

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 9 March 1983****The Council met at half past two o'clock****PRESENT**

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

THE HONOURABLE THE FINANCIAL SECRETARY  
MR. JOHN HENRY BREMRIDGE, O.B.E.

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

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.  
SECRETARY FOR DISTRICT ADMINISTRATION

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.  
SECRETARY FOR LANDS AND WORKS

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

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

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

THE HONOURABLE ALEX WU SHU-CHIH, C.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 REVD. THE HONOURABLE PATRICK TERENCE McGOVERN, O.B.E., S.J., J.P.

THE HONOURABLE ALAN JAMES SCOTT, C.B.E., J.P.  
SECRETARY FOR TRANSPORT

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

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

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

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.  
SECRETARY FOR TRADE AND INDUSTRY

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

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

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

THE HONOURABLE JAMES NEIL HENDERSON, O.B.E., J.P.  
SECRETARY FOR EDUCATION AND MANPOWER (*Acting*)  
COMMISSIONER FOR LABOUR

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

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

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E., Q.C., J.P.  
LAW DRAFTSMAN

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, O.B.E., J.P.

DIRECTOR OF AGRICULTURE AND FISHERIES

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

THE HONOURABLE GRAHAM BARNES, J.P.  
REGIONAL SECRETARY (HONG KONG AND KOWLOON), CITY AND NEW TERRITORIES  
ADMINISTRATION

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, O.B.E., J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

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

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, J.P.

THE HONOURABLE CHEUNG YAN-LUNG, M.B.E., J.P.

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, O.B.E., J.P.  
REGIONAL SECRETARY (NEW TERRITORIES), CITY AND NEW TERRITORIES  
ADMINISTRATION

THE HONOURABLE MARIA TAM WAI-CHU, J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING

THE HONOURABLE PIERS JACOBS, O.B.E., J.P.  
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.  
SECRETARY FOR SECURITY

THE HONOURABLE GEOFFREY THOMAS BARNES, J.P.  
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.  
DIRECTOR OF SOCIAL WELFARE

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

#### **ABSENT**

THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.  
THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

#### **IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MRS. JENNIE CHOK PANG YUEN-YEE

**Papers**

The following papers were laid pursuant to Standing Order 14(2):—

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Public Revenue Protection Ordinance. Public Revenue Protection (Dutiable Commodities) Order 1983 .....	52
Public Revenue Protection Ordinance. Public Revenue Protection (Road Traffic) (Registration and Licensing of Vehicles) Order 1983 .....	53
Public Revenue Protection Ordinance. Public Revenue Protection (Road Traffic) (Driving Licences) Order 1983 ..	54
Public Revenue Protection Ordinance. Public Revenue Protection (Companies) Order 1983 .....	55
Dutiable Commodities Ordinance. Dutiable Commodities (Amendment) Regulations 1983 .....	56
Ferry Services Ordinance 1982. Ferry Services (The "Star" Ferry Company, Limited) (Determination of Fares) (Amendment) Order 1983 .....	57
Public Health and Urban Services Ordinance. Hawker (New Territories) (Amendment) Regulations 1983 .....	58
Public Health and Urban Services Ordinance. Public Cleansing and Prevention of Nuisances (New Territories) (Amendment) Regulations 1983 .....	59
Ferry Services Ordinance 1982. Ferry Services (Hongkong and Yaumati Ferry Company, Limited) (Determination of Fares) (Amendment) (No. 2) Order 1983 .....	60
Smoking (Public Health) Ordinance 1982. Smoking (Public Health) (Notices) (Amendment) Order 1983 .....	61
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Markets) (Designation and Amendment of Tenth Schedule) (No. 2) Order 1983 .....	62
Public Health and Urban Services Ordinance. Declaration of Markets in the New Territories .....	63

<i>Subject</i>	<i>L.N. No.</i>
Administration of Justice (Miscellaneous Amendments) Ordinance 1981. Administration of Justice (Miscellaneous Amendments) Ordinance 1981 (Commencement) Notice 1983 .....	64
Adoption (Amendment) Rules 1982. Adoption (Amendment) Rules 1982 (Commencement) Notice 1983 .....	65
Matrimonial Causes (Amendment) Rules 1982. Matrimonial Causes (Amendment) Rules 1982 (Commencement) Notice 1983 .....	66
Matrimonial Causes (Fees) (Amendment) Rules 1982. Matrimonial Causes (Fees) (Amendment) Rules 1982 (Commencement) Notice 1983 .....	67
Public Revenue Protection Ordinance. Public Revenue Protection (Rating) Order 1983.....	68
Shipping and Port Control Ordinance. Shipping and Port Control (Amendment) Regulations 1983.....	69
Industrial Training (Clothing Industry) Ordinance. Industrial Training (Clothing Industry) (Amendment of Schedule) Order 1983 .....	70
Public Health and Urban Services Ordinance. Public Health and Urban Services (Amendment of Fifth Schedule) Order 1983 .....	71
Waterworks Ordinance. Waterworks (Amendment) Regulations 1983 .....	72
Customs and Excise Service Ordinance. Customs and Excise Service (Amendment of Second Schedule) Order 1983 .....	73
Marine Fish Culture Ordinance. Fish Culture Zone (Designation) Order 1983 .....	74
Antiquities and Monuments Ordinance. Antiquities and Monuments (Declaration of Monument) Notice 1983 .....	75
Antiquities and Monuments Ordinance. Antiquities and Monuments (Declaration of Monument) (No. 2) Notice 1983 .....	76

<i>Subject</i>	<i>L.N. No.</i>
Antiquities and Monuments Ordinance. Antiquities and Monuments (Declaration of Monument) (No. 3) Notice 1983 .....	77
Antiquities and Monuments Ordinance. Antiquities and Monuments (Declaration of Monument) (No. 4) Notice 1983 .....	78
Standing Orders of the Vocational Training Council.	

### **Oral answers to questions**

#### **Deposit insurance scheme**

1. MR. SO asked in Cantonese:—

有關成立存款保險基金以保障銀行及存款公司客戶的建議，政府雖然於一九七八年表示對存款公司的慎密監管制度充滿信心，但同時亦答應考慮該項建議。請問現時進展如何？

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

*What consideration has been given to establishing a deposit insurance fund, to protect depositors with both banks and deposit-taking companies since the Administration gave an undertaking to examine this suggestion in 1978, notwithstanding the confidence expressed by the Administration at the time in the efficacy of the proposed system of prudential supervision for deposit-taking companies?*

THE FINANCIAL SECRETARY:—Sir, a deposit insurance scheme would serve two functions. It would help to maintain public calm in the event of rumours about a particular institution; and it would provide at least some compensation for those depositors covered by it in the event of an institution failing. I am aware of the plight of those depositors who have suffered losses in recent cases, though the seven d.t.c.'s whose registrations have been revoked accounted for just 0.12% of all deposits.

I am not, however, persuaded that a deposit insurance scheme would be justified or workable. It would certainly be expensive.

Other than in the U.S.A. (where there is a limit of US\$100,000) schemes of this nature are generally restricted to covering small deposits. Premiums for a scheme to cover all deposits would be prohibitive, which would thus render the scheme unworkable. Moreover legislators have tended to have the interests of small depositors in mind when framing such schemes. The essence of the three-tier structure in Hong Kong is that only banks are allowed to accept small deposits. Larger deposits which have been lost through recent d.t.c. failures

would probably not have been covered by a deposit insurance scheme. Nowadays \$50,000 may be considered small, but under our system would be a logical upper limit if any insurance scheme were to be introduced.

One consideration, which is often overlooked, is that such schemes must inevitably be founded on the actuarial assumption that the mighty are unlikely to fall. The stronger institutions (or their depositors) are, in effect, required to stand ready to pay off the depositors with the weak in the event of failure. Such arrangements have proved acceptable in some countries for various reasons— for instance in the interests of preserving a competitive financial system. But the Hong Kong situation is distinct in at least three respects. Firstly our various statutory arrangements already ensure an adequate amount of competition for deposits. Secondly the strong are already prepared to stand behind the weak in a way which does not simply help depositors but may also save the institution. This support has not of course given depositors of failed institutions the cover that insurance might have provided, but it can help to protect them from irrational misfortune. Thirdly, to the extent that we are thinking in clear-cut terms of banks on the one hand and d.t.c.'s on the other, it must be recalled that the deposit-taking companies sector owes much of its growth to the practice of offering higher interest rates than the banks. It would seem quite unacceptable to ask the banks to provide at considerable cost insurance cover for the deposits which have been bid away from them by the offer of higher interest rates matching greater risk. Even less could the taxpayer be expected to support the interests of those seeking rates of return higher than offered by the banks.

In sum, I consider that the balance of the argument is against the establishment in Hong Kong of such a scheme whose cost would fall on the prudent in the interests of the imprudent. I prefer to concentrate on striving to ensure that individual institutions are soundly managed. A deposit insurance scheme is not the best vehicle for instilling in management a sense of responsibility to their depositors.

MR. SO asked in Cantonese:—

閣下，請問政府是否同意現在的情況並不滿意？

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

*Sir, can I ask whether the Government agrees that the present position is not satisfactory?*

THE FINANCIAL SECRETARY:—Sir, we all learn from experience. It would be absurdly complacent for any civil servant to say that the present situation was an ideal in every way. I thought I made it perfectly clear in my budget speech that I did not so think, but I *am* taking advice from my closest advisors on what we should do. When we have decided, I intend to consult the Banking Advisory Committee and the Deposit-taking Companies Advisory Committee before producing new legislation.

**DANGEROUS SLOPES IN SQUATTER AREAS**

2. DR. HO asked:—*What is the current position in stabilizing dangerous slopes in squatter areas and will the Government be able to complete the work required on all the dangerous slopes identified before the coming wet season?*

SECRETARY FOR HOUSING:—Sir, the areas or individual squatter huts identified as being in immediate danger following the heavy rains of last summer have all been cleared. In addition to the Government's major programme of landslip preventive measures which has been in progress since 1976, minor remedial works to slopes in squatter areas will be carried out in conjunction with the proposed programme of improving basic facilities and services in squatter areas.

These measures should reduce the risk of slope failure, but the risk, particularly in severe weather conditions, cannot be totally eliminated. The first line of defence for these areas must therefore, for the time being, remain that of temporarily evacuating the occupants when heavy rainfall is expected, under the arrangements which were explained in this Chamber on 16 June 1982.

DR. HO:—*According to my lay observations the conditions of some slopes around squatter areas, especially those around Kau Wah Keng in particular, are still in great danger of collapsing should the rainy season come. Can the Secretary of Housing explain the current slow progress in those slopes and what obstacles have been encountered in the remedial work?*

SECRETARY FOR HOUSING:—Sir, as a result of the request from the Geotechnical Control Office for slopes clearance in 1982, no less than 1 510 huts were cleared and 6 170 people rehoused. As for the particular site referred to by Dr. HO, may I check the position and provide a written reply.

(The following written reply was provided subsequently.)

The position is this. In the heavy rains of May and August 1982, there were nine separate incidents where permanent evacuation of squatter huts in the Kau Wah Keng valley was required, because they were in danger of collapse. Two of these incidents occurred at the end of May, and seven in August. A total of 75 structures were involved, housing some 190 persons. All the structures concerned were cleared, and the occupants rehoused, by the end of 1982.

I understand that remedial work to the slopes in question was held up because it involved private land as well as Crown land. This has now been resolved, and remedial works to the slopes have recently been put in hand by the Highways Office.

**Prosecution against reckless cyclists**

3. MR. WONG LAM asked in Cantonese:—

- (甲) 一九八一及一九八二年內，騎單車人士因觸犯交通條例而被檢控者有若干人？
- (乙) 爲保障道路安全，政府是否會加強檢控粗心大意之騎單車人士？

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

- (a) *How many cyclists were charged with traffic offences in the years 1981 and 1982?*  
(b) *In the interests of road safety, will Government step up prosecution action against reckless cyclists?*

SECRETARY FOR TRANSPORT:—Sir, 1 246 cyclists were charged with traffic offences in 1981. 1 691 were so charged in 1982. Over 90% of these prosecutions resulted in convictions. About 50% of the charges related to endangering their own or others' safety through negligence; 40% involved riding a bicycle without lights during the hours of darkness; and the remaining 10% related to carrying passengers or overloading.

I think these figures indicate reasonable determination by the Government in regard to this particular aspect of road safety.

This Council recently passed the Road Traffic Ordinance 1982, which among other things will replace the offence of a cyclist endangering the safety of other road users through negligence, by two offences of reckless cycling and careless cycling. It will also raise the age limit for hiring a bicycle from eight to 11 years of age, and make it an offence for a person to permit a child under 11 years of age to ride a bicycle on a road without adult supervision.

Enforcement and penalties are not, of course, the only way to promote safe bicycling. Police road safety officers will continue visiting schools to instruct children on safe road behaviour both as pedestrians and as cyclists. Segregated cycle tracks are provided in the layout of the New Towns.

REVD. JOYCE M. BENNETT:—*Sir, what were the average penalties imposed in these cases?*

SECRETARY FOR TRANSPORT:—Sir, I am afraid I do not have those figures. I will provide them in writing. It is necessary to extract a relatively small number of cases from the very large total number but I believe the level of penalty is not very high.

(The following written reply was provided subsequently.)

In the immediate past, the level of fines has ranged from \$30 to \$150, with the average being around \$50. The present maximum penalty is \$500.

You may recall that the level of penalties in the 1982 Road Traffic Ordinance were extensively discussed with Unofficial Members before the Bill was passed. In the Ordinance, which will come into effect on the 1 April 1984, the maximum penalties for careless cycling will be \$500; for reckless cycling on a first conviction \$500, and on a second conviction \$1,000 and three months' imprisonment. The penalties for cycling while under the influence of drink or drugs are \$500 on a first conviction, and \$1,000 and three months' imprisonment



on a second conviction. The Ordinance also provides a penalty of \$500 for pedestrians or rickshaw drivers convicted of negligently endangering their own safety or that of other people.

REVD. JOYCE M. BENNETT:—*Sir, in view of the poor brakes on many bicycles hired to the public, what inspections of the bicycles on hire are made to ensure that they are roadworthy?*

SECRETARY FOR TRANSPORT:—Again, Sir, I am not certain of the position and I will reply in writing. But I rather think that if Miss BENNETT has an offence in mind it may be covered already in the Ordinance.

(The following written reply was provided subsequently.)

The new Construction and Maintenance Regulations (which are to be submitted to the Governor in Council to be made following their approval in principle in 1982) have provisions specifically relating to cycles; these require a braking system which is efficient and in proper working order, and a warning instrument in the form of a bell. There are also provisions applicable to all vehicles including bicycles. For instance as regards steering, there is a provision that the wheels should not foul any part of the vehicle. The penalty for using or permitting to be used a vehicle, including a bicycle, which does not comply with the provisions of the Construction and Maintenance Regulations is a fine of up to \$10,000 and imprisonment for six months. This provision should enable action to be taken in respect of persons hiring out cycles which are unsafe.

### **School dental care service**

4. DR. IP asked:—*Will Government make a statement on the cost-effectiveness of the school dental care service run by the Medical and Health Department?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, a dental care service is recognized to be a most appropriate and effective way of promoting dental health amongst school children through the provision of oral health education and basic conservative dental services.

The benefits of such schemes have been clearly demonstrated in other countries with similar programmes.

The expenditure of the school dental care service in Hong Kong for 1981-82 was \$3.93 million with 75 842 pupils participating in the scheme. This works out to \$52 per pupil.

The service is essentially preventive in nature and is carried out amongst school children where it will do most good and at reasonable cost.

DR. IP:—*As the School Dental Care Service can offer basic conservative dental service as you have mentioned, and that which forms the bulk of dental consultation, would Government inform us whether, in comparison with the Government dental clinics manned primarily by dentists and the Private Dental Scheme for civil servants, the School Dental Care Service costing only \$50 per pupil is by far the most cost-effective for the type of service it renders?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, strictly speaking, the three types of service mentioned by Dr. IP are not really comparable. However, I shall quote the cost of the three services: for the School Dental Service it is \$52 per capita; for the Government Dental Service it is \$374; for the Private Dental Scheme it was \$2,217. But as I said, the areas of service are quite different because in the case of the School Dental Service, it is mainly preventive, while in the other two, utilizing different categories of personnel, they are mainly curative in nature.

REVD. JOYCE M. BENNETT:—*Sir, what age children are covered by the School Dental Care Service?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, when the Scheme was first mooted the intention was to cover school children from Primary 1 to 6 progressively. So, the answer is from six to about 12 years.

DR. IP:—*What is the maximum age of children at which it is foreseeable that this School Dental Care Service can extend its service to at the same cost-effectiveness?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—As I have just said, 12 years.

### **Development of the School Dental Clinics**

5. DR. IP asked:—

- (a) *What is the reason for the delay in the planned development of School Children's Dental Clinic in Argyle Street, Lam Tin, Ha Kwai Chung, Tuen Mun and Sha Tin?*
- (b) *Have the delays affected the progress in the development of the school dental care service, and have they created problems for the placement of the dental therapists who qualified in 1981 and 1982 and who will qualify in 1983 and 1984?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, the reason for the rescheduling of the School Dental Clinics mentioned by Dr. IP is that the Argyle Street Dental Clinic, which is the next project due for construction, was not accepted as a priority item, in competition with other projects, for immediate upgrading in the building programme. The project therefore can only be completed now a year behind its original schedule. It follows that the building schedules for the subsequent projects will also be affected to the same extent.

In regard to the second part of my Friend's question, the development of the school dental care service will not be affected up to 1982-83. However, the student dental therapists who will qualify at the end of 1983 and 1984 will have to be accommodated in alternative facilities for their work.

Active consideration is now being given to find such alternative accommodation in existing dental facilities of the University as well as the Government.

DR. IP:—*Sir, may we be informed exactly in which year the School Children's Dental Clinic at Argyle Street, Lam Tin, Ha Kwai Chung, Tuen Mun and Sha Tin will be completed?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—On the present schedule the target completion dates for the Clinics mentioned by Dr. IP are: for Argyle Street, about mid-1985 if this is upgraded; for the Clinic at Lam Tin, about the end of 1985; for Ha Kwai Chung, about mid-1986; Sha Tin, 1986; and for Tuen Mun, 1987.

DR. IP:—*Is it true that the whole floor of the to be second Argyle Street School Dental Clinic is left completely vacant for the last two years?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—I am not certain of the answer to this question but I shall find out and inform Dr. IP.

(The following written reply was provided subsequently.)

The question presumes that there is already a whole floor of the 'to be second Argyle Street School Dental Clinic'. However, as I have already said in my main answer, this project was not upgraded in the building programme and therefore the whole floor has not yet been built. Thus, there cannot be any vacant accommodation in this respect.

DR. IP:—*Since the School Dental Clinics are so cost effective in offering basic conservative dental service which forms the bulk of dental consultation and since there is an unsatisfactory arrangement of accommodation of dental therapists who can contribute valuable service, will Government reconsider the priority of such Clinics and consider upgrading them in the building programme?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, it is a fact of life that resources are not unlimited and that heart rending decisions have to be made by Government from time to time on relative priorities of projects which by themselves are cost effective, desirable and worthwhile but which will have to be ranked in accordance with their importance in a balanced way. But having said that, Sir, I shall try my best to see whether next year we can have this project up-graded.

REVD. JOYCE M. BENNETT:—*Sir, how many School Dental therapists will qualify at the end of 1983 and at the end of 1984 and how long has their training taken?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, in answer to the first part of the question 33 and 29, and the length of training is three years.

REVD. JOYCE M. BENNETT:—*Sir, are we continuing to take in student dental therapists for training in this year, or are we going to hold the course in abeyance?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, that depends on the progress of arrangements and we may have to review the intake for this year.

### **Factory workers affected by poisonous gas**

6. DR. FANG asked:—*What were the causes of the accident in a factory in San Po Kong in January this year in which 196 workers were affected by poisonous gas, and what action has been taken by Government to investigate the matter and to prevent similar accidents from happening again?*

COMMISSIONER FOR LABOUR:—Sir, the cause of the incident was the failure of the factory proprietor to install local exhaust systems to the new printing process which used ultra-violet light and perchloroethylene. The process generated both ozone and phosgene which, in the absence of 'proper exhaust', accumulated in the workrooms.

The Labour Department was first notified of the incident in the afternoon of 26 January. Within an hour of receiving this report, an Occupational Hygienist visited the factory and found a new printing process for the factory had been installed on five machines without connecting them to the exhaust systems. All these machines had stopped operation since the previous day. The new process was no longer in operation and no evidence of active toxic agent was found in the environment at the time of the visit. Staff of the Occupational Health Division and the Factory Inspectorate continued their investigations and examination of the ventilation system, the new process and materials for the next two days and a review of the findings suggested possible toxic agents from the new process as ozone, phosgene or oxides of nitrogen.

To confirm this, a simulation test was arranged for the afternoon of Saturday, 29 January, without the presence of workers, with subsequent analysis of air samples taken by the Government Chemist.

The analysis by the Government Chemist confirmed that ozone and phosgene were the gases responsible for the toxic effects on the affected workers.

A properly designed exhaust system should control the toxic gases generated in this process and prevent any escape to the general work place environment. However, the proprietor has informed this department recently that he has decided not to operate the new process and will return the machinery to Japan.

A register of affected persons is being established and their health pattern will be kept under review. Arrangements have been made for the Obstetric Unit and Pediatric Unit of the Queen Elizabeth Hospital to provide special surveillance for pregnant employees and their babies.

The Factory Inspectorate will continue its efforts in the enforcement of the safety regulations concerning general ventilation of workrooms and local exhaust systems for special processes. At the same time both the Factory Inspectorate and staff of the Occupational Health Division will continue to advise factory proprietors on the requirements for adequate ventilation of workrooms. During their visits to factories, they will pay particular attention to processes which may generate toxic gases without adequate ventilation.

In the Labour Department's on-going industrial safety and health publicity campaign programme, special emphasis will be given to the prevention of poisoning by toxic gases and the importance of adequate ventilation.

We shall also be examining the adequacy of the various safety regulations in the light of this very serious incident and reviewing whether amendment of existing regulations or introduction of new regulations would assist in the protection of employees from toxic substances. I must however emphasize that, in the Labour Department's view, the primary cause in this case was failure to observe existing regulations regarding ventilation of workrooms.

DR. FANG:—*Sir, is the Commissioner aware of any other existing plant or factory which would produce such poisonous gas?*

COMMISSIONER FOR LABOUR:—*Sir, we are aware of one other factory which runs a similar process, but the ultra-violet light works to a very much lower intensity and it is quite satisfactorily ventilated, and the exhaust extracted, so it is giving rise to no problems.*

MR. ALEX WU:—*Is it the general practice to expel toxic gases from the work place without regard to the possible harm they might do to the general public?*

COMMISSIONER FOR LABOUR:—*The answer to Mr. WU's question is basically that proper compliance with the Clean Air Ordinance and so on should avoid problems of this kind.*

### **Vietnamese refugees**

7. MR. LOBO asked—*If the pattern experienced in the last three years is anything to go by, there will be a substantial increase in the number of Vietnamese trying to get to Hong Kong by boat during the coming months. What is the Government doing to discourage it?*

SECRETARY FOR SECURITY:—*Sir, the Government is publicizing the fact that any Vietnamese refugees who come here will be confined in closed centres and will not be allowed to go out to work; that they will find themselves at the end of a very long queue for resettlement; and that in practice their hopes for resettlement anywhere, and particularly in the United States of America, are now very slender indeed. In other words, Sir, the central theme of this publicity is that they will be much better off staying where they are.*

MR. LOBO:—*Sir, how is this publicity being conducted and what assurance, if any, have we got that this publicity campaign will indeed reach Vietnam or any of those who are planning to come here?*

SECRETARY FOR SECURITY:—*Sir, we have passed the message on to the B.B.C. and to the Voice of America both of which have broadcasts to Vietnam. We would also hope that those who write letters from Hong Kong back to Vietnam will stress the message in their correspondence. But I am afraid that none of this involves an assurance that the message will get back. That does not make the message any less important and any less significant. It is a true message and it is vital that it should get back to Vietnam.*

MISS DUNN:—*Sir, given that the Government has embarked on similar publicity campaigns in the past without any success, is it not time for the Government to think of some new initiatives?*

SECRETARY FOR SECURITY:—*The Government is indeed doing so, Sir.*

### **Valuation of land property for estate duty purposes**

8. MR. CHEUNG YAN-LUNG asked:—*What is the average length of time taken for land property values in the New Territories to be assessed for estate duty purposes?*

THE FINANCIAL SECRETARY:—*Sir, the time taken to value land property in the New Territories for estate duty purposes varies from case to case depending upon the circumstances. Simple cases are completed well within a month, but exceptionally complex cases can take up to six months or more. If Mr. CHEUNG has had a specific complaint I would be pleased to look into it.*

MR. CHEUNG YAN-LUNG:—*Sir, how many Government departments are involved in this assessment process?*

THE FINANCIAL SECRETARY:—*Sir, the Commissioner for Estate Duty is responsible for valuations of property tax for estate duty purposes, but the actual valuation work is done by staff in the City and New Territories Administration for the New Territories, and by the staff in the Rating and Valuation Department for the urban area.*

MR. CHEUNG YAN-LUNG:—*Sir, as regards these cases which take up to six months or more to process, is the Government aware of the damaging monetary effect on the beneficiaries of the estates?*

THE FINANCIAL SECRETARY:—*Sir, we do as quickly as we can what we can provided we do it well (laughter).*

### Persons injured by the wing mirrors of goods vehicles

9. MR. CHEUNG YAN-LUNG asked:—

- (a) *How many persons were injured in 1982 by the wing mirrors of goods vehicles in the New Territories?*
- (b) *Will Government consider taking administrative or legislative action to reduce the incidence of such accidents?*

SECRETARY FOR TRANSPORT:—Sir, the number of persons so injured was 42 in 1980, 30 in 1981, and 41 in 1982. I should point out that these figures are derived from the reports of Police officers sent to the scene of the accidents and it is often difficult to define exactly which part of a vehicle caused injury.

With the aim of reducing the incidence of such accidents, it is proposed that under the new Construction and Maintenance Regulations, to be made under the Road Traffic Ordinance 1982, restrictions will be provided on the projection of exterior mirrors, when these are fitted less than two metres above the road surface.

The revised Highway Code will include a reminder to all drivers to allow ample clearance when passing pedestrians and cyclists.

### Fire safety arrangements in private residential buildings

10. MR. SO asked in Cantonese:—

- (甲) 鑒於私人住宅樓宇的防煙門通常使用不當，而消防事務處又難於管制，政府如何去加強這些樓宇的防火設施？
- (乙) 政府是否會考慮修訂建築物設計的防火守則，來解決這個問題？

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

- (a) *Given that tampering with smoke lobby doors in private residential buildings is very common and policing by the Fire Services Department is very difficult, what action is the Government taking to enhance the fire safety arrangements in these buildings?*
- (b) *Will the Government consider changes in the fire safety codes applicable to building design to overcome this problem?*

SECRETARY FOR SECURITY:—Sir, the requirement to provide smoke lobby doors is contained in the 'Code of Practice on Means of Escape in Case of Fire', which is drawn up under the Buildings Ordinance and which states that fire resisting self-closing doors must be provided in most types of building including multistorey private residential buildings. There are various means for ensuring that this requirement is adhered to.

As my honourable Friend implies in his question, the problem is to make sure that these doors are properly used so as to prevent the draughts that cause fires in buildings to spread and to contain the smoke from the fires. In other words, the doors should be kept shut at all times except when someone is passing through them.

The conclusion, at least so far, has been that to make it an offence in law to jam these doors open is impractical, not least because of the difficulty in policing it and finding the culprits. In other words, the proper use of the doors must depend on the voluntary co-operation of the users of the buildings.

To encourage such co-operation we have been relying on improved building management, and the Regional Secretary (Hong Kong and Kowloon) has set up a Standing Committee to study ways and means of achieving this end. The Director of Fire Services is represented on it.

We have also been using publicity towards educating the public on fire safety arrangements generally. We will be continuing this effort, stressing the importance of keeping fire doors shut.

One improvement we should actively pursue is to make it compulsory to post notices on the doors to the effect that they must be kept closed. This, Sir, we are now doing.

### **Study on the Kai Tak Instrument Landing System**

11. MISS DUNN asked:—*Are the findings of the consultants study on the Kai Tak Instrument Landing System of a bridge across Lei Yue Mun gap referred to in this Council on 5 May 1982 yet available? If so, what are they?*

SECRETARY FOR LANDS AND WORKS:—Sir, the study was originally expected to be completed by the end of 1982. However, modelling of the area of the glidepath proved to be more difficult and time-consuming than anticipated and consequently the definitive findings of the study are not yet available.

Although full testing of the various bridge models has not yet been carried out preliminary tests show clearly that in the originally proposed locations the bridge designs would cause unacceptable levels of interference with the Instrument Landing System. It is now proposed to continue testing the preferred bridge designs in the most easterly location at progressively lowered heights. At this stage it is not known how low the bridge would have to be to achieve an acceptable operational condition but lowering of the level might make further marine traffic restrictions inevitable.

Sir, the definitive findings of the extended study are forecast to be ready by the end of June with preliminary findings becoming available in May.



MISS DUNN:—*Sir, in view of these further complications identified in the preliminary tests and given that studies into a crossing at Lei Yue Mun have stretched from the early 70's, that is, for over a decade, is it worthwhile from the point of view of time and cost to continue with further studies on this crossing?*

SECRETARY FOR LANDS AND WORKS:—*Sir, in fact the studies of this particular thing have not been going on for a decade but merely since April of last year. The benefits of the bridge crossing are far greater in both time and cost than could be achieved by any other fixed crossing facility. It is therefore necessary to thoroughly explore every reasonable design configuration before abandoning this project.*

MISS DUNN:—*Sir, is it the Government's intention to simultaneously re-examine other options?*

SECRETARY FOR LANDS AND WORKS:—*Yes, Sir, the other options are being looked at. There is another possible option of a variation in the I.L.S. which is already being carried out in an in-house study, and of course the short term measures are always under consideration.*

MISS DUNN:—*Sir, what is the Government's present estimate of the completion date of a second harbour crossing at Lei Yue Mun if the present studies prove to be positive, or somewhere else if Lie Yue Mun has to be abandoned?*

SECRETARY FOR LANDS AND WORKS:—*In the case of the Lie Yue Mun bridge it is still expected to be around 1987 but no programme has been worked out for the other options.*

### **Carbon monoxide poisoning due to the use of domestic gas water heaters**

12. MISS DUNN asked:—*Would the Government say how many people have died of carbon monoxide poisoning due to the use of gas water heaters since this subject was last raised in this Council on 9 December 1981 and is the Government satisfied that everything possible is being done to prevent such accidents?*

SECRETARY FOR ECONOMIC SERVICES:—*Sir, in answer to the first part of Miss DUNN's question, available statistics on fatal accidents from carbon monoxide poisoning caused as a result of the use of domestic gas water heaters show ten deaths in 1980, eight in 1981 and four in 1982. Over the last two months two deaths occurred. These figures do not include suicides.*

As regards the second part of Miss DUNN's question, the findings of the Gas Safety Consultants were basically that flueless heaters and open flue heaters are unsafe, because they have not been correctly installed. Flueless heaters, which are appliances designed only for intermittent use to fill sinks, have frequently

been installed in bathrooms and used continuously to supply showers. And open flue heaters have been installed with inadequate flues.

The Consultants recommended that all such unsafe water heaters be replaced by safe heaters over a period of time, and that unsafe appliances should be banned and disconnected after this period. This recommendation, difficult in any event to implement, has been examined by the Economic Services Branch, the Government's own gas engineers and other Government departments during the first half 1982. It was decided that instead of an eventual ban, it would be more practical to give consumers a choice. They could choose safety either through ventilation or by replacing their existing unsafe heaters with improved, safer appliances. And this choice would be made clear to them.

Accordingly, during the cool winter months of 1982 and the beginning of this year, the Government has urged members of the public to take precautions by ensuring that their bathrooms are adequately ventilated. We will continue to issue suitable publicity from time to time.

So that consumers can exercise their choice, the Director of Electrical and Mechanical Services and his gas engineers have successfully arranged with suppliers of gas water heaters to import and make available for sale a range of safe water heaters, which are relatively easy to install and use and not significantly more expensive than conventional but unsafe models. These safe heaters include the fan-assisted and natural draught balanced flue models, and an open flue model, which uses a fan for expelling the gas safely out of the bathroom.

The natural draught balanced flue heater requires a sufficiently large aperture to be provided in the wall of the bathroom. This can be difficult to achieve in existing buildings. But the Buildings Ordinance Office has issued a Building Practice Note to all Authorized Persons, advising them to make provision for these apertures in their plans for *new* domestic buildings.

In the circumstances the Government is satisfied that much is being done to reduce the possibility of fatal accidents. I hope Members will agree that the drop in the number of fatalities since the beginning of 1980 reflects not only heightened consumer awareness of the need to take precautions, but also the fact that there is now available a supply of safe water heaters.

But I accept, Sir, that there is no room for complacency. Eventually, it will be necessary for the Government to introduce gas safety legislation to regulate the manufacture, storage, transmission, distribution and utilization of gas fuels and gas appliances. A good deal of thought has been given to gas safety and I shall shortly be submitting a report on this subject to Executive Council.

MISS DUNN:—*Sir, I thank Mr. JACOBS for that very comprehensive answer. He said that much is being done. Can he say whether the Government is satisfied that everything that can be done is being done?*

SECRETARY FOR ECONOMIC SERVICES:—I don't think that anyone could be satisfied that everything is being done. We are doing all that we can properly do within our resources. I believe that the figures do show that we are making real progress.

## Government business

### Motions

#### VOTE ON ACCOUNT

THE FINANCIAL SECRETARY moved the following motion:—That—

1. Authority is hereby given for a sum not exceeding \$16,606,270,000 to be charged on the general revenue in advance of an Appropriation Ordinance for expenditure on the services of the Government in respect of the financial year commencing on 1 April 1983.
2. The sum so charged may be expended against the heads of expenditure listed in the first column of the First Schedule:

Provided that such expenditure shall not exceed the amounts specified in relation to those heads in the third column of that Schedule.

3. Expenditure of the funds on account for each head of expenditure listed in the First Schedule shall be arranged in accordance with the subheads in the Draft Estimates of Expenditure 1983-84 and shall be limited to an amount equal to—
  - (a) in the case of a Recurrent Account subhead, other than a subhead listed in the second column of the Second Schedule, 20 *per cent* of the provision shown in respect of the subhead in the Draft Estimates;
  - (b) in the case of a Capital Account subhead, other than a subhead listed in the second column of the Second Schedule, 100 *per cent* of the provision shown in respect of the subhead in the Draft Estimates; and
  - (c) in the case of a Recurrent Account of Capital Account subhead listed in the second column of the Second Schedule, the percentage of the provision shown in respect of the subhead in the Draft Estimates specified in relation thereto in the third column of that Schedule,

or such other amount as may in any case be approved by the Financial Secretary:

Provided that expenditure on any subhead shall not exceed the amount of the provision shown in respect of the subhead in the Draft Estimates.

## FIRST SCHEDULE

[para. 2]

(1) <i>Head of Expenditure</i>	(2) <i>Amount shown in the Draft Estimates</i>	(3) <i>Amount of provision on account</i>
	\$	\$
21 His Excellency the Governor's Establishment ....	5,807,000	1,191,000
22 Agriculture and Fisheries Department.....	170,443,000	68,865,000
23 Auxiliary Medical Services .....	8,486,000	1,698,000
24 Audit Department.....	22,950,000	4,602,000
25 Building Development Department.....	470,959,000	94,538,000
26 Census and Statistics Department.....	60,092,000	12,120,000
27 Civil Aid Services .....	16,742,000	3,638,000
28 Civil Aviation Department .....	137,503,000	33,726,000
29 Civil Service Training Centre.....	55,641,000	11,145,000
30 Correctional Services Department.....	440,679,000	99,075,000
31 Customs and Excise Department.....	190,461,000	39,357,000
34 Defence: Miscellaneous Measures .....	1,519,615,000	664,187,000
40 Education Department .....	611,456,000	127,295,000
41 Education Subventions .....	3,289,627,000	835,955,000
42 Electrical and Mechanical Services Department	407,671,000	85,388,000
43 Engineering Development Department .....	589,380,000	124,545,000
44 Environmental Protection Agency.....	19,135,000	7,669,000
45 Fire Services Department .....	398,990,000	106,900,000
46 General Expenses of the Civil Service .....	1,078,680,000	215,736,000
47 Government Data Processing Agency .....	55,694,000	14,135,000
48 Government Laboratory .....	23,402,000	6,242,000
50 Government Land Transport Agency .....	12,708,000	2,966,000
52 Government Secretariat .....	197,477,000	45,137,000
53 Government Secretariat: City and New Territories Administration .....	184,852,000	48,848,000
56 Government Secretariat: Lands and Works Branch .....	37,011,000	7,408,000
58 Government Supplies Department.....	85,842,000	35,215,000
62 Housing Department.....	273,550,000	69,395,000
70 Immigration Department .....	270,171,000	68,621,000
72 Independent Commission Against Corruption.....	125,170,000	25,957,000
73 Industry Department.....	32,589,000	16,242,000
74 Information Services Department.....	39,101,000	7,954,000
76 Inland Revenue Department .....	187,939,000	39,006,000
80 Judiciary .....	120,578,000	24,778,000
90 Labour Department.....	101,520,000	24,098,000

FIRST SCHEDULE (*Cont'd*)

[para. 2]

(1) <i>Head of Expenditure</i>	(2) <i>Amount shown in the Draft Estimates</i>	(3) <i>Amount of provision on account</i>
	\$	\$
91 Lands Department .....	264,146,000	60,834,000
92 Legal Department .....	54,321,000	11,426,000
94 Legal Aid Department .....	52,985,000	10,597,000
96 London Office .....	29,874,000	7,180,000
100 Marine Department .....	175,906,000	55,158,000
102 Medical and Health Department .....	1,771,561,000	428,129,000
104 Medical Subventions .....	915,202,000	323,293,000
106 Miscellaneous Services .....	2,198,921,000	606,613,000
110 New Territories Development Department .....	62,324,000	12,548,000
112 Office of Unofficial Members of Executive and Legislative Councils .....	8,483,000	1,697,000
120 Pensions .....	870,615,000	174,123,000
122 Police: Royal Hong Kong Police Force .....	2,010,668,000	538,553,000
126 Post Office .....	440,468,000	115,814,000
130 Printing Department .....	71,602,000	18,731,000
134 Public Debt .....	68,235,000	46,628,000
136 Public Service Commission .....	1,336,000	268,000
160 Radio Television Hong Kong .....	123,762,000	31,318,000
162 Rating and Valuation Department .....	52,999,000	10,600,000
163 Recreation and Culture Department .....	66,400,000	16,142,000
164 Registrar General's Department .....	58,505,000	11,724,000
165 Registry of Trade Unions .....	2,243,000	449,000
166 Royal Hong Kong Auxiliary Air Force .....	19,931,000	9,206,000
167 Royal Hong Kong Regiment (The Volunteers) .	17,401,000	4,832,000
168 Royal Observatory .....	40,535,000	14,903,000
170 Social Welfare Department .....	1,319,245,000	267,622,000
172 Social Welfare Subventions .....	363,000,000	99,000,000
174 Standing Commission on Civil Service Salaries and Conditions of Service .....	3,869,000	774,000
176 Subventions: Miscellaneous .....	337,596,000	88,662,000
178 Technical Education and Industrial Training Department .....	146,201,000	34,273,000
180 Television and Entertainment Licensing Authority .....	5,368,000	1,074,000
181 Trade Department .....	47,157,000	11,212,000
184 Transfers to Funds .....	9,866,659,000	9,866,659,000
186 Transport Department .....	344,307,000	70,615,000

FIRST SCHEDULE (*Cont'd*)

[para. 2]

(1) <i>Head of Expenditure</i>	(2) <i>Amount shown in the Draft Estimates</i>	(3) <i>Amount of provision on account</i>
	\$	\$
188 Treasury.....	68,674,000	17,954,000
190 Universities and Polytechnic.....	1,225,206,000	414,046,000
192 Urban Services Department.....	362,949,000	92,361,000
194 Water Supplies Department.....	764,349,000	157,620,000
Total .....	35,474,924,000	16,606,270,000

## SECOND SCHEDULE

(1) <i>Head of Expenditure</i>	(2) <i>Subhead</i>	(3) <i>Percentage of provision shown in Draft Estimates</i>
24 Audit Department	113 Administration	30
28 Civil Aviation Department	102 Cable and Wireless services.....	30
41 Education Subventions	330 Bought places in private secondary schools.....	30
	350 Refund of rates for private schools.....	25
	355 Assistance to post-secondary colleges.....	65
	365 Grants towards selected adult education services..	30
50 Government Land Transport Agency	225 Traffic accident victims assistance scheme— levies .....	100
58 Government Supplies Department	227 Unallocated stores: purchases .....	100
62 Housing Department	228 Clearances .....	25
	229 <i>Ex-gratia</i> allowances.....	25
	230 Management of cottage areas .....	25
	231 Management of temporary housing and temporary industrial areas .....	25
	232 Squatter control .....	25

SECOND SCHEDULE (*Cont'd*)

(1) <i>Head of Expenditure</i>	(2) <i>Subhead</i>	(3) <i>Percentage of provision shown in Draft Estimates</i>
91 Lands Department	221 Clearance of Crown land— <i>ex-gratia</i> allowances ....	35
92 Legal Department	111 Hire of services and professional fees .....	30
96 London Office	116 Office rents and rates .....	25
104 Medical Subventions	All recurrent subheads .....	25
106 Miscellaneous Services	192 Refunds of revenue.....	100
126 Post Office	174 Dues to other administrations.....	50
134 Public Debt	238 Loans (Asian Development Bank) Ordinance, Cap. 271: Second Sha Tin Urban Development project: commitment charges and interest .....	70
160 Radio Television Hong Kong	102 Cable and Wireless services .....	30
167 Royal Hong Kong Regiment (The Volunteers)	245 Pay and allowances for the auxiliary services .....	30
168 Royal Observatory	102 Cable and Wireless services .....	30
170 Social Welfare Department	177 Emergency relief .....	100
172 Social Welfare subventions	All recurrent subheads .....	25
176 Subventions: Miscellaneous	445 Hong Kong Trade Facilitation Council .....	50
	462 United Nations Fund for Drug Abuse Control.....	100
	All other recurrent subheads.....	25

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

As is our normal practice, the debate this year on the second reading of the Appropriation Bill will be extended into April in order to give Members time to examine the draft Estimates of Expenditure for 1983-84. Thus the enactment of the Appropriation Bill cannot take place before the first day of April. The purpose of this motion 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 1983 and the enactment of the Appropriation Bill.

The funds on account sought under each head have been determined in accordance with the provisions of paragraph three of the Resolution. This

paragraph provides that expenditure shall be arranged in accordance with the subheads in the draft Estimates of Expenditure 1983-84. It also enables the Financial Secretary to vary the funds on account in respect of any subhead, provided that these variations do not cause an excess over the amount of provision entered for that subhead in the draft Estimates or an excess over the amount of funds on account for the head.

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 in accordance with its conditions. The Vote on Account will be subsumed upon the enactment of the Appropriation Bill, and the General Warrant issued after the enactment of the Appropriation Bill will replace the Vote on Account Warrant and will be effective from 1 April 1983.

Sir, I beg to move.

*Question put and agreed to.*

## **EMPLOYEES' COMPENSATION ORDINANCE**

THE COMMISSIONER FOR LABOUR moved the following motion:—That the Ordinance be amended, with effect from 1 July 1983, as follows—

- (a) in section 6—
- (i) by deleting '\$168,000' in the three places where it occurs in subsection (1) and substituting in each case the following—  
'\$242,000'; and
  - (ii) by deleting '\$56,000' in subsection (2) and substituting the following—  
'\$81,000';
- (b) in section 7—
- (i) by deleting '\$192,000' in the three places where it occurs in subsection (1) and substituting in each case the following—  
'\$276,000'; and
  - (ii) by deleting '\$64,000' in subsection (2) and substituting the following—  
'\$92,000'; and
- (c) in section 8(4) by deleting '\$77,000' and substituting the following—  
'\$111,000'.

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

When I moved the second reading of the Workmen's Compensation (Amendment) Bill 1980 on 25 June 1980 which included, among other things, a revision of the levels of compensation, I said, '... it is my intention to review biennially the levels of compensation to take account of changes in wage levels and the cost of living. To facilitate future adjustments, clause 13 of the Bill provides that the various levels of compensation may be amended by resolution



of the Legislative Council.' As these revised levels of compensation were subsequently brought into operation from 1 November 1980, it is now time to review these levels.

According to statistics available from the Census and Statistics Department, between the period March 1980 to September 1982, there has been an increase of 39.8% in the overall nominal wage level. It is also projected that from September 1982 to March 1983 there is a further increase of about 3% in the wage levels. When this increase is related back to the original level in March 1980, the overall increase becomes 44%.

It is therefore proposed to adjust the existing levels of compensation by an increase of 44%. In this way the maximum amount of compensation for death will be increased from the existing level of \$168,000 to the new level of \$242,000, and that for permanent total incapacity will be increased from \$192,000 to \$276,000. The minimum levels for death and permanent total incapacity will be increased from \$56,000 and \$64,000 to \$81,000 and \$92,000 respectively. The allowance for constant attention payable under section 8(4) of the Employees' Compensation Ordinance will also be adjusted from \$77,000 to \$111,000.

Consultations have been made with, and endorsement received from, the Labour Advisory Board regarding these adjustments of levels of compensation. It is proposed that these new levels should come into operation with effect from 1 July 1983, in order to allow both employers and insurance companies sufficient time to make the necessary adjustments and is geared to the coming into force of the Employees' Compensation (Amendment) Ordinance 1982 enacted on 22 December 1982.

Sir, I beg to move.

DR. FANG:—Sir, the proposed increases in the maximum compensation to reflect changes in wage levels of workers should be welcomed. But I would like to see such revisions to take account also of changes in the *cost of living*, as the Commissioner for Labour had said in June 1980 and repeated again just now. The existing amount under section 6(5) of the Employees' Compensation Ordinance for burial and medical attendance expenses in respect of a deceased employee leaving no dependant is \$3,000. This amount had remained unchanged since 1980. Judging from the increase in the cost of living in the past two years, a revision of this compensation rate is due.

At present, compensations payable to workers injured on duty are subject to maximum levels in force on the date of injury. It had given rise to complaints from some workers for during the time when their extent of incapacity were being assessed, increases on the maximum payments were introduced. The workers concerned, who could have received a larger compensation had the revised maximum been applied, were only awarded a smaller sum because the former ceiling was being used. Given the time lapse between the date of injury and the date on which final assessments on incapacity are made, I think it would

be more equitable to adopt the maximum applicable to the latter date in the calculations.

Sir, with these remarks which are also applicable to the motion on the Pneumoconiosis (Compensation) Ordinance to be moved by the Commissioner for Labour later, I support the motion.

COMMISSIONER FOR LABOUR:—Sir, I thank my Friend, Dr. FANG, for supporting generally the motion on the Employees' Compensation Ordinance and also that on the Pneumoconiosis (Compensation) Ordinance.

Dr. FANG has suggested that increases in the various levels of maximum compensation should take into account changes in the cost of living. I should like to point out that the present revisions have been based on changes in the nominal wage level index which does reflect the rate of inflation amongst other factors. The compensation itself payable under the Ordinance is wage related so that the nominal wage index is the logical guide. Further it could be detrimental to workers to relate the figures to the Cost of Living Index in times when real wages rise.

No increase has been recommended in the burial expenses as the sum still seems to be adequate, but we will be reviewing this again in relation to the sickness allowance and death grant proposals currently being prepared.

I take Dr. FANG's point about cases where payment cannot be made until a long period has elapsed, as for example, in cases where a final medical assessment cannot be made until the extent of recovery is known (although, of course, interim payments are made), and I will be investigating whether improvements can be made, but to relate the compensation to the date of award rather than the date of accident itself would seem to present insuperable problems in an insurance based scheme such as ours.

*Question put and agreed to.*

## **PNEUMOCONIOSIS (COMPENSATION) ORDINANCE**

THE COMMISSIONER FOR LABOUR moved the following motion:—That the First Schedule to the Ordinance be amended, with effect from 1 July 1983, as follows—

(a) in Part I—

(i) by deleting '\$168,000' in items 1, 2 and 3 and substituting in each case the following—

'\$242,000'; and

(ii) by deleting '\$56,000' in item 4 and substituting the following—

'\$81,000';

- (b) in Part II—
- (i) by deleting ‘\$192,000’ in items 1, 2 and 3 and substituting in each case the following—  
‘\$276,000’; and
  - (ii) by deleting ‘\$64,000’ in item 4 and substituting the following—  
‘\$92,000’; and
- (c) in Part IV by deleting ‘\$77,000’ in item 4 and substituting the following—  
‘\$111,000’.

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

I have just moved a motion to revise the levels of compensation under the Employees’ Compensation Ordinance.

As the levels of compensation provided under the Pneumoconiosis (Compensation) Ordinance have been set at exactly the same levels as those under the Employees’ Compensation Ordinance, it is proposed to adjust them accordingly.

Sir, I beg to move.

*Question put and agreed to.*

## IMMIGRATION ORDINANCE

THE SECRETARY FOR SECURITY moved the following motion:—That section 17B(1) of the Immigration Ordinance be amended by deleting paragraph (d) thereof with effect from the day appointed for the commencement of the Registration of Persons (Amendment) Ordinance 1983.

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

On 5 January last, Mr. F. K. HU asked in this Council whether in view of the fact that driving licences in their present format could be forged, the Government was satisfied ‘that a driving licence should continue to be a proof of identity for immigration purposes’. My answer was ‘No’, and that I had already issued drafting instructions for a resolution under section 17B(2) of the Immigration Ordinance to delete ‘a current driving licence’ from the list of documents acceptable as proof of identity under section 17B(1).

That resolution is now before this Council.

The requirement that every person of 15 years of age or more have with him at all times proof of his identity, was introduced in October 1980 as one of a package of anti-illegal immigration measures. The Immigration Ordinance was amended, by the addition of section 17B(1) to list the documents acceptable as proof of identity. This list included a current driving licence.

A driving licence is primarily proof of the holder's authority to drive a vehicle. It is not a secure identification document. The risks involved in allowing it as an identification document were acceptable for so long as the present type of identity card, with its outdated security features, was being issued. With the imminent introduction of the new, much more secure form of identity card, the risks involved in continuing to allow a driving licence as proof of identity are no longer tolerable.

Unless 'a current driving licence' is deleted from the list of documents which may be used as proof of identity, we can expect that forgery syndicates will turn their attention to the production of driving licences. Well forged driving licences would offer reasonable protection against arrest and enable the holders to obtain such benefits as medical attention; but not lawful employment which requires an identity card. Thus there would be a ready market for forged licences among illegal immigrants who were prepared to remain without jobs, who resorted to crime or who were able to find employment unlawfully.

We have examined the alternative course of retaining the driving licence as proof of identity, but upgrading its security to the same level as that of the new identity card. We have decided against it. Upgrading the driving licence could be achieved only at considerable cost, disproportionate to the comparatively limited uses the licence serves, and at significant inconvenience to applicants because procedures would have to be changed to ensure that the possibility of impersonation was eliminated.

Sir, we fully take the point made by the Executive Council that the proposed deletion will cause inconvenience to those who, when driving, will be required to carry both their driving licence and their identity card. In consequence, we are now seriously considering Executive Council's suggestion that, given that drivers will be required to carry identity cards, there is no need for them to be obliged to carry driving licences when they are driving. But I am afraid that, with the best will, this suggestion may prove impracticable.

As the deletion is a necessary corollary of the introduction of the new, more secure form of identity card, the resolution provides that it should take effect on the same date as the Registration of Persons (Amendment) Ordinance 1983, in other words as a complement to the identity card re-issue project.

Sir, I beg to move.

MR. PETER C. WONG:—Sir, the move proposed by the Secretary for Security will ensure that the security advantages of our new I.D. card system will not be undermined.

However, Unofficial Members share the Executive Council's concern that the proposed deletion will cause inconvenience to those who, when driving, will be required to carry both their driving licence and their I.D. card.

I therefore welcome the Secretary for Security's statement that the Executive Council's proposal is now being seriously considered. Since the number of a

driving licence is the same as the I.D. card number of the holder, and since all relevant records are computerized, I fail to see why the Executive Council's suggestion may prove to be impracticable. There was a time, not too long ago, when the carrying of a driving licence while driving was not mandatory. That worked well for many decades. With computer back-up, the old system may well prove to be satisfactory.

Sir, on this optimistic note, I support the motion.

*Question put and agreed to.*

### **First reading of bills**

#### **INLAND REVENUE (AMENDMENT) (NO. 2) BILL 1983**

#### **COMPANIES (AMENDMENT) BILL 1983**

*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 1983**

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

He said:—Sir, I move the second reading of the Inland Revenue (Amendment) (No. 2) Bill 1983. Its purpose is to remove from profits tax liability gains accruing to unit trusts from the disposal of securities.

It is the view of the Commissioner of Inland Revenue that unit trusts do not engage in trading in securities to any significant extent. For the most part, transactions in securities undertaken by unit trusts are in the nature of capital investment transactions. The threat of liability to profits tax is, however, seen by the industry as a real disincentive to the further expansion of unit trusts in Hong Kong. Accordingly, in the interests of fostering the healthy growth of the unit trust management industry as a useful and worthwhile ancillary to the financial sector, the Bill provides for exemption from tax of profits arising on the disposal of securities by trustees of an authorized unit trust.

The proposed exemption is to be retrospective. This recognizes the possible administrative difficulties for fund managers if the Inland Revenue Department were to establish a tax liability in respect of previous years. It would be an almost impossible task for the managers to recover tax from those unit holders

who were proprietors of a trust at the time of the relevant transactions, but who have since ceased to be members of the unit trust scheme.

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*—THE FINANCIAL SECRETARY.

*Question put and agreed to.*

### **COMPANIES (AMENDMENT) BILL 1983**

THE SECRETARY FOR ECONOMIC SERVICES moved the second reading of:—‘A bill to amend the Companies Ordinance’.

He said:—Sir, I move that the Companies (Amendment) Bill 1983 be read the second time.

#### *Introduction*

The purpose of this Bill is to complete substantially the programme of legislation designed to implement the recommendations made by the Companies Law Revision Committee in its Second Report published in 1973.

Members of this Council will recollect that a draft Bill was published in July 1980 for general information. Following upon that publication comments upon the proposed legislation were received from organizations and individuals in the professional, business and academic sectors. The Administration then embarked upon a process of consultation with an Ad Hoc Group of Unofficial Members of this Council.

Because of its length and the number of subjects dealt with in the Bill, it would be impracticable for me to burden Members with a detailed description of all its 260 clauses, and instead, before I turn to the Bill itself, I shall indicate some of the principles upon which our approach to company legislation is based.

#### *General principles*

Company legislation in Hong Kong has traditionally been based on the Companies Acts of the United Kingdom. The present Companies Ordinance, first enacted in 1932, was modelled on the Companies Act of 1929. Since then, the Companies Acts of 1948, 1967, 1976, 1980 and 1981 have been enacted. Though a number of the provisions in the 1948 and 1967 Acts have been adopted in Hong Kong, there are now many areas in which our company law in Hong Kong falls short of accepted modern requirements.

The general principles upon which the United Kingdom Companies Acts have been based were established in the Cohen and Jenkins Committee’s

Reports. The Companies Law Revision Committee referred to and endorsed those principles, but added a few of its own including one of overriding importance; namely, that in all matters we should try to decide what is best for Hong Kong. It is recognized that there are considerable advantages in Hong Kong closely following an established system of law because this enables us to obtain the benefit of the authoritative guidance of standard text books and decisions of the courts of Britain. But, nevertheless, conditions in Hong Kong are in many respects unique, and our law must be framed for our own needs.

*The development of companies in Hong Kong.*

The limited liability company has been an important vehicle in Hong Kong's economic development. The number of registered companies has increased from 2 000 in 1948 to around 110 000 at present. The number of publicly quoted companies has also increased and now stands at 269. Corporate structure has become more complex as companies diversify their businesses often through groups of subsidiaries.

With the greater number of companies and increased public participation in the ownership of public companies, company law has become of greater importance to the community. There is a wide spread interest in ensuring that the affairs of companies are conducted properly, that information concerning the activities of companies is fully provided, and that there are adequate safeguards for the protection of investors. Thus in 1979 in the report of the Advisory Committee on Diversification it was stated:

‘one of the factors affecting the willingness of investors to invest in Hong Kong companies is the company law they operate under and the extent to which it protects the interests of shareholders, particularly minority shareholders.’

The Committee noted that Hong Kong's companies legislation was generally out of line with modern practice.

*The Companies Law Revision Committee*

The Companies Law Revision Committee, which had been appointed by the Governor to consider and make recommendations as to the revision of the companies legislation of Hong Kong and in particular to recommend, if appropriate, legislation for the prevention of fraud in relation to investments, produced two Reports: the first, ‘The Protection of Investors’ in 1971, and the second, ‘Company Law’ in 1973.

The Committee's First Report led to the enactment of the Companies (Amendment) Ordinance 1972, which dealt mainly with prospectuses, the Protection of Investors Ordinance and the Securities Ordinance. Some recommendations in the First Report were implemented by way of code rather than legislation: for example, the Code on Unit Trusts and Mutual Funds, and the Code on Takeovers and Mergers, both administered by the Securities Commission. The Securities Commission itself was established by the Securities Ordinance. Of the Committee's Second Report, some of the more urgent

recommendations including those dealing with accounts and directors' reports, have already been enacted and a full list of the recommendations implemented through legislation is set out in Part A of Appendix 1 of the Explanatory Memorandum attached to the Bill.

*The draft Companies (Amendment) Bill 1980*

After publication of the draft Companies (Amendment) Bill in July 1980, the public was given altogether seven months in which to submit comments. Many written comments were received. The comments were wide-ranging, detailed and often voluminous. In addition, a conference on Company Law Reform was organized by the Hong Kong Law Journal in October 1980 to discuss the draft Bill. The Administration took part in that conference.

The representations received were considered in detail by the Ad Hoc Group of Members of this Council formed to study the draft Bill. There were also lengthy consultations between the Group and the Administration. To avoid delaying implementation of the bulk of the Committee's recommendations it was agreed between the Group and the Administration that all controversial issues on which agreement could not be reached would be withdrawn from the draft Bill and referred to a Standing Committee on Company Law Reform for detailed consideration after enactment of the legislation. On this understanding, the Group proposed and the Administration agreed to changes to the draft Bill comprising 41 amendments and seven deletions, affecting more than 70 sections of the principal Ordinance. The amendments have been incorporated into the Companies (Amendment) Bill 1983 now before this Council.

*The Companies (Amendment) Bill 1983*

After the lengthy period of consultation and discussion, I believe that the clauses now included in the Bill represent a wide consensus of opinion of responsible bodies. Departures from the Committee's recommendations mainly represent further up-dating in the light of more recent United Kingdom legislation and other refinements or amplification rather than any departure in basic spirit. As I have said, I shall not take up this Council's time by going into all the provisions of the Bill in detail, and I refer Members to the Explanatory Memorandum for a general explanation of its contents. Furthermore, there is in Appendix 2 of the Explanatory Memorandum a detailed list of the cross references to the recommendations in the Second Report and their United Kingdom precedents if applicable. For the assiduous reader, full arguments in support of the various recommendations now being implemented are set forth in the Second Report.

Part B of Appendix 1 of the Explanatory Memorandum lists the recommendations of the Second Report which have not been implemented for a variety of reasons. In some instances, new evidence or argument contrary to the Committee's conclusions has come to light. In others, there have proved to be administrative or policy difficulties standing in the way of implementation. Members will note that the important and very controversial subject of



disclosure of shareholdings has not been dealt with in the Bill. It is currently being considered by the Securities Commission. Depending upon the result of that consideration, further recommendations will be placed before the Executive Council for advice.

The present Bill touches most Parts of the principal Ordinance. Beginning with the amendments to Part I of the principal Ordinance, Members will note that clause 4 proposes to reduce the minimum number of subscribers required to form a company, and new provision for common form powers is made in clause 5. Clause 13 proposes to give the Registrar of Companies power to direct a company to change its name on the ground that its name is likely to mislead the public as to the activities of the company. Clause 17 makes new provision to prevent, with certain exceptions, subsidiaries from becoming members of their holding companies.

Among the amendments to Part II, Members will note that clause 31 makes new provision regulating the manner and circumstances in which special rights attached to shares may be varied. (This proposal should be read along with clause 11, which is aimed at preventing articles being altered in such a way as to override special rights.)

The amendments to Part III, which deals with the difficult subject of registration of charges, do not go as far as the Committee recommended in the Second Report. There are a number of technical difficulties which have come to light since the Committee made its recommendations, and depending on developments elsewhere, particularly in the United Kingdom where the issues have been very fully debated, this subject will be given further consideration.

The amendments to Part IV, which is concerned with the management and administration of companies, are partly procedural in character but also deal with the very important subjects of auditors and directors.

I draw particular attention here to clauses 92 to 95, which seek to introduce important new provisions relating to company auditors on the lines of the 1976 Act in the United Kingdom. The proposals already have the blessing of the Hong Kong Society of Accountants and I regard them as a major step forward in promoting better protection of the interests of shareholders. The provisions embrace such matters as the procedures for appointing and removing auditors, new appointments, re-appointments and the filling of casual vacancies, as well as the rights and duties of auditors, the obligation to provide information to auditors and the difficult but important issues that arise in connection with the resignation of auditors.

Equally important are the large number of amendments under Part IV which relate to directors, and it is in this area in particular that the Bill may be said to have gone ahead of the recommendations of the Committee. Events, however, over the decade that has elapsed since the Committee reported in 1973 clearly suggest that new approaches are required, and I believe the Bill is all the better for that. For the sake of brevity, I shall mention only subject-matter rather than

detail. Every company must have at least two directors (clause 108) and, except in the case of certain private companies, a body corporate may not be a director (clause 110). Restrictions are to be imposed on the power of directors to dispose of a company's fixed assets and also in relation to the release of 'price sensitive' information (clause 112). Extensive new controls are to be applied to loans made by companies, other than banks or deposit-taking companies, to directors or their business connections and families (clause 114); and stringent requirements are to be imposed regarding the inclusion of particulars of such loans in company accounts (clause 117).

Lastly, under the heading of Part IV of the principal Ordinance, I would draw attention to the new provision in clause 125 relating to take-overs and the acquisition of minority interests, provisions which I believe are another major step forward in the protection of shareholders' interests.

Several important new provisions are to be introduced in Part V, which deals with the winding up of companies, but I would particularly mention the new power to be given to the Registrar of Companies to present a winding-up petition on the ground *inter alia* that the company has been persistently in breach of its statutory obligations (clauses 130 and 131). Also, the new provisions under clause 114 for the disqualification by court order of fraudulent persons, and persons who are directors of insolvent companies, from being or becoming directors, replace the existing rather limited provisions (clause 154) and bring the principal Ordinance in this regard very much into line with the latest United Kingdom legislation.

The amendments to Part XI include new requirements as to maintaining an authorized representative in Hong Kong (clause 229) and new provision regulating the use in Hong Kong by an overseas company of its corporate name (clause 234).

Finally, under the heading 'miscellaneous' in Part XIII, I would mention the important reforms introduced in respect of the Companies Registry and the powers of the Registrar in relation to documents submitted for registration (clause 240). These amendments will, I believe, lead to important improvements in the administration of the Registry and will be of considerable benefit to the commercial community at large. It should be noted also that the replacement of the First Schedule to the principal Ordinance means that all the Tables, especially Table A, are completely updated, but this reform will not of course affect existing companies unless they so desire.

#### *Standing Committee on Company Law Reform*

The Companies (Amendment) Bill is of mammoth size, but Members will not be surprised to learn that it is not intended to be the last word on the subject. Company law must change with the evolution of the economic and business environment. We must in future ensure that companies legislation is kept responsive to our needs. The subject is dynamic and the law in this area has to be constantly updated in the light of changing circumstances.

So the last recommendation of the Companies Law Revision Committee was that a Standing Committee should be established. This recommendation has been accepted, and accordingly if this amendment Bill is enacted, a Standing Committee on Company Law Reform will be formed. Apart from Government representatives, it is intended that the Committee will include members from the professional, business and academic sectors. I am confident that the Committee will in future be invaluable in putting forward timely proposals.

Amongst the first tasks of the proposed Standing Committee will be the consideration of those various provisions excised from the draft Bill published in 1980. Examples include the provisions on the validity of ultra vires transactions between a company and persons without actual notice, prohibition of financial assistance by a company for the purchase of its own shares and the general fiduciary duty of directors.

Since the Companies Law Revision Committee produced its reports, a considerable volume of legislation has been enacted. In particular, the Securities Ordinance and Protection of Investors Ordinance broke new ground in Hong Kong. Dealings in securities and the activities of the Stock Exchanges have been very much in the public eye since the early 1970's. Company law, securities law and the protection of investors are inextricably intertwined. In these circumstances, it seems reasonable that amendments to the Securities Ordinance and the Protection of Investors Ordinance should also be considered by the Standing Committee on Company Law Reform. The Securities Commission, whilst charged with the statutory duty of considering and suggesting reforms to the law related to securities, has agreed that it would be useful for the Standing Committee also to make recommendations in this area. This arrangement will not result in any duplication of effort. The object is to provide additional support to the Securities Commission in its statutory role. I should add that when this matter was considered by the Securities Commission, agreement was reached on the understanding that the Commissioner for Securities would serve as a member of the Standing Committee on Company Law Reform so as to act as liaison between the Commission and the Standing Committee. I believe that this arrangement will prove to be highly beneficial in ensuring that company law and the law related to securities and the protection of investors are kept in harmony. It should also help to ensure that the various ordinances in this area do not cover basically the same ground for no real purpose. Indeed, one of the principles in relation to company law reform mentioned in the Jenkins Report was that it was desirable that there be a reduction in the unwieldy mass of companies legislation. This is difficult to achieve, but the Standing Committee will constantly keep this principle in mind.

#### *Conclusion*

In conclusion, Sir, I wish to express my appreciation to all those who have contributed to the preparation of this Bill.

Members of the Companies Law Revision Committee under the chairman-ship of a former Registrar General, Mr. W. K. THOMSON, produced two invaluable reports, which have formed the basis of our development in this area of the law for the last decade. The implementation of the Committee's recommendations ending with the present Bill before this Council will provide a sound framework for many years to come. I am sure Members will wish me to express our gratitude for all their efforts.

I would also like to acknowledge the considerable efforts of those members of the Administration who were involved. Theirs was a very time-consuming and arduous task, handled with commendable skill. And also those members of our community who commented on the 1980 draft Bill contributed much valuable assistance.

Lastly, Sir, I wish to thank my Unofficial Colleagues who sat on the Ad Hoc Group of Unofficial Members of this Council, first under the chairmanship of Mr. S. L. CHEN and latterly under Mr. BROWN. Every clause of the Bill and every comment made were given the most detailed and careful consideration by the Group, which met on numerous occasions both amongst themselves and with the Administration. As a result of that consideration and the discussions that took place, numerous amendments were included in the Bill before this Council today, and it is thereby much improved. Let me say how grateful I am to my Unofficial Colleagues for the immense effort they put into this proposed legislation.

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*—SECRETARY FOR ECONOMIC SERVICES.

*Question put and agreed to.*

## **INLAND REVENUE (AMENDMENT) BILL 1983**

### **Resumption of debate on second reading (2 February 1983)**

*Question proposed.*

MR. BROWN:—Sir, Unofficial Members of this Council forming the Monetary Policy Group have examined this Bill and have considered a number of representations from the public.

We have reached the conclusion that we can support the Bill, and indeed we feel able to endorse the view of the Financial Secretary that the proposed system of assessment of property tax is more equitable than the existing arrangements. In making this statement due cognizance has been taken of his comment that it is not a measure whose purpose is to increase the level of tax payable, but rather

to provide a proper criteria for payment. However, it is assumed that by making the changes detailed in this Bill, Government has decided not to implement, at least for the foreseeable future, the recommendation contained in the Report of the Third Inland Revenue Ordinance Review Committee, that 'the exploitation of the ownership of property should be treated as the carrying on of a business, consequently separate Property Tax be abolished'.

Clarification has been sought and received from the Commissioner of Inland Revenue that although the cost of management is included in the definition of 'consideration' in clause 6, where under the new section 5B the tenant pays the management fees direct to the landlord for the benefit of the landlord himself, management fees are not included where the tenant is liable to pay management fees to, say, a management company, but does so via the landlord. Where, however, the landlord is contractually liable to pay the management fees but builds such fees into the rental structure the gross sum is included in the 'consideration'. Likewise confirmation has been received that 'consideration' does not include rates where the owner agrees to pay the rates and if such are included in the 'consideration', I understand that relief will be provided under the new system.

A further point raised in connection with the definition of 'consideration' relates to amounts charged to tenants for the use of furniture. The Commissioner of Inland Revenue has confirmed that such amounts would not be included in the 'consideration', although as furnished lettings would normally be regarded as being within the ambit of the definition of a 'business' such would of course be subject to profits tax.

Some questions have been raised as to whether it is reasonable to expect landlords to retain records for a seven-year period as stipulated in clause 15. Unofficial Members are satisfied that this is fact reasonable, and indeed as an assessor is able to make an assessment under section 60 of the principal Ordinance within six years after the expiration of a year of assessment, it is necessary for taxpayers to retain records for a seven years to support any objection to an assessment in the event of a dispute.

The wording in the Bill has caused doubt in some minds as to how its provisions will be interpreted in practice by the Commissioner of Inland Revenue and he has given a number of assurances which include:

- (a) Where a person is only the owner of a property for part of a year of assessment he is only taxable in respect of that part of the year for which he is the owner; that is to say he is not taxable in respect of the whole year of assessment.
- (b) Where provisional Property Tax is paid by an owner and a refund becomes payable after the property has passed into the ownership of a subsequent owner, such refund will be made to the original owner and will not be applied against any liability to tax of the subsequent owner.

- (c) It is intended that the new section 7C(1) should have the same effect as corresponding provisions relating to Profits Tax notwithstanding that the latter makes reference to bad debts whereas section 7C(1) refers to 'irrecoverable' debts. I understand that the use of different words is not intended to impose more stringent conditions, and an owner would not necessarily have to pursue his debtor all the way through the Courts to ultimate bankruptcy and/or liquidation before a debt could be construed as irrecoverable. The difference in wording is in fact due only to 'irrecoverable' being more appropriate usage of the English language than 'bad' when used in connection with a failure to pay rent.

Other points which emerged from our examination of this Bill, and the study of representations received, included the proposal that premia for the grant of leases be spread over the life of such leases or for a period of three years whichever is the shorter. Whilst some reservations remain regarding the equity of this arrangement we accept that long leases are unusual for domestic premises owned by private landlords. Most long leases are found in the corporate sector and there is of course no provision to spread such benefits received when having regard to profits tax.

The proposed period of 28 days in the new section 63(O) differs from the corresponding periods of 14 days in existing, similar sections relating to Salaries Tax and Profits Tax. Although some have claimed this to be undesirable, Unofficial Members have accepted that the longer period will prove of benefit to the small landlord who may require this length of time to satisfy the Commissioner that he has grounds for his provisional Property Tax to be held over.

Turning now to claims that this Bill could cause undue hardship for landlords the Commissioner of Inland Revenue has advised the Monetary Policy Group that this is not so. I understand it is his intention to issue demand notes for the 1983-84 provisional property tax between the beginning of July and mid- August 1983, with due dates for payment falling between 1 November 1983 and 29 February 1984. This conforms with the due date pattern adopted for 1982-83 and earlier years. The 1983-84 provisional assessments will use 1982-83 assessable values and there is a provision in the Bill—clause 18 new section 63(O)—for the provisional tax to be held over where the final 1983-84 liability is likely to be less than the amount provisionally assessed.

Taxation is a complicated subject and Unofficial Members forming the Monetary Policy Group are grateful to the Commissioner of Inland Revenue for his patience in responding to the queries we put to him on behalf of the public. My Colleague, Mr. Peter C. WONG, and his Legislation Scrutiny Group have also met with the Administration and discussed several matters of a technical nature in addition to those of a more general nature I have already mentioned.

I understand that later in this debate the Financial Secretary will confirm the various assurances given by the Commissioner of Inland Revenue, and at the committee stage he will move amendments where such are deemed necessary to implement such assurances and conform to the agreement reached with the Legislation Scrutiny Group.

Sir, subject to the agreed amendments I have just mentioned, I support the motion.

DR. HENRY HU:—Sir, I welcome the Inland Revenue (Amendment) Bill 1983 which brings the method of property tax evaluation into line with those presently used for profits tax, salaries tax and interest tax. Relating the liability to property tax to the full consideration receivable by the landlord in respect of the tenancy, the new system is more equitable than the existing one which is based on the assessed value of the property.

The new section 5B provides that property tax will be charged on the consideration, in money or money's worth payable to the owner in respect of the right of use of that land or building or both.

While I support the Administration's view, I may be permitted to make some observations. First, there may be confusions in applying this new section 5B. I understand that in certain circumstances, the cost of management is included in the 'consideration' in this new section but in other circumstances it is not. In my view it should make clear in the amended Ordinance that under which circumstances the management fee should be included in the consideration and in what circumstances it should not.

Secondly, in the case of furnished lettings, there should be no charge to property tax on the amount payable to the landlord for the use of furniture; I would be remiss if I hesitate to draw Members' attention to the formal interpretation of 'consideration' in the Law of Contracts.

The traditional definition of consideration is 'something of value in the eye of the law' given or accepted in return for a promise. It follows that if the management fee and/or the furniture element form part and parcel of the tenancy, it would be better not to describe an amount as 'consideration' from which the furniture element and/or the management fee are deducted.

In view of this rather narrow and peculiar meaning of 'consideration' used in the Bill, it would be desirable to have a separate definition of the term inserted under section 2 of the principal Ordinance specifying the special meaning of 'consideration' for the purpose of property tax evaluation under new section 5B so that the rights and duties of a taxpayer could be placed in a more clear perspective.

With these remarks, Sir, I support the motion.

MR. CHAN KAM-CHUEN:—Sir, I rise to support the Inland Revenue (Amendment) Bill 1983.

In the year of assessment 1981-82, the 'assessable values' of properties were re-assessed for property tax purposes to an average of over three times and some landlords who charged a rental lower than the increased 'assessable value' were caught in having to pay a tax above the standard rate of 15%, resulting in many complaints by the landowners.

On 9 December 1981, when speaking on the Landlord and Tenant (Consolidation) (Amendment) (No. 2) Bill 1981, I pointed out that 'the owner is taxed unfairly on their rental income at a rate higher than the standard rate of 15%...' This anomaly was subsequently rectified and owners in bona fide cases were refunded the excess tax paid. I also pointed out in the same speech that 'this is a right step in taxing rental income to the full rate' as I felt that if the working class was taxed for their salaries up to the standard rate of 15% it would be fairer if landlords' rental income also fell in line.

This Bill, if passed, would change the concept of 'assessable value' to 'actual rental income'. Though it is not the objective of this Bill, the timely increase in revenue from property tax would also help to augment the public coffers in the coming financial year.

Some may doubt whether there would be abuse in reporting a 'false' rental which is lower than the actual rental by the landlord in collaboration with the tenant. However, I note that besides the usual stiff penalties for the evasion of tax, there is a built-in safeguard in a landlord and tenant relationship in that once a rent receipt on the lower rental is signed, the landlord would be penalized by the tenant who will thereafter pay the former the lower 'false' rental.

With these observations, Sir, I support the motion.

THE FINANCIAL SECRETARY:—Sir, I am grateful to Mr. BROWN, Dr. HU and Mr. CHAN for their thoughtful comments on this Bill, and all the work the Unofficials have done on it.

Dr. HU suggested that the term 'consideration' should be defined more precisely. I am advised that it would be very difficult to produce a satisfactorily exhaustive definition and that any attempted one would almost certainly present opportunities for tax avoidance.

Mr. BROWN reported in his speech certain assurances given to the U.M.E.L.C.O. Monetary Policy Group by the Commissioner for Inland Revenue. I am happy to confirm them.

I shall be moving four amendments to the Bill in the committee stage. I shall propose that clause 4 be amended to provide relief to a landlord who pays the rates. Under the existing system, the calculation of the assessable value for tax purposes is based on the assumption that the tenant pays the rates. Under the new system, the assessable value is related to the sum received by the landlord



from the tenant. Relief should therefore be afforded to the landlord where the tenant is not required under the agreement to pay the rates. I shall also propose that clause 6 be amended to make it clear that management fees paid by the tenant to the landlord are taxable under the new system. The Ordinance already provides an allowance for repairs and outgoings, and this covers the cost of management. An amendment to clause 18 is necessary to correct a minor typographical error. And finally I shall be moving that a new clause, number 18A, be read a second time and added to the Bill to make it an offence liable to penalty if a landlord fails to keep sufficient record of the rent he receives from the tenant. This is in line with similar existing provisions in the Ordinance in regard to a failure to keep business records for profits tax purposes. The omission of this clause from the Bill was simply an oversight.

Sir, I beg to move that the Inland Revenue (Amendment) Bill to read a second time.

*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).*

## **PROTECTION OF INVESTORS (AMENDMENT) BILL 1983**

### **Resumption of debate on second reading (2 February 1983)**

*Question proposed.*

MR. BROWN:—Sir, Unofficial Members have given careful thought to this Bill and support it on the basis that it is a step in the right direction.

Whether or not it will achieve its aim of protecting potential investors against so called paper gold schemes will depend to some extent on the ability of the Administration to enforce its provisions.

It may be relatively easy to stop unauthorized advertising in the media, but many of the schemes we are attempting to discourage are sold to the public by high pressure salesmen making contact by telephone and personal visits. This of course comes within the meaning of ‘invitation to invest’, as defined by the Ordinance, but it is difficult to police—indeed I understand from the Commissioner for Securities that no one has ever been charged under the Protection of Investors Ordinance since it was enacted in 1974, which perhaps underlines the point, for I would find it difficult to believe there have been no infringements.

The question must be asked, therefore, as to whether the Protection of Investors Ordinance provides sufficient, or indeed any real protection in the light of the developments which have taken place in our financial and commodity markets since this legislation was introduced in 1974.

The need for this amendment Bill indicates that the reply must be at least partly in the negative. Whilst, therefore, this Bill is supported for being, as I have just said, a step in the right direction, I would suggest that there is a need to re-examine the whole subject of investor protection. Whilst I agree that we should not over legislate, it does seem to me that the public will not be properly protected until we review the Commodities Trading Ordinance—for, in addition to the Protection of Investors Ordinance, that legislation also requires to be given more teeth. It would be helpful to have some assurance that the Working Party, which I understand is currently examining the Commodities Trading Ordinance, is doing so with a degree of urgency.

Sir, with these somewhat qualified comments I support the motion.

MR. CHEUNG Yan-lung:—Sir, the Protection of Investors (Amendment) Bill 1983 does not presume to defeat every doubtful selling scheme of the future, whether it be for sales of paper gold or some other ‘get rich quick’ plans. I would compare the proposed amendment in practice, to the health warning that is now mandatory on all cigarette packets and advertisements—a token presence.

In fairness, the stated aim of the amendment is to minimize public exposure to investment offers from bodies not already subject to prudential supervision. In doing so, it is an excellent example of both positive intervention and positive non-intervention, rolled into one.

All of us here are aware of the events leading up to this amendment. But do we all agree that it does enough to protect consumers from unscrupulous merchants? Should the Authorities have stricter control of buying and selling in the complicated, confusing and unfamiliar area of investment arrangements?

Hong Kong consumers have never been bashful about making money, whether or not they are familiar with the means to do so. As a result, we have seen consumers burn their fingers on stocks, on property, on commodities, and in other fast moving investment areas including Letters B. Their latest experience proves conclusively ‘all that glitters is not gold’, and that in a free market system, it is the buyer who must beware.

On the other hand, there is no more tempting carrot than the gleam of speculation profits. So despite the authorities, reluctance to intervene, given its consumer protection policy, perhaps consumers need to be protected from themselves.

This amendment and its potential effects are very selective. They seek to protect the public by placing some controls on permitted advertising. But just as

a paper gold scheme can be clearly designed to escape the clutches of the law, so can advertising be created to do the same.

I think a layman reading the Protection of Investors Ordinance would wonder if 'advertising' covers anything more than paid insertions in the eyes of the law? For example, if a newspaper or magazine reviews an investment scheme, or interviews a merchant; if a carefully-worded scheme offer is sent to householders by mail; if scheme merchants hire a function room and conduct direct sales by private offer only; do these methods constitute 'advertising'? I seek clarification of this point because of the widespread public views of the definition of 'advertising'.

For paid and published advertisements, what will distinguish a 'genuine' advertisement from an 'ambiguous' or 'misleading' advertisement under section 4 of the Ordinance, in the opinion of the Securities Commission? What guidelines will be provided for advertisers?

What will be the procedure for advertisers to seek approval? Has the Securities Commission the relevant and qualified expertise to vet the advertisements? Advertising, like gold trading, depends to a great extent on seizing market opportunities quickly. It would not do to have commercial enterprise held up, not by market forces, but by bureaucratic forces.

It is argued that the Tse Lee Yuen incident was a single case of a company that experienced cash flow difficulties due to market forces. It is argued that a single case may not justify stricter legislation. However, I think there are grounds for more stringent control over the operations of companies, by specifying more explicit accounting responsibilities, and set rules and regulations for operating in order to give the public better protection. More can be done to publicize the possible traps into which consumers could fall. Perhaps 'legitimate' traders could consider adopting some form of exclusive identification such as the Hong Kong Tourist Association junk logo, to stand for quality and reliability. This would be very helpful to buyers who may wish to place custodial trust in a merchant by leaving their purchases with that merchant.

Banks and gold merchants generally approve of the proposed amendment, basically I suppose, because it may do some good while not interfering with their own practices.

I feel that the time has come for a comprehensive review of the Protection of Investors Ordinance. Notwithstanding the present amendment, an 'investment arrangement' under the Ordinance implies a distribution of profit or income to those taking part in the scheme. In this context, I wonder if holders of Letters B need also be protected? After all, theirs is an investment arrangement designed to preserve inherited, landed interests, and yield profits. It is regrettable they are now suffering from cash flow problems too (*laughter*). The question is, are Letters B as good as gold?

With these remarks, Sir, I support the motion, while looking forward to an overall review of the Ordinance.

SECRETARY FOR ECONOMIC SERVICES:—Sir, I am grateful for the support of my Unofficial Colleagues, even though that support has been qualified by a note of caution.

When the Administration first put together its drafting proposals, we took note of the fact that there was not much evidence of malpractice justifying or demanding a more comprehensive system of regulation than that envisaged in the present Bill. Furthermore, we were conscious of the need to avoid any unnecessary increase in the size of the civil service, a sentiment widely shared in this Council. So we devised the proposed legislation to tackle the problem that had manifested itself, namely marketing by advertisement, but in such a way as to avoid too much bureaucratic involvement or intervention. A more comprehensive system of control along the lines suggested by Mr. CHEUNG Yan-lung would be costly to administer and could place a considerable burden on legitimate traders. But in deference to my honourable Friend I would add that if there is clear evidence in future that our proposals are inadequate, I shall certainly reconsider our approach.

Mr. CHEUNG has made a number of thought provoking comments on this Bill. Much of what he has said will be considered in the context of any review of the Ordinance. With all due modesty, I accept his description of this measure as ‘an excellent example of both positive intervention and positive non-intervention, rolled into one’. Mr. CHEUNG has identified with precision just what we are attempting to do (*laughter*).

Regarding the question of advertising, Members will be aware that ‘advertisement’ is defined in the principal Ordinance as including every form of advertising, whether notified or published, in a newspaper, magazine, journal or other periodical. The definition also includes displays of posters or notices, and the distribution of circulars or brochures and so on. It even includes exhibitions of photographs or cinematographic films. So the definition is wide, and I believe that in practice it should catch most schemes that are likely to be put together even though some of the examples given by Mr. CHEUNG might fall outside its ambit.

The Commissioner for Securities’ Office does have the relevant and qualified expertise to vet advertisements. In fact, the Office has been examining advertisements under the existing provisions of the principal Ordinance even since it was first enacted in 1974. Furthermore, the Commissioner’s staff also carefully scrutinize advertisements for unit trusts and mutual funds. So the experience and administrative machinery is there; and this is one of the reasons why we adopted this particular route for controlling paper gold schemes.

Both Mr. BROWN and Mr. CHEUNG have suggested that the whole subject of protection of investors should be re-examined or reviewed. In introducing the

Companies (Amendment) Bill I mentioned that this subject should be considered by the Standing Committee on Company Law Reform, and what Mr. BROWN and Mr. CHEUNG have said has given added weight to this proposal. I thank them both for that, and for their consideration of this measure generally.

As to the Commodities Trading Ordinance, Members will recollect that in answer to Mr. Peter C. WONG's question in this Council on 22 December last year, I said that a Working Party chaired by the Commissioner for Commodities Trading had been appointed to review the Commodities Trading Ordinance generally. The review is progressing and I have taken due note of Mr. BROWN's call for urgency.

Sir, I beg to move that the Protection of Investors (Amendment) Bill 1983 be read a second time.

*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).*

## **MATRIMONIAL CAUSES (AMENDMENT) BILL 1983**

### **Resumption of debate on second reading (2 February 1983)**

*Question proposed.*

DR. FANG:—Sir, the underlying principles of the Bill are well intended. The Court will be able to ensure that children whose parents are involved in matrimonial proceedings will be given the necessary care if it is found that their parents will not be suitable to look after them.

The Bill had been studied carefully by the Social Services Group of Unofficial Members. Emphasis had been placed on whether the wishes of the child concerned would be taken into consideration by the Court in deciding to issue a care order, and whether the Director of Social Welfare, on accepting the child into his care, had the necessary resources to provide a satisfactory level of care. We were satisfied that the provisions in the Bill and the plans which the Director of Social Welfare had in hand were adequate.

We were also concerned that the proposed level of fine in new section 48B for failure to notify the Director of Social Welfare of any change of address, being higher than penalty provisions for similar offences in other legislations, would create a precedent for the latter to be revised upwards. We had been assured, however, that acceptance of the current proposal would not lead automatically

to a revision of penalty provisions in other laws. Recognizing the need to create the desirable deterrent effects, we accepted the proposal.

We had noted that no time limit had been stipulated in the Bill for the notification of change of address to be made to the Director of Social Welfare. We considered that it would make enforcement difficult. Accordingly, I shall move an amendment during committee stage to impose a time limit of one month to the provisions concerned.

Sir, with these remarks, I support the motion.

REVD. JOYCE M. BENNETT:—Sir, I am glad to have the opportunity to speak in support of this Bill, which is an attempt to provide for the children of unhappy families. Anything that we can do to ensure that such youngsters can grow up in as stable an environment as possible is to be encouraged.

However I wish to give a word of warning concerning the facilities that are currently available to us for the care of these youngsters. It has been estimated that 50 more places will be needed per year in residential or foster homes to meet the additional requirements resulting from this Bill. Clearly we do not at the moment have enough places for children, who in time of crisis require placement in children's homes. We recall cases in recent times where children orphaned by the sudden death of their parents by fire or accident, could not be placed in the same children's home and remain united together. Such tragedies should belong to the past when the importance of keeping children of the same family together had not been recognized.

I note that the Director of Social Welfare will be responsible for these children until the age of 21. But from the material supplied to Unofficial Members I am concerned to note that only two institutions have provision to keep children up to that age. Moreover I do not believe it is usual for them to take in new admissions from this older age range. No doubt the Director will be considering hostels for the placement of 16-21 year olds. But quite frankly do we have enough? In the course of my work I have needed from time to time to help senior girl students to find residential accommodation. Seldom did my assistants and I find this easy.

Sir, I support this Bill, but I express considerable reservation about its implementation. Of course the provision of more foster homes would be ideal. But we have to ensure that children are not taken out of their own environment and social background when they are placed in a foster home. I have recently been made aware of the dangers that can ensue when such occurs. Can the Government have a publicity drive to encourage suitable families to consider fostering homeless children? What more is the Director of Social Welfare planning to ensure the effective implementation of this Bill? What positive encouragement is he giving to the voluntary agencies in these matters?

Sir, despite these reservations, I support the Bill in the hope that it will provide a further incentive to the Director to take more positive action in regard to children in care and those in need of some kind of residential or foster home.

DR. HO:—Sir, the intention behind this Bill is worthy of support, as it aims to safeguard the welfare of a child by committing him to the care of the Director of Social Welfare when it is found during matrimonial proceedings that his parents are not willing or suitable to take custody of him.

To ensure the smooth enforcement of the provisions, two constraints need to be overcome. The first constraint relates to the current critical shortage of accommodation. In order to minimize the disruption to the daily life of the child concerned and in order to keep him in the community as long as possible, non-institutional placements in foster homes or small group homes are preferred. Unfortunately, there are only 45 places in foster homes and eight places in small group homes at present, catering for similar needs in a large number of care and protection cases other than those arising from this Bill. I was informed that the Social Welfare Department is encouraging voluntary organizations to operate four more small group homes with an additional 32 places and 60 more foster care places in the next two years. For these plans to be successful, the co-operation of the voluntary agencies and civic-minded citizens are desperately needed. In order to make the responses more forthcoming, the Department should step up its efforts.

A less favourable alternative is to place children who need care and protection in residential institutions, like children's homes, creches, and boys' or girls' centres. As all these institutions are almost filled to capacity, there is a high chance that they would be kept in care and protection sections of correctional institutions. It is important that when placing a child from a broken marriage in one of the latter institutions, he must be separated from other inmates who may exert unhealthy influence on him. Due to the physical layout of the existing correctional institutions, such segregation is very difficult. Plans must therefore be drawn up to improve the facilities in the correctional institutions and before those plans are completed, no child for care under the Bill should be placed in them.

The second constraint relates to the question of supervision of the child committed to the care of the Director of Social Welfare. While entrusted to the Director, it is incumbent upon the social worker in the Family Service Division of the Social Welfare Department to provide adequate supervision and guidance to the child and to maintain contact with his parents. A child from a broken marriage tends to demand more attention, care and affection than one from a normal family. The existing workload of a family service worker is more than 100 cases, all of which are complicated and demanding careful attention. The new responsibility created by this Bill for the care of children with emotional deprivation arising from a discorded family needs to be discharged

with the equal degree of diligence and attention. Suitable staffing arrangements need to be made.

Sir, with these remarks, I support the motion.

DIRECTOR OF SOCIAL WELFARE:—Sir, I am grateful to Dr. FANG, Miss BENNETT and Dr. HO Kam-fai for their support of this Bill. I agree that it would be helpful if a time limit of one month were prescribed for the notification of change of address to be made to the Director of Social Welfare, and will support the amendment which Dr. FANG will move to this effect at the committee stage of the Bill.

Dr. HO and Miss BENNETT have both expressed concern about the adequacy of the existing facilities to cater for the children who will be committed to my care under this Bill and have urged more effort in promoting non-institutional care. A Central Planning Unit has recently been established within my department to promote the development of foster care and small group homes. I am glad to say that we are making good progress and that in addition to existing agencies which are interested in expanding their placements, a new agency will be taking up the foster care service very shortly. The Central Planning Unit will provide the necessary stimulus to voluntary agencies to expand in these areas, and a territory-wide publicity campaign to promote the foster care service is planned for the near future. The Unit will also determine the best strategy for recruiting foster parents and will be responsible for registering potential foster parents and for assessing their suitability. Those found suitable will be referred to appropriate voluntary agencies for matching with children. In this matching process, I can assure Miss BENNETT that we will have regard to the child's social background and environment so as to ensure as far as possible compatibility with the foster parents. If all goes well, we expect in the next two years to be able to increase the number of places in foster homes from 45 to 160, and in small group homes from eight to 72. The number of residential places in ordinary homes will also be increased from 1 171 to 1 238, and I shall consider the provision of additional hostel places for the older age group if this appears to be necessary.

Dr. HO is also concerned about the possibility that children committed to my care under this Bill may be placed in correctional institutions operated by my department. Such placements would be quite inappropriate since the children of broken marriages are in a quite different situation from those young people who are committed to a period of stay in a correctional institution. I wish therefore to stress that I have no intention of resorting to use of such facilities in case of children entrusted to my care under this Bill. The degree of care and supervision required will vary in each case. As this is a new commitment, it is difficult at this stage to predict how many such cases will arise and their age range but I do not expect the number to be large. Given present plans to expand both residential and non-institutional care services, I do not expect any insurmountable difficulties in providing adequate care and supervision. I shall of course monitor



the situation carefully and will ensure that any additional commitments arising out of this Bill are adequately reflected in my department's planning targets.

Sir, I beg to move.

*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).*

## **REGISTRATION OF PERSONS (AMENDMENT) BILL 1983**

### **Resumption of debate on second reading (2 February 1983)**

*Question proposed.*

MR. PETER C. WONG:—Sir, the aim of this Bill is two-fold, as a further measure to prevent illegal immigration by the issue of new forgery-proof identity cards and the up-dating of the existing system of registration of Persons.

This important Bill was carefully studied by an ad hoc group set up by the Unofficial Members for the purpose. Two meetings were held, one in-house and one with the Administration.

The wide ranging discussions with the Administration were most helpful, resulting in the following changes to the Bill, which will be made at the committee stage—

- (a) while the provision of a \$3,000 fine as proposed in the new section 7B(3) for failure to apply for a new card was considered reasonable, a term of one year's imprisonment appeared to be unduly harsh. Accordingly, it has been agreed that the prison sentence be deleted.
- (b) possession of an invalid I.D. card should not constitute an offence carrying a penalty of \$3,000 and a sentence of one year's imprisonment. Otherwise, anyone who inadvertently retains an old I.D. card would be liable to prosecution. As this matter could be dealt with under other sections of the principal Ordinance, it has been accordingly agreed that this offence and the penalties as proposed in the new section 7C(3) be deleted.

Apart from the above two agreed amendments, the group is satisfied that the Bill provides the necessary legal framework for the issue of new I.D. cards contemplated by the Administration and approved by the Executive Council.

The new card will be issued for a maximum period of ten years. It is smaller than the existing one but slightly bigger than a credit card. It is worth noting that the card is tastefully designed (*laughter*).

As this Bill will affect everyone living in Hong Kong, it must be a matter of wide public interest. It is therefore important that the widest possible publicity be given to this exercise. G.I.S. will be initiating an extensive publicity drive about the new registration and the arrangements for the issue of the new card. Efforts will be made to ensure that even people living in remote areas and the illiterate will be fully informed of the requirement to register.

Special arrangements will be made for the handicapped through the appointments system which will be handled by the Social Welfare Department. Members are, of course, aware that under the principal Ordinance, the severely handicapped and infirm are already exempted from the requirement to register and this will remain unchanged.

One important feature of the new arrangement is the computer back-up. All records will be computerized and the computer records will be available to the Police through the Beat Radio Scheme. Thus the period required by the Police on the spot for the checking of particulars will be reduced to about half an hour. Needless to say, such facility will greatly assist the law enforcement agency in combating illegal immigration.

Sir, with these remarks, I support the motion.

MR. CHAN KAM-CHUEN:—Sir, I rise to support the Registration of Persons (Amendment) Bill 1983.

When this Bill was gazetted, I took a look at my identity card and on it I found the picture of a person who could be my son by age; it definitely requires renewal.

Of course, this is not the main object of this Bill which is to provide for replacement of existing identity cards with new forgery resistant ones. With the end of our 'touch-base' policy, the flood of IIs was stopped. However, as Hong Kong is not such a bad place as evil-wishers paint it, IIs are still trickling in and for residential and employment purposes forged identity cards are being used. It is important that we should stop this as Hong Kong is bursting at the seams with too many people and the social burden of providing jobs, housing, food, transport, medical and other facilities is already taxing our resources to the limits.

My only concern about this Bill is that replacing identity cards for several million people within the shortest possible time is a Herculean task. The saving of an average of five minutes per person would result in millions of working minutes which could be interpreted into savings in time, staff and public expenditure.

Our Immigration Department has a very experienced staff and its offices will be open for long hours to cope with this additional work load.

Despite this, in the spirit of the Chinese saying 愚者千慮一得，‘even if the unwise thinks a thousand times, he may make a useful contribution’, I venture to suggest that the assembly line concept of factories should be adopted in dealing with the huge number involved.

- (1) Planning officers should make trial runs to study the time required by each process and eliminate avoidable actions to save time.
- (2) Staff should be deployed in the right ratio for each process to ensure a smooth and constant supply of applicants.
- (3) A small relief unit should be set up not only to relieve officers at the working line for breaks, but also importantly when there is a time consuming case, the relief unit should deal with the applicant away from the line and solve the problem before putting him back into the next stage of the work flow.
- (4) The decisive ‘quality control’ stage which is a thorough and time consuming one, should be done by experienced officers.
- (5) A weekly study should be made after actual operation to try to identify more time-saving measures and to announce within the department the results which each work line has achieved. This would encourage a healthy spirit of competition.

In a nutshell, the officers on the work line should aim at speed with efficiency and if there is a ‘reject’ transfer his case immediately to the relief unit and the ‘Q.C.’ to decide whether or not a new identity card should be issued.

With these observations, Sir, I support the motion.

SECRETARY FOR SECURITY:—Sir, I would like to thank my honourable Friends for their careful consideration of this Bill and for their support for it. The amendments agreed by the Unofficial Working Group are acceptable and I will certainly pass on to the Director of Immigration my honourable Friend Mr. WONG’s complimentary remarks about his artistic capability. I would also like to comment on the suggestion of my honourable Friend Mr. CHAN whose wisdom cannot be questioned whatever he may quote. The Director of Immigration *will* be using an assembly line technique, and he will be including the specific applications my honourable Friend suggests, although he will be taking care to make sure that it does not appear to be inhuman (*laughter*).

*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

**INLAND REVENUE (AMENDMENT) BILL 1983**

Clauses 1 to 3 were agreed to.

Clause 4

THE FINANCIAL SECRETARY:—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) in subsection (1A), by deleting the words after “section 5A” and substituting the following—

“or section 5B, as the case may be—

(a) less, in a case under section 5A, an allowance for repairs and outgoings of 20 *per cent* of that assessable value; or

(b) less, in a case under section 5B—

(i) where the owner agrees to pay the rates in respect of the land or buildings or land and buildings, those rates paid by him; and

(ii) an allowance for repairs and outgoings of 20 *per cent* of that assessable value after deduction of any rates under sub-paragraph (i).”;

and’.

The amendment was agreed to.

Clause 4, as amended, was agreed to.

Clause 5 was agreed to.

Clause 6

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

*Proposed amendment*

**Clause 6**

That clause 6 be amended in the proposed new section 5B by inserting, at the end, the following—

‘(6) In this section, “consideration” includes any consideration payable in respect of the provision of any services or benefits connected with or related to the right of use.’.

The amendment was agreed to.

Clause 6, as amended, was agreed to.

Clauses 7 to 17 were agreed to.

**Clause 18**

THE FINANCIAL SECRETARY:—I move that clause 18 be amended as set out in the paper circulated to Members.

*Proposed amendment***Clause 18**

That clause 18 be amended in the proposed new section 630(1) by deleting “subsection (2)(c)” and substituting the following—

‘subsection (2)(d)’.

The amendment was agreed to.

Clause 18, as amended, was agreed to.

Clause 19 was agreed to.

New clause 18A. ‘Amendment of section 80’.

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order 46(6).

THE FINANCIAL SECRETARY:—In accordance with Standing Order 46(6), I move that new clause 18A as set out in the paper circulated to Members be read a second time.

*Question put and agreed to.*

Clause read the second time.

THE FINANCIAL SECRETARY:—I move that new clause 18A be added to the Bill.

*Proposed Addition*

**New clause**

That the Bill be amended by inserting, immediately after clause 18, the following—

‘Amendment       **18A.** Section 80 of the principal Ordinance is amended in of section 80. subsection (1)(c) by inserting, immediately after “51C(1),” the following—

“51D(1),”.’.

The addition of the new clause was agreed to.

**PROTECTION OF INVESTORS (AMENDMENT) BILL 1983**

Clauses 1 to 3 were agreed to.

**MATRIMONIAL CAUSES (AMENDMENT) BILL 1983**

Clause 1 was agreed to.

Clause 2

DR. FANG:—I move that clause 2 be amended as set out in the paper circulated to Members.

*Proposed amendment*

**Clause 2**

That clause 2 be amended in the proposed new section 48B by inserting after ‘shall’ the following—

‘within 1 month’.

The amendment was agreed to.

Clause 2, as amended, was agreed to.

**REGISTRATION OF PERSONS (AMENDMENT) BILL 1983**

Clauses 1 to 4 were agreed to.

Clause 5

MR. PETER C. WONG:—I move that clause 5 be amended as set out in the paper circulated to Members.

*Proposed amendment*

**Clause 5**

That clause 5 be amended—

- (a) in the proposed new section 7B(3) by deleting ‘and to imprisonment for 1 year’;  
and
- (b) in the proposed new section 7C by deleting subsection (3).

The amendment was agreed to.

Clause 5, as amended, was agreed to.

Council then resumed.

**Third reading of bills**

The Attorney General reported that the

PROTECTION OF INVESTORS (AMENDMENT) BILL

had passed through Committee without amendment and the

INLAND REVENUE (AMENDMENT) BILL

MATRIMONIAL CAUSES (AMENDMENT) BILL and the

REGISTRATION OF PERSONS (AMENDMENT) BILL

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

*Question put on the Bills and agreed to.*

Bills read the third time and passed.

**UNOFFICIAL MEMBER'S BILL**

**First reading of bill**

**COUNCIL OF ST. PAUL'S CO-EDUCATIONAL COLLEGE INCORPORATION  
(AMENDMENT) BILL 1983**

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

**Second reading of bill**

**COUNCIL OF ST. PAUL'S CO-EDUCATIONAL COLLEGE INCORPORATION  
(AMENDMENT) BILL 1983**

MISS TAM moved the second reading of:—‘A bill to amend the Council of St. Paul’s Co-educational College Incorporation Ordinance and to validate the acquisition by the corporation of certain property’.

She said:—Sir, I move that the Council of St. Paul’s Co-educational College Incorporation (Amendment) Bill 1983 be read a second time.

The Bill removes the requirement that the College Council shall obtain the prior consent of the Governor in Council when acquiring immovable property in Hong Kong and validates the acquisition of property specified in the Schedule to the Bill, which had been made without such prior consent.

Sir, I beg to move.

*Motion made. That the debate on the second reading of the Bill be adjourned—MISS TAM.*

*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 23 March 1983.

*Adjourned accordingly at fourteen minutes to five o'clock.*