

1 HONG KONG LEGISLATIVE COUNCIL -- 7 February 1990

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OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 7 February 1990

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)

SIR DAVID CLIVE WILSON, K.C.M.G.

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE SIR PIERS JACOBS, K.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

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

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

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

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

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

THE HONOURABLE CHENG HON-KWAN, O.B.E., J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

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

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

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING, J.P.

THE HONOURABLE TAM YIU-CHUNG

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

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.

SECRETARY FOR TRANSPORT

THE HONOURABLE EDWARD HO SING-TIN, J.P.

THE HONOURABLE GEOFFREY THOMAS BARNES, C.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E.

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

THE HONOURABLE MRS. NELLIE FONG WONG KUT-MAN, J.P.

THE HONOURABLE MRS. PEGGY LAM, M.B.E., J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS. MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR. THE HONOURABLE LEONG CHE-HUNG
THE HONOURABLE LEUNG WAI-TUNG, J.P.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS. SO CHAU YIM-PING, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE MRS. ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE MRS. ANSON CHAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE MRS. ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

ABSENT

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

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

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

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

THE HONOURABLE YEUNG KAI-YIN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE PETER TSAO KWANG-YUNG, C.B.E., C.P.M., J.P.
SECRETARY FOR HOME AFFAIRS

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):

Subject

Subsidiary Legislation

L.N. No.

| | |
|---|-------|
| Hong Kong Airport (Control of Obstructions) Ordinance Hong Kong Airport (Control of Obstructions) (Consolidation) (Amendment) Order 1990..... | 10/90 |
| Registration of Persons Ordinance Registration of Persons (Application for New Identity Cards) (No. 2) Order 1990..... | 13/90 |
| Public Health and Municipal Services Ordinance Commercial Bathhouses (Urban Council) (Amendment) By-Laws 1990..... | 14/90 |
| Public Health and Municipal Services Ordinance Food Business (Urban Council) (Amendment) By-Laws 1990..... | 15/90 |
| Public Health and Municipal Services Ordinance Frozen Confections (Urban Council) (Amendment) By-Laws 1990..... | 16/90 |
| Public Health and Municipal Services Ordinance Funeral Parlour (Urban Council) (Amendment) By-Laws 1990..... | 17/90 |
| Public Health and Municipal Services Ordinance Milk (Urban Council) (Amendment) By-Laws 1990..... | 18/90 |

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| Public Health and Municipal Services Ordinance Offensive Trades (Urban Council) (Amendment) By-Laws 1990..... | 19/90 |
| Public Health and Municipal Services Ordinance Places of Amusement (Urban Council) (Amendment) By-Laws 1990..... | 20/90 |
| Public Health and Municipal Services Ordinance Swimming Pools (Urban Council) (Amendment) By-Laws 1990..... | 21/90 |
| Public Health and Municipal Services Ordinance Undertakers of Burials (Urban Council) (Amendment) By-Laws 1990..... | 22/90 |
| Dutiable Commodities Ordinance Commodities (Liquor Licences) (Specification of Fees) (Urban Council Area) Notice 1990..... | Dutiable 23/90 |
| Places of Public Entertainment Ordinance Places of Public Entertainment (Licences) (Specification of Fees) (Urban Council Area) Notice 1990..... | 24/90 |
| Merchant Shipping (Safety) Ordinance Merchant Shipping (Safety) Ordinance (Exemption) Notice 1990..... | 25/90 |
| Merchant Shipping Ordinance Shipping (Crew Accommodation) Regulations (Exemption) Notice 1990..... | Merchant 26/90 |
| Public Health and Municipal Services Ordinance Hawker (Permitted Place) (No. 2) | |

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| Declaration 1990..... | |
| 27/90 | |
| Dangerous Drugs Ordinance | |
| Dangerous Drugs (Amendment of Fourth Schedule) | |
| Order | |
| 1990..... | 28/90 |
| Import and Export (General) Regulations | |
| Import and Export (General) Regulations | |
| (Amendment of Second Schedule) | |
| Order | |
| 1990..... | 29/90 |
| Banking Ordinance | Banking |
| Ordinance (Amendment of Fifth Schedule) | |
| Notice | |
| 1990..... | 30/90 |
| Banking (Amendment) Ordinance 1990 | Banking |
| (Amendment) Ordinance 1990 | |
| (Commencement) Notice 1990..... | 31/90 |
| Air Pollution Control Ordinance | Air |
| Pollution Control (Fuel Restriction) | |
| Regulations 1990..... | |
| 32/90 | |
| Immigration Ordinance | |
| Immigration (Places of Detention) | |
| (Amendment) Order 1990..... | |
| 33/90 | |
| Revised Edition of the Laws Ordinance 1965 | |
| Revised Edition of the Laws | |
| (Correction of Errors) Order 1990..... | 34/90 |
| Shipping and Port Control Ordinance | Shipping |

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| and Port Control Ordinance (Exemption) Notice 1990..... | |
| 36/90 | |
| Commodities Trading (Amendment of First Schedule) Order 1989 Commodities Trading (Amendment of First Schedule) Order 1989 (Commencement) Notice 1990..... | 37/90 |
| Control of Exemption Clauses Ordinance 1989 Control of Exemption Clauses Ordinance 1989 (Commencement) Notice 1990..... | 38/90 |
| Merchant Shipping (Crew Accommodation) Regulations (Exemption) Notice 1990 Corrigendum..... | 39/90 |

Sessional Papers 1988-89

- No. 45 -- Hong Kong Polytechnic
Annual Report 1988/89 with Balance Sheet at 30th June 1989 and Income and Expenditure Account for the year ended on that date
- No. 46 -- City Polytechnic of Hong Kong
Annual Report July 1988 - June 1989 with Financial Report
- No. 47 -- The Hong Kong Academy for Performing Arts
Annual Report July 1988 to June 1989
- No. 48 -- Hong Kong Trade Development Council
Annual Report and Accounts 88/89
- No. 49 -- Revisions of the 1989/90 Estimates approved by the Urban Council during the third quarter of the 1989/90 financial year
- No. 50 -- University and Polytechnic Grants Committee of Hong Kong Interim Report

for the 1988-91 Triennium July 1988 to December 1989
Addresses by Members

Hong Kong Polytechnic Annual Report 1988/89 with Balance Sheet at 30th June 1989 and
Income and Expenditure Account for the year ended on that date

MR. CHEONG: Sir, I rise to present the 17th Annual Report and Annual Accounts of the
Hong Kong Polytechnic for the year ended 30 June 1989.

This year we have revised the style of the Annual Report with the explicit
intention of making it more interesting and readable to a wider and larger audience,
thus promoting awareness in the community of the Polytechnic and its significant role.

In the year under review, the Polytechnic has undertaken further important
academic developments, including continued efforts to formulate close and mutually
beneficial partnerships with Hong Kong's industry, commerce and the community.

Much effort during the year went into preparing the Academic Development
Proposals for the 1991-94 Triennium, which the Polytechnic submitted to the
University and Polytechnic Grants Committee (UPGC) in November last year.

For the first time, this triennial planning exercise was conducted in the context
of the Polytechnic having already reached its current planned maximum student
capacity of 13 500 full-time equivalent, with the result that each new course included
in the plans means a corresponding reduction or discontinuation of some other part
of the academic programme.

The Polytechnic was also at that time further constrained by the 40% limit on
degree level places. The combined effect of these two constraints was that many
worthwhile proposals submitted by academic departments for consideration, whilst
being encouraging signs of the enthusiastic commitment and creative energy of the
staff in responding to perceived need and demand, were not able to be supported.
Against this difficult background, the calm rational and ordered way in which the
triennial plans were put together is indicative of the stage of maturity that the
Polytechnic has achieved.

In these circumstances, the Polytechnic was extremely delighted positively to
respond to the further opportunity to plan ahead for the period through to the

mid-1990s, signalled by Your Excellency's address to this Council on 11 October 1989, in which you announced plans for the substantial further increase in the number of first degree places to be available in Hong Kong. Accordingly, we have submitted its further plans to the UPGC in December, this time without the 40% constraint on degree level places, and I am confident that the plans that we have submitted are both ambitious, pragmatic and responsible. If implemented they will significantly contribute to the achievement of the Government's target for first degree places whilst maintaining the most important ingredient of the Polytechnic, and that is, to continue to offer a big percentage for our part-time pupils' education.

The Polytechnic achieved a number of "firsts" during the 1988-89 academic year. The first Honorary Degree -- Doctor of Engineering *honoris causa* -- was conferred on Sir Sze-yuen CHUNG by you, Sir, as President of the Polytechnic at a special ceremony on 30 June last year.

On the same day, Sir, you have also unveiled the plaque for the Chung Sze Yuen Building and the Polytechnic firmly believes that this double honour bestowed on Sir Sze-yuen is a fitting tribute, not only for his significant contribution to the foundation and development of the Polytechnic, but also because of his outstanding role in Hong Kong's social and economic development.

Other academic innovations during the year included the first conferments of professorship on six senior staff members, and the first award of the research degree of Master of Philosophy.

Another important step forward in the development of the Polytechnic's post-graduate and research activity was the UPGC decision, in April last year, to authorize the Polytechnic to register candidates for the research degree of Doctor of Philosophy.

In November 1988 the Polytechnic held its annual Graduation Ceremony for the first time in the 12 500-seat Hong Kong Coliseum. This large venue was selected to enable awards to be conferred on all part-time graduates as well as the full-time graduates, thus reflecting the importance which the Polytechnic attaches to the part-time component of its academic programme, and the esteem in which it holds those who achieve their qualifications through the challenging route of part-time study combined with full-time employment.

Of the 200 full-time and part-time courses offered, 20 were implemented for the

first time in 1988-89, including five degree courses -- Accountancy, Hospitality Management, Building Surveying, Land Management and Quantity Surveying. Additionally, a total of 301 extension courses was offered which attracted no less than 11 000 students.

The Polytechnic's research efforts during the year were also developing in a healthy manner. A total of \$12.9 million was allocated for research in 1988-89 -- although it is very small and insignificant compared with the research budgets enjoyed by institutions in the world -- this allowed a start on 82 new projects. During the same period, the number of consultancy projects carried out by staff totalled 348, with a combined turnover of over \$2.5 million.

The Polytechnic's continuing strategy of building links and partnerships with industry made important progress with the decision by the Polytechnic Council in June last year to support plans for the establishment of a Business and Technology Centre, incorporating both a "Business Club" and the introduction of an Integrated Graduate Development Scheme in collaboration with the University of Warwick that leads to a Master of Science Degree of that particular university. The Business and Technology Centre is to be inaugurated this month by the Senior Member of this Council, the Honourable Allen LEE -- I hope he will be fit by then.

I am happy to report that a further two new specialist centres were proposed and planned during the past year, namely, the Centre for Translation Studies and the Centre for Professional and Business English.

The year 1988 proved to be an extremely successful one for Polytechnic graduates seeking suitable employment. Of the 2 875 full-time graduates, almost 88% were in regular full-time employment six months after graduation. Their average starting salary was \$5,209, which was 19.1% higher than the corresponding figure in 1987. Approximately 10% of our graduates had taken up further studies.

Despite all these statistics and/or achievements, I must admit that the Polytechnic is by no means totally without problems. The turnover rate of academic and senior administrative staff during 1988-89 indicates an upward trend when compared with the previous year. The available figure for the first half of the current year shows that more senior staff have left or are serving out their resignation. Thus the Polytechnic is not immune from the brain drain and other factors which put pressure on its staffing. Indeed, our ability to attract and retain

staff of a high calibre will be the biggest challenge that we face in fulfilling our plans for the coming period. This is a matter which will be looked at vigorously, imaginatively and continuously by the Council.

Shortage of accommodation on the Polytechnic Campus is another constraint I wish to highlight. Although the Polytechnic is expected to add 33 000 sq m of floor area to its space inventory in the next two years, it is crowded now and will become even more crowded after it begins to increase its first degree intake in response to the Government's overall expansion of tertiary institutions in Hong Kong.

One of the options under consideration is the establishment of a sub-campus adjacent to its Hung Hom Campus. In this respect, I urge the Government to work with us closely and sympathetically to help overcome this particular problem.

Finally, I wish to take this opportunity to thank publicly my Polytechnic Council colleagues and all the staff in the Polytechnic, under the leadership of their Director, Professor CLARK, for their commitment and support, without which the Polytechnic would not have achieved so much during the year.

City Polytechnic of Hong Kong Annual Report July 1988 - June 1989 with Financial Report

MR. CHENG HON-KWAN: Sir, the Annual Report and Financial Report of the City Polytechnic of Hong Kong, the fifth since its establishment in January 1984, is tabled in this Chamber today. As Chairman of the Polytechnic Council, I am pleased to have the honour of laying it before you. The Report covers the period July 1988 to June 1989.

Towards the end of this period, the founding Director, Dr. David JOHNS, announced his resignation, upon his appointment as Vice-Chancellor and Principal of the University of Bradford, United Kingdom. The achievements recorded in the Report owe much to his leadership and I pay tribute here to his contribution to the Polytechnic's successful establishment and rapid development.

The growth which I reported when presenting last year's Report has continued. Seventeen new courses were introduced in October 1988 and the number of full-time and part-time students increased by 32% and 36% respectively. The Polytechnic admitted its first 12 MPhil research students and also gained approval for the

introduction of two taught Master's courses from October 1989. At the third Academic Awards Ceremony in December 1988 the Polytechnic conferred its first Honorary Degree -- a Doctorate of Science to Sir Run Run SHAW -- and awarded its first bachelor's degrees to 135 students.

The Polytechnic also created a new post of Associate Director for Research and Development and introduced Professorships and Readerships to underpin the introduction of advanced studies and its rapidly expanding research programme. The latter was given further impetus by the establishment of an Institute for Research and Consultancy.

The construction of Phase 1A of the permanent campus at Tat Chee Avenue, Kowloon Tong was completed in August 1988. This brought a major improvement in teaching facilities when five academic departments and three academic support centres moved into the new campus in October 1988.

Sir, these are just some of the significant events in the Polytechnic's life during this period. There is much more in the Report, particularly in the appendices, which testifies to the valuable contribution which the Polytechnic, its staff and, increasingly, its graduates are making to the life of Hong Kong. I commend the Report to you.

The Hong Kong Academy for Performing Arts Annual Report July 1988 to June 1989

MRS. LAU: Sir, there is tabled before this Council today the 1988-89 Annual Report on the activities of the Hong Kong Academy for Performing Arts incorporating the financial accounts for the year ended 30 June 1989.

As a member of the Council of the Academy, I have great pleasure in commending this Report to you and Members of this Council.

For the Academy, the year 1988-89 has been busy and rewarding. As stated in the Report, performance is the core activity of the Academy. I am sure that you will, like myself, be very pleased to note the large number of public performances of dance, drama and music which the Academy puts on during a year. In Appendix 6 of the Report, you will see that in the year under review, over 200 public performances by Academy students or faculty members were presented by the Academy during the 36-week academic

year -- an average of six performances each week. This demonstrates the importance which the Academy attaches to student training through practical performance.

It is also gratifying to see that tremendous efforts are being made by the Academy to make its magnificent performing venues available to the community and business generally when not required for Academy purpose. The success of such efforts can be seen from the fact that the revenue generated from outside hire of Academy venues for the year under review has exceeded that for the preceding year by 37%.

The Report also emphasizes the need for courses at the Academy to be relevant to the world outside. In the meantime efforts are continuously being made to increase awareness in the community of Academy activities. In this context, the apparent success of Academy students in finding work in local arts related organizations is encouraging. It reflects the community's recognition and acceptance of the Academy's high standards of training and confirms the value of the work of the Academy.

In the course of the year under review, an Accreditation Panel made up of a team of experts from international institutions for the performing arts and representatives of Hong Kong's academic life conducted an institutional review of the Academy. The report by this Panel was most encouraging and indicated that in most areas of activity, the Academy was well up to international standards. The Panel recommended, inter alia, that the international dimension of the Academy should be maintained and expanded and that the Academy should become a degree granting institution. These recommendations are of great importance for the future development of the Academy. I firmly believe that the ability of the Academy to confer degrees not only recognizes the high standard of professional training offered by the Academy but also goes a long way towards improving future recruitment of high calibre students both locally and overseas. The attraction of foreign students to the Academy is essential to maintaining the status and standard of the Academy on the international scene. The award of degree status would also encourage local students with the right talents to choose performing arts as their career. I am delighted that Government has in principle approved of the Academy's degree granting status and the Academy is proceeding with the necessary accreditation and validation procedures.

Sir, the Academy is not just another tertiary institution. It is a unique institution, an institution which can make the dreams of those talented in the performing arts come true, an institution which contributes substantially towards

nurturing our professional artists of the future, an institution which paves the way to bringing our local performing arts to the international scene. As such, it deserves Government's continued whole-hearted support and understanding and I so urge.

Oral answers to questions

British National (Overseas) passport

1. MR. TAI asked: Will the Government inform this Council whether all the countries which accept the validity of the British Dependent Territories Citizen (BDTC) passport have also accepted the validity of the British National (Overseas) (BN(O)) passport since it was first issued in 1987?

SECRETARY FOR SECURITY: Sir, the BN(O) passport is a British passport issued by the Secretary of State. As such we expect other governments to accept it as a valid travel document. So far no country has indicated that it does not accept the validity of the BN(O) passport.

The absence of a public announcement of acceptance by countries is not in itself significant, and no country has indicated to either the Hong Kong or the British Government that it would not recognize the BN(O) passport.

MR. TAI: Will the Administration confirm, if not orally then in writing, that there exists an arrangement of financial undertaking between Her Majesty's Government and countries accepting BDTC passports to cover the financial charges incurred in respect of those passport holders who are refused entry or are deported from these countries while there is no such arrangement in respect of BN(O) passports?

SECRETARY FOR SECURITY: Sir, I must confess that I am not aware of these arrangements. That is not to say they do not exist. I do not have the information with me this afternoon, but I shall undertake to provide that in writing. (Annex I)

MR. MARTIN LEE: Sir, how many countries have actually accepted BN(O) passports, and how many have accepted BDTC passports from Hong Kong?

SECRETARY FOR SECURITY: Sir, as I have indicated in my main reply, it would be a misleading and unproductive exercise to count the number of countries which have made these public announcements. Some 26 countries have already made public announcements of recognition, another 35 have recognized the passports without making announcements, and a further 31 have taken note of the position, also without making a formal announcement. After nearly three years in which no country has refused to accept the BN(O) passport, it must be assumed that its validity is accepted as much as that of the BDTC passport, for which no figures exist as to the precise number of countries which have publicly announced that they accept the passport.

MR. ARCULLI: Sir, in respect of those countries which have simply taken note of the BN(O) passport, what further steps, if any, has Her Majesty's Government taken towards ensuring acceptance as opposed to the passport being simply taken note of by those countries?

SECRETARY FOR SECURITY: Sir, the fact that a country has neither said that it would accept the passport nor made any public announcement of the same does not, of course, mean that Hong Kong citizens going there with BN(O) passports are not accepted. I think I have made this quite clear in my main reply and my reply to the first supplementary question. United Kingdom passports, if I could put this in another context, are issued under the Royal Prerogative. In form, a passport is a request in the Queen's name to afford the holder free passage and any necessary assistance. It is also evidence of protection owed by the Crown to its subjects. There can be no question therefore of any non-recognition of BN(O) passports by any state which recognizes Her Majesty's Government, for this would amount to denying that BN(O) passports are requests made by Her Majesty's Government. It would, of course, be open to foreign states to refuse to admit British nationals, including BN(O)s, to their country, but so far none has said that they would do that.

MR. EDWARD HO: Sir, would the Government inform this Council whether there has actually been an incident where a holder of a BN(O) passport was denied admission to a foreign territory due to non-acceptance of it as a valid travel document?

SECRETARY FOR SECURITY: No, Sir, there has been no case where the reason for non-admission was related to the passport.

MR. CHOW: Sir, will the Administration inform this Council whether in countries which accept the BN(O) passport, holders of it will, after 1997, enjoy British consular protection and service as stated in paragraph 4 of the British Memorandum annexed to the Sino-British Joint Declaration?

SECRETARY FOR SECURITY: Yes, Sir, after 1997, as I understand it, the BN(O) passport will provide British consular protection.

MR. POON CHI-FAI (in Cantonese): Sir, the BN(O) passport has been introduced for nearly two years. Has the Government conducted comprehensive review on its effectiveness? And has the Government received any complaints from the holders concerning unnecessary inconveniences caused when using the passport?

SECRETARY FOR SECURITY: Sir, we keep a very close eye on the BN(O) passport in many respects both in the numbers of applications made for it and the proportion of people in relation to the BDTC passports who apply for new passports. And, as I have said this afternoon, there have been no cases where the use of the BN(O) passport has caused any difficulty, relating to the passport itself, in admission to another territory.

MR. BARROW: Sir, could the Secretary inform this Council as to the rate of issue of new passports per month to those entitled to them through the naturalization process, and the ratio between BDTC and BN(O) passports?

SECRETARY FOR SECURITY: Yes, Sir, I have these figures. Since the introduction of the BN(O) passport on 1 July 1987 and up to 31 December 1989, 100 916 applications for BN(O) passports have been received, representing 16% of the total number of passport applications. There has been a notable increase in the number of BN(O) passport applications in 1989: 52 074 applications compared with 30 836 applications in 1988. The percentage of BN(O) passport applications in 1989 was 15%, Sir, compared with 85% for BDTC passports.

MR. MARTIN LEE: Sir, does the Administration have any view as to why the Hong Kong people are so reluctant to apply for BN(O) passports in spite of the pushes on the part of the Hong Kong Government that they should apply for them and not the BDTC passports?

HIS EXCELLENCY THE PRESIDENT: That, Mr. LEE, comes into the category of a matter of opinion, which is not a suitable subject for a question.

Membership of Trade Advisory Board and Industry Development Board

2. MR. MCGREGOR asked: In the light of the successful application of the principle of nominated representation to the membership of the Labour Advisory Board, will Government inform this Council whether it will consider inviting nominated representatives from the major industrial and commercial organizations, in particular the four organizations that are represented on this Council, to sit on the Trade Advisory Board and Industry Development Board?

FINANCIAL SECRETARY: Sir, as a general rule, non-official members to government boards and committees are appointed on an ad personam basis. Where appropriate, representatives nominated by relevant organizations are also appointed. The present arrangement is designed to ensure that the Administration receives the most knowledgeable advice.

The membership of advisory boards and committees is reviewed periodically to ensure that each board or committee functions in the most effective manner. In this respect, the composition of the Trade Advisory Board will be reviewed in the usual way when the current term of its members expires in the middle of this year.

As regards the Industry Development Board, I informed Members of this Council last November of our aim to make more effective use of this Board. The membership of the Board has recently been reorganized and so far we have had one meeting of the reconstituted Board.

Sir, of course, we recognize the importance of the principal industrial and commercial organizations, and when major policy initiatives are being taken, their

views are sought and taken into account.

MR. MCGREGOR: Sir, I have two further questions. If I fail with the first I might succeed with the second. Could I take them one after another?

HIS EXCELLENCY THE PRESIDENT: One question now.

MR. MCGREGOR: Thank you, Sir. Is the Financial Secretary aware that the Hong Kong General Chamber of Commerce has over 700 industrial members and that the Chamber's Industrial Affairs Committee has a long record of constructive contribution to the development of Hong Kong's industry and industrial infrastructure? If so, should this not be taken into account when considering membership of the Industry Development Board?

FINANCIAL SECRETARY: Yes, Sir, I am aware of the very considerable industrial membership of the Hong Kong General Chamber of Commerce and of the very significant contribution that it has made to the development of our industrial policy over the years. The problem that I faced in recommending the reorganization of the Industry Development Board was simply this: that the Board had become somewhat over-heavy with membership and it was a matter of making some quite painful decisions as to which members should be removed. We did discuss the matter with the various chairmen of the associations that were removed from the Board.

HIS EXCELLENCY THE PRESIDENT: Mr. MCGREGOR, I assume you have a second supplementary up your sleeve?

MR. MCGREGOR: Yes, Sir. If I may say so, the making of this decision means that organizations have been eliminated at the expense of individual members. Sir, would the Financial Secretary consider that in order to improve the quality and depth of the advice given by members of the Trade Advisory Board and Industry Development Board, he should arrange for copies of agenda, papers and minutes issued to these Boards to be sent directly to the chief executives of the main trade and industrial

organizations in time to allow their specialist committees to consider the issues involved, and to provide their advice through appropriate members of the Board, or directly to the Secretariat of the Board?

FINANCIAL SECRETARY: No, Sir, I do not think I could operate the Board on that basis. We certainly do explain to members of the Board that if they wish to obtain the views from their various associations or bodies, there is really no objection to their supplying copies of the papers to the secretaries or to the committees of those associations, unless there is some question of confidentiality arising. I think the danger of getting direct views from the various associations is simply this: what we are looking for, particularly in the Industry Development Board, is an exchange of views strongly and personally held. I think the Industry Development Board functions better in that way.

Legionnaires' Disease

3. MR. PAUL CHENG asked: In the light of recent reports on the potential danger of Legionnaires' Disease breaking out in the territory at any time, along with reports that Legionella bacteria were discovered in the water cooling systems of public buildings, will the Government inform this Council of measures it has taken to prevent an outbreak of the disease in Hong Kong?

SECRETARY FOR HEALTH AND WELFARE: Sir, Legionnaires' Disease is caused by the bacterium Legionella Pneumophila, and produces pneumonia-type symptoms. It is a water-based organism, surviving best in warm, wet conditions with abundant simple organic life and inorganic substances for nutrition. It infects people through inhalation, typically by breathing in aerosols, or fine water spray, disseminated from water cooling towers. While fresh water cooling towers are the identified source in most overseas outbreaks, they are not commonly employed in Hong Kong because of the restrictions imposed by the Water Supplies Department on grounds of conservation. For this reason, a major outbreak of the disease in Hong Kong is not considered to be very likely.

A committee was formed in 1985 with membership drawn from within Government and the universities in order to recommend how to prevent an outbreak of the disease in

government hospitals. It concluded in 1987 that the disease could be prevented by the proper design of cooling towers and ventilation systems, coupled with the proper operation and maintenance of these systems. These recommendations have been applied to government hospitals, and circulated to subvented and private hospitals. A technical circular is being prepared which will extend the recommendations to all government buildings and subvented institutions.

The committee reconvened last year to consider how to implement these recommendations territory-wide. It will assess the extent of the problem, and decide on the need for legislation and codes of practice to ensure the proper design, operation and maintenance of water cooling and ventilation systems.

MR. PAUL CHENG: Sir, in using the uncommon employment of fresh water cooling systems as its premise that an outbreak is unlikely, would Government explain what consideration it has given to the fact that this disease appears as an epidemic, usually from a single source, and the fatality rate can go up as high as 30%? Should Government assess whether or not a number of warning measures are likely to deter an outbreak in Hong Kong, particularly when Mr. REMMINGTON, the Director General of the Health and Safety Executive in the United Kingdom, recently told a conference in London that outbreaks in the United Kingdom have continued to occur despite warnings?

SECRETARY FOR HEALTH AND WELFARE: Sir, it is a very long question. Perhaps I should start by describing the cases known to have occurred in Hong Kong. There have been three reported cases of Legionnaires' Disease in 1982, 1988 and 1989. Of these, only one case yielded initial positive culture, but it could not be confirmed subsequently by sub-culture as the culture had died. The other two cases were suggested by serology, but this diagnosis could not be substantiated by culture. In these cases, the one patient who died did so from an unrelated cause. Four suspected cases are currently being investigated and further laboratory tests are necessary before Legionnaires' Disease can be confirmed. Although I think a little knowledge is a dangerous thing and I prefer a proper description of the disease to come from doctors, I believe that Legionnaires' Disease is a specific type of illness which could contribute to form part of a "sick building syndrome". Sick building syndrome encompasses a long list of symptoms reported by building occupants and office workers, which include sore eyes, dry throat, nose irritation, coughs, itching, nausea, headaches, and fatigue. If one has these symptoms it does not necessarily mean one

has Legionnaires' Disease. Poor indoor air quality and quantity has been identified as the single greatest contributor to sick building syndrome. In very simplistic terms, although the bacteria may be described as easily found if one looks for it, yet even if one catches it, one finds that it presents very little risk and certainly not to the proportion of epidemic as is sometimes described. Because the root of infection of Legionnaires' Disease is through inhalation of the bacteria in aerosol form into the lungs, no person to person spread of infection has ever been reported. The degree of risk can generally be assessed by four major influences -- first, the source of bacteria which are commonly found in all types of water systems, except salt water and well-chlorinated domestic cold water; the right temperature -- ranging between 20 and 50 Celsius; a system of distribution most suitable to the spread of that disease, which is in contaminated water, which of course presents risks; the dissemination of aerosol which is determined by availability of effective drift eliminators. And one also needs to breathe in a quantity of bacteria to make it possible to catch it. And also individuals must be susceptible to the bacteria. Statistics have indicated that the susceptibility will increase with a number of factors -- persons above 50 years of age are more vulnerable, and males are three times more likely to be affected than females. And similarly Caucasians are more likely to be affected than non-Caucasians. Illness which inhibits the body's natural defences naturally increases vulnerability. In simple English, Sir, (laughter) there is no cause for alarm. The disease is rare, and rarely fatal.

DR. LEONG: Sir, I do not intend to start a medical debate in this Council. It appears that the culprit in Legionnaires' Disease is water cooling towers, and I am glad to hear that the Administration is confident that an outbreak would be most unlikely. In this context I would like to ask two questions. First, are water cooling towers licensed in Hong Kong? Second, is the Administration aware of the fact that as late as September 1989 there was a study and a report made by the Department of Bacteriology of the University of Hong Kong that in sampling 15 water cooling towers in Hong Kong Legionella bacterium was found in 12 of them?

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir, I should say that first of all one of the conditions which encourages the breeding of the bacterium would be under fresh water conditions. Fresh water cooling systems are not common in Hong Kong, because to conserve fresh water resources the Director of Water Supplies has only approved the use of mains fresh water in evaporative type cooling plants for, I believe, some

producing industries and in a few very exceptional cases. In the government sector, it is known to us that fresh water cooling systems are employed in the Prince of Wales Hospital and the Shatin Town Hall. The Electrical and Mechanical Services Department is now conducting a complete survey of all government buildings. The feasibility of a similar exercise in the private sector will be considered by the Prevention of Legionnaires' Disease Committee.

MR. PAUL CHENG: Sir, will the Government (a) confirm and acknowledge that over 30 people died in one single incident in an hotel in Philadelphia during a conference, and (b) advise whether it knows about a certain microbiologist at Hong Kong University conducting an on-going study the preliminary findings of which have indicated the presence of Legionella bacteria in six out of seven hotels and four out of six commercial buildings sampled?

HIS EXCELLENCY THE PRESIDENT: Mr. CHENG, those were two rather unrelated questions. Could I just use this opportunity to appeal to Members to put simple supplementaries. And I think it would be fair to say that answers should also be as simple as possible.

SECRETARY FOR HEALTH AND WELFARE: Sir, I am aware that there was a case in Philadelphia where 29 people died mysteriously. Indeed, the name of the disease is derived from the 1976 American Legion Convention where a number of old veterans were suffering from flu-like symptoms. Since the outbreak, the first worst one in America and the next worst one in Britain in the Stratford District Hospital in 1985, a multi-departmental committee was set up in Hong Kong in 1985 to consider the prevention of this disease.

Yes, I am indeed aware of the professor's on-going study. In fact, it is very regularly reported in the papers in Hong Kong. We are awaiting the results of the study and the outcome of the deliberations of various researches being undertaken, but, as I said in my main reply, there is no cause for alarm.

MRS. CHOW: Sir, the fact that the recommendations of the committee in 1985 have been adopted must mean that some preventive measures are necessary at least for the inhabitants of government and public buildings. As so many buildings in the private

sector, particularly new ones, with air cooling systems may be affected, can preventive measures such as monitoring of bacteria content in air-cooled buildings at regular intervals be encouraged, at least through public education if not through legislation?

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir, the approach so far has been very low-key. Apart from issuing guidelines and technical circulars, most publicity has been in the form of speeches and papers presented at conferences and seminars. This approach tends to focus on those professionals best placed to mitigate the risks of Legionnaires' Disease. There is little that members of the general public will be able to do to control this disease. So publicity will continue to be concentrated on specific groups of people. Secondly, in respect of the recommendations as devised by the working party, the recommendations are in fact in four areas. The operation and maintenance aspects of the recommendations were distributed to all Electrical and Mechanical Services Department personnel of existing government hospitals, and have been complied with, except for installations of some mixing valves. And thirdly, the design aspects of the recommendations were also circulated to the design staff of government buildings and have been complied with already except that the search for suitable valve materials that do not support the growth of Legionella is still an on-going exercise. There are also a number of areas, including the few fresh water cooling towers in government buildings, which have been treated with recommended chemicals and monitored. As regards the private sector, I cannot say for certain because the need for codes of practice is still being assessed by the relevant government departments.

DR. LEONG: Sir, with respect, I do not think the Secretary has answered my question. I would like to make it very simple. The first part of my question is: are water towers, which are obviously the cause of the trouble, licensed in Hong Kong? And the second part of my question is: in view of the fact that in 15 water towers sampled in Hong Kong bacteria were found in 12 of them, is Government alarmed, or at least concerned?

SECRETARY FOR HEALTH AND WELFARE: As regards the first part of the question, I will refer it to my professional colleagues in the department as to whether the water towers are properly designed or licensed. As to the second part, I will refer to my earlier

reply. That is to say the route of infection of Legionnaires' Disease is through a number of factors and the degree of risk can generally be assessed by four major influences. So the existence of the bacteria which could be described as ubiquitous -- if one looks for it one will probably find it -- is no cause for concern, because even if one catches it, as my doctor friend can well advise him, it presents little or no risk to human life in most situations.

HIS EXCELLENCY THE PRESIDENT: Secretary for Planning, Environment and Lands, perhaps you can help on the first part of that.

SECRETARY FOR PLANNING ENVIRONMENT AND LANDS: Sir, there is no provision for the licensing of water towers as such. They, of course, have to be designed in accordance with the Buildings Ordinance. There are provisions in the Public Health and Municipal Services Ordinance regarding their upkeep. And of course the question of supply of fresh water for use in cooling systems is also controlled under the Waterworks Ordinance which also provides for some measures regarding the maintenance of internal water systems in buildings.

MR. PAUL CHENG: Sir, the Secretary referred to a technical circular containing recommendations for proper operation and maintenance of cooling towers and ventilation systems. Will she please elaborate on the projected timetable for communicating these recommendations territory-wide and for the subsequent committee's report on the need for codes of practice?

SECRETARY FOR HEALTH AND WELFARE: I will refer this question to the relevant government department. But as I understand it, the committee met last year, and some of the proposals are still being considered and will be finalized towards the middle of this year. Whether they will progress further to some consultant studies and whether they will issue codes of practice will be a matter for their assessment.

MR. MARTIN LEE: Sir, is the Secretary for Health and Welfare satisfied with the safety of the water cooling system of this building, because although she seems to be complacent about it I am more concerned about my honourable Caucasian male

colleagues over the age of 50?

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir, I think I am perfectly satisfied that there is no risk involved in this building, nor indeed in another building where senior officers occupy and that is the Government Secretariat where a study was conducted and no cause for worry was found at that time.

MR. MCGREGOR: Sir, my question has been partly answered. Since I seem to qualify as one of these Caucasians, could I ask whether this building has fresh water or salt water in the air cooling system?

HIS EXCELLENCY THE PRESIDENT: I am not sure whether the Secretary for Health and Welfare can specifically answer that question, but will she try?

SECRETARY FOR HEALTH AND WELFARE: No, Sir, I cannot answer that question on the actual quality of the water.

Question 4 withdrawn

Civil service pension scheme

5. MR. PETER WONG asked: Will Government inform this Council of the long-term cost of the civil service pension scheme as a percentage of basic salary, compared with the cost of the typical retirement benefit scheme in the private sector, and whether professional actuarial advice has been taken on the value of the civil service pension scheme?

CHIEF SECRETARY: Sir, in 1986 the United Kingdom Government Actuary's Department was commissioned to assess our future civil service pension liability in the course of our examination of the proposed new pension scheme. The assessment has recently been updated by the Treasury which shows that the average pension on-cost for staff on the Directorate and Master Pay Scales on the new pension scheme is about 25% of salary.

Pension on-cost is the notional amount which needs to be set aside to meet future pension liabilities in respect of a particular officer.

A diversity of superannuation schemes and provident funds are currently in operation in the private sector. Of the total number of employees covered by the authorized schemes, about half of them are required to contribute towards the funding. As far as I know, the schemes operated by major corporations and public utility companies are mostly non-contributory. The average employers' contributions range from 5% to 15% of salary and the employers are normally obliged to make up for any deficiency of the pension funds.

It is difficult to make comparisons between schemes in the private sector and public sector. Most provident funds operated by private sector companies provide a highly flexible system allowing employees to withdraw their benefit and move to other firms several times during their career. In contrast, the government pension scheme generally makes benefits available only at the end of the officer's career.

MR. PETER WONG: Sir, what is the pension on-cost that should be set aside to meet future pension liability, and also when expressed as a percentage of the total salary cost? It is now over three years since the last actuarial valuation of the Government's scheme, and in view of recent large salary increases, should there be a comprehensive review now?

CHIEF SECRETARY: Sir, the amount of money required to fund Government pensions in the period up to 1997 has been estimated by the United Kingdom Government Actuary's Department as somewhere in the region of \$120 billion. Clearly this is a very large sum, a sum which we do not believe could reasonably be set aside to fund the pensions on a full basis. We are, however, Sir, aware that there is concern amongst the Civil Service about security of pensions, and we are looking at a number of proposals in that respect. On the question as to what percentage of recurrent expenditure is now spent on pensions, the figure I have is 4% per annum of recurrent expenditure, which represents a figure for 1989-90 of \$1,977 million.

MR. DAVID CHEUNG: Sir, does the Chief Secretary not consider that the 25% on-cost for the Civil Service is rather generous when compared with the 5% to 15% in the other

sector, after taking into account the fact that civil servants enjoy high job security while appointees in other sectors could lose their jobs much more easily?

CHIEF SECRETARY: Sir, I think in making judgments about the cost of civil service pensions, one has to compare the costs with the flexibility that is provided by other types of scheme. Clearly, if there is a higher degree of flexibility in the provident schemes, then the benefit is one of flexibility as well as the amount received, whereas the benefits accrued under a pension scheme can only be received at the end of a long career; it is part of the pension scheme's purpose to hold and provide continuity in the service and to maintain people in the service for long periods of time. And that is offset against the flexibility which is in the private sector.

MR. ARCULLI: Will the Chief Secretary please elaborate on the pension on-cost percentage for various bands on the Directorate and Master Pay Scales, and comment on the discrepancy, if any, between the various bands?

CHIEF SECRETARY: Sir, I do not have that detail with me. I will try to provide an answer in writing to Mr. ARCULLI. (Annex II)

MR. MCGREGOR: Sir, will the Government encourage the development of the private sector provident fund scheme set up by principal banks in Hong Kong in order to bring about the participation by the 1.5 million workers who are employed by companies too small to set up their own provident fund schemes?

CHIEF SECRETARY: Sir, that is somewhat outside the scope of the original question, but I do know that the Secretary for Monetary Affairs is still working on the question of improving and encouraging the number of people who should invest in provident schemes in the private sector.

MR. PETER WONG: Sir, in answering that the accrued liability is \$120 billion, the Chief Secretary did not make it clear whether this is based on the 1986 actuarial valuation as updated, or whether it is a new valuation. Could he clarify?

CHIEF SECRETARY: Sir, it is the Government actuary's assessment when the new pension scheme was being considered in 1987.

Fanling Hospital

6. MR. CHEUNG YAN-LUNG asked (in Cantonese): Given that the population of the North District has been increasing rapidly, will Government inform this Council what steps it has taken and what plans it has to ensure that adequate medical services are provided to residents in this district at the Fanling Hospital?

SECRETARY FOR HEALTH AND WELFARE: Sir, in order to meet the needs of the expanding population of the North District, the facilities at Fanling Hospital have been upgraded in recent years to provide hospital services comparable to a district hospital.

Fanling Hospital has 98 beds supported by a 24-hour accident and emergency service. Other facilities include an operating theatre, X-ray, pathology, dispensary and physiotherapy. General out-patient and family health services are also provided at the hospital.

To cater for further population growth, plans are in hand to build a 1 260-bed hospital in Area 34 of Fanling/Sheung Shui District. This will be a fully-fledged general acute hospital with a comprehensive range of services supported by a specialist out-patient clinic. The target completion date is 1999.

Planning for medical and health services has followed the principle of regionalization. There are five new hospital projects planned for the east New Territories region over the next 10 years, two of which should be completed later this year. Together these projects should provide a total of 3 900 additional hospital beds, increasing the present level of provision by more than three-fold.

MR. CHEUNG YAN-LUNG (in Cantonese): Sir, according to relevant information, though there are 98 beds in the Fanling Hospital of the North District, 66 of them are reserved for the convalescent patients of the Shatin Prince of Wales Hospital while a portion of the remaining 32 beds are occupied by geriatric patients. There are only seven

doctors, including the Medical Superintendent, working in the hospital. Taking six working days per week and eight hours per working day into account, seven doctors can altogether work 336 hours. The Fanling Hospital provides a 24-hour accident and emergency service which means that doctors are required to be on duty for 168 hours per week. Therefore, there can be only two doctors on duty every hour. As far as I know, there are normally two Medical Officers on duty in every accident and emergency department. In these circumstances, how can there be doctors looking after the other departments, such as the pediatric, surgery, medicine and out-patient departments; and does the Government have any plan to increase the number of doctors in the Fanling Hospital, so as to cope with the increasing workload brought about by the growing population in the district?

SECRETARY FOR HEALTH AND WELFARE: Sir, it is true to say that in fact the number of beds in Fanling and in the North District is not comparable to the number of beds elsewhere. Indeed the bed to population ratios in different administrative regions are different. As currently stated, the bed ratio for the northeast New Territories, which is North, Tai Po, Sha Tin, Sai Kung included as one administrative region, is 2.15 as compared with bed to population ratio generally in Hong Kong of 4.42. But the government plan for hospitals is based on its medical facilities on a regional basis so as to ensure equity in the distribution of health care resources together with comparable availability and accessibility of these facilities amongst different regions. Administratively, the regional boundary does not bar patients from utilizing medical facilities in other regions, especially for certain more expensive and highly technological facilities. As regards the question on the accident and emergency provision for the North District, there is at present no plan to further expand the Fanling Hospital in the short term.

DR. LEONG: Sir, the plan to provide adequate care for the North District of the New Territories should be applauded, but in this context would the Administration tell this Council what plans, if any, it has, faced as it is with a brain drain problem, to attempt to staff these and other similar new medical projects in the future?

SECRETARY FOR HEALTH AND WELFARE: Sir, I think this question, which is a very interesting and important question, has strayed from the question asked by Mr. CHEUNG. I would need notice to answer it.

DR. LEONG: Sir, the Secretary stated in the last paragraph of her main reply that there are plans to develop five new hospitals in the east New Territories region in the next 10 years, which again should be applauded. I would have imagined that the reason for doing this was to keep up with the projected population growth in the New Territories area. But according to a government report, there will be a decrease in population in the Kowloon area, and a minimum growth in Hong Kong area. Does the Administration have any plans to utilize the possible over-supply of hospital beds in these areas, that is to say, Kowloon and Hong Kong, in the future when the population is redistributed?

SECRETARY FOR HEALTH AND WELFARE: If we are talking about an over-supply of beds, I am sure the Director of Hospital Services will consider if there is a need for subsequent adjustment. As currently projected, there is no undue over-supply of anticipated bed/population ratio in the Kowloon region, even by the end of 1998.

MR. CHOW (in Cantonese): Sir, the average government bed-to-population ratio in the whole territory at present stands at 3.7 per 1 000 persons while the ratio in the New Territories East Region is only 2.09. However, the population of the North District has already reached 150 000 by the end of 1988 with only 198 beds, making an average of 0.6 bed which is far below the above levels. Will the Government inform this Council what measures it will take in the period between 1990 and 1999 to alleviate the severe insufficiency in medical services in the North District, without laying the burden on the already heavily-laden Prince of Wales Hospital in Sha Tin?

SECRETARY FOR HEALTH AND WELFARE: Sir, between now and 1999 there will be an increase of some 3 918 beds in the New Territories East Region, which includes the North District. These are the Shatin Cheshire Home which will be providing 296 beds this year, Shatin Infirmary and Convalescent Hospital which is also due for completion this year, adding to the pool of 700 beds. Then in 1995 there will be the Nethersole Tai Po Hospital with 642 beds and the Tai Po Infirmary by 1995 with 1 020 beds. Of course, as I mentioned in my main reply, there will be the North District Hospital which will be completed by 1999 with 1 260 beds, adding 3 918 to the current 1 766 beds. We consider that to be sufficient to meet the anticipated need by that time.

MR. ANDREW WONG (in Cantonese): Sir, originally I wanted to ask about the categorization of the 3 900 government hospital beds. But it seems that the question would no longer be meaningful as the Secretary has already given us details of the projects. I understand that the two projects that are due to be completed soon will basically provide convalescent beds, and also there will subsequently be a considerable number of beds for convalescence purpose. However, there will not be any increase in general hospital beds until 1995 when Nethersole Hospital moves into Tai Po with an addition of 640 beds. Given the particularly low bed-to-population ratio in the New Territories East Region, is that the right way to go about it as far as target timing of the projects are concerned?

SECRETARY FOR HEALTH AND WELFARE: Sir, I would like to give a very simple answer to the question asked by Mr. WONG. Hospitals do not spring up overnight. We need to plan ahead. The lead time for planning is at least five years. We have planned as far ahead as 1999, and the planning started many years ago. We are looking forward to future improvements in hospital building and planning when the overall hospital management is improved. At the present moment I do not think I have any other answer as regards additional hospital requirements for the New Territories North District.

MR. PETER WONG: Sir, there seems to be a thinking that one can cure all health problems by building more hospital beds. Could I ask what the plans are for clinics and primary health care in that region?

SECRETARY FOR HEALTH AND WELFARE: The current position is that the existing population in the North District is about 160 000 and of course the population forecast up to 1994 is 208 000 and up to 1998 it will be 219 000. The current clinics provided by the Department of Health consist of the Shek Woo Hui Jockey Club Clinic, the Ho Tung Dispensary, the Sha Tau Kok Clinic, one travelling dispensary, one floating clinic, and one helicopter medical service. They cover the primary health care and the out-patient clinic services provided for the North District. The existing clinic services are currently considered to be adequate to cope with the needs of the existing population. Of course, I do admit that the situation will have to be carefully and continuously monitored. I think Members will be interested to know that there is

a working party on primary health care currently examining the delivery of primary health care service in Hong Kong. I hope the recommendations will be forthcoming by the end of this year and from that report we may look forward to the future development of primary health care services and out-patient clinic services, particularly in the regions mentioned.

MR. CHEUNG YAN-LUNG (in Cantonese): Sir, as the Fanling Hospital does not have sufficient staff and facilities, a number of patients have to be referred to the regional hospital in Sha Tin for further treatment. In view of the fact that it takes one hour for a return journey between Fanling and Sha Tin, could I ask whether the Fanling Hospital has enough ambulances to take patients to and from these two hospitals, and whether the accident and emergency service in that region is affected by the shortage of ambulances?

SECRETARY FOR HEALTH AND WELFARE: The 24-hour accident and emergency treatment facilities currently available in Fanling Hospital, Tai Po Jockey Club Clinic and Prince of Wales Hospital in Sha Tin are part of the network of the accident and emergency care. The average daily attendance at these three centres for accident and emergency services are 60 for Tai Po Jockey Club Clinic and 400 for Prince of Wales Hospital, and 120 for Fanling Hospital. The distance between Fanling Hospital and Prince of Wales Hospital is 20 km, with evacuation time by ambulance in the order of 20 minutes. The distance between Tai Po Jockey Club Clinic and Prince of Wales Hospital is 8 km with evacuation time of 10 minutes. I am not aware, Sir, of any shortage of facilities or staff in providing suitable care for patients in need.

MR. EDWARD HO: Sir, in view of the shortage of hospital beds in some parts of the New Territories for some time, will Government encourage the construction of private hospitals such as by the provision of building sites at a low premium?

SECRETARY FOR HEALTH AND WELFARE: This is a very important matter which I need to consider in depth, Sir.

MR. ANDREW WONG (in Cantonese): The North District Hospital was originally scheduled

to be completed in 1996, but now I learn that the completion date is 1999. Could I ask whether such delays are not infrequent in hospital construction programmes, and whether the Nethersole Hospital the authorities have undertaken to build will be completed by 1995 and the North District Hospital by 1999?

SECRETARY FOR HEALTH AND WELFARE: I shall make it my duty, Sir, to ensure progress and proper completion of these hospitals within the target time specified, although in buildings of such nature it is always possible that there may be slippages due to various reasons beyond my control. But I will make sure that the right department pays attention to this aspect.

Release Under Supervision Scheme

7. DR. TSE asked: Will the Administration inform this Council how many prisoners have benefitted from the Release Under Supervision Scheme since its inception in 1988 and whether the Administration is satisfied that the rehabilitative objective of the scheme have been achieved?

SECRETARY FOR SECURITY: Sir, from the start of the Release Under Supervision Scheme in 1988 up to the end of January 1990, there have been 43 successful applications. Of these, 10 were under the Release Under Supervision Scheme, under section 7(1) of the Ordinance, and 33 were under the Pre-release Employment Scheme, under section 7(2).

Two important measures of the success of a penal system are the extents to which it reduces recidivism and enables a former prisoner to reintegrate himself in the community. The two schemes under the Prisoners (Release Under Supervision) Ordinance provide an opportunity for prisoners to be released into the community when they are most likely to be able to re-establish themselves without reverting to crime. The schemes provide one of the best means of helping the prisoners to adjust from a highly disciplined prison environment to the freedom of living normally in the community. The aim is that they should be in a better position to lead a law-abiding life.

Of the 10 successful applicants under the Release Under Supervision Scheme, one has completed one year of supervision and eight have been under supervision for

periods of eight to 10 months. The remaining one has just been released. All 10 are living with their families. Nine have taken up employment and the one who has just been released is now on a six-month training course. No signs of transgression or retrogression have yet been detected and their overall responses towards guidance, supervision and counselling has been constructive and positive.

Of the 33 successful applicants under the Pre-release Employment Scheme, 32 have been released and one will be released shortly. All 32 have taken up employment. Twenty-eight have completed supervision after their stay in the half-way house and are now living with immediate family members. Here again there have been no signs of transgression or retrogression and their responses towards supervision and counselling have generally been favourable, receptive and positive.

The results so far are satisfactory and although the two schemes are in their early stages, it can be concluded that their rehabilitation objectives under the Prisoners (Release under Supervision) Ordinance are being achieved.

DR. TSE: Sir, I am very pleased that the objectives of the two schemes have been achieved so successfully. But since there have been only 43 successful applicants in about two years, would the Secretary for Security please inform this Council whether the small number was due to the lack of interest on the part of the eligible prisoners, or because of the strict criteria and rigorous screening process on behalf of the Release Under Supervision Board?

SECRETARY FOR SECURITY: Sir, I think it is due to two or three factors. One is that the two schemes are in their early stages. Secondly, because of that, and despite the efforts by the Correctional Services Department to bring these schemes to the attention of all inmates of all institutions, I think it is in the nature of schemes of this sort that they do take some time to pick up speed. Nevertheless 572 prisoners have applied for these schemes, which leads on to the second matter which Dr. TSE mentioned, namely, that of whether too rigorous procedures are being applied in the consideration of the applications. There are a great many factors which are applied during the consideration of these applications by the Board. I would not like at this stage to say whether they are too rigorous or not, but they are extensive and they are very carefully applied because it is important in the initial stages for the scheme to proceed and to get under way. We keep a very close watch on the numbers

which are coming forward; at the moment only 4.6% of applications are successful for the first scheme and 9.3% for the second scheme. As I say, we are keeping these under close watch, and we shall be looking hard at the factors which the Board applies and the way in which it applies them if we feel that the scheme is proving a little bit too rigorous to achieve its full objects in the long run.

MR. BARROW: Sir, does the Secretary think that if additional manpower resources were allocated to this task we could see a substantial increase in the number of successful applications?

SECRETARY FOR SECURITY: No, Sir, this is nothing to do with the manpower or the Secretariat which is supporting the Board. It relates solely to the factors which I have discussed in relation to Dr. TSE's supplementary question.

MRS. LAU: Can the Secretary inform this Council what steps are actually being taken to publicize the benefits of this Ordinance to the eligible prisoners, and what practical assistance is given to these prisoners so that they would know when and how to apply?

SECRETARY FOR SECURITY: Sir, the inmates of the prisons, as I have said, are informed of the existence of these two schemes and of the results arising from them. I am not sure entirely of the frequency with which people are told of this, but it is extensive. It covers all the inmates of all the institutions and I would be perfectly happy to try to find out the actual frequency with which people are informed of this and to inform Mrs. LAU in writing. (Annex III)

MR. PETER WONG: Can the Secretary give a breakdown of the various crimes the successful applicants have gone inside for?

SECRETARY FOR SECURITY: Sir, I could, at some length this afternoon, go through the various crimes, but I think it would be the wrong place to do it and it would take a long time. I can say that in general terms the offences covered include robbery,

conspiracy to defraud, possession of dangerous drugs, wounding with intent, false accounting, theft, and so on. They are, as Members will no doubt recall from the time when the Ordinance and the regulations were passed, offences which do not incur life imprisonment.

Labelling of dispensed medicine

8. MR. CHOW asked (in Cantonese): As the names, dosage and application methods of the medicines currently dispensed at the four regional hospitals are specified on the labels attached to their packages, will Government inform this Council whether consideration will be given to making the practice a statutory requirement for adoption in all public and private hospitals and clinics, in order to safeguard the patients' right to know as a consumer and, where patients have wrongly or excessively ingested certain medicine, to facilitate the timely identification of the medicine concerned?

SECRETARY FOR HEALTH AND WELFARE: Sir, the benefits of labelling dispensed medicines are well recognized. The question of whether all dispensed medicines should be made subject to mandatory labelling was first considered by the Pharmacy and Poisons Board in 1987. The Board resolved that having regard to the considerable resource requirements for compliance with statutory labelling by hospitals and clinics in the public sector and the need to provide some flexibility to accommodate circumstances in which there are good reasons for not labelling the drugs dispensed, proper labelling should for the time being be promoted as a voluntary practice. The Board advised that Government should take positive steps to introduce labelling of medicines dispensed at its hospitals and clinics and to educate professionals and members of the public on the benefits of labelling. Professional associations should also encourage their members to practise labelling.

The Board has recently reviewed the progress made in promoting the good practice of labelling in the last two years, and I am pleased to report that very encouraging progress has been made: labelling of dispensed medicines is now being carried out in 11 government and subvented hospitals and six private hospitals and plans are in hand to extend this practice to other government hospitals and clinics when resources permit. Although there is no accurate information on the extent of labelling practised in private clinics, this practice has the support of the professional

associations.

Under these circumstances, Sir, I take the Board's professional advice that education and professional co-operation remains the most practical approach to promote the practice of labelling dispensed medicines. However, the need and appropriateness of introducing mandatory labelling requirements will be kept under review.

MR. CHOW (in Cantonese): Sir, there are statutory labelling requirements for dispensed medicines in some advanced countries such as the United States, Canada, United Kingdom, Australia and even Taiwan, whereas the Pharmacy and Poisons Ordinance (Cap. 138) of Hong Kong merely requires labelling of the name and address of the dispensary. Does Government find this arrangement adequate enough in monitoring dispensers and protecting the life of the public (including each and everyone in this Council)?

SECRETARY FOR HEALTH AND WELFARE: Sir, first of all, let me correct an impression that other countries have compulsory requirements for labelling medicines dispensed. The position, as I understand it, is that labelling of dispensed medicines is practised in some overseas countries, but not many of them have legal requirements compelling labelling. For example, in the United Kingdom, dispensed medicines are not required by law to be labelled with the name of the drug unless the practitioner writes a letter -- please label. In Singapore there is no legal requirement for dispensed medicines to be labelled. However, the Government in Singapore has introduced labelling of dispensed medicines in government dispensaries and clinics and has urged all doctors and pharmacists in the private sector to voluntarily adopt the practice of labelling dispensed medicines. The promotion of labelling of dispensed medicines through education and professional co-operation is something which I think is most suitable for Hong Kong.

DR. LEONG: Sir, while it is obviously useful to have dispensed medicines labelled, will the Administration inform this Council what action, if any, it will take to ensure that drugs and medicines that need prescription to be sold by law are not easily and illegally obtained freely across the counter, which is widely practised in Hong Kong at this point in time, and thus making a mockery of the law and endangering the public?

HIS EXCELLENCY THE PRESIDENT: That sounds rather different from the first line of questioning, Dr. LEONG. Could you put it down as a separate question?

MR. POON CHI-FAI (in Cantonese): Sir, given that the first paragraph of the main reply has stated explicitly the undoubted benefits of labelling all dispensed medicines, and that the Pharmacy and Poisons Board has also recommended that positive actions be taken by Government to introduce this measure in government hospitals and clinics, could the Administration inform this Council when and under what circumstances the Administration will give serious consideration to promoting this policy by legislative means so as to extend it to all hospitals and clinics in Hong Kong?

SECRETARY FOR HEALTH AND WELFARE: I think as a first step, Sir, it is recognized that the Government, the professionals, and the public should all be involved in the process to achieve the objective of labelling dispensed medicines. The Government will take the necessary steps to promote the practice of labelling and I look forward to receiving suggestions from the Pharmacy and Poisons Board and the professional associations in this respect. And also in this respect, Sir, I am contemplating taking the initiative of issuing a letter to doctors and pharmacists in the private sector through their respective professional associations to urge them to adopt the practice of labelling dispensed medicines.

MR. EDWARD HO: Sir, is Government aware that of all the cases admitted to the Prince of Wales Hospital for drug over-dosage, some 63% were due to unlabelled drugs, which surely delayed suitable treatment? Would the Secretary advise whether there are compelling grounds for mandatory labelling?

SECRETARY FOR HEALTH AND WELFARE: I need to investigate the validity of the statistics advanced. Until I do so, Sir, I do not wish to enter into any other commitment by the Government towards compulsory labelling.

MR. MARTIN LEE: Sir, how long will it take before all hospitals and clinics and

private practitioners in Hong Kong will adopt the practice of labelling medicines dispensed to their patients if left on their own?

SECRETARY FOR HEALTH AND WELFARE: I think, Sir, this question is related to resource implications. In the government hospitals and clinics, where a large number of patients are treated every day, additional dispensing staff would have to be provided to cope with additional workload to label the drugs. If drug labelling is to be done with the aid of computers, as is the case in our four regional hospitals, then there will be a considerable capital cost requirement. According to our estimates, the department concerned would require a capital cost of \$10 million, and a staff complement of one pharmacist, 71 senior dispensers, three computer operators, and two clerical officers to extend labelling of dispensed medicines, which is now practised in the four regional hospitals and the Li Ka Shing Specialist Clinic, to all other government hospitals and specialist clinics. In the case of the Department of Health, which has recently completed an exercise to ascertain the staff requirements for introducing labelling in the general out-patient clinics, five additional dispensers would be required to implement the practice as a first step in four of the larger clinics. In the private sector, Sir, the resources required would depend on the existing workload. However, it is generally believed that a private practitioner should be able to provide labelling without much resource difficulty.

MR. PETER WONG: Sir, can the Secretary identify for us any financial benefits as a result of this labelling exercise?

SECRETARY FOR HEALTH AND WELFARE: I think the labelling exercise is a benefit. Whether the benefit should be interpreted in financial terms or not is quite another matter. In the development of further practice of labelling, I know the Hospital Services Department has plans to extend the practice to all the other government hospitals and specialist clinics within a period of three years. In the case of general out-patient clinics managed by the Department of Health, it is envisaged that a phased programme should be started with a view to the introduction of this practice in four large clinics, again in about three years' time. Much depends upon the availability of resources which includes manpower resources.

MR. CHOW (in Cantonese): Sir, may I put a three-part question?

HIS EXCELLENCY THE PRESIDENT: Very closely interrelated parts, Mr. CHOW, if I am going to allow it.

MR. CHOW (in Cantonese): Yes, they are interrelated. First, I should like to follow up with the Secretary's reference to legislation in overseas countries. It was mentioned in her reply that under certain circumstances when it is felt inappropriate for the patient to know the names of the medicines prescribed (such as patients with psychiatric troubles or cancer), the doctor concerned can delete the medicine names. Will Government toe the statutory line of foreign countries by giving doctors the power to delete medicine names? This measure is in fact better than fooling the public. Secondly, has Government discovered that the number of private clinics practising medicine labelling as a result of mere government encouragement is almost zero? Does Government feel that adopting this policy for the benefit of the public is better than the lack of practical actions other than encouragement by the professional associations concerned? Thirdly, the Secretary's reply mentioned educating the public rather than fooling them. As regards educating the patients, would a lesson on the names of medicines be the most important one?

HIS EXCELLENCY THE PRESIDENT: Not totally closely interrelated, (laughter) but I will ask the Secretary for Health and Welfare to try her best.

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir. I think, if I remember the questions in that order, the first question is whether in pursuing legislation we will ensure that proper labelling is considered in relation not only to the government sector but also the private sector. As I said, on the legislation itself, we have no intention to legislate at the moment. We need to keep this idea under review, and at the moment the Administration feels that persuasion is better than legislation or compulsion. But at the time when we decide that appropriate action should be taken to legislate I will certainly bear Mr. CHOW's suggestion in mind. As regards the action to be taken, I said in answer to another supplementary question that I will write to the professional associations to encourage the private sector to pay heed to the practice of labelling of medicines. I think these actions should be taken

a step at a time. As regards the information which should be provided on the main labelling, I think the main label should include not only the name of the medicine itself, but also the name and the strength of the drug, the directions of use such as the dosage and the frequency of the drug to be taken, the name of the patient, and the date of dispensing. Perhaps an auxiliary label should contain other precautionary statements to provide, for example, certain warning notices for anti-histamines or other drugs which may cause drowsiness or other related illnesses. But the various forms of labelling and the actual content of labelling will, I hope, be the subject of my letter which I will pursue through professional associations.

MR. SIT (in Cantonese): Could the Secretary inform this Council whether Government has any data on cases of death or injury resulting from mistaken administration or over-dosage of medicines due to the lack of appropriate labelling?

SECRETARY FOR HEALTH AND WELFARE: No, Sir.

HIS EXCELLENCY THE PRESIDENT: Dr. LEONG, your "re-labelled" question, please.

DR. LEONG: Sir, I would like to "re-label" my question and make it sound more appropriate. While the medical profession realize the benefits of drug labelling it is unfortunate that in Hong Kong labelling will make it easy for people who know the name of drugs to buy drugs across the counter, in spite of the fact that a lot of drugs are prohibited by law to be dispensed except by prescription. Can the Secretary inform this Council what action will be taken to eradicate this practice which will make a mockery of the law and endanger the public?

HIS EXCELLENCY THE PRESIDENT: A very subtly turned question.

SECRETARY FOR HEALTH AND WELFARE: I do not have an immediate answer to that question which I do not think I even comprehend because the law does indicate that pharmaceutical products other than dispensed medicine are already subject to adequate labelling requirements as laid down in the Pharmacy and Poisons Ordinance.

Provisions contained in the law stipulate the precise labelling requirements to be complied with by manufacturers and by sellers of various types of pharmaceutical products, poisons, prescribed medicines and over-the-counter medicines. If there is a breach of the law as implied by Dr. LEONG, then presumably action should be undertaken by the relevant authorities under the relevant laws to pursue to the ultimate end the offences involved.

MR. ANDREW WONG: The question mentions the patient's right to know. Does the patient really have a right to know? How is that right safeguarded? And if the patient finds that the doctor or clinic refuses to let him know or let her know the name of the medicine, what avenue of complaint is available?

SECRETARY FOR HEALTH AND WELFARE: I have been a patient many times. Based on my personal experience, if one wants to know the name of a drug, one asks for the doctor's advice on the name of the drug. One asks the doctor for the drug name so that one will be satisfied as a consumer that one's rights are satisfied. If a patient gives up that right, then the patient only has himself to blame. If the doctor does not provide the right answer, or the information, then if I were the patient, I would find another doctor whom I respect.

DR. IP: Can Government reassure the public and inform them of their consumer rights that according to the doctor's code of practice, a registered doctor must label the drugs on the request of the patient?

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir, I will follow that advice.

Written answers to questions

Special honorarium to a civil servant

9. MR. POON CHI-FAI asked: In view of the concern and discontent among some civil servants about the enormous sum of a special honorarium amounting to some HK\$120,000 awarded by the Government to a certain officer some time ago, will Government inform this Council:

(1) under what established policy and criteria the officer was awarded the special honorarium;

(2) whether as a matter of fairness, the large number of officers engaged in onerous duties far beyond their prescribed responsibilities as a result of the serious wastage in Civil Service and the difficulties in recruitment would be eligible for the special honoraria as well; and

(3) the annual number of civil servants receiving such honoraria during the past three years, the amounts involved and whether such payments have been approved by the Finance Committee?

CHIEF SECRETARY: Sir, I do not accept the contention contained in the question that the payment of the honorarium referred to caused concern and discontent.

The payment of the honorarium was approved by Finance Committee and is consistent with the long established policy to reward civil servants for performing work at a significantly higher level of responsibility than that normally expected of their substantive ranks.

The case concerned a D2 officer in the former Lands and Works Branch who, throughout the period from 1 April 1988 to 31 August 1989, undertook duties and responsibilities appropriate to a D3 officer. Normally, his post would have been upgraded to D3 and he would have been granted an acting allowance. This was not done, however, because the upgrading would have necessitated a major redelineation of duties and restructuring of the Lands and Works Branch at a time when the organization and responsibilities of the Branch and its group of departments were about to be reviewed.

In the circumstances, the main criterion for payment of acting allowance, namely the existence of a vacant senior post, was not met. In fairness to the officer, however, Finance Committee's approval was sought for payment of a special honorarium (\$122,300) equivalent to the amount of acting allowance which would have been payable had a D3 post been created. Such approval was given on 8 December 1989.

Officers engaged in onerous duties beyond their prescribed responsibilities are eligible for recognition in the form of acting allowance, extraneous duties allowance or honoraria under Civil Service Regulations. Many officers receive such allowances

each year. Annual provisions for the payment of these allowances and honoraria by individual departments are approved by the Legislative Council in the context of the Estimates. Payment in individual cases are approved administratively subject to the relevant conditions being met. Only those cases which cannot be approved administratively are referred to Finance Committee for consideration.

During the three years from 1987 to 1989, the case referred to by Mr. POON is the only one of its nature which could not be dealt with administratively and for which, therefore, Finance Committee's approval was obtained. As I have explained, were it not for the planned reorganization of the Lands and Works Branch, the officer concerned would have been rewarded by more conventional means.

Deployment of police officers

10. MR. POON CHI-FAI asked: In view of the public concern over the problem of crimes in the territory and the possible adverse effects on internal security as a result of the deployment of police officers in connection with Vietnamese refugees/boat people, will Government inform this Council of the number of police officers deployed on beat duties annually in the past three years, the frequency of such beat patrols, and the number of police officers deployed on Vietnamese boat people duties during the same period?

SECRETARY FOR SECURITY: Sir, information as to the number of police officers deployed annually over the past three years on beat duties is not readily available. To provide such data would entail a detailed and labour-intensive analysis of individual duty records in respect of nearly 1 000 beats throughout the territory. However, an approximate current figure of the number of officers deployed for normal beat duties in a period of 24 hours is 2 600.

The frequency of beat patrols is determined on a divisional basis having regard to community policing needs and operational requirements. There is, therefore, no overall standard frequency, which is determined by location and circumstances. However, a recent survey indicates that, on average, every beat is covered more than once during every 24-hour period.

As to the number of police officers deployed on Vietnamese boat people (VBP) duties, dedicated records kept since June 1989 indicate a daily average deployment

of 567 police officers, and 76 members of the Auxiliary Police Force, to camp management, with another 35 police officers assigned to VBP escort duties. This level of deployment accounts respectively for 2.23% and 1.41% of Royal Hong Kong Police Force and Royal Hong Kong Auxiliary Police Force strength.

The overall crime level has remained stable in the last three years. As I noted in this Council on 18 October 1989, there is no indication that the maintenance of law and order in Hong Kong has been adversely affected by the deployment of police officers on VBP detention duties.

Implications of Port and Airport Development Strategy on other development projects

11. MR. TAI asked: In view of the Government's firm commitment to build a new airport and additional port facilities, will the Government inform this Council whether or not this commitment would have adverse implications for development projects and improvement works which fall outside the scope of the Port and Airport Development Strategy?

FINANCIAL SECRETARY: Sir, during the Debate on the Motion of Thanks in November last year, I assured Members that the decision to proceed with the Port and Airport Development Strategy had been made after careful consideration of its full implication on our financial, physical and human resources.

It is true that we shall have to exercise vigorous control over the total public expenditure. We need also to adjust suitably the priorities of other new development projects and improvement projects, and to restrain the allocation of resources to some. In so doing we shall endeavour to ensure that the interests of the community at large are well looked after and that essential services and improvements are not adversely affected.

Pirate computer software

12. MR. PETER WONG asked: Will Government inform this Council whether steps have been taken to eliminate pirate computer software in government establishment?

FINANCIAL SECRETARY: Sir, heads of branches and departments in the Government are

reminded regularly that the possession or use of illegal software infringes copyright laws and is strictly forbidden. The last such circular was issued in April 1989. In addition, clear guidelines and instructions on copyright issues are contained in a user guide which is issued to the microcomputer users in the Government.

First Reading of Bills

INLAND REVENUE (AMENDMENT) BILL 1990

STAMP DUTY (AMENDMENT) BILL 1990

PUBLIC FINANCE (AMENDMENT) BILL 1990

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

Second Reading of Bills

INLAND REVENUE (AMENDMENT) BILL 1990

THE FINANCIAL SECRETARY moved the Second Reading of: "A Bill to amend the Inland Revenue Ordinance."

He said: Sir, I move that the Inland Revenue (Amendment) Bill 1990 be read the Second time. The main purpose of the Bill is to exempt from tax any interest or profit arising from debt instruments issued under the Exchange Fund Ordinance for the account of the Exchange Fund.

In my Budget Speech to this Council on 1 March last year, I announced my intention to develop a programme for the issue of short-term Exchange Fund bills. I explained that this would provide a flexible, low risk and cost-effective way of conducting money market operations. These operations are carried out in order to influence conditions in the interbank market in such a way as to assist in the maintenance of exchange rate stability within the framework of the linked exchange rate system. The buying and selling of government paper is a method of conducting money market operations. It is widely used in other major financial centres.

The bills which I intend to begin issuing will be for the account of the Exchange Fund. The proceeds will not be available to finance public expenditure of fiscal deficits. They will be invested along with other assets of the Exchange Fund and will be available only for those purposes for which the resources of that Fund may properly be used.

The bills will constitute direct, unsecured, unconditional and general obligations of the Hong Kong Government for the account of the Exchange Fund. Normally, they will have a maturity of 91 days, that is, 13 weeks, and will be allotted by competitive tender, which will be held weekly. Bids will be accepted from Recognized Dealers only. The minimum denomination of the bills will be \$500,000 and the total outstanding amount is likely to build up to approximately \$3 billion to \$4 billion by the end of the first 13-week cycle.

In devising this programme, I have had valuable advice from the Exchange Fund Advisory Committee, the Hong Kong Association of Banks, the Hong Kong Deposit-taking Companies Association and the Hong Kong Capital Markets Association. Consultations have also taken place with prospective market participants and with experts from the Bank of England, amongst others.

The existing section 26A of the Inland Revenue Ordinance exempts from tax liability any interest or profit arising from Government Bonds issued under the Loans (Government Bonds) Ordinance. Since the Exchange Fund bills will be issued by Government under the Exchange Fund Ordinance, they will fall outside the terms of the existing exemption provided for Government Bonds. The proposed amendment in clause 2(c) of the Bill serves to exempt from tax any interest or profit arising from Exchange Fund bills.

The exemption of these bills from profits tax and stamp duty serves to lower the yield at which the bills are sold, make the bills more easily marketable and encourage secondary market trading. This would assist in the proper development of this market.

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

Question on the adjournment proposed, put and agreed to.

THE FINANCIAL SECRETARY moved the Second Reading of: "A Bill to amend the Stamp Duty Ordinance."

He said: Sir, I move that the Stamp Duty (Amendment) Bill 1990 be read the Second time. The main purpose of the Bill is to exempt Exchange Fund debt instruments from the imposition of stamp duty.

The reasons for this proposal are similar to those which I have outlined in my earlier speech moving the Second Reading of the Inland Revenue (Amendment) Bill 1990. However, I would like to explain briefly the need for the specific technical amendment proposed in this Bill.

Under the present Stamp Duty Ordinance, stamp duty is chargeable on transactions which amount to the sale or purchase of "stock". The duty is on the contract note. "Stock" as defined in section 2 of the Ordinance excludes "any bill of exchange or promissory note or any certificate of deposit within the meaning of section 2 of the Inland Revenue Ordinance." Because of the paperless form the Exchange Fund bills will take, there is some doubt as to whether they would fall within that exclusion. The proposed amendment serves to remove that doubt and to exempt Exchange Fund debt instruments within the meaning of the Inland Revenue Ordinance from stamp duty.

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

Question on the adjournment proposed, put and agreed to.

PUBLIC FINANCE (AMENDMENT) BILL 1990

THE FINANCIAL SECRETARY moved the Second Reading of: "A Bill to amend the Public Finance Ordinance."

He said: Sir, I move that the Public Finance (Amendment) Bill 1990 be read the Second time.

The Public Finance Ordinance, which provides for the control and management of the public finances of Hong Kong, includes in the definition of "public moneys" any moneys which are accounted for in the books or records of account of the Registrar

General and the Registrar of the Supreme Court. These two officials frequently hold money that, strictly speaking, is not public money, but is held on behalf of individuals such as creditors in company liquidations. Both the Registrar General and the Registrar, Supreme Court are accountable under other legislation in respect of moneys held by them in these circumstances. Without the amendment proposed, there could be conflict between the various relevant statutory provisions.

It is therefore desirable to amend the definition of "public moneys" in the Public Finance Ordinance by removing from it sections 2(b)(ii) and (iii) which concern moneys held by the Registrar General and the Registrar, Supreme Court. Nevertheless, for control purposes, a new section 40A needs to be added to the Public Finance Ordinance in order to empower the Director of Accounting Services to direct the public officers concerned to prepare and maintain records and accounts of such non-government moneys. The accounts will continue to be audited by the Director of Audit under the existing provisions of the Audit Ordinance.

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

Question on the adjournment proposed, put and agreed to.

HONG KONG EXPORT CREDIT INSURANCE CORPORATION (AMENDMENT) BILL 1989

Resumption of debate on Second Reading which was moved on 10 January 1990

Question on the Second Reading of the Bill proposed, put and agreed to.

Bill read the Second time.

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

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1989

Resumption of debate on Second Reading which was moved on 10 January 1990

Question on the Second Reading of the Bill proposed, 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.

HONG KONG EXPORT CREDIT INSURANCE CORPORATION (AMENDMENT) BILL 1989

Clauses 1 and 2 were agreed to.

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1989

Clauses 1 to 12 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

HONG KONG EXPORT CREDIT INSURANCE CORPORATION (AMENDMENT) BILL 1989 and

ADMINISTRATION OF JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 1989

had passed through Committee without amendment and moved the Third Reading of the Bills.

Question on the Third Reading of the Bills proposed, put 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, 14 February 1990.

Adjourned accordingly at twenty minutes past Four o'clock.

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