

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 20 June 1979****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE ACTING GOVERNOR (*PRESIDENT*)  
THE HONOURABLE THE CHIEF SECRETARY  
SIR JACK CATER, KBE, JP

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)  
MR HENRY CHING, JP

THE HONOURABLE THE ATTORNEY GENERAL  
MR JOHN CALVERT GRIFFITHS, QC

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR LI FOOK-KOW, CMG, JP

THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP  
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE DAVID AKERS-JONES, CMG, JP  
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP  
SECRETARY FOR SECURITY

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP  
DIRECTOR OF EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, JP  
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE EDWARD HEWITT NICHOLS, OBE, JP  
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE THOMAS LEE CHUN-YON, CBE, JP  
DIRECTOR OF SOCIAL WELFARE

DR THE HONOURABLE THONG KAH-LEONG, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, JP  
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, JP  
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE GERALD PAUL NAZARETH, OBE  
LAW DRAFTSMAN

THE HONOURABLE WILLIAM COLLINS BELL, OBE, JP  
DIRECTOR OF PUBLIC WORKS (*Acting*)

THE HONOURABLE DONALD LIAO POON-HUAI, OBE, JP  
SECRETARY FOR HOUSING (*Acting*)

THE HONOURABLE GRAHAM BARNES, JP  
SECRETARY FOR THE ENVIRONMENT (*Acting*)

THE HONOURABLE SELWYN EUGENE ALLEYNE, JP  
SECRETARY FOR THE CIVIL SERVICE (*Acting*)

THE HONOURABLE ROGERIO HYNDMAN LOBO, CBE, JP

THE HONOURABLE JAMES WU MAN-HON, OBE, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE LI FOOK-WO, CBE, JP

DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP

THE HONOURABLE LO TAK-SHING, OBE, JP

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV. THE HONOURABLE JOYCE MARY BENNETT, OBE, JP

THE HONOURABLE CHEN SHOU-LUM, OBE, JP

THE HONOURABLE LYDIA DUNN, OBE, JP

DR THE HONOURABLE HENRY HU HUNG-LICK, OBE, JP

THE HONOURABLE LEUNG TAT-SHING, OBE, JP

THE REV. THE HONOURABLE PATRICK TERENCE MCGOVERN, OBE, SJ, JP

THE HONOURABLE PETER C. WONG, OBE, JP

THE HONOURABLE WONG LAM, OBE, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

DR THE HONOURABLE HO KAM-FAI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, JP

**ABSENT**

THE HONOURABLE JAMES NEIL HENDERSON, JP  
COMMISSIONER FOR LABOUR

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP

THE HONOURABLE ALLEN LEE PENG FEI

THE HONOURABLE ANDREW SO KWOK-WING

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR STEPHEN TAM SHU-PUI

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**OATH**

MR ALLEYNE took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE PRESIDENT:—I should like to welcome Mr ALLEYNE to this Council.

**Papers**

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:	
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Public Health and Urban Services Ordinance.	
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Criminal Procedure Ordinance. Criminal Procedure (Reference of Questions of Law) Rules 1979.....	154
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### **Oral answers to questions**

#### **TV Programmes**

1 DR HO asked:—*Sir, to ensure the healthy development of our young generation, can the Government exercise further influence over TV programmes which give undue emphasis to sex and violence?*

SECRETARY FOR HOME AFFAIRS:—*Sir, the Television Ordinance requires television programmes to conform with the standards established by a Code of Practice which includes specific provisions against excessive sex and violence. The Ordinance also stipulates that all films intended for broadcasting must*

be submitted to the panel of censors established under the Film Censorship Regulations.

The Television Advisory Board has observed, in their last Report covering the period January 1977 to June 1978, that violence on television was at a less objectionable level; however, despite the clear guidance which the Authority has provided to the stations over the years regarding violence in television programmes, the stations have not yet designed internal monitoring systems which can effectively ensure that gross contraventions of the Code of Practice do not occur. The Report went on to say that this same criticism must also be recorded concerning the portrayal of sex in local programmes although presentation of sex and nudity was not excessive in quantity and was generally presented with suitable discretion.

During the last five months, the two stations have been asked by the Television Authority to take remedial action on a total of 21 occasions in their locally produced programmes; five relate to sex generally and 16 on violence or the use of triad language. About 10% of the films submitted for censorship were subject to cuts prior to broadcasting while another 2½% were banned for broadcasting altogether.

The Television Authority will continue to monitor all television programmes and will continue to hold frequent discussion with senior management of the two stations concerned, with a view to ensure that the Code of Practice on programme standards would be strictly observed. I must add that senior management of the two stations are taking their responsibilities in regard to programme standards seriously and that the Commissioner for Television and Entertainment Licensing receives full co-operation from them. As observed by the Television Advisory Board, what seems to be lacking is an effective internal monitoring system to ensure that their producers do not fall too much out of line. The two stations have responded to this criticism positively and the Commissioner will continue to influence and to urge them to improve on the effectiveness of their systems.

DR HO:—*Sir, in respect of television programmes for children, would Government deem it desirable to set up a special committee to advise on the suitability of such programmes and to set guidelines for their production?*

SECRETARY FOR HOME AFFAIRS:—*Sir, there are not many programmes specially designed for children and those that are specially for children create no problem and the Television Authority and Advisory Board are quite satisfied that they adhere to the Code of Practice which also includes a section on guidance on children's programmes.*

MR. LO:—*Sir, does Government not consider it possible to impose a variable standard depending upon the hour the film is shown?*

SECRETARY FOR HOME AFFAIRS:—Yes, Sir, the Television Authority in fact ask the stations to screen those films or productions which are not considered suitable for children to be screened after 11pm.

### **Ready-to-wear Festival**

2 MR TIEN asked:—*Sir, in view of the cancellation of next year's Ready-to-Wear Festival for lack of a suitable local venue, what measures can the Government take in conjunction with the Hong Kong Trade Development Council to ensure resumption locally of this major promotion event of international standing?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, I am sure we all regret that the 1980 Ready-to-Wear Festival has had to be cancelled for lack of a suitable local venue. As a Member of the Trade Development Council I can assure Mr TIEN that every effort was made to find a place where the Festival could be held. However, none could be found in which it would be possible to maintain the standards and hence the prestige of the Festival. The Council decided that, rather than lower the standards the Festival has achieved over the years, it was preferable not to mount the 1980 Festival at all. The Council is continuing its search for a suitable site and the Trade Industry and Customs Department is ready to help in any way it can.

In order to compensate to some extent for the cancellation of the Ready-to-Wear Festival, the Trade Development Council will be mounting a substantial promotion of fashion garments along the lines of the Ready-to-Wear Festival at the IGEDO Trade Fair in Dusseldorf in April next year. This Fair, which is a major international apparel promotion, is likely to attract some 35 000 buyers from 30 garment importing countries.

However, this will not make up for the loss of the Festival here in Hong Kong, and its cancellation highlights the need for us to press on quickly with consideration of our own trade exhibition facility in Hong Kong. I expect consultants to be appointed next week and to report in a few months with an assessment of the demand for and viability of a permanent exhibition centre.

MR TIEN:—*Sir, does Government now agree that there is a considerable degree of urgency in deciding on this new exhibition hall?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Well I am not quite sure, Sir, whether the Government agrees about the urgency. I think it would be true to say that the Government has not yet made its mind up because the next step is, as I have mentioned already, the appointment of consultants to assess the demand for and viability of a permanent exhibition centre. That the provision of such facilities is desirable, I think, can hardly be questioned

but the precise form of the facilities and the manner in which it should be financed is something that is yet to be considered.

MISS DUNN:—*Sir, does Government agree that it has taken the Government a long time to make up its mind?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—I think, Sir, that question should be answered by the Secretary for Economic Services. Personally I would be inclined to say, yes, Sir.

MR LO:—*Sir, is the Government aware that there is not a civilized country in the world that does not have a proper exhibiton centre, irrespective of viability?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—I do not think the Government is aware of that, Sir, and it has not yet attempted a definition of civilization.

MR F. W. LI:—*Sir, will Government ensure that the Trade Development Council will be consulted in the assessment?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—That one is one of the easiest, Sir. Yes, Sir.

### **Energy saving**

3 MR CHEONG-LEEN asked:—*Sir, how has the reported 4.75% saving in energy last month been arrived at and is there a need to consider further energy saving measures for the third and fourth quarters of 1979?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, if the first part of the question is ‘How has it been established that the savings achieved in May represent a percentage saving of 4.75% of recent consumption of fuel oil?’, then the answer is that the percentage has been derived from the estimates of savings submitted by the two power companies. The major difficulty in such an exercise is to take account of the substantial seasonal fluctuations the power companies experience in consumption particularly at this time of the year. What they have done is to compare electricity consumption on days of like mean temperature in the two weeks before and the two weeks after the introduction of the package of economy measures on 13 May 1979. To the results, they have added the savings from the reduction in their spinning reserves, a reduction which was already being achieved well before the economy measures were introduced on 13 May. The results from the two companies, weighted appropriately to take account of their relative sizes, given an overall figure of a 4.75% saving in fuel oil. This figure is supported

by the amount of fuel oil consumed for the two weeks before the two weeks and after 13 May after allowing for seasonal variations.

If the question is 'How has the saving in fuel oil in May, reported to be a 4.75% saving, been achieved?', the answer is that it has been accomplished by the public responding well to the Government's exhortation to economise on the use of electricity; by the ban on the use of electric light for display, advertising and floodlighting except between 8.00pm and 11.30pm; by the power companies reducing their spinning reserves; and by the introduction of 'daylight saving'. While the power companies are able to estimate the savings achieved from the reduction in spinning reserves as an individual item of saving, the savings achieved by the other means I have mentioned cannot be individually estimated with any great accuracy as they all arise from a reduction in demand for electricity occurring at the same time.

The answer to the second part of my honourable Friend's question about the need for considering further energy saving measures for the third and fourth quarters of 1979, is that the Government expects the supply position in the third quarter to be more tight than it has been in the second. But we are still hoping that greater voluntary effort by the public will see us through without the need for us to introduce those further mandatory measures that will begin to make life unpleasant. To survive the next quarter, we must get our savings in consumption of electricity and thus of fuel oil *above* the 5% target we had set ourselves in line with those targets adopted elsewhere. This will not be difficult with a little bit more application. For example, comfortable although you all undoubtedly are at this minute, I still find this is the only building in Central in which I do not freeze, And to what effect? I am delighted to be able to report that in the month of May this year electricity consumption in this building was 14.5% below consumption in May last year.

MR CHEONG-LEEN:—*Sir, are plans being made to build up the level of Hong Kong's oil reserves during the second half of this year?*

SECRETARY FOR ECONOMIC SERVICES:—No, Sir, it would be quite inappropriate with the prices on the spot market as they are at the moment, to build up our reserves yet further.

MR CHEONG-LEEN:—*Sir, will Government consider having a long-term and more comprehensive plan on energy conservation?*

SECRETARY FOR ECONOMIC SERVICES:—No, Sir, not at the moment. If we see that the present supply difficulties are likely to be prolonged, then will be the time to introduce long-term conservation measures.

REV. JOYCE M. BENNETT:—*Sir, is it completely honest to include in your figures the reduction of spinning reserves which was already being achieved before the economy measures were introduced on the 13 May?*

SECRETARY FOR ECONOMIC SERVICES:—*Sir, yes, it is completely honest. The fact of the matter is we introduced a package of economy measures on the 13 May but the power companies, quite rightly and very sensibly, had already started reducing their spinning reserves before we were able to introduce that package.*

### **Landslips and flooding—daily monitor**

4 MR CHEONG-LEEN:—*Sir, what measures are taken during the wet season to monitor daily the 25 blackspots which are known to be particularly susceptible to landslips and flooding, in order that nearby residents may be quickly evacuated, should the need arise?*

DIRECTOR OF PUBLIC WORKS:—*Sir, I assume Mr CHEONG-LEEN is referring to the 25 blackspot locations which I previously intimated to this Council were susceptible to flooding, as distinct from landslips.*

On receipt of heavy rain or thunderstorm warnings, and the raising of storm warning signals, staff of the Highways Office are immediately alerted and put on 24 hour stand-by duty. This staff, supported by contractors' workmen as necessary, are equipped to deal with most emergency situations, including flooding, and clearances in most cases can be dealt with within an hour or so. Past experience indicates that flooding at the suspect locations has not been so severe as to warrant evacuation.

MR CHEONG-LEEN:—*Sir, are all or most of these blackspots inspected after very heavy rainfall?*

DIRECTOR OF PUBLIC WORKS:—*Yes, Sir.*

### **Public searches in Land Office—delays**

5 MR PETER C. WONG asked:—*Sir, is the Government aware that notwithstanding improvements recently introduced into the Land Office in respect of its searching facilities, delays are still being encountered in the production of Land Office records, and if so, would Government consider:*

- (a) *computerizing land register cards; and*
- (b) *taking steps to introduce more refined methods of recording instruments presented for registration under the Land Registration Ordinance?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the Government is aware that there are still some delays in the production of Land Office records, especially at the peak time of the day, when the average time of production for memorial rises from 10 to 20 minutes. There are also longer delays when more than one customer wishes to search for the same document. The registry is presently well below its staff establishment, but the Registrar General is doing all he can to give the best possible service.

Computerization of Land Office records has certainly been examined in the past, but previously has not been considered worth the expense, and to have other major drawbacks. But the demands on the Land Office have made it necessary to think about it again. The Land Charges Registry in London is now computerized and after a visit there, the Registrar General has asked for a feasibility study to be done to see whether computerization would be worth introducing in Hong Kong also. Meanwhile it is hoped that the microfilming of all Land Office records will be completed in 1980. This, besides reducing storage space requirements, should help to speed up the production of records.

MR PETER C. WONG:—*Sir, will the feasibility study asked for by the Registrar General be undertaken, and if so, when?*

SECRETARY FOR THE ENVIRONMENT:—Sir, it is hoped to be completed by the middle of next year.

### **DC-10 flights—insurance cover**

6 MR NEWBIGGING asked:—*Sir, given the action taken recently in Hong Kong and elsewhere in regard to DC-10 aircraft, is Government satisfied that its Airport Owners and Operators Liability Insurance Cover is adequate both as to the limit of liability and the extent of the cover?*

SECRETARY FOR ECONOMIC SERVICES:—Yes, Sir. In the circumstances of the recent troubles with DC-10s, it is most unlikely that there would be any liability devolving on the Hong Kong Government.

MR NEWBIGGING:—*Sir, are aircraft owners required to carry minimum insurance cover prior to entering Hong Kong and if so, is Government satisfied that these limits are sufficient?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, I consider that question is out of order. The original question refers to the Government's liability and its insurance cover, not insurance cover at the airport carried by aircraft owners.

HIS EXCELLENCY THE PRESIDENT:—Yes, I agree with Mr JEAFFRESON.

## Quarry slopes

7 MR WONG LAM asked in Cantonese dialect:—

鑒於近日連場豪雨，政府將會採取何種預防措施，使石礦場附近之山坡，尤以觀塘區為然，得以保持鞏固？

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

*In view of the recent torrential rains, what precautions will Government take to maintain the stability of slopes in the vicinity of quarries, particularly in the Kwun Tong area?*

DIRECTOR OF PUBLIC WORKS:—Sir, operators of quarries run under PWD contracts are required to take precautions to prevent landslips, silting of roads and drains and other incidents which may pose a threat to public safety. Regular inspections are made by the PWD as frequently as staffing levels permit and are stepped up in times of heavy rain.

In the case of the washout below the quarry at Anderson Road on June 11, the offending contractor has been instructed to cease all normal operations and has had his supply of explosives terminated until he has satisfactorily completed remedial and preventive works. Progress on this work has been good and there is no threat of a recurrence.

REV. JOYCE M. BENNETT:—*Sir, is the PWD adequately staffed for these inspections so that they can be carried out as frequently as satisfactory?*

DIRECTOR OF PUBLIC WORKS:—Not entirely, Sir, but we do endeavour to carry out as many inspections as we can particularly at times of heavy rainfall.

REV. JOYCE M. BENNETT:—*Sir, with reference to the work that the Director mentioned in paragraph 2 of his answer, how long will this work take to complete?*

DIRECTOR OF PUBLIC WORKS:—Sir, as I have intimated the work is progressing well. The problem was that one of the conditions for this particular quarry, in fact for all quarries, is the provision of a silt trap. This silt trap had been provided but is of insufficient capacity. So the work being done now is to enlarge the silt trap to take surplus materials from the quarry floor.

REV. JOYCE M. BENNETT:—*Sir, previous to the landslide in this area, when was the site below this quarry last inspected?*

DIRECTOR OF PUBLIC WORKS:—Sir, this particular quarry is a new quarry; it is Anderson Quarry No 2 which was only let last year. It has only recently become operative, I would say, within the last few months. I can't actually

say when the last inspection was made but as I said earlier, inspections are carried out at times of heavy rainfall.

### **Cleanliness of buses and trams**

8 MR YEUNG asked:—*Sir, will Government inform this Council whether it monitors the general cleanliness and maintenance of the passenger compartments and outward appearance of buses and trams, and, if so, whether such monitoring is considered adequate?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, cleanliness and the condition of the passenger compartments and the outward appearance of buses, trams are some of the many aspects of the operation of public transport services which the inspectors of the Transport Department must watch. And these are features which will always be checked in a formal vehicle inspection. I think this level of monitoring is probably appropriate to the problem.*

That is not to say that buses and trams are clean enough as the nightly depot cleaning is often not sufficient to ensure that the vehicle remains clean throughout the day.

But it is a question of priorities. In order to meet the demand for transport services a bus, for instance, is in use for at least 18 hours a day and may be carrying more than 1 300 passengers in that time. The companies cannot spend more time cleaning vehicles during the working day without affecting the level of service. Similarly unless the defects were very marked or involved safety the Transport Department would not call in a bus off the road simply to have it cleaned or a seat repaired.

MR YEUNG:—*Sir, will it be over-demanding by the Government to require the bus or tram company to sweep the floor of the passenger compartment at least at the end of each journey?*

SECRETARY FOR THE ENVIRONMENT:—*One has to remember, Sir, that there are very many buses and that would involve very large number of cleaners. We have not attempted to cost the additional service which will have to be given, but it is quite inevitable that it would increase the cost of running the transport service and possibly disproportionately to the problem attempted to be solved.*

MR CHEONG-LEEN:—*Sir, apart from being swept, are the interior of buses and trams being washed from time to time and how often?*

SECRETARY FOR THE ENVIRONMENT:—*To the first part of the question I can answer yes, Sir, certainly. But I am afraid I couldn't give you the precise schedule of the washing.*

MR CHEONG-LEEN:—*Will that be provided, Sir?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, certainly.*

## Government Business

### Motion

#### MASS TRANSIT RAILWAY CORPORATION ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—Under section 12 of the Mass Transit Railway Corporation Ordinance that the Schedule to the Resolution of the Legislative Council published as Legal Notice No 242 of 1975 in the Gazette on the 31 October 1975 as amended from time to time be further amended by deleting items 24 and 25 and substituting the following—

- |   |  |
|---|--|
| ‘24. Loans arranged by Lazard Brother & Co. Ltd to finance contracts placed in the UK | 111 million United States Dollars and such amounts as may become payable in respect of interest including deferred interest, provided that the liability of the Government under the Guarantee in respect of deferred interest shall be limited to 3 million United States Dollars.            |
| 25. Export credits to finance contracts placed in France                              | 127 million Hong Kong Dollars and such amounts as may become payable in respect of interest and other charges including deferred interest, provided that the liability of the Government under the Guarantee in respect of deferred interest shall be limited to 9 million Hong Kong Dollars.’ |

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

Section 12 of the Mass Transit Railway Corporation Ordinance requires the authority of this Council for the Financial Secretary, on behalf of the Government, to grant guarantees in respect of the repayment of loans and other indebtedness incurred by the Mass Transit Railway Corporation.

Items 24 and 25 of the Schedule to the Resolution of this Council, published in the *Gazette* as Legal Notice No 242 of 1975, specify that

guarantees may be given by the Financial Secretary in respect of the repayment of certain loans and export credits. The authorizations cover the principal sums to be repaid and interest.

Instead of paying interest during the drawdown period of these loans and credits, the Mass Transit Railway Corporation has arranged with the leading banks to add the total interest payable to the loan amounts. This deferred interest is calculated with reference to the estimated drawdown pattern of the loans, and in each case the rate of interest applicable is a fixed rate.

To ensure that the sums to be guaranteed include this *deferred* interest, the wording of the authorizations has been redrafted and the motion I am introducing today seeks to replace the existing items 24 and 25 with the redrafted authorizations. In the case of item 24 the total amount of deferred interest that is authorized for guarantee is 3 million US dollars. In the case of item 25 it is 9 million HK dollars. In both cases, these amounts are likely to be higher than the actual amount of interest deferred. The principal sums to be authorized remain the same.

Sir, I beg to move.

*(At this point, Mr LO declared an interest and therefore abstained from voting on this motion).*

*Question put and agreed to.*

### **First reading of bills**

**ESTATE DUTY (AMENDMENT) (NO 2) BILL 1979**

**RATING (AMENDMENT) BILL 1979**

**IMMIGRATION (AMENDMENT) (NO 2) BILL 1979**

**MERCHANT SHIPPING (AMENDMENT) (NO 2) BILL 1979**

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

### **Second reading of bills**

**ESTATE DUTY (AMENDMENT) (NO 2) BILL 1979**

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

He said:—Sir, estate duty in Hong Kong is based on two simple concepts: *first*, only assets situated in Hong Kong are taken into account for estate duty purposes; and *second*, provided the deceased had divested himself of his property, and any benefits arising therefrom, three years before death, the property so divested is not chargeable to estate duty.

But in 1959, the Estate Duty Ordinance was amended with the aim of countering the avoidance of estate duty involving the transfer, during the lifetime of a person, of his assets to a controlled company, whether incorporated in Hong Kong or elsewhere. The amendment brought to charge the assets of controlled companies to the extent that the deceased took benefits, or had power to take benefits, from them in three years prior to his death.

In recent years, the effectiveness of this 1959 amendment has been undermined by a device made possible by a combination of several sections of the Ordinance, namely sections 10, 35 and 40. Briefly, section 35 provides that where a person has transferred property to a controlled company, a proportion of the assets of that company may be subject to the payment of estate duty; and to avoid double taxation when the assets so brought to charge *and* his shares in that company are *both* subject to estate duty, section 40 provides that the value of such assets may be reduced by the value of the shares. But where the shares are themselves exempt from duty, such as where they are regarded under section 10(b) as ‘property situate outside the Colony’, duty is nevertheless deemed to have been paid for the purposes of section 40. In such circumstances, the practical effect of section 40 is to reduce the proportion of the company’s assets brought to charge for the purpose of estate duty, and in most cases to reduce it to nil, thus vitiating the underlying intent of the 1959 amendment.

This device relies on the use of the provisions of section 40(5) of the principal Ordinance, and the object of the Bill is to reinstate the original intention by adding to section 40(5) a further specific exception to the operation of that sub-section. Where shares in, or debentures of, a controlled company incorporated outside Hong Kong are exempted from estate duty under section 10(b), their value will no longer be a permissible deduction from the value of the assets of that company brought to charge for the purpose of estate duty.

This amendment, Sir, will only apply to the estates of persons who die on or after the commencement of the amending Ordinance.

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

*Question put and agreed to.*

**RATING (AMENDMENT) BILL 1979**

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

He said:—Sir, the Rating Ordinance has recently been reviewed, and certain areas have been identified where changes are necessary. This Bill seeks to introduce the more urgent of these changes. There are five.

*First*, section 5(a) of the Rating Ordinance enables the Commissioner of Rating and Valuation to serve on the owner, or occupier, of any tenement a requisition requiring him to provide information as specified in the requisition. The status of the completed requisition returned to the Commissioner has, on occasion, been questioned. To put this beyond doubt, *clause 2* of the Bill makes clear that returned requisitions are admissible as evidence in proceedings before the Lands Tribunal or the Court of Appeal.

*Second*, sections 27 and 28(1) of the principal Ordinance govern the effective dates for interim valuations and for the deletion of a tenement from the valuation list. The intention behind these two sections is that the effective date should be the first day of the month following the event giving rise to the interim valuation or deletion. Doubts have been expressed as to whether these sections adequately reflect this intention, and *clauses 3 and 4(a)(ii)* seek to remove these doubts.

*Thirdly*, section 28(2)(a) of the principal Ordinance provides for the effective date of an interim valuation of newly constructed buildings which remain unoccupied. The valuation takes effect from a time related to the date of issue of an occupation permit, or temporary occupation permit, under the Buildings Ordinance. However, certain small houses in the New Territories are exempt from the requirement for an occupation permit. *Clause 4(c)* of the Bill thus provides, in respect of such tenements, for the effective date of an interim valuation to be related to the date of issue by the Secretary for the New Territories of a certificate of ‘compliance’ or ‘suitability for occupation’. These certificates operate in a similar way to occupation permits.

*Fourthly*, section 30 of the principal Ordinance provides for the refund of rates in respect of unoccupied non-domestic tenements. By virtue of this section, separately assessed vacant car parking spaces could qualify for a refund of rates. This is unsatisfactory because it is difficult, in practice, to establish whether or not such spaces are genuinely vacant. *Clause 5* of the Bill accordingly specifies that a refund of rates will not be granted in respect of such spaces which are intended to be used wholly or primarily for the parking of motor vehicles.

*Finally*, section 50(b) of the principal Ordinance specifies that a requisition, notice or other document shall be served on the owner of a tenement at, or by sending it to, his usual address. This has caused administrative difficulties

as the address available to the Commissioner may not be the owner's current 'usual address'. Section 50(c) specifies that a notice shall be served on an occupier at, or by sending it to, the tenement, even if the occupier prefers to use a post box number for correspondence or wishes to have his correspondence sent to his office. *Clause 6* of the Bill amends section 50(b) of the Ordinance to empower the Commissioner to serve a requisition, notice or other document on an owner *either* at the tenement, *or* at his last address, or by sending it through the post to either of these addresses. It also amends section 50(c) to enable the Commissioner to serve a notice on an occupier, by *either* leaving it at the tenement, *or* at the occupier's last known address, *or* by sending it through the post to either of these addresses.

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

*Question put and agreed to.*

## **IMMIGRATION (AMENDMENT) (NO 2) BILL 1979**

THE SECRETARY FOR SECURITY moved the second reading of:—'A bill to amend the Immigration Ordinance.'

He said:—Sir, it is unusual for Council to be asked to pass a Bill through all its stages at one sitting. The reason why this is proposed in this case is because most of the amendments included in it are required to improve our capacity to deal effectively with some aspects of illegal immigration from China and from Vietnam.

Details of the proposed amendments are given in the Explanatory Memorandum which is attached to the Bill, but I would like to give Honourable Members further background.

Illegal immigration from China is continuing at a very high level. Up to the morning of 18 June, 43 770 illegal immigrants have been arrested this year entering Hong Kong compared with 8 205 in 1978. The daily average of arrests in June is 570. Operational deployments by the Security Forces have been made to secure a high rate of arrests and I am sure, Sir, I speak for all Members of this Council in recognizing the high degree of operational efficiency and dedication which these forces devote to this task day and night and in fair and foul weather, on land, sea and in the air. Some complimentary amendments to the law are now proposed to make the Government's counter measures more effective.

Under the existing law, illegal immigrants can only properly be detained for such minimum time as is necessary to effect their removal to China or elsewhere. This usually means that it is very difficult to secure sufficient

evidence to prosecute those who may have assisted in their entry to Hong Kong. And I should add there is increasing information that a number of people are engaged in aiding and abetting illegal immigration. So the amendments proposed in clause 3 of the Bill will allow illegal immigrants to be detained for sufficient time to give evidence in the prosecution of aiders and abettors in appropriate cases.

Members of the Royal Hong Kong Regiment and the Royal Hong Kong Auxiliary Air Force are currently assisting the regular Security Forces in anti-illegal immigration operations and duties. Clause 6 of the Bill provides members of these auxiliary forces with the powers of arrest which they need to be effective in these duties.

Since the arrival of the 'Huey Fong' in December last year two more ocean-going vessels, the 'Skyluck' and the 'Sen On' have entered Hong Kong carrying between them nearly 4 100 Vietnamese refugees. There is a need to provide additional deterrent powers to discourage similar vessels arriving in the future and clause 4 of the Bill provides for the forfeiture of any vessel, regardless of size, (and not only one of up to 250 gross tons), carrying persons who are seeking to land unlawfully in Hong Kong. In addition, officers in command of Her Majesty's warships do not have power to board, search and, if necessary, detain a vessel of more than 500 gross tons in Hong Kong waters, and the officers of HM auxiliary ships have no powers of this sort. In current circumstances this is obviously undesirable and clause 7 provides the necessary powers.

Sir, I am satisfied that the additional powers included in this Bill are essential to counter illegal immigration. I believe they will have the support of this Council.

MR LOBO:—Sir, I rise to express the support of the Unofficial Members of this Council for the measures proposed in this Bill. They are designed primarily to assist the authorities to deal with the massive influx of illegal immigrants from China and refugees from Vietnam.

It is noted that some of the measures are special powers to meet the current emergency along our sea and land borders. I would like therefore to ask for an assurance from the Government that it will conduct a review in due course to decide whether such powers should be repealed or retained as a permanent feature of our laws.

SECRETARY FOR SECURITY:—Sir, I am grateful to Mr LOBO for his support and that of other Honourable Members. The amendments in clauses 2, 3 and 5, especially the one in clause 3 in regard to aiders and abettors are permanent requirements and must be regarded as such. For the remainder I gladly give the assurance sought.

*Question put and agreed to.*

Bill read the second time.

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

## **MERCHANT SHIPPING (AMENDMENT) (NO 2) BILL 1979**

SECRETARY FOR ECONOMIC SERVICES moved the second reading of:—'A bill to amend the Merchant Shipping Ordinance.'

He said:—Sir, the International Convention for the Safety of Life at Sea provides for uniform safety standards for ocean going ships. The current version of the Convention, drawn up in 1960, has been extended to Hong Kong and given legislative effect by the Merchant Shipping Ordinance (Chapter 281) and certain United Kingdom Merchant Shipping Acts applied to Hong Kong.

The Convention was further revised in 1974, and sufficient number of countries have recently ratified the new version, which will come into force on 25 May 1980.

To avoid possible discrimination against ships registered in Hong Kong, it is important that all countries recognize that the ships conform to up-to-date standards, so it is in Hong Kong's interests to ensure that it becomes a party to the latest Convention as soon as it comes into force. The Bill accordingly seeks to revise the Merchant Shipping Ordinance to enable Hong Kong to comply with the requirements of the 1974 Convention and thus to be in a position to seek to have it extended to Hong Kong.

The Port Executive Committee have supported the proposal. The Director of Marine does not expect that ships registered in Hong Kong will have any difficulty in complying with the new requirements. Adequate notice will be given before bringing the Bill into force.

*Motion made. That the debate on the second reading of the bill be adjourned—THE SECRETARY FOR ECONOMIC SERVICES.*

*Question put and agreed to.*

## **LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1979**

### **Resumption of debate on second reading (6 June 1979)**

*Question proposed.*

*Question put and agreed to.*

Bill read the second time.

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

## **LABOUR TRIBUNAL (AMENDMENT) BILL 1979**

### **Resumption of debate on second reading (6 June 1979)**

*Question proposed.*

*Question put and agreed to.*

Bill read the second time.

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

## **TEMPORARY RESTRICTION OF BUILDING DEVELOPMENT (MID-LEVELS) BILL 1979**

### **Resumption of debate on second reading (6 June 1979)**

*Question proposed.*

MR NEWBIGGING:—Sir, when the Director of Public Works moved on 6 June, 1979 that the Temporary Restriction of Building Development (Mid-Levels) Bill 1979 be read the second time, he outlined a number of sites suitable for high-class residential development which Government has identified in Hong Kong and Kowloon.

The current shortage of residential land available for development—coupled with high rents and sales prices—will make this news welcome. However, no mention was made of sites being identified for such development in the New Territories and I am sure this Council and the public generally would be interested to know whether such sites have been identified. If they have, perhaps the Director of Public Works would also outline these to us.

DIRECTOR OF PUBLIC WORKS:—Sir, I welcome this opportunity to make a brief statement about the sites which are likely to become available for high class residential development in the New Territories.

Members will have noted a week or so ago the first of the land sales in the borrow area platforms formed as part of the Race Course development at Sha Tin. This represents the start of a progressive programme of sales which within the next year is expected to yield a further 3 800 units of high quality housing in Sha Tin, Tsuen Wan and Sai Kung.

*Question put and agreed to.*

Bill read the second time.

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

### **Committee stage of bills**

Council went into Committee.

### **LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1979**

Clauses 1 and 2 were agreed to.

### **LABOUR TRIBUNAL (AMENDMENT) BILL 1979**

Clauses 1 to 3 were agreed to.

### **IMMIGRATION (AMENDMENT) (NO 2) BILL 1979**

Clauses 1 to 7 were agreed to.

### **TEMPORARY RESTRICTION OF BUILDING DEVELOPMENT (MID-LEVELS) BILL 1979**

Clauses 1 to 6 were agreed to.

Schedule was agreed to.

Council then resumed.

**Third reading of bills**

THE ATTORNEY GENERAL reported that the

LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL

LABOUR TRIBUNAL (AMENDMENT) BILL

IMMIGRATION (AMENDMENT) (NO 2) BILL and the

TEMPORARY RESTRICTION OF BUILDING DEVELOPMENT (MID-LEVELS) BILL

had passed through Committee without amendment and moved the third reading of each of the Bills.

*Question put on each Bill and agreed to.*

Bills read the third time and passed.

**Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30pm on Wednesday the 4 July.

*Adjourned accordingly at Twenty-three minutes past three o'clock.*