

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 11 July 1984****The Council met at half past two o'clock****PRESENT**

HIS HONOUR THE DEPUTY TO THE GOVERNOR (*PRESIDENT*)
THE HONOURABLE THE CHIEF SECRETARY (*Acting*)
MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
MR. DOUGLAS WILLIAM ALFRED BLYE, C.M.G., O.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. MICHAEL DAVID THOMAS, Q.C.

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

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

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 CHEN SHOU-LUM, C.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.

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

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

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

THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.

THE HONOURABLE ANDREW SO KWOK-WING, O.B.E., J.P.

THE HONOURABLE HU FA-KUANG, J.P.

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

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

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

THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.

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

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

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.
DR. THE HONOURABLE HENRIETTA IP MAN-HING

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

THE HONOURABLE HENRY CHING, C.B.E., J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE CHAN YING-LUN

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M.

THE HONOURABLE JAMES NEIL HENDERSON, O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

DR. THE HONOURABLE JAMES WILLIAM HAYES, J.P.
COMMISSIONER FOR LABOUR (*Acting*)

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, O.B.E., J.P.
SECRETARY FOR HOME AFFAIRS (*Acting*)

THE HONOURABLE JAMES JOHN O'GRADY
LAW DRAFTSMAN (*Acting*)

DR. THE HONOURABLE RUDY KIAN KANG KHOO, J.P.
DIRECTOR OF MEDICAL AND HEALTH SERVICES (*Acting*)

THE HONOURABLE FRANK EDMUND SHORT, O.B.E., J.P.
SECRETARY FOR LANDS AND WORKS (*Acting*)

THE HONOURABLE GORDON LOUIS MORTIMER, J.P.
SECRETARY FOR SECURITY (*Acting*)

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

ABSENT

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

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

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

IN ATTENDANCE

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

Affirmation and Oaths

Dr. Rudy K. K. KHOO made the Affirmation of Allegiance and Mr. F. E. SHORT and Mr. G. L. MORTIMER took the Oath of Allegiance. They then assumed their seats as Members of the Council.

Papers

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

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Merchant Shipping Ordinance. Merchant Shipping (Tankers-Officers and Ratings) Regulations 1984	185
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<i>Subject</i>	<i>L.N. No.</i>
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Sessional Papers 1983-84:

- No. 59—Customs and Excise Service Welfare Fund—Income and Expenditure Account with Balance Sheet and Certificate of the Director of Audit for the year ended 31 March 1984.
- No. 60—Hong Kong Examinations Authority—Programme of Activities with Certificate of the Director of Audit and Balance Sheet and Statement of Income and Expenditure together with Statements of Receipts and Payments during the period from 1 September 1982 to 31 August 1983.
- No. 61—Annual Report of the School Medical Service Board for the year ended 31 March 1984.

Oral answers to questions

Island Eastern Corridor

1. MR. PETER C. WONG asked:—*With the opening of the Island Eastern Corridor last month, will Government inform this Council of:—*

- (a) the effect on the traffic flow in the area around King's Road;*
- (b) the volume of traffic using the Island Eastern Corridor;*
- (c) the number of accidents, violation of traffic regulations and prosecutions, if any;*
- (d) the adequacy of feeder roads and exits; and finally*
- (e) whether the maximum speed limit of 40 m.p.h. or 70 k.p.h. is realistic?*

SECRETARY FOR TRANSPORT:—

- (a) Sir, the traffic flow in the King's Road area has been significantly improved since the opening of the Island Eastern Corridor. Journey times along King's Road from Shau Kei Wan to Causeway Bay in the peak hours have*

been reduced by up to 40%; that is, by as much as nine minutes off a 22½ minute journey. Traffic flow in the roads to residential and commercial developments off King's Road is also much improved.

- (b) The daily volume of traffic is 20 000 vehicles. The highest density at present is near Victoria Park where the two-way traffic maximum reaches 3 000 vehicles per hour.
- (c) There have been four reported accidents. Violations of traffic regulations so far have been by speeding only. 496 cases detected by radar have been reported for prosecution by way of summons.
- (d) In addition to the entry and exits points at Shau Kei Wan Road and Gloucester Road, there are three interchanges linking the Island Eastern Corridor with the local road network. Although generally adequate, the roads through Tai Koo Shing have to bear a heavier volume of traffic than previously. This is a temporary arrangement and through traffic will not need to use the estate roads for Tai Koo Shing when the Island Eastern Corridor is extended to Shau Kei Wan, by mid 1985. Meanwhile traffic management measures have been introduced to minimise the effect of such through traffic in Tai Koo Shing Estate.
- (e) The maximum speed limit of 40 m.p.h. (or 70 km/h as it will be under the new road traffic legislation) is considered realistic, bearing in mind factors such as the weaving required at interchanges. Police observations suggest that most motorists are complying with the speed limit.

MR. PETER C. WONG:—*I will not argue with the Secretary for Transport about the maximum speed limit of 40 m.p.h. but I will ask him a supplementary as regards (b). Could the Secretary tell this Council what is the maximum number of vehicles which can use the Island Eastern Corridor per hour?*

SECRETARY FOR TRANSPORT:—The maximum number per hour will be something over the 3 000 two-way which I quoted as the present single maximum point near Victoria Park. We normally think of this in total per day, which is more convenient. At present 20 000 vehicles per day is the figure, which is about 30% of design capacity.

Mai Po Marsh Centre

2. MR. CHARLES YEUNG asked:—*What is the Government capital and recurrent expenditure on the establishment of the Mai Po Marsh Centre and the date of opening to the public and the conditions of admission?*

SECRETARY FOR DISTRICT ADMINISTRATION:—Sir, so far the Government has not directly contributed to the capital and recurrent expenditure of the Mai Po Marshes Education Centre although Government has given its general support to the project, which is being developed by the World Wild Life Fund, Hong Kong.

Acquisition of tidal ponds, construction of paths, hides and a small, temporary, education centre have been financed by a generous donation from the Royal Hong Kong Jockey Club and by private donations. The area is a scheduled area under the Wild Animals Protection Ordinance and is therefore patrolled by Rangers of the Agricultural and Fisheries Department.

Visitors may enter the area by applying for a permit from the Agricultural and Fisheries Department. Schools and educational institutions may also apply for group visits. Steps are being taken by the World Wild Life Fund to build up a small staff of experts so as to develop the centre and expand its role.

The Lotteries Fund

3. MRS. CHOW asked:—*Will Government inform this Council how applications for capital allocations from the Lotteries Fund are processed?*

SECRETARY FOR HEALTH AND WELFARE:—Sir, applications for capital grants from the Lotteries Fund are dealt with by the Social Welfare Department. The process normally begins with an informal approach to the department, followed by discussions between the department and the voluntary agency to ascertain whether the project attracts the Government's support. When broad agreement has been reached, the voluntary agency is invited to make a formal application.

The details given in the formal application are then examined by the Social Welfare Department in consultation with other relevant departments, and further discussions are held with the applicant as necessary. When these have been satisfactorily concluded, approval for the grant is sought.

The support of the Social Welfare Advisory Committee is required before approval can be given to any grant exceeding \$100,000. The agreement of the Finance Committee of this Council is additionally required where the estimated recurrent financial implications exceed \$500,000 a year. Subject to these two requirements, the authority to approve a grant rests with the Director of Social Welfare, unless its value exceeds \$1.5 million when the approval of the Financial Secretary is necessary.

MRS. CHOW:—*Is the Government aware that agencies have not been totally satisfied with the time taken for the process of inter-departmental consultation, and are the relevant government departments bound by any deadlines in their consultation so as to ensure that applications are handled as efficiently and as expeditiously as they possibly can?*

SECRETARY FOR HEALTH AND WELFARE:—Sir, the Government is fully aware of the fact that voluntary agencies are dissatisfied. As regards the second part of Mrs. CHOW's question, I don't think deadlines would be particularly helpful as they could only result in an automatic cut-off of all applications with a negative answer.

MRS. CHOW:—*Sir, may I ask the Secretary how he intends to solve the problem that arises from the first supplementary that I asked?*

SECRETARY FOR HEALTH AND WELFARE:—*Sir, a working group is at the moment busy—or I hope it is busy—reviewing the position, and I am hopeful that in due course recommendations will be made which will bring about real improvements in the method of processing of these applications.*

Tung Wah Group of Hospitals' staff retirement schemes

4. MR. CHAN KAM-CHUEN asked:—*Will Government consider granting interest free or low interest loans to the Tung Wah Group of Hospitals to assist the Group in converting its existing Final Average Salary Scheme to a Contributory Provident Fund Scheme, thereby improving retirement benefits for staff of the Group?*

SECRETARY FOR HOME AFFAIRS:—*Sir, the Tung Wah Group of Hospitals has asked Government for an interest free or low interest loan to assist the Group to re-organise its staff retirement schemes. The matter is now being considered by the Administration.*

MR. CHAN KAM-CHUEN:—*Sir, when may I expect the decision on this matter please?*

SECRETARY FOR HOME AFFAIRS:—*Sir, I think a decision will be taken very shortly, within the next week or so. The chairman of the Group will, of course, be informed; and I undertake to inform Mr. CHAN as well.*

Practitioners of Chinese traditional medicine

5. DR. IP asked:—*Will Government consider setting standards for and requiring Medical Department registration of acupuncturists, Chinese herbalists and bonesetters?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—*Sir, a question along similar lines was asked in this Council in July 1974. The reply given at that time was in the negative.*

The position to-day remains unchanged in regard to acupuncturists, Chinese herbalists and bonesetters, who can be referred to as practitioners of Chinese traditional medicine.

The Medical Registration Ordinance acknowledges the right of any person of Chinese race to practise medicine or surgery according to purely Chinese

methods. Therefore, Government has no jurisdiction in this matter, nor does it see the need to introduce legislative controls at this time.

DR. IP:—*Sir, may I have a more detailed definition of 'to practise medicine or surgery according to purely Chinese methods'?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—*Sir, I am afraid I am unable to give a detailed definition for 'the practice of medicine or surgery according to purely Chinese methods'.*

DR. IP:—*Sir, no doubt the proper practice of acupuncture, herbal medicine and bonesetting are in some ways contributory to our society. However, is Government aware that the illegal malpractice, for example in acupuncture when steroid injections are used have led to infections with drug-resistant, Myco bacterium chelonei in at least 16 documented cases admitted to four separate government and government-subvented hospitals and that some patients require amputation of limbs as a result not of the illness but of the treatment?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—*Sir, in our experience the main problem arises from the use of western methods of treatment by persons who claim to be practitioners of Chinese traditional medicine. However, if such persons are found to be in possession of poisons, dangerous drugs or antibiotics they are liable to be charged for offences against the provisions of the Medical Registration Ordinance, the Pharmacy and Poisons Ordinance, the Dangerous Drugs Ordinance, or the Antibiotics Ordinance.*

DR. IP:—*Sir, under such circumstances when harm has been documented as a result of such malpractice will Government set up a working party to look into the extent of, and the danger in, the malpractice of acupuncture, herbal medicine and bonesetting in Hong Kong?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—*Sir, the Government will consider the proposals of Dr. IP.*

Gang fights involving students

6. DR. HO asked:—*In view of the number of gang fights involving students reported in recent weeks, will Government inform this Council of:—*

- (a) the number of such cases reported month by month in the territory in the first six-months of 1984, 1983 and 1982 respectively; and*
- (b) the measures being taken to reduce the incidence of gang fights and criminal activities involving students?*

SECRETARY FOR SECURITY:—

- (a) Sir, separate statistics for gang fights involving students are not maintained. A study of gang activities in 1983 revealed that about 12% of those involved in all reported gang fights were students. An examination of the number of *all* gang fights reported in the first six months of 1982, 1983 and 1984 reveals that in 1982 there were, on average, 95 gang fights per month; in 1983, there were 136; and in 1984 there were 185.* These gang fights include all incidents involving four or more persons and range from school bullying type activity to serious, pre-planned fights with weapons.
- (b) With regard to gang fights in general, I reported on 7 December last year in this Council that the Fight Crime Committee was preparing to re-examine the situation in the light of an apparent increase in gang and triad activity. The Working Group on Gangs has since been established under my chairmanship and is currently carrying out a thorough review of gang activity, including student involvement, with a view to formulating an overall strategy to combat it.

The Police Force maintains a network of criminal intelligence units at all levels of the Force which collects and collates information regarding gang and triad activity. Each police district has an anti-triad unit specifically targetted at triad related activities including gang fights. Anti-gang operations are regularly mounted based on the intelligence so gathered.

With regard to student involvement in gang fights and gang crime generally, the Standing Committee on Unruly and Delinquent Behaviour in Schools was recently tasked by the Fight Crime Committee with a review of the existing wide-ranging government services aimed at combatting juvenile delinquency. These services are provided by the Education and Social Welfare Departments and voluntary agencies. The police also have well-established links with schools through its Junior Police Call, Police Community Relations Officers and Crime Prevention Units, all of which help to provide and encourage healthy lawful pursuits for students. The Standing Committee's review concluded that the range of these services was adequate but that, in some areas, a shortage of resources meant that the services offered were sometimes not operating as effectively as they might.

On 27 April 1983, the Director of Education, in this Council, outlined the measures actively being taken to combat triad and gang activities in schools and stressed that all schools have been told how to recognise symptoms of triad or gang activity and how to counter them.

* All gang fights reported during the first six-months of 1982, 1983 and 1984 are as follows

	<i>1984</i>	<i>1983</i>	<i>1982</i>
Jan.	160	125	112
Feb.	165	100	56
Mar.	211	135	98
Apr.	192	144	103
May	165	155	113
Jun.	218	156	88

Finally, Sir, may I remind Members that the last Fight Crime campaign, held between July last year and March this year, was targetted specifically at young people between 14 and 20 years of age, to warn them of the dangers of being drawn into gang and criminal activity.

Under the central co-ordination of the Fight Crime Committee, Government is tackling the problems of both gangs and juvenile delinquency. I fear, however, that the banding together of young people into gangs is a worldwide phenomenon. The objective remains to do all that is possible to reduce the disturbing aspects of this phenomenon and, in particular, the violence and organised crime to which gang activity involving students can so easily lead checked as early as possible.

DR. HO:—*Sir, is there any assessment made of the effectiveness or otherwise of the police liaison with the school principals in the combat of the triad or gang elements in schools?*

SECRETARY FOR SECURITY:—*Sir, an assessment has been made in that a survey of student offenders in 1983 indicated that of a total of 2 949 offenders only 172 or 5.8% were known to be triad members. The Commissioner of Police does not consider that this is a very widespread problem in schools. One or two particularly sensational and violent gang crimes involving students should not be interpreted into a generalisation that the level of such activity is on the increase. It is more the degree of violence or type of crime that is of concern rather than the widespread nature of it. Well tried systems and procedures exist for schools to prevent such activity from spreading and the police maintain a close contact with school principals in this field.*

MR. S. L. CHEN:—*Sir, of the vast number of gang fights reported in 1983 and 1984 how many were actually arrested and prosecuted?*

SECRETARY FOR SECURITY:—*Sir, I regret that I am not able to provide the statistics to answer that question, but I should be pleased to provide a written answer as soon as possible.*

(The following written reply was provided subsequently.)

The Commissioner of Police has provided the following statistics in this regard—

	<i>1983</i>	<i>1984</i>
January to June	864	739
July to December	625	—
	<hr style="width: 100%; border: 0.5px solid black;"/>	
	1 489	

Cross-Harbour Tunnel usage

7. MR. POON asked:—*In the light of the commencement of the Cross-Harbour Tunnel (Passage Tax) Ordinance in June 1984, will Government inform this Council of the daily average number of vehicles by categories using the Tunnel in May and June 1984, and the total number of vehicles by categories using the Tunnel in each of the two months?*

SECRETARY FOR TRANSPORT:—Sir, in order to avoid reading out several columns of figures, I have circulated to Members the necessary tables, which will be included in the record of proceedings of this Council, with your permission.

(The following tables were provided.)

A. *Daily Average Numbers of Vehicles Using the Cross-Harbour Tunnel in the Categories Used by the Cross-Harbour Tunnel Company*

	<i>May</i>	<i>June</i>
Private cars and taxis	79 538	65 587
Motor cycles	4 525	3 646
Light buses and dual purpose vehicles	1 980	1 920
Single decker buses	1 243	1 254
Double decker buses	3 760	3 720
Goods vehicles of an unladen weight not exceeding 2 tons	7 965	6 761
Goods vehicles of an unladen weight from 2 tons up to 5 tons	4 813	4 303
Goods vehicles of an unladen weight exceeding 5 tons	<u>2 170</u>	<u>2 014</u>
	105 994	89 205

B. *Total Number of Vehicles Using the Cross-Harbour Tunnel in May and June*

	<i>May</i>	<i>June</i>
Private cars and taxis	2 465 685	1 967 621
Motor cycles	140 286	109 368
Light buses and dual purpose vehicles	61 381	57 591
Single decker buses	38 548	37 633
Double decker buses	116 565	111 591

	<i>May</i>	<i>June</i>
Goods vehicles of an unladen weight not exceeding 2 tons	246 924	202 831
Goods vehicles of an unladen weight from 2 tons up to 5 tons	149 194	129 105
Goods vehicles of an unladen weight exceeding 5 tons	<u>67 275</u>	<u>60 410</u>
	3 285 858	2 676 150

MR. POON:—*Sir, is Government satisfied that the initial results are compatible with the primary objective of the Ordinance which seeks to reduce traffic congestion in the Cross-Harbour Tunnel?*

SECRETARY FOR TRANSPORT:—Yes, Sir.

Supply of electricity and towngas

8. MR. SO asked in Cantonese:—

政府如何確保公用事業公司會為市民，特別是新市鎮居民，提供可靠的電力和煤氣供應，同時確保香港向外供電並不會影響繁忙時間內對本地用戶的電力供應？

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

How does Government ensure that public utility companies provide reliable supplies of electricity and towngas to consumers particularly in new towns, and that the export of electricity generated in Hong Kong will not unduly affect supplies to Hong Kong consumers during peak hours?

SECRETARY FOR ECONOMIC SERVICES:—

The supply of electricity

Sir, Hong Kong has a generally reliable supply of electricity, and the record supports the view that the task of providing electricity in the Territory is best left to the private sector, subject, of course, to adequate monitoring arrangements through the Schemes of Control. One of the purposes of the Schemes of Controls is to ensure that consumers enjoy a reliable and efficient service, and that the capital investment necessary to maintain this service is made.

The Schemes of Control require the power companies to submit plans to the Government outlining their proposals for capital expansion at least once every five years, and specifically whenever there is to be any major new capital investment. If it appeared that a plan was inadequate to ensure a continued reliable supply of electricity we would in discussion with the company

concerned require amendments to the plan until we were able to recommend to the Executive Council that it be approved.

In 1983 technical consultants, retained by the Electrical and Mechanical Services Department, confirmed that the expansion plans of both power companies were adequate to meet the rising demand for electricity in Hong Kong, Kowloon and the New Territories, including the new towns.

Sir, a reliable supply, whether to the new towns or elsewhere, requires an adequate network for transmission and distribution. Major expenditure on this network, whether by China Light & Power or by the Hong Kong Electric Company, is again monitored through the financing plans. Experience has shown that the networks of both companies are reliable. Nevertheless, to provide additional assurance, the technical consultants will be asked to advise on the adequacy and efficiency of the transmission and distribution networks of both power companies.

With regard to the sale of electricity to China, the maximum anticipated demand from China is one of the factors taken into account in the preparation by China Light and Power of its regular financing plans. Furthermore, it is a condition of the agreements in relation to the supply of electricity to China that in the event of any unexpected shortage, Hong Kong consumers should have priority. An unexpected shortage is unlikely because the peak load times of Hong Kong and Guangdong are different. Any major revision of the terms on which the sale of electricity to China takes place would require to be submitted to the Executive Council for prior approval in view of the possible effect on China Light and Power's financing plan and the supply of power to those parts of the territory which this company serves.

Towngas

As to towngas, Sir, the Government's Gas Adviser maintains a close working relationship with the Hong Kong and China Gas Company both in the assessment of future gas demand and in the identification of the measures necessary to meet that demand. In this connection, a second gas production plant is being planned by the Gas Company, partly to meet the continuing growth in demand, and partly to provide towngas to new development areas, namely Tai Po, Fanling/Sheung Shui, Yuen Long and later Tuen Mun. Work on extending the existing towngas transmission system is now in progress in parallel with the construction of the New Territories circular road.

MR. STEPHEN CHEONG:—*Will the Secretary for Economic Services inform this Council whether or not the profit of the electricity sold to China would be included in the calculation of the ceiling of the Schemes of Control?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, the profits made by the Company do come into the accounts of China Light & Power, and, Sir, they are taken into account.

MR. ALLEN LEE:—*Sir, as the Secretary has stated that it is a condition of the Agreement in relation to the supply of electricity to China, i.e. in the event of any unexpected shortage Hong Kong consumers should have priority, is it done through an automatic network to make sure that Hong Kong consumers would have the priority?*

SECRETARY FOR ECONOMIC SERVICES:—*Sir, I can't give accurate details in answer to that, but the China Light & Power Company do keep in contact with their counterparts in Guangdong, and the necessary arrangements can be put into effect. I think it is not done automatically.*

MR. STEPHEN CHEONG:—*Sir, in the light of the fact that the profit would be taken into consideration in the Schemes of Control, would the Government have any power whatsoever to intervene in the pricing of the electricity sold to China?*

SECRETARY FOR ECONOMIC SERVICES:—*No, Sir.*

MR. STEPHEN CHEONG:—*If that is the case, could I then ask the Secretary for Economic Services whether the losses, if any, would be taken into account in the calculation of the Schemes of Control?*

SECRETARY FOR ECONOMIC SERVICES:—*Sir, I feel myself getting into deep water; I'd rather give a written answer to that question.*

(The following written reply was provided subsequently.)

Revenue from the sales of electricity to China is treated in the accounts of China Light and Power Co. Ltd. (CLP) in the same way as revenue from Hong Kong sales. The supply to China is provided from existing generating facilities which are needed to maintain the Hong Kong supply. Thus, no additional generating equipment is maintained by CLP for the purposes of supplying China. The tariff which CLP charges to Guangdong Power Co. for the China supply is one that would be available to any other consumer in Hong Kong who had the same demand pattern and characteristics as the Guangdong Power Co.

It is considered that the tariff paid by the Guangdong Power Co. is appropriate and is consistent with the overall objective of charging each identifiable consumer group a tariff which reflects as far as possible the cost incurred overall in supplying that particular group having regard to demand pattern.

In view of the fact that the bulk of the supply to China is transmitted at times when local demand is low, it can usually be met from generating units using the cheapest fuel (coal).

The agreed tariff is sufficient to cover the cost of fuel, other direct costs and the permitted return on the investment in the transmission lines required

exclusively for the China supply. In the circumstances, you will appreciate that the question of losses incurred in the supply of electricity to China should not arise.

For scheme of control purposes the revenue from sales to China is included in total revenue contributing to total profit, and the latter is, as you know, limited in accordance with the scheme.

Stolen vehicles

9. MR. CHEUNG YAN-LUNG asked:—*Regarding thefts of vehicles, will Government inform this Council:—*

- (a) how many cases have been reported over the past three years, and how many stolen cars have been recovered in the same period;*
- (b) whether it is satisfied with the detection rates; and (c) if not, what steps are being taken by Government to counter this type of crime?*

SECRETARY FOR SECURITY:—

- (a) Sir, in 1981, 3 626 vehicles were reported missing and 2 547 or 70.2% of them were recovered.

In 1982, 5 353 vehicles were reported missing and 3 777 or 70.6% of them were recovered.

In 1983, 4 901 vehicles were reported missing and 3 527 or 72% of them were recovered.

- (b) The detection rate has remained constant at about 70% over the last three years and for the first six months of this year. This is extremely high by world standards; for example, it is, on average, only 14% in the U.S.A. and 40% in Japan. There remains some scope for improvement, however, and I cannot therefore say that Government is totally satisfied with the detection rate.

- (c) Steps being taken to counter this type of crime include crime prevention publicity aimed at the general public and police operations aimed at neutralising gangs involved in vehicle theft.

Through the use of road-blocks, the checking of vehicles parked in remote or unusual places and visits to back street garages, repair shops and spare parts outlets, the police are constantly recovering stolen vehicles.

Vehicle manufacturers and retailers have been asked to consider ways of making it more difficult for criminals to change the registration and other identifying marks on vehicles and of improving the security of locks and ignition systems.

One of the main targets of this year's Fight Crime Campaign, which will be launched shortly, will be to advise the public regarding precautions that should be taken to avoid vehicle theft.

Sir, I am sure that this type of crime is best combated by this multi-faceted approach involving a joint effort on the part of the public, the police and those directly involved in the motor trade.

Forbearance fees

10. MRS. CHOW asked:—*Will Government make a statement on how the level of forbearance fee required to pay for temporary change of users of premises from residential to industrial is determined?*

SECRETARY FOR LANDS AND WORKS:—Sir, in lease enforcement cases involving a breach of lease conditions, including the use of residential premises for industrial purposes, the lessee is normally given 28 days to purge the breach. If this cannot be accomplished and if the lessee can put forward acceptable reasons, an extension of this period may be granted subject to the payment of a forbearance fee.

Forbearance fees are intended to ensure that breaches of lease conditions are corrected within the shortest practical time and have therefore been set with this objective in mind.

In the case of residential premises being used for industrial purposes forbearance fees have been fixed taking account of the average rental for industrial accommodation. For the first three months, the forbearance fees are calculated at a monthly rate of \$21 per square metre on the area in breach. For the next three months, the fee charged is either on the same basis or at the rate of 1% per month of the capital value of the area in breach, whichever is the higher.

MRS. CHOW:—*Sir, given that the forbearance fee is not determined by the courts but determined by the Administration, nor is it a fine as such, is there any avenue open to the lessee for appeal if he finds the fee he is being charged to be excessive and disproportionate to his rent or the market capital value of the premises in question?*

SECRETARY FOR LANDS AND WORKS:—Sir, he can appeal to the Director of Lands, and the matter will then be considered by his Valuation Committee to check that it has been correctly assessed, if there was any question. In relation to the fee of \$21 per square metre we have done a recent check against current industrial rent, and it is still found to be a reasonable figure.

Fishing vessels

11. MR. CHAN YING-LUN asked in Cantonese:—

有關在香港註冊的機動漁船，政府可否告知本局：

- (甲) 這些註冊漁船的數目；
- (乙) 在全港和每一區是否有足夠的避風塘供這些漁船停泊；
- (丙) 爲這些漁船提供避風停泊處的長期和短期政策？

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

Regarding motorized fishing vessels registered in Hong Kong, will Government inform this Council:—

- (a) how many of such fishing vessels are so registered;*
- (b) whether there are adequate moorings for all of them in typhoon shelters, territory-wide and in each district; and,*
- (c) of the long and short term policy towards providing sheltered anchorages for such fishing vessels?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, I shall answer Mr. CHAN's question in three parts:

- (a) There are 8 038 motorized fishing vessels licensed in Hong Kong.
- (b) Typhoon shelters and sheltered anchorages are provided for all types of craft, including fishing vessels. Overall we have approximately 454 hectares of gazetted typhoon shelter space and sheltered anchorages to cater for 25 195 local craft of all classes. On the basis of the formula adopted for calculating the area required to accommodate all local craft, there is a shortfall of about 106 hectares. I should, however, draw attention to two relevant factors. *First*, all the craft that may use the typhoon shelters and sheltered anchorages will not necessarily be in Hong Kong when a storm threatens. *Second*, at least some of the fairway space in the shelters and sheltered anchorages will almost certainly be occupied by craft seeking shelter at the time of the storm even though it is desirable that this fairway space be kept open. So, whilst there is a shortfall, in practice this shortfall is not as large as it may appear.
- (c) As to our policy regarding the provision of typhoon shelters and sheltered anchorages for fishing and other vessels, we endeavour to provide adequate areas. Whilst it is conceded that there is a shortfall at present, we plan to conduct a study of the need for additional space on a territory-wide basis. Once the results of that study are available, it will be possible to decide what practical steps may be taken to deal with the shortfall in typhoon shelters and sheltered anchorages.

MR. CHAN YING-LUN asked in Cantonese:—

閣下，經濟司答覆之第二部份所提及之一百〇六公頃面積之短缺，已存在多久？同時是否有些避風塘特別擠逼呢？

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

Sir, with regard to part (b) of the Secretary's answer concerning the shortfall of 106 hectares, for how long has this shortage been in existence; and are there any typhoon shelters which are particularly crowded?

SECRETARY FOR ECONOMIC SERVICES:—Sir, in fact the shortfall has increased over the years because there has been reclamation and so on. Some of the typhoon anchorages and typhoon shelters are indeed very crowded. That is exactly why we want to have this study; we want to make progress in providing adequate space. Mr. CHAN's question is a useful incentive.

Neighbourhood Police Units

12. MRS. NG asked in Cantonese:—

關於本港警察派出所近日的改組，政府可否告知本局：

- (甲) 改組的原因，和
- (乙) 改組的程序和進展？

(The following is the interpretation of what Mrs. NG asked.)

Regarding the recent re-organisation of the Neighbourhood Police Units in the territory, will Government inform this Council of:—

- (a) *the reasons for the re-organisation; and*
- (b) *the programme and progress of the re-organisation?*

SECRETARY FOR SECURITY:—

- (a) Sir, the reasons for the re-organisation of the Neighbourhood Police Units are twofold. First, there was a need to introduce a greater element of flexibility in the deployment of manpower. A disadvantage of the original scheme was that, regardless of local crime levels, manpower was allocated to Neighbourhood Police Units according to fixed manning scales. As many as 42% of established Neighbourhood Police Units manned on a 24-hour basis were receiving less than three reports a day.

When the scheme was introduced ten years ago, there was a real need for easy access to police services and the Neighbourhood Police Unit met that need. However, since that time, the beat radio scheme has been introduced and beat patrols are in themselves effectively mobile Neighbourhood Police Units and, as a result of this re-organisation, this mobility can be exploited to the full. It must be stressed that, as a result of the re-organisation, there has been no reduction in the manpower available in any particular District but it is the case that manpower has been redeployed in a more effective way.

The second reason for the re-organisation is to improve and strengthen police community relations. The officer-in-charge of a Neighbourhood Police Unit originally had the dual responsibility of monitoring all police work in his area and of fostering police community relations. In the new scheme, Neighbourhood Police Co-ordinators will be free to devote all their time to community relations work within their geographical areas of responsibility. Moreover, the scheme will now cover the whole territory.

- (b) The programme of re-organisation of the Neighbourhood Police Unit scheme stems from a review of Uniformed Branch deployment undertaken by the Commissioner of Police in 1981. Recommendations arising from this review were tested in pilot schemes in 1983 and those relating to community policing were introduced into all police districts in June this year. While the speed of implementation has naturally varied from district to district, it is expected that the full re-organisation will be completed in all districts in the very near future.

MRS. NG asked in Cantonese:—

我想請問保安司可否用罪案數字來說明八三年試驗計劃的結果？

(The following is the interpretation of what Mrs. NG asked.)

Sir, I would like to ask the Secretary for Security whether crime figures could be used to illustrate the results of the pilot schemes in 1983?

SECRETARY FOR SECURITY:—I regret, Sir, that I do not have those figures readily available at the present time, but I shall be pleased to provide a written answer as soon as possible.

(The following written reply was provided subsequently.)

One difficulty that has arisen in presenting these statistics with regard to the pilot scheme in Homantin is that on the day the pilot scheme started, Homantin Police Division took over the responsibility for policing quite a large part of the Kowloon City Divisional area. A simple comparison of crime statistics for Homantin Division before the pilot scheme started and after it had been completed would therefore not be truly indicative of the results of the pilot scheme.

The Commissioner of Police has, instead, provided me with a breakdown of the crime figures for the main housing estates affected by the pilot scheme and, by way of comparison, crime figures for two estates in the same Police District which were not included in the scheme.

The estates concerned are:

Included in the pilot scheme

Oi Man	Lok Man
Homantin	Valley Road
Hung Hom	

Not included in the pilot scheme

Matauwei/Chun Sin Mei

The Pilot Scheme started on 1 July 1982 and the following figures cover statistics for periods of six months before and after that date—

Crime Figures
(Reported (R) and Detected (D))

Year 1982	<i>Pilot Scheme Estates</i>								<i>Non-Pilot Scheme Estates</i>			
	<i>Oi Man</i>		<i>Homantin</i>		<i>Hunghom</i>		<i>Lok Man</i>		<i>Valley Road</i>		<i>Matauwei/Chun Sin Mei</i>	
	(R)	(D)	(R)	(D)	(R)	(D)	(R)	(D)	(R)	(D)	(R)	(D)
January-June	31	3	31	6	3	0	9	0	8	0	9	2
July-December	42	1	17	1	5	3	12	2	15	0	17	3

Totals

Year 1982	<i>Pilot Scheme Estates</i>				<i>Non-Pilot Scheme Estates</i>	
	(R)		(D)		(R)	(D)
January-June	82		9		9	2
July-December	91		5		17	3

Crime levels increased during 1982 and the statistics reflect this general trend. It is of interest to note, however, that the total number of reported crimes increased by 10.9% in those estates covered by the pilot scheme whereas they almost doubled in the estates not covered.

Statistics relevant to robbery (which is a crime of particular concern to the public) also show a similar difference between the estates in the pilot scheme and those not included in it—

Year 1982	<i>Pilot Scheme Estates</i>		<i>Non-Pilot Scheme Estates</i>	
	(R)	(D)	(R)	(D)
January to June	26	9	9	2
July to December	19	1	14	3

It can be seen that the number of robberies decreased in estates in the pilot scheme and the number actually increased in the others.

Whilst these statistics are far from conclusive and are based on a relatively small sample they do, I think illustrate to some extent the success of the pilot scheme. There were many other less easily quantifiable benefits that resulted from the scheme, including improvements in community relations, which were taken into account by the Commissioner when the decision was made to adopt on a Force-wide basis, the concepts involved in the pilot scheme.

MRS. NG asked in Cantonese:—

警察派出所的制度推出以來，是深受市民的歡迎，尤其是屋邨的居民對警察派出所是十分倚重，因為警察派出所的存在對防止罪案的功能上起有一定的作用。政府可否考慮在推行新計劃之時，亦照顧到屋邨居民的需要，保留派出所內一定的人手？

(The following is the interpretation of what Mrs. NG asked.)

The Neighbourhood Police Units since their establishment have been widely welcomed by the general public, especially the residents of housing estates who rely on the indisputable contribution which these Units make to the prevention of crime. In implementing this re-organisation will Government then bear in mind the needs of the residents of housing estates, and ensure that staffing is maintained at an adequate level?

SECRETARY FOR SECURITY:—Yes, Sir. A determined effort will be made to maintain at the existing level the police coverage of the housing estates and there has been no reduction actually in the manpower available for the policing in the respective districts.

MR. STEPHEN CHEONG:—*Sir, I am glad to know that the second reason for reorganisation is to improve and strengthen police community relations. But on the other hand may I ask the Secretary for Security who now has the responsibility of monitoring the police work in the area?*

SECRETARY FOR SECURITY:—Sir, the monitoring of the police work with regard to community relations will be the responsibility of the Police Community Relations Officer. The Neighbourhood Police Coordinator, under the new scheme, will be responsible to the Police Community Relations Officer, and the officer in charge of the Neighbourhood Police Unit will be responsible to the local District Commander for the other police duties.

Commercial signboards

13. MR. CHEUNG YAN-LUNG asked:—*In respect of commercial signboards displayed in public places, will Government inform this Council:—*

- (a) how many prosecutions have been brought against the owners of dangerous signboards over the past three years; and*
- (b) what measures are taken to ensure public safety, as regards the positioning and security of signboards, especially during the typhoon season?*

SECRETARY FOR HOME AFFAIRS:—Sir, advertising signs and their associated hoardings, scaffoldings or other structures are controlled under the Public Health and Urban Services Ordinance. The Authorities for control are the Urban Council in the urban areas and the Director of Lands in the N.T. In the past three years no prosecutions have been brought against owners of dangerous signs. The reasons are that where the owners have been located, they have either removed or repaired the dangerous signs themselves or, where the owners cannot be traced, the Authority has had to request the Building Authority to remove the signs and no prosecution has resulted.

As regards measures taken to ensure public safety, the present procedure is that all signs thought to be dangerous are referred either by the relevant Authority or the public to the Building Authority for inspection. If the Building Authority considers the sign to be dangerous, a certificate will be served on the relevant Authority which will in turn serve a notice on the owner of the sign, requiring him to effect repairs or removal in a specified period of time. If the owner cannot be found or if the specified period expires without any action being taken, the Authority then requests the Building Authority to have the sign repaired or removed. In urgent cases, the Building Authority has delegated power to remove dangerous signs immediately. Owners of advertisement signs are also reminded in tropical cyclone advisory bulletins issued over the radio and television that the fastenings and framework of signboards which overhang public thoroughfares or public buildings should be secure and that electricity supply to the signs, if any, should be cut off or turned off as soon as Typhoon Signal No. 8 is hoisted.

MR. CHEUNG YAN-LUNG:—*Sir, may I suggest the Secretary for Home Affairs to keep an eye on Shanghai Street, Portland Street, Canton Road and Nathan Road?*

SECRETARY FOR HOME AFFAIRS:—I will certainly draw Mr. CHEUNG's remarks to the attention of the Authority, in this case the Urban Council.

MR. S. L. CHEN:—*Sir, I understand the Building Authority has the power to remove the dangerous signs, but in the first instance is the design or structure of the sign subject to the requirement of the Buildings Ordinance?*

SECRETARY FOR HOME AFFAIRS:—Sir, there is no system of licensing these signs, so they are required to comply with general provisions. I could not say that the signs are all inspected prior to erection.

MR. S. L. CHEN:—*In that case what makes sure that the structure is sound?*

SECRETARY FOR HOME AFFAIRS:—I can only say that these must comply with general provisions under the Ordinance but there are, I understand, over 40 000 of these signs and to inspect everyone would require, I fear, an army of civil servants to do so.

MR. S. L. CHEN:—*Sir, I do not think that is an excuse for not doing the right thing properly. My question was: does the design or structure of the sign have to comply with the Buildings Ordinance? If they are in compliance with the Buildings Ordinance like every building structure then they are safe, otherwise they are unsafe structures.*

HIS HONOUR THE PRESIDENT:—*Secretary for Home Affairs, can you add anything?*

SECRETARY FOR HOME AFFAIRS:—Sir, the owner does, of course, have the liability under the common law to comply with general requirements of safety, and, as I said, the provisions are general provisions of the Ordinance.

MR. CHOW:—*Sir, may I ask how many such dangerous signs have been removed and or repaired in the past few years?*

SECRETARY FOR HOME AFFAIRS:—Sir, I did expect that question and I had hoped that I might have had some figures available today but it requires looking into the records of every separate district. I hope to have the figures available shortly and could give a written answer to Mrs. CHOW.

(The following written reply was provided subsequently.)

After checking with the relevant departments, I am now able to furnish you with the figures you requested. During the period 1 July 1981 to 30 June 1984, 327 dangerous signs had been removed by the Building Authority under section 105(3) of the Public Health and Urban Services Ordinance. These signs were removed by Government either because the owners could not be found, or because no removal or repairs had been effected after the specified period in respect of a warning had expired, or were removed under the delegated power of the Building Authority to remove dangerous signs immediately.

In the same period, 264 signs had been removed by owners after notices had been served on them by the Director of Urban Service with respect to the urban areas or the Director of Lands with respect to the New Territories.

Ambulance aid motorcycles

14. DR. IP asked:—*Will Government make a statement on the outcome of its experimental scheme for providing motorcycle ambulance support and state whether it intends to maintain and possibly expand the service on a permanent basis?*

SECRETARY FOR SECURITY:—Sir, the pilot scheme is proving to be successful. It involves the use of motorcycles to transport ambulancemen and equipment to provide stabilising treatment to casualties or patients in cases where the arrival of a standard ambulance is delayed.

Since December 1982, two such motorcycles have been deployed and have been used for nearly 2 000 emergencies.

The Medical and Health Department has endorsed the concept of using motorcycles in this way.

The Director of Fire Services is currently seeking funds to continue and to expand the service on a permanent basis. The idea is that initially six ambulance aid motorcycles would be deployed in various parts of the territory.

DR. IP:—*Sir, what are the qualifications and experience of these transport ambulancemen and is there consideration of providing more advanced training for them?*

SECRETARY FOR SECURITY:—Sir, ambulancemen deployed to work in the scheme have all received a requisite training of a Senior Ambulanceman. They would have had a 12-week training course when they first joined the service. This is followed by a number of in-service training courses and they have to pass an internal examination before they are promoted to the rank of Senior Ambulanceman. By the time they had chosen to work in the scheme they would have had four to six years' experience. Furthermore, they would each receive a one-week special refresher course before they are so deployed. I have been advised that the qualifications they have and the training they receive are adequate. With this training and amount of experience behind them, the ambulancemen will be fully competent to carry out the type of treatment which they will be called upon to administer in an incident. With regard to the need for advance training, this question was reviewed in 1982 by the Fire Services Department and the Medical and Health Department. The conclusion of the study was that in city conditions such as those in Hong Kong the most urgent task is to move a patient or casualty to hospital as quickly as possible. Apart from adopting the basic procedure, for example, to maintain airways, to arrest haemorrhage and to take preliminary precautions against shock, any delay at the site of the incident would slow down admission into hospital and would not be in the best interests of the patient. I have been advised that the ambulancemen are performing effectively at their present level of training, and that advanced training is not required. However, the need for advanced training will be reviewed in the light of experience gained from the operation of the full scheme.

DR. IP:—*Sir, what equipment can these motorcycles carry and what emergency situations can this equipment cope with?*

SECRETARY FOR SECURITY:—Sir, the equipment carried includes a resuscitation unit with a supply of oxygen, apparatus for dispensing analgesic gases, a first-aid kit, a burns sheet, inflatable splints and a cervical collar. The motorcycles are also equipped with fire extinguishers and two-way radio telephones to communicate with ambulance control centre. I have been advised that the equipment carried is adequate.

The treatment given includes the maintenance of airwaves, cardio-pulmonary resuscitation, arresting haemorrhage, relief of pain by the use of the analgesic gases and preliminary treatment of fractures. I have been advised that this is adequate to stabilise the conditions of the patients or casualties before they are taken to hospital.

DR. IP:—*Sir, no doubt this motorcycle ambulance support scheme is very useful and if the finance is forthcoming, what is the proposed scale of operation, where will these motorcycle ambulance aid be stationed and lastly, what will be the capital and recurrent expenditure involved?*

SECRETARY FOR SECURITY:—Sir, the six motorcycles will be deployed in areas which are known to suffer from frequent traffic congestion. The normal day-to-day deployment will be—two motorcycles to cover King's Road, North Point, Chai Wan, Central and the Cross-Harbour Tunnel; one motorcycle to cover Kowloon East, Kwun Tong and Ngau Chi Wan; one motorcycle to cover Yau Ma Tei, Mong Kok, Nathan Road and the Kowloon end of the Cross-Harbour Tunnel; one motorcycle to cover the south-west sector of the New Territories, Kwai Chung and Castle Peak Road; one motorcycle to cover Sha Tin, the racecourse and the Tai Po Road from Sha Tin to Tai Po. The deployment will be adjusted from time to time to meet operational requirements and changing traffic conditions. Special arrangements will also be made over Ching Ming and other festivals. With regard, Sir, to the cost of the scheme, the capital cost of acquiring a motorcycle and the equipment will be \$360,000. The recurrent and staff cost will be \$1.24 million per annum.

Government Business

Motions

FERRY SERVICES ORDINANCE

THE SECRETARY FOR TRANSPORT moved the following motion:—That the 'Star' Ferry Company, Limited, By-laws 1984, made by the 'Star' Ferry Company, Limited on 31 May 1984, be approved.

He said:—Sir, I rise to move the resolution in my name that the 'Star' Ferry Co., Ltd., By-laws 1984, made by the Company on 31 May 1984, be approved.

Section 45 of the Ferry Services Ordinance Cap. 104 provides that a franchised ferry company may make by-laws and that they shall be subject to the approval of this Council.

These by-laws relate to the conduct of the public and of passengers, regulations on luggage, monthly tickets, lost property and penalties for any person who contravenes the by-laws. The Administration has examined them carefully and considers them acceptable.

Sir, I beg to move.

Question put and agreed to.

ROAD TRAFFIC ORDINANCE

THE SECRETARY FOR TRANSPORT moved the following motion:—That, in exercise of the powers conferred by section 14(2) of the Road Traffic Ordinance (Chapter 374), paragraph (3) of regulation 21 of the Road Traffic (Public Service Vehicles) Regulations made under the Ordinance be approved.

He said:—Sir, I rise to move the second resolution standing in my name, under section 14(2) of the Road Traffic Ordinance (Chapter 374).

Members' endorsement of the provision in section 21(3) of the Road Traffic (Public Services Vehicles) Regulations 1983 is sought. This section provides that in any proceedings against a hire car permit holder for an offence, the onus is placed upon the permit holder to satisfy the court or magistrate that he was not aware, and had no reasonable grounds for believing, that the hire car was being driven or used in contravention of permit conditions. This provision is essential for effective control of the hire car permit system. Without it, enforcement action would in practice be largely limited to the drivers of hire cars and not to the actual permit holders.

The provision is not new and was made by the Governor in Council. However, section 14(2) of the Road Traffic Ordinance provides that any regulations which shift the onus of proof onto the person accused of a contravention shall be subject to the approval of this Council. Accordingly, Sir, I present this resolution, and beg to move.

Question put and agreed to.

COMPANIES ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—Under section 296(1) of the Companies Ordinance that the Companies (Winding-up) (Amendment) Rules 1984 and the Companies (Fees and Percentages) (Amendment) Order 1984 made by the Acting Chief Justice on 27 June 1984 receive concurrence.

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

Section 296 of the Companies Ordinance empowers the Chief Justice, with the concurrence of this Council, to make general rules relating to the winding-up of companies, and other rules for the purposes of the Companies Ordinance, including rules as to costs.

These amendments are consequential upon the enactment of the Companies (Amendment) Ordinance 1984, and are required to bring the subsidiary legislation into line with the new provisions of the principal Companies Ordinance.

The Acting Chief Justice made the Companies (Winding-up) (Amendment) Rules 1984 and the Companies (Fees and Percentages) (Amendment) Order 1984 under section 296 of the Companies Ordinance on 27 June 1984.

Sir, I beg to move.

Question put and agreed to.

CRIMINAL PROCEDURE ORDINANCE

THE LAW DRAFTSMAN moved the following motion:—That the Legal Aid in Criminal Cases (Amendment) Rules 1984, made by the Acting Chief Justice on 26 June 1984, be approved.

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

The Criminal Procedure Ordinance empowers the Chief Justice to make rules, subject to the approval of this Council, for the granting of legal aid in criminal cases.

As Members will remember, a new procedure for the committal of accused persons for trial in the High Court was brought into effect at the beginning of this year. The Chief Justice has now made rules which will enable legal aid to be granted to accused persons who have been committed for trial under the new procedure and seek to be discharged on the ground of insufficient evidence; or who apply for bail in connexion with committal proceedings.

The new rules also clarify the power of the Director of Legal Aid to refuse legal aid in criminal cases, and enlarge the power of the courts to grant legal aid where the Director has refused it. The opportunity is taken to clarify also the duties of legal practitioners assigned to act for legally aided persons, with particular reference to the settling of appeals and the fees payable in that regard.

These amending rules represent a modest but welcome improvement to the procedures which apply to legal aid in criminal cases.

Sir, I beg to move.

Question put and agreed to.

First reading of bills

INLAND REVENUE (AMENDMENT) (NO. 3) BILL 1984

RATING (AMENDMENT) (NO. 2) BILL 1984

AUDIT (AMENDMENT) BILL 1984

LEGAL AID (AMENDMENT) BILL 1984**DISTRICT BOARDS AND URBAN COUNCIL ELECTIONS (MISCELLANEOUS AMENDMENTS) BILL 1984****ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1984****IMPORT AND EXPORT (AMENDMENT) (NO. 2) BILL 1984****RESERVED COMMODITIES (AMENDMENT) BILL 1984****BUSINESS REGISTRATION (AMENDMENT) BILL 1984****BIRTHS AND DEATHS REGISTRATION (AMENDMENT) BILL 1984****FOREIGN MARRIAGE (AMENDMENT) BILL 1984****LEGITIMACY (AMENDMENT) BILL 1984****FIREARMS AND AMMUNITION (AMENDMENT) BILL 1984****TATTOOING OF YOUNG PERSONS BILL 1984**

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. 3) BILL 1984**

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

He said:—Sir, I move that the Inland Revenue (Amendment) (No. 3) Bill 1984 be read the second time.

The main object of the Bill is to make it clear that the initial surcharge of 5% on amounts not paid by the due date is, in the same way as the tax demand, subject to a further surcharge of 10% on amounts in default not less than six months after the due date. Clause 2 of the Bill also validates additional surcharges imposed under the existing provisions of section 71(5A) on outstanding surcharges, the tax in respect of which had been paid at the time when the additional surcharges were imposed.

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

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

Question put and agreed to.

RATING (AMENDMENT) (NO. 2) BILL 1984

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

He said.:—Sir, I move that the Rating (Amendment) (No. 2) Bill 1984 be read the second time.

The main object of the Bill is to make it clear that the initial surcharge of 5% on amounts not paid by the due date is, in the same way as the actual rate charges, subject to a further surcharge of 10% on amounts in default not less than six months after the due date. Clause 2 of the Bill also validates the additional surcharges imposed under the existing provisions of section 22(2A) on outstanding surcharges, the rates in respect of which had been paid at the time when the additional surcharges were imposed.

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

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

Question put and agreed to.

AUDIT (AMENDMENT) BILL 1984

THE ATTORNEY GENERAL moved the second reading of:—‘A bill to amend the Audit Ordinance’.

He said:—Sir, I beg to move that the Audit (Amendment) Bill 1984 be read the second time.

Since 1971, Unofficial Members of this Council acting through the Public Accounts Committee have become alert watchdogs over public expenditure. Each year the Director of Audit scrutinises the public accounts looking both for irregularities and also value for money. The Public Accounts Committee then calls the controlling officers before it and follows up the Director’s queries by taking evidence. All aspects of Government’s expenditure may be examined; contract procedures which caused losses on a road project, the rents of unused buildings, the failure to collect fixed penalties and so on. The Committee then reaches independently its own conclusions on the queries raised by the Director.

Thereafter both the Director of Audit's report and the Public Accounts Committee report are published at the same time and there follows a good deal of public comment and discussion.

Sir, this system provides thorough and effective stewardship to protect the interests of the taxpayers who fill the public coffers. How much better then if they are able to see the system in action? For this reason the Public Accounts Committee themselves looked at what happens in Westminster and have decided that their hearings should take place in public with full media coverage. The administration fully supports this decision.

Now to the Bill and why it is necessary. To accomplish open sessions means changing the law governing audit procedures. What is needed is a change in the rules so that the Director's report must be laid before Council and published before the Public Accounts Committee holds its public sessions. This Bill accomplishes that simple objective.

The public should be grateful to the Unofficials on the Public Accounts Committee for advocating this move in the direction of more open Government. This reform will complement the successful experiment in this Council earlier this year when the Finance Committee held meetings in public. That reform helps public understanding of how the administration seeks funds from the revenue for public purposes. This latest change will help public understanding of how the administration is called upon to account for its use of those funds. Sir, this Bill and the purpose for which it is required are fully supported by the administration.

Sir, I move that the debate be now adjourned.

*Motion made. That the debate on the second reading of the Bill be adjourned—*THE ATTORNEY GENERAL.

Question put and agreed to.

LEGAL AID (AMENDMENT) BILL 1984

THE ATTORNEY GENERAL moved the second reading of:—‘A bill to amend the Legal Aid Ordinance and make other amendments to the law relating to legal aid in civil proceedings’.

He said:—Sir, I beg to move that the Legal Aid (Amendment) Bill 1984 be read for the second time.

The introduction of this Bill is the result of the recommendations of a working party set up in June 1981 made up of persons involved closely with the administration of Legal Aid in Hong Kong. I feel confident that it represents a

significant first step towards placing legal services within the grasp of the so-called 'Sandwich' class.

While the imposition of a means test on applicants for legal aid is clearly justified, the limits must inevitably be arbitrary and there are fears that some applicants who fail the means test may nevertheless be hard pressed to pay for the services of a private lawyer. It is to meet, at least in part, this need that the introduction of the Supplementary Legal Aid Scheme is proposed.

In essence, the benefits of the scheme are to be made available to all applicants who satisfy the Director of Legal Aid that they have reasonable grounds for taking proceedings in the High Court for damages for personal injuries or death, although at this stage claims for medical negligence are excluded. Financial limits will apply, higher than those for the existing Legal Aid Scheme. They are to be fixed at a gross monthly income not exceeding \$15,000 and disposable capital of \$100,000 or less.

When Miss Maria TAM called last October in this Chamber for the introduction of such a scheme, I indicated to Members that discussions were taking place regarding the financing of the scheme.

It was always intended that the scheme should be self-financing and that those who are successful in litigation should pay a proportion of their damages to the scheme. Those who are unsuccessful litigants would not be expected to contribute at all, although all applicants will be called upon to pay \$300 on their application and a further \$400 if the application is successful. Any costs recovered from the Defendant will be deducted from the amount of the contribution which the Plaintiff is required to make. No contribution will exceed the value of the amount recovered, and it will be open to the Director to waive his right to a contribution where he considers that payment of the contribution would cause serious hardship.

Although it is envisaged that the scheme will be self-financing, an initial loan is clearly required to set up the fund and put the fund and the scheme into operation. Discussions since last October have led to approval in principle by the Lotteries Fund to set aside a million dollars as a loan facility to be drawn upon as and when required. No doubt there are those who will think that the juxtaposition of lotteries and the legal procedure is significant. But the philosophy of the scheme is that the losses of the unsuccessful litigants will be made up by the contributions of those who are successful. All being well, there will be no losers. It is estimated that it will take some five years to repay the loan and interest and that the scheme should achieve an operating surplus within some two years.

The introduction of the scheme is a bold initiative which provides the opportunity to make a number of minor amendments to the principal Ordinance. Among these, I would only draw attention to four provisions. The Director will be given a discretion to refuse legal aid if he considers that it would

be unreasonable in all the circumstances to grant legal aid; Legal Aid Department will no longer be precluded from acting for more than one party to the proceedings when it would unnecessarily hold up the conduct of the litigation; the benefits to an aided person and the costs for which he could be liable have been clarified in the light of experience of the Legal Aid Scheme; and it has been made an offence for an assigned solicitor or counsel to take additional fees from an aided person.

Hong Kong can be justly proud of the fact that legal aid is available to litigants but those facilities require constant review if they are to continue to meet the public need. Introduction of the Supplementary Legal Aid Scheme and the additional amendments to the Legal Aid Ordinance are a step forward. Some may say that the scheme is still unduly restricted in its application but it should be viewed as an experiment on which further extensions can be built once it has become established and is operating smoothly. Much has been said in this Council of late of the importance of the rule of law. Equally important is the principle that access to the courts should be available to all. This Bill represents an important development in the provision of legal services to those in need and as such I am confident that it will be widely welcomed.

Sir, I move that the debate should be now adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—THE ATTORNEY GENERAL.

Question put and agreed to.

DISTRICT BOARDS AND URBAN COUNCIL ELECTIONS (MISCELLANEOUS AMENDMENTS) BILL 1984

THE SECRETARY FOR DISTRICT ADMINISTRATION moved the second reading of:—‘A bill to amend the law relating to elections and appointments to District Boards and elections to the Urban Council and for matters connected therewith’.

He said:—Sir, I move that the District Boards and Urban Council Elections (Miscellaneous Amendments) Bill 1984 be read a second time.

Following the last round of District Board and Urban Council elections, the Government has completed a review of the legislation relating to electoral and associated administrative arrangements. As a result, the Bill before the Council seeks amendments to the relevant ordinances, which are mostly of a tidying up nature and designed to improve procedures and facilitate the better administration of elections. Many of the amendments are of a technical nature and I will, therefore, outline the more significant provisions being proposed.

There has been much discussion on the status of official members on District Boards. The consensus is that while the presence of district departmental representatives is essential for the efficient operation of the Boards, it is appropriate that they should not be voting members. In view of this, it is proposed that, after the District Board elections in 1985, departmental representatives will cease to be Board members. They will however continue to be in regular attendance at District Board meetings, to present papers, answer questions and give explanations where necessary. Clauses 2 and 5 of the Bill give effect to this change.

Clause 7 of the Bill provides that a District Board member who fails to attend meetings of the Board for six consecutive months without a reasonable excuse will be disqualified from holding office. The same clause also introduces a disqualification of a member who is convicted of offences relating to bribery and corrupt practices after his election or appointment to membership.

Another noteworthy amendment proposed is that the electoral timetable should be moved forward by roughly two weeks so as to allow candidates more time for electioneering. The amended dates are provided in clause 22 of the Bill.

It is proposed under clause 32 that the Corrupt and Illegal Practices Ordinance should include two new provisions to prevent bribery and intimidation in relation to standing as a candidate, and to provide that money received for election activities shall be used only for that purpose. Clause 45 seeks to amend the same Ordinance to require candidates to give a detailed account of the election expenses within a set time limit.

In the light of the proposed amendments I have mentioned, some consequential amendments will need to be made to the Electoral Provisions Regulations. These, together with amendments on certain procedural matters, are given in the First and Second Schedules to the Bill. It is proposed, *inter alia*, that the minimum age of an election, polling or counting agent should be 21 years.

As experience in the previous election showed that voting was heaviest during the evening and relatively light in the early morning, it is proposed that the hours of polling should begin at 7.30 a.m. but finish later in the evening, that is, 10.30 p.m.

During the previous elections, many candidates said that the sum allowed for election expenses was inadequate to meet their needs. In view of this and because of increasing costs, it is proposed under clause 47 that the maximum level of expenses for a candidate seeking election to the District Board should be permitted to spend up to \$20,000 as compared with the present \$13,000, and that a candidate in the Urban Council election can spend up to \$35,000 instead of \$23,000 for campaigning activities.

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 DISTRICT ADMINISTRATION.

Question put and agreed to.

ROAD TRAFFIC (AMENDMENT) (NO. 2) BILL 1984

THE SECRETARY FOR TRANSPORT moved the second reading of:—‘A bill to amend the Road Traffic Ordinance’.

He said:—Sir, I rise to move the second reading of the Road Traffic (Amendment) (No. 2) Bill 1984.

The objective of the Bill is to correct some shortcomings and errors in the Road Traffic Ordinance 1982 before it is implemented at the end of August this year.

I should like to apologize to Members for the inconvenience of yet another amending Bill in relation to its long and complicated principal Ordinance. It is unfortunately impossible to promise that it will be the last.

Clause 2 reinstates an existing provision in regulation 138 of the Road Traffic (Construction and Use) Regulations, which empowers the Commissioner for Transport to require the production of the design plan of a vehicle. This is essential for vehicle examinations, particularly if internal modifications are involved.

Clause 3 provides for transitional arrangements to facilitate the gradual implementation of the new legislation. In particular it will take some years to introduce all the new road traffic signs and the transitional arrangements provide for existing signs and road markings to continue to have effect until they are replaced.

Section 27 of the new Road Traffic Ordinance inadvertently does not permit the use of a private bus for driver training purposes, nor does it allow a non-franchised public bus to be hired for recreational outings. Both of these innocent activities are permitted under the existing law. Clause 4 reverses this unintentional change in practice.

Section 43 of the Road Traffic Ordinance 1982 provides that a police officer or the Commissioner for Transport may require the production of the driving licences of persons driving motor vehicles, or suspected of being involved in an accident, committing traffic offences or making false statements to obtain driving licences. However, as the Road Traffic Ordinance 1982 stands, failure to produce a driving licence is an offence only where the person is actually driving a motor vehicle. This clause in the Bill extends the offence of failing to produce a licence to the other conditions I have mentioned.

Clause 6 amends section 51 to permit the placing of certain signs or road markings covered by the Road Users' Code. In particular this would allow the use of a portable triangular sign to give other drivers advance warning of a vehicle breakdown.

Clause 7 extends the requirement upon drivers of motor vehicles to stop and exchange particulars in the event of personal injury accidents to drivers of *all vehicles*. Thus for instance cyclists would be included, because a cycle can seriously injure a pedestrian. In addition, clause 7 requires a driver to report to the police not only when an accident involves personal injury, but also when it involves damage and particulars are not exchanged at the scene of the accident. This reinstates a provision in the Road Traffic Ordinance, Chapter 220 which helps to ensure that the driver at fault bears the appropriate responsibility for an accident involving damage.

To facilitate investigation of traffic accidents, clause 8 extends the powers of a police officer to require the owner or person in charge of a vehicle to disclose the identity of the driver when the vehicle has been involved in an accident. At present the power applies only when traffic offences have actually been committed. Clause 8 also removes the restriction that such a demand of disclosure must be made within three months after the offence. Such a time limit could hamper the investigation of 'hit and run' accidents and other cases where the owner of the vehicle cannot be identified until some time after the accident. Removal of the restriction will not however affect the requirement that the institution of summary proceedings is subject to a time limit of six months by virtue of section 26 of the Magistrates Ordinance, Chapter 227.

If a vehicle fails a vehicle examination required under section 84(3) of the 1982 Road Traffic Ordinance, section 86(2) requires that the fee for a further reexamination should be double the amount paid the first time. The aim of this provision was to encourage motorists to have their vehicles properly repaired before presenting them for examination of the repairs required under a vehicle suspension order. On reflection, this strict provision would unduly penalise motorists who although they have carried out the major repairs required to rectify dangers may find that on the day of examination the vehicle fails on minor items. Clause 10 therefore deletes this provision. The charging of a further standard examination fee and the inconvenience of bringing a vehicle in for inspections again should, we hope, be sufficient to deter misuse of the examination system as a sort of diagnostic check to get by with the minimum of necessary repairs.

Clause 12 makes it an offence to forge a driving licence or make false statements about cancellation, transfer or retention of a registration mark.

Clauses 9, 11 and 13 make minor amendments to sections 69 and 109 and the Seventh Schedule respectively, in order to rectify inconsistencies in terminology.

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

Motion made. That the debate on the second reading of the Bill be adjourned—SECRETARY FOR TRANSPORT.

Question put and agreed to.

IMPORT AND EXPORT (AMENDMENT) (NO. 2) BILL 1984

THE SECRETARY FOR TRADE AND INDUSTRY moved the second reading of:—‘A bill to amend the Import and Export Ordinance’.

He said:—Sir, I move that the Import and Export (Amendment) (No. 2) Bill 1984, be read the second time.

This Bill seeks to enable the Governor in Council, by regulation, to empower the Director of Trade *first* to exempt any person from import and export licensing requirements relating to the transshipment through Hong Kong of certain prohibited cargo and reserved commodities, and *second* to impose conditions upon which such exemption will be granted or revoked.

This provision is required because whenever the import and export of any article is prohibited, except under licence, these licensing requirements apply also to cargo transhipped through Hong Kong, and involving a change of carrier—whether train, ship or aircraft. This hinders an element of our entrepot trade, particularly for outward air cargo which often have tight schedules and normally involving a stop-over in Hong Kong of not more than a few hours.

In October 1975 following representations from numerous trade bodies, the Trade Department introduced a simplified licensing arrangement, on an interim basis, for various types of transshipment cargo. Under this interim arrangement a three month licence for an unlimited quantity of certain types of transshipment cargo may be issued. These licences are granted under certain conditions and subject to sample inspection by authorised officers of the cargoes covered by such licences. This arrangement has worked well and various trade bodies have now requested that it be extended to cover other types of transshipment cargo, including pharmaceutical products, agricultural pesticides and reserved commodities.

In moving this measure which should streamline further our already open system, I would like to assure this Council that safeguards will be built in to maintain Hong Kong's integrity in the eyes of our trading partners in respect of international undertakings we have given. In particular, I would stress that there would be no dilution of deterrents to, or enforcement against, smuggling and import and export fraud. The aim is to facilitate Hong Kong's transshipment trade, and thus improve its functioning as an entrepot.

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

Motion made. That the debate on the second reading of the Bill be adjourned—SECRETARY FOR TRADE AND INDUSTRY.

Question put and agreed to.

RESERVED COMMODITIES (AMENDMENT) BILL 1984

THE SECRETARY FOR TRADE AND INDUSTRY moved the second reading of:—‘A bill to amend the Reserved Commodities Ordinance’.

He said:—Sir, I move that the Reserved Commodities (Amendment) Bill 1984 be read the second time.

Like the Import and Export (Amendment) (No. 2) Bill 1984, this Bill, if enacted, will facilitate transshipment trade in the commodities within the ambit of the Regulations made under the principal Ordinance, and thus improve Hong Kong’s functioning as an entrepot.

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

Motion made. That the debate on the second reading of the Bill be adjourned—SECRETARY FOR TRADE AND INDUSTRY.

Question put and agreed to.

BUSINESS REGISTRATION (AMENDMENT) BILL 1984

THE SECRETARY FOR EDUCATION AND MANPOWER moved the second reading of:—‘A bill to amend the Business Registration Ordinance’.

He said:—Sir, I move that the Business Registration (Amendment) Bill 1984 be read the second time.

Some of you may be surprised to find the Secretary for Education and Manpower rather than the Financial Secretary moving a Bill which proposes to amend the Business Registration Ordinance, and perhaps a word of explanation is in order. The purpose of this Bill is to provide for the imposition of an annual levy on Business Registration Certificates to finance the Protection of Wages on Insolvency Fund. The purpose of this Fund will be to make prompt payment of wages owed to their workers by employers who become insolvent. Therefore this is not a fiscal measure for the purpose of augmenting the General Revenue, but a specific levy dedicated to the proposed fund.

The provisions of this Bill are in line with the recommendations of the Working Group on the Problems experienced by Workers of Companies in

Receivership. The group's report was accepted in principle by the Executive Council and that acceptance was announced by you, Sir, in your address to this Council at the beginning of this Session. The main recommendation of the working group was that a Protection of Wages on Insolvency Fund should be established, and that it should be financed by an increase in the Business Registration tax for this specific purpose. At present many workers in this situation have to wait several months before receiving wages owed to them because of the complicated and time consuming nature of insolvency and bankruptcy proceedings, and may never receive the full wages owed to them if their employer's assets are insufficient to cover them. Once the fund is established, however, it will step in as soon as there is concrete evidence of an insolvency or bankruptcy and immediately pay wages owed to employees. These claims thereafter will be subrogated to the fund, which can pursue the recovery of the payments it has made to employees during the normal course of bankruptcy and insolvency proceedings.

The main legislation to give effect to the recommendations of the working group is currently being drafted as a matter of priority. This legislation includes an entirely new Ordinance to establish the fund and define its powers and limitations, and related amendments to the Companies and Bankruptcy Ordinances.

The working group recommended that the main source of finance for the fund (apart from interest on investments and recovery of payments made), should be an annual levy on business registration certificates held by both main and branch offices of businesses registered under the Business Registration Ordinance. The group recommended that the levy should initially be set at \$100.

The Business Registration (Amendment) Bill 1984 provides for the imposition of a levy of \$100 on business registration certificates in addition to the normal business registration fee, and for the collection and transfer of this levy to a Protection of Wages on Insolvency Fund to be administered for the time being by the Secretary for Education and Manpower. Despite its name, the fund established under this Bill is only a holding fund which will be replaced as soon as legislation is finalised for a fund which can operate as envisaged by the working group.

The working group recommended that both main and branch offices of a business should be subject to the levy. But at present there are only two categories of certificate, a main certificate and a duplicate of the main certificate, which is the one now issued for each branch office. As duplicate certificates are also issued to replace a lost or damaged certificate, and as the levy should not be payable in such cases, the Bill creates a third category of branch certificate to replace the duplicate certificate presently held by branches. The levy will be payable only on main and branch certificates, but not on duplicate certificates.

The Bill also takes the opportunity to make two minor and unrelated amendments to the Ordinance put forward by the Commissioner for Inland Revenue. Firstly it extends exemption from registration to include New Territories and marine hawkers, as well as urban hawkers, who are already exempted, and secondly, it provides for service of notice to the last known address of a business or to the last known residential address of the person to be served.

It is proposed that the levy on business registration certificates be imposed from 1 October this year. Certain alterations to existing forms and procedures have to be made by the Inland Revenue Department and this is the earliest date from which levy collection could commence.

Although legislation to give effect to the working group's report has not yet been finalised, it is desirable to begin levy collection as soon as possible. The working group estimated that the fund might have to pay out about \$18 million in its first six months of operation. Unless therefore the fund were able to start operation with a substantial working capital already to hand, there would be a delay of some months after its establishment before the fund built up sufficient capital from levy collection to meet demands for payment. Since the publication of the working group's report, there has been understandable public concern that its recommendations are implemented as early as possible. I share this concern and in order to avoid delay in payments from the fund I have put forward this rather unorthodox proposal for financing the fund before legislation to empower it to disburse the money so accumulated has been finalised, so that Members in passing this Bill, if they do so, should be aware that they are also accepting that they will subsequently pass a Bill to set up the fund and detailed legislation necessary for this purpose.

If the levy is imposed from 1 October, first payments from the fund could probably be made six months later, from 1 April 1985. I am hopeful that the legislation currently being drafted to give effect to the working group's recommendations can be finalised by this date and that the fund will thus be able to commence payments, if required, as soon as it is legally established and the members of its Board appointed.

Sir, I beg to move that debate on this Bill be now adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—SECRETARY FOR EDUCATION AND MANPOWER.

Question put and agreed to.

BIRTHS AND DEATHS REGISTRATION (AMENDMENT) BILL 1984

THE SECRETARY FOR SECURITY moved the second reading of:—‘A bill to amend the Births and Deaths Registration Ordinance’.

He said:—Sir, I move that the Births and Deaths Registration (Amendment) Bill 1984 be read the second time.

This Bill proposes revisions in the level of fees for various miscellaneous services provided by the Immigration Department under the Births and Deaths Registration Ordinance. The services include the post-registration of births, the search of births and deaths records, and the issue of certificates of registration of or additions or alterations to the name of a child. The fees in question were last revised in 1975 and the object of the revisions now proposed is to recover a greater proportion of the cost of the services. The revisions are proposed on the basis of a cost study and take into account the impact of the increases on the users of the services. Most of the fees are to be increased by 100 percent. It is estimated that additional revenue of not more than \$1 million per annum will be generated.

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 SECURITY.

Question put and agreed to.

FOREIGN MARRIAGE (AMENDMENT) BILL 1984

THE SECRETARY FOR SECURITY moved the second reading of:—‘A bill to amend the Foreign Marriage Ordinance’.

He said:—Sir, I move that the Foreign Marriage (Amendment) Bill 1984 be read the second time.

This Bill proposes revisions in the level of fees for the issue of certificates and licences in respect of foreign marriages under the Foreign Marriage Ordinance. The object is to recover a greater proportion of the cost of the services. The fees in question have remained unchanged since 1950. It is now proposed that they be increased from \$1 and \$30 to \$5 and \$60 respectively. The revisions are proposed on the basis of a cost study and take into account the impact of the increases on the users of the services. The additional revenue to be generated would be minimal.

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 SECURITY.

Question put and agreed to.

LEGITIMACY (AMENDMENT) BILL 1984

THE SECRETARY FOR SECURITY moved the second reading of:—‘A bill to amend the Legitimacy Ordinance’.

He said:—Sir, I move that the Legitimacy (Amendment) Bill 1984 be read the second time.

This Bill proposes revisions in the level of fees for the re-registration of the birth of legitimated persons and the issue of certified copies of entries of the birth of such persons. The object is to recover a greater proportion of the cost of the services. The fees in question have remained unchanged since 1971. It is now proposed that they be increased from \$1.50 and \$15 to \$10 and \$30 respectively. The revisions are proposed on the basis of a cost study and take into account the impact of the increases on the users of the services. The additional revenue to be generated would be minimal.

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 SECURITY.

Question put and agreed to.

FIREARMS AND AMMUNITION (AMENDMENT) BILL 1984

THE SECRETARY FOR SECURITY moved the second reading of:—‘A bill to amend the Firearms and Ammunition Ordinance’.

He said:—Sir, I move that the Firearms and Ammunition (Amendment) Bill 1984 be read the second time.

The main purposes of the Bill are twofold. Firstly, it will increase the penalties for various offences relating to the use of firearms in crime in the following manner:

for resisting arrest while in possession of arms, ammunition or an imitation firearm;

for carrying arms, ammunition or an imitation firearm with criminal intent and for possessing arms or ammunition with intent to endanger life,

the penalties will be increased from 14 years to life imprisonment.

The penalty for possessing arms or ammunition without a licence will be increased from ten to 14 years imprisonment.

The penalty for converting an imitation firearm into a firearm will be increased from five to 14 years imprisonment.

Secondly, the Bill will introduce a technical amendment to section 18 so that if the prosecution fails to prove a charge under that section of carrying an imitation firearm with criminal intent, the person charged may still be convicted of the lesser alternative offence of simple possession under section 20.

Crime statistics show an increasing use of firearms in crime generally and in such crimes as goldsmith robberies in particular. The Working Group on the Use of Firearms in Crime, which was established under the auspices of the Fight Crime Committee, recommended the increased penalties proposed in this Bill having taken into account the recent trends in crime statistics and the high level of penalties for such offences prevailing elsewhere in the South East Asian region.

These proposals reflect Government's determination to halt the increasing use of firearms in crime by making those who resort to such action liable to be sentenced, on conviction, to very long terms of imprisonment.

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

*Motion made. That the debate on the second reading of the Bill be adjourned—*SECRETARY FOR SECURITY.

Question put and agreed to.

TATTOOING OF YOUNG PERSONS BILL 1984

THE SECRETARY FOR SECURITY moved the second reading of:—‘A bill to impose restrictions on the tattooing of persons under the age of eighteen years’.

He said:—Sir, I move that the Tattooing of Young Persons Bill 1984 be read the second time.

The purpose of this legislation is to prohibit the tattooing of any person under the age of 18 years except for medical reasons by a registered medical practitioner.

Recent surveys conducted by the Director of Social Welfare and the Commissioner of Correctional Services of young persons residing in correctional institutions under their control have shown that approximately forty per cent of the inmates were tattooed. Magistrates sitting in the Juvenile Court in Hong Kong have also noted that it is not unusual for juvenile offenders to be extensively tattooed.

This association between tattoos and criminal or delinquent behaviour makes the rehabilitation of such young persons all the more difficult since professionally executed tattoos are almost impossible to remove. A wayward young person is thus liable to bear this physical reminder of an ill-spent youth for the rest of his life.

The responsibility for complying with these provisions will be on the tattooist rather than on the young person and the former will have a defence against conviction if he had good cause to believe and did in fact believe, that his client was over 18. In practice, the production of an identity card by the client would normally be reasonable cause for such a belief.

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 SECURITY.

Question put and agreed to.

COMPANIES (AMENDMENT) (NO. 2) BILL 1984

Resumption of debate on second reading (27 June 1984)

Question proposed.

Question put and agreed to.

Bill read the second time.

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

BANKRUPTCY (AMENDMENT) BILL 1984

Resumption of debate on second reading (27 June 1984)

Question proposed.

Question put and agreed to.

Bill read the second time.

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

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1984

Resumption of debate on second reading (27 June 1984)

Question proposed.

MR. ALLEN LEE:—Sir, this Bill contains some amendments which cause concern to a multitude of employers and employees.

The four employers' organisations would like to draw attention to section 11B of Part IIA concerning the end of year payment. The consequences of a contract between employer and employee by virtue of 'oral', 'expressed' or 'implied' means may cause unnecessary dispute over the interpretation of the contract. I know that the Administration had noted this point but I understand that amendment is not feasible because the Law has long allowed for such contracts to be recognised.

I and other Members had a discussion with nine workers' unions over this Bill. A few points regarding payment of maternity leave, definition of 'wages', sub-contractors and main contractors over the payment of wages and the eligibility criteria for the end of year payment had been raised. These points had been passed on to the Commissioner for Labour to consider while some points were clarified without further misunderstanding.

The general conclusion that I would like to draw is that the employers and employees in general support this Bill in principle. To avoid any delay of this Bill, I hope this Bill will be passed as early as possible leaving other suggestions to be considered and, if applicable, incorporated in the Ordinance in the future.

Sir, I support the Bill.

COMMISSIONER FOR LABOUR:—Sir, I am most grateful to Mr. Allen LEE for his support for the Employment (Amendment) (No. 3) Bill, and to his UMELCO Working Group for discussing its provisions with both employees' and employers' representatives and to bring forward points for discussion and clarification. In the event it has not been necessary to make changes to the Bill but, as Mr. LEE has said, some of the points made will be the subject of further consideration.

Clause 1 of the Bill provides that different provisions shall come into operation on different days to be appointed by the Governor by notice in the *Gazette*. We propose to bring Part IIA, concerning end of year payments, into operation on the first day of the 1985 lunar year—that is, on 20 February 1985—which means that this Part will take effect from the beginning of a new payment period. This should help all concerned to avoid the complications which might otherwise arise from the calculation of current end of year payments, whether pro-rata or in full, were this Part to be applied in the interim.

It is proposed that the remaining provisions of the Bill should come into operation on 1 August 1984. Here I wish to draw attention to clause 25 which amends section 44 of the principal Ordinance whereby an obligation is placed upon employers to provide information on end of year payments before persons enter their employment.

It is our usual practice to provide guides for all new labour legislation. Accordingly the Labour Department has prepared a short guide to Part IIA, in both Chinese and English. This guide will be available for free distribution at all offices of the department from Friday, 13 July onwards.

Finally, Sir, to ensure that all registered apprentices as well as all those employees covered by the Employment Ordinance shall benefit from Part IIA, I shall move at the committee stage a consequential amendment to this effect to section 48 of the Apprenticeship Ordinance.

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

COMPANIES (AMENDMENT) (NO. 2) BILL 1984

Clauses 1 and 2 were agreed to.

BANKRUPTCY (AMENDMENT) BILL 1984

Clauses 1 to 16 were agreed to.

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1984

Clauses 1 to 33 were agreed to.

New clause 34. 'Consequential amendment to the Apprenticeship Ordinance. (Cap. 47)'

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

COMMISSIONER FOR LABOUR:—In accordance with Standing Order 46(6) I move that new clause 34 as set out in the paper circulated to Members be read a second time.

Question put and agreed to.

Clause read the second time.

COMMISSIONER FOR LABOUR:—I move that new clause 34 be added to the Bill.

Proposed addition

New clause 34

That the following new clause be inserted after clause 33—

‘Consequential
amendment to the
Apprenticeship
Ordinance.
(Cap. 47.)

34. The Apprenticeship Ordinance is amended in section 48 by inserting before paragraph (a) the following

—
“(aa) Part IIA (End of year payment);”.’.

The addition of the new clause was agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

COMPANIES (AMENDMENT) (NO. 2) BILL and the

BANKRUPTCY (AMENDMENT) BILL

had passed through Committee without amendment, and the

EMPLOYMENT (AMENDMENT) (NO. 3) BILL

had passed through Committee with amendment. He then moved the third reading of the Bills.

Question put on the Bills and agreed to.

Bills read the third time and passed.

4.22 p.m.

HIS HONOUR THE PRESIDENT:—At this point Council might like a short break.

4.37 p.m.

Council resumed.

Adjournment

Motion made. That this Council do now adjourn—THE ATTORNEY GENERAL

HIS HONOUR THE PRESIDENT:—Seven Members have given notice of their intention to speak. Although I am sure they will be concise, I do not think we can finish in a half-hour. So I propose to exercise my discretion under Standing Orders 9(7) and 9(8) to allow Members such time as is necessary to complete their speeches, and such time as is then necessary for the Official Member to reply to those speeches, before putting the question on the adjournment.

ECONOMIC SYSTEM AND THE FUTURE OF HONG KONG

MR. ALLEN LEE:—Sir, there is no question today, that the manufacturing industry is the mainstay of our economy. It accounts for approximately 25% of G.D.P. and employs about 36% of our total labour force. The contribution of the manufacturing industry should also be assessed in terms of its supportive effects on other sectors of the economy, such as shipping, insurance, banking and commerce. I would expect that the direct and indirect contributions of the manufacturing industry would amount to as high as 50% of G.D.P. Therefore, I need not to stress the importance of the continued development of our industry.

When the garment and textile sector, which is the largest sector of industry, became restrictive by a quota system set up by our trading partners, we were forced to diversify into other industries which possess the growth potential needed in order to survive on the economic front. Judging from the export performance of the electronics industry, there is no doubt in my mind that this industry possesses the potential of becoming the largest industry in the early 1990's, provided that we move up-market with technical improvements, further strengthening of our technology base complemented by better design and quality improvement of consumer electronic products.

The electronics industry is a technology intensive industry. So far, the growth rate has indicated that we are moving in the right direction although much more support is needed from our Government to enhance the growth of this key industry and to enable us to compete with our competitors. I will speak separately on this subject in the future.

Sir, one of the main reasons for Hong Kong's tremendous economic success is because of its status in the international community as a free trading port. When the question of 1997 surfaced, I found myself giving a great deal of thought to Hong Kong's future status. Will our trading partners give Hong Kong the same status as we enjoy today? Will Hong Kong be able to attract foreign technology or investment, or come under the 'COCOM' embargo? Some may ask, what is COCOM? COCOM is an organisation whose full name

is Coordinating Committee for Multilateral Export Controls. It was formed in November 1949. The purpose of COCOM is to control the export of technology and strategic commodities from capitalist countries to communist or socialist countries particularly dealing with the export of commodities that has to do with economic growth, technology improvements and defence. It consists of fifteen countries, namely: U.S.A., Canada, United Kingdom, France, West Germany, Italy, Japan, Holland, Belgium, Luxembourg, Norway, Denmark, Portugal, Turkey and Greece. As you have noticed, Sir, these are our major trading partners. Although Hong Kong does not come under the COCOM embargo, we must, however, adhere to the requirement of not exporting or reexporting commodities under the COCOM embargo. As the United States is Hong Kong's biggest trading partner, I will use the U.S. as an example in this observation and state clearly the complicated procedure which Hong Kong must follow.

A Hong Kong company must complete an I-629 form a copy of which is attached to this speech (*not published in Hansard*) and send it to the U.S. Department of Commerce for approval to export from U.S.A. The U.S. Department of Commerce must then obtain approval from the U.S. Department of Defence, the CIA Security Council, Air Force, Army, Navy and the Joint Chiefs of Staff. If any of the above organisations reject an application, then the commodities cannot be sold. My personal past experiences have been frustrating. Before an application is approved, it takes months, sometimes years, just to process the application. Of course, some applications never receive approval.

Sir, I have mentioned before the importance of the development of the technology intensive industry in Hong Kong. Its implication of our future economic survival and viability is unimaginable. Therefore, I would suggest that our Government immediately set up a working group comprising of three to four persons whose terms of reference is to obtain clarification from the United States, Japan and EEC as to whether they will continued to treat Hong Kong as an international free trading port in and after 1997. We must take the initiative now. We must make it absolutely sure that as we move into the future, the people of Hong Kong will be given the opportunity to enjoy continued economic success rather than getting involved in the world political entanglements which are totally out of our control and which would affect our economic survival.

MR. TIEN:—Sir, nobody in Hong Kong could ignore the importance of international trade and foreign industrial investments to her survival in the future. Irrespective of the rise in protectionism and strong competition from the newly industrialised countries, Hong Kong has always been successful. The contribution of trade to the economy of Hong Kong is indeed enormous.

International linkage with the world is a major factor by which Hong Kong would keep its trade connections and export growth. Therefore, first and

foremost, Hong Kong should fight for the status of being a formal member of GATT so that Hong Kong could be able to take care of her international trade agreements independently. The technicalities involved to achieve this may be complicated, but I trust that the two Governments negotiating on our future would bear in mind the consequences that might arise should our relationship with GATT be cut off after 1997.

As to the textile quota, I have emphasised its importance to this Council a few months ago. While I would not repeat here again, I still like to pinpoint the importance of the good reputation of our textile and garment industries in international markets, which contributes to our export tremendously. Without being highly recommended by overseas buyers on the quality of our products, nobody could imagine how the economy in Hong Kong would be affected. I hope again that the two Governments would bear two points in mind: first, whether overseas buyers still have trust on the quality of our products and second, whether the circumstances in Hong Kong after 1997 will affect the establishment of commercial contracts.

As regards the quality of products, human investment would be the solution. Hong Kong needs an ample source of skilled labour to keep up with the ever-progressing trends in the world. Over the years, Hong Kong has developed a manpower training system with good training facilities. The fact that our economy has progressed rapidly throughout the past decade could not have been achieved without a reasonably balanced supply of well-trained manpower. However, this is not to say the existing training system can cope with all our future manpower problems. We should continue to develop our training system and to improve our training facilities for the future.

As regards the point on establishment of commercial contracts, this has something to do with the agreement between two Governments on Hong Kong's future. I believe that if the agreement is acceptable to the people in Hong Kong, overseas traders will be satisfied that the economic system in Hong Kong will remain unchanged and hence they will be willing to enter into commercial contracts with our local traders with trust in the future.

Sir, I in my personal capacity, shall be leading a group of Hong Kong garments manufacturers and exporters to Beijing tomorrow. The group consists both local and foreign investors, old hands as well as up and coming young successors in the industry. We shall meet the Chinese leaders and it is my intention to reflect the above views at these meetings.

MR. SO delivered his speech in Cantonese:—

督憲閣下：本人並不信邪，就算以一些美麗吉祥如「火鳳凰」的神話去比喻香港將來的繁榮和安定，亦不敢苟同，但自幼便喜讀魏徵的十思疏，尤其是它的第一段：「臣聞求木之長者，必固其根本；欲流之遠者，必浚其泉源；思國之安者，必積其德義。源不深，而豈望流之遠？根不固，而何求木之長？德不厚，而思國之治，雖在不愚，知其不可，而況於明哲乎？」

香港的經濟制度根本是資本主義；它的泉源是對自由，對人性尊嚴、人性價值和人民創造力的信念。

簡單來說，經濟是人類獲取物質以滿足其需要的活動。歷史告訴我們，人類謀取生活所需的辦法經過數個階段，發展和演變。這些經濟階段大致可分為：(一)漁獵階段；(二)畜牧階段；(三)農業階段；(四)手工業階段；(五)工業階段。

在工業階段面世的時候便產生了三互相衝突和使人迷亂的經濟制度。它們是為解決人類經濟困難而出現，為人類提供固定的方法去謀取生活上的需要，它們的方法都是建立在不同的哲學原則上的。這三個經濟制度就是資本主義，共產主義和社會主義。

香港的成就除了接納了資本主義社會的私產權，自由企業，政府不與人民競爭等原則外，更讓人民的才智與進取心獲得充分的發揮，爭取到海外市場和國際的投資。換句話說，自由企業並非是我們經濟成功的獨步單方，比它還重要的是我們毫不曖昧地尊重人性尊嚴。香港絕非是一個適者生存的地方，亦不是個腐朽的資本主義經濟。政府除了為經濟增長提供合適的經濟氣候環境外，更照顧對經濟有重大貢獻的工人的權利和利益；為青少年、老弱傷殘和生病者解決需要。

一個自由的社會並非是一個完美的社會，其實世上根本並無完美這回事，在一個自由的社會裏，每一個人都可以自由地去決定何謂完美，並努力去尋求自己的理想。香港雖云香，但並非是個桃花源，就因為它不是一個烏托邦，我們並非是一群偽君子，我們有過失，也有應興應革的事和困難，過往有的過失和遇到的困難，就憑我們的意志和努力，得到糾正和解決，而且經一事，長一智，每項困難都使我們變得更壯茁。

就香港前途問題，中英雙方都堅決地要保持香港的繁榮和安定。中國領導人更提出五十年制度不變的承諾，這一點證明了中英雙方都懂得固本培元；中國領導人亦明白香港現行的經濟制度，和中國目前的制度是互不相容的，所以才有「一個國家，兩種制度」的建議。否則便是：「德不處其厚，情不勝其欲；斯亦伐根以求木茂，塞源而欲流長者也。」

十思疏亦說：「竭誠，則胡、越為一體；傲物，則骨肉為行路。」本人渴望中國和平統一，亦不懷疑中英雙方現在的領導人對保持香港繁榮和安定的誠意，但只希望趁這個機會指出，中國現行的制度和香港的制度不但是經濟方針不同，而是哲理的差異，政治的壓力可以在任何時間磨蝕及改變經濟制度。因此我們需要一個詳盡明確的中英協議。

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

Sir, I do not believe in fallacy; neither do I accept the comparison between the mythological, however beautiful and auspicious it may seem, 'phoenix rising from the ashes', and the future prosperity and stability of Hong Kong. I have been fond of reading Wei Zhi's 'Memorandum of Ten Reflections' since my childhood, especially its first paragraph, 'I have heard that in order to have a tall tree, its roots must be strengthened; in order that a river may run far, its sources must be dredged; in order that a nation may enjoy stability, virtues and righteousness must be developed. If the sources are not deep enough, how can a river be expected to run far? If the roots are not strengthened, how can a tree be expected to grow tall? If virtues are lacking, even I, an ignorant man, know that it is not possible to expect a nation to be prosperous, let alone wise and judicious men.'

The economic system of Hong Kong is basically capitalistic. The foundation of the system is built on its belief in freedom, human dignity, human value and the people's creativity, which can be taken as its sources.

In simple words, economics is the activity in which human beings strive for materialistic gains to satisfy their needs. We learn from history that the ways by which Man acquired what they needed for living went through several stages of development and change. These different stages of an economy may broadly be divided into: (1) fishing and hunting; (2) herding; (3) farming; (4) handicraft; and (5) industry.

In the advent of the industrial stage, three economic systems which were conflicting with one another and causing much perplexity emerged. The systems rose from the need to solve the economic problems of human beings and established for them formulae to procure what they needed for living. These formulae were founded upon different philosophical principles. The three economic systems are capitalism, communism and socialism.

Apart from accepting the right to private property in a capitalist society and the principles of free enterprise and the refraining of Government from competing against her people, Hong Kong owes its success to the fact that the people are allowed to give full play to their ability and wisdom as well as their enterprising spirit, thus winning overseas markets and international investment. In other words, free enterprise is not the sole factor to our economic success. What is more important is that we unequivocally respect the human dignity. Hong Kong is certainly not a place where only the fittest survive and neither is her economy the decadent capitalist type. The Government, besides providing favourable economic climate for economic growth, also caters to the need of the young, the aged, the handicapped and the sick and sees to the rights and interests of the workers who have been making tremendous contribution to the economy.

A free society is not a perfect society. In fact, nothing can be termed perfect in this world. In a free society everyone is free to decide for himself what is perfect and to pursue his own ideals. Though the first character of Hong Kong means fragrance it is by no means the Land of Peach Blossom (Utopia). As it is no utopia we are no hypocrites. In the past, we have made mistakes, we have had problems and have done things that may leave room for improvement, but with our will power and efforts, we made good our mistakes and solved our problems and became wiser afterwards. In fact, we became stronger after each encounter.

About the future of Hong Kong, both China and Britain are determined that its prosperity and stability should be maintained and the leaders of China even gave the promise that the system would remain unchanged for fifty years. This shows that both China and Britain know how to 'nourish the root and care for the source'. The leaders of China also realise that the existing economic system of Hong Kong is incompatible with that currently operating in China, thence comes the proposal—'two systems within one nation'. Unless this proposal is implemented the situation would become 'with no noble moral character and no ability to overcome desires, it is like aiming to flourish the trees by hacking their roots and lengthening the river course by plugging its sources'.

The 'Memorandum of Ten Reflections' also says, 'Sincerity would bring adversaries together while arrogance would make members of the same family strangers.' I fervently hope that there will be a peaceful and united China and I do not doubt the sincerity of the current leaders of both China and Britain on maintaining the prosperity and stability of Hong Kong. I only wish to take this opportunity to point out that the difference between the existing system of China and the system of Hong Kong does not only lie in economic policy but also in philosophical principles. Political pressure can erode and change the economic system at any time. Therefore, we need a detailed Sino-British agreement.

MR. F. K. HU:—Sir, this is the second time in this Council that I address myself to the subject of the future of Hong Kong. The last occasion was when I supported Mr. LOBO's motion on 14 March 1984. I said that the general public of Hong Kong had on the whole been persuaded to believe the sincerity and determination of the Chinese Government to maintain the continued stability and prosperity of Hong Kong and that statements made by British government officials to similar effect had further strengthened Hong Kong people's confidence in the future of Hong Kong.

Now that the time of concluding the Sino-British agreement on the settlement of Hong Kong is drawing near, I would like to stress the importance of one particular aspect of the economy to the future prosperity of Hong Kong. I am referring to investments in real estates and the construction industry.

Statistics have shown that in terms of employment the number of persons employed in real estate, engineering, architectural and technical services and construction total 107 000 which constitutes 6.2% of persons employed in all industries. In terms of production, the stock of public housing rental flats at the end of 1983 reached 517 000 and the stock of private flats was 546 000. Together they accommodate 89% of the total number of households. In the commercial sector, the stock of office space at the end of 1983 was 3.8 million square metres and shop space comprises 5.3 million square metres. The stock of flatted factory space has exceeded 12 million square metres. This in itself is a story of Hong Kong's success and impressive achievements of the past which plays a significant part in enabling Hong Kong to be an important international financial and trade centre as well as a major light industry manufacturer. But how about the future?

In the shorter term, the Special Committee on Land Supply is satisfied that over the next five years the existing and planned levels of land production are more than adequate to meet Hong Kong's social and economic needs, provided the following assumptions still hold true: an annual production of 30 000 flats of public housing and another 10 000 flats in the home ownership schemes; an annual production of 25 000 flats in private housing and 636 000 square metres of flatted factory space. All these targets will be achieved only if investments will continue to be put into real estate development and the construction industry

while the Government will do their part in land production and public housing project.

Right now, developers are being hesitant in putting their money on real estate because basically they are worried whether they can sell or rent out their properties due to lack of confidence in the market. Users are worried because of the feeling of uncertainty which prevails. All these have resulted in the sluggishness of the property market which will eventually affect our position as an international financial and trade centre as well as a major light industry manufacturer, all important factors in ensuring prosperity of Hong Kong.

In the longer term, I would stress the importance of the inclusion of sufficient details in the Sino-British agreement of future policy on the basic issues of leases of land. Basically, there are three categories for which I propose:

1. For Hong Kong Island and Kowloon south of Boundary Street including land sold by the Government after the conclusion of the Sino-British agreement, if the lease is valid beyond 50 years after 1997, the owner should continue to enjoy the use of the land and property until the end of the lease.
2. For Hong Kong Island and Kowloon south of Boundary Street, if the lease expires before 50 years after 1997, and for the New Territories north of Boundary Street, where leases expire in 1997, they should all be extended up to 2047 upon expiry of leases on payment of a nominal land tax similar to the provisions of the Crown Leases Ordinance 1973 which required payment of 3% per annum of the rateable value of the premises at the date of renewal.
3. For any land in New Territories sold by the Government after the conclusion of the Sino-British agreement, the lease should be up to 2047.

If sufficient details on leases of land are spelled out in the agreement with policy and procedures fully clarified, developers will be at ease to invest in real estate business and the users, including manufacturers, will have no hesitation in buying or renting land properties and there will no doubt for Hong Kong to achieve stability and prosperity both before 1997 and after 1997. As prosperity of the property market plays an important part in the prosperity of the economy of Hong Kong, and the prosperity of Hong Kong as a whole in the post-1997 years relies on our efforts to maintain prosperity for the next 13 years which again depends on how much assurance we can get out of the agreement which is to be announced, I submit that it is of utmost importance that the agreement should contain sufficient details on how the future policy of land and leases will be implemented.

MR. WONG PO-YAN:—Sir, in this debate, I wish to speak about industrial reinvestment.

Hong Kong depends on its economic activities and the liveliness of Hong Kong is based on the orderly functioning of its economic system. This is valid today, before 1997 and after 1997. The manufacturing industries and foreign trade are the backbone of Hong Kong's economic system; and the future of Hong Kong will very much depend on the performance of our manufacturing industries. These performances are the consequence of continuing development of technology and the timely renewal of plant and equipments. Phoenix may burn out itself and reborn again overnight; but our economic system cannot do the same. Manufacturing industries, once destroyed will take a long time to revive, if ever. It can only keep its life on and on and change gradually. Our manufacturing industries are always in keen competition with our vigorous neighbours in the world market, any standstill period in our advancement will tremendously damage our competitive edge.

I am aware of the lead time required for increases in domestic export to be translated into investment and re-investment in plant and machinery. However, retained imports of capital goods are estimated to have declined by 5% in real terms in 1983 compared with a decline of 9% in 1982 (para. 2.15 1983 Economic Background) and this trend has only been reversed in the fourth quarter of 1983 with a 4% increase over the corresponding period in 1982 (para. 2.7 First Quarter Economic Report 1984). In the first quarter of 1984, the increase is 14% over the same period in 1983.

I note that the growth rate of our domestic export for the first quarter of 1984 against the first quarter of 1983 is 30% in real terms. However, it is also apparent that re-investment of our manufacturing industry is far behind our export performance. If this situation continues, the manufacturing industry will not be able to benefit further from the recovery of world trade. This is a real threat to our economy.

Sir, it is widely reported that this is due to the lack of confidence about our future. Many of our industrialists feel that their future is not clear, during this time when the negotiation on Hong Kong's future is still going on confidentially.

In order to remedy the situation, I believe that it is essential that both sides on the negotiation table should make every possible effort to maintain confidence of the industrialists in Hong Kong. In this connection, I believe that industrialists would like to see an agreement with enough details to ensure that the present economic system will not change in future. I hasten to add that I believe that both sides on the negotiation table are already trying their best to convince our industrialists, but the problem is that our industrialists are not yet convinced. More detailed and concrete indications should be forthcoming and agreed regarding the economic system that would be practised in Hong Kong in 1997 and after.

On the other hand, to our industrialists in Hong Kong, I would suggest them to keep their nerves. Since it is certain that our present systems will not change

before 1997 and that we have at least 13 more years to do business under rules we are familiar with, we should get on with our business. 13 years is long enough for businessman to complete at least one, and probably two cycles of investment and to recoup any investment. For the period after 1997, considering that both Governments have mutual interest in and common objectives about Hong Kong, plus the effort that we, the Hong Kong people, are expressing clearly our opinion concerning our future, we can believe in good faith that the Agreement will be acceptable to us. On that belief, we should not drag our feet any longer regarding investment or re-investment.

Doubts and anxieties are not conducive to business and investment. Excessive doubts and indecision in fact go against the principle, which we have followed for many years in the past, that we have to take calculated risks in business ventures. For if we keep on doubting, we would end up making no decisions and produce nothing constructive. Now is the crucial time for our industrialists to expedite the process of re-investment in plant and equipment as well as in manpower and high technology, particularly in high technology. If we do not act soon, we may lose out.

MR. STEPHEN CHEONG:—Sir, on 20 April 1984, Sir Geoffrey HOWE, at his press conference in Hong Kong after his visit to Peking announced that it would be unrealistic to expect any form of continued British administration in Hong Kong after 1997. To the world and to the people of Hong Kong in particular, this message clearly implied that understandings on the major principle of sovereignty over Hong Kong must have been reached between the two negotiating parties of the current Sino-British negotiations. What remains now in the Sino-British talks presumably centres around those principles and details of the various measures that need to be taken in order to translate the common objective of maintaining Hong Kong's stability and prosperity into a reality. This can be aptly described as a new phase of the negotiations.

To most people in Hong Kong there should be little problem in accepting China's recovery of sovereignty of Hong Kong after 1997. There should also be support to China's formal announcement that after 1997 Hong Kong will become a Special Administrative Region having a high degree of autonomy; administered by local people and that the existing systems in Hong Kong will remain unchanged.

However, it cannot be denied that, above all, what the people of Hong Kong are praying and hoping for is that the common objective will be achieved smoothly and that life can go on meaningfully and peacefully without having to be forced to go through a fiery and painful process of readjustments. We understandably feel concerned and somewhat frustrated when it was made clear to us from the outset that we have no place in the very negotiation that would affect the future of none other than ourselves and our children. There might have been valid reasons of international protocol to have excluded Hong Kong formally in these negotiations, yet it must be only reasonable for us to hope and

expect that our feelings and wishes would be taken into full account objectively by both parties.

China has stated publicly that she means well for Hong Kong and that, apart from the issue of Sovereignty, everything else is negotiable. Britain has stated publicly that she would discharge her obligations and responsibilities to Hong Kong. Unfortunately, the event of the past few months have indicated at least to me that there exist a tremendous degree of misunderstandings and mistrusts between Britain, China and the people of Hong Kong. Prior to this new phase of the negotiation one can perhaps understand and accept all the nuances both inside and outside the negotiations. Now, however, with an understanding already reached over the fundamental principle of Sovereignty, and if both Governments were really sincere in wishing Hong Kong well, there should be no place for further unnecessary misunderstandings arising from misinterpretations and mistrusts. Hong Kong to-day is still in a very fragile mood, and there is no need to elaborate further.

In order to bring real stability and prosperity to Hong Kong, there must be a commitment from all sides to work closely together with the aim of concluding a satisfactory agreement which will symbolise the will and sincerity of both Governments in the pursuit of the common objective. I pleaded strongly on 14 March in this Chamber, whilst speaking on the 'Lobo Motion' that the barriers of mistrust be dismantled. I urge again to-day that respective responsible persons, who may have a hand in the shaping of the future of this territory, should try to work together with a pragmatic, realistic as well as mutually respectful spirit, so that whatever problems that may arise can be met with a vigorous sense of common purpose. On the one hand, for those who doubt the seriousness of damage a confidence crisis might do to the stability and prosperity of Hong Kong, it would be well for them to look hard and more objectively at the reality of Hong Kong, for these problems are real, not imaginary. On the other hand, for those who have doubts and fears about the practicability of the one country two systems concept, they would do well to accept first the sincerity and good intentions of those who have advocated the concept. Secondly one must try to evaluate the concept in a more positive light. On a less conceptual note, as a practical step towards dismantling the barriers of mistrust, I believe that it would be helpful and useful if the leaders of China can be persuaded to pay visits to Hong Kong. Such visits certainly will provide the opportunity to enable China's leaders to obtain first hand impressions about Hong Kong. It will also provide more people in Hong Kong an opportunity to meet and talk to the leaders of China.

Turning now to the specific issue of our economic systems, Sir, I am of the view that Hong Kong's continued well being from now to 1997 and beyond, is the most vital key towards our future. This is also the key upon which the future successes of the one country two system concept hinges on. In order to ensure the continued prosperity of Hong Kong, our ability to grow in our exports of manufactured goods must be of paramount importance. In the latest edition of

the GATT international table, Hong Kong has already achieved the status of being the 17th largest exporter in the World. No doubt, this export performance is made possible by our free trade policy which maintains Hong Kong as an open market and which in turn provides the competitive edge to Hong Kong's exports. Nevertheless, we cannot ignore the vital fact that it was through our participation in the GATT and the Most Favoured Nation treatment it affords which forms the corner stone on which Hong Kong's external commercial relations rely and upon which our rapid economic growth was built. Hence, to secure the future well being of Hong Kong, there must be a framework whereby Hong Kong will be able to maintain all our present autonomy in the handling of our external commercial relation. We must be given the authority to participate independently in GATT, the MFA and all the other related organisations. We must be given complete autonomy to negotiate, be signatory to and to implement any multilateral and bilateral trade agreements with the outside world. Such a framework need to be spelt out clearly and in detail in the future Sino-British agreement and that the agreement must confirm that Hong Kong would be given full autonomy to operate within such framework.

The reason for spelling it out clearly and in detail is not simply to give a positive signal to the business community in Hong Kong. It is necessary because it will not be enough for either Britain or China or both to simply proclaim to the world that Hong Kong has been given such autonomy. Other trading partners must be persuaded to accept Hong Kong's authority in such matters as we are now being so accepted. Already I have heard disquieting noises in influential circles of some of our trading partners in the textile trade that they look forward to the date of 1997, when, they can choose, if they wish, to combine Hong Kong's current textile access rights with those of China thereby hoping to curtail the need to permit further growth of trade in that area with China herself. Such a possibility, if allowed to become a reality, will be injurious to the prosperity of Hong Kong as well as to that of China. Hence, setting out such provisions in the Sino-British agreement in detail would in my view, help to demonstrate to the world that both China and Britain are truly serious in giving Hong Kong this autonomy and that it would, leave little room for doubt by our trading partners.

Apart from our vital independent links with GATT, Hong Kong has also been participating in other international organisations such as the Asian Development Bank, the Asian Productivity Organisation, the International Labour Organisation, etc. The agreement must reflect that we would be able to maintain our status in these organisations, for they too have an important bearing on the future development of our economy. Last but not least, Hong Kong, in the exercise of its de facto autonomy in regard to the conduct of our international economic relations over the years, has developed a close working relationship with the developing countries regarding a number of international trade issues. The agreement must give us real autonomy and real authority to enable us to continue this working relationship. This is important because, as

a result of working closely and jointly with the developing countries, our collective strength is an effective deterrent to the harsh demands by the stronger developed importing countries for larger doses of protectionism, not only in textiles but also in other moves towards more stringent international trade restrictive practices such as the proposed codes of selective safeguards.

Finally, Sir, also of vital importance to the well being of Hong Kong's economy both now and in the future are first the need to allow total freedom of movement of capital and people in and out of Hong Kong and secondly the continued maintenance of Hong Kong's status as a free port. The importance of both subjects need no further elaboration. Yet if both subjects were not embodied in the future agreement it will have a very damaging effect on foreign as well as local investments on new technologies and industries in Hong Kong.

In conclusion therefore, it is hoped that both Britain and China would recognise the importance of the maintaining a viable economy in Hong Kong and that those areas mentioned briefly above would be covered in detail in the Sino-British Agreement so that Hong Kong will be provided with the necessary framework to enable our economy to progress well into the 21st Century thereby proving to the world through real actions and results that the concept of 'one country, two systems' is indeed pragmatic as well as viable.

MR. BROWN:—Sir, stability and prosperity are fine sounding words and both China and the United Kingdom must be applauded for using them as a description of their common objective for Hong Kong. Whilst those two powers are responsible for deciding our political future, however, our own actions will largely determine whether stability and prosperity will continue. We do need, nonetheless, the co-operation of both China and the United Kingdom in ensuring that we can manage our affairs in an atmosphere of confidence. Such an environment is of course also necessary if others are to maintain their confidence in us, and all that that means to the successful continuance of Hong Kong as an international financial and commercial centre—a continuance, incidentally, that also depends in no small degree on the assumption that the Hong Kong dollar will be retained as our legal tender on a fully convertible basis.

But what does stability and prosperity mean to the man in the street? We would be deceiving ourselves if we equated his wish for the maintenance of stability and prosperity to maintenance of stability and prosperity to maintenance of the status quo. There is still much to be improved on in our society, and our objective must be not only stability and prosperity but stability and prosperity with continued progress. Continued progress with improvements in our social services, our education system, housing, our transport systems and the environment in which we live *in general*, and an improvement in our socioeconomic profile to achieve less income disparity and a more even distribution of wealth *in particular*. Such progress will have to be paid for, but

this will not be possible unless we maintain the high rate of economic growth that we have achieved over recent decades.

In these difficult times it would be all too easy for this Council to assume the status of a 'hung parliament' and let matters drift. In summing up the debate on the Governor's annual address to this Council on 10 November last year, Sir, the Chief Secretary identified the underlying theme of that address to be building for further prosperity. His Excellency's actual words in concluding the address included, and I quote,

'Your Government will be getting on with the job of making Hong Kong a better place in which the people of Hong Kong can live, work and bring up their children'.

He added that it would be its constant concern to ensure that Hong Kong continues to enjoy steady and progressive government.

Those words were well received and we should be pleased at the recent decision by Government to accept in principle the development proposals emanating from the completed territorial development strategy. These proposals will necessitate truly enormous amounts of investment by the public sector in infrastructure; infrastructure which must go ahead if that necessary high growth rate of which I have just spoken, and the progress of which the Governor spoke last Autumn, is to be achieved.

The agreement soon to be signed between China and the United Kingdom must be sufficiently detailed to give confidence to our business community— both indigenous and foreign—so that we can stop worrying about the future and get on with our job. It is of particular importance that this in turn should breathe new life into the property market and thus restimulate the demand for land, for in present market conditions the 'wait and see' attitude towards continued investment in land makes it impossible to judge the extent to which sales can be achieved. It is important for our ability to finance the public works programme and create more development land for sale will depend in no small degree on the proceeds of land leases. This is all the more so as we are probably now quite close to the ceiling at which tax levels can be raised without damaging our successful economic system, and there is a limit to which we can issue bonds of raise debt which has to be serviced and repaid either by this administration or its successor.

However it is financed, the infrastructure we create in the next decade will be vital to the continued well being of this community well beyond 1997. And not only this community, for China herself acknowledges that the stones of the mountain Hong Kong remain important for polishing the jade of her modernisation programme—particularly in the nearby Special Economic Zones.

Sir, were the administration of Hong Kong to be handed over to a new authority today the present Government could do so without shame of its

stewardship. It is the duty of this Council to see that our economic policies in the period ahead are designed and implemented in such a way that whoever hands over in 1997 is able to do so with a record that remains unblemished and preferably improved in regard to all those matters on which I have spoken. It goes without saying that policies aimed in this direction will receive the support of Unofficial Members of this Council. It is our hope that both China and the United Kingdom will also support us by reaching an agreement that is acceptable and helpful to the achievement of what is quite clearly an objective common to all parties, that is to say, stability and prosperity linked to continued progress for all those who make up the community we call Hong Kong.

THE FINANCIAL SECRETARY:—Sir, in responding to my Unofficial colleagues I can assure this Council that our economy is fundamentally in good shape, and will be able to develop and cope with demands placed upon it in future. The economy has experienced an export-led recovery since the second quarter of 1983. The employment situation for our labour force has greatly improved. The order books are strong and there is a substantial increase in real terms in retained imports of raw materials and semi-manufactures, which suggests that our exports and overall economic performance will continue to be buoyant at least for the time being.

In the time available to me this afternoon I fear that I shall not be able to address all the important and interesting points raised in this debate. But I shall deal with a few.

I share Mr. WONG PO-yan's concern about industrial investment. However, although investment in plant and machinery is less than might be expected in the second year of an economic recovery, it is perhaps worth pointing out that retained imports of capital goods increased by 30% in real terms in the first four months of this year compared with the same period last year.

We cannot of course predict how international trading practices and relationships will develop over the years ahead, but for the moment the COCOM system referred to by Mr. LEE is a fact of life and represents the exercise of sovereignty by source countries in the interest of their perceived security requirements. For its part the Hong Kong Government will do everything necessary to ensure that Hong Kong will continue to be able to import the technology appropriate to our needs. In this connection the reported liberalisation of U.S. exports of high technology products to China is an encouraging sign.

Mr. LEE, Dr. TIEN and Mr. CHEONG have referred to the need to clarify Hong Kong's status as an international trading entity. I can perhaps best demonstrate the British Government's recognition that Hong Kong's stability and prosperity beyond 1997 requires our continuing participation and status in international organisations being maintained, by quoting from the Secretary of State's speech in the House of Commons on 25 May 1984. He said:

‘Hong Kong’s role as an international financial and commercial centre is of particular importance for its prosperity. This depends upon maintaining its present openness to the world and its extensive and direct economic relationship with its trading partners. Arrangements would need to be made, in co-operation with the other countries concerned, to ensure that Hong Kong remained an important participant in regional and world economic organisations, such as the Asian Development Bank and, in particular, the General Agreement on Tariffs and Trade—GATT. We are fully aware of the crucial importance for Hong Kong’s trading activity of its status in the latter organisation and indeed of its ability to manage its international economic relations as a whole.’

Although stating the obvious I would add to what the Secretary of State said, that Hong Kong’s continued participation in regional and world economic organisations requires not only the support of the United Kingdom and China, but the co-operation of other countries as well.

In view of the critical importance of international trade for Hong Kong’s economic survival, bearing in mind that imports and exports together come to some 150% of our entire G.D.P., it is vital that our GATT rights are maintained. However, as honourable Members will be aware, the GATT operates by consensus and the development of a consensus against us could effectively dispossess us of our status in that body. In this connection we can all be encouraged by the recent public statements made separately by the Consuls General of the United States of America and Japan that their Governments—Governments of two of our largest trading partners—support Hong Kong’s continued participation in GATT and other international organisations. I am sure this Council will agree these are most comforting assurances.

Mr. BROWN has referred to the importance of retaining a fully convertible Hong Kong dollar. In this regard may I refer again to the Secretary of State’s speech in the House of Commons. He said:

‘It is essential to maintain an independent Hong Kong dollar, which would, as now, circulate freely as an internationally convertible currency. That convertibility is indeed a key element in Hong Kong’s prosperity. It must be underpinned by really effective confidence.’

It is clear that Mr. BROWN shares this view, as indeed do we all.

Sir, our potential for generating further economic growth and prosperity, both up to 1997 and beyond, will only be realised if the factors that have made possible the economy’s past success remain unchanged.

Hong Kong’s size and meagre endowment of natural resources mean that continued economic success will depend on steadily expanding trade with other economies. This requires that the goods and services produced here remain internationally competitive, that businessmen remain eager and able to seize

any trading opportunities that present themselves and that the labour force remains highly motivated and hard-working.

Hong Kong's free enterprise economic system with its strong growth orientation has met and is meeting these requirements. For enduring prosperity this system must be allowed to continue. It is fundamental to our system that people have the right to own property and to use their skills, abilities and capital as they choose. It is these rights and the international character of Hong Kong as a centre of trade and business that generate the enterprise and motivation of our community. I would add that these rights are also the basis of external confidence in the territory.

The existence of these rights and the extent to which they are respected by the Government is reflected in the legal and institutional framework within which the private sector of the economy flourishes. This framework has been built up over many years, and is continually updated to meet changing circumstances. Continuing improvement in the living standards of our community requires that Hong Kong's economic, financial and monetary policies take full account of the economy's requirements, specific conditions and experience. It follows that we must be as quick on our feet in the future as we have been in the past. It also follows that we must retain an institutional framework which is flexible and which does not stifle enterprise.

As a community, we are at present much concerned about our future. Despite the good overall performance of the economy, there are sectors, notably the property market, singled out by Mr. F. K. HU, where this concern is having a depressant effect. It is not easy to be precise about what is necessary to ensure our continued economic prosperity and stability and to preserve the special magic that is Hong Kong. But we have a strong foundation and, provided the economic system that has served us so well continues, we have ample cause for optimism.

May I conclude by thanking those Unofficials who have spoken today for their very thoughtful contributions to this debate. The points and suggestions they have made will be carefully considered by the Administration.

Question put and agreed to.

Adjournment and next sitting

HIS HONOUR THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday, 18 July 1984.

Adjourned accordingly at nineteen minutes to six o'clock.