OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 7 January 1981

The Council met at half past two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*) SIR CRAWFORD MURRAY MACLEHOSE, G.B.E., K.C.M.G., K.C.V.O.

THE HONOURABLE THE CHIEF SECRETARY SIR JACK CATER, K.B.E., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE ATTORNEY GENERAL (*Acting*) MR. FREDERICK THOMAS MCHARDY JONES

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P. SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE DAVID WYLIE MCDONALD, C.M.G., J.P. DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P. CHAIRMAN, COMMITTEE TO REVIEW POST-SECONDARY AND TECHNICAL EDUCATION

THE HONOURABLE ALAN JAMES SCOTT, J.P. SECRETARY FOR INFORMATION

THE HONOURABLE DEREK JOHN CLAREMONT JONES, C.M.G., J.P. SECRETARY FOR THE ENVIRONMENT

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

THE HONOURABLE ERIC PETER HO, J.P. SECRETARY FOR SOCIAL SERVICES

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

THE HONOURABLE JAMES NEIL HENDERSON, J.P. COMMISSIONER FOR LABOUR

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E. LAW DRAFTSMAN

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P. DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, J.P. DIRECTOR OF AGRICULTURE AND FISHERIES

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

THE HONOURABLE GRAHAM BARNES, J.P. DIRECTOR OF HOME AFFAIRS

THE HONOURABLE SELWYN EUGENE ALLEYNE, J.P. DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE COLVYN HUGH HAYE, J.P. DIRECTOR OF EDUCATION

THE HONOURABLE PIERS JACOBS, O.B.E., J.P. SECRETARY FOR ECONOMIC SERVICES (*Acting*)

THE HONOURABLE GEOFFREY THOMAS BARNES, J.P. SECRETARY FOR SECURITY (*Acting*)

THE HONOURABLE OSWALD VICTOR CHEUNG, C.B.E., Q.C., J.P.

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

THE HONOURABLE LI FOOK-WO, C.B.E., J.P.

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

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

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

THE REVD. THE HONOURABLE JOYCE MARY BENNETT, O.B.E., J.P.

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

DR. THE HONOURABLE HENRY HU HUNG-LICK, O.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE MCGOVERN, O.B.E., S.J., J.P.

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

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

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

DR. THE HONOURABLE HO KAM-FAI, J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, J.P.

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

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

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

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

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN

ABSENCE

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

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

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

IN ATTENDANCE

MRS. LORNA LEUNG TSUI LAI-MAN CLERK TO THE LEGISLATIVE COUNCIL

Oath

MR. G. T. BARNES 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. BARNES to this Council.

Papers

The following papers were laid pursuant to Standing Order No. 14(2):	
Subject L.N. N	Vo.
Subsidiary Legislation:	
Buildings Ordinance. Building (Demolition Works) (Amendment) Regulations 1980	358
Buildings Ordinance. Building (Escalators) (Amendment) Regulations 1980 3	359
Buildings Ordinance. Building (Refuse Chutes) (Amendment) Regulations 1980	360
Buildings Ordinance. Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) (Amendment) Regulations 1980	361

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Building Ordinance. Building (Ventilating Systems) (Amendment) Regulations 1980	
Pharmacy and Poisons Ordinance. Pharmacy and Poisons (Pharmacy and Poisons Appeal Tribur Regulations 1980	· · · ·
Drug Addiction Treatment Centres Ordinance. Addiction Treatment Centre (Consolidation) (Amendment) Order 1980	
Metrication Ordinance. Metrication Amendments (Resolutions of the Legislative Council) Or 1980	
Port Control (Cargo Working Areas) Ordinance. Port Control (Public Cargo Working Area) 1980	
Prisons Ordinance. Prisons (Tai Lam Correctional Institution) Order 1980	
Revised Edition of the Laws Ordinance 1965. Revised Edition of the Laws (Correction of Error) (No.2) Order 1980	
Pharmacy and Poisons (Amendment) Ordinance 1980. Pharmacy and Poisons (Amendment) Ordinance 1980 (Commenceme Notice 1980.	
Public Health and Urban Services Ordinance. Pleasure Grounds (Amendment) (No. 2) By-laws 1980	
Public Health and Urban Services Ordinance. Hawker (Permitted Area) (Amendment) (No. 3) Declaration 1980	
Public Order Ordinance. Military Installations Closed Areas (Amendment) Order 1980	
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Pleasure Groun (Amendment of Fourth Schedule) (No. 5) Order 1980.	
Legal Practitioners Ordinance. Practising Certificate (Solicitors) (Amendment) Rules 1980	

Subject	L.N. No.
Legal Practitioners Ordinance. Solicitors (Professional Indemnity) Rules 1980	
Pleasure Grounds (Amendment) (No. 2) By-laws 1980. Corrigendum	385
Places of Public Entertainment Ordinance. Film Censorship (Amendment) Regulations 1980	386
Road Traffic Ordinance. Road Traffic (Construction and Use) (Amendment) Regulations 1980	1/81
Road Traffic Ordinance. Road Traffic (Parking and Waiting) (Amendment) Regulations 1980	2/81
Boilers and Pressure Receivers Ordinance. Boilers and Pressure Receivers (Exemption) (Consolidat (Amendment) Order 1980	/
Evidence Ordinance. Evidence (Authorized Persons) (No. 14) Order 1980	4/81
Public Officers (Assignment of Emoluments) Ordinance 1980. Form of Assignment	5/81
Public Health (Animals and Birds) Ordinance. Regulation of Movement of Dogs (No. 5) Order 1980	6/81
Sessional Papers 1980-81:	
No. 27— Annual Report of the Director of Accounting Services — Accounts of Hong Kong 1979-1980.	
No. 28— Report and Certificate of the Director of Audit on the Accounts of	of the Hong

No. 29— Public Accounts Committee Report No. 3—December 1980.

Kong Government for the Yearended 31 March 1980.

Oral answers to questions

Impact of high interest rates on industry

1. MR. TIEN asked:—Will Government consider taking steps to ease the impact of the present high interest rates on industry?

THE FINANCIAL SECRETARY:—No, Sir. It is not part of the Government's approach to the management of our economy for cost inputs to be subsidized, except indirectly where social considerations apply as they do, for example, in the matter of public housing and education.

It is true that interest rates are at the moment high and affect manufacturing costs and of course costs generally. But, even if we had a convenient mechanism to influence the cost of borrowing, the balance of advantage lies in allowing interest rates to find their own level, which they do as Hong Kong has an open economy, a freely floating exchange rate and no exchange controls (Which means incidentally that borrowers are quite free to seek cheaper funds offshore and would no doubt do so if they were prepared to accept the exchange exposure). As high interest rates are a world wide phenomenon at the present time interest rates here are also high by historical standards, but not relatively when compared with interest rates elsewhere. For our interest rates to be kept substantially lower than the general level in, say, North America would tend to cause funds to be moved out of Hong Kong, thus affecting the exchange rate. This would particularly be the case if the lower interest rates in Hong Kong meant that the return to lenders in Hong Kong was negative in real terms to any significant extent. In the event, the result would probably be that industry would find it increasingly difficult to borrow at all; and, incidentally, I doubt whether there would be any way of ensuring that loans extended on special terms were in fact used to finance manufacturing and not other activities.

In this latter connection, Sir, I might add that certain banks did introduce in 1979 preferential interest rates to industry for financing imports of raw materials and capital equipment, but this arrangement lapsed when interest rates were lowered in the middle of last year. The experience gained on that occasion did indeed demonstrate that it was very difficult to identify precisely loans that genuinely qualified for preferential treatment, and to ensure that such loans were in fact used for the purpose in respect of which they were granted.

MR. TIEN: — Sir, would Government reconsider asking the banks to reinstate the concessionary interest rates for fixed machinery loans, because apparently the Financial Secretary has confused the difference between machinery fixed loan and a general overdraft banking facility?

THE FINANCIAL SECRETARY:—No, Sir, I am not confused in the least (*laughter*), but I will speak to the banks again.

MISS DUNN:—Sir, is not the Financial Secretary worried that rising costs of inputs are not leading to a falling of real wages?

THE FINANCIAL SECRETARY:—Well, Sir, the Financial Secretary is always worried about something (*laughter*). The trick is not to get flustered, particularly when asked supplementary questions which do not arise from the question on the Order Paper (*laughter*). But in deference to Miss DUNN I will attempt to answer her question.

The extent to which rising costs generally can be absorbed depends on the extent to which profit margins can be squeezed. The extent to which increases in particular costs can be absorbed depends on the supply and demand situation for particular inputs.

Now it is true that real wages in manufacturing have probably not increased since March 1979. From March 1976 up until March 1979, which was the beginning of the period of inflow from China and Vietnam, real wages in manufacturing increased at an annual rate of, I think, 9% per annum. Now although real wages I don't think have increased very much at all between March 1979 and September 1980, they have not fallen. So Miss DUNN's reference to falling real wages is misdirected. Given that the growth rate of the economy as a whole in 1979 and 1980 has been fast by any standards and real incomes per capita have increased at a rate of about 6% or 7% in 1979 and 1980, clearly manufacturing workers have not done very well. The reason is, of course, that immigration has adversely affected the manufacturing work force to a more significant extent than the work force as a whole. The growth rate of real wages. This is illustrated by the fact that unemployment rate of demand, leading to unemployment, leading to a slackening off in the growth rate of real wages. This is illustrated by the fact that unemployment as a whole increased from I think about 2.3% in March 1979 to about 3.8% in September 1980, and the number of reported vacancies in manufacturing declined between March 1979 and September 1980. I think the decline was from 70,000 or thereabouts to about 40,000. In other words, the sluggishness of the growth rate of real wages in manufacturing in recent times has nothing whatsoever to do with high interest rates. Thank you, Sir.

MR. STEPHEN CHEONG:—Is the very positive statement made by the Financial Secretary on the experience gained on that occasion did indeed demonstrate that it was very difficult to identify precisely loans, etc. etc.—is this very positive statement backed up by any attempt of statistical analysis?

THE FINANCIAL SECRETARY:—It is a positive statement based upon comments received by me from many bankers.

Cultural facilities in the New Territories

2. MR. YEUNG asked:—*Will Government make a statement on whether there is going to be a proper and purpose-built concert hall, auditorium or*

cultural centre for Sai Kung, Tai Po, Fanling, Cheung Chau, Mui Wo, Tai O and Yuen Long and state the respective capacities and the completion dates?

SECRETARY FOR THE NEW TERRITORIES:—Sir, I am afraid I cannot answer Mr. YEUNG's question in the categorical and definite terms which he requires but I hope he will accept my explanation.

The suggestion, which has been supported by District Advisory Boards, that we should build concert halls and related facilities in towns of the New Territories, other than the three major centres at Sha Tin, Tsuen Wan and Tuen Mun, is now being examined with a view to submitting recommendations to the Executive Council within the next few months. However the range and capacity of the facilities to be provided requires careful consideration and, it goes without saying, any proposals for the towns, Mr. YEUNG has mentioned, will depend upon the availability of funds for them and their priority in the Public Works Programme.

But clearly, following the opening of the Tsuen Wan Town Hall, our first effort must go into building centres at Sha Tin and Tuen Mun, and I am hopeful that work will start in these two towns later this year.

In the meantime other towns and districts will be served by school halls and community halls, some, because of generous private donations, with improvements such as air-conditioning and larger stages. Thus by the end of 1984 we will have a ring of halls of various types around the New Territories.

MR. YEUNG:—Sir, does the Secretary for the New Territories agree with me to state that such improvised school halls is far from useful to accommodate concerts, play or any other cultural facility with certain standards and it is really a shame for the district to engage really good companies to perform there? And if so, why does Government take such a long time to realize the deficiency and not to plan for such building of halls in the other towns, apart from the new towns, earlier? Sorry, it is a long question.

SECRETARY FOR THE NEW TERRITORIES:—Yes, Sir, that is a long question (*laughter*) and I don't think I can agree with the trend of it. We have not been slow in our planning and we are getting off with the building of the auditoria in Tuen Mun and Sha Tin this year. We are already equal with the Urban Area in the New Territories in that we have a town hall and so do they. And by the end of 1984 we will have three halls the size of the City Hall in relation to the Urban Area. And furthermore, as I said to Mr. YEUNG in reply to the first question, we are now drawing up the plans for the second generation of halls in the other towns. So I don't think we are behind the game at all.

Furthermore, I do think that the air-conditioning of selected halls such as the Chiu Lut Sau Secondary School in Yuen Long and the Sheung Shui Town Hall, both of which will seat over 1000 people, and the building of the Sai Kung Town Hall will add very considerably to the facilities which we have.

MR. WU:—Is the plan mentioned by the Secretary the same plan or a plan related to the ten-year programme plan which is being prepared by the Secretary for Home Affairs?

SECRETARY FOR THE NEW TERRITORIES:—I have not seen the ten-year programme plan but I am quite sure that our plans fit into his overall plan. I am quite sure they do.

Home purchase scheme for civil servants

3. MR. So asked in Cantonese:-

請問建議中的協助公務員購屋計劃有何進展,而樓價日漲及利率高企,對實施 該計劃是否會有影響?

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

Will the Government report on progress towards introducing the proposed home purchase scheme for civil servants and say whether escalating property prices and high interest rates are likely to affect the viability of the scheme?

SECRETARY FOR THE CIVIL SERVICE:—Sir, in answering a similar question in this Council in May 1980, I reported that consultations with the staff side had almost been completed, and that there was general support from staff for the proposed home purchase scheme. I said then that staff associations had made various suggestions, and that these were being considered for incorporation in the substantive proposals which I hoped to be able to put to Executive Council by the end of 1980.

In the event it has taken rather longer to finalize this complex and farreaching scheme. Firm proposals are now ready, and are due to be put to Executive Council next month.

Future trends in property prices and interest rates are matters for conjecture, but it does not seem to me now that they are likely to be such as to undermine the viability of the proposed home purchase scheme.

Property prices and interest rates are only two of the factors which will affect the viability of the scheme. Other no less important factors include—

- -the levels of the proposed home purchase allowance,
- -the availability of money no longer required by the officer to meet rent payments,
- -the availability of savings and other family income,
- -the location and type of property to be purchased,

- -the timing of an officer's entry into the scheme, and,
- -perhaps most important, the degree of priority which the individual officer accords to the achievement of home ownership.

I should add that the proposals we have drawn up are capable of modification to meet changing circumstances.

Bombing incidents in buses and at the New World Centre

4. MISS DUNN asked:—Has the Government come to any views as to the motivation behind the spate of bus bombings last February and the recent bombing incident at the New World Centre?

SECRETARY FOR SECURITY:—Sir, the short answer is 'No'. I should add however that, according to Police statistics, there was only one bus bombing in February 1980, although there were two hoax bomb incidents relating to buses in January and June. None of these incidents was accompanied by any threats of violence or demand for money or for action in support of any particular cause. It is therefore difficult to speculate on the motivation behind them.

The recent bombing incident at the New World Centre would appear to have no connection with the bomb incidents involving buses. Here again there is so far a lack of evidence as to motivation. However the case is under active investigation by the Police and it would be wrong for me to make any further comment at this stage.

MISS DUNN:—Sir, could these incidents, unrelated though they are, be regarded as symptoms of general social unease?

SECRETARY FOR SECURITY:—That is a somewhat hypothetical question. The number of bomb incidents and hoaxes over the last five years has shown a slight increase. The total number of real bombs involved in the last five years was 38, of which 27 were in 1980. However, I should add that of those a large number were World War II bombs. Whether this trend towards an increase in bomb incidents and hoaxes is symptomatic of social tensions is a matter I would not like to comment on.

MISS DUNN:—Sir, is the Government satisfied that the control arrangements for the importation, distribution and use of explosives are sufficiently closely supervised?

SECRETARY FOR SECURITY:—I think I would like to give a written answer to that question, Miss DUNN, I don't have the information available.

(THE FOLLOWING WRITTEN REPLY WAS PROVIDED SUBSEQUENTLY.)

Since 7 January, there has been a number of subsequent bombing incidents— most conspicuously the incidents at the Ocean Terminal on 21 February and in Shell House on 31 March. Police investigations into these incidents are continuing and it would not be proper for me to comment on them at this stage. I understand, however, that the investigations to date have not given cause for current arrangements for the control of commercial explosives to be thrown into doubt. Since explosive devices can be manufactured from a wide variety of seemingly innocuous materials, such as sugar, petrol and even washing-up liquid, the manufacture of unsophisticated bombs is well within the capability of anyone with but a rudimentary knowledge of chemistry and the Police have now established that almost all of the recent bomb incidents have involved the use of this kind of unsophisticated device, using homemade explosive materials.

For background information I attach a note (Appendix) prepared by the Commissioner of Mines on the control of explosives by the Mines Division of the Labour Department. In view of the procedures outlined in the note, and of other additional contingency plans that will be brought into operation in special circumstances such as those of civil unrest, the Commissioner of Mines advises that the arrangements for control of explosives are satisfactory. In 1980 nearly 1,000 deliveries of explosives were conducted on average every month, one third of them by Mines Division staff and two-thirds under removal permits issued by the Commissioner. With 23 metric tons of explosives being consumed on average every working day last year, no system of control could be perfect. However, the Administration does exert wide and effective control over the importation, manufacture, conveyance, storage and use of explosives in the territory, and this is borne out by the fact that there has been no indication of an upward trend in either the stealing of explosives or the number of blasting accidents in recent years; indeed in 1980 the Commissioner of Mines received only one report of an attempted theft of dynamite.

MR. CHAN KAM-CHUEN:—In view of this escalation of crime connected with violence, from knives, guns and now bombs, would the Government consider stiffer mandatory laws to deter this open defiance of the law?

SECRETARY FOR SECURITY:—Sir, the legislation and penalties for offences connected with bombs, bomb incidents and bomb hoaxes are in my view perfectly adequate. The maximum penalties for the criminal possession and use of real explosives is life imprisonment. For possession of a simulated bomb it is a fine of \$5,000 or one year's imprisonment. For wasting Police time by making a hoax call the maximum penalty is \$1,000 and imprisonment for six months. I consider these penalties adequate in the circumstances.

APPENDIX

Brief Note on Control of Explosives

Explosives are controlled by the Mines Division of the Labour Department under the provisions of the Dangerous Goods Ordinance (Cap. 295) and its subsidiary regulations. Most explosives are used for blasting purposes in Hong Kong, and strict control is exercised by the Mines Division from the time of delivery by the importer or manufacturer to a Government depot to the time the explosives are fired at blasting sites. At the end of 1980 the Mines Division had a total establishment of 261 and its strength was 199.

Importation of Explosives

No explosives are allowed to be imported unless prior to importation the importer has obtained approval from the Division to store the explosives in a Government Explosives Depot. There are four Government Explosives Depots in Hong Kong—Green Island Explosives Depot, Stonecutters Island Explosives Depot, Kowloon Explosives Sub-depot, and High Island Floating Magazine.

Local Manufacturing of Explosives

The raw materials for locally manufactured explosives are invariably imported and storage of most of the materials requires licensing by the Fire Services Department. There are three manufacturing plants for Ammonium nitrate/fuel oil blasting agent, one cartridged watergel explosives manufacturing plant and three truck-mix slurry explosives plants. Except for the cartridged watergel explosives, the bulk explosives manufactured are not required to be stored in a Government depot. This is not only because they are difficult to detonate unless fired altogether with other explosives, but also because they are delivered to blasting sites for loading into blast holes as soon as they are manufactured.

Distribution of Explosives

Divisional transport delivers explosives from the depots to blasting sites and divisional personnel attend at these sites for security purposes. Currently, explosives are delivered to some 135 sites. The average number of deliveries of explosives a month is around 986. Consumption of explosives in 1980 amounted to 7,139.6 tonnes. Of this amount, 33% was delivered by the Mines Division from the Green Island and Kowloon Depots; the rest, being other than cartridged watergel explosive, was delivered to blasting sites under removal permits issued by the Mines Division.

Use of Explosives

Besides being used in mines and quarries, explosives are employed extensively both for public works construction projects under contract and at private domestic and industrial building site formations. Blasting sites which are situated in or near urban areas receive particularly close attenton because it is necessary to require that stringent precautions be taken to prevent persons from being injured or property damaged. These precautions include requirements for adequate covering over charges; erection of protecting screens to stop flying rock; construction of retaining walls and ditches to stop rolling debris; use of delay detonators and restrictions on the quantity of explosives to be fired at any one time to reduce ground vibration caused by blasting; and observing special blasting times so as to avoid interference with movement of traffic on public roads during peak hours. In 1980, 998 inspections of blasting sites were made by officers of Mines Division to ensure that the requirements were observed and regulations and conditions met.

Blasting Accidents

The number of blasting accidents reported in 1980 was sixteen, involving minor injury to nine persons in four of the accidents and damage to property only in the remaining 12 accidents. There have been no fatal blasting accidents for the last five years.

White Paper on Pre-primary and Primary Education

5. REVD. JOYCE M. BENNETT asked:—Will the Government state when the White Paper on Pre-primary and Primary Education will be published and whether it is proposed to make any changes in Primary I entry procedures in September 1981?

SECRETARY FOR SOCIAL SERVICES:—Sir, it is expected that the White Paper on Primary Education and Pre-primary Services will issue towards the latter part of the current session. In order to give time for schools and parents to familiarize themselves with the White Paper proposals, it will not be practicable to implement any changes to Primary I entry before September 1983.

REVD. JOYCE M. BENNETT:—Sir, am I correct then in believing this means considerable delay, indeed some six months, in its publication? Does this delay indicate considerable changes in the Green Paper proposals?

SECRETARY FOR SOCIAL SERVICES:—I do not think that is an assumption that should be made, Sir.

Police checking of identity documents

6. MR. WONG LAM asked in Cantonese:—

請問政府在市區及新界對未有攜帶身份証明文件人士所提出檢控,數目分別有 多少;以及警方執行檢查身份証明文件任務時,在市區及新界分別發現之非法 入境者數目若干?

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

Will Government give the number of

(i) prosecutions brought against persons for not carrying documents of identity (a) in the Urban Area, (b) in the New Territories, and

(ii) illegal immigrants uncovered as a result of Police checking on the carrying of documents of identity in either of the above categories?

SECRETARY FOR SECURITY:—Sir, since the new immigration legislation passed by this Council on 23 October, 1980, came into effect on 30 October and up to 6 January this year, prosecutions have been initiated by the Police for offences under this legislation against 2,220 persons in the Urban Area and 639 persons in the New Territories.

During the same period 145 persons were referred to the Immigration Department by the Police for further investigation on the grounds that they were suspected of being illegal immigrants. Immigration investigations to date have established that 49 of these persons were illegal immigrants from China or Macau.

These figures do not of course give any indication of the deterrent effect of the proof of identity measures. Some idea of this can be gained by comparing the latest figures of illegal immigrants arrested by the Security Forces on entry into Hong Kong with those for the period before 24 October. For example, in September 1980, 13,365 illegal immigrants were arrested on entry, representing a daily average of 446 arrests. In December the monthly total had fallen to 716, a daily average of 23 arrests. This dramatic reduction, which has been assisted by the efforts of the Chinese Authorities, reveals the deterrent effect of the new legislation. However, I am convinced that these figures will remain low only if our measures continue to be enforced with the utmost determination and persistence. That is the Government's firm intention.

MR. SWAINE:—Sir, do these figures of 2,859 prosecutions out of possibly many tens of thousands of person stopped, with 49 illegal immigrants uncovered, demonstrate that the Police have not been sufficiently selective in the persons whom they stopped for production of documents of identity and that the Police have been stopping more persons for production of documents of identity than necessary?

SECRETARY FOR SECURITY:—The total number of persons checked by the Police is 400,000 since 1 October 1980. As you say, 2,859 of these have been either summonsed or charged. I do not consider that the figures reflect any lack of application on the part of the Police or the fact that they have been stopping the wrong people. I am afraid I have forgotten the first part of the question.

MR. SWAINE:—Do these figures demonstrate that the Police have been not sufficiently selective in the persons whom they have been stopping and that they have been stopping more persons than necessary for the purposes of this legislation?

SECRETARY FOR SECURITY:—Well, to take the second one first; I don't think they have been stopping more persons than necessary because Hong Kong was faced with a threat of such proportions by the end of September that these forceful measures were absolutely essential and it remained to the Police to carry out the Government's actions in this respect. They have been doing this to the extent of 400,000 in the last four months. I do not think this is excess zeal on their part.

Recreational facilities in the New Territories

7. MR. YEUNG asked:—Will Government say whether it is satisfied with the adequacy of existing active recreational facilities to cope with the rapid increase of population in the New Territories, particularly in the public housing estates in the new towns, and if not what measures are being taken to remedy the situation?

SECRETARY FOR THE NEW TERRITORIES:—No, Sir, the Government is not satisfied with the adequacy of recreational facilities in the New Territories. Many facilities have been provided and others are being constructed, but we have naturally had to concentrate in the past few years on the primary objectives of providing homes and work and infrastructure in these rapidly developing areas.

However, by a remarkable coincidence, I shall next week, be examining with my colleagues the scope for improving existing facilities, the provision of additional temporary facilities, and in the longer term the general question of providing more facilities for intensive use. In the meantime there are currently 123 items in the Public Works Programme for the provision of recreational facilities in the New Territories, and Mr. YEUNG may be assured that work on these items takes place just as soon as they can be accorded the requisite priority in the Public Works Programme.

MR. YEUNG:—Sir, I confine my supplementary question to the public housing estates in the new towns. From the answer given by the Secretary for the New Territories, it is apparent that there is a slippage or areas of inco-ordination between the Public Works Programme responsible by the Public Works Department and the building of the public housing responsible by the Housing Authority which, I hope that he agrees, facilities should be provided when the people move in instead of being planned now or planned for the future. Does he agree with my concept of fair provision for the people when they move in?

SECRETARY FOR THE NEW TERRITORIES:—Sir, it is not quite so simple as Mr. YEUNG would have us believe. The housing estates themselves, if one takes one particular area of the housing estate, in the housing estate there

is an allocation of open space for the given population of that estate which is in accordance with Hong Kong's general planning standards, the standards which are applied to both the housing estates and the areas outside the housing estates. Within the housing estate, the areas devoted to the open space are generally planned for more passive types of recreation than the areas outside the housing estates, but nevertheless the land is there. What we have got to do now, I think, is to try to plan on the periphery of the housing estates areas for more active recreation.

MR. F. K. HU:—Sir, would the Secretary for the New Territories advise whether consideration has been given for the Housing Authority to undertake the provision of active recreational facilities around the public housing estates, in the same way as the provision of schools and other facilities in the public housing estates?

SECRETARY FOR THE NEW TERRITORIES:—Sir, I don't think the Housing Authority or the Housing Department would wish to get involved in further work in the new towns, Sir, outside the periphery of their estates. But at the present moment the Housing Department is reviewing the way it uses the open space in its housing estates and having a look to see what other facilities such as cinemas, bowling alleys, and other things might be provided within the estates to make them into a more liveable environment.

Imitation and conversion fire-arms

- 8. DR. Ho asked:—*Will the Government inform this Council of*
- *(i) the number of robberies involving the use of imitation fire-arms reported over the last 12 months, and*
- (ii) what steps are being taken by Government to restrict the sale of toy pistols which can easily be converted into effective fire-arms?

SECRETARY FOR SECURITY:—Sir, imitation fire-arms were used in 25 detected cases of robbery during 1980. Pistol-like objects (which may have been real or imitation) were used in 147 other reported cases. Real fire-arms were used in eight detected, and 14 undetected cases.

The question of restricting the sale of toy pistols, which could be converted into real fire-arms, was previously considered within the Government, but presented problems of legal definition and enforcement. It has been concluded that more effective control can be achieved by imposing heavy penalties on those convicted of offences involving the possession or use of imitation fire-arms or their conversion into real fire-arms.

With this in mind, a revised Arms and Ammunition Bill will soon be considered by the Executive Council. The provisions of this Bill will include measures to tighten control over the importation and licensing of fire-arms,

the possession and use of imitation fire-arms, and to provide increased penalties for offences relating to these arms.

DR. HO:—Sir, how many prosecutions have been taken out by the Police against the use or possession of imitation fire-arms during 1980? And when convicted, what are the normal penalties meted out and kept on the Police record?

SECRETARY FOR SECURITY:—Sir, the number of detected cases in 1980 was 33 and the number of arrests 64. There were 161 undetected cases. I do not have the precise penalties awarded in these cases but the penalties, in general terms, the penalties for non-compliance with the licensing arrangements of real fire-arms and pistol-like objects are a fine of \$2,000 and three years' imprisonment, and ten years' imprisonment on conviction or indictment. The penalties for the possession of fire-arms or imitation fire-arms, in order to resist arrest, which is another offence, is varying stages of imprisonment up to 14 years. The offence of importation or possession of imitation fire-arms carries a penalty of \$2,000 or up to six months' imprisonment.

Statement

Public Accounts Committee Report No. 3—December 1980

MR. F. W. LI:—Sir, in accordance with Standing Order 60A, the Report of the Director of Audit on the accounts of Government for the year ended 31 March 1980 is laid on the table today, together with the third Report of the Public Accounts Committee of this Council. As in previous years we have not investigated in detail all the points raised by the Director, but have confined our attention to the more serious irregularities reported.

The Committee held a total of five ordinary meetings. Thirteen Branch Secretaries and Heads of Departments gave evidence to the Committee on the items relevant to their responsibilities. At these meetings we were as usual assisted by the Director of Audit, the Deputy Financial Secretary and the Director of Accounting Services. On behalf of my Unofficial colleagues I would like to express our appreciation to the Government officials who appeared before us and to those who assisted the Committee in its deliberations. Their patient co-operation made our task lighter. We trust the Government Minute in response to our present Report will be laid on the table of this Council within the stipulated period of three months from today.

Sir, when I addressed this Council last January, I expressed the hope that the Government Minute in reply to our second Report would be as satisfactory as the Government response to our first Report. I regret this hope was not fully realized. As the Minute itself indicated, action on various matters remained outstanding, and it has been necessary for the Committee to

monitor progress on these items. After meeting to consider the Government Minute we obtained a further progress report, and note that fresh internal instructions have been issued regarding the follow-up procedures to be observed both in regard to our Reports and those of the Director of Audit. We have also taken steps to ensure that we are kept regularly informed of progress on outstanding items.

Honourable Members will note that in paragraph 3.4 of the Committee's third Report we have made specific reference to two items which remain outstanding from our second Report. We would like to be informed of the latest developments. In paragraph 3.5 we have also expressed our views on how the Committee might in future be regularly apprised of progress on all outstanding matters. We hope it will be possible for Government to meet these requests.

Sir, in addition to the Committee's findings on points raised by the Director, we have reported in paragraphs 4.5 and 4.6 two general conclusions which are, we believe, of fundamental importance to the public service and to the community at large. The first refers to delays in decision-making and inaction in the conduct of Government business. I regret to say that in our examination of Branch Secretaries and Heads of Departments we were frequently left with the impression that the public business is often not pursued with a proper sense of urgency. Our second conclusion is of general complacency towards the extent to which material and staffing deficiencies can be overcome, or at least substantially reduced, by improvements in staff productivity. We strongly recommend that the Government seek to raise its performance in both these areas.

Government business

Motion

MASS TRANSIT RAILWAY CORPORATION ORDINANCE

THE FINANCIAL SECRETARY 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 31 October 1975 as amended from time to time be further amended by deleting items 12, 13, 14 and 24.

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 the Legislative Council for the Financial Secretary, on behalf of the Government, to grant guarantees in respect of the repayment of The various guarantees which have been included in the Schedule to the Resolution of this Council were published in the Gazette as Legal Notice No. 242 of 1975. The purpose of the Resolution before the Council today is to delete items 12, 13, 14 and 24 of the Notice which are in respect of guarantees which have become redundant.

Item 12 is in respect of a loan of HK\$15 million, item 13 is in respect of a loan of HK\$72.5 million and item 14 is in respect of a loan for US\$55 million. Item 24 is in respect of two guarantees totalling US\$111 million. The loan facilities covered by items 12, 13 and 14 were for various reasons never utilized and the guarantees therefore never came into effect. The loan covered by item 24 was repaid and replaced in order to take advantage of a switch from US dollars to Hong Kong dollars. It is felt that the Schedule should be amended to reflect these changes so that the Schedule may remain an accurate record of the Government's liabilities as guarantee for loans made to the Mass Transit Railway Corporation.

The Government's total guarantee commitment in respect of the principal of loans advanced to the Mass Transit Railway Corporation will be unaffected if Members make this Resolution. The total guarantee commitment will continue to stand at HK\$8,285 million. This contingent liability is provided for within our financial reserves, and will continue to be so provided.

Sir, I beg to move.

Question put and agreed to.

First reading of bills

EMPLOYMENT (AMENDMENT) BILL 1981

INDUSTRIAL TRAINING (CONSTRUCTION INDUSTRY) (AMENDMENT) BILL 1981

FOREIGN JUDGMENTS (RECIPROCAL ENFORCEMENT) (AMENDMENT) BILL 1981

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

Second reading of bills

EMPLOYMENT (AMENDMENT) BILL 1981

THE COMMISSIONER FOR LABOUR moved the second reading of:—'A bill to amend the Employment Ordinance'.

He said:—Sir, I move that the Employment (Amendment) Bill 1981 be read a second time.

The Employment Ordinance was enacted in September 1968. Its provisions then applied to all manual employees and to those non-manual employees earning not more than fifteen hundred dollars a month.

Since then, the wage ceiling for non-manual employees in this Ordinance has been amended twice: to \$2,000 in March 1974 and to \$3,500 in April 1979, to keep it generally in line with rises in wages and with increases in the cost of living. For the same reason, a further revision of this wage ceiling is now due.

Between September 1968 and March 1980, the percentage increase in the index of nominal average daily wages for workers in industry was 378.6. It is therefore considered to be appropriate now to raise the wage ceiling for non-manual employees to six thousand dollars a month. It is also proposed that the maximum level of monthly wages for the purposes of calculation of severance payments should be increased to the same level of six thousand dollars.

At the last revision of the wage ceiling in April 1979, I said in this Council that such an increase was an interim measure, and undertook to review the possibility of the removal of the wage ceiling for non-manual employees for most, if not all, parts of the Employment Ordinance. However, this proposal met with certain objections from the major employers' associations as well as some professional management organizations, who felt that it might have the undesirable effect of setting standards below the current norm for higher paid executives as well as imposing heavy financial constraints upon smaller employers; while employees' representatives on the Labour Advisory Board generally agreed to the proposal of raising the wage ceiling for non-manual employees to \$6,000 per month, but provided no separate lower ceiling for severance payment be set as had been advocated by some employers' organizations.

While it is still Government's long-term objective to remove the wage ceiling for nonmanual employees in the Employment Ordinance so that all employees, whether manual or non-manual, will be brought under the protection of the Ordinance, in view of the fairly small number involved I have been prepared to accept this position at this stage. It is roughly estimated that after the wage ceiling is raised to \$6,000, about 35,000 employees, or just under 2% of the total number of employees, will remain outside the protection of the Employment Ordinance.

As the cost of living and wages continue to change, the Labour Advisory Board advised that the wage ceiling for non-manual employees in the Employment Ordinance should be reviewed every year and that action should be taken to revise it if there was a clear need to do so. In order to avoid the need for repeated amending bills to be presented to amend the Ordinance to vary the wage ceiling, a provision is introduced in the Employment (Amendment) Bill 1981 to enable such variations to be approved in future by this Council by resolution published in the *Gazette*.

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

Motion made. That the debate on the second reading of the Bill be adjourned—THE COMMISSIONER FOR LABOUR.

Question put and agreed to.

INDUSTRIAL TRAINING (CONSTRUCTION INDUSTRY) (AMENDMENT) BILL 1981

THE COMMISSIONER FOR LABOUR moved the second reading of:—'A bill to amend the Industrial Training (Construction Industry) Ordinance'.

He said:—Sir, in moving the second reading of the Industrial Training (Construction Industry) (Amendment) Bill 1981, I am proposing amendments that have been recommended by the Construction Industry Training Authority.

Section 21 of the Industrial Training (Construction Industry) Ordinance provides for the imposition of a levy on the value of all construction works undertaken in Hong Kong exceeding \$250,000. This levy finances the training activities of the Construction Industry Training Authority.

Section 25 requires contractors to notify the Training Authority of payments received in respect of the works and of completion of the works. Based on this notification, the Authority calculates the levy. If no notification is given, the Authority is empowered by section 26 to assess the amount of the levy and impose a surcharge on the contractor. Section 27 stipulates that the payment of the levy (whether calculated or assessed) or surcharge must be made within 28 days of the contractors receiving notification from the Authority. But as the Ordinance stands at the moment, however, it does not provide for a penalty for late payment of either the levy or surcharge. This has led not only to the Authority losing interest income but also to it incurring higher administrative costs. And the Authority has accordingly recommended the inclusion of a provision for a penalty for late payment of levy or surcharge as well as a further penalty where the levy or surcharge is still outstanding three months after the expiry of the prescribed period.

Also, because the levy is calculated on the value of construction works stated in a notification, an unscrupulous contractor could evade part of the levy by simply understating the value. To prevent such evasion, the Training Authority may wish in the future to employ professional quantity surveyors to check the value of construction works where it suspects such value to have been understated. To facilitate such checks would require the Authority to divulge to its authorized surveyors information provided by the contractor or authorized person concerned with the works. However, section 31(2) of the Ordinance states that the consent of the person providing the information must be obtained before such information could be disclosed to third parties. The Authority is of the opinion that such consent may not be readily obtained in such circumstances and has recommended an amendment to remove the need for obtaining such consent so that the process of checking can be expedited, where necessary, in the future.

Finally, the Pneumoconiosis Compensation Fund Board is authorized under the Pneumoconiosis (Compensation) Ordinance to impose a levy on contractors on the same basis as that under the Industrial Training (Construction Industry) Ordinance, that is, on a percentage of the value of all construction works exceeding \$250,000. To assist the Board to assess this levy it may be necessary for the Authority to disclose relevant information to the Board.

Therefore the Industrial Training (Construction Industry) (Amendment) Bill 1981, if approved by this Council, would:—

- (i) in clause 4, provide for a penalty of 5% of the levy or surcharge where the levy or surcharge is not paid within the prescribed period and a further penalty of 5% of the outstanding sum if the levy or surcharge is still unpaid three months after the expiry of the prescribed period, and
- (ii) in clause 8, permit the disclosure of information supplied to the Authority to a person authorized or employed by the Authority for the purpose of checking the value of construction works or to the Pneumoconiosis Compensation Fund Board.

Clauses 2, 3, 5, 6, 7 and 9 of the Bill make consequential amendments necessitated by the introduction of the penalty and further penalty referred to above.

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

Motion made. That the debate on the second reading of the Bill be adjourned—THE COMMISSIONER FOR LABOUR.

Question put and agreed to.

FOREIGN JUDGMENTS (RECIPROCAL ENFORCEMENT) (AMENDMENT) BILL 1981

THE LAW DRAFTSMAN moved the second reading of:—'A bill to amend the Foreign Judgments (Reciprocal Enforcement) Ordinance'.

He said:—Sir, I move that the Foreign Judgments (Reciprocal Enforcement) (Amendment) Bill 1981 be read the second time.

The Foreign Judgments (Reciprocal Enforcement) Ordinance can be extended to other countries if substantial reciprocity of treatment is afforded by those countries to the enforcement of judgments of the Hong Kong courts. Where the Ordinance is extended to another country, a judgment of a court of that country can be registered here in Hong Kong. Under section 4(3) of the Ordinance, where a foreign judgment provides for a sum of money to be paid in a currency other than Hong Kong dollars, the judgment is registered as if it were a judgment for the equivalent amount of Hong Kong dollars at the rate of exchange prevailing at the date of the judgment of the foreign court.

As currency exchange rates can fluctuate considerably, a person in whose favour such a judgment has been given can be severely prejudiced, if the Hong Kong dollar depreciates substantially against the currency in which the judgment was expressed. This is not a problem that confronts Hong Kong alone.

At a Conference on the Recognition of Judgments organized by the Commonwealth Secretariat in 1979, at which Hong Kong was represented, it was acknowledged generally that it would be much fairer to provide for conversion at the exchange rate in force at the time the foreign judgment is registered. Clause 2 of the Bill makes provision for this. It is not necessarily a perfect solution to the problem. I doubt there is one. It should, however, substantially mitigate the prejudice that might otherwise be sustained. If a better solution presents itself in the future, then consideration will be given to its adoption.

There remains the minor question of what is to happen to judgments registered prior to commencement of the Bill, if it is enacted. Clause 3 provides that the new rule proposed in clause 2 will not apply to such judgments, which, accordingly, will remain subject to the existing law.

Needless to say, the Judiciary, the Bar Association and the Law Society have all been consulted on this Bill.

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

Motion made. That the debate on the second reading of the Bill be adjourned—THE LAW DRAFTSMAN.

Question put and agreed to.

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL 1980

Resumption of debate on second reading (3 December 1980)

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).

INTERPRETATION AND GENERAL CLAUSES (AMENDMENT) BILL 1981

Resumption of debate on second reading (17 December 1980)

Question proposed.

MR. OSWALD CHEUNG:—Sir, I just wish to express on behalf of Unofficial Members their appreciation to the Administration for bringing this Bill to the Council. It would give Unofficial Members just the longer time necessary for scrutinizing subsidiary legislation.

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).

REVISED EDITION OF THE LAWS (AMENDMENT) BILL 1981

Resumption of debate on second reading (17 December 1980)

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).

FIRE AND MARINE INSURANCE COMPANIES DEPOSIT (AMENDMENT) BILL 1981

Resumption of debate on second reading (17 December 1980)

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).

LIFE INSURANCE COMPANIES (AMENDMENT) BILL 1981

Resumption of debate on second reading (17 December 1980)

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).

Committee stage of bills

Council went into Committee.

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL 1980

Clause 1

THE LAW DRAFTSMAN:—Sir, I move that clause 1 be amended as set out in the paper circulated to Members. Sir, this is the 1980 Bill that has been carried over to this year, its title accordingly requires amendment in the manner proposed.

Proposed Amendment

Clause 1

That clause 1 be amended by deleting '(No. 2) Ordinance 1980' and substituting the following—

'Ordinance 1981'.

The amendment was agreed to.

Clause 1, as amended, was agreed to.

Clauses 2 and 3 were agreed to.

Clause 4

THE LAW DRAFTSMAN:—Sir, I move that clause 4 be amended as set out in the paper circulated to Members. This amendment is consequential to that I have just moved to clause 1.

Proposed Amendment

Clause 4

That clause 4 be amended in the proposed new section 26AA by deleting '(No. 2) Ordinance 1980' wherever it occurs and substituting the following— 'Ordinance 1981'.

The amendment was agree to.

Clause 4, as amended, was agreed to.

Clauses 5 and 6 were agreed to.

INTERPRETATION AND GENERAL CLAUSES (AMENDMENT) BILL 1981

Clauses 1 to 3 were agreed to.

REVISED EDITION OF THE LAWS (AMENDMENT) BILL 1981

Clauses 1 and 2 were agreed to.

FIRE AND MARINE INSURANCE COMPANIES (AMENDMENT) BILL 1981

Clauses 1 to 6 were agreed to.

Schedule was agreed to.

LIFE INSURANCE COMPANIES (AMENDMENT) BILL 1981

Clauses 1 to 9 were agreed to.

Schedule was agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

INTERPRETATION AND GENERAL CLAUSES (AMENDMENT) BILL

REVISED EDITION OF THE LAWS (AMENDMENT) BILL

FIRE AND MARINE INSURANCE COMPANIES DEPOSIT (AMENDMENT) BILL

LIFE INSURANCE COMPANIES (AMENDMENT) BILL

had passed through Committee without amendment and the

LEGAL PRACTITIONERS (AMENDMENT) (NO. 2) BILL (enacted as Legal Practitioners (Amendment) Ordinance 1981)

had passed through Committee with 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 2.30 p.m. on Wednesday, 21 January 1981.

Adjourned accordingly at twenty-seven minutes past three o'clock.