

# OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 12 March 1986

The Council met at half-past Two o'clock

## PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR EDWARD YOUDE, G.C.M.G., M.B.E.

THE HONOURABLE THE CHIEF SECRETARY  
SIR DAVID AKERS-JONES, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY  
SIR JOHN HENRY BREMRIDGE, K.B.E., J.P.

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

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

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

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

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

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

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

THE HONOURABLE HU FA-KUANG, O.B.E., 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 DISTRICT ADMINISTRATION

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

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

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

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

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING, J.P.

THE HONOURABLE CHAN NAI-KEONG, C.B.E., J.P.  
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE CHAN YHOW, J.P.

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, J.P.

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

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

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

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.  
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, O.B.E.  
SECRETARY FOR TRANSPORT

THE HONOURABLE JACKIE CHAN CHAI-KEUNG

THE HONOURABLE CHENG HON-KWAN

THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.

DR. THE HONOURABLE CHIU HIN-KWONG

THE HONOURABLE CHUNG PUI-LAM

THE HONOURABLE THOMAS CLYDESDALE

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT

THE HONOURABLE RICHARD LAI SUNG-LUNG

DR. THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.

THE HONOURABLE LEE YU-TAI

THE HONOURABLE DAVID LI KWOK-PO, J.P.

THE HONOURABLE LIU LIT-FOR, J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE POON CHI-FAI

PROF. THE HONOURABLE POON CHUNG-KWONG

THE HONOURABLE HELMUT SOHMEN

THE HONOURABLE SZETO WAH

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING

THE HONOURABLE TAM YIU-CHUNG

DR. THE HONOURABLE DANIEL TSE CHI-WAI, O.B.E., J.P.

THE HONOURABLE PANG YUK-LING, I.S.O., J.P.

SECRETARY FOR HOUSING (*Acting*)

#### **ABSENT**

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

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.

THE HONOURABLE KIM CHAM YAU-SUM, J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE TAI CHIN-WAH

THE HONOURABLE ANDREW WONG WANG-FAT

#### **IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL

MR. LAW KAM-SANG

**Papers**

The following papers were laid on the table pursuant to Standing Order 14(2):

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Public Revenue Protection Ordinance. Public Revenue Protection (Dutiable Commodities) Order 1986 .....	49
Public Revenue Protection Ordinance. Public Revenue Protection (Road Traffic) Order 1986 .....	50
Public Health and Urban Services Ordinance. Hawker (New Territories) (Amendment) Regulations 1986 .....	51
Road Traffic Ordinance. Road Traffic (Public Service Vehicles) (Amendment) Regulations 1986 .....	52
Overseas Trust Bank (Acquisition) Ordinance 1985. Overseas Trust Bank (Compensation of Registered Holders of Shares) Regulations 1986 .....	54
Registration of Persons Ordinance. Registration of Persons (Application for New Identity Cards) (No. 3) Order 1986 ....	55
University of Hong Kong Ordinance. Statutes of the University of Hong Kong (Amendment) Statutes 1986 .....	56
Interpretation and General Clauses Ordinance. Fees for Official Signatures and Miscellaneous Services (Amendment) Notice 1986 .....	57
District Boards and Urban Council Elections (Miscellaneous Amendments) Ordinance 1984. District Boards and Urban Council Elections (Miscellaneous Amendments) Ordinance 1984 (Commencement) Notice 1986 .....	58
Interpretation and General Clauses Ordinance. Abolition of Office (Exercise of Powers) Order 1986 .....	59
Public Health and Urban Services Ordinance. Public Health and Urban Services (Designation of Libraries) Order 1986 .....	60
Stock Exchanges Unification Ordinance. Stock Exchanges Unification (Appointed Day) Notice 1986 .....	61

Sessional Papers 1985-86:

No. 46—Hong Kong Baptist College—Annual Report 1984-1985 with statement of accounts for the year ended 30 June 1985.

No. 47—City Polytechnic of Hong Kong—Report with Financial Report—January 1984-June 1985.

### **Oral answers to questions**

#### **Legal training in tertiary institutions**

1. DR. TSE asked: *Does Government have any plan to encourage more tertiary institutions in Hong Kong to launch legal training programmes in order to produce more lawyers to meet the present and future needs, in view of the difficulties in recruiting and retaining local legal staff encountered by the Legal Department as mentioned by the Attorney General on the occasion of the opening of the Legal Year 1986?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the difficulties experienced by the Legal Department as mentioned by the Attorney General in his speech at the opening of the Legal Year related rather to the retention of local lawyers in Government service until such time as they have acquired the experience necessary for senior positions and, at the same time, keeping experienced expatriate lawyers until this stage is reached. There is, I believe, no difficulty at the moment in recruiting qualified lawyers to the public service but the financial rewards of private practice are too attractive to retain their services in many cases once they have been trained and have acquired greater experience.

Nevertheless, the Administration tries to keep the demand for lawyers under review in order to ensure that we produce sufficient trained lawyers to meet our needs. In the light of such reviews the Government has asked the University of Hong Kong, through the University and Polytechnic Grants Committee, to provide for an increased intake of law students over and above its normal expansion target to achieve an expansion to 150 first LLB degree places per annum in the current 1985-88 triennium. I think perhaps I should put that figure in perspective. There are currently 115 such first degree places per annum and that already includes 35 that they have included at Government's request. The University of Hong Kong has however decided that it cannot achieve this within the period in view of the limitation of resources available for this triennium. The university's projections for the 1988-91 triennium will not be known until the end of this year. However, the Administration has again asked the University of Hong Kong, through the University and Polytechnic Grants Committee, that the annual intake into the Law Faculty be expanded to 150 during the 1988-91 triennium as originally proposed for this triennium. Whether or not further increases are warranted will depend on the demand for

lawyers in the 1990s and that will be kept under review over the next two years or so.

DR. TSE: *Has Government approached other institutions than the University of Hong Kong, for example, the two polytechnics to consider mounting suitable training courses for the profession? And does the Secretary for Education and Manpower have statistics on hand to show that an annual intake of 150 is sufficient to balance the supply and demand in the legal profession in Hong Kong in the next triennium, given the fact that the same number of intake was already planned originally for the present triennium?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think the position with regard to all institutions in the present triennium would be similar to that of Hong Kong University. They would find it difficult to undertake any new projects in this area within the resources available. I am aware that one or two of the institutions are considering not necessarily LLB degree but a degree in public administration with a considerable legal input. But since the institutions are currently considering their position in the run up to the 1988-91 triennium, certainly the University and Polytechnic Grants Committee and I would be pleased to consider any proposals that came from the institutions themselves.

MR. CHUNG: *Sir, will the Government inform this Council whether the 150 places include those attending part time legal courses?*

SECRETARY FOR EDUCATION AND MANPOWER: The 150 to which I referred would be full time first-degree LLB places. They do not include the PCLL that is the fourth year for the practising certificate.

MR. LEE YU-TAI: *In view of the growing demand for bilingual ability in the legal profession, would the Chinese University of Hong Kong be invited to offer law degrees?*

SECRETARY FOR EDUCATION AND MANPOWER: I tread with some caution here, Sir, because the universities are autonomous institutions and do not take too kindly to directions from me but as I said earlier I should be, and so would be the UPGC, very happy to consider any proposals in this area put forward by the institutions themselves.

### **Restrictions on bank-related members of stock exchange**

2. MR. LI asked: *I ask this question in my capacity as representative of the Financial Functional Constituency. But at the same time I declare in accordance with Standing Order 65(1) that I am the Director and Chief Manager of the Bank of East Asia. Will the Government explain how its proposals to place restrictions on new bank-related members of the stock exchange when restrictions*

*do not apply to existing bank-related members, or indeed any other members, can be reconciled with the Government's statement that it was in the public interest to maintain a free and open stock market in Hong Kong?*

FINANCIAL SECRETARY: Sir, the Securities Commission and I firmly believe that a free and open stock market must be our ultimate goal. Restrictions that would work against the principle of a free market or would hinder the growth of Hong Kong as an international financial centre will never be part of Government's long-term policy.

Notwithstanding this, the Securities Commission were very conscious that the unification of the four exchanges, the move to a new trading floor, the introduction of a different trading system and the added dimension of increased involvement of banks, have given rise to genuine fears and concern by sectors of the stock-broking industry. Under the circumstances, the Securities Commission has accepted, as a transitional arrangement, the limited trading restrictions for new entrants to the market place to allow breathing space for those who were already in the market to adjust to the new regime. I envisage these restrictions being removed 18 months after the commencement of trading on the unified exchange unless, upon review by the commission, it considers that there are compelling reasons for not doing so. Sir, I would add that there is a direct conflict of interest between the stock exchanges and the association of stock brokers on the one hand and the interests of the banks on the other. The Securities Commission to whom I pay tribute and amongst whose members were until 1 February Mr. POON and since then Mr. SOHMEN, had had an agonising year trying to reconcile these conflicting views. There has been enormous consultation, there has been enormous discussion and the decision, I repeat the decision, of the Securities Commission which has been unanimously reached represents the compromise which they consider and which I accept is in the best interest of Hong Kong.

MR. LI: *Did the Hong Kong Association of Banks not take the extreme course on 20 January this year of requesting the Financial Secretary to advise the Governor to instruct the commission to change its decision pursuant to the power granted to him under section 17 of the Securities Ordinance?*

FINANCIAL SECRETARY: AS Mr. LI knows because he is a member of the committee of the Association of Banks, I did indeed have a long discussion with the Chairman and I had a long discussion also with the Commissioner of Securities. The matter went back to the Securities Commission and with a slight softening they repeated their position. And I so happen also to have a copy of the letter from the Association of Banks to me thereafter in which they make it quite clear that they accept the decision albeit with reluctance.

DR. HO: *Sir, is there any evidence that the existing bank-related brokers have caused a significant loss of business to the non-bank brokers so that such restrictions are necessary?*

FINANCIAL SECRETARY: Sir, our analysis of market information has revealed the significant trend towards institutional investment. This parallels the trend towards development of larger broking operations, many of which are bank-related.

DR. IP: *Sir, for the sake of comparison, would the Government inform this Council how long it has taken the London Stock Exchange to remove the restrictions to bank-related members and whether this 18 months recommended for Hong Kong is a quicker or slower step towards no restrictions?*

FINANCIAL SECRETARY: That is a very helpful point that Dr. IP seeks to make. It has actually taken the London Exchange four years to reach their present position. In the Hong Kong case, I understand the Securities Commission considered all periods from one to five years and they have come to the unanimous I repeat unanimous conclusion that 18 months is about right for Hong Kong. And unless compelling reasons then persuade them to change their views, I imagine that the decision to this effect will be reached in about a year's time.

MR. CHEONG-LEEN: *Sir, can the Financial Secretary give a categorical assurance that after the 18-month restricted period expires there will be no further extension?*

FINANCIAL SECRETARY: Sir, obviously I can give no such guarantee. It would depend on the views of the Securities Commission at that time. I have their assurance that at present they cannot see what compelling reasons might be likely to arise; if they do arise they will no doubt address them.

MR. CHEUNG: *Sir, does the Government know the banks which may not even become members of the stock exchange in Australia or Canada can hold only the most limited interest in brokage firms and certainly cannot trade on the exchanges even with restrictions which are limited not only in extent but also in time?*

FINANCIAL SECRETARY: I am afraid I don't know the Canadian position. Certainly Mr. CHEUNG is quite right as far as Australia is concerned. It seems to me that the Securities Commission has been presented with a very difficult situation in which fairly there can be many different opinions. I think those members who know me could be inclined to the view that I would be in favour of unrestricted trading. I am in the fortunate position, however, of being advised by an excellent Securities Commission and I find it difficult to see in this area why their advice should not be taken.

MR. LEE YU-TAI: *Sir, does this restriction mean that Government supports the system of small brokers, some of whom may be regarded as financially insecure which brings risk to the investing public?*

FINANCIAL SECRETARY: No, Sir, this is not the situation at all. The Securities Commission aims to strike a right balance to protect the interests of the investing public and those of the stock brokers. Nor are the interests of the banks the only ones to be considered.

MR. LI: *Sir, I must ask that this Council be informed of the reasons which compel the Financial Secretary not to advise the Governor under the Securities Ordinance?*

FINANCIAL SECRETARY: It is very simple, Sir. I have a unanimous opinion, a unanimous decision to be precise, in the Securities Commission and I have reluctant acceptance from the Association of Banks. Mr. LI now seeks to suggest that I should prefer his somewhat idiosyncratic views to those of the Securities Commission. I am afraid I do not.

### **Rats in public housing estates**

3. MR. CHEONG-LEEN asked: *To what extent is the problem of rats a cause for concern to residents in public housing estates, and will the Housing Department take steps to co-operate more closely with the Pest Control Advisory Section of Municipal Services Branch to ensure that the problem is not getting out of hand?*

SECRETARY FOR HOUSING: Sir, rats do exist in public housing estates, but have not been such a serious problem as to cause undue concern to residents. In its efforts to prevent the infestation of rats, the Housing Department liaises closely with the Pest Control Advisory Section of the Municipal Services Branch which assists in offering advice and co-operation to the department.

Rats are attracted to where food is easily available such as near cooked food centres. Adjacent planted areas tend to provide hiding places for them. To discourage this, planted areas in public housing estates are regularly cleared and trimmed, holes in open grounds are sealed or screened, and chemical fertilizers are used rather than organic materials which are attractive to rats. The Pest Control Advisory Section also undertakes poison-baiting and trapping of rats to prevent their infestation.

Furthermore, the Housing Department is currently considering suggestions by the Pest Control Advisory Section on the design of flower beds and landscaped areas to further inhibit their use by rats.

Cooked food centres are regularly inspected to ensure that operators keep their premises in an hygienic condition. The common areas of these centres are also cleansed thoroughly each day by the Housing Department.

The fact is that rats accumulate where there is a ready supply of food waste. Therefore, estate staff are doing their best to educate tenants through regular



notices, newsletters and meetings to ensure that food waste and refuse are properly disposed of.

It is extremely difficult, if not impossible, to eliminate all rats in public housing estates, like in any densely populated areas. However, with the co-operation of tenants, the assistance of the Pest Control Advisory Section and the continuing efforts of Housing Department staff, I am confident that the problem of rats in public housing estates will gradually reduce.

MR. CHEONG-LEEN: *Sir, a few months ago the Pest Control Section of Municipal Services Branch had brought to the attention of the Housing Department that despite their fairly vigorous efforts of control, the matter was gradually getting out of hand and it was that the pest control staff felt that it was fighting a lonely battle against what is termed a highly prolific rat population, in which they had little chance of succeeding. When will it be possible for the Housing Department staff and the representatives of the Pest Control Section to have a joint meeting together to review the guidelines which have been issued and how much more can be done to control the problem?*

SECRETARY FOR HOUSING: Yes, Sir, we will be having meetings with the Pest Control Advisory Section shortly as is mentioned by Mr. CHEONG-LEEN.

### **Management of multi-storey buildings**

4. MR. YEUNG asked: *In view of the increasing number of multi-storey buildings and the growing complexity of the management problems involved, will Government inform this Council whether there are any long-term plans to assist landlords and tenants to improve the management of these buildings?*

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, the Government is taking action on three inter-related fronts to assist landlords and tenants to improve building management. These involve deeds of mutual covenant, the Multi-Storey Buildings (Owners Incorporation) Ordinance, and assistance to management organisations.

In November last year, I informed Members of this Council that from early this year, all deeds of mutual covenant relating to new non-industrial leasehold grants would require to contain a number of standard clauses aimed at improving the management of common areas in multi-storey buildings. This requirement has now been introduced.

Work is in hand to amend the Multi-Storey Buildings (Owners incorporation) Ordinance to make the formation of Owners' Corporations easier and to set out certain management standards and operational procedures to be observed by the corporation's management committee. In addition, thought is being given to ways by which tenants' participation in building management decisions may be increased.

As a result of efforts by District Offices, an average of some 200 owners' corporations and 60 mutual aid committees have been formed in private multi-storey buildings annually over the last four years.

The establishment in 1985 of building management co-ordination teams in Eastern and Yau Ma Tei Districts has proved to be a success. There have been significant improvements in the management of the 61 buildings which have benefitted from the teams' assistance. Plans are in hand to set up a further two teams in 1986-87, one of which will work on management problems in industrial buildings.

Sir, we are confident that these measures will result in a continuous improvement in the management of multi-storey buildings.

MR. YEUNG: *Sir, does the Government have plans to set up building management co-ordination teams in districts other than Yau Ma Tei and Eastern as they have proved to be a success. And if so, and what are they?*

SECRETARY FOR DISTRICT ADMINISTRATION: AS I have said in my last paragraph, in addition to the two teams which already existed, we are proposing to set up two more teams, one of which will be involving management problems in industrial buildings in Kwai Chung and Tsing Yi and the other in the Chai Wan or Mongkok area.

MRS. CHOW: *What steps will Government take regarding old buildings where tenants and landlords are apathetic towards improving management in their blocks and thereby creating problems in the common areas of such buildings?*

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, old buildings are a more difficult problem and as we improve the new buildings, we may be able to move into the older ones in future years.

DR. HO: *While it is desirable to make the formation of owners' incorporations easier, what has Government done to encourage tenants to participate in such building management committees through some incentive schemes?*

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, as I have said in my reply, large numbers of new owners' corporations and mutual aid committees have been formed as a result of the encouragement by district offices. Mutual aid committees do include tenants and the tenants can ask management committees to hold meetings and discuss management matters.

### **False sounding of burglary alarms**

5. MR. TAM YIU-CHUNG asked (in Cantonese): *With regard to the frequent false sounding of burglary alarms at night in densely populated urban areas, which*

*disturbed the peace of neighbouring residents, will Government inform this Council:*

- (i) the statistical figures concerning false alarm cases at night recorded last year;*
- (ii) the way in which Government handles such cases; and*
- (iii) whether Government considers the false alarm soundings have caused serious noise nuisance; and if so, what measures will be taken by the Government to improve the situation?*

ATTORNEY GENERAL: Sir, no statistics are available for the false sounding of audible alarms.

When the police learn that a burglary alarm of any type has gone off, officers immediately go to the premises. If the alarm turns out to be false and the premises are locked, they wait until the person responsible for the premises can be found so that the alarm can be switched off. Unfortunately, to find the person can take some time, particularly at night.

The Government fully appreciates that burglary alarms can cause serious noise nuisance. False alarms are also a serious waste of police manpower.

The Government is examining a number of options to improve the situation. One is to introduce legislation to enable the courts to fine the occupier of premises for each false alarm. Another is to ban audible alarms altogether on premises which include residential accommodation. A third is to empower the police to investigate the causes of false alarms, inspect alarm systems and empower them to order improvements. A fourth option would be to regulate the design and specification of audible alarm systems. Finally, consideration might be given to requiring alarm systems to be fitted with an automatic cut-off mechanism to operate after a fixed period.

The Fight Crime Committee will be asked to consider the advantages and disadvantages of all these options in the near future.

MR. TAM (in Cantonese): *I welcome the proposals from the Government for abating the noise nuisance caused by false sounding of alarms but can the Government tell this Council when the options will be adopted?*

ATTORNEY GENERAL: Sir, I cannot say when the options will be adopted. As I indicated they will first be considered in the Fight Crime Committee; the advantages and disadvantages of each will be discussed and when one or other option is preferred then I would hope it would be not long before the Government could introduce any necessary legislation.

## Hazards of asbestos

6. MR. HO asked: *In the Government's efforts to control the use of asbestos and substance containing asbestos in buildings, will Government inform this Council whether it has any plans or measures to ensure the safety of persons who frequent buildings which contain extensively asbestos-related materials?*

SECRETARY FOR LANDS AND WORKS: Sir, as Members will be aware from the recent debate in this Council concerning the Factories and Industrial Undertakings (Asbestos) Special Regulations 1986, by far the greatest potential danger from asbestos is to workers involved in manufacturing, construction or demolition processes. In such operations, when the material is subject to pulverisation, high impact, or when it is worked in a loose state, asbestos fibres can be freely released into the air in large amounts. The new regulations will safeguard the health of workers against these hazards. In contrast, under normal conditions, in completed buildings which contain asbestos-related products, the health risk is very low. For example, in Hong Kong, the highest recorded levels so far are three nanograms per cubic metre which is well within the safe levels of 7 000 nanograms per cubic metre as laid down in the Code of Practice issued by the Labour Department. (A nanogram is one billionth of a gram).

This is not to say that Government is in any way complacent about the situation. The use of loose, friable asbestos building products such as sprayed acoustic plaster or thermal lagging is not now allowed in Government building contracts. Last year, a practice note was issued to authorised persons and registered structural engineers strongly warning them against the use of asbestos materials in new buildings, and recommending precautionary measures for the safety of construction workers. The new asbestos regulations ban the use in any form of the more harmful blue and brown asbestos, and totally prohibit the spraying of any substance containing asbestos. Furthermore, amendments to the Building Regulations are in hand to exclude the use of all asbestos-related materials from permitted materials under the regulations. These regulations are expected to come into effect before the end of this year.

MR. HO: *Sir, in view of what has been said by the Secretary, it seems that it is a false alarm to the public on this particular issue. Could the Secretary confirm that there is in fact no need to do anything on existing buildings rather than that nothing can be done on existing buildings at the moment?*

SECRETARY FOR LANDS AND WORKS: Sir, we have last year set up a working party to monitor the situation in Government buildings. When the working party reports shortly we will then be able to better assess the situation. Probably the problem is not serious enough to warrant further action.

PROF. POON: *Sir, I am afraid that the mere control of future usage of friable asbestos materials may not be good enough. Has Government any plan to keep under control the removal or replacement of thermal lagging or sprayed acoustic plaster which I believe will also pose very high risk as health hazards to workers?*

SECRETARY FOR LANDS AND WORKS: *Sir, the new regulations will lay down methods for removing asbestos materials, so workers will be safe. As regards existing buildings that contain other types of asbestos-related materials, as I said we are awaiting the report of the working party on the study of existing Government buildings before we take further action.*

### **Review of advisory committees**

7. MRS. TAM asked: *Is the Government conducting a review of the 300 or more advisory committees? If so,*

- *what is the purpose of this review;*
- *what implications does this review have on the existing consultative mechanism; and*
- *what is the latest development of the review?*

CHIEF SECRETARY: *Sir, the Government conducts a review of its advisory network every two years. The last review, covering some 370 boards and committees, was completed in September 1985.*

The review examines the terms of reference, composition and representativeness of the boards and committees to ensure a reasonable turnover of membership, to provide an inflow of new ideas, an adequate representation of interests and professional expertise and a more even distribution of work among those who are appointed to them.

The 1985 review recommended, among other things, that the size of official representation on some committees could be reduced and, if possible, there should be a wider representation of members of the public. A further measure proposed, following the expansion in size and the changed composition of the Legislative Council, is to strengthen the links between boards and committees and this Council.

When the terms of office of a committee expire, the opportunity will be taken to introduce changes to achieve the objectives which I have just mentioned.

MRS. TAM: *Sir, concerning the membership of advisory committees, will the Government inform this Council what the basis is in deciding whether representatives be invited from concerned bodies or members be appointed in a personal capacity?*

CHIEF SECRETARY: Sir, the position varies from committee to committee, but in general members are appointed ad personum, in some cases though representative organisations are invited to make nominations of members.

MR. HUI: *Sir, does Government consider it important for federated bodies representing various fields of service to be represented in important Government policy making advisory committees? If so, could provision be made for such representation in the Social Welfare Advisory Committee?*

CHIEF SECRETARY: Sir, there are many factors which affect consideration about the representativeness of a particular organisation in a particular field and the possible existence of competing organisations in that field to claim representativeness. In some cases the organisation concerned is invited to nominate a representative but where there is competition in that field then it is better, I think, that we should nominate on an individual ad personum basis.

MISS DUNN: *Sir, how was this review undertaken and did it involve Unofficial Members who have had the experience of serving on Government boards and committees?*

CHIEF SECRETARY: No, the review is conducted by the Secretary for Administrative Services and Information.

MRS. CHOW: *Sir, with reference to paragraph 3 of the Chief Secretary's reply on the reduction of the size of official representation on committees, is Government satisfied that it will not achieve the undesirable effect of widening the gap between the officials and the unofficials and thereby reducing the former's sense of involvement and purpose in the carrying out of their public duties?*

CHIEF SECRETARY: Sir, I am quite sure we will avoid that unwelcomed consequence. It is only where there is unnecessary duplication on committees of the official representatives that we will reduce the official representation.

DR. IP: *Sir, during the review, has Government made proposals for changes such as introducing and increasing as the case may be membership through election from professional organisations or functional constituencies?*

CHIEF SECRETARY: This is kept under review, Sir, but it goes back to the answer which I gave to an earlier questions. It depends really upon the representativeness of that particular organisation in the field and there are particular fields of social activity where there is more than one particular body representing the field.

MR. TAM (in Cantonese): *Sir, will the Government consider introducing election to get members to different boards and committees as in, for instance, the Labour Advisory Board?*

CHIEF SECRETARY: Where that is appropriate it is considered, Sir, but where we ask a particular body to nominate a representative to sit on a board or committee, we leave it to the organisation itself to decide in what way it arrives at the nomination.

MISS DUNN: *Sir, I don't believe the Chief Secretary has adequately answered my question which was how the review was undertaken. He said it was undertaken by the Secretary for Administration Services and Information. Can he say how this review was done and how could it have been done without involving the main players so to speak, that is, the members who serve on the committees?*

CHIEF SECRETARY: The Secretary for Administrative Services and Information is the policy secretary involved and he combed through all the committees to see for example the length of each member's term of office on that committee and the number of committees on which particular members were serving, and whether they were serving on too many committees and that the length of time they had served was not too long. In general we try to achieve a period of no more than six years on any particular committee and no more than six committees per person. That was one of the considerations which he took into consideration when he made this review. He also reviewed with the policy Secretaries concerned the terms of reference of those committees. Following that of course as the term of office of members comes up for reconsideration, the principles which have come out of the review will be taken into consideration in making fresh appointments.

DR. HO: *Sir, what is the proportion of these advisory committees having an unofficial member as chairman and is there any policy or plan to have more unofficial members to chair these committees in the future?*

CHIEF SECRETARY: I think the question here, Sir, should be divided into two parts, that is, committees in general and the major boards and committees. Of the 29 major boards and committees, 27 are chaired by unofficials but for the generality of boards and committees it is about fifty-fifty.

MR. LEE YU-TAI: *Sir, would the Government consider that meetings of some of these advisory committees be made open to the public?*

CHIEF SECRETARY: We can certainly consider that, Sir.

DR. LAM (in Cantonese): *Sir, in the major boards and committees, how many of these do not comprise district board members and how many of them are not served by simultaneous interpretation services?*

CHIEF SECRETARY: I would like to give a written reply to that question. (Annex I)

### Control of vice establishments

8. MR. JACKIE CHAN asked (in Cantonese): *It has been a long time since vice-associated establishments such as one-girl brothels have become widespread in residential areas on both sides of the harbour. They not only affect the normal life of residents but greatly embarrass the ladies in the vicinity. In fact, they have been the cause of great nuisance to their neighbours. In this connection, will Government inform this Council what measures it will take to quickly improve the situation?*

ATTORNEY GENERAL: Sir, the Government has for some time been studying the best means of providing solutions to the real problems posed by the activities of prostitutes in residential buildings.

I recognise that ordinary decent residents can be seriously annoyed and gravely embarrassed by vice activities on their staircases and near their homes. To meet these concerns, the Fight Crime Committee in June 1984 endorsed a proposal by a Working Group on Vice-associated Establishments and Environmental Nuisance to introduce a scheme enabling the magistrates' courts to close down premises which cause a nuisance of this kind for, say, six months. The power would only be exercised if a complaint is made to the court by a number of residents or by residents' associations, mutual aid committees or owners' corporations. The scheme would include provision for objections by landlords and others having an interest in the premises.

Sir, the district boards and district fight crime committees have been consulted. They supported the proposed scheme in principle, but they raised a number of matters which need further careful consideration.

In the light of these suggestions, the Government has been re-examining the proposed scheme and working out the details of how the scheme could be implemented effectively. The aim is to provide a quick, simple and cheap method to enable the people most directly affected to protect the quality of their own environment.

This is not an easy task. The problems include the elusive nature of some nuisances associated with prostitution; the difficulties of substantiating complaints; the need to strike a fair balance between the suppression of a nuisance and the loss that may fall upon those having a legal interest in the premises; and the fact that fear of retaliation may deter some people from making use of the legislation.

Subject to satisfactory resolution of the outstanding administrative and technical legal difficulties, the Government intends to introduce legislation as soon as possible.

MR. JACKIE CHAN (in Cantonese): *Sir, I fully agree with what the Attorney General has said, that is, there is an elusive nature in such a nuisance but a lot of*



*people are living in the midst of a lot of signs which may say 'a 16 old girl', 'a housewife', 'a student', '\$68 for everything' and so on. Now what is the Government attitude towards these signs and if they do create a nuisance under the existing legislation, what can the Government do?*

ATTORNEY GENERAL: Sir, the scheme which I spoke involving the use of closure orders will include powers whereby the magistrate making a closure order will be able to direct the removal of any signs in or relating to the premises which is the subject of the order. But I repeat that the Government is well aware of the serious nuisance that is created by these vice-associated establishments in residential areas and the scheme that is being put forward and which is now being supported in the districts seems to me the best way of tackling this matter and to enable those chiefly affected to take protective measures themselves by applications to the court.

MR. YEUNG: *Sir, what measure will the Government take to alleviate the public from the fear of retaliation and how long will it take to resolve the outstanding administrative and technical legal difficulties in order to introduce appropriate legislation?*

ATTORNEY GENERAL: Sir, I am, I think, now too long in Government to project with any accuracy how long anything will take to thresh out real difficulties and bring forward proposals but I hope the hon. Member will accept my assurance that I will try to speed up that process as far as possible, recognising the real concern that is in the community about this matter. So far as the problems of intimidation or retaliation are concerned, it is, I think, the case that one of the reasons for including residential associations, owners' corporations and mutual aid committees in the category of those that can apply for closure orders is to provide some measure of protection from fear of individual retaliation and to place less stress on individuals and reduce the scope for intimidation on the part of those responsible for these vice-associated establishments.

MRS. FAN: *Sir, the Attorney General in his reply referred to the scheme which would include provisions for objections by landlords and others having an interest in the premises. This seems to be a fairly wide group of people. Does that mean that if for example the landlord who actually rents that premises to the lady in question makes an objection then action cannot be taken?*

ATTORNEY GENERAL: The proposed scheme is this: it would start with a complaint made by the residents or their association to a magistrate. If the magistrate was satisfied that the complaint was a reasonable one and that the nuisance had been made out, he would issue a provisional closure order addressed to the occupier of those premises and that person would be given an opportunity to object but notice should also be given at that time to anyone who is known to have an interest in the premises such as the landlord or others. If

there was no objection to the provisional closure order, then the premises would be closed but if there was some objection raised by some of those affected then the magistrate would have to hear that objection and would have to see whether the provisional order had been wrongly made. He would have to see whether the nuisance had by then been abated and he would have to see whether or not it would be likely to continue. But in certain circumstances, if he was satisfied that the landlord had already objected the tenant or taken steps himself to prevent that activity from being carried on then, of course, the magistrate could perfectly properly set aside the closure order because the nuisance would have been abated.

### **Control of oil prices**

9. MRS. FAN asked: *Given the effects of the price of oil on the cost of living and the economy, can the Government say:*

- (a) why there has been no significant downward adjustments of the prices of fuel despite the drastic reduction in oil prices in the last six months; and on the other hand,*
- (b) why fuel suppliers are quick to increase their prices when there is increase in oil prices; and*
- (c) whether the Government has any powers to remedy this unsatisfactory state of affairs in the interests of consumers?*

FINANCIAL SECRETARY: Sir, it is not Government policy to seek to influence the level of oil prices or indeed any other commodity. The major oil suppliers in Hong Kong in a competitive market set the prices of oil products based on commercial considerations, taking into account such factors as the import price, cost of operation and, of course, profit. It would be inappropriate for the Government to intervene in the workings of the free market economy, or formally to comment on the reasons for oil price fluctuations. Naturally we encourage competition which is the proper enemy of monopolies.

In answer to my hon. Friend's third point, the Government does have certain powers in relation to oil supply, but these are for use only in extreme circumstances. The Oil (Conservation and Control) Ordinance (Cap. 264), introduced at the time of the 1979 world-wide oil shortage, enables the Director of Oil Supplies, who is the Director of Industry, to control, inter alia, the supply and use of oil and also to regulate the price at which oil may be sold. These powers have never been used, and I do not envisage them being used except in times of extreme crisis.

Having given that formal position, I, too, am a purchaser of petrol and to some extent, I think I share Mrs. FAN's overriding concern. Indeed, I am not surprised at the general unhappiness that developed over the oil companies' gyrating pricing policies in the 48 hours after the Budget speech, and I would

encourage them to improve their public relations. No doubt a further decrease in prices in the next few weeks will assist.

MRS. FAN: *Sir, I thank the Financial Secretary for sharing my concern, but is the Government aware that all motorists in Hong Kong have no alternative but to obtain fuel from oil suppliers if they wish to move their cars. As there is no other alternative and therefore this is not, in a stricter sense, a free market. And in addition all the oil suppliers in Hong Kong charge the same price considered to be unseemingly high by many consumers and consumers are victims of this monopoly. Under such circumstances, does the Government still feel that it is inappropriate to do something about this situation which is affecting many citizens of Hong Kong?*

FINANCIAL SECRETARY: *Sir, I am indeed, as a private citizen, painfully aware that my car only moves with petrol or diesel oil. There are in fact seven oil importing companies in Hong Kong. Shell, Esso, Caltax, Mobil, Hong Kong Oil, China Resources and British Petroleum. They do indeed compete with each other. We tend to focus on petrol because everybody who is a car owner knows all about it. But you could argue very easily that the more important commodities are all fuel and diesel where there certainly is much more competition than there is on petrol. It is also not generally known in fact 23 per cent of our oil comes from China so we don't depend only on Singapore which in turn depends very largely on the Arabian Gulf. I am quite sure myself there is competition. The American companies, for instance, are bound by very rigid American anti-trust law and if there is any suggestion that they were colluding in advance, they would be open to very severe American penalties.*

MR. SOHMEN: *Sir, my question really would have been for the Financial Secretary to confirm that he was not referring to monopolies and thereby suggesting that the oil companies were engaging in monopolistic practices but I think his last answer has confirmed that point.*

MR. TAM (in Cantonese): *Hong Kong is a place of free economy but Government still has the duty to protect the rights of consumers. Many people have pointed out that the oil market in Hong Kong is not a free market, with prices determined by free market mechanism as described by the Government because there are actually only a few oil suppliers and the price is determined by negotiation and discussion among themselves. Therefore it has been suggested to the Government that there should be positive and constructive intervention in order to make sure that there is a proper operation here. Could the Government advise this Council what its reactions are to the above comment?*

FINANCIAL SECRETARY: *Sir, as the premises on which Mr. TAM bases his question are totally incorrect, I cannot accept them. There is, in fact, very sharp competition in Hong Kong. The oil companies, all seven of them, do indeed compete with each other. If there was a monopoly obviously there would be a case for Government intervention. In the present circumstances, it is clearly*

wholly opposed to all Government policies to intervene in the market place. I may say that the only way I can think of intervening successfully would be to set up a Government marketing company and I can imagine nothing which is less calculated to produce cheaper oil or more likely to add to the taxation burden on the average tax payer in Hong Kong.

MR. NGAI (in Cantonese): *Sir, I agree with the Financial Secretary's views about free market economy and free competition and non-interference with oil prices. This I can accept and understand. But let's look at the fluctuation of oil prices. Even though it has been explained that they get their oil from different sources every time they adjust their prices, they act together and the percentage is more or less the same. Even though they do not seem to be monopolising the situation, they are actually enjoying the monopolistic position. This is far from free competition. At the same time oil products are necessary in Hong Kong for a lot of industries. If we allow the situation to continue, not only will it be greatly detrimental to consumers in Hong Kong but it will also affect the competitiveness of Hong Kong products in foreign markets. Therefore under such circumstances can the Government try, now I am not talking about interfering or trying to control them, but can the Government do something to improve the situation because this is definitely not free competition or free market?*

FINANCIAL SECRETARY: Sir, as I do not agree with Mr. NGAI about free competition or free market, I can hardly help him. It is the policy of this Government to rely on the market place where it can do so. I have no doubt, however, that the oil companies also will note the course of this debate.

MR. WONG PO-YAN: *Sir, will Government agree that the freedom of the oil market in Hong Kong is very limited? Therefore more Government encouragement or even suggestion to the oil companies to improve their public relations is necessary.*

FINANCIAL SECRETARY: Now I of course entirely agree with Mr. WONG. He might be interested to know that the managing director of the market leader in Hong Kong, that is the Shell Company, was out of Hong Kong when the Budget speech was made. He returned on the Thursday evening and there was a decrease in the price of petroleum by 4 pm on the Friday afternoon.

### **Internship training for medical graduates**

10. DR. IP asked: *Regarding the placement of fresh medical graduates to hospitals for their required one-year residency training, can Government inform this Council when the recent assessment exercise of hospitals with such training posts will be completed? Will the assessment be completed in time and will there be sufficient posts for the new graduates of the Chinese University of Hong Kong this summer, of course, taking into consideration that there will be also over 100 post-graduates from the Hong Kong University as well?*

SECRETARY FOR HEALTH AND WELFARE: Sir, under section 9 of the Medical Registration Ordinance the University of Hong Kong and the Chinese University of Hong Kong are vested with the authority to approve intern posts for the placement of medical graduates undergoing the one-year residency training required by the Ordinance. In this connection, the universities are responsible for the inspection, assessment and recognition of hospitals approved for the purposes of internship training.

The last assessment exercise undertaken by the University of Hong Kong was completed in June 1985 as a result of which a total of 186 intern posts in various specialty units in 11 hospitals were approved for the pre-registration training of medical graduates from the University of Hong Kong.

To cater for graduates from the Chinese University of Hong Kong, the Medical Faculty of that university will shortly identify the number of posts to be approved for internship training purposes in the Prince of Wales Hospital. I understand that with the additional intern posts to be provided in this new hospital, there should be a sufficient number of such posts to absorb the medical students of the Chinese University who are expected to graduate this summer.

DR. IP: *Sir, when will this identification of extra posts above the inadequate 186 existing ones be completed at the Prince of Wales Hospital, and why has the Government not considered looking for available posts in subvented hospitals as a contingency in case this exercise proves to be inadequate?*

SECRETARY FOR HEALTH AND WELFARE: AS I explained, under the Ordinance it is the responsibilities of the two universities to approve posts. The 11 hospitals, of course, which are approved by the Hong Kong University do include a number of subvented hospitals and it would be open to the Chinese University if insufficient posts are available in the Prince of Wales Hospital also to look to the subvented sector.

DR. CHIU: *Sir, under the Medical Registration Ordinance, there are pre-registration training posts called externs which do not require residency in hospitals. They receive the same pay as interns but work under different working conditions before they are fully qualified as registered medical practitioners. Will the Government consider the policy of converting externs into interns in order to standardise the two pre-registration training programmes if intern posts are available?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I think this is a rather separate question relating to different type of medical students. I would like to offer Dr. CHIU a written answer on this point. (Annex II)

### **Establishment of a search and rescue centre**

11. MISS DUNN asked: *What steps has the Government taken to implement the recommendation of the Marine Court of Inquiry into the loss of the Osprey dated 30 July 1984 that there was an urgent need for an independent Search and Rescue Centre to be established in Hong Kong in order to save lives and property in distress at sea?*

ATTORNEY GENERAL: Sir, it is true that consideration of this important recommendation has taken longer than the Government would have liked. But we are nearly there.

Following publication of the report, the Secretary for Security promptly established a working group to study the court's recommendations. The working group comprised representatives from the Marine Department, Civil Aviation Department, Economic Services Branch, the Royal Hong Kong Auxiliary Air Force, the Royal Navy, the Royal Air Force and the Marine Police.

The working group has since endorsed the implementation of all the other recommendations of the court relating to search and rescue. But the working group's study of the court's recommendation for the establishment of an independent search and rescue centre has been protracted because of the very many important issues involved and because the findings of the reconvened court of inquiry, which may touch upon this question, are not yet available. It is nevertheless the Administration's intention to consult the Executive Council as soon as possible.

MISS DUNN: *Sir, can the Government say what the important issues were that required 18 months of internal discussion? And while I accept the Attorney General's earlier comment that he is now long enough in the Government to learn not to make predictions, can he nevertheless be more specific than 'as soon as possible' or 'nearly there' and tell this Council whether and when a search and rescue centre will be established?*

ATTORNEY GENERAL: My experience is neither here nor there. (*laughter*) But I can assure Miss DUNN that since the report of the reconvened court is I think expected by the end of this month, it may be quite soon that the Executive Council will be asked to advise on these matters. May I just add that in trying to find an improved system for co-ordinating the response to search and rescue alerts, there are a number of difficulties which should not be under-estimated. Search and rescue operation can involve the use of men and resources from the Marine Department, the Civil Aviation Department, the Royal Auxiliary Air Force, the Royal Navy, the Air Force and the Marine Police. And these organisations obviously have many different priorities and many competing needs which must be taken into account in designing a system for responding to

requests for assistance in search and rescue operations. And the incidents themselves that can require search and rescue are on a wide range from major disasters involving aircrafts or ships on the one hand to quite small incidents involving pleasure craft that had run into difficulties in bad weather. The search and rescue centre of the kind which the court is recommending must take account of all these different types of incidents and their complexities. The working group has also identified a number of alternative approaches to that recommended by the Marine Court of Inquiry, so these matters require extensive examination. Sometimes the Government might be criticised for going too quickly and rushing to conclusions. On this occasion, I think all matters have to be considered properly.

MR. SOHMEN: *Sir, could the Attorney General advise why it was not considered necessary to include representatives from the commercial interests involved in this project in the working party?*

ATTORNEY GENERAL: Sir, the project is to establish an independent search and rescue response centre which will control the allocation and the deployment of the various components that would take part in search and rescue. Whilst it's true that at that stage commercial ships might well play a part in being called in to search, it is not thought they have a part play in the centre itself which would be directing the activities.

MISS DUNN: *Can the Attorney General say whether in fact it has been agreed in principle that something along the line of a rescue and search centre should be established?*

ATTORNEY GENERAL: I think I rather put it in this way that the working group has examined the proposal of the court but at the same time they have put forward alternative ways of achieving the same objective. And it is those options which are going to be considered by the Executive Council, I hope, within a matter of a few weeks.

## **Written answer to questions**

### **Advertisements on pornographic video tapes**

12. MRS. NG asked: *In view of the gradual increase of newspaper advertisements on pornographic video tapes, will Government inform this Council what control measures are available?*

CHIEF SECRETARY: Sir, newspaper advertisements are controlled under section 3(1) of the Objectionable Publications Ordinance, Chapter 150.

The Newspapers Registration Unit of the Administrative Services and Information Branch monitors daily the contents of newspapers and periodicals,

including advertisements, to ensure that they do not contain matter of an indecent, obscene or revolting nature which appears to be prosecutable under section 3(1) of the Objectionable Publications Ordinance (Chapter 150).

Of the 65 registered newspapers in Hong Kong, five regularly publish advertisements on video tapes. The advertisements normally carry no more than the titles of the tapes for rental or test viewing, which in themselves are not prosecutable. Nonetheless, in the past 12 months, two newspaper editors were verbally warned about the contents of such advertisements, resulting in some improvement.

### **Transport for the disabled**

13. MR. POON CHI-FAI asked: *Disabled persons normally have to wait for a period of time before they get the rehabilitation bus service. Will Government inform this Council:*

- (a) on average, how long will a disabled person take to apply successfully for the rehabilitation bus service at present;*
- (b) what is the present situation of supply and demand for rehabilitation bus service and when will such service be sufficiently provided by Government;*
- (c) does the proposed Tuen Mun Light Rail accommodate special facilities for the disabled;*
- (d) if it does, what is the increase in construction cost as a result and how many disabled persons are expected to make use of such provisions; and*
- (e) if not, are there any measures to help the disabled solve their travelling problems in Tuen Mun and Yuen Long?*

SECRETARY FOR EDUCATION AND MANPOWER: To answer these questions seriatim:

- (a)* The Hong Kong Society for Rehabilitation, which operates the service, does not keep a record of waiting time for individual applicants. Waiting time varies from almost immediate service to a considerable period if the route is oversubscribed, or if the service is unlikely to match the requirements of the applicant (see *(b)* below).
- (b)* The rehabus fleet has 21 vehicles running 19 routes, with a seating capacity of 228, which is about the number of registered passengers. There is a waiting list of about 60. Two more buses are expected to arrive later this year, but though this will help to meet the demand, in case where routes are oversubscribed or where new routes are opened, it is doubtful whether demand can be met completely by the service, as there will always be some persons whose requirements cannot be catered for by this system. We are therefore examining alternatives for those whose needs cannot be met by these arrangements.
- (c)* The Light Rail Transit (LRT) system has been designed to facilitate travel for the disabled. All the LRT stops will have ramps for access. The



platform of LRT stops will be on a level with that of the light rail vehicles so that there will be no need for passengers to climb up or down when boarding or alighting from the vehicle. Space has been reserved on each light rail vehicle for a wheel chair passenger. As a safety measure to protect blind passengers, the texture of the platform edge of LRT stops will be different from that of the platform surface. Also, public address facilities will be provided at the LRT stops.

- (d) The Kowloon-Canton Railway Corporation has advised that it is difficult to isolate the cost of providing the special facilities for the disabled as they have been included in the design from the outset. Using actual figures derived from the Central Registry of the Disabled we know that over 3 200 blind and physically disabled persons live in Yuen Long and Tuen Mun. The total number of disabled persons using the LRT could be much higher if we include visitors from other districts and those blind and physically disabled living in the area, but not known to the Central Registry.
- (e) In view of the reply to (c) above, (e) does not apply.

### **Indecent lyrics in popular songs**

14. MR. LEE YU-TAI asked: *Has the Government's attention been drawn to, and what is its attitude towards, indecent lyrics in popular songs which are regularly aired on television and radio?*

CHIEF SECRETARY: Sir, I am aware that recently there have been statements in the press that the lyrics of a few local popular songs are of dubious propriety. The broadcasting of indecent lyrics constitutes an offence under the Objectionable Publications Ordinance (Cap. 150) in the same way as the publication of an indecent article. Legal advice on the lyrics of one local album indicated that the lyrics did not fall within the current objectionable standards as laid down by the courts.

The Commissioner for Television and Entertainment Licensing has issued to licencees codes of practice which make specific reference to programme standards and prohibit the broadcast of any matter, including lyrics, which is considered obscene, vulgar, indecent or profane. In particular, the commissioner requires higher standards in respect of programmes which might reasonably be expected to attract the attention of children and young persons. To date, the Commissioner has been satisfied that the lyrics which have drawn adverse public comment have not breached the codes of practice.

### **Control of pollution caused by animal waste**

15. MR. TAI asked: *Can the Government inform this Council of the following:*

- (i) *the number of farms and an estimate of the number of pigs and chickens reared thereon in Hong Kong in the past 10 years from 1976 to 1985;*

- (ii) *the specific areas and the number of livestock keepers who it is believed could be affected by the proposed new measures for the control of pollution caused by animal waste; and*
- (iii) *the extent to which services for the collection of animal waste in the New Territories have improved during the 1970s and 1980s?*

SECRETARY FOR HEALTH AND WELFARE:

- (i) Details of the livestock population are not gathered on an annual basis and so year on year statistics are not available. The last comprehensive survey of livestock farms was carried out in 1979 and the results, for pigs and chickens, were as follows:

<i>Chickens</i> (Millions)	<i>Farms</i>	<i>Pigs</i>	<i>Farms</i>
6.70	1 360	554 950	4 200

Partial surveys, informed guesswork and reference to data on local production suggest that the population is diminishing and that, certainly in the case of pigs, the current population is less than it was in 1979.

- (ii) Under the proposals to control pollution caused by animal wastes, it is the intention that the whole territory will be covered by the proposed controls in three phases over a period of nine years. Details of the proposed time-table are as follows:

(a) *Phase I (Year 1 to Year 3):*

livestock keeping would be banned on Hong Kong Island and in Kowloon, New Kowloon, Sha Tin, Tai Po, Fanling, Sheung Shui, Tsuen Wan and Tuen Mun New Towns. In addition, the storage and disposal of animal waste in the following areas would be closely controlled:

- (A) Tolo Harbour and Tolo Channel water catchment (outside the two new towns).  
 (B) River Indus and Upper Shenzhen catchment.  
 (C) Tsuen Wan hinterland and Tai Lam Chung catchment.  
 (D) Tuen Mun hinterland.

(b) *Phase II (Year 4 to Year 6):*

livestock keeping would be banned in Yuen Long New Town and part of Tuen Mun—Yuen Long corridor. In addition, the storage and disposal of animal waste in the Yuen Long hinterland, Tin Shui Wai and Kam Tin would be closely controlled.

(c) *Phase III (Year 7 to Year 9):*

the storage and disposal of animal waste in the remaining areas of the New Territories would be closely controlled.

The precise boundaries of these areas in the New Territories where livestock keeping will be prohibited (or closely controlled) have not yet been decided and the district boards concerned are being consulted

on this issue. Once a decision is reached, the areas and their boundaries will be designated under the Waste Disposal Ordinance, (Cap. 354).

As the proposed controls will be applied eventually to the whole territory, all livestock keepers will be affected. According to the 1981 population census, the number of livestock keepers was 9 100.

- (iii) Improper disposal of animal waste by livestock farmers has always been a problem. In its attempt to combat pollution caused by animal waste, the Government has embarked on a number of pilot schemes to see how the collection services can be improved.

Pilot schemes at Fanling and Hung Shui Kiu were initiated by the former New Territories Services Department in 1978 and 1982 respectively for the purposes of obtaining practical experience and information on costings for future planning. These experiments showed that collection of animal waste by contractors is workable but to be cost-effective its implementation would require the full co-operation of livestock farmers. Territory-wide provision of collection services would almost certainly not be an economic proposition. The two pilot schemes have been terminated.

In 1982, another pilot scheme was introduced at Pat Heung, by the Agriculture and Fisheries Department as part of the programme under the Clean Hong Kong Campaign. The main objective of the scheme was to provide raw animal manure as input to the Ngau Tam Mei Composting Plant in an effort to study the feasibility of recycling animal manure. The scheme is still in operation but because of its special nature, there has been no change in either the scale or coverage of the collection services.

### **Taxing of fringe benefits**

16. MRS. FAN asked: *Given the fact that passage and baggage allowance provided by employers to employees are explicitly exempted from taxation, and in the light of the comments made by the Third Inland Revenue Ordinance Review Committee on medical benefits (see para 139-141 of the report), can the Government inform this Council:*

- (a) *what is the Government's policy on taxing medical benefits provided by employers as income from employment;*
- (b) *what is the rationale for differentiation between medical benefits and passage/baggage allowance; and*
- (c) *will the Government consider treating medical benefits on the same basis as passage and baggage allowance?*

FINANCIAL SECRETARY:

- (a) In principle an employee should be liable to salaries tax not only on his monthly cash remuneration but also on any fringe benefits he receives from

his employer. However, the administrative difficulties in attempting to put a value on every benefit received by employees would far outweigh the extra benefit to be obtained from assessing such benefits to tax. Against this background the Government has for many years followed the principle established in decided cases in the United Kingdom of taxing only those employee benefits which are received in or are convertible into cash. Consequently, with the exception of the value of quarters provided by employers, benefits in kind are excluded from the charge to salaries tax. This policy is applicable to medical benefits provided to employees by their employer. Where an employer makes arrangements for his employee to be provided with medical services and those services are paid for directly by the employer no liability to salaries tax will arise. This benefit is one which is not convertible into cash. On the other hand where an employer gives a cash reimbursement to his employee for medical expenses already paid or where an employer discharges a liability for medical expenses incurred by the employee this is regarded as a benefit received in or convertible into cash which is chargeable to salaries tax in the hands of the employee.

- (b) Passage and baggage allowances have been expressly excluded from the charge to salaries tax ever since 1947. The reason for this exclusion, when first introduced, appears to have been to assist Hong Kong businesses to offer terms and conditions likely to attract and retain the overseas staff necessary for the development of new business methods and techniques. Of course, in recent times there has been a growing tendency for locally recruited staff to be also given passage allowances to take leave outside Hong Kong.

Consequently, in Hong Kong the inclusion of a tax-free passage allowance in the overall salary package has become so well established that I am most hesitant to disturb the existing situation. So far as money devoted to the provision of medical benefits is concerned I appreciate that a case can be made for excluding such benefits from the charge to tax. At the same time I think it must be recognised that to select now one type of benefit for exemption, such as medical benefits, would create a difference in treatment under the law between an employee who was provided with such a tax-free benefit and another who was not but who received some other benefit of equal value and was charged to tax on its value.

- (c) Nevertheless, I will at least look further into this issue and I have therefore asked the Commissioner of Inland Revenue to conduct a review into the scope of and the form in which employee medical benefits are currently being provided. When that review has been completed I will consider whether to recommend that the law might be amended to exempt all such benefits from salaries tax. I am not presently inclined to do so.

### **World Health Day**

17. MR. CHEONG-LEEN asked: *What is Government planning to do to commemorate World Health Day—7 April 1986—which focusses on good patterns of life*

*and underlines the positive steps that individuals and communities can undertake to protect and promote their own health, the slogan chosen for this day being 'Healthy Living: Everyone a Winner'?*

SECRETARY FOR HEALTH AND WELFARE: World Health Day marks the anniversary of the coming into force of the constitution of the World Health Organisation in 1948. Since 1950, a public health theme with an appropriate slogan has been chosen each year for World Health Day and member states and territories are encouraged to organise events related to the theme throughout the year.

On this occasion, the Central Health Education Unit of the Medical and Health Department has adopted the World Health Day theme—'Healthy Living: Everyone a Winner' for its major health education programme in 1986. The campaign will emphasise the importance of a healthy lifestyle and promote the adoption of sensible patterns of life to attain health. The events to be organised during the year include a slogan competition, a health carnival, district exhibitions and audio-visual shows at health education centres. Posters and leaflets will also be distributed and there will be media publicity.

### **Import and re-export of radioactive materials**

18. DR. LAM asked: *With regard to the import and re-export of radioactive materials, will Government inform this Council:*

- (a) how many shipments involving radioactive materials had been made to Hong Kong in the last three years;*
- (b) what are the existing controls; and*
- (c) how are the workers handling such materials protected under existing legislation?*

SECRETARY FOR HEALTH AND WELFARE:

*(a)* The number of shipments involving the importation of radioactive materials into Hong Kong during the last three years is as follows:

	<i>Number of Shipments</i>
1985	565
1984	519
1983	582

- (b) (i)* An importer of radioactive substances must first obtain a licence from the Radiation Board under section 7(1) of the Radiation Ordinance. In applying for the licence he must specify the purpose for which the licence is required and the types and quantity of radioactive substances he intends to import. The Licensing Committee of the Radiation Board may then issue the licence subject to conditions, which are monitored by the Radiation Health Unit of the Medical and Health Department as necessary.

- (ii) After obtaining a licence from the Radiation Board, the importer must then apply to the Department of Trade for an import licence under regulation 31 of the Import (Radiation) (Prohibition) Regulations. Before the licence is issued, the Department of Trade must satisfy itself that the importer is a licensed company approved by the Radiation Board to deal in radioactive substances.
  - (iii) In addition, an importer is required to obtain a removal permit from the Labour Department under regulation 7 of the Radiation (Control of Radioactive Substances) Regulations. The permit specifies the person authorised to move the radioactive substances, the place to which they are to be moved and the date of removal.
  - (iv) Both the import licence and the removal permit must be presented to the Customs and Excise Department before the shipment is released.
  - (v) For transshipment the same controls apply.
- (c) Workers involved in the handling of radioactive substances which are being moved within Hong Kong are protected under regulation 7 of the Radiation (Control of Radioactive Substances) Regulations which provides, amongst other things, that the amount of radioactive substances being moved must be within acceptable safety limits.

In addition, 'The Regulations for the Safe Transport of Radioactive Materials', issued by the International Atomic Energy Agency, set down standards of safety which provide an acceptable level of control of radiation hazards to the general public, transport workers, property and the environment that are associated with the transport of radioactive substances. These regulations relate to the transport of radioactive substances by land, sea and air. They are applied internationally and exporters must comply with them before they are allowed to export radioactive substances. These safeguards provide the necessary protection to local workers handling radioactive substances on arrival.

## Statements

### **The City Polytechnic—Annual Report**

MR. S. L. CHEN: Sir, in accordance with requirements of section 21 of the City Polytechnic Ordinance, I lay on the table the report of the City Polytechnic of Hong Kong together with a statement of accounts for the period from January 1984 to June 1985. The report, the first to be submitted to this Council from the City Polytechnic, chronicles the progress of the first 18 months of the new institution's life following its foundation on 1 January 1984. It will be seen from the report that speed of accomplishment has been the key feature of the period, and that the achievements have been significant and substantial.

When the Planning Committee for the new polytechnic reported to the Government in June 1982, it was decided that the polytechnic should admit its

first students in October 1984. In order to achieve this, an interim campus, known as the Argyle Centre Tower II in Mong Kok, was acquired shortly after the polytechnic's formal establishment. The building had been chosen after an extensive survey carried out by the Planning Committee, and their foresight in doing this literally provided the foundation for everything else which followed afterwards. The building was converted to accommodate the polytechnic's projected academic establishment in only 16 weeks, so that the polytechnic was able to offer its first courses on schedule in October 1984, when almost 500 full time students and more than 700 part time students were admitted. By this time it had already recruited 333 academic, administrative and support staff, and had established its basic academic structure, courses, regulations, and admissions policies.

The polytechnic will expand rapidly in the interim campus to 2 500 full time students and a similar number of part time students by 1988, when part of the first phase of the permanent campus in Kowloon Tong will be ready for occupation. The availability of the permanent campus will provide the impetus for a further substantial expansion, to 8 000 full time equivalent students by 1990-91.

During the first academic year (1984-85) eight courses were offered at the various levels of professional diploma, higher diploma, diploma, and higher certificate, in accountancy, business studies, computer studies, social work, and language translation and interpretation. All courses offered by the polytechnic are planned in close consultation with external advisors, and are designed to meet the commercial, industrial and social needs of Hong Kong. The high demand for these courses is reflected in the number of applications received: 12 500 for the 500 full time places and over 4 000 for the 700 part time places. This trend has continued into the current session (1985-86): over 22 300 applications were received for the established courses and new courses in building, electronic engineering, mathematics and management studies, an application-to-place ratio of almost 13:1.

The level of courses was extended this year to include a postgraduate diploma, and the polytechnic has high hopes of extending this further next October when it expects to offer its first degree courses. In keeping with the original recommendations of the Planning Committee, these courses have a feature unique in Hong Kong in that they are based on the modular structure which enables both the full time and part time courses to have similar course contents and lead to the same awards.

The polytechnic is fully conscious of the importance of research in a new higher education institution, if academic credibility is to be established and academic staff of the appropriate calibre attracted. Already a solid research base is being developed with the allocation of \$1 million by the UPCG, and the links being forged with industrial and commercial organisations are producing externally-funded research initiatives, including one grant of \$500,000.

Academic credibility is also established by gaining recognition and acceptance by other institutions, particularly those outside Hong Kong in the wider international academic community. Links with international institutions are developing rapidly, and in the period under review visitors from over 50 institutions from all parts of the world were received in the new polytechnic. They are all impressed by the high standard of the facilities provided and by the enthusiasm of the staff. Contacts with institutions of higher education in the People's Republic of China established as early as 1983, and have since increased significantly.

Sir, before closing, I should like to pay an especial tribute to my predecessor Sir S. Y. CHUNG, Chairman of the Planning Committee for the second polytechnic, and subsequently the first chairman of the Council of the City Polytechnic of Hong Kong during the calendar year 1984, which forms an important part of the period covered by the report. Sir, I mentioned at the beginning that speed of accomplishment was the key feature in the City Polytechnic's evolution. The speed at which the City Polytechnic was established is truly remarkable and probably unique in the history of academic institutions. It took only two years and three months from the appointment of the Planning Committee to the enrolment of the new polytechnic's first students. There is no doubt in my mind that this tremendous achievement was mainly due to the able and dynamic leadership of Sir S. Y. CHUNG. Under him the Planning Committee discharged its task in a most effective and dedicated manner. The sheer driving force of Sir S. Y. CHUNG coupled with his firm leadership and complete understanding of the task in hand, his enthusiasm and sensitivity, enabled this polytechnic to be established in record time. Not only the polytechnic, but the Hong Kong community as a whole, both now and in the future, has reason to be grateful to Sir S. Y. CHUNG and his hard-working Planning Committee. I think it can be fairly said that their efforts have enabled Hong Kong to provide the opportunity for many more young people to receive the advanced technical education which will be vital to the future well-being of our community.

Sir, the Government's decision in 1982 to establish a major new institution of higher education at what was then a time of uncertainty for Hong Kong was far-sighted. I am sure you will agree with me, Sir, that the report before us fully demonstrates that that faith and confidence was fully justified.

### **Hong Kong Baptist College—Annual Report July 1984 to June 1985**

MR. WONG PO-YAN: Sir, last year, when I spoke in this Council on the 1983-84 annual report of the Hong Kong Baptist College, I projected that many more positive developments of the college would be forthcoming in this year. I am happy to report, as a member of both the college's Board of Governors and its council, that the college has lived up to my projection.

Details of these positive developments in 1984-85 are recorded in the annual report tabled before this Council today. 1984-85 was, for the first time in the



college's history, a full year under UPGC funding. The highlights of the year include firstly, the submission of two degree courses (combined sciences, and social work) for validation by the United Kingdom Council for National Academic Awards (CNAА). Secondly, for the approved campus redevelopment master plan which will add five new buildings, funding was received for implementing the plans for the first three buildings to be used respectively for student amenities, the communication course, and indoor sports facilities. Thirdly, there were improvements in senior management and academic staff, not only quantitatively, but also and more importantly, in terms of quality. The newly-created senior positions of the two vice presidents and four full time faculty deans were filled, and the number of senior academic posts was increased by 15 per cent despite the zero growth. Fourthly, the stock of teaching and research equipment was increased, particularly in the science courses and in computing. Fifthly, the services of the library were expanded by adding to its collection 10 000 additional books and 200 new titles in periodicals and the acquisition of a computerised library automation system. In addition to the full time academic courses, the college's Division of Continuing Education has continued to grow in response to community demands for open education.

The council of the college is pleased with the good progress which has been made, and above all is satisfied that an effective management system is in place to ensure that public funds allocated to the college are spent in the best possible ways.

By now, it has been confirmed that the CNAА has recommended to the UPGC that both of the degree courses validated, viz. combined sciences and social work, could start in September 1986. Looking ahead, it is anticipated that more degree courses will be successfully validated in the next and coming years.

## **Government Business**

### **Motions**

#### **PUBLIC FINANCE ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion: That—

1. Authority is hereby given for a sum not exceeding \$14,088,568,000 to be charged on the general revenue in advance of an Appropriation Ordinance for expenditure on the services of the Government in respect of the financial year commencing on 1 April 1986.
2. Subject to this resolution, the sum so charged may be expended against the heads of expenditure, and expenditure for each such head shall be arranged in accordance with the subheads, shown in the draft Estimates of Expenditure 1986-87.
3. Expenditure in respect of any head shall not exceed the aggregate of the amounts specified in respect of each subhead in that head, by reference to percentages, in paragraph 4(a) and (b).

4. Expenditure in respect of each subhead in a head shall not exceed—
- (a) in the case of a Recurrent Account subhead, an amount equivalent to—
- (i) except where the subhead is listed in the Schedule hereto, 20 per cent of the provision shown in respect of it in the draft Estimates;
- (ii) where the subhead is listed in the Schedule hereto, that percentage of the provision shown in respect of it in the draft Estimates which is specified in relation to that subhead in the Schedule; and
- (b) in the case of a Capital Account subhead, an amount equivalent to 100 per cent of the provision shown in respect of it in the draft Estimates, or such other amount, not exceeding the provision shown in respect of the subhead in the draft Estimates, as may in any case be approved by the Financial Secretary.
5. A reference in this resolution to the draft Estimates of Expenditure is a reference to the draft Estimates as changed from time to time pursuant to sections 7 and 8 of the Public Finance Ordinance.

## SCHEDULE

[para.3.]

<i>Head of Expenditure</i>	<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
Audit Department	002 Allowances.....	40
	113 Administration.....	40
Building Development Department	259 Enforcement of the Buildings Ordinance —Works on private property.....	35
	106 Temporary staff.....	85
Census and Statistics Department	113 Administration.....	60
	114 Transport and travelling.....	45
Civil Aviation Department	102 Technical Services Agreement.....	30
	111 Hire of services and professional fees....	25
	113 Administration.....	25
	170 Airport insurance.....	100
Education Department	152 Scholarships, bursaries and maintenance Grants.....	25
	154 External activities for government primary schools.....	45
Education Subventions	330 Assistance to private secondary schools and bought places.....	30
	350 Refund of rates for private schools.....	30
	355 Assistance to the Lingnan College.....	50
	365 Grants towards selected adult education services.....	30
	481 Subventions to study rooms.....	25
Electrical and Mechanical Services Department	489 Miscellaneous educational services.....	25
	119 Specialist supplies and equipment.....	50
Environmental Protection Agency	002 Allowances.....	40
	100 Stores and equipment.....	25
	106 Temporary staff.....	25

<i>Head of Expenditure</i>	<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
Environmental Protection Agency— <i>Contd.</i>	111	Hire of services and professional fees..... 50
	114	Transport and travelling..... 25
	115	Fuel and lubricating oil..... 50
	117	Data processing..... 30
	119	Specialist supplies and equipment..... 25
General Expenses of the Civil Service	013	Personal allowances..... 30
Government Data Processing Agency	104	Light and power..... 25
Government Land Transport Agency	225	Traffic accident victims assistance scheme—levies..... 100
Government Secretariat: Overseas Offices	002	Allowances..... 25
Housing Department	228	Clearance..... 25
	230	Management of cottage areas..... 25
	231	Management of temporary housing and temporary industrial areas..... 25
	232	Squatter control..... 25
Independent Commission Against Corruption	203	Expenses of witnesses, suspects and Detainees..... 30
Industry Department	111	Hire of services and professional fees..... 45
Inland Revenue Department	209	Special legal expenses..... 30
Internal Security: Miscellaneous Measures	195	Defence Costs Agreement: cash contribution..... 30
Judiciary	111	Hire of services and professional fees..... 35
	206	Expenses of witnesses and jurors..... 30
Labour Department	255	Storage of explosives..... 25
Lands Department	002	Allowances..... 25
	100	Stores and equipment..... 25
	106	Temporary staff..... 40
	113	Administration..... 25
	221	Clearance of Crown land — ex-gratia allowances..... 35
Legal Department	111	Hire of services and professional fees..... 40
Medical Subventions	382	Cheshire Home..... 25
	383	Community Nursing Service..... 25
	384	Family Planning Association of Hong Kong..... 25
	394	St. John Council for Hong Kong..... 25
	401	Refund of rates (non-profit-making hospitals)..... 25
Miscellaneous Services	190	Other miscellaneous items..... 50
	192	Refunds of revenue..... 100
New Territories Development Department	002	Allowances..... 25
	100	Stores and equipment..... 25
	104	Light and power..... 30
	111	Hire of services and professional fees..... 30
	113	Administration..... 25
Pensions	015	Civil pensions, police pensions, retiring allowances and gratuities..... 25
	016	Gratuities for officers on contract..... 25
	017	Widows' and children's pensions, widows' and orphans' pensions and increases..... 25
	026	Employees' compensation..... 50
Printing Department	121	Contract maintenance..... 40

<i>Head of Expenditure</i>	<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
Public Debt	238	Loans (Asian Development Bank) Ordinance, Cap. 271: Second Sha Tin urban development project: commitment charges and interest..... 70
	257	Loans (Government Bonds) Ordinance, Cap. 64: borrowings for General Revenue: interest and service charges ..... 50
Rating and Valuation Department	113	Administration ..... 25
Royal Hong Kong Regiment (The Volunteers)	106	Temporary staff ..... 30
	245	Pay and allowances for the auxiliary services ..... 30
	246	Training expenses for the auxiliary services... 30
Social Welfare Department	176	Criminal and law enforcement injuries compensation ..... 30
	177	Emergency relief..... 100
Social Welfare Subventions		All recurrent subheads ..... 25
Subventions: Miscellaneous	426	Commonwealth Fund for Technical Cooperation ..... 100
	445	Hong Kong Trade Facilitation Council ..... 50
	462	United Nations Fund for Drug Abuse Control..... 100
	487	Subventions for performing arts activities..... 30
		All other recurrent subheads..... 25
Technical Education and Industrial Training Department	468	Grant (Recurrent) Vocational Training Council ..... 25
Television and Entertainment Licensing Authority	100	Stores and equipment..... 30
Trade Department	109	Training expenses..... 40
	111	Hire of services and professional fees ..... 40
	186	Trade negotiations and associated activities... 35
Transport Department	233	Student travel scheme—payment to operators ..... 30
Treasury	002	Allowances ..... 30
Universities and Polytechnics	002	Allowances ..... 45
	466	Refund of rates—universities ..... 25
	467	Refund of rates—Hong Kong Polytechnic 25
	479	Refund of rates—Baptist College..... 25

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

The purpose of this motion is to seek funds on account to enable the Government to carry on existing services between the start of the financial year on 1 April 1986 and the enactment of the Appropriation Bill.

The funds on account sought under each subhead have been determined in accordance with paragraph 4 of the resolution, by reference to percentages of the provision shown in the draft Estimates. As the draft Estimates are changed

from time to time, by the Finance Committee or under delegated powers, the provision to which the percentages are applied will also change. Thus the provision on account under each head is not constant but may vary, with every increase being matched by an equal decrease. The initial provision on account under each head is shown in a footnote to this speech. The aggregate total under all heads is fixed, however, at \$14,088,568,000 and cannot be exceeded without the approval of this Council.

The resolution also enables the Financial Secretary to vary the funds on account in respect of any subhead, provided that these variations do not cause an excess over the amount of provision entered for that subhead in the draft Estimates or an excess over the amount of funds on account for the head.

A vote on account warrant will be issued to the Director of Accounting Services authorising him to make payments up to the amount specified in this motion and in accordance with its conditions. The vote on account will be subsumed upon the enactment of the Appropriation Bill, and the general warrant issued after the enactment of the Appropriation Bill will replace the vote on account warrant and will be effective from 1 April 1986.

Sir, I beg to move.

*Question put and agreed to.*

#### FOOTNOTE

<i>Head of Expenditure</i>	<i>Amount shown in the Draft Estimates</i>	<i>Initial amount of provision on account</i>
	\$	\$
His Excellency the Governor's Establishment.....	8,143,000	1,997,000
Agriculture and Fisheries Department.....	166,978,000	46,178,000
Audit Department.....	31,513,000	6,355,000
Auxiliary Medical Services.....	10,494,000	2,118,000
Building Development Department.....	499,592,000	103,333,000
Census and Statistics Department.....	91,223,000	24,049,000
Civil Aid Services.....	21,306,000	4,564,000
Civil Aviation Department.....	177,491,000	50,112,000
Civil Service Training Centre.....	47,388,000	9,478,000
Correctional Services Department.....	532,847,000	114,969,000
Customs and Excise Department.....	272,543,000	63,915,000
Education Department.....	820,608,000	172,466,000
Education Subventions.....	4,701,277,000	1,143,863,000
Electrical and Mechanical Services Department.....	582,811,000	126,099,000
Engineering Development Department.....	700,001,000	144,047,000
Environmental Protection Agency.....	24,176,000	8,365,000
Fire Services Department.....	538,375,000	138,018,000
General Expenses of the Civil Service.....	1,381,390,000	291,605,000
Government Data Processing Agency.....	61,591,000	18,966,000
Government Laboratory.....	35,983,000	9,429,000
Government Land Transport Agency.....	15,509,000	4,000,000
Government Secretariat.....	266,659,000	63,510,000

<i>Head of Expenditure</i>	<i>Amount shown in the Draft Estimates</i>	<i>Initial amount of provision on account</i>
	\$	\$
Government Secretariat: City and New Territories Administration .....	254,475,000	63,456,000
Government Secretariat: Lands and Works Branch .....	42,074,000	8,502,000
Government Secretariat: Municipal Services Branch.....	60,189,000	14,085,000
Government Secretariat: Overseas Offices.....	54,396,000	12,717,000
Government Supplies Department.....	71,355,000	14,603,000
Housing Department.....	288,007,000	73,032,000
Immigration Department .....	402,162,000	117,010,000
Independent Commission Against Corruption .....	156,190,000	33,490,000
Industry Department .....	49,189,000	21,501,000
Information Services Department.....	73,176,000	15,840,000
Inland Revenue Department .....	280,504,000	69,547,000
Internal Security: Miscellaneous Measures .....	1,559,344,000	508,238,000
Judiciary.....	176,328,000	38,217,000
Labour Department.....	144,901,000	31,731,000
Lands Department.....	329,262,000	72,154,000
Legal Department .....	130,640,000	33,071,000
Legal Aid Department .....	79,971,000	16,083,000
Marine Department.....	204,974,000	54,282,000
Medical and Health Department.....	2,645,984,000	566,228,000
Medical Subventions .....	1,270,028,000	363,529,000
Miscellaneous Services.....	2,192,674,000	565,599,000
New Territories Development Department .....	78,565,000	15,958,000
Office of Unofficial Members of Executive and Legislative Councils .....	17,700,000	3,587,000
Pensions .....	1,250,172,000	313,166,000
Police Complaints Committee.....	2,926,000	586,000
Police: Royal Hong Kong Police Force.....	2,653,871,000	626,775,000
Post Office .....	611,158,000	124,749,000
Printing Department .....	80,077,000	18,815,000
Public Debt .....	187,670,000	118,976,000
Public Service Commission.....	1,813,000	450,000
Radio Television Hong Kong .....	153,015,000	34,565,000
Rating and Valuation Department .....	73,011,000	14,691,000
Registrar General's Department.....	102,715,000	30,086,000
Registry of Trade Unions .....	2,839,000	568,000
Royal Hong Kong Auxiliary Air Force .....	32,296,000	20,353,000
Royal Hong Kong Regiment (The Volunteers).....	20,975,000	5,448,000
Royal Observatory .....	51,274,000	15,764,000
Social Welfare Department .....	2,008,265,000	405,480,000
Social Welfare Subventions.....	478,531,000	120,031,000
Standing Commission on Civil Service Salaries and Conditions of Service .....	4,199,000	840,000
Subventions: Miscellaneous .....	509,337,000	133,331,000
Technical Education and Industrial Training Department .....	576,214,000	308,649,000
Television and Entertainment licensing Authority .....	7,275,000	1,485,000
Trade Department.....	66,755,000	16,664,000
Transfers to Funds .....	5,600,000,000	5,600,000,000
Transport Department.....	445,845,000	119,852,000
Treasury .....	81,343,000	19,137,000
Universities and Polytechnics.....	1,984,575,000	573,606,000
Water Supplies Department.....	1,007,657,000	204,605,000
Total .....	<u>39,543,794,000</u>	<u>14,088,568,000</u>

**IMPORT AND EXPORT ORDINANCE**

THE SECRETARY FOR TRADE AND INDUSTRY moved the following motion: That the Import and Export (Registration) (Amendment) Regulations 1986, made by the Governor in Council on 14 January 1986, be approved.

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

The Import and Export (Registration) (Amendment) Regulations 1986 seek to increase the penalties for late declarations under the Import and Export (Registration) Regulations and to raise the minimum charge for the ad valorem levy to recover the cost of collection.

The existing penalties for late declarations were set in 1976. Since then the percentage of late declarations has almost doubled. This adversely affects the accuracy of Hong Kong's external trade statistics and it has been necessary to deploy considerable staff resources to demand lodgement and take follow-up action.

Similarly, the present minimum charge of \$2 for declarations not exceeding \$4,000, which was set in 1966, would need to be revised to cover the collection cost which is now estimated at \$4.78 per declaration. The proposed revision will only affect declarations of a value below \$10,000 as the basic rate of the ad valorem levy at 50 cents per \$1,000 value above the minimum will remain unchanged.

Sir, I beg to move.

*Question put and agreed to.*

**First Reading of Bills**

**DRUG ADDICTION TREATMENT CENTRES (AMENDMENT) BILL 1986**

**INTERPRETATION AND GENERAL CLAUSES (AMENDMENT) BILL 1986**

**SMALL CLAIMS TRIBUNAL (AMENDMENT) BILL 1986**

**THEFT (AMENDMENT) BILL 1986**

*Bills read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).*

## Second Reading of Bills

### DRUG ADDICTION TREATMENT CENTRES (AMENDMENT) BILL 1986

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Drug Addiction Treatment Centres Ordinance'.

He said: Sir, I move that the Drug Addiction Treatment Centres (Amendment) Bill 1986 be read a Second time.

In 1984, the Commissioner of Correctional Services appointed a working group to review the operation of the Drug Addiction Treatment Centres Ordinance (Cap. 244) and associated treatment programmes for drug addicts. The recommendations of this working group form the basis of this Bill.

This Bill contains four proposals.

First: at present the court has power to order that a person be detained in an addiction treatment centre for a period of not less than four months and not more than 12 months. However, experience has shown that many drug addicts respond rapidly to treatment and do not need to be detained for so long as four months. This Bill therefore seeks to reduce the minimum detention period from four months to two months.

Second: at present, the Ordinance provides that if a person is sentenced to a period of imprisonment not exceeding two years when he is already the subject of a supervision order, or recall order, made by the Commissioner of Correctional Services, or a detention order, that order is suspended for the duration of the period of imprisonment but again takes effect when that period expires. The Bill seeks to reduce the maximum period of imprisonment from two years to nine months. This amendment is considered necessary because an addict who serves a prison sentence of longer than about nine months tends to become stigmatised as a prisoner. He tends to be less willing to co-operate during aftercare, and further detention in a drug addiction treatment centre produces little in the way of improved behaviour. Returning such a person to a treatment centre, or to supervision, after nine months or more of imprisonment is generally found to be unproductive.

Third: the present law provides that if a person under a supervision order made under the Ordinance breaches the terms of that order, he may be recalled to a treatment centre by the Commissioner of Correctional Services. But there is no provision for a person who is released from recall to be provided with further supervision. So a person is deprived of supervision at the time when he is possibly most in need of it. This Bill seeks to ensure that a person who is released from a treatment centre but subsequently recalled will in most cases have the benefit of further supervision when he is released the second time.



Finally: if a person who is the subject of a supervision order is brought before a court on a criminal matter and is placed on probation, the law presently provides for dual supervision, by both the Commissioner of Correctional Services and the Director of Social Welfare. This is clearly an unnecessary duplication of effort and a waste of resources. So the Bill provides that in such cases the supervision order made under the Drug Addiction Treatment Centres Ordinance will lapse.

Hon. Members may think that these are all valuable changes to the arrangements for the treatment of drug addicts and deserve support.

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

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

## **INTERPRETATION AND GENERAL CLAUSES (AMENDMENT) BILL 1986**

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Interpretation and General Clauses Ordinance'.

He said: Sir, I move that the Interpretation and General Clauses (Amendment) Bill 1986 be read a Second time.

This Bill seeks to increase the maximum penalty that may be imposed by the court on a person who has been convicted of the offence of conspiracy to defraud. At present, a convicted offender is liable to be sentenced for up to seven years' imprisonment. It is proposed to raise this limit to 14 years' imprisonment.

The reason for this proposal is that a maximum of seven years is clearly out of line with the penalties prescribed in other Ordinances for comparable offences involving fraud. For instance, under the Crimes Ordinance the maximum penalty for making a false entry in a bank book with intent to defraud is life imprisonment and the maximum penalty for forging a valuable security is 14 years' imprisonment. The offence of handling stolen goods under the Theft Ordinance, which could include money obtained by deception, has a maximum penalty of 14 years. The maximum penalties for other fraudulent offences under the Theft Ordinance such as obtaining property by deception are generally in the region of 10 years' imprisonment. But because conspiracies to defraud often involve the commission of several such fraudulent offences, a higher penalty is considered appropriate. Indeed, in a recent case of conspiracy to defraud which involved in excess of \$30 million, the maximum penalty was imposed and the judge criticised the fact that the power of the courts was limited to a seven-year term of imprisonment.

The Bar Association and the Law Society have been consulted and have not objected to the proposal to increase the maximum penalty. However, concern has been expressed by some members of the Bar that this proposal might encourage the greater use of this offence by prosecutors with the consequent risk that conspirators may receive higher sentences than they deserve.

I can assure hon. Members that the prosecutors will continue to advise that the most appropriate offences should be charged. Anyhow, the courts should in every case impose the sentence which they think to be appropriate to the particular circumstances, subject only to the maximum. I see here no argument for preserving what appears to be an inadequate sentencing power for what can be a very serious offence. I would commend the proposal to this Council.

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

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

### **SMALL CLAIMS TRIBUNAL (AMENDMENT) BILL 1986**

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Small Claims Tribunal Ordinance'.

He said: Sir, I move that the Small Claims Tribunal (Amendment) Bill 1986 be read a Second time.

The Small Claims Tribunal was set up under an Ordinance on 1 October 1976 as a court in which claims, currently not exceeding \$5,000, can be processed in a quick and inexpensive manner. It has since proved its value, both to individuals and to commercial concerns. In 1983 the Chief Justice set up a working party to consider the practice and procedure of the tribunal. In its report the working party recommended legislative amendments to increase the jurisdiction of the tribunal, to remove the time limits for hearing a claim and to amend certain other procedures of the tribunal. This Bill seeks to effect the necessary legislative amendments and at the same time to make some minor amendments to the practice and procedures of the Small Claims Tribunal.

The Bill contains two principal proposals.

First, the jurisdiction of the tribunal is to be increased from \$5,000 to a maximum of \$8,000. The existing limit of \$5,000 has applied since February 1982. The past four years have seen some change in the value of money. And meanwhile the jurisdiction of the district court, where claims in excess of \$5,000 have to be lodged, has increased from \$40,000 to \$60,000. The proposed increase in jurisdiction to \$8,000 will make the advantages of the tribunal's services more widely available. The Bar Association and the Law Society have agreed that there should be an increase in the tribunal's jurisdiction.

Secondly, the time limits within which a claim must be heard are to be amended. At present, the law requires that a date for the hearing of a claim shall be fixed not earlier than 10 days nor later than 60 days after the filing of the claim, unless the parties otherwise agree. In practice, such agreement is seldom reached. It has been pointed out by the Secretary for Economic Services, with support from the Consumer Council and the Hong Kong Tourist Association, that tourists who come to Hong Kong for short visits should have some means of obtaining quick redress against malpractices by unscrupulous retailers. Such a retailer is not likely to agree that the 10 days should be abridged. Consequently, the tourist will not have his claim heard before he leaves Hong Kong. The removal of the 10-day limit will allow claims to be heard quickly when that is appropriate, as in the case of a tourist's complaint.

There is also a problem at the other end. The workload of the tribunal is such that it has difficulty in always meeting the 60-day limit for the hearing of a claim. It is proposed, therefore, that this limit be extended to 90 days, which will accommodate both the existing workload and the increase in workload, anticipated from the increase in tribunal jurisdiction. On the other hand, the 90-day time limit will ensure that claims are heard within a reasonable period of time.

There are a number of other minor amendments to the Small Claims Tribunal Ordinance which I shall briefly mention. There is provision for deputy adjudicators to be appointed.

The rules are eased to enable a claim to be signed by another person on behalf of a claimant.

The Bill permits a party or witness to give evidence on oath or unsworn, and to preserve the informality of proceedings in the tribunal, it is empowered to receive any evidence which appears relevant, whether or not it is strictly admissible in a court of law.

The district court is given jurisdiction to enforce an award of the tribunal.

There is provision for an award to carry interest at a rate to be specified by the Chief Justice from the date of the award until it is satisfied.

And certain minor errors in prescribed forms for use in the tribunal are corrected.

This Bill is a useful measure to update and improve the services provided by a tribunal that has earned its place in our system for the administration of justice.

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

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

**THEFT (AMENDMENT) BILL 1986**

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Theft Ordinance'.

He said: Sir, I move that the Theft (Amendment) Bill 1986 be read a Second time.

In the course of prosecuting commercial crimes, my chambers have encountered difficulties under the existing law in dealing with certain fraudulent transactions carried out for the purpose of obtaining credit from banks or from deposit-taking companies. Let me give a typical example. A person dishonestly and by deception induces a bank to lend him some money. The proceeds of the loan are transferred to an account in his name in that bank or in the deposit-taking company. The person then disburses the amount of the loan from his account. In its present form, our view is that the Theft Ordinance does not clearly make such fraudulent activity illegal.

It is, of course, an offence under section 17 of the Theft Ordinance to obtain dishonestly property *belonging to another* by deception. But in my example, the sum which forms the loan obtained fraudulently is created at the moment when the bank or deposit-taking company and the fraudulent borrower come to an agreement. So it is not thought appropriate under the law to charge an offence under section 17. Although it is also an offence under section 18 of the Theft Ordinance to obtain dishonestly an overdraft by deception, the better view is that the new loan, in my example, would not fall to be dealt with as an overdraft.

Nor are any of the provisions in the Theft Ordinance, such as the offence of obtaining services by deception, procuring the execution of a valuable security by deception or furnishing false information, thought to fit the kind of transaction in my example. The best course therefore is to enact new provisions to make these and similar activities criminal, as they should be, and the Theft (Amendment) Bill 1986 is designed to achieve this object.

Clause 2 of this Bill makes it an offence to obtain by deception credit from banks or deposit-taking companies. Clause 3 of the Bill creates a new offence for a person dishonestly to procure by deception the making of an entry in the record of a bank or deposit-taking company. The two new provisions will bring the fraudulent activity of obtaining credit by deception clearly within the ambit of the criminal law.

The opportunity is also taken in this Bill to permit higher levels of penalty for certain offences in the existing Theft Ordinance. These include: false accounting; making false statements by company directors and suppression of certain documents. It is proposed that the existing maximum penalty of seven years' imprisonment for these offences be increased to ten years to reflect the true

seriousness of these offences. Experience in Hong Kong shows that the complexity and scale of the frauds involved in such offences often warrants a higher penalty than is presently prescribed. The proposals will put the maximum level for these offences on a par with other offences of a similar nature in the Ordinance.

The Law Society, the Bar Association and the Law Faculty of the University of Hong Kong were consulted on the Bill. The Law Society supported the amendments proposed. The Bar Association and the Law Faculty offered a number of detailed comments on the Bill which have since been taken into account.

Sir, I move the debate in this Bill be now adjourned.

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

## **INLAND REVENUE (AMENDMENT) BILL 1986**

### **Resumption of debate on Second Reading (29 January 1986)**

MR. PETER POON: Sir, I shall speak briefly on the Inland Revenue (Amendment) Bill 1986 which contains a number of important amendments to our tax legislation. In July 1985, Government published the Bill in draft form. This is highly commendable because it has enabled full consideration of the proposed measures and its implications by all affected by the change. The UMELCO ad hoc Inland Revenue Review Panel formed soon after to study that Bill invited and in fact received over 40 representations, many of which contain constructive criticisms and valuable suggestions. Meetings were held with interested parties and the Administration resulting in the group making a number of recommendations on the draft Bill. Practically all of these recommendations, I am happy to say, have been accepted by the Administration. The Bill before us was published on 17 January 1986. A Legislative Council ad hoc group was formed to study the Bill. Eight representations have since been received, most of which are highly complimentary of the Bill in its revised form but some have made further suggestions. The group has carefully studied all such suggestions and has had discussions with the Administration. Apart from the minor amendment to clause 4 of the Bill on deductions allowed in respect of interest on debentures or similar instruments, it is felt that there are no new evidence or special circumstances which would justify further amendments.

Many of the clauses of the Bill contain anti-avoidance provisions which are extremely difficult to draft. I have no wish to bore Members with the technical details this afternoon. The legislation have been thoroughly reviewed during a period of nearly eight months. I am reasonably satisfied that the Bill in its

present form will be able to achieve three main objectives. Firstly, it is relatively simple and conforms with Hong Kong's tax philosophy. Secondly, it gives the Commissioner of Inland Revenue adequate power to tackle tax-avoidance schemes or transactions. Lastly but just as importantly, it contains sufficient safeguards against abuse of power by the Inland Revenue Department. It is envisaged that the Commissioner of Inland Revenue will exercise his power under such anti-avoidance legislation mainly against blatant tax-avoidance schemes or contrived transactions. The new sections 61A and 61B are both subject to the overriding requirement that the 'sole and dominant motive' is tax-avoidance. Therefore, they should not affect genuine business transactions or transactions not entered into principally with tax avoidance motive, or proper deductions or allowances under the Inland Revenue Ordinance. As far as leasing is concerned, the new section 39E will only affect the two types of tax-based leasing mentioned therein, which if unabated, will continue to result in huge tax deferral and possibly in some cases eventual loss of revenue to the Government. I have been assured by the commissioner that if the Bill is passed, the anti-avoidance provision would be used with proper discretion and only when it is really necessary. I believe the deterrent effect of such provisions is of great value in protecting our tax revenue. There should be no fear that we will create a tax monster. Other countries have much more drastic and complicated anti-avoidance legislation.

One important aspect coming out of the introduction of this Bill is the demonstration of the successful consultative process. The combined efforts of the Administration, the UMELCO panel and the public through representations have resulted in a piece of legislation which I feel is both acceptable and suitable to Hong Kong. Few would doubt its necessity. The new legislation will go a long way to reduce tax avoidance opportunities which have hitherto been considerable under our simple tax law. It is, however, extremely important that the practice notes on the new legislation containing general guidelines including tax clearance procedures should be issued by the Inland Revenue Department as soon as possible.

With these remarks, Sir, I support the motion.

MRS. FAN: Sir, this Bill was first published as a draft Bill in July 1985. Following that, interested persons and institutions made many useful and constructive representations on the draft Bill to the UMELCO ad hoc Inland Revenue Review Panel. Their views were most valuable. The Administration was receptive and responsive to the suggestions raised by various parties. As a result, the Bill before us now has incorporated amendments to a number of major areas in accordance with some of the representations. I believe this is a Bill needed for Hong Kong at this point in time. I must compliment the level of understanding and co-operation achieved by the Administration and the business community in the formulation of this Bill. I also welcome the open-mindedness and reasonableness of all concerned parties. Furthermore, I am sure this exercise helps to strengthen the confidence of the business community towards our Government.

Sir, you indicated last October in this Council that this Bill was designed to close the most readily exploitable of the loopholes in our tax system. The objective of this Bill is therefore well supported by our community. There are nevertheless still concerns amongst the business community that sections 61A and B may be applied in such a manner that genuine commercial transactions could be caught, thus resulting in complications and unforeseen liabilities. I understand that this anti-tax avoidance legislation would only be invoked to counter blatant or contrived tax avoidance schemes, and it was never the intention of the Administration to cast unnecessary provisions on genuine commercial transactions even though the transaction might result in some tax benefit. In this connection, genuine intra-group regroupings or inter-company transfer of profit would not be caught by these sections, especially in view of the fact that there is no provision in group relief in our tax system. It would ease people's doubt if the Administration is able to confirm that this is in fact the main spirit of the said legislation.

The opportunity for further clarification to be made is in the Inland Revenue Department's practice notes. It is appreciated that the practice notes are internal documents used as guidelines by departmental staff, and the final interpretation of the legislation is a point of law and therefore rest with the courts. Yet realising that considerable cost and time is needed in bringing a case before court, few parties are keen to pursue this course of action unless there is no other viable option. Under these circumstances, practice notes are studied with a very fine comb, and given a status by the professionals and business community which is perhaps higher than originally intended by the Inland Revenue. The fact of life is practice notes are considered to be the rules of the game. If the rules are not clear, or the rules are not seen as fair and equitable, then the prudent businessmen simply will not play the game. On the other hand, if the rules are perceived to reflect the actual law, both in letter and in spirit, then the confidence of the businessmen will be enhanced, and the creditability and reputation of Hong Kong Government will be further strengthened both locally and internationally. This present Bill has regained some confidence of the business community. However, the proof of the pudding is in the eating. The practice notes are the first stage of the eating process. If the business community perceives and accepts these notes as reasonable, equitable and clear, then any lingering doubts about the intentions of the Administration for enacting this anti-tax-avoidance legislation can be effectively removed.

Sir, with these remarks, I support the motion.

FINANCIAL SECRETARY: Sir, I wish to thank Mr. Peter POON and Mrs. Rita FAN for their speeches this afternoon and to extend to them in particular and their colleagues on the UMELCO committee in general my gratitude for the constructive and professional approach which they have adopted towards this Bill. Mr. POON has referred to the consultative process involved during the scrutiny of the Bill. I echo his sentiments. The Bill has been subject to the closest

examination since it was first published last July and substantial amendments have been introduced in response to the many representations made to UMELCO and the Administration by the business community and professional associations. This has clearly demonstrated the effectiveness of the consultative process and the increasingly important role that Unofficial Members are playing in examining new legislation.

I agree with Mr. POON that the Bill represents a reasonable balance between the need on the one hand to increase the powers available to the Commissioner of Inland Revenue to combat tax avoidance and on the other to ensure that there are sufficient safeguards to protect the legitimate interests of taxpayers. Of course, everyone is entitled within the law so to arrange his affairs that he attracts the minimum tax. Equally it would be a foolish and irresponsible administration that did not seek to block obvious loopholes in the laws as they appear—and appear they have and always will. From time to time, therefore, it is our job to take steps to protect the revenue. Otherwise taxes will have to be increased. This would obviously be inequitable to the large majority.

Both Mrs. FAN and Mr. POON have referred to the need to produce clear and concise practice notes as soon as possible. I can confirm that the commissioner expects to issue his practice notes covering this new legislation shortly, hopefully before the end of April. He assures me that they will be designed to reflect the law both in letter and in spirit. I can also confirm for Mrs. FAN's benefit that sections 61A and B will only be used to strike down blatant and contrived schemes where there is a clear and dominant tax avoidance purpose. It is not the intention to use the law to penalise genuine commercial transactions.

I turn now to the amendments to clause 4 of the Bill which I propose to move during the Committee stage. These relatively minor amendments to section 16(2)(f) comprise three refinements to the proposed extension of the conditions under which interest paid by corporations will be deductible for profits tax purposes. The most important of these is the amendment to section 16(2)(f)(iii). This will extend deductibility to interest paid where the money borrowed originated in the issue by an associated corporation of marketable, albeit unlisted, 'commercial paper'. This is a logical refinement to the extension to section 16(2) proposed in the Bill and should help foster Hong Kong's position as a major financial centre.

The other refinements are minor changes designed to ensure that the section can apply to issues by corporations whose ordinary business is not the raising of funds and to treat equally issues which are marketable in approved financial centres with those which are marketable in Hong Kong.

In conclusion may I repeat my gratitude for the support received from the experienced UMELCO ad hoc committee, which was set up to consider this inevitably contentious Bill. Both they and the public at large are wise enough not to be unduly perturbed by the snarling of various vested interests as they prowl through the jungles of our tax law. I think that the final outcome from



a major consultative process is a sane and moderate compromise that serves the interests of the whole community.

*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).*

## **REGIONAL COUNCIL (AMENDMENT) BILL 1986**

### **Resumption of debate on Second Reading (5 February 1986)**

MR. CHEUNG (in Cantonese): Sir, I rise to support the passing of the Regional Council (Amendment) Bill 1986.

The Regional Council will be formally established in April this year. In order that the council can operate effectively following its establishment, certain amendments should be made to the present Regional Council Ordinance. The purpose of introducing the Bill to this Council at present is to make amendments. The Provisional Regional Council has been established for 11 months since April last year. During this period, many people, particularly those residents in the New Territories, cannot clearly understand the work and terms of reference of the Provisional Regional Council and some NT villagers even mix up the work of the Provisional Regional Council with that of district boards. All these are due to the close resemblance of the Chinese names of the Regional Council (區域議局) to that of the 'district board' (區議會). There is a Chinese saying: 'Only if the name is correctly given can the business be successfully discharged'. If the nomenclature of the two bodies should lead to the general public's misunderstanding of the work of the Provisional Regional Council, the discharging of the council's duties will definitely be hampered to a certain extent.

The Provisional Regional Council is mainly responsible for the municipal services of the New Territories. In fact, its executive arm was retitled as 'Regional Services Department' (區域市政署) in April last year. It is, therefore, most appropriate to change the Chinese name of the Regional Council to be established in coming April as 區域市政局. This new Chinese title will not only avoid unnecessary confusion with the Chinese name of 'district boards', but also accurately reflects the close resemblance of the Regional Council and the Urban Council in the nature and province of their work. This will contribute greatly to helping those people whom the Regional Council will serve—the general public in the NT—to understand the council's work and its services. Furthermore, the

Regional Council election held on the March meant that 12 elected members will be joining the Regional Council in the forthcoming April. They need to understand clearly the objects of the council's service as well as the nature of its work before they can properly discharge their duties as members of the Regional Council. To change the name 區域議局 to 區域市政局 at this stage will therefore provide some assistance to those new members. Finally, since the change of the Regional Council's Chinese title to 區域市政局 can better reflect the resemblance between its nature of work and that of the Urban Council, the relationship between the two councils would thus become closer and they would, in the days to come, work hand in hand to provide satisfactory services and facilities to the residents of Hong Kong, Kowloon and the New Territories.

Sir, with these remarks, I support the motion.

MR. CHEONG-LEEN: Sir, I am pleased to support the Regional Council (Amendment) Bill 1986.

Since the setting up of the Provisional Regional Council one year ago, members of the Urban Council and the Provisional Regional Council have met informally on a number of occasions to exchange views on matters of common interest falling within the responsibilities of both councils.

With the passage of the Regional Council (Amendment) Bill 1986, the Regional Council will come into being on 1 April 1986. This should enable members of both the Regional and Urban Councils to strengthen their relationship even further and to co-ordinate activities, such as the Keep Hong Kong Clean Campaign, flower shows, cultural and sports activities, hawker matters, control of billiard saloons and so on on a territory-wide basis.

It will be noted that the Bill proposes the Chinese name of the Regional Council be changed from '區域議局' to '區域市政局'. This has already been discussed in the Urban Council which has no objection to such proposed change.

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, I wish to thank Mr. CHEUNG and Mr. CHEONG-LEEN for their support on the Regional Council (Amendment) Bill 1986.

I agree that the new Chinese name of the Regional Council (區域市政局) will reflect more accurately the nature and the scope of work of the Regional Council. I also agree that the constant exchange of views amongst members of both the Regional and Urban Councils on matters of common interest falling within both councils' responsibilities is indeed in the best public interest. I am sure members of the public will support the two councils as well as enjoy the services which they provide.

*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).*

## **URBAN COUNCIL (AMENDMENT) BILL 1986**

### **Resumption of debate on Second Reading (5 February 1986)**

MR. CHEONG-LEEN: Sir, I wish to support this Bill which will enable the Urban Council in future to organise or sponsor cultural and sports activities in the Jubilee Sports Centre and other venues in the New Territories for the four million residents living in the urban area.

Under the new Ordinance, it will also be possible for the new Regional Council and the Urban Council to co-operate in sponsoring sports and cultural programmes, either in the New Territories or the urban area, and also in building and operating facilities such as a staff training centre.

Arrangements such as these provided under the new Ordinance are very desirable in order to provide comprehensive recreational, cultural and other municipal services for the Hong Kong public, bearing in mind the need to be cost effective.

The Urban Council will also be empowered to support or sponsor worthwhile cultural or sports projects involving local participants who may have to perform outside of Hong Kong.

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, I wish to thank Mr. CHEONG-LEEN again for his support on the Urban Council (Amendment) Bill 1986.

The Bill will enable the two councils to cooperate in providing a full service to the people of Hong Kong. I agree with Mr. CHEONG-LEEN that this arrangement is highly desirable in terms of cost effectiveness.

*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).*

## **PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) BILL 1986**

### **Resumption of debate on Second Reading (5 February 1986)**

*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).*

## **HONG KONG ARTS CENTRE BILL 1986**

### **Resumption of debate on Second Reading (5 February 1986)**

*Question put and agreed to.*

Bill read the Second time.

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

### **Committee stage of Bills**

Council went into Committee

## **INLAND REVENUE (AMENDMENT) BILL 1986**

Clauses 1, 2, 3 and 5 to 12 were agreed to.

Clause 4

FINANCIAL SECRETARY: I move that clause 4 be amended as set out in the paper circulated to Members.

*Proposed amendment*

### **Clause 4**

In new section 16(2)(f) by deleting sub-paragraphs (ii) and (iii) and substituting the following—

"(ii) to the holder of any instrument issued—

- (A) *bona fide* and in the course of carrying on business and which is marketable in Hong Kong or in a major financial centre outside Hong Kong approved by the Commissioner for the purposes of this sub-paragraph; or

(B) in pursuance of any agreement or arrangements, where the issue of an advertisement or invitation to the public in respect of such agreement or arrangements, or any document which contains such an advertisement or invitation, has been authorised by the Securities Commission under section 4(2)(g) of the Protection of Investors Ordinance; or

(Cap. 335.)

(iii) on moneys borrowed from an associated corporation, where the moneys borrowed in the hands of the associated corporation arise entirely from the proceeds of an issue by the associated corporation of debentures or of any such instrument as is described in sub-paragraph (ii), in an amount not exceeding the interest payable by the associated corporation to the holders of its debentures or of such instruments.'

The amendment was agreed to.

Clause 4, as amended, was agreed to.

#### **REGIONAL COUNCIL (AMENDMENT) BILL 1986**

Clauses 1 to 8 were agreed to.

#### **URBAN COUNCIL (AMENDMENT) BILL 1986**

Clauses 1 to 25 were agreed to.

#### **PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) BILL 1986**

Clauses 1 to 34 were agreed to.

First to Third schedules were agreed to.

#### **HONG KONG ARTS CENTRE BILL 1986**

Clauses 1 to 32 were agreed to.

#### **Third Reading of Bills**

The Attorney General reported that the

REGIONAL COUNCIL (AMENDMENT) BILL

URBAN COUNCIL (AMENDMENT) BILL

PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) BILL and the

HONG KONG ARTS CENTRE BILL

had passed through Committee without amendment and the

INLAND REVENUE (AMENDMENT) BILL

had passed through Committee with an amendment and moved the Third Reading of the Bills.

*Question put on the Bills and agreed to.*

Bills read the Third time and passed.

### **Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 19 March 1986.

*Adjourned accordingly at thirty-five minutes past Four o'clock.*

*Note:* The short titles of motions/bills listed in the Hansard Report have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

**WRITTEN ANSWER****Annex I****Written answer by the Chief Secretary to Dr. LAM's supplementary question to Question 7.**

A total of 47 district board members serve on 21 of the 29 major boards and committees, taking up a total of 61 seats.

Simultaneous interpretation services are regularly provided to 10 of these committees and another five occasionally on request. It is Government's policy to provide such services to all essential users.

**Annex II****Written answer by Secretary for Health and Welfare to Dr. CHIU's supplementary question to Question 10.**

Under the Medical Registration Ordinance, arrangements for externship training are matters for the Medical Council. The subject was brought up for discussion in late 1985 in its Licentiate Committee. Whilst recognising that externs should take a more active role during their clinical attachment, the committee concluded that the present arrangements for externship training should continue.

I understand that this question was also raised in the meeting of the UMELCO Standing Panel on Health Services chaired by you on 3 April. As a result, my branch has now undertaken to review the existing training requirements for externs. We shall report back to your panel in due course.