, and the usual conditions attached to public assistance applies.*

Where an elderly applicant lives under the same roof as his adult child or children and there are contradictory claims from the parties concerned, eligibility for public assistance would have to be determined on the basis of the departmental investigator's observations of the daily pattern of life of the applicant, supplemented by any evidence of the source of support. In the absence of any concrete evidence to the contrary, sharing of cooking utensils and meals with independent adult children would usually be taken as *prima facie* evidence of support by the latter, and the family would have to be assessed as a unit for public assistance purposes.

Any applicant who is aggrieved by a decision of the Social Welfare Department may, of course, appeal to the Social Security Appeal Board whose membership is composed entirely of Cantonese speaking private citizens appointed by Your Excellency.

Glossaries of Chinese equivalents of English terms commonly used in Government business

4. MR. WU asked:—*In the light of the Government's policy to promote the use of Chinese in communications with the public, will the Government say whether it has compiled glossaries of the terms commonly used in Government business and their Chinese equivalents and, if so, where these are available to the public?*

DIRECTOR OF HOME AFFAIRS:—Yes, Sir, translators of the Home Affairs Department have compiled eight glossaries of Chinese equivalents of English terms commonly used in Government business. They cover financial and economic matters, transport, education, social welfare, housing, urban services, the civil service and New Territories affairs.

A full set of these glossaries is kept at the Chinese Language Division of the Home Affairs Department on the 25th floor of International Building and any member of the public who wishes to consult them is welcome to do so.

MR. WU:—*Sir, under the same policy, will the Government also say whether it has compiled any pamphlets to explain in simple Chinese some of the important ordinances so that they can be easily understood by the public?*

DIRECTOR OF HOME AFFAIRS:—Yes, Sir, about 100 I think—about 108 pamphlets have been compiled, and I believe they cover over 100 ordinances.

REVD. JOYCE M. BENNETT:—*Sir, is it possible for these glossaries to be put on sale for the use of the public and for the use of educational establishments?*

DIRECTOR OF HOME AFFAIRS:—That is a good suggestion, and it is what the Home Affairs Department intends to do subject to funds being made available. Last year, in fact, we did try to publish two of these glossaries, but funds were not available at that time. However, we do hope to begin publishing the glossaries for sale in the coming financial year, and we will try to bring them out—all of them out, as soon as possible. I think Miss BENNETT and Mr. WU are aware that there is already a comprehensive glossary of applied legal terms that can be bought at any Government Publications Centre.

Employment of women at night

5. MISS DUNN asked:—*What are the regulations governing the employment of women workers at night in the manufacturing and commercial sectors?*

COMMISSIONER FOR LABOUR:—Sir, the employment of women workers at night in the manufacturing sector is governed by the Factories and Industrial Undertakings Regulations. Briefly, these state that women workers cannot be employed before 6 a.m. or after 8 p.m. If overtime is worked the period of employment can be extended to 9 p.m., and, with the written permission of the Commissioner for Labour and subject to certain conditions, women can be employed on shift work up to 11 p.m.

These regulations do not apply to employment other than in factories and industrial undertakings.

MISS DUNN:—*Sir, in these enlightened times, what is the logic behind divesting adult women of their own free will to choose to work at night?*

COMMISSIONER FOR LABOUR:—Hopefully, times will become more enlightened in due course. There is in the world today a debate going on in the International Labour Organization, EEC and other places, concerning the balance between the equality of rights of women, and certain restrictions are designed for their protection. I shall be observing these debates with interest and I shall probably be reviewing the situation fundamentally in a year or two.

MISS DUNN:—*Sir, is it not inconsistent to restrict night work for women workers in the manufacturing sector but not in the commercial sector, where conditions of work may not necessarily be more tolerable?*

COMMISSIONER FOR LABOUR:—Miss DUNN certainly has a point in logic, although in most non-industrial sector jobs there is not the employment of women on shift work on a large scale. There may be one or two areas in the commercial sector where control perhaps may need to be considered, and I shall be proposing for the consideration of Executive Council enabling powers for regulations to be introduced in other sectors. I would, however, like to emphasize that I have at the present time no intention of introducing any such regulations without very considerable consultation and consideration.

MISS DUNN:—*Sir, in the light of these debates which are going on internationally, as the Commissioner just mentioned, and notwithstanding what he has just said, will the Government consider abolishing all restrictions on the employment of women workers at night, as provided for in the Factories and Industrial Undertakings Regulations?*

COMMISSIONER FOR LABOUR:—Not at this time, Sir.

MISS DUNN:—*Why not, Sir?*

COMMISSIONER FOR LABOUR:—The history of the control of employment of women at night has a very long and chequered history, which I will not go into this afternoon. Suffice it to say that most developing and developed nations have some control over the employment of women at night for reasons of protection, both in health and prevention of social disruption of family life.

MR. CHEUNG:—*On the whole, is not the lot of women employed in factories and in commercial establishments much better than the housewife who has to work at home without servants (laughter)?*

HIS EXCELLENCY THE PRESIDENT:—Could the Commissioner just answer that question?

COMMISSIONER FOR LABOUR:—I'm sorry, Sir, I thought that was a comment (*laughter*). That is a matter on which I would I think perhaps not pass a personal opinion (*laughter*)!

HIS EXCELLENCY THE PRESIDENT:—Thank you.

MISS DUNN:—*Sir, would the Government agree that male chauvinistic facetiousness is discourteous and inappropriate in this Council (laughter)?*

HIS EXCELLENCY THE PRESIDENT:—I accept that as a comment, Miss DUNN (*laughter*).

Pick-pocketing activities during Lunar New Year

6. MR. SO asked in Cantonese:—

閣下，年近歲晚，請問政府將會採取甚麼措施防止扒手活動？

(The following is the interpretation of what MR. SO asked).

Sir, with the approach of the Lunar New Year, what measures will the Government take to curtail the activities of pick-pockets?

SECRETARY FOR SECURITY:—Sir, there is no established relationship between the activities of pick-pockets and the lunar cycle (*laughter*) and so the number of pick-pocketing offences is unlikely to increase during the Lunar New Year.

There will be no relaxation of Police vigilance during the Lunar New Year period. In addition to the redeployment of Police manpower on anti-crime patrols, the Police will step up their publicity efforts advising the public to be on the look out for pick-pockets, to take greater care of their cash and valuables, not to carry large sums of money on their person, and to report at once if an incident occurs.

Statement

Hong Kong Export Credit Insurance Corporation Annual Report 1978-79

SECRETARY FOR ECONOMIC SERVICES:—Sir, the report tabled today is the Report of the Hong Kong Export Credit Insurance Corporation for 1978-79 and its Accounts, in accordance with section 28 of the Hong Kong Export Credit Insurance Corporation Ordinance.

Established in 1966, the Corporation is charged with responsibility for carrying out the functions of Hong Kong's official export credit insurer, operating on a commercial basis. While the Government has provided the Corporation with capital now standing at \$20 million, and with a guarantee of its liabilities now up to \$2,000 million, the Corporation is required to pay its own way, with income depending on premiums payable by its policy holders and

on its return from funds invested. In carrying out its business, the Corporation receives valuable guidance from an Advisory Board which largely consists of unofficials from the commerce, industry, banking and insurance sectors.

Since it started, the Corporation has provided protection for manufacturers and exporters of Hong Kong against the risks of their not being paid for the goods and services they supply to overseas clients. The insurance thus available has made a valuable contribution to Hong Kong's export trade.

In 1978-79, consistent with the characteristics of Hong Kong's domestic exports, clothing was by far the most significant product the Corporation covered, in terms of value representing 39% of exports insured. The United Kingdom continues to be the largest market covered with 34% of the total, and exports to the EEC account for nearly 60% of exports insured by the Corporation. Insured exports to the USA are growing but are not yet significant: it remains traditionally and essentially a letter of credit market.

The business of the Corporation has been growing steadily. I am pleased to be able to say that 1978-79 was a particularly active year. Insured exports increased by 38% over last year to nearly \$2.5 billion in value, compared with a 22% increase for domestic exports overall. Both gross income from premiums and the underwriting reserve have exceeded \$10 million for the first time. The number of current policies is now at an all-time high of 1,041. With this increase in business, liability now stands at \$1,774 million and in the fairly near future we may have to seek this Council's agreement to an increase in the Government's guarantee so as to allow adequate room for further growth.

This gratifying performance shows how the Corporation continues to identify opportunities for expanding its business. Since 1974-75 exports insured by the Corporation have increased by about 70% and notwithstanding some years of heavy claims, the Corporation has not found it necessary to increase premium rates overall. The total picture indicates the Corporation's ability to move as exports grow and to add to its reserves.

Insured exports form about 5.5 to 6.5% of total exports. But it must be noted that, as exports under letters of credit are not usually covered, only 1.5% of our exports to the USA are covered by the Corporation. By contrast, 22% of all exports to Norway are insured, nearly 20% of all our exports to the United Kingdom and higher figures still for some African and South American markets. There is still scope for the Corporation to increase its business and to improve its spread of export markets, buyers and products from Hong Kong.

But this must be achieved without undue risk, and, in particular, we must not fall into the trap of pursuing diversification of markets as an end in itself. For a number of years, inevitably with the growth in business, there have been increasing claims payable. In 1978-79 close to \$7 million was required to meet and to provide for claims (compared with \$6.5 million last year). Nearly \$6 million of this \$7 million related to shipments made as recently as in the year just past. These claim and provision figures represent a little over 50% of gross

premium income. There are two main causes of claims: the commercial one, that is an overseas buyer becomes bankrupt, defaults on payment or repudiates his contract; and the political or economic one involving a change in the environment in the buyer's country. While a high proportion of claims still derive from commercial causes, in the year under review there was a growing incidence of losses, representing 24% of claims paid and 39% of the claims provision, caused by political factors.

Risks, of course, are inherent in the business of insurance. In export credit insurance, credit risks and dangers tend to increase in any period of rapid growth in exports. But if the Corporation could maintain claims at a level of about half of premium income, I think it would be doing very well.

Thus, Sir, in short the aim is to increase the volume of business but with a better quality of risk. And it is towards this end that the Corporation, its Commissioner and staff have been endeavouring, and will continue to endeavour.

Government Business

Motions

REVENUE REWARD FUND

THE FINANCIAL SECRETARY moved the following motion:—That, with effect from 1 April 1980—

- (a) the Revenue Reward Fund, operated under the Resolution of this Council made and passed on 8 January 1975 and published in the *Gazette* as Legal Notice No. 4 of 1975, be dissolved;
- (b) the assets of the Fund be transferred to the general revenue of the Colony;
- (c) the Resolution of 8 January 1975 be cancelled.

He said:—Sir, I move the resolution standing in my name in the Order Paper— the first Resolution.

The Revenue Reward Fund was established by Resolution of this Council on 20 July 1949. Although this Resolution was replaced by a revised Resolution on 20 May 1953 and by a further revised Resolution on 8 January 1975, the basic purposes of the Fund have remained unchanged. They are, *first*, to receive the proceeds of sale of confiscated contraband under the Import and Export Ordinance or the Dutiable Commodities Ordinance, and fines imposed for offences under the latter Ordinance; and *secondly*, to pay rewards for information leading to the forfeiture of contraband or to the conviction of any person of an offence related to the contraband.

In view of the small number of transactions passed through the Fund in recent years, and the considerable accounting and audit work involved, it is considered that the Fund should now be wound up. This Resolution seeks,

therefore, to dissolve the Fund with effect from 1 April 1980 and to transfer its assets, which amounted to something rather more than \$218,000 at 31 March 1979 to the general revenue.

With the winding up of the Fund, the proceeds of sale of confiscated contraband and fines will be credited to general revenue. Rewards for information leading to the forfeiture of contraband, or to the conviction of any person of an offence related to the contraband, will be paid from funds voted for the Trade, Industry and Customs Department for the payment of rewards and special services. The necessity for speed and secrecy of payments to informers will not be adversely affected in any way by these revised arrangements.

Sir, I beg to move.

Question put and agreed to.

MASS TRANSIT RAILWAY CORPORATION ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:—Under section 12 of the Mass Transit Railway Corporation Ordinance that the Schedule to the Resolution of the Legislative Council published as Legal Notice No. 242 of 1975 in the *Gazette* on the 31 October 1975 as amended from time to time be further amended by deleting item 29 and substituting the following—

- | | |
|--|--|
| ‘29. Export credits to finance a contract placed in France | 144 million Hong Kong Dollars and such amounts as may become payable in respect of interest and other charges including deferred interest, provided that the liability of the Government under the Guarantee in respect of deferred interest shall be limited to 7.5 million Hong Kong Dollars.’ |
|--|--|

He said:—Sir, I rise to move the second motion standing in my name in the Order Paper.

Section 12 of the Mass Transit Railway Corporation Ordinance requires the authority of the Legislative Council for the Financial Secretary, on behalf of the Government, to grant guarantees in respect of the repayment of loans and other indebtedness incurred by the Mass Transit Railway Corporation.

On 1 August 1979 this Council authorized me to grant guarantees of up to 142 million Hong Kong Dollars in respect of export credits to finance a contract placed in France for the construction of the Corporation’s railway depot at Tsuen Wan. I was also authorized to guarantee the payment of deferred interest on the credits not exceeding 4.5 million Hong Kong Dollars.

Since then the Corporation has been granted an extra 2 million Hong Kong Dollars in credits by the lenders and has managed to negotiate an improved drawdown schedule which allows the Corporation to use cheaper funds earlier than originally agreed.

So, the motion I am introducing today seeks authority for a Government guarantee to cover repayment of a principal sum of 144 million Hong Kong Dollars instead of 142 million Hong Kong Dollars, and the payment of deferred interest amounting to 7.5 million Hong Kong Dollars instead of 4.5 million Hong Kong Dollars.

No other terms of the original loan agreement have been changed.

If honourable Members make this resolution, the Government's total guarantee commitment in respect of the Mass Transit Railway Corporation will amount to 8,905 million Hong Kong Dollars. This contingent liability—and it is only a contingent liability—on the public finances of the Colony is well provided for within our fiscal reserves.

Sir, I beg to move.

Question put and agreed to.

First reading of bills

SUPPLEMENTARY APPROPRIATION (1978-79) BILL 1980

MARINE FISH CULTURE BILL 1980

Bills read the first time and ordered to be set down for second reading pursuant to Standing Order 41(3).

Second reading of bills

SUPPLEMENTARY APPROPRIATION (1978-79) BILL 1980

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to approve a supplementary appropriation to the service of the financial year which ended on 31 March 1979’.

He said:—Sir, I move that the Supplementary Appropriation (1978-79) Bill 1980 be read the second time.

This Bill, Sir, seeks to give final legislative authority to the supplementary expenditure authorized by Resolutions of this Council, and is the last stage in disposing of expenditure incurred during the financial year 1978-79. It also

seeks an appropriation to meet expenditure incurred by departments where receipts appropriated-in-aid fell short of the sums originally estimated.

The original estimates were given legislative form in the Appropriation Ordinance 1978, which authorized a specific sum under each head of expenditure. It is necessary now to legislate further in respect of those heads of expenditure where the net effect of supplementary provisions, shortfalls in receipts appropriated-in-aid and underspending has resulted in an excess over the net sum appropriated in the Appropriation Ordinance 1978. The total supplementary appropriation required is HK\$1,017 million under 41 heads as against savings of HK\$174 million under various other heads.

Sir, I move the debate on this motion be adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—THE FINANCIAL SECRETARY.

Question put and agreed to.

MARINE FISH CULTURE BILL 1980

THE DIRECTOR OF AGRICULTURE AND FISHERIES moved the second reading of:—‘A bill to regulate and protect marine fish culture and for purposes connected therewith’.

He said:—Sir, I move that the Marine Fish Culture Bill 1980 be read the second time.

The memorandum annexed thereto most adequately explains the legal technicalities of the Bill. It may, however, be helpful if I endeavour a further commentary on the reasoning underlying the introduction of this legislation.

Although the culture of fresh water fish is long established, the culture of marine fish is a relatively recent phenomenon having evolved, on a commercial scale, only in the last decade or thereabouts. It is an operation involving the feeding of capture fish fry, or small fish, for sale on reaching maturity. In Hong Kong the development of this industry is based on a strong local demand for live fish.

There are two basic methods of rearing fish stocks. One involves cages or nets suspended from rafts, the other (known as ‘impoundment’) involves enclosing a portion of the sea by artificial barriers. The cage culture method, which allows for much easier means of management, feeding, harvesting, exclusion of predators and provision of adequate water circulation, is much more productive than the impoundment method. In Hong Kong, the former produces 52 metric tonnes while the latter only 3 metric tonnes of fish a hectare each year.

The local marine fish culture industry presently employs some 5,600 adults, of whom 70% regard mariculture as their principal, but not necessarily full-time, occupation. All but about 100 are engaged in cage culture. There are some 2,300 rafts with a total area of 16.5 hectares in various locations. About 16 hectares of the sea are impounded. The fish species most commonly reared are sea bream, garoupa and snapper. In 1978, the industry produced 680 metric tonnes of fish, 0.5% by weight and 5% by value of the total landings of fish and other marine products.

Although the demand for live fish is likely to grow with increased prosperity, the development of the marine fish culture industry is subject to a number of constraints:

- firstly, the supply of fish fry;
- secondly, the supply of fish feed;
- thirdly, the availability of suitable locations;
- fourthly, localized overcrowding due to lack of co-ordinated control;
- fifthly, inefficient techniques causing higher costs of production; and
- finally, a general lack of suitable regulations over the industry's practices.

Assuming adequate supplies of fish fry and fish feed, the availability of suitable areas for development of the industry, and the introduction of appropriate regulatory measures it is estimated that by introducing more sophisticated husbandry techniques, the productivity of cage fish culture can be doubled. Based on the estimated maximum area of water available for mariculture the production of fish from such culture could potentially reach 15,000 metric tonnes a year, or about 10% by weight of the 1978 level of marine capture fishery landings. In terms of employment opportunity this represents some 20,000 jobs, most of which would be likely to involve part-time work undertaken by older people or women.

Although the local marine fish culture industry presently provides only a limited contribution to meeting the protein needs of Hong Kong's population, it does have some merits because the industry:

firstly, meets a demand for live fish, which the capture fish industry cannot meet in full. The population traditionally favours live fish and is prepared to pay high prices for the same;

secondly, it provides a market for trash fish, which constitute between 5 and 10% of fish caught, mainly by inshore seine netters. It thereby increases the income of these fishermen; and

thirdly, provides a suitable alternative livelihood for people leaving the capture fishing industry as a result of technological changes.

On the other hand, marine fish culture, if allowed to proliferate without proper control, could:

- (a) block navigational channels and obstruct users of typhoon shelters and public piers;

- (b) occupy areas of water better suited for recreational or other uses, and spoil scenic areas.

Marine fish culture, if properly controlled and sited in suitable areas, is unlikely to generate pollution. In fact, cultured fish themselves are highly vulnerable to water pollution. They will die if, because of an inadequate tidal flow, oxygen is insufficient, or if there is an excess of nutrient content or other pollutants in the sea. It is in the operators' interest therefore to maintain the quality of the water by exercising proper management.

The Marine Fish Culture Bill 1980 is designed to prevent the undesirable effects previously referred to, and to provide the protection and control necessary for the industry to increase its efficiency.

Specific areas of the sea will be set aside for marine fish culture. The intention is to gazette areas, referred to as 'zones', totalling some 360 hectares of water, mainly occupied at present by fish farmers. These zones will be away from navigation channels, typhoon shelters, public piers and gazetted beaches. They have also been so placed that they will have only a minimal effect on the development of recreational facilities and the aesthetic environment near country parks.

The location and boundaries of zones have been carefully drawn up in consultation with various Government departments, and statutory authorities. These organizations will also be consulted should consideration be given to gazetting any new zones; and it is proposed to seek the advice of Executive Council in respect of any individual new zones involving more than 20 hectares of water.

Within specified fish culture zones, all culture operations will require to be licensed. Licensed sites will be situated to ensure that there is good overall tidal flow and water exchange. Annual licences will confer on operators certain rights, including the use of the water for mariculture and protection from interference and damage caused by other users of waters in and around the zones. Rafts and vessels will be prohibited from zones other than for the purposes of fish culture or under licence or permit. Licensing conditions will be imposed on the operations, controlling any aspect of their operating method which would adversely affect the vicinity.

The licensing system is designed to control mainly the existing type of relatively small scale fish culturists. Large scale commercial operations requiring more secure tenure can apply for a grant of seabed. If granted they would be exempted from licensing requirements but would be subject to a specific set of lease and operating conditions.

Outside the specified culture zones, fish culture rafts will be subject to the control of the Director of Marine, except where a permit under clause 13 of the Bill has been granted.

Approximately 1,700 rafts or 74% of existing fish culture operations lie within proposed zones; and owners would be permitted to carry on their business provided they comply with the relevant conditions. Some minor resiting of rafts within individual zones may be necessary. The operators of the 600 rafts (26%) lying outside the proposed zones will be able to apply for relocation within the specified zones. Priority will be given to such relocation of established rafts as compared with newcomers wishing to enter the industry. Newcomers will be permitted to operate only within specified zones.

Although the proposed legislative measures have been generally agreed with the marine fish culture industry, it is recognized that the details of legislation, its provisions and procedures to be followed by those wishing to apply for a licence will require careful explanation over several months. It is proposed therefore that the provision requiring marine fish culture operators to obtain licences (clause 6 of the Bill) will come into operation on a date to be specified by the Governor.

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

*Motion made. That the debate on the second reading of the Bill be adjourned—*THE DIRECTOR OF AGRICULTURE AND FISHERIES.

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday 16 January 1980.

Adjourned accordingly at seven minutes past three o'clock.