

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 11th March 1981****The Council met at half past two o'clock****PRESENT**

HIS HONOUR THE DEPUTY TO THE GOVERNOR (*PRESIDENT*)
THE HONOURABLE THE CHIEF SECRETARY (*Acting*)
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
MR. HENRY CHING, J.P.

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

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., 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.
CHAIRMAN, COMMITTEE TO REVIEW POST-SECONDARY AND TECHNICAL
EDUCATION

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

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

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

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

THE HONOURABLE JOHN MARTIN ROWLANDS, C.B.E., 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., Q.C.
LAW DRAFTSMAN

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE DONALD LIAO POON-HUAI, O.B.E., J.P.
SECRETARY FOR HOUSING

THE HONOURABLE GRAHAM BARNES, J.P.
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE SELWYN EUGENE ALLEYNE, J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
DIRECTOR OF EDUCATION (*Acting*)

THE HONOURABLE LAWRENCE WILLIAM ROBERT MILLS, J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS (*Acting*)

THE HONOURABLE NIGEL MARENGO TAYLOR, J.P.
SECRETARY FOR ECONOMIC SERVICES (*Acting*)

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

THE HONOURABLE LI FOOK-WO, C.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 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 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.

THE HONOURABLE CHARLES YEUNG SIU-CHO, O.B.E., J.P.

DR. THE HONOURABLE HO KAM-FAI, J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, J.P.

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING, J.P.

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN

ABSENT

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

THE HONOURABLE LO TAK-SHING, 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.

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

THE HONOURABLE CHAN KAM-CHUEN, J.P.

IN ATTENDANCE

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

Oath

MR. N.M. TAYLOR took the Oath of Allegiance and assumed his seat as a Member of the Council.

His Honour the President:—I should like to welcome Mr. Taylor to this Council.

Papers

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

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:—	
Public Revenue Protection Ordinance.	
Public Revenue Protection (Stamp) Order 1981	56
Boilers and Pressure Receivers Ordinance.	
Boilers and Pressure Receivers (Exemption) (Consolidation) (Amendment) Order 1981	58
Immigration Ordinance.	
Immigration (Places of Detention) (Amendment) Order 1981.....	59
Metrication Ordinance.	
Metrication Amendments (Miscellaneous Provisions) Order 1981.....	60
Buildings (Amendment) Ordinance 1980.	
Buildings (Amendment) Ordinance 1980 (Commencement) Notice 1981	61
Pensions Ordinance.	
Pensionable Offices (Amendment) Order 1981	62
Interpretation and General Clauses Ordinance.	
Game Wardens (Change of Title) Notice 1981	63
Trade Descriptions Ordinance 1980.	
Trade Descriptions Ordinance 1980 (Commencement) Notice 1981	64
Sessional Papers 1980-81:	
No. 44—Supplementary Provision for the quarter ended 31 December 1980.	
No. 45—University and Polytechnic Grants Committee of Hong Kong Report—July 1978 to June 1980.	

Oral answers to questions

Appointment of a gas consultant

1. MISS DUNN asked:—*In view of the continuing public concern about the safety of gas water heaters, has the consultant mentioned in the Secretary for Security's reply to my question on 11 June 1980, yet been appointed? And if not, what has been the reason for the delay?*

SECRETARY FOR SECURITY:—I recognize and appreciate the concern of sections of the community over the danger of using certain water heaters without adequate ventilation. This adds to my own disappointment that negotiations with the prospective consultants to examine the wider aspects of the gas industry have not yet been completed.

I hope however that they will be concluded shortly and that the consultancy will start next month.

The reason for this delay is that the selection of an appropriate consultant has proved to be more complex and time consuming than I anticipated when I said on the 11 June last year that I hoped consultants would be at work by the end of the year. And as the policy Secretary charged with this subject I accept responsibility for that.

The selection process has involved—the preliminary identification of consultants with the appropriate competence and expertise;
an invitation to them to submit outline proposals and from this the completion of a short list;
the drawing up of specifications on which those short listed could submit detailed proposals;
the submission of these proposals and their evaluation; and
the final negotiations.

The last but one stage I have outlined was concluded in mid-January, and it's the final stage which I hope will be concluded this month.

MISS DUNN:—*Sir, how long does the Government expect the consultancy will last?*

SECRETARY FOR SECURITY:—Twenty weeks is the period for the initial term of the consultancy, with an interim report in July.

MISS DUNN:—*Sir, apart from publicity, which obviously has not proved entirely effective, has the Government given any thought to other interim measures to protect users of these appliances?*

SECRETARY FOR SECURITY:—Sir, this is a complicated issue which I don't want to try to duck. There are something of the order of 300,000 heaters in use in bathrooms, in kitchens and in washrooms. The great majority of these heaters

and their installations are of course entirely safe. The problem which arises is where a conventional flue heater is used in certain circumstances without adequate ventilation. To identify when such heaters are going to be used without adequate ventilation in a community of this size clearly, even in the short term, poses very substantial problems. It is not, therefore, simply a question of doing something, it is a question of weighing against the overall advantage whether what many would regard as rather draconian measures are in the general interest because of these most unfortunate tragedies which have occurred. And I have not yet been able to identify precisely what could be done, in the short term, pending the advice of consultants.

MISS DUNN:—*Sir, is the Government in close consultation with the gas companies?*

SECRETARY FOR SECURITY:—Sir, it has been over a very prolonged period and it was as a result of this consultation in 1978 that the need for consultants was first identified.

Street lighting along Tai Po Road

2. DR. HO asked:—*What plans have Government made with regard to the installation of proper street lighting along certain sections of Tai Po Road, in particular from the Sha Tin Racecourse to Chinese University and from Tai Po Shui Wai to Fanling Roundabout?*

DIRECTOR OF PUBLIC WORKS:—Sir, the provision of lighting to the three unlit sections of Tai Po Road was planned to be carried out in conjunction with programmed road improvement works.

However, as the roadworks over the one kilometre unlit section running southwards from the Chinese University will not now be started until after the Sha Tin/Tai Po Coastal Road is completed it has been decided to proceed in advance with the lighting scheme. Installation will start over the next few months and will be completed by the end of the year.

Roadworks covering the five hundred-metre unlit section at Chek Nai Ping west of the University are already underway and lighting will be installed as the works progress. It is anticipated that this work will be completed in about one year's time.

The last and by far the longest section of unlit roadway runs for approximately five kilometres between Tai Po Tau and Fanling Roundabout and spans three major road improvement schemes. The first of the schemes, between Wo Hop Shek and Fanling Roundabout, which will incorporate street lighting is already in hand and will be completed later this year. Works on the remainder, that is between Tai Po Shui Wai and Wo Hop Shek, are programmed to start early next year with completion in 1984.

Traffic restriction on Des Voeux Road

3. MR. F.W. LI asked:—*Now that the construction by the M.I.S. of M.T.R. has been completed, does the Government intend to reinstate vehicular traffic on Des Voeux Road Central between Bank Street and Pedder Street so as to relieve congestion on Connaught Road Central and Queen's Road Central?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the possibility of lifting the restriction on general traffic on this section of Des Voeux Road Central after the completion of the M.T.R. works has been carefully considered. But this road has now become one of the major entry points for public transport into Central District and the introduction onto it of additional vehicular traffic would severely hamper public transport movement while producing only marginal relief to congestion in Queen's Road Central and Connaught Road Central. Furthermore, the works to complete the building of Pedder Station for the Island Line of the M.T.R. will require the occupation of part of Des Voeux Road between Ice House Street and Pedder Street and this reinforces the need to retain the present restrictions as they stand.

I should add, Sir, that there are plans to divert a number of bus routes from Queen's Road Central to Des Voeux Road Central in order to make better use of this section of road for public transport.

MR. F.W. LI:—*Could this be interpreted that that section of the road will be frozen permanently?*

SECRETARY FOR THE ENVIRONMENT:—No, Sir, I don't think that implication follows, but it is certainly a possibility.

Industrial noise

4. MR. SO asked in Cantonese:—

政府可否告知本局，現正採取何種保護措施，以免工人健康受到工業噪音損害？

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

Will Government inform this Council of the measures it is taking to protect workers from the harmful effects of industrial noise?

COMMISSIONER FOR LABOUR:—Sir, noise is an 'invisible hazard' and the fact that continued exposure to excessive noise level may cause hearing damage has not been appreciated generally by either employers or employees in industry. Our experience indicates that for any safety or health programme to succeed, both employers and employees must first be made aware of the hazards and the consequences of not taking adequate precautions. To achieve this primary objective, the Factory Inspectorate commenced a hearing conservation programme in 1978. Inspectors, during their routine visits to factories, have been advising both employers and employees operating noisy industrial processes on the hazards involved and methods to protect the hearing of those employed in such an environment. This advice is also supplemented by publicity campaigns featuring noise hazard as one of the topics. Up to the present, the Labour Department has produced a leaflet, a booklet and a poster which are

distributed free to interested persons. Press releases, as well as announcements of public interest for television on hearing protection have also been issued. In the large scale industrial safety and health exhibition held at Kowloon-Canton Railway Terminus in 1979, a special stand was devoted to publicizing the effect of noise on the hearing of workers and various means of protection. In the coming financial year, another poster and an announcement of public interest on the same subject are planned. Noise will also be one of the features in a large scale industrial safety and health exhibition to be held later this year. This is in accordance with the policy to proceed with education and publicity before introducing legislation.

I have previously consulted the Labour Advisory Board on the matter who were strongly of the view that a period of publicity, advice and education should precede the introduction of legislation. But since now two years or so have elapsed since we embarked on the programme I have outlined, I think it is now time to consider the introduction of legislation. And the next step is likely to be making regulations requiring the provision of and wearing of ear protectors by workers in noisy industrial undertakings. The drafting instructions for this piece of legislation are now being prepared.

MR. SO asked in Cantonese:—

所指草擬中的條文，除了要求工人採用護耳罩之外，還會不會考慮加強管制使用一些發出過份噪音的機器？

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

Sir, about the drafting instructions which the Commissioner for Labour referred to, besides the use of ear protectors, will you also introduce measures to control those machines or machinery which generate excessive noise?

COMMISSIONER FOR LABOUR:—Sir, not at this stage. The question of noise reduction in machinery is a complicated matter and requires very prolonged study, so at this stage we will be going for the hearing protection in the main.

DR. FANG:—*Sir, may I ask the Commissioner for Labour whether the loss of hearing would be included in workmen's compensation?*

COMMISSIONER FOR LABOUR:—Sir, I speak from memory, but I think the Schedule has in fact already been altered in the amendments made to the Workmen's Compensation Ordinance and its Schedule last July, and that Schedule was due to come into force a year after its publication. If I am wrong on that point, and I do speak from memory, I will advise the honourable Member.

Government Business

Motions

RATING ORDINANCE

The Financial Secretary moved the following motion:—

In exercise of the powers conferred by section 18(1) of the Rating Ordinance that, for the period 1 April 1981 to 31 March 1982, for every tenement in a specified area set out in the first column of the Schedule, the general and Urban Council rates shall be computed on the basis of the respective percentage of the rateable value of such tenement set out opposite that area in the second and third columns of the Schedule.

SCHEDULE

<i>Specified Area</i>	<i>General Rates</i>	<i>Urban Council Rates</i>
A	7½%	4%
BC	7½%	4%
D and D2	11%	Nil
E	11%	Nil
F1, F2, F3, F4, F5, F6 and F7	11%	Nil
G1, G2, G3, G4 and G5	11%	Nil
H1, H2, H3, H4 and H5	11%	Nil
J1, J2, J3 and J4	11%	Nil
K1 and K2	11%	Nil
L1, L2, L4 and L5	11%	Nil
M1, M2, M3, M4 and M5	11%	Nil
N1, N2, N3, N4 and N5	10%	Nil
P	7%	Nil
Q	7%	Nil
R	7%	Nil
S	7%	Nil

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

In accordance with existing policy, the full general rate charge for each newly assessed area in the New Territories is being phased in over a period of five years. Thus, in the first year of assessment the actual charge applied is 50% of the full general rate charge, in the second year 60%, in the third year 70%, and so on until the full charge is applied in the sixth year.

The full general rate charge for the New Territories is 11%. For 1981-82 the charge to be applied to areas F to M (for their *sixth* year of assessment) is, therefore, the full charge of 11%. For area N (for its *fifth* year of assessment) the charge is 90% of the full charge, or 10%, and for areas P to S (for their *second* year of assessment) it is 60% of the full charge, or 7%, both percentages being rounded up to the nearest half percentage point.

To give effect to these percentage charges calculated in accordance with existing policy, a resolution is required under section 18(1) of the Rating Ordinance, and this is the sole object of this motion.

Sir, I beg to move.

Question put and agreed to.

VOTE ON ACCOUNT

THE FINANCIAL SECRETARY moved the following motion:—

That—

- (a) a sum not exceeding \$12,898,076,000 may be expended in the manner expressed in the Schedule from the general revenue and funds of Hong Kong on account for or towards defraying the service of the financial year commencing on 1 April 1981 and ending on 31 March 1982;
- (b) where on or after 1 April 1981 the Financial Secretary directs that any revenue, whether received by way of fee, penalty or proceeds of sale or by way of an extra or unusual receipt, shall be applied as an appropriation-in-aid of any Head of Expenditure referred to in the Schedule, such revenue shall, without being paid into the general revenue, be applied, audited and dealt with accordingly, and so far as it is not so applied shall be paid into the general revenue.

SCHEDULE

<i>Head of Expenditure</i>	<i>Amount upon which Provision on Account is based</i>	<i>Amount of Vote on Account</i>
	\$	\$
21 His Excellency the Governor's Establishment.	3,979,000	820,000
22 Agriculture and Fisheries Department	104,251,000	33,211,000
24 Audit Department	15,217,000	3,075,000
26 Census and Statistics Department	48,444,000	16,894,000
28 Civil Aviation Department.....	100,276,000	47,106,000
30 Defence: Auxiliary Medical Service.....	6,127,000	1,317,000
32 Defence: Civil Aid Services.....	12,171,000	2,940,000
34 Defence: Miscellaneous Measures	1,737,877,000	638,242,000
36 Defence: Royal Hong Kong Auxiliary Air Force	15,860,000	7,671,000
38 Defence: Royal Hong Kong Regiment (The Volunteers)	11,248,000	3,029,000
40 Education Department	489,569,000	109,735,000
42 Education Subventions	2,106,618,000	567,663,000
44 Environmental Protection Agency	10,265,000	3,943,000
46 Fire Services Department.....	270,137,000	81,439,000
48 Government Laboratory.....	13,258,000	3,573,000
50 Government Land Transport Agency.....	10,522,000	3,879,000
52 Government Secretariat	143,557,000	31,099,000

<i>Head of Expenditure</i>	<i>Amount upon which Provision on Account is based</i>	<i>Amount of Vote on Account</i>
	\$	\$
54 Government Secretariat: Data Processing Division	53,809,000	21,763,000
56 Government Secretariat: Recreation and Culture Division	43,283,000	11,536,000
58 Government Supplies Department	55,982,000	18,428,000
60 Home Affairs Department	57,920,000	12,193,000
62 Housing Department	105,223,000	29,864,000
70 Immigration Department	137,781,000	32,004,000
72 Independent Commission Against Corruption .	81,686,000	17,787,000
74 Information Services Department	30,114,000	8,388,000
76 Inland Revenue Department	129,559,000	27,997,000
80 Judiciary	77,853,000	15,632,000
82 Kowloon-Canton Railway	68,961,000	14,509,000
90 Labour Department	105,995,000	50,146,000
92 Legal Department	36,356,000	8,659,000
94 Legal Aid Department	26,321,000	5,336,000
96 London Office	23,882,000	6,126,000
100 Marine Department	141,630,000	53,353,000
102 Medical and Health Department	1,077,155,000	246,748,000
104 Medical Subventions	589,572,000	205,628,000
106 Miscellaneous Services	2,075,848,000	985,969,000
110 New Territories Administration	146,849,000	36,259,000
112 Office of Unofficial Members of Executive and Legislative Councils	5,657,000	1,131,000
120 Pension	448,860,000	8,977,000
122 Police: Royal Hong Kong Police Force	1,261,279,000	327,088,000
124 Police: Royal Hong Kong Auxiliary Police Force	43,148,000	8,630,000
126 Post Office	362,930,000	99,528,000
130 Printing Department	41,102,000	11,763,000
132 Prisons Department	242,200,000	58,407,000
134 Public Debt	49,772,000	31,178,000
136 Public Service Commission	864,000	173,000
140 Public Works Department: Headquarters	31,775,000	6,845,000
142 Public Works Department: Building Development	330,779,000	66,802,000
144 Public Works Department: Engineering Development	749,404,000	164,931,000

<i>Head of Expenditure</i>	<i>Amount upon which Provision on Account is based</i>	<i>Amount of Vote on Account</i>
	\$	\$
146 Public Works Department: Lands, Survey and Town Planning.....	113,150,000	31,172,000
148 Public Works Department: New Territories Development.....	36,533,000	7,497,000
149 Public Works Department: Water Supplies.....	445,379,000	92,310,000
150 Public Works Non-Recurrent: Land Acquisition....	800,000,000	800,000,000
152 Public Works Non-Recurrent: Buildings.....	507,000,000	497,938,000
154 Public Works Non-Recurrent: Engineering.....	1,693,000,000	1,649,366,000
156 Public Works Non-Recurrent: New Towns and Public Housing (other than Housing Authority).....	1,888,000,000	1,861,541,000
158 Public Works Non-Recurrent Waterworks.....	450,000,000	448,121,000
160 Radio Television Hong Kong.....	86,025,000	38,143,000
162 Rating and Valuation Department.....	36,739,000	7,493,000
164 Registrar General's Department.....	36,326,000	7,382,000
166 Registry of Trade Unions.....	1,615,000	323,000
168 Royal Observatory.....	29,767,000	14,921,000
170 Social Welfare Department.....	885,310,000	178,352,000
172 Social Welfare Subventions.....	200,440,000	56,440,000
174 Standing Commission on Civil Service Salaries and Conditions of Service.....	2,103,000	421,000
176 Subventions: Miscellaneous.....	255,362,000	90,388,000
180 Television and Entertainment Licensing Authority.....	3,593,000	839,000
182 Trade Industry and Customs Department.....	176,788,000	43,845,000
184 Transfers to Funds.....	2,498,800,000	2,498,800,000
186 Transport Department.....	57,282,000	14,369,000
188 Treasury.....	46,964,000	1,350,000
190 Universities and Polytechnic.....	840,550,000	313,782,000
192 Urban Services Department.....	238,195,000	93,869,000
Total.....	<u>25,061,846,000</u>	<u>12,898,076,000</u>

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

This year, as has become our normal practice, the debate on the second reading of the Appropriation Bill will be extended into April to give honourable Members time to examine the Draft Estimates for 1981-82. Thus the enactment of the Appropriation Ordinance will not take place before the first day of April. The purpose of this motion therefore is to seek funds on account to enable the Government to carry on existing services between the start of the financial year on 1 April 1981 and the enactment of the Appropriation Ordinance. The funds on account sought under each head have been determined in accordance with rules which have been agreed by the Finance Committee of this Council.

Expenditure will be regulated in accordance with the heads and subheads shown in the Draft Estimates for 1981-82. A Vote on Account Warrant will be issued to the Director of Accounting Services authorizing him to make payments up to the amount specified in this motion, and will limit the expenditure in accordance with the agreed rules. The provision under the Vote on Account will be subsumed upon the enactment of the Appropriation Ordinance, and the General Warrant issued after the enactment will replace the Vote on Account Warrant and be effective from 1 April 1981.

Certain revenue, consisting mainly of fees and charges, are appropriated-in-aid and used to offset expenditure, instead of being credited to general revenue. The motion therefore also seeks the authority of this Council to enable a direction to be given that such revenue shall be applied in this way during the period covered by the Vote on Account.

Sir, I beg to move.

Question put and agreed to.

MASS TRANSIT RAILWAY CORPORATION ORDINANCE

THE SECRETARY FOR THE ENVIRONMENT moved the following motion:—That the Mass Transit Railway (Amendment) By-laws 1981, made by the Mass Transit Railway Corporation on 23 February 1981, be approved. He said:—Sir, I move that the Mass Transit Railway (Amendment) By-laws 1981, made by the Mass Transit Railway Corporation on 23 February 1981 be approved by this Council. This amendment to the principal by-laws is considered necessary by the Corporation in order to remove an ambiguity in bylaw 22 concerning the right of the Corporation to authorize broadcasting in the concourses of its stations. It was never the Corporation's intention to prohibit broadcasting in the concourses. The present wording of by-law 22, however, does not definitely permit the Corporation to authorize such broadcasting and this it now wishes to clarify to enable it to do so.

Sir, I beg to move.

Question put and agreed to.

ROAD TRAFFIC ORDINANCE

THE SECRETARY FOR THE ENVIRONMENT moved the following motion:—That the period for which there remains in force the limit on the number of vehicles which may be registered as New Territories taxis, specified in the Taxis (New Territories Taxis) (Limitation on Number) Notice 1980 published as Legal Notice No. 271 of 1980, be extended to 31 July 1981.

He said:—Sir, I rise to move the motion standing in my name on the Order Paper. It provides, under section 7E(3) of the Road Traffic Ordinance (Chapter 220), that the period for which there remains in force a limit on the number of motor vehicles which may be registered as New Territories taxis, as specified in the Gazette as Legal Notice No. 271 of 1980 on 23 September 1980, should be extended to 31 July 1981.

The number of New Territories taxis remained constant, at 738, from their first introduction in 1977 until 23 September 1980. At that date, under the powers conferred by section 7E(1) of the Road Traffic Ordinance, the Governor in Council ordered that the number should be increased by 100 to 838 to cater for the demand arising from the increasing population in the New Territories. The new licences were issued by tender in November and December 1980.

The validity of the existing limit will expire on 23 March 1981, which date I now seek to extend to 31 July 1981 so as to synchronize it with the limit for urban taxis which will remain in force up to the same date.

I should add, Sir, that the Government is continuing to keep the operations of the taxi trade under careful review. In particular, an examination is being put in hand of arrangements for the future issue of licences in both the Urban Area and the New Territories after the current limits have expired, and proposals will be submitted to the Governor in Council within the next few months.

Sir, I beg to move.

Question put and agreed to.

TELEPHONE ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—That the Telephone Ordinance be amended with effect from 1 April 1981 by deleting the Schedule and substituting the following—

“SCHEDULE [s. 26.]

PART I

EXCHANGE LINE CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	For an exchange line used for business purposes—	
	(a) exclusive service	\$576 per annum
	(b) Two party service	\$432 per annum

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
2.	For an exchange line in a <i>bona fide</i> place of residence—	
	(a) Exclusive service	\$384 per annum
	(b) two party service	\$288 per annum
3.	Associated charges for items 1 and 2—	
	(a) installation	\$400
	(b) removal within the same building	\$150
	(c) removal to a different building	\$400
4.	For an exchange line by radiotelephone service to a fixed location—	
	(a) rental	\$5,520 per annum
	(b) installation or removal	A charge calculated in accordance with a costing formula agreed from time to time by the Postmaster General
5.	For a temporary exchange line to a ship—	
	(a) by landline—	
	(i) installation	\$400
	(ii) rental for the period between installation and recovery	\$62 per day
	(b) by harbourphone radio service—	
	(i) each visit to a vessel or a mooring buoy	\$150
	(ii) installation	\$400
	(iii) rental for the period between installation and recovery	\$150 per day

Note: An exchange line is a direct line from a subscriber to one of the Company's exchanges.

PART II
EXTENSION, LEASED CIRCUIT AND
SUBSIDIARY APPARATUS CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	For an internal extension within the same curtilage as the main installation—	
	(a) rental—	
	(i) with standard instrument	\$120 per annum
	(ii) with socket only	\$84 per annum
	(b) installation or removal	\$150

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
2.	For an external extension routed between a building and a telephone exchange—	
	(a) rental, per 2 wire circuit presentation	\$444 per annum
	(b) installation or removal to a different building	\$250
	(c) removal within the same building	\$150
3.	For an external extension between two telephone exchanges, per 2 wire circuit presentation (inclusive of any line conditioning equipment)—	
	(a) not exceeding a radial distance of 2 kilometres	\$480 per annum
	(b) for each additional 500 radial metres or part thereof (inclusive of any line conditioning equipment)	\$156 per annum
4.	For an external extension by radio link, per 2 wire circuit presentation (subject to prior agreement with the Company)—	
	(a) rental	\$1,200 per annum
	(b) installation	\$100
5.	For an external extension or leased circuit automatic relay set in an exchange—	
	(a) rental	\$132 per annum
	(b) installation	\$100
6.	For a switching instrument (all colours)—	
	(a) with battery eliminator	\$144 per annum
	(b) with battery	\$276 per annum
7.	For an extension bell—	
	(a) small size	\$60 per annum
	(b) large size	\$72 per annum
	(c) installation or removal	\$150
8.	For a non-standard instrument—	
	(a) coloured	\$24 per annum
	(b) push button	\$180 per annum
	(c) weatherproof	\$144 per annum
	(d) coin box payphone	\$672 per annum
	(e) Contempra (all colours)	\$60 per annum
	(f) Siemens Masterset—	
	(i) Rotary Dial	\$48 per annum
	(ii) Multi-frequency push button	\$144 per annum
	(iii) Decadic push button	\$204 per annum

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
9.	For miscellaneous apparatus—	
	(a) bell cut-off switch	\$12 per annum
	(b) plug and socket	\$24 per annum
	(c) plug only	\$12 per annum
	(d) watch receiver	\$36 per annum
	(e) lamp signalling handset	\$48 per annum
	(f) amplifying handset	\$72 per annum
	(g) long connecting cord	\$10 per metre
10.	For a leased circuit within the same curtilage—	
	(a) rental	\$120 per annum
	(b) installation or removal	\$150
11.	For a leased circuit routed between a building and a telephone exchange—	
	(a) rental	
	(i) category 1	\$444 per annum
	(ii) category 2	\$444 per annum
	(iii) category 3	\$888 per annum
	(iv) category 4	\$888 per annum
	(v) category 5	\$888 per annum
	(b) installation	\$250
	(c) internal removal	\$150
12.	For a leased circuit between two telephone exchanges (inclusive of any line conditioning equipment) not exceeding a radial distance of 2 kilometres—	
	(i) category 1	\$480 per annum
	(ii) category 2	\$480 per annum
	(iii) category 3	\$984 per annum
	(iv) category 4	\$1,020 per annum
	(v) category 5	\$2,064 per annum
13.	For each additional 500 radial metres or part thereof between two telephone exchanges (inclusive of any line conditioning equipment)—	
	(i) category 1	\$120 per annum
	(ii) category 2	\$156 per annum
	(iii) category 3	\$312 per annum
	(iv) category 4	\$324 per annum
	(v) category 5	\$516 per annum

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
14.	For a leased circuit radio link per 2 wire circuit presentation (subject to prior agreement)	
	(a) rental	\$1,200 per annum
	(b) installation	\$100
15.	For a leased circuit automatic relay set in an exchange—	
	(a) rental	\$132 per annum
	(b) installation	\$100
16.	For a hands-free unit—	
	(a) rental	\$492 per annum
	(b) installation	\$75
17.	For a telephone pole, when provided for services other than a permanent exchange line service	\$300 per pole

Note: In items 6, 8 and 9 an installation fee of \$100 will be charged if no other installation fee is charged for associated work carried out at the same time.

PART III

EXCHANGE CONNECTED INTERCOMMUNICATION SYSTEM (E.C.I.S.) CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
		Annual rent
		Installation or Removal
1.	For 2+5 Keymaster System—	
	(a) Relay set	\$264
	(b) Telephone instrument	\$204
	(c) Long connecting cord	Nil
		\$250
		\$250
		\$60 for 2 metres plus \$18 per extra metre (See <i>Note</i>)
2.	For 4+10 OKI System—	
	(a) Relay set	\$852
	(b) Telephone instrument	\$180
	(c) Long connecting cord	Nil
		\$350
		\$350
		\$60 for 2 metres plus \$18 per extra metre (See <i>Note</i>)

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>	
		Annual rent	Installation or Removal
3.	For 4+10 NTK System—		
	(a) Relay set	\$660	\$400
	(b) Telephone instrument	\$204	\$350
	(c) Long connecting cord	Nil	\$60 for 2 metres plus \$18 per extra metre (See Note)
	(d) Exchange line module	\$60	Nil
	(e) Public address module	\$60	Nil (See Note)
	(f) Public address loudspeaker	\$48	\$100
4.	For 10+30 NTK System—		
	(a) Relay set	\$1,320	\$400
	(b) Telephone instrument	\$252	\$400
	(c) Long connecting cord	Nil	\$80 for 2 metres plus \$25 per extra metre (See Note)
	(d) Exchange line module	\$60	Nil
	(e) Public address module	\$120	Nil (See Note)
	(f) Public Address loudspeaker	\$48	\$100
	(g) Conference module	\$48	Nil (See Note)
5.	For 4+10 Gold Star System—		
	(a) Relay set	\$840	\$400
	(b) Telephone instrument	\$300	\$290
	(c) Exchange line module	\$60	Nil
6.	For 15+40 Gold Star System—		
	(a) Relay set	\$1,380	\$500
	(b) Telephone instrument	\$360	\$400
	(c) Exchange line module	\$60	\$Nil
<i>Note:</i>	For items 1(c), 2(c), 3(c) and (e) and 4(c), (e) and (g) an installation fee of \$100 will be charged if no other installation fee is charged for associated work carried out at the same time.		

PART IV

PRIVATE BRANCH EXCHANGE AND
ASSOCIATED EQUIPMENT CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	For a Private Manual Branch Exchange (5+20) Switchboard—	
	(a) rental	\$1,320 per annum
	(b) installation or removal to a different building	\$2,000

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
	(c) removal within the same building of switchboard only	\$500
	(d) removal within the same building of associated apparatus	\$600
2.	For a Private Manual Branch Exchange (10+30) Switchboard—	
	(a) rental	\$2,400 per annum
	(b) installation or removal to a different building	\$3,800
	(c) removal within the same building of switchboard only	\$800
	(d) removal within the same building of associated apparatus	\$1,100
3.	For a Private Manual Branch Exchange (10+50) Switchboard—	
	(a) rental	\$3,600 per annum
	(b) installation or removal to a different building	\$4,100
	(c) removal within the same building of switchboard only	\$1,000
	(d) removal within the same building of associated apparatus	\$1,200
4.	For a Private Manual Branch Exchange (any other capacity) Switchboard—	
	(a) rental for capacity of 12 indicators or less	\$720 per annum
	(b) rental for each additional indicator	\$60 per annum
	(c) installation or removal to a different building	(See Note 1)
	(d) removal within the same building	(See Note 1)
5.	For a Power Supply circuit—	
	(a) using eliminator	\$120 per annum (See Note 2)
	(b) from public exchange (subject to prior agreement with the Company)	\$600 per annum (See Note 2)
	(c) standby equipment	A charge calculated in accordance with a costing formula agreed from time to time by the Postmaster General

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
6.	For a Ringing Supply circuit—	
	(a) using eliminator	\$120 per annum (See <i>Note 2</i>)
	(b) from public exchange (subject to prior agreement with the Company)	\$600 per annum (See <i>Note 2</i>)
7.	For each additional operator's handset or headset	\$96 per annum (See <i>Note 2</i>)
8.	For a Private Automatic Branch Exchange owned by a subscriber—	
	(a) installation and removals	A charge calculated in accordance with a costing formula agreed from time to time by the Postmaster General
	(b) maintenance per installed internal extension	\$120 per annum
	(c) maintenance per installed external extension	\$120 per annum
9.	For a Computerized Business Telephone System (40+144)—	
	(a) rental	
	(i) 40+144 equipment cabinet with operator console	\$28,224 per annum
	(ii) 4 channel exchange line card	\$672 per annum
	(iii) 8 channel extension card	\$444 per annum
	(iv) 16 channel coder/decoder card	\$840 per annum
	(v) additional 48K memory card	\$2,304 per annum
	(vi) 8 channel DDI cards (per set)	\$1,848 per annum
	(vii) 8 channel tie trunk cards (per set)	\$1,848 per annum
	(viii) electronic telephone set (ETS)	\$948 per annum
	(ix) 16 channel ETS interface cards (per set)	\$1,296 per annum
	(x) automatic call distribution (software)	\$4,680 per annum
	(xi) automatic network dialing (software)	\$3,828 per annum
	(xii) call queuing (software)	\$2,712 per annum
	(xiii) call detail recording (software)	\$2,712 per annum
	(xiv) teletype for call detail recording	\$2,904 per annum
	(b) installation	A charge calculated in accordance with a costing formula agreed from time to time by the Postmaster General

Note: 1. In items 4(c) and (d), a charge will be calculated in accordance with a costing formula agreed from time to time by the Postmaster General and shall not be less than \$1,250 in respect of item 4(c) and \$500 in respect of item 4(d).

Note: 2. In items 5(a) and (b), 6(a) and (b) and 7, an installation fee of \$100 will be charged if no other installation fee is charged for associated work carried out at the same time.

PART V
MISCELLANEOUS CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	<i>For changing a telephone instrument at request of subscriber</i>	\$100
2.	<i>For changing a telephone number at request of subscriber</i>	\$200
3.	<i>For changed number interception service (first month free of charge), subject to prior agreement with the Company</i>	\$120 per month
4.	<i>For registration of change of name for an existing subscriber or user</i>	\$100 per line
5.	<i>For registration of a different subscriber for an existing installation</i>	\$100 per line
6.	<i>For reconnecting a service disconnected for non-payment of charges</i>	\$100 per line
7.	<i>Administration charge for work undertaken but subsequently cancelled at request of subscriber</i>	\$100 per request
8.	<i>For a tropical cyclone warning service (minimum period 12 months)—</i>	
	<i>(a) registration</i>	\$50
	<i>(b) service</i>	\$144 per annum
9.	<i>For a thunderstorm and heavy rain warning service (minimum period 12 months)—</i>	
	<i>(a) registration</i>	\$50
	<i>(b) service</i>	\$144 per annum
10.	<i>For an ex-directory unlisted telephone number where there is no additional telephone number listed in the same name at the same address (minimum period 12 months)—</i>	
	<i>(a) registration</i>	\$50
	<i>(b) service</i>	\$72 per annum
11.	<i>For each additional entry in small type in either the English or Chinese section of the Telephone Directory—</i>	
	<i>(a) registration</i>	\$50
	<i>(b) service</i>	\$72 per annum

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
12.	For each additional copy of the Telephone Directory in excess of free allowance	\$20 per volume
13.	For connexion or disconnexion of privately owned apparatus	\$50 per item
14.	For connexion device for privately owned apparatus	\$24 per annum
15.	For maintenance of a concentrator manufactured by the Company, per circuit indicator	\$12 per annum
16.	For a service at a subscriber's request which is not otherwise provided for in this Schedule	A charge calculated in accordance with a costing formula agreed from time to time by the Postmaster General
17.	Advice of duration of an outgoing international telephone call	\$1 per call

PART VI

TELEPHONE CALL CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	Local call from a public Pay Station	50 cents
2.	International telephone call	Such charges as are contained in the terms referred to in section 25 of the Ordinance
3.	Local conference call	\$10 per party per 15 minutes or part thereof
4.	International conference call	
	(a) Originating party	\$30 per conference call
	(b) Party in another country	Person to person international call charge
	(c) Distant administration's connexion charge	Charge as set by that administration
	(d) Additional parties in Hong Kong	\$10 per party per conference call

PART VII
RADIO PAGING CHARGES

<i>Item</i>	<i>Particulars of Charge</i>	<i>Amount of Charge</i>
1.	For registration	\$100
2.	For service	\$40 per month
3.	For covering the receiving station licence fee paid by the Company	The fee specified for a receiving station licence in item 20 of the First Schedule to the Telecommunication Regulations (Cap. 106)
4.	For group calling facility, per group	\$40 per month
5.	For purchase of pager	The sale price as agreed from time to time between the Postmaster General and the Company”

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

In 1980 the Telephone Company proposed a general increase in their scheduled charges, their justification being the increase in their operating costs since the last general tariff review in July 1978, especially the cost of labour and of the materials involved. The Company also proposed a rationalized tariff structure for leased lines and external extensions. As a result of the increase in its share of the revenue from international telephone traffic, the Company has been able to postpone its application for an increase in exchange line rentals.

Broadly speaking the increases now proposed are in respect of:

- (a) exchange line installation charges;
- (b) exchange connected intercommunication systems;
- (c) private branch exchanges and associated equipment;
- (d) non-standard instruments and miscellaneous apparatus;
- (e) the harbourphone radio service; and
- (f) miscellaneous charges.

The proposed installation charge of \$400, that is an increase of \$100, is the same charge as that which this Council approved in 1975 but was subsequently reduced on the recommendation of the 1975 Commission of Inquiry into the Hong Kong Telephone Company, in order to stimulate demand.

The Commission also recommended that telephone charges should take inflation into account, particularly since it was inflation in the supplier countries which was responsible for the increased costs of building and equipping new

exchanges. The Commission was concerned that if charges were not increased with due regard to inflation, the contribution of retained earnings by shareholders to the finances of the Company would be relatively reduced. For this reason, the Commission said that proposals for rental increases should be considered at regular intervals; and that under a comprehensive monitoring system by the Government, the Telephone Company should not be permitted to get into a situation where its tariffs brought in insufficient revenue for an extended period, after which a massive increase in tariffs would be required to restore equilibrium.

Sir, we have carefully examined the relevant accounts and forecasts of the Telephone Company and are satisfied that the proposed increases in charges are compatible with the Company's Scheme of Control, and are necessary to enable the Company to continue to implement its plans to meet the projected growth in demand. However, the forecast of the Company's performance during 1981, even including the increased charges proposed in the resolution, indicates that a further increase (possibly restricted to line rentals and related charges) may be necessary late in 1981 or early in 1982.

The purpose of this motion is to revise Parts I to VII of the Schedule to the Telephone Ordinance, as detailed in the resolution, to reflect new charges which would be applicable as from 1 April 1981.

Sir, I beg to move.

(Mr. Newbigging declared an interest and abstained from voting on this motion.)

Question put and agreed to.

Motion (in Committee)

Supplementary Provision for the quarter ended 31st December 1980

Council went into Committee, pursuant to Standing Order 58(2), to consider the motion standing in the name of the FINANCIAL SECRETARY.

THE FINANCIAL SECRETARY moved the following motion:—That this Council approves the proposals set out in Paper No. 44.

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

The schedule of supplementary provision for the third quarter of the financial year 1980-81 covers a total amount of no less than \$1,805 million. Of this sum, \$651 million was required to buy into the existing stocks and assets of the resident garrison, \$595 million was required on account of various salary revisions and adjustments for both the civil service and staff of subvented organizations, \$198 million was required for meeting increased costs of the third

and fourth quarters' cash contributions under the Defence Costs Agreement and \$141 million was spent on public works projects (including 26 projects upgraded to or included for the first time in Category A of the Public Works Programme).

The supplementary provision covered by the schedule resulted in a net increase of \$1,463 million in the expenditure approved for the year, the difference of \$342 million between this and the amount shown in the schedule being offset by savings under other heads of expenditure or by the freezing of funds under Head 54 Miscellaneous Services Subheads 100 and 260 Additional commitments.

The Finance Committee has approved all the items in the schedule and the purpose of this motion is simply to seek the covering authority of this Council.

Sir, I beg to move.

Question put and agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the motion had been agreed to in committee.

Question agreed by the whole Council pursuant to Standing Order 58(4).

First reading of bills

INLAND REVENUE (AMENDMENT) (NO.2) BILL 1981

STAMP DUTY BILL 1981

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

Second reading of bills

INLAND REVENUE (AMENDMENT) (NO. 2) BILL 1981

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Inland Revenue Ordinance’.

He said:—Sir, I move that the Inland Revenue (Amendment) (No. 2) Bill 1981 be read the second time.

In his budget speeches in 1979 and 1980 the Financial Secretary made reference to two matters which were the subject of recommendations by the Third Inland Revenue Ordinance Review Committee.

The *first* of these relates to an anomaly in the application of the withholding system for interest tax, whereby a trustee receiving interest which has already suffered a deduction of tax, at source, is obliged himself to make a further deduction of tax when paying interest to the beneficiaries of the trust fund. The Review Committee recommended that relief from the double charge should be available in these cases, and the implementation of this recommendation is one of the main objects of this Bill.

The *second* concerns a possible lacuna in the Inland Revenue Ordinance, whereby the charging provisions may be inadequate to render liable to tax the surplus thrown up on the redemption, or realization, of certificates of deposits and similar monetary instruments which give an entitlement to receive a stated sum of money. The Review committee recommended that this gap in the legislation should be remedied by way of an appropriate amendment to the Ordinance, and this the Bill seeks to do. I should emphasize that the new provisions will in no way breach our territorial source criterion, and the traditional provision of credit test used in determining the assessability to tax of interest payments will be applied to these instruments. I should also like to add here, Sir, that we are aware that the Bill as drafted has given rise to certain technical misgivings, and that certain aspects of the Bill have been interpreted as being inconsistent with paragraphs 295 and 296 (in the printed version) of the latest budget speech.

The Bill also provides the opportunity to make amendments in respect of two relatively minor matters—first, to place beyond doubt the liability to profits tax of trustees who carry on a trade, profession or business in Hong Kong; and second, to ratify a long-standing practice of the Inland Revenue Department, advantageous to the taxpayer, concerning the capitalization of interest incurred on the acquisition of buildings and plant or machinery.

The provisions relating to trustees, and to the capitalization of interest, will apply to the year of assessment commencing on 1 April 1980 and to subsequent years of assessment; and those relating to certificates of deposit and other monetary instruments will apply to the year of assessment commencing on 1 April 1981 and to subsequent years of assessment.

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 FINANCIAL SECRETARY.

Question put and agreed to.

STAMP DUTY BILL 1981

THE FINANCIAL SECRETARY moved the second reading of:—'A bill to consolidate and amend the law relating to stamp duty'.

He said:—Sir, I move that the Stamp Duty Bill 1981 be read the second time.

Members will recall that in moving the Appropriation Bill 1978 the Financial Secretary proposed a reduction in the ambit of the charge to stamp duty, removing this levy from all instruments save those relating to transactions in shares and marketable securities, assignments of immovable property, and leases and assignments of leases. At the same time, because of unsatisfactory features remaining in the Stamp Ordinance, despite the removal of a number of heads of charge, the Financial Secretary announced the intention to appoint a stamp duty specialist in the Inland Revenue Department to undertake a residual tidying up exercise of the Ordinance, his appointment to take effect towards the end of 1978.

In the event, the 'tidying up exercise' proved to be a task of considerable proportions, involving much research into the history and background of stamp duty law both here and in the United Kingdom (where our own Stamp Ordinance largely has its origins).

The Bill now before this Council is the outcome of that exercise. It not only clarifies a number of old areas of doubt, but should also greatly assist the legal profession, and others concerned with stamp duty matters, towards a proper interpretation of the law and the underlying intentions of the Legislature. It is essentially a consolidation measure, and upon enactment will repeal the present Stamp Ordinance and the associated Stamp Duties Management Ordinance, as well as subsidiary legislation made under those ordinances.

The Bill comprises some 66 sections and four quite lengthy schedules, and Members will be relieved to hear that I do not propose to embark on a detailed consideration of each individual section and schedule. Much of the Bill relates to matters of procedure, and a large part of it is, to a greater or lesser extent, of a technical nature. It may be reassuring for Members to know that, before publication, the Bill was passed to the Law Society of Hong Kong for a critical examination of its legal and technical aspects. I am grateful to the Society for undertaking this task and for the helpful suggestions made.

As I have said, I do not intend to burden Members with a comprehensive description of the Bill. There are, however, certain aspects to which I would draw particular attention.

Having regard to the limited scope of the charge, the First Schedule has been re-designed. All dutiable documents are brought together within one or other of four heads of charge. *Head 1* relates to all dutiable documents concerning immovable property in Hong Kong; *Head 2* covers all transactions in stocks and shares which are held on Hong Kong registers (now to be referred to as

‘Hong Kong stock’); *Head 3* applies to Hong Kong bearer instruments; and *Head 4* applies to duplicates or counterparts of chargeable (dutiabale) documents.

An oddity of history in the stamp duty legislation is that the present Stamp Duties Management Ordinance makes provision for certain administrative matters, and for various offences, in relation to postage stamps, as well as stamps used for the purposes of the Stamp Ordinance; with responsibilities split between the Collector of Stamp Revenue and the Postmaster General. Clearly, it is more appropriate for postal matters to be covered by the Post Office’s own legislation. Accordingly, the opportunity has been taken to remove references to postage stamps from the stamp duty legislation and to introduce appropriate amendments into the Post Office Ordinance.

The Bill removes a number of anomalies and ambiguities, of which I need only mention the following as being of some public interest—

- (i) As a matter of topical interest, and in accordance with our policy of updating cost-related charges, clause 13, somewhat belatedly, increases the adjudication fee from \$5 to \$20, while Head 4 increases from \$2 to \$5 the maximum duty charged on duplicates and counterparts.
- (ii) A recent Privy Council appeal case cast doubt upon the validity of registration in the Land Office of stamped instruments subsequently found to be not duly stamped. Clause 15(3) removes that doubt, and under-stamping will not, in future, invalidate registration.
- (iii) Clause 24(3) is aimed at what, it seems, has become an avoidance device. Where a company with a very small share capital changes hands, the value for duty purposes is the value of the shares. The value of the shares on which duty is paid may be insignificant in relation to the value of the underlying assets of the company, yet it may be a part of the arrangement between the parties that the purchaser of the shares should re-finance, or guarantee, or otherwise assume liability for the company’s debt. So, clause 24(3) will ensure that the dutiable value in such a case will be enhanced by the amount of the company’s debt in respect of which such an arrangement is made.
- (iv) Clause 45(6) widens the scope of the relief afforded to transactions in immovable property between associated companies, to include transactions involving sub-subsidiaries; that is to say, the relief will now extend to cases where the 90% test applied to one company’s beneficial ownership of the share capital of another, can be satisfied *indirectly* by tracing that ownership through other companies in accordance with the scheme which is set out in the Third Schedule.

We have only recently been reminded that our tax system has been designed to meet six requirements. The third of those six requirements is that the laws governing the tax system are adapted from time to time to make them compatible with changing commercial practices. Accordingly, the Bill extends the scope of the duties at present charged on shares and marketable securities by

including, within the definition of stock, three common types of investment which the present expression does not cover, namely unit trust units, depositary receipts for overseas shares, and the now highly popular, and frequently traded, warrants to subscribe for shares. Where such investments are held on Hong Kong registers, transactions in them will give rise to duty just as transactions in shares do now, and this is only logical. The extended definition of stock is designed *to put all forms of stock on an equal footing and remove any fiscal influence on the market.*

The inclusion of unit trust units within the charge to duty requires provision to be made for the keeping of records by the managers and trustees of unit trusts operating in Hong Kong, and for the registration of transfers of units. Those concerned will need time to prepare themselves, in order to comply with their new obligations; although I understand their practice already conforms to that of their United Kingdom counterparts. To permit consultation with the unit trust industry on these procedural matters and, indeed, on any other aspects of the Bill which the industry may wish to raise, provision is made for a later date for implementation of the unit trust provisions than the date to be decided upon for the rest of the Bill.

The scope of the Head 3 charge on Hong Kong bearer instruments, by relating it to the extended definition of stock, is wider than the present charge under Head 48(3), which is confined to share warrants. The *charge* of duty on the issue of bearer instruments is imposed as compensation for the *loss* of duty on contract notes, and transfers, which is occasioned when they change hands by delivery, the point here being that bearer instruments are not registered. Bearer *shares* seem never to have been issued in Hong Kong and it was originally envisaged that the new Head 3, like Head 48(3) before it, would be confined to serving meantime as a standby provision. However, I understand that some of the most recent issues of warrants to subscribe for shares provide for them to be converted to bearer form, and it will therefore be none too soon for this particular reform. The once and for all duty of 3% on market value, which is proposed to be charged on the issue of bearer shares, is five times the duty payable, of 0.6%, on each occasion when registered shares change hands. The once and for all lower charge of 1% on bearer instruments issued in respect of loan capital allows for their usually shorter life and relative infrequency of transactions.

Sir, as always in the case of a bill designed to reform a revenue law, notwithstanding that the reform may be largely neutral in overall fiscal terms (and, in this case, we are reforming a much truncated piece of legislation) we tend to receive a large number of representations. The Stamp Duty Bill is no exception. As I said earlier, during the drafting stage, we received a number of useful comments from the Law Society which have largely been taken into account. In addition, we received representations from the unit trust industry when the Bill was published, and these are now being studied. No doubt Members themselves will also be made aware, directly by those concerned, of

these representations and, should they decide to take account of them, they will raise them, in the normal way, in debate or at the committee stage. But at this *present* stage, the Government has no proposals to amend the Bill, although it may be necessary to make some consequential changes to take into account the concession announced in the budget speech concerning conveyances of low value properties.

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 FINANCIAL SECRETARY.

Question put and agreed to.

LEGAL PRACTITIONERS (AMENDMENT) BILL 1981

Resumption of debate on second reading (17 December 1980) Question proposed.

MR. PETER C. WONG:—Sir, under the provisions of the Legal Practitioners (Amendment) Bill 1981 Commonwealth citizens and citizens of the Republic of Ireland who have been ordinarily resident in Hong Kong for seven years and who have obtained the Post Graduate Certificate of Laws (P.C.LL.) will be eligible for admission to the Bar.

The Bar Association has strenuously opposed the Bill and has made strong representations to U.M.E.L.C.O. The Ad Hoc Group of the Unofficial Members of this Council met with representatives of the Bar on 21 January and again on 2 March, when the Attorney General was also present.

Arguments advanced by the Bar include:

1. The Bill is likely to be counter-productive in that it will adversely affect local law graduates and young men and women aspiring to be barristers.
2. There is no evidence that the proposed change will strengthen the Bar. If the number contemplated is minimal or insignificant, there is no necessity to change the law. If the relaxation opens the floodgates, it is totally objectionable.
3. The Bar fears that the present amendment may be the thin end of the wedge. Further relaxation of the admission rules will do more harm than good.

While we appreciate the feeling and concern of the Bar, the consensus of Unofficial Members is that on balance the Bill should be supported. In our view, it is not likely to open the floodgates. Any Commonwealth citizen or citizen of the Republic of Ireland wishing to take advantage of the amendment will have to overcome three hurdles: seven years' residence, the P.C.LL. from Hong Kong University, which is a full-time one year course, and a one year pupillage.

Basically, Government's case is that P.C.L.L. holders from Commonwealth countries and the Republic of Ireland with seven years' residence are eligible for admission as solicitors. There is no real justification why they should be excluded from admission to the Bar.

However, in view of the Bar's concern, the Attorney General is prepared to give an assurance in this Council that should the number admitted under the proposed amendment be unacceptable or there be evidence that local law graduates are adversely affected, the position will be reviewed.

Sir, I support the motion.

MR. SWAINE:—Sir, the amendment proposed by the above Bill is a narrow one and is intended to bring the law relating to the admission of barristers in Hong Kong nearer in line with that relating to the admission of solicitors.

Under the existing section 27 of the Legal Practitioners Ordinance, one of the four grounds of eligibility for admission as a barrister is that the candidate has obtained the Post Graduate Certificate in Laws of the University of Hong Kong, provided that such candidate is either a Chinese resident or a Hong Kong believer within the meaning of the Immigration Ordinance.

It is intended to enlarge this class by permitting Commonwealth citizens or citizens of the Republic of Ireland who have been ordinarily resident in Hong Kong for a period of at least seven years to be admitted after they have obtained the University's Post Graduate Certificate in Laws.

The number of persons who will be affected by this change are likely to be very small indeed, and the object of the change, as I understand it from the Attorney General, is to enable such candidates to make a choice between the barrister's and the solicitor's profession, whereas they would now be limited to the solicitor's.

I understand further from the Attorney General that this present change is not intended as a spring-board for the further relaxing of the rules of admission relating to barristers, and also that there is no intention that such candidates will be exempt from the compulsory serving of pupillage under the existing rules.

With these assurances, I support the motion.

THE ATTORNEY GENERAL:—Sir, I am pleased to give the assurances to which my learned and honourable Friends Mr. Peter Wong and Mr. John Swaine have referred. Those assurances are of course, subject to the usual caveat, namely, that obviously I cannot by what I say today bind the Government in the Future to any action which it might then consider necessary to take in the overall public interest in any circumstances which in future might then be prevailing.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

AUXILIARY FORCES (PENSIONS) BILL 1981**Resumption of debate on second reading (11 February 1981)**

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1)

ROAD TRAFFIC (AMENDMENT) BILL 1981**Resumption of debate on second reading (11 February 1981)**

Question proposed.

MR. PETER C. WONG:—Sir, the Legislation Scrutiny Group of the Unofficial Members of this Council received representations from the Motor Workers' Union and the Young Children School Mini-Buses Operators Association. The Group also met with the Commissioner and Deputy Commissioner for Transport and representatives from the Environment Branch, the Legal Department and the Royal Hong Kong Police Force.

Points discussed include:

1. The new section 7GA gives the Commissioner for Transport a discretion in the issue of hire car permits. There appears to be no safeguard to ensure that this power is properly exercised. However, we are informed that the Commissioner is required to report quarterly to the Executive Council the number, type and geographic spread of permits issued. The Group considers this to be a sufficient safeguard.
2. Clause 4(b) relates to the appointment of Transport Tribunals. It has now been agreed that the Tribunal shall consist of an unofficial chairman to be appointed by the Chief Secretary, a public officer also to be appointed by the Chief Secretary and a member of the panel appointed under section 26A of the principal Ordinance. The necessary amendment will be moved at the committee stage.
3. The proposed new Regulations to be made under the amended legislation were also examined by the Group. A number of suggestions have been accepted by the Government.
4. The question of markings on the five new categories of hire cars has also been discussed. On T.A.C.'s advice, the Commissioner will permit limited markings on a trial basis. The aim is to provide certain particulars for identification purposes such as the permit number and the base from which a hire car operates.
5. Under Regulation 98 of the Road Traffic (Construction and Use) Regulations relating to the seating capacity of a private car, three children not exceeding three feet in height may be reckoned as two passengers. Representations have been made to the Group that the three feet limitation is unrealistic. We are told that even kindergarten pupils are over three feet

and most primary pupils are in the region of 4½ feet (*laughter*). The Commissioner is actively considering increasing the three feet limit to about 4½ feet (*laughter*) and is currently conducting an exercise to see how many 4½ foot children (*laughter*) can be safely carried in a particular type of van. It is hoped, Sir, that amending regulations will be tabled in the next few months.

6. Vans with a seating capacity of more than seven are outside the purview of the new scheme. The Commissioner acknowledges that larger vans also provide a useful service for school children. He hopes to be able to make an announcement within the next few weeks to the effect that larger vans may be licensed as private light buses for the conveyance of children to and from school and of the conditions under which they may be operated.

The principal aim of the amending legislation is to legalize pak pai operations which are providing bona fide services, without opening up the operation of contract hire cars on an entirely unlimited basis or to encourage illegal, pseudo taxi or pseudo mini-bus operations. This is certainly a most welcome measure. While preserving a very useful service, the new proposal eliminates the risks and abuses that accompany the operation of illegal pak pails. Contract hire cars will be brought under the control of the Transport Department which will regulate and monitor closely the operation of the new scheme.

Sir, I support the motion.

SECRETARY FOR THE ENVIRONMENT:—Sir, I should like to thank Mr. Peter WONG for supporting this Bill and for the helpful and constructive suggestions made by the Legislation Scrutiny Group of Unofficial Members.

I confirm that I will be moving amendments to clauses 4 and 6 of the Bill in Committee to clarify that Transport Tribunals will be chaired by unofficials, with one of the other two members of each Tribunal being an official and the other an unofficial chosen from the panel of members established for this purpose. The proposed unofficial chairmanship of the Tribunals will ensure that their proceedings will be seen to be conducted fairly and impartially. I should add that a team of this mix has proved to be satisfactory and effective in, for example, the Building Appeals Tribunal.

As regards some of the other points made by Mr. WONG, I can confirm that the Government now accepts that the height limit for children under the Road Traffic legislation can safely be raised from three feet to about four and a half feet without vehicles being overloaded. The Commissioner for Transport is now examining what suitable ratio for children to adults should be applied on the basis of this increased height limit.

The Commissioner for Transport is also examining the question of classifying certain school hire vans, designed to carry more than seven adult passengers, as private light buses which would permit them to carry a higher pay load.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of bills

Council went into Committee.

LEGAL PRACTITIONERS (AMENDMENT) BILL 1981

Clause 1

THE ATTORNEY GENERAL:—I move that clause 1 be amended as set out in the paper circulated to Members. The object of the amendment is to add the words “(No. 2)” to the Bill so that it may be known by that title, it having been overtaken in the race to be passed by the Legal Practitioners (Amendment) (No. 1) Bill.

Proposed amendment

Clause 1

That clause 1 be amended by inserting after “(Amendment)” the following—“(No. 2)”.

The amendment was agreed to.

Clause 1, as amended, was agreed to.

Clauses 2 to 4 were agreed to.

AUXILIARY FORCES (PENSIONS) BILL 1981

Clauses 1 and 2 were agreed to.

The Schedule was agreed to.

ROAD TRAFFIC (AMENDMENT) BILL 1981

Clauses 1 to 3 were agreed to.

Clause 4

SECRETARY FOR THE ENVIRONMENT:—I move that clause 4 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 4

That clause 4 be amended by deleting paragraph (b) and substituting the following—

“(b) by deleting subsection (2) and substituting the following—

‘(2) A Transport Tribunal shall consist of—

- (a) a chairman, who shall be a person other than a public officer, appointed by the Chief Secretary;
- (b) one public officer appointed by the Chief Secretary; and
- (c) one member of the panel.’”.

The amendment was agreed to.

Clause 4, as amended, was agreed to.

Clause 5 was agreed to.

Clause 6

SECRETARY FOR THE ENVIRONMENT:—I move that clause 6 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 6

That clause 6 be deleted and replaced by the following—

- | | |
|----------------------------|---|
| “Amendment of section 26E. | 6. Section 26E of the principal Ordinance is amended by deleting subsection (2) and substituting the following— |
| | ’(2) A Transport Tribunal shall consist of— |
| | (a) a chairman, who shall be a person other than a public officer, appointed by the Chief Secretary; |
| | (b) one public officer appointed by the Chief Secretary; and |
| | (c) one member of the panel.’”. |

The amendment was agreed to.

Clause 6, as amended, was agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

AUXILIARY FORCES (PENSIONS) BILL

had passed through Committee without amendment and that the

LEGAL PRACTITIONERS (AMENDMENT) BILL
ROAD TRAFFIC (AMENDMENT) BILL

had passed through Committee with amendment and moved the third reading of each of the Bills.

Question put on each Bill and agreed to.

Bills read the third time and passed.

UNOFFICIAL MEMBER'S BILL**First reading of bill****SOCIETY OF BOYS' CENTRES INCORPORATION BILL 1981**

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

Second reading of bill**SOCIETY OF BOYS' CENTRES INCORPORATION BILL 1981**

MR. YEUNG moved the second reading of:—‘A bill to provide for the incorporation of the Society of Boys’ Centres’.

He said:—Sir, I move that the Society of Boys’ Centres Incorporation Bill 1981 be read a second time.

The main purpose of the Bill is to incorporate the Society of Boys’ Centres to replace and carry on the work and activities hitherto carried on by the Society of Boys’ Centres Trustees Incorporated of which I am a past Chairman. Ancillary provisions are set out in the explanatory memorandum. It is considered expedient and desirable that the Society itself, instead of the Trustees of the Society, shall become a body corporate.

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

Motion made. That the debate on the second reading of the Bill be adjourned—MR. YEUNG.

Question put and agreed to.

Adjournment and next sitting

HIS HONOUR THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 25 March 1981.

Adjourned accordingly at thirty minutes past three o'clock.