

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 10 February 1988****The Council met at half-past Two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)
SIR DAVID CLIVE WILSON, K.C.M.G.
THE HONOURABLE THE CHIEF SECRETARY
SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.
THE HONOURABLE THE FINANCIAL SECRETARY
MR. PIERS JACOBS, O.B.E., J.P.
THE HONOURABLE THE ATTORNEY GENERAL
MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.
THE HONOURABLE LYDIA DUNN, C.B.E., J.P.
DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.
THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.
THE HONOURABLE HU FA-KUANG, O.B.E., J.P.
THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR DISTRICT ADMINISTRATION
THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.
THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.
THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.
THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.
THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.
DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.
THE HONOURABLE CHAN YING-LUN, J.P.
THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, O.B.E., J.P.
THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.
THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.
THE HONOURABLE YEUNG PO-KWAN, O.B.E., C.P.M., J.P.
THE HONOURABLE KIM CHAM YAU-SUM, J.P.
THE HONOURABLE JOHN WALTER CHAMBERS, O.B.E., J.P.
SECRETARY FOR HEALTH AND WELFARE
THE HONOURABLE JACKIE CHAN CHAI-KEUNG
THE HONOURABLE CHENG HON-KWAN, J.P.
THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.
DR. THE HONOURABLE CHIU HIN-KWONG, J.P.
THE HONOURABLE CHUNG PUI-LAM
THE HONOURABLE THOMAS CLYDESDALE, J.P.
THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT
THE HONOURABLE RICHARD LAI SUNG-LUNG
DR. THE HONOURABLE CONRAD LAM KUI-SHING
THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.
THE HONOURABLE DESMOND LEE YU-TAI
THE HONOURABLE LIU LIT-FOR, J.P.
THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.
THE HONOURABLE PANG CHUN-HOI, M.B.E.
THE HONOURABLE POON CHI-FAI
PROF. THE HONOURABLE POON CHUNG-KWONG
THE HONOURABLE HELMUT SOHMEN
THE HONOURABLE SZETO WAH
THE HONOURABLE TAI CHIN-WAH
THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING
THE HONOURABLE TAM YIU-CHUNG
DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.
THE HONOURABLE ANDREW WONG WANG-FAT
THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.
THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR LANDS AND WORKS
THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.
SECRETARY FOR SECURITY
THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
SECRETARY FOR TRANSPORT
THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, J.P.
SECRETARY FOR TRADE AND INDUSTRY
THE HONOURABLE EDWARD HO SING-TIN, J.P.
THE HONOURABLE DOMINIC WONG SHING-WAH, J.P.
SECRETARY FOR EDUCATION AND MANPOWER (*Acting*)

ABSENT

THE HONOURABLE PETER C. WONG, C.B.E., J.P.
THE HONOURABLE WONG PO-YAN, C.B.E., J.P.
THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., Q.C., J.P.
THE HONOURABLE DAVID LI KWOK-PO, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR. LAW KAM-SANG

Papers

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

<i>Subject</i>	<i>L.N.No.</i>
Subsidiary Legislation:	
Immigration Ordinance	
Immigration (Amendment) Regulations 1988	24/88
Ferry Services Ordinance	
Ferry Services (The 'Star' Ferry Company, Limited) (Determination of Fares) (Amendment) Order 1988	25/88
Public Health (Animals and Birds) Ordinance	
Regulation of Movement of Dogs (Cancellation) Order 1988	26/88
Supreme Court Ordinance	
Supreme Court Fees Rules 1988.....	27/88
Public Health and Municipal Services Ordinance	
Hawker (Regional Council) (Amendment) By-laws 1988	28/88
Public Health and Municipal Services Ordinance	
Slaughter-Houses (Regional Council) (Amendment) By-laws 1988	29/88
Medical Registration (Amendment) Ordinance 1988	
Medical Registration (Amendment) Ordinance 1988 (Commencement) Notice 1988	30/88
Dentists Registration (Amendment) Ordinance 1988	
Dentists Registration (Amendment) Ordinance 1988 (Commencement) Notice 1988.....	31/88
Nurses Registration (Amendment) Ordinance 1988	
Nurses Registration (Amendment) Ordinance 1988 (Commencement) Notice 1988	32/88
Midwives Registration (Amendment) Ordinance 1988	
Midwives Registration (Amendment) Ordinance 1988 (Commencement) Notice 1988.....	33/88
Sessional Papers 1987-88:	
No. 41—Li Po Chun Charitable Trust Fund Annual Report for the period 1 September 1986 to 31 August 1987	
No. 42—City Polytechnic of Hong Kong Annual Report with Financial Report July 1986-June 1987	

- No. 43—The Hong Kong Academy for Performing Arts Annual Report 1986-87 and Statement of Accounts
- No. 44—Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31 August 1987
- No. 45—Report of the Public Accounts Committee on the Report of the Director of Audit on the Accounts of the Hong Kong Government for the year ended 31 March 1987 and the Results of Value for Money Audits

White Paper:

The Development of Representative Government: The Way Forward

Addresses by Members presenting papers

Report of the Public Accounts Committee on the Report of the Director of Audit on the Accounts of the Hong Kong Government for the year ended 31 March 1987 and the Results of Value for Money Audits

MR. ALLEN LEE: Sir, laid on the table today is the 10th Report of the Public Accounts Committee. This has been compiled following the committee's investigations into matters raised in the Director of Audit's Report on the Accounts of the Hong Kong Government for the year ended 31 March 1987 and the results of value for money audits.

Sir, I have been asked by the committee to say how encouraged they have been by the steady progress made over the years in improving the management of public funds and by the constructive and co-operative approach of the controlling officers and other officials who have appeared before the committee. This year, as in the previous years, the committee have come across cases where matters might have been handled differently, but they are confident that the solutions will be found and that they will be implemented with the necessary vigour.

This is the first of the two reports to be laid before this Council in the current session. It is planned to issue a second before the end of the session following a further report by the Director of Audit on his value for money audits.

City Polytechnic of Hong Kong Annual Report with Financial Report July 1986-June 1987

MR. CHENG: Sir, the Annual Report and Financial Report of the City Polytechnic of Hong Kong is tabled in this Chamber today. This is the third report which has been made to the Council by the Polytechnic since its inception in January 1984, and I am pleased to have the duty of laying it before you for

the first time. In doing so, I should like to pay tribute to my predecessor as the Chairman of the City Polytechnic Council, Mr. S. L. CHEN, whose term of office expired at the end of 1987, outside the timescale of the Polytechnic's present report. His close involvement with the work of the City Polytechnic since the formation of the planning committee has helped to ensure that firm foundations for the development of this institution were already in place when I succeeded to the chairmanship at the beginning of this year.

The report chronicles the continued development and expansion of the City Polytechnic: during the period covered by this report, that is, July 1986 to June 1987, the overall student number increased by about 50 per cent, and five degree courses were successfully validated to accept students in October 1987, joining the two degree courses already in operation. The year also saw the Polytechnic hold its first academic awards ceremony, presided over, Sir, by your predecessor, at which more than 100 awards were conferred as well as a special award of Honorary Founding Fellow to the hon. Sir S. Y. CHUNG, in recognition of the pivotal part he played in bringing the Polytechnic into being.

The development of the permanent campus in Kowloon Tong has also proceeded at a great pace during the year under review, which at its beginning saw the ground breaking ceremony and at the end, in June 1987, the laying of the foundation stone at which we were pleased that you yourself, Sir, officiated. The first half of the initial phase of the construction is due to be completed in September, enabling the Polytechnic to move some of its activities into the permanent campus in the 1988-89 academic year. The completion of the initial phase will not be achieved until a further 12 months has elapsed, but the Polytechnic is fully expecting to complete its move to Kowloon Tong in the summer of 1989.

Sir, we find described in this report a young but thriving institution, already well on the way to maturity and making a significant, and increasing, contribution to the education of our young people in Hong Kong.

Oral answers to questions

Fringe benefits of civil servants and staff in subvented organisations

1. MR. HUI asked: *Will Government inform this Council whether it has conducted any study to look into the disparity between the fringe benefits of civil servants and those enjoyed by staff of subvented organisations and, if so, what are the findings; and what steps will be taken to narrow this disparity?*

FINANCIAL SECRETARY: Sir, no comprehensive study has been conducted to evaluate the disparities since these are largely a reflection of the different characteristics and needs of the various organisations.

The subvented organisations cover a wide spectrum of services, including education, welfare, medical services, trade, industry and a host of other miscellaneous services. They offer a wide variety of terms and conditions of employment (including fringe benefits) to suit their particular needs. There are, therefore, bound to be disparities both among the subvented organisations and in comparison with the Civil Service.

MR. HUI: *Sir, there are about 70 000 employees of subvented organisations in the field of education, medical and welfare services who are performing similar duties to those of their civil service counterparts but are not receiving similar fringe benefits. Under the principle of fairness and equal work/equal pay, Sir, can Government inform this Council whether it will consider narrowing the gap between the two gradually?*

FINANCIAL SECRETARY: Sir, this is a difficult area and an area that is frequently contentious. As Mr. HUI will remember, my colleague, the Secretary for Education and Manpower, said in this Council on 27 January in answer to Mrs. FAN, that he did not think that fairness necessarily implied uniformity. I think, Sir, that we should not look at fringe benefits in isolation. If we really want to make a comparison, the comparison has to be between the total packages of terms and conditions of employment. So we have to look at both monetary and non-monetary conditions. The latter, the non-monetary conditions, include qualifications for employment, for appointment, leave arrangements, various restrictions on taking outside work. If you take into account, Sir, all the various conditions of employment, I think it is inevitable that disparities will exist between the government and subvented organisations and even, as I have said in my principal answer, between subvented organisations themselves. I do not think it would be necessarily beneficial to the community as a whole, Sir, if Government were to impose identical packages of employment terms and conditions on all subvented organisations and I think that an examination into narrowing the gap between the two would not necessarily be productive.

DR. HO: *Sir, in respect of the welfare service agencies where the nature and characteristics of services are very similar to those provided by the Government but the level of fringe benefits for the employees in these subvented organisations are vastly different, will the Government consider looking into this matter with a view to making the conditions and terms of employment including fringe benefits more equal among the employees in these two sectors?*

FINANCIAL SECRETARY: I think, Sir, that I have answered that in my last answer to Mr. HUI Yin-fat. There are bound to be discrepancies and I think it is impossible just to say that because the actual services provided are identical, therefore the total package of remuneration should be identical. That is not the way it is looked at.

MR. SZETO (in Cantonese): *Sir, in the case of the two universities, the two polytechnics and the examination authorities, their nature is similar to other subvented organisations, especially subvented education institutions. Is there any disparity between the fringe benefits enjoyed by the staff of these institutions and those of other subsidised organisations?*

FINANCIAL SECRETARY: I cannot answer about the exact terms of service of these various organisations that Mr. SZETO Wah has mentioned. It is quite likely that there will be various disparities and the disparities exist for the reasons that I have already given.

Civic education

2. MRS. FAN asked: *In view of the importance of civic education, will Government inform this Council of the resources devoted to this end both inside and outside the school system and whether there are any plans to increase the provision of funds in the coming year for this purpose?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, civic education is promoted through a very wide range of educational, broadcasting and community involvement programmes, often as an element of a programme which also has other educational, entertainment or publicity aims. It is therefore difficult to identify specifically every item of expenditure relating to civic education.

Inside the school system, we can identify a total expenditure of about \$3.3 million, covering staff in the Education Department Advisory Inspectorate, grants for Community Youth Club activities, running costs of the Civic Education Resource Centre, development of teaching materials, and in-service training courses for teachers.

In addition, there are substantial costs not separately identifiable, relating to the training and inspection of teachers of all subjects in order to assist them in incorporating elements of civic education into their lessons; and to the production of educational television programmes, including both Civic Education Specials and elements of civic education in language and social studies programmes. Extra-curricular activities also play an important part in promoting civic education. Since 1983 each standard-size secondary school in the public sector has been provided with an extra graduate teacher in order to strengthen such activities in the school.

Outside the school system, Sir, civic education is promoted by the City and New Territories Administration, Radio Television Hong Kong, the Information Services Department, the Independent Commission Against Corruption, and the Social Welfare Department. Their efforts and activities are monitored and

co-ordinated by the Committee on the Promotion of Civic Education, chaired by Mrs. Rita FAN. The total expenditure incurred by all these organisations is estimated at about \$22 million in the current financial year.

I understand, Sir, that in 1988-89 the various organisations concerned with promoting civic education have sought increased funds for civic education related programmes. Details will become known when the draft Estimates are laid before this Council on 2 March.

MRS. FAN: *Sir, I must say I am pleasantly surprised to learn from the Secretary's reply that about \$23 million is spent on promotion of civic education outside the school system. This is good news to the committee. Can the Secretary say whether any research has been conducted to evaluate the effectiveness of these promotional and educational activities in raising the civic awareness and attitude of the students in the schools and the community at large? If yes, what are the results? If no, why not?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, there have been two evaluation studies on the subject of promotion of civic education, particularly in schools. The results of the latest evaluation show that over 90 per cent of schools have adopted what we call the cross curricular approach or a combination of various methods in promoting civic education in schools and that has been considered quite successful. There is also a very effective link between the promotion of civic education inside and outside the school system and there is no doubt in our minds, Sir, that civic awareness has generally increased.

MR. LIU (in Cantonese): *Sir, can the Administration inform this Council whether all schools are subsidised in the promotion of civic education, and, if no, then how are resources allocated and how can all schools get the subsidy in order to promote civic education?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, there is at the moment grants given for certain activities in schools, in particular they relate to community youth club activities. There is a recommendation in the particular evaluation report that I have just referred to that the Government should provide additional funds to schools in the form of grants in order to help the schools to do all sorts of projects particularly to strengthen civic education. This is something which we, in fact, agree in principle and is a matter of resources which we will pursue in the usual manner.

MR. SZETO (in Cantonese): *Sir, funds used to promote civic education in schools is only \$3.3 million, and it is an extremely small amount compared to our provision for education. Civic education is now a very important activity but funds to be made available for it is extremely small. Does the Administration have any intention to increase the provision in the future?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, it is difficult to say whether \$3.3 million is a big sum or a small one but it is quite clear that it has had its effect and the effect on students within the schools has been rather great. There have been, as I said, Sir, requests for more funds in the next financial year and that would be considered in due course.

MRS. FAN: *Sir, in the Secretary's reply, he refers to the second evaluation report on the guideline on civic education in schools. In that report, a recommendation was made and I quote: 'The Education Department should consider conducting research studies of pupils' civic awareness and attitude'. May I ask the Secretary when he intends to conduct such a research study?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, this is a very recent recommendation. We think that we could support this one in principle. There are, of course, quite a number of logistics to pursue. It is in fact not so easy to determine the methodology for doing a survey. But certainly we will conduct one as soon as the logistics can be worked out.

Container truck parking

3. MR. LAI asked: *In the light of the recent container truck 'slow-drive' in Kwai Chung in protest of insufficient parking spaces, will Government inform this Council of its policy regarding container truck parking?*

SECRETARY FOR TRANSPORT: Sir, I must first of all clarify that the immediate cause of the 'slow-drive' was the Government's decision to take back a small portion of a 2.8 hectare site currently occupied by a container tractor owners' association. This decision was made in accordance with the terms of the tenancy agreement. The association was fully aware of such terms. The purpose of the drivers' action was apparently to press their demand for a direct land grant which is not existing policy.

In general, Government's policy on container truck parking is that these vehicles should be parked off-street and that this should best be achieved through adequate land being provided for the private sector to operate container parking facilities.

Such facilities have so far been provided through the allocation of land on short-term tenancies. Due to the rapid growth in the container trade in recent years and the competing demand for land near the container port by other back-up facilities, it has not been possible to meet fully the demand for container truck parking spaces. Although the majority of the existing parking spaces are in the Tsuen Wan/Kwai Tsing areas, some are scattered throughout the Territory. In view of the shortage of land around the container port, some sites will have to be found elsewhere.

The situation should improve when additional land becomes available upon the completion of the reclamation of back-up facilities adjoining Terminals 6 and 7, in stages starting from the third quarter of next year. In the meantime, short-term tenancy sites for container truck parking will continue to be put out to tender to ease the situation. In addition, a working group under the Kwai Tsing District Management Committee has been formed recently to look into the immediate parking needs of the container trucking industry in the container port area and to make recommendations within the next three months.

Sir, in the longer term, a comprehensive study of the requirements of container port back-up facilities (including parking) will be undertaken as part of the Port and Airport Development Strategy Study. Preliminary results of this part of the study should be ready by the middle of this year.

MR. LAI: *Sir, will Government inform this Council of the justification to let land for container truck parking on a temporary basis and whether any allocation of land for permanent parking sites will be considered in the future? And, secondly, will Government consider direct granting of land for container truck parking instead of putting it under tender, and what are the criteria governing its decision?*

SECRETARY FOR TRANSPORT: Sir, I think as far as transport is concerned, our policy is to ensure that vehicles of such sizes are parked offstreet to avoid inconvenience to traffic and to reduce noise and other forms of pollution to the minimum. As far as the land policy is concerned, I think the Secretary for Lands and Works is in the best position to answer this question.

HIS EXCELLENCY THE PRESIDENT: Secretary for Lands and Works, do you wish to add to that?

SECRETARY FOR LANDS AND WORKS: The policy of granting short-term tenancies for land for container parking and for many other forms of back-up for the container port is mainly caused by the rapid growth in the container trade since 1981 and the need to give priority to provide land for the development of the in-terminal facilities which are more essential for the development of the container port. Of course, considerable numbers of container prime movers and trailers are parked properly within people's industrial and godown lots; the proportion of the container lorry fleet, which requires parking outside of people's private land is not well known and the position is under very intensive study. As the Secretary for Transport said a moment ago in his answer to the main question, the Kwai Tsing management group is looking at this problem. Whether in the future we will be able to provide permanent land for this purpose will really depend upon how we assess the priorities for land around the terminals in the light of the plans for development of those terminals and for container back-up in the future. I certainly could not give an undertaking this

afternoon that permanent land will be made available. It also depends on the extent to which the private sector will be prepared to produce multi-story facilities.

The second part of Mr. LAI's question concerns direct grant of land for these purposes. I think it would be quite wrong to consider a policy of direct grant. There is no reason for direct grant to any particular body of land in connection with container parking, there is a massive demand and it is much better sorted out by tender.

DR. HO: *Sir, is the container truck industry represented in the working group mentioned in paragraph 4 of the answer? If not, how could Government ensure that the plans proposed by the working group are practical?*

SECRETARY FOR TRANSPORT: Sir, the association has been kept informed and consulted by the chairman and members of the working group chaired by the District Officer, Kwai Tsing. Indeed, meetings have been held with the association over the last few weeks on details and in fact a joint study was being undertaken on the needs of the industry in the locality of Kwai Tsing area. So I am sure that all their views will be taken into account in the final recommendations.

Consumption of protected animals

4. MR. CHEONG-LEEN asked: *Is Government aware of reports that endangered wild life are being eaten in Hong Kong at banquets, and what is Government doing to ensure that no protected animals are killed in violation of the Animals and Plants (Protection of Endangered Species) Ordinance?*

SECRETARY FOR HEALTH AND WELFARE: Sir, the Government is aware of recent allegations carried in the press, both in the United Kingdom and locally, that certain types of endangered wild life are being eaten in Hong Kong.

It is an offence under the Animals and Plants (Protection of Endangered Species) Ordinance to possess—for consumption as food or otherwise—any scheduled species without a licence. Licences are issued only to promote the conservation of species and not their consumption as food. Staff of the Agriculture and Fisheries Department do conduct checks at local restaurants and markets to ensure that no protected animals are offered for sale as food and all reports of the prohibited use of endangered species for food are investigated as they occur.

MR. CHEONG-LEEN: *Sir, I have a rather long supplementary so I will speak relatively slowly.*

HIS EXCELLENCY THE PRESIDENT: It is a question, Mr. CHEONG-LEEN, not a statement, is it?

MR. CHEONG-LEEN: *A supplementary question, Sir. To what extent is it true about reports in The Sunday Times Magazine of 10 January 1988 that exotic dishes of endangered species such as tiger broth or stewed leopard are available for discriminating diners in Hong Kong? How many staff of Agriculture and Fisheries Department are conducting checks regularly at local restaurants and markets to ensure that no protected animals are offered for sale as food, and will such staff be strengthened in the near future? And should there and will there be a review of the levels of fines and imprisonment for convictions?*

SECRETARY FOR HEALTH AND WELFARE: Sir, although there have been a number of cases during 1987 of various endangered species being consumed, there is absolutely no indication that tiger broth and stewed leopard are on the menu at any of our local restaurants!

The second question referred to the number of staff of the Agriculture and Fisheries Department involved in these checks. I am assured that there are five field officers of the Agriculture and Fisheries Department employed on enforcement duties on the Convention on International Trade in Endangered Species of Wild Flora and Fauna. Hong Kong is a party to this convention and its provisions are given effect under the Animals and Plants (Protection of Endangered Species) Ordinance, Chapter 187 of the Laws of Hong Kong.

The third question, the level of fines. I am assured by the Secretary for Economic Services that a review is being carried out at present into the effectiveness of the penalties prescribed by the Ordinance.

MR. YEUNG: *Sir, what are the common endangered species likely to be consumed in Hong Kong and has there been any successful prosecution made against offenders of the said Ordinance in the past 12 months?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I am told that following checks of local restaurants and markets, there were 14 seizures made in 1987. These involved five pangolin, 18 birds of prey, 16 giant salamanders, and 12 bear paws. There were 136 seizures made as a result of checks made at the entry and exit points to Hong Kong by the Agriculture and Fisheries Department and the Customs Service. These 136 seizures last year involved 16 pangolin, 117 birds of prey, 24 giant salamander, 140 kg of pangolin meat, 2.5 kg of giant salamander meat.

Sale of unsafe products

5. MRS. CHOW asked: *Will Government inform this Council whether it has plans for the introduction of comprehensive legislative control over the sale of unsafe products which do not fall under categories controlled by existing legislation?*

SECRETARY FOR TRADE AND INDUSTRY: Sir, as Mrs. CHOW rightly recognises, there is already legislation covering the sale of potentially unsafe products, such as that relating to poisons and pharmaceutical goods, dangerous drugs, and agricultural pesticides. Our policy has been to introduce further specific legislation to cover new areas whenever it is considered that there is a need to protect the public.

Nevertheless, I think it is now worth considering in some detail the merits of introducing more comprehensive legislation on consumer safety—a change of emphasis which owes something to the rational but persistent pressure from Mrs. CHOW and the Consumer Council. My initial view that the aim should be to complement existing legislation by providing a way of dealing with other products not already covered by specific legislation. The potential advantage of such legislation would be that we would be able to react more quickly to any new threat to safety. At the same time, I should warn that this is a complicated matter that does need careful study before we can say definitely that such legislation should be introduced, and if so in what form.

To take matters forward, I am pleased to announce that an inter-departmental working committee has been set up to examine the matter, and will hold its first meeting later this month.

MRS. CHOW: *Sir, I thank the Secretary for Trade and Industry for the good news. May I ask whether, when and how this Council can expect to hear the report of the inter-departmental working committee?*

SECRETARY FOR TRADE AND INDUSTRY: Sir, it is difficult to anticipate the results of the deliberations of this committee but I would estimate it would take certainly some months rather than a shorter time before we can arrive at some conclusions. If those conclusions point to the need for further legislation, then we will need to embark on consultation with bodies like the Consumer Council.

MRS. CHOW: *Sir, in the meantime what measures will be taken to deal with products which are known to be posing threats to consumers' safety, such as products containing carcinogens and excessively powerful toy guns, to quote a couple of examples?*

SECRETARY FOR TRADE AND INDUSTRY: Sir, in the meantime we will have to use existing legislation to deal with new problems. As I said in the previous answer, we already have legislation on the main problem areas. In the past, when new problems have arisen, publicity and persuasion have normally been able to deal

with the problem, with the possible exception of the toys issue where we are looking at the toy safety legislation of our major trading partners to see whether specific legislation on that issue is needed earlier.

Protection of workers employed by subcontractors

6. MR. TAM asked (in Cantonese): *In view of the increasing popularity of the 'contracting system' in certain trades, will Government inform this Council whether workers employed under this system will still receive full protection under existing labour legislation and, if not, in what ways are they not protected; and what measures will be taken to give them the full protection they deserve?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the short answer is that workers employed by a subcontractor are entitled to full protection under existing labour legislation. Likewise employers who are subcontractors must comply with all their obligations as employers under the legislation.

Subcontracting is most common in the construction industry where it is in fact the norm rather than the exception. In 1977, in response to evident problems of non-payment of wages by subcontractors in the construction industry, a new part was added to the Employment Ordinance stipulating that principal contractors and subcontractors in that industry are vicariously liable for the unpaid wages of an employee employed by a subcontractor. There appears to be no need at present to extend these provisions to other industries or occupations.

Under the Employees' Compensation Ordinance, a principal contractor in any industry is liable to pay compensation for injuries arising from work done on his behalf by the employees of a subcontractor.

When an employer, whether or not he is a subcontractor, becomes insolvent, his employees may apply for ex gratia payments from the Protection of Wages on Insolvency Fund. However, where the wages owed total less than \$5,000 it is not possible under the Bankruptcy Ordinance to institute proceedings for insolvency and hence to make payments from the fund. An amendment to the Fund Ordinance will be put to this Council shortly to enable ex gratia payments to be made in cases where total claims are below \$5,000. I am sure that this amendment, if passed, will benefit employees of small employers, including subcontractors.

MR. TAM (in Cantonese): *Sir, the contracting system is rather a complex issue; very often when there are labour disputes, nobody foots the bill for the employee; under such circumstances, will Government consider strengthening the Bill to widen the scope of protection to other industries, other than the construction industries?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think we have so far seen the need for particular protection in terms of the vicarious liability of wages in the construction industry. As I said in the main reply, there seems to be no need at present for extending these provisions to other industries and occupations but, as I said, the Employment Ordinance already affords full protection to workers in all occupations.

MR. TAM (in Cantonese): *Sir, will Government strengthen the publicity towards contractors and subcontractors of various trades so that employees therein know better what protection they are entitled to?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think that is a task which the Labour Department has been devoting its resources to. It has done a good job and I am sure that all the publicity programmes will continue in the future.

Upgrading of electricity voltage

7. PROF. POON asked: *Will Government inform this Council whether it has considered and accepted a proposal to upgrade the electricity voltage in Hong Kong to 220 volts and if so, when will it be implemented?*

FINANCIAL SECRETARY: Sir, no decision has yet been taken on whether Hong Kong's electricity voltage should be upgraded to 220 volts. This proposal has implications both for the power companies and for consumers. The Government is studying this issue with the assistance of its consultants as part of an overall examination of the technical aspects of system planning by the two power companies. Before recommendations can be put to the Executive Council, it will be necessary to consult all parties concerned. I hope that we will be able to make further progress in the course of this year.

PROF. POON: *Sir, would the Financial Secretary inform this Council what effects the proposed upgrading of the electricity supply to 220 volts would have on consumers and the Hong Kong economy in general?*

FINANCIAL SECRETARY: Sir, as far as the economy in general is concerned, an adjustment, of course, would bring us into line with the voltage systems in most parts of the world. Basically, the advantages of the proposed upgrade are these:

- (1) Enhanced performance of appliances and equipment rated at 220 volts with higher voltages;
- (2) Availability of a larger selection of standardised appliances;
- (3) Enhanced capacity in existing low voltage electrical systems;
- (4) An improved performance of the supply companies' distribution facilities;

and lastly, and perhaps this touches upon the effect on the economy, enhanced export potential for standardised electrical products.

MR. DESMOND LEE: *Sir, I remember that upgrading of voltage was suggested in the 1970s. Why has a decision been delayed for as long as more than 10 years?*

FINANCIAL SECRETARY: Sir, as Mr. Desmond LEE has suggested, the matter was discussed over quite a long period of time. In fact, the proposal was raised in an adjournment debate in this Council in May 1976. There were various views as to the correct way forward and I am afraid that it has taken a long time to reconcile those views and get to a position where we can make decisions. We engaged our consultants, Burns and Roe in 1982 to advise on the technical aspects of system planning and it was really only from then that we were able to tackle some of the problems likely to arise.

PROF. POON: *Sir, with all the benefits that the Financial Secretary has just outlined to us, will the Government inform this Council when the Government will consider implementing this change of voltage?*

FINANCIAL SECRETARY: Sir, as I said we ought to be in a position to make further progress in the course of this year. We expect to receive Burns and Roe's study early next month. Thereafter we will have to have consultations with the power companies, with various groups representing industry and no doubt with the Consumer Council, so that we can fully examine the proposal and get a proper public response.

Provision of infrastructure for rural areas and new towns

8. MR. TAI asked: *In view of the disparity in the provision of infrastructure such as road network and sewage system between rural areas and new towns, will Government inform this Council whether it is satisfied that the estimated cost of \$35 million in 1988-89 for the purpose of improving the urban fringe and rural areas in the New Territories is realistic, bearing in mind the ever-increasing costs and the large number of necessary capital works items?*

SECRETARY FOR LANDS AND WORKS: Sir, the answer to this question is both yes and no. The \$35 million, comprising \$17 million for local public works and \$18 million for urban fringe improvements, is for funding a programme of only fairly small-scale works which are relatively easy to implement and not involving major capital expenditure or land acquisition. In view of the fact that this programme was established for the first time only this year, the amount provided is probably realistic until we see what sort of progress we can make with it.

These minor works however clearly will not be enough on their own to achieve the sort of wide-scale improvements in the rural areas that we would all like to achieve, so, in that sense, \$35 million a year is clearly not enough. There

are other items, however, currently in the Public Works Programme which will contribute in the future to improving the infrastructure of particular parts of the rural areas. Apart from the major flood protection and drainage schemes works planned for northern New Territories which could cost over a billion dollars and which must benefit the rural environment, Government will be starting works in June on a pilot project costing \$11 million for upgrading of roads and construction of sewerage in the San Hing Tsuen area north of Tuen Mun. This will, if successful, become the pattern for similar schemes in Lau Fau Shan (which would cost about \$96 million), Ping Shan (\$42 million) and the whole of Yuen Long—Tuen Mun Corridor (Some \$192 million) but none of these latter schemes would start before the early 1990s.

However they are piecemeal and the provision of the infrastructure alone is not likely to solve the environmental problems of these areas. In my speech at the opening of this legislative session, I stated that the rural hinterland of the new town required a systematic policy for land planning, use and infrastructural investment, if these areas are to be made and remain decently habitable. I was not simply referring to the odd \$35 million programme or other individual public works items I have mentioned, although these are important in bringing about minor improvements in the short term, and in the case of the public works items, very major improvements to specific areas in the future. I meant a much more comprehensive approach. The Administration is now planning the policies, machinery and programmes necessary to achieve a proper rural infrastructure and aims to produce proposals for consultation by the end of this year. As little will be achieved without much more substantial use of private land than at present, it is clear that the expenditure required will be substantially more than the present provision.

In the meantime every effort will be made to spend the funds provided to greatest effect and to build up the presently proposed programme of works to a level which would justify seeking a higher provision. The main limitations on expenditure are staff for both construction and for the necessary minor resumptions (the procedure for which takes about nine months from start to finish), and it is for this reason that land policy, including resumption policy and the machinery for carrying out improvements assume such an important part in the plans now being formulated to build a rural infrastructure.

MR. TAI: *Sir, may I refer to the last paragraph of the Secretary's 'yes and no' reply saying that efforts will be made to bring up the proposed programme of work to a level which would justify seeking a higher provision. This seems contradictory to his earlier statement in the second paragraph that the provision of minor works will not be enough to achieve its own ends. May I ask whether the Government has conducted any comprehensive study or investigation into the capital works that are urgently required and the best way to implement it and the amount of funds involved?*

SECRETARY FOR LANDS AND WORKS: Sir, I do not think my first and last paragraphs are exactly contradictory. I said in the first paragraph that bearing in mind it is the first year of this programme of works, the amount was probably realistic. And what I said in the last paragraph was that with experience and with more research we may be able, as it were, to bring up the expenditure to a higher level and that would be satisfactory for the future. Regarding Mr. TAI's question I would not say a comprehensive study has been done but studies have been done in all the districts and the advice is taken from all district boards on the works which are considered urgent and in the context of the limited urban fringe programme, I think there is probably as much information as can be gained. In the context of a wider and more comprehensive programme for the future, clearly more studies are necessary.

MR. LAU (in Cantonese): *Sir, regarding the expenditure in public facilities, it is usually based on the population size. In the New Territories, it is a very large area and therefore the population is very scattered and if we do it on that basis, is it really suitable for the New Territories? So will the Administration consider having alternative arrangements?*

SECRETARY FOR LANDS AND WORKS: Sir, it is quite impossible to plan expenditure in the New Territories on a population basis. It is only possible to see what works can be done within the kind of limits of the votes involved and what improvements they will make to the rural areas and that is the method by which we proceed.

Written answers to questions

Fires in high-rise buildings

9. MR. POON CHI-FAI asked: *With regard to the problem of fighting fires in high-rise buildings, especially those over 30 storeys tall, will Government inform this Council:*

- (a) *whether the existing facilities of the Fire Services Department are adequate to fight fires which break out in high-rise buildings, including their rear blocks where fire engines cannot reach directly; and*
- (b) *whether Government will provide information and guidance for those who live or work in high-rise buildings on evacuation measures to deal with fire emergencies?*

SECRETARY FOR SECURITY: Sir, we are satisfied that the existing arrangements are adequate to tackle fires in high-rise buildings.

As far as the equipment of the Fire Services Department is concerned, the highest 'aerial equipment' the department now has in use is three 50 m turntable

ladders which can reach to about the 15th floor of a building. This equipment is among the most advanced of its type available (its equivalent used by fire services in London and New York is 30 m in length). Equipment capable of going higher than 50 m is being developed by a manufacturer overseas. The department will keep abreast of developments and will evaluate the performance of new equipment as it becomes available. In particular the department will need to be satisfied that even longer equipment will not involve too many technical problems. They have had technical difficulties with the present equipment.

The development of 'aerial equipment' cannot be expected ever to match the height of high-rise development. For this reason, the approach fire services adopt throughout the world is above the appropriate height to rely on enhanced built-in fire protection systems. The Hong Kong Fire Services Department examines plans for all new buildings to ensure that appropriate anti-fire installations are included. Depending on what the building is to be used for, the department may require it to have one or more of the following:

- (a) fire hydrant hose reel;
- (b) automatic wet sprinkler system;
- (c) smoke and heat detectors;
- (d) smoke extraction system;
- (e) pressurisation of staircases;
- (f) fireman's lifts;
- (g) emergency generators; and
- (h) halon gas flooding system.

An occupation permit for a building will not be granted until the prescribed equipment has been installed. Thereafter a registered contractor must inspect the equipment each year and certify to the Director of Fire Services that it is in good working order. If a fire takes place in the upper floors before a building is completed and before the anti-fire equipment has been installed, to reach the floors above the 15th floor, the department would have to lay hoses in order to extinguish the fire (as they might well have to do on the floors below the 15th floor if their access to the building was blocked by the construction works).

As regards the rear blocks of developments, they must be so planned that Fire Services Department equipment can get within 30 m of domestic blocks and right up to industrial and commercial blocks.

As to guidance on evacuation measures, the Government regularly publicises fire prevention messages to the general public through television, radio, posters and fire prevention campaigns. Notices in the form of stickers reminding occupants of high-rise buildings:

- (a) not to use lifts in the event of a fire;
- (b) not to obstruct means of escape; and
- (c) not to lock exit doors indiscriminately

have been widely circulated. In addition, the Fire Services Department assist building management to draw up evacuation plans and to conduct fire drills on request.

Training for officers in the Selective Placement Division

10. MR. HUI asked: *will Government inform this Council what kind of training is being provided for officers in the Selective Placement Division of the Labour Department, and what the average length of stay is for officers posted to this division?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the Labour Department provides in-service training courses of two weeks duration on a regular basis for officers handling placement of disabled persons. These courses aim to provide officers with a basic understanding of disability and knowledge of counselling and placement techniques. Visits to organisations providing services to disabled persons are arranged. Officers also attend training courses on sign language organised by the Society for the Deaf. Since the Labour Department took over the responsibility for placement of disabled persons in 1980, 90 officers have attended these local courses which have proved very useful.

Nineteen officers have also attended training courses in the United Kingdom, Germany, the United States, Canada, Australia and New Zealand on counselling, assessment and placement of disabled persons. These training courses ranged from two weeks to 10 months, the majority being between four and eight weeks.

The Selective Placement Division has an establishment of one senior labour officer, seven labour officers and 19 assistant labour officers. They are all subject to posting from time to time in the interest of career development. The senior labour officer is posted to the division normally for a considerable number of years. The average length of stay for a labour officer is about three years and that for an assistant labour officer is about two years.

Progress of the Sino-British Joint Liaison Group

11. MR. CHEONG-LEEN asked: *Will Government establish some channels through which it can keep Members of this Council regularly informed of the progress of the discussions held and matters agreed at the Sino-British Joint Liaison Group on subjects related to the implementation of the Joint Declaration rather than merely releasing such information through the media?*

CHIEF SECRETARY: Sir, the desire of Members of the Legislative Council to be informed, in as comprehensive a way as possible, of progress being made by the Sino-British Joint Liaison Group is fully appreciated.

Secretary (General Duties) is quite prepared to brief Members on the work of the group from time to time, as may be necessary. Any such briefings would be somewhat restricted in their scope. In view of the provisions of the Joint Declaration, it would be necessary to restrict the briefings to matters which the two sides have already agreed need not remain confidential.

Oral answer to question

HIS EXCELLENCY THE PRESIDENT: Dr. Conrad LAM, you have a late question on a matter of urgent public interest which I have allowed.

Hepatitis A

12. DR. LAM asked (in Cantonese): *In view of the drastic increase in the number of hepatitis A cases since January this year especially in the last two weeks during which the disease was nearly epidemic, will Government inform this Council what measures it will take to control the further spread of the disease including measures to advise the public on its prevention?*

SECRETARY FOR HEALTH AND WELFARE: Sir, as this disease is transmitted through the consumption of contaminated food or drink, the best way to prevent it is to observe good personal, food and environmental hygiene.

The following measures have been or are being undertaken:

(A) *Action by Medical and Health Department:*

(1) *Health education and publicity*

- (a) A press release was issued on 2 February warning the public to take extra precautions over food, personal and environmental hygiene. In particular, people travelling during the lunar new year period to nearby countries where hepatitis A is endemic were specially advised to take extra precautions.
- (b) Two press conferences were held on 2 February and 8 February to provide the public with basic information on the disease itself, its mode of transmission and methods of prevention.

- (c) Television, radio and press interviews by appropriate officers of the Medical and Health Department have kept the public informed of the situation and have once again emphasised the importance of hygiene. An announcement of public interest on prevention of hepatitis A is currently being prepared for use on television and radio.
- (d) Leaflets and posters have been strategically placed at all points of entry and exit in Hong Kong to remind travellers of the necessary precautions.
- (e) The Medical and Health Department's Central Health Education Unit has intensified hepatitis-related health education activities, including the distribution of leaflets to schools, port health offices, clinics, and so on as well as health talks to factories and schools. A 24-hour telephone service giving information on hepatitis A has been set up. A video on the prevention of the disease is being shown at general out-patient clinics.

(2) *Investigation of victims and their contacts*

Special efforts are being taken to investigate the food history of hepatitis A victims and to detect any epidemiological link with the patients' food habits.

(B) *Action by Municipal Services Branch:*

In addition to the Medical and Health Department, the Municipal Services Branch, the Urban Services Department and the Regional Services Department have all stepped up inspection of food premises and control of unlicensed food hawkers. The Municipal Services Branch has also expanded its health education programme covering food and environmental hygiene.

(C) *Interdepartmental committee*

And finally, a special interdepartmental committee has been set up to monitor the situation and to co-ordinate the control measures. This consists of representatives from the Municipal Services Branch and the Medical and Health Department.

DR. LAM (in Cantonese): *Sir, in the last paragraph of the reply by the Secretary for Health and Welfare, mention is made of an interdepartmental committee. Will the Government inform this Council who is the chairman of the committee, who are on the committee and whether the committee has enough resources to follow up on its work?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I understand that the chairman of the committee is Dr. S. H. LEE, the Deputy Director, on the health side, of the Medical and Health Department. I am not exactly sure how many members there are but I will let Dr. LAM have a list of the membership. (See Annex I). As regards financial resources, so far as I am aware, this has not yet caused any problem but I would like to assure the Council that if any problem does arise, we shall take very urgent steps to ensure that the necessary resources are made available as quickly as possible.

MR. DESMOND LEE: *Can the Secretary advise this Council what kinds of food are likely to carry the virus so that the public may take precautions against such food?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I understand almost any kind of food, if not properly prepared, can cause problems, but in the publicity that has been put out by the Medical and Health Department there has been special reference to shellfish which I think can cause particular problems.

Statement

The Development of Representative Government: The Way Forward

CHIEF SECRETARY: Sir, laid on the table today is the White Paper, 'The Development of Representative Government: the Way Forward'.

Publication of this White Paper marks the end of the 1987 Review of Developments in Representative Government. Some nine months have passed since the Green Paper was tabled in this Council. They have been months of intense debate in the community, in the media and in this Chamber. Although there have been occasions when strong words have been spoken, the general tenor of the debate has been thoughtful, measured and moderate. And I think we have all been struck by the sincerity of the views which have been expressed.

For many years, the Hong Kong Government has been committed to the development of a more representative system of government. In shaping that development, we have sought not merely to copy systems which work well in other places, for Hong Kong is not like other places. Instead, we have consciously sought to develop a system which is suited to Hong Kong's own special circumstances and meets its own special needs: in particular the need to maintain continuity of policies to enable us to deal with the tremendous social problems which have followed from the vast increase in our population over the past 40 years: an increase which is unparalleled in any place of this size over such a period. The economic success which has rewarded the hard work, energy and enterprise of the people of Hong Kong, has enabled us to meet the

challenges we have had to face in providing housing, education, medical services and welfare for our ever increasing population. But continuity alone would not have been enough. The success could not have been achieved without a system of government which was both effective and responsive and able to command the support and the confidence of the community it serves.

Sir, at the heart of our system of government has been the consultative process. We have prided ourselves on being a Government which listens— to a community which expresses itself publicly, through the media and through a network of boards and committees, no less than 250 in all. The Government has listened to and benefitted from the advice of a wide range of people from all sectors of this community; the value of their contribution cannot be overstated. In our society, they are able to speak freely according to what they believe to be in the best interests of the community as a whole; and when they do so, it is with the assurance that their views are important and that they will be listened to.

Over the years, the community has been used to being consulted on a wide range of issues: housing, transport, education and medical services. Even whether there should be summer time or not. And, of course, over the development of representative government in Hong Kong. But the 1987 review was an exercise in public consultation on a scale never attempted before here. Over 2 million copies of the Green Paper were distributed. Although the Government has been criticised over some aspects of that consultation exercise, it has never been suggested that the Government was half-hearted in seeking the views of the Hong Kong people on the way they wished to see their system of government developed.

Our efforts have been rewarded in a response of unprecedented magnitude. Over 130 000 submissions were sent by individuals and groups to the Survey Office. There were vigorous debates in the district boards, in the Municipal Councils and in this Council. Thousands of columns of newsprint and countless minutes of air time were devoted to the subject, and hundreds of meetings of interested people were held across the community.

Sir, the 1987 review has well and truly laid to rest the myth that Hong Kong people do not care about political development. By its response over the period of the last nine months, the community has shown that it does recognise the fundamental importance of developing our system of representative government in a way which will meet the aspirations of our community and provide the continuity, stability and prosperity which we all cherish so dearly.

The views expressed have been many and diverse. But one message has come through loud and clear: the people of Hong Kong want more representative government. There can be no doubt that there is a widespread conviction within our community that if this Government is to remain effective and responsive, it is essential that the system of government continues to evolve in pace with the

development of our society. The generations of well educated, articulate and forward-looking young people now growing up in Hong Kong are expecting, and will continue to expect, more and more of society, more and more of their Government, and rightly so.

The growing aspirations of the young are not something unique to Hong Kong. Developments in other parts of the world show very clearly that the spread of free primary and secondary education, the emphasis on tertiary education and the broadening of experience which comes from travel bring in their wake a growing political awareness, a sense of involvement and commitment. This must be a healthy and welcome development. But it also means that our system of representative government must continue to develop in ways which encourage involvement and participation by wider sections of the community, so that they can contribute to building a society of which they can be truly proud.

There are those who are fearful that the growth of more democratic systems will bring dissension within our community and, more importantly, discontinuity in the policies which have proved so successful in the past. I do not believe we should be afraid of dissenting voices. Rather we must build institutions which, on the one hand, are strong enough in themselves to accommodate differing opinions with tolerance and, on the other, allow for the majority to endorse policies which, although unpopular with some, are seen to be in the best interests of the community as a whole.

Experience in this Council would suggest that, although there are differences of opinion on a wide range of topics, the main thrust of the Government's policies does command the support of a wide majority of Members of this Council and indeed of the community as a whole. I cannot believe that future Members of this Council, however they are elected, will wish to put our continuing success at risk by experimenting with vastly different policies from those which have so clearly benefitted the community over the recent decades.

It is clear then that a substantial majority of Hong Kong people would regard themselves as enthusiastic supporters of the democratic movement. Indeed I would count myself amongst them. But many are wary of moving too far too fast along a path towards a fully-fledged western style democracy. This may be difficult for some commentators to accept, particularly when they come from countries where a western style of democratic government is naturally assumed to be the ideal system. So much so, that in their eyes, anyone in Hong Kong who is not crying out for immediate direct elections must be either motivated by self-interest or simply anxious not to displease China. The fact is, that many people in Hong Kong have a firm, real conviction, based on their own experience here and on what they have seen in developing countries, that change in Hong Kong's political system should be evolutionary; that our system of

government which has served this community so well should not be changed simply to fit into the mould of a western style democratic system, without any question as to whether it is necessarily the best solution for Hong Kong.

In keeping with this mood in the community, the Government has for many years preached a gospel of cautious, steady progress in all its policy-making: financial, economic, social and political. That gospel may not have the drama of good headline, but it has worked. It has enabled Hong Kong to continue to be successful even during periods when other territories floundered. Above all, it has enabled the people of Hong Kong to share in our continuing prosperity. Can you blame them for being somewhat wary of dramatic change?

In following a cautious approach to the development of representative systems, the Government has also been very conscious of the need to maintain confidence both locally and overseas. Maintenance of that confidence will be particularly important in the crucial years leading up to 1997. One of the ways in which confidence will be maintained is to ensure that the system continues to evolve in a way which not only meets the wishes and aspirations of the Hong Kong people, and that is vitally important, but also in ways which are compatible with the achievement of smooth transition. Our aim must therefore be to provide for the greatest possible continuity of the system of representative government before and after the transfer of government: a system which enables the high degree of autonomy that we presently enjoy to be continued up to and beyond 1997 in accordance with the Joint Declaration. Certainly, nothing we do between now and 1997 must run counter to the need to maintain that high degree of autonomy.

Sir, I turn now to some of the important principles which Government has taken into account when framing the proposals in this White Paper.

In all our deliberations, we have stressed the importance of looking at the structure of government as a whole. The present structure is based on three separate but inter-connected tiers: at the district, the regional and central levels, comprising the district boards, the Municipal Councils and this Council. In deciding how best to build further on this structure, we have taken into account the following guiding principles:

- first, the responsibilities of each of the three tiers of government should be clear, and their roles should not overlap;
- secondly, the three tiers should co-operate effectively, and be linked in a way which provides for the views and concerns at each level of government to be adequately represented at the next higher level; and
- thirdly, the methods of choosing the membership of each tier of government should be such that the board or council will be in close touch both with the views of the general public and of those sectors whose concerns are particularly relevant to its work.

The importance of all these considerations has been echoed in the public response to the Green Paper. It is clear that the people of Hong Kong wish to see this system of government continue to evolve and believe the present three-tier structure should be the basis for further development. As I have stressed, they value the gradual approach which has characterised development in recent years and which has been so important in maintaining prosperity and stability. Another factor which has clearly been in the minds of many when considering options in the Green Paper has been the importance of achieving a smooth transition across 1997, by ensuring that developments before that date are compatible with the framework to be established in the Basic Law. This factor has undoubtedly led many to adopt a cautious approach to change before the Basic Law is finalised.

Sir, let me now turn to the question of direct elections. The Green Paper considered a wide range of issues affecting all three tiers of government and the Survey Office received comments on all of them. But, as expected, the question of whether and when there should be direct elections to the Legislative Council dominated all others. The response to the Green Paper showed overwhelming support in principle for introducing some directly elected members into the Legislative Council well before 1997. This is a response which the Government must act upon.

But the Survey Office report also showed that opinion in the community is sharply divided on whether direct elections should be introduced in 1988 or later. While there have been differing views on the interpretation of the survey results and on whether the balance of opinion is for or against 1988, the fact remains that there is a very real division of view on this issue. No amount of argument which has been raised on this subject can detract from this basic fact. The division of views has been clearly demonstrated in debates in this Council, in the Municipal Councils and in the district boards. While signature campaigns, not surprisingly, were one-sided, submissions from groups and individuals also indicate sharply divided views and the much discussed public opinion surveys show that views are far from unanimous on the question of timing.

In the light of this diversity of views within the community, the Government has considered very carefully whether it would be right to go ahead to introduce direct elections in 1988.

The introduction of direct elections into the Legislative Council of government is a very significant step. When we take this step, we must be quite certain that we carry with us the whole-hearted support of the community as a whole. We believe that if we were to proceed with direct elections in 1988 we would have no such assurance. But if for these reasons 1988 is not the right year, then there should be a clear decision on when this important change in our political system should be made. Government has therefore decided that in 1991, 10 directly elected seats will for the first time be introduced into the Legislative

Council, in place of the 10 seats presently indirectly elected by the district board constituencies of the electoral college.

If Members are to be directly elected on a geographical basis to the central government level, which is concerned with territory-wide issues, it would clearly be a natural development for them to replace the Members who are indirectly elected on the same basis. At the same time, it is important to maintain effective links between the central and regional levels. We shall therefore retain two special constituencies so that each Municipal Council can continue to elect a member to the Legislative Council.

Although the issue of direct elections to the Legislative Council has dominated the 1987 review, many other important issues were considered and commented upon. There was widespread public interest on the question of whether the Governor should remain as President of the Legislative Council, with the overwhelming majority of those commenting believing that he should. The Government respects this view and there will be no change in the position of the Governor as the President of the Legislative Council for the time being.

On the question of the existing composition of this Council, public opinion generally favoured a gradual approach to change in 1988. We have therefore concluded that there should be no major change to the existing composition of Legislative Council in that year. Further change will of course be necessary in the longer term: the legislature of the future Special Administration Region will be fully elected, and when post-1997 constitutional arrangements are clearer, it will be necessary to take systematic steps to bring the composition of the Legislative Council into line with that provided for in the Basic Law. In the meantime, the primary consideration must be to maintain efficiency whilst at the same time allowing for further development of the system of representation of key sectors of the community. With this in mind, the Government has decided that, in 1988:

- first, there will be no change to the number of Official Members;
- secondly, that the number of Appointed Members will be reduced by two, that is to say, from 22 to 20;
- thirdly, that the number of Members elected by functional constituencies will be increased by two, that is to say, from 12 to 14; and
- finally, that the number of Members elected by the electoral college will remain unchanged.

Sir, in deciding to expand the functional constituency system in 1988, the Government has noted that the system has worked well since its introduction in 1985 and that public response to the Green Paper showed a wide support for developing it further. There was a large response from groups and associations seeking representation through the functional constituency system and it has been a difficult task to decide which additional groups should be represented. In theory, it would be possible to expand the system indefinitely, but a gradual approach suggests that we should not move too far too fast. For this reason, the

proposals in the White Paper envisage the expansion of two existing functional constituencies to include professional groups with closely related interests, rather than the creation of additional new constituencies.

The White Paper proposes no fundamental change to the role and composition of the district boards. The district boards have proved themselves as a valuable part of the system of representative government, widely supported by the public who would clearly like to see their advisory role strengthened. The White Paper therefore concentrates on ways of making their present role more effective.

An issue which has attracted wide public interest is the relationship between the urban district boards and the urban Council. The Urban Council is an effective body which serves the people well by providing a high standard of municipal services. But it is clear from the public response to the Green Paper that there is a strong current feeling that the relationship between the urban district boards and the Urban Council should be improved. The Government has decided that this could best be achieved by enabling each of the urban district boards to elect one member onto the Urban Council in 1989, when the tenure of the present Urban Council expires. At the same time, Urban Councillors will cease to be *ex officio* members of the urban district boards.

In taking this decision, the Government has taken very careful note of the views of Urban Councillors, the majority of whom, it must be said, are opposed to this change. Nevertheless, we believe that this is the best way to strengthen the link between the urban district boards and the Urban Council and that it will in turn strengthen and rationalise the links between the three tiers of representative government. We hope that, despite their present misgivings, Urban Councillors will be prepared to give the new system a chance to operate in the interests of achieving a more effective working relationship between the Urban Council and the district boards.

Sir, the title of this White Paper has been selected with great care. Its purpose is to chart the course of the development of representative government between now and 1991, adopting the gradual approach which has served Hong Kong well, and building on the firm basis of the existing three-tier structure of government.

The decisions which have been taken in the White Paper have taken full account of public opinion which has been expressed during the 1987 review. Indeed, public opinion has been the most important factor in the minds of Members of the Executive Council when deciding how the system of representative government should be developed in Hong Kong.

Further changes will be needed in the period between 1991 and 1997 to bring Hong Kong's political system into line with that described in the Joint Declaration and with the provisions to be included in the Basic Law. I have stressed the importance of continuity up to and beyond 1997 and the need to

maintain the high degree of autonomy which we currently enjoy and which is provided for in the Joint Declaration. The steps to be taken fully reflect the importance we place upon these two principles.

Sir, our aim is to maintain a system of government which is both effective and responsive and which can continue to evolve in a way which commands the full confidence of Hong Kong people. This White Paper contains a clear commitment to the next steps in the development of such a system. I believe that it will be welcomed and supported by the people of Hong Kong.

Government Business

Motion

HONG KONG EXPORT CREDIT INSURANCE CORPORATION ORDINANCE

THE SECRETARY FOR TRADE AND INDUSTRY moved the following motion: That the contingent liability of the Hong Kong Export Credit Insurance Corporation under contracts of insurance shall not at any time exceed the sum of 5,000 million dollars.

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

In April 1985, the maximum contingent liability of the Hong Kong Export Credit Insurance Corporation was increased from \$3,500 million, by \$700 million to \$4,200 million. Since then, the corporation's liability under contracts of insurance has risen gradually at the rate of about \$90 million per quarter. At the end of 1987, it stood at \$4,010 million.

Given this rate of increase, the corporation's advisory board estimates that the existing statutory limit may be reached shortly. It has therefore recommended that the maximum contingent liability ceiling be increased by \$800 million to \$5,000 million. Failure to raise this limit could result in the corporation having to turn away further business and discourage our exports.

I would like to stress that the maximum liability is a theoretical contingent amount, never likely to be at risk at any one time.

Sir, I beg to move.

Question proposed, put and agreed to.

First Reading of Bill**DUTIABLE COMMODITIES (AMENDMENT) BILL 1988**

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

Second Reading of Bills**DUTIABLE COMMODITIES (AMENDMENT) BILL 1988**

THE FINANCIAL SECRETARY moved the Second Reading of: 'A Bill to amend the Dutiable Commodities Ordinance'.

He said: Sir, I move that the Dutiable Commodities (Amendment) Bill 1988 be read a Second time.

This Bill seeks to formalise changes to the tobacco duty structure which were effected by a Public Revenue Protection Order on 25 November 1987. When I announced these changes in this Council at that time, I described the advantages of the new basis and the revenue implications.

Sir, clause 2 of the Dutiable Commodities (Amendment) Bill 1988 seeks to repeal section 66 of the principal Ordinance which stipulates the procedure for the calculation of the weight of tobacco. This provision is rendered obsolete by the per stick duty structure.

Clause 3 of the Bill seeks to amend the schedule to the principal Ordinance which stipulates the rates of duty payable on various tobacco products. On the basis that the current level of revenue yield is to be maintained, a uniform duty rate of \$165 per 1 000 cigarettes for local and imported brands is proposed. Duties on other tobacco products, that is cigars, smoking tobacco and Chinese prepared tobacco, will continue to be levied according to weight.

In the light of my earlier statement and having regard to the fact that the new duty structure is now in operation and largely accepted, although as expected, there have been some mildly critical comments by sectors of the industry, I propose that the three readings of this Bill be taken at today's sitting.

Sir, I beg to move.

Question proposed, put and agreed to.

Bill read the second time.

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

ELECTORAL PROVISIONS (AMENDMENT) BILL 1988**Resumption of debate on Second Reading (27 January 1988)***Question proposed.*

MR HU: Sir, the Electoral Provisions (Amendment) Bill 1988 seeks to enable a person to serve both as an elected member of the Urban Council and as an elected district board member in the Urban Council area. It stems from the Administration's proposal to stop the existing cross membership arrangement between the Urban Council and the district boards.

The Bill has been discussed by the Constitutional Affairs Panel of OMELCO as well as the ad hoc group of this Council set up to study it.

The ad hoc group met representatives of the Urban Council and chairmen of district boards in the urban area to hear their views on the changes proposed.

In general, this Bill is resented and opposed by the Urban Council, while the response from the district boards is more favourable. The Urban Council representatives complained that the Bill was introduced hastily, and without sufficient prior consultation.

The proposal contained in the Bill was announced late last year, leaving little time for Urban Councillors who wished to maintain a link with their local districts to prepare for the district board elections to be held on 10 March.

Counter-proposals have been made by Urban Councillors. They wish to see the proposed changes aborted or deferred. At least, they would like elected Urban Councillors to be allowed to stay on the district boards, so that a link between the two bodies can be preserved. We share many of the Urban Councillors' concerns and sympathise with those members who wish to run in the coming district board elections.

However, the ad hoc group accepted that this Bill was a self-contained measure to remove a restriction in the existing law which would not prejudice the contents of the White Paper in any material way.

Indeed, the Bill has not sought directly to implement the proposal to discontinue Urban Councillors' ex officio membership of the urban district boards. Nor has it addressed itself to the question as to what other links there will be after withdrawal of this link. That would need to be dealt with by legislation some time in the future.

Passage of this Bill will not commit Members to supporting whatever proposals contained in the White Paper regarding any future links between the Urban Council and district boards.

During deliberation of this Bill, the ad hoc group noted that two legal points in the existing law required clarification. The first point raised the question of

whether a district board member would need to resign immediately upon being declared elected to another district board even though his tenure of office has not yet expired. Immediate resignation would create a time gap in which he could not hold any district board membership before he took up the seat in another district board.

The second point suggested that as the present Bill was drafted, there seemed to be no provision requiring an Urban Councillor to give up his council seat if he was elected to a district board in the Regional Council area, or a Regional Council member to resign from the council if he was elected to an urban district board.

I am pleased to note that the Administration proposes to make some Committee stage amendments to cover these two points.

The introduction of the Electoral Provisions (Amendment) Bill 1988 has caused much controversy, and even those who favour the measure have been unable to find a kind word for its timing.

I also personally consider it to be ill-timed, yet I support the Bill as deferring the Bill will only cause more chaos and complications.

I am not convinced that there is any urgent need to make changes at a time before a decision on the political review is reached. The proper procedure is for the Administration to publish the White Paper on political reform in which a complete package of the future of the Urban Council, the urban district boards, their relations and links are described in full.

When the contents are debated and finally agreed in principle, including a timetable for implementation, various related legislative amendments can be introduced by stages in this Council when Members will have a full understanding of the complete package.

Such approach is far more acceptable than piecemeal introduction of Bills without knowing the contents of future related legislation.

There is an old saying that those who marry in haste repent at leisure, and this is a good motto for legislators as well.

There is no dispute that we need constant changes to ensure our system will be in line with the changing situation, and indeed we welcome changes. However, it is important that these changes are well planned beforehand, and implemented step by step to minimise any unnecessary disruptions.

With these remarks, Sir, I support the Bill.

MR. CHAN KAM-CHUEN: Sir, politics is like a game of Chinese chess and all Grand Masters know that one wrong move will throw the whole strategy into disarray (一子錯滿盤皆落索).

It is human nature to be pleased when given a job, privilege or honour but to strip them off abruptly creates displeasure. Hence, one must be careful in the beginning (慎始) on bestowing them. If these must cease, convincing reasons should be given with adequate and considerate timing, especially for those who have rendered valuable services to our community and scarified in a power struggle through no fault of their own.

Although this Bill does not provide for discontinuing Urban Councillors' ex officio membership of the urban district boards at present, their doubts that this may be the thin end of the wedge is real. This is substantiated by paragraph 3 of the Chief Secretary's speech on 27 January 1988 when introducing this Bill, which stated, inter alia, 'that the existing practice, whereby Urban Councillors are ex officio members of the urban district boards, should cease in March 1989 when the tenure of the present Urban Council expires. That proposal was announced publicly about six weeks ago, before the opening of the nominations for the district board elections to be held in March this year'.

This is some 85 days' notice. It seems a lot, but some district board members have to prepare for their election campaigns much longer than that, if one has to make door-to-door visits to canvass for votes. This is therefore a handicapped race and is quite unfair to the elected Urban Councillors.

Furthermore, after seeing the average figure of 46 per cent for 'Urban Councillors should not withdraw from ex officio membership of urban district boards,' in page 37 of the Green Paper Survey Report, some of the elected Urban Councillors thought that no district board election is required to retain their ex officio district board seats and they started giving their names in support of their friends for election. To withdraw their support now and join the election unprepared would turn friends into enemies. With a broken promise as their Achilles heel, they may fall flat between two stools.

What they have forgotten is the recently invented formula of 'quality and not quantity' which if applied would change the political scene around the world with those having the least number of votes assuming the position of president or premier.

Whilst the more important issue of direct election to the legislature may be deferred until 1991, why can the status quo of Urban Councillors occupying ex officio district board seats not be retained until that time.

If after the debate of the White Paper, a complete set of consequential Bills is produced in this Chamber, then we can judge the full picture and their consequences. Terms of office of the members of the three-tier structure may be adjusted to cope with the situation and this has been done before.

Taking some salt is harmless but if one is asked to take a part first, either sodium or chloride, one may not live to take the remaining part.

With these observations, Sir, I do not support this Bill.

MR. CHEUNG (in Cantonese): Sir, the Electoral Provisions (Amendment) Bill 1988 seeks to, by removing a restriction contained in the existing law, enable a person to serve both as an elected member of the Urban Council and as an elected member of a district board in the Urban Council area.

The Government has made it clear that the Bill is a self-contained measure, the purpose of which is to further improve the present link between the Urban Council and the urban district boards. However, implicit in this Bill is the possibility of Urban Councillors losing their ex officio seats of urban district boards should they choose not to run or do not get elected in the coming district board elections.

The Bill, when viewed strictly as a self-contained measure, has my support. However, I have strong reservations on Government's intention to discontinue Urban Councillors' ex officio membership of the urban district boards in March 1989 when the tenure of the present Urban Council expires. The following are my reasons.

Firstly, the Government has not given any convincing reasons as to why such changes are necessary. The proposed changes beg the question: is the present link unsound or ineffective? Certainly these are serious doubts and should be clarified as soon as possible. The Government has indicated that the issue of linkage between the Urban Council and urban district boards will be dealt with in the White Paper which is published today. I just hope that the reasons for having to make these changes will be fully explained.

Secondly, the timing for introducing these changes is bad. With less than three weeks given to Urban Councillors to decide whether to stand for election in the coming district board elections, the personal hardship suffered by the Urban Councillors is only too apparent. I understand that many of them have already given support to some of the candidates running in their constituencies. They are being put in a very difficult situation of whether to honour their promise, thereby losing the chance to win a district board seat; or break their promise and stand as a candidate, knowing full well by doing so they will lose many good friends and stand the risk of splitting the community into different camps.

Sir, I think you will agree with me that important changes must be made gradually and as painless as possible. Unless there are very strong and compelling reasons, I think the suggestion to discontinue Urban Councillors' ex officio membership of the urban district boards should not be implemented until 1991.

Finally, may I say that our present three-tier structure of government has proved to be working very well. The Municipal Councils, forming the middle tier, has an important and pivotal role to play. It will be very unwise for the Government not to fully utilise the useful function of these councils. The Urban Council, being the earliest of our present organs of government to have elected

members, should be encouraged to continue to make significant contribution in the administration of the Territory and be given due recognition for having done so.

Sir, with these remarks, I support the Bill.

MRS. FAN: Sir, as a number of my colleagues will be speaking to this Bill, I shall try to be brief. I shall first comment on the Bill as it now stands, and then look at the Bill in the context of the Administration's intention.

The main effect of the Bill is to allow an Urban Councillor to hold an elected seat on a district board in the Urban Council area. Urban Councillors who win seats in the forthcoming district board elections will hold their district board seats for three years in their own right, regardless of their position as Urban Council members. Similarly, district board members who succeed in the next Urban Council elections will not have to relinquish their district board membership. This seems fair to me. If a person stands for two separate elections and as a result win two seats in two different tiers of this Government, and he is capable of fulfilling the obligations of both roles, then there does not appear to be any valid reason to force him to resign from one of those seats and then put him back into that seat through another procedure, but in a different capacity as an ex officio member. The Bill removes a restriction which is unnecessary. Therefore, I support the Bill, in that it rationalises a historical restriction and gives proper recognition to the democratic process.

Representatives from the Urban Council opposed this Bill on the ground that the Administration has introduced the Bill only because it intends to sever the Urban Council ex officio link with the district boards. While it is true to say that the Administration has such an intention, it is certainly not correct to assume that the support of this Bill by Members of this Council automatically implies 'rubber stamping' of the Administration's proposal, nor does it necessarily commit any Members to support the removal of the ex officio link. The decision to support this Bill made during the Legislative Council in-house meeting on 29 January 1988 was clearly based on that understanding. The question of the ex officio link, or any form of link, will have to be addressed by further legislative proposals which can only be formulated in the light of the results of discussion on the White Paper. At this juncture, it might be of interest to note that there is a school of thought which advocates for no link at all between the Urban Council and the urban district boards. The point is there are various possibilities on the relationship between the Urban Council and the urban district boards, and this Council will no doubt have the opportunity to debate at length the pros and cons. There is insufficient valid reason to block the passage of a Bill aiming to liberalise simply due to the Administration's intention which may or may not gain the support of this Council.

If at the end of the day, this Council rejects the Administration's proposal, and the ex officio link is retained, then the reservations and concerns of those who

opposed the Bill now evaporates. On the other hand, if this Council eventually supports the Administration's proposal, it is clearly desirable to have this Bill enacted so that there will be a more flexible cross-membership arrangement between the Urban Council and the urban district boards. I believe the reservations and concerns expressed by Urban Council members deserve our most careful consideration, as does the views of the chairmen of the urban district boards and their members. The lack of time for Urban Councillors to plan for their candidacy in the district board is noted with regret, and the Administration should explain publicly the reason for the apparent lateness of the announcement. Having said this, Sir, I submit, with the greatest respect, that critics of this Bill is reading much more into it than it actually contains, and thereby taking issue with the wrong issue at an inappropriate time.

Sir, I support the Bill.

MR. CHEONG-LEEN: Sir, I wish to express strong reservations on this Bill.

Firstly, because of the hasty manner in which the Bill has been brought before this Council, it has caused much controversy, misunderstanding, distress and embarrassment to Urban Councillors.

Secondly, there were certain far-reaching implications related to the Bill which the Administration refused to disclose until the publication of the White Paper today, and which had a substantial effect on the future composition of the Urban Council. In so pre-empting the publication of the White Paper, the Government has been very unfair to the Urban Council.

Because of such questionable haste, in introducing the Bill, the Government was unable to fully consult the Urban Council and the Urban Services Department on the financial costs and the time required to provide the physical facilities and the supporting staff services to give effect to the changes in membership indicated in the White Paper. These are serious practical problems which will have to be taken on board by the Government.

In introducing this Bill on 27 January 1988, the Chief Secretary stated that:

'the Bill stems from the Government's proposal that the existing practice, whereby Urban Councillors are ex officio members of the urban district boards, should cease in March 1989 when the tenure of the present Urban Council expires'.

I think this unseemly haste in removing Urban Councillors from their ex officio seats on district boards has been most regrettable and not at all in the wider public interest. In the AGB McNair Survey report, and in the other survey reports mentioned in the Survey Office's official report, it was made clear that the public by and large were quite happy for Urban Councillors to continue with their ex officio district board seats. So why the undue haste in rushing

through this Bill? Why did the Government not decide on the wiser course of first publishing the White Paper before putting into effect any of the proposed changes?

Surely it would have been more timely if the proposed changes as stated by the Chief Secretary on the ex officio membership of Urban Councillors on district boards were to take place in 1991.

Urban Councillors could hardly have opposed removal of the existing restriction on Urban Councillors from holding an elected seat in a district board, in view of the Chief Secretary's statement that the Government intends to discontinue their ex officio membership on district boards from 1989.

Contrary to the views of district board members, the general public is in favour of Urban Councillors retaining their ex officio links.

I would therefore urge that the ex officio link should still be kept even after 1989 for all Urban Councillors who choose not to run or fail to get elected on district boards.

I urge my fellow Councillors to vote against the Bill as a matter of principle, since it is poorly timed and the future implications had pre-empted the White Paper and are not at all beneficial to the Urban Council itself nor to the public as a whole.

In this regard, I quote the contents of a letter dated 6 February 1988 from the Deputy Chief Secretary to the Secretary, Urban Council clarifying the position in the event that the Bill is not passed today:

'In the unlikely event of the Electoral Provisions (Amendment) Bill 1988 not being passed into law before 10 March 1988, the Administration will invite the Governor in Council to amend regulation 10 of the Electoral Provisions (Procedure) Regulations to allow Urban Councillors who have been duly nominated as candidates for the forthcoming district board elections to withdraw from candidature before the elections take place, without forfeiting their deposits. A councillor would, of course, be at liberty not to withdraw, in which event he will be deemed to have resigned his membership of the Urban Council if he is declared elected as a member of a district board, in accordance with the existing law.'

Sir, I oppose the Bill and shall vote against it.

MR. DESMOND LEE: Sir, when you arrived to assume office on 9 April last year, you made reference, in your address, to further developments in the system of representative government. You remarked that changes should be prudent and gradual. The announcement on 18 December 1987 about a proposed change in the cross membership arrangement of district boards and the Urban Council,

which has brought about this Bill, is abrupt, ill-timed and lacking in consultation. It therefore runs contrary to your intention that changes should be prudent and gradual.

If the proposed change is aimed at improving the relationship between district boards and the Urban Council, I do not see how it will achieve the purpose. This Bill has brought about a lot of disadvantages before advantages have had time to emerge (未見其利，先見其害) Relationships have worsened between members of district boards and the Urban Council because some of them are now running elections against one another. Members of all the three tiers of representative government have found themselves unfairly treated. Some members of the Urban Council are running district board elections at extremely short notice—less than three weeks, in fact. Several district board members and candidates are suddenly confronted with a few ‘superior’ contestants. Furthermore, Members of this Council are presented with a Bill which puts into effect a change proposed by the White Paper, without being informed of the remainder of the contents and related changes.

Sir, in the last few months of 1985 and at the beginning of 1986, there was speculation that the 1987 Review of Development of Representative Government would be a perfunctory review. At that time, I had trust in the Government and did not believe such talk. Events have now transpired which convince me that the review is after all an empty one. Notable examples are the presentation of findings in the Survey Office report, and piecemeal changes which are proposed by the Corrupt and Illegal Practices (Amendment) Bill 1987 and this Electoral Provisions (Amendment) Bill 1988. People will be led to believe that window dressing measures are being introduced at district and municipal levels to divert attention from the lack of substantial development at the central level. It is like a sick person who does not go for medical treatment but applies cosmetics to put on a healthy look. This attitude does not solve the problem, but in reality hides it and prevents it from being dealt with at the appropriate time. Representative government is a full system, in which new changes must be considered altogether and not in a piecemeal manner. As this Bill proposes a single change in cross-membership between district boards and the Urban Council, it is not possible for me to judge whether or not it is right without knowing other related developments. At best, it is a right thing which is done at the wrong time and in the wrong manner. If direct elections, having been committed in paragraph 25 of the White Paper of 1984, could be deferred from 1988 to around 1991, why not retain the ex officio membership of Urban Councillors on district boards until then? Sir, I am afraid I cannot support the passage of this Bill today.

MR. SZETO (in Cantonese): Sir, I cannot support the Electoral Provisions (Amendment) Bill 1988. The limit of my self-restraint is such that even if I am not going to vote against it, I will abstain from voting altogether. In the three-tier system of our Government, do we need a definite link between the

Urban Council and the district board and how should we build this link? In our existing system, we already have had such a link and this link goes downwards from top to bottom. I am also in favour of having this link. But it should be built upwards from the bottom to the top. This is more in line with democratic principles so that accountability is clearer. I advocate reversing the downward link to an upward link.

In the Buddhist 'Hundred Parable Sutra', we have a story entitled 'Three-storeyed building'. It satirises an idiot who wanted to build a three-storeyed building without the ground or the first floor. Today, we have a new version of that story. This three-storeyed building in fact has a flight of stairs between the ground floor and the first floor. Even though it is not well built, it serves its purpose. However, we have been refused information on whether another flight of stairs will be built or how will it look like if it is rebuilt—will it be better or worse? And yet, we have been told or asked to decide on whether we should demolish the existing flight of stairs.

Should I show my support? I do not think I will be much wiser than the idiot in the 'Hundred Parable Sutra'. The Electoral Provisions (Amendment) Bill 1988 seeks to cut off the existing link between the Urban Council and district boards. Yet we have not been told whether a new link will be established, and should that new link be established, what sort of a link will it be and how will it be established? This Bill is the new version of the three-storeyed building. In introducing such a Bill and asking us to pass it, is the Administration treating us like the idiot in the 'Hundred Parable Sutra'? Or is the Administration trying to make idiots of us all? Perhaps the White Paper tabled today will be able to give us more information on this Bill. However, we are not supermen capable of giving our attention to two different issues at the same time or taking in 10 lines of print in one glance. Nor are we lunatics who think that we can make correct decisions on our own without consulting our voters. Is the Government treating us as idiots or supermen or lunatics? We are merely men: neither idiots nor supermen nor lunatics.

Sir, what is more regrettable is that this sets a very bad precedent of taking actions first and providing explanations later. It is a reflection of subconsciousness which regards the Legislative Council as a 'rubber stamp'. The Bill has not yet been enacted but it has already created certain facts. Urban Councillors who wish to take part in local affairs have to join the election campaign hastily. If this Bill is not passed, how can we explain things to them? If they then decided to withdraw from the election, then there would be candidates in some districts who will be elected ipso facto, or in some districts there will be new candidates or an insufficient number of candidates. And perhaps after 10 March, we will have to spend money, time and effort to have a by-election. So this Council is therefore presented with a fait accompli so that they will be forced to pass the Bill?

Sir, with these words, I am against the motion.

4.30 pm

HIS EXCELLENCY THE PRESIDENT: There are still some Members who wish to speak on this subject but the time is now half-past four and Members might welcome a short break at this point.

4.50 pm

HIS EXCELLENCY THE PRESIDENT: Council will now resume.

MR. ANDREW WONG (in Cantonese): Sir, I support the Second Reading of the Electoral Provisions (Amendment) Bill 1988. In supporting this Bill, I would like to clarify one misconception. As Mr. HU said very clearly in his speech, this particular amendment Bill is self-contained and does not attempt to introduce any other measures proposed in the White Paper regarding the link between the Urban Council and district boards. It only allows Urban Councillors to run for the elections and after being elected they do not have to give up their Urban Council seats. This is because under the present circumstances they are ex officio members of the district board. The Bill however makes it very clear that after being elected to the district boards, they will lose their capacity as ex officio members to different district boards. So I fully agree with Mrs. Rita FAN in saying that this Bill has in fact lifted the restrictions on the membership to the Urban Council and district boards so that there can be cross-membership between the two. If the proposals regarding the relationship between the Urban Council and district boards by the Government and the White Paper are to be thoroughly implemented, we will have to further amend the District Boards Ordinance.

Whether there should be an upward or downward link, or whether there should be no link at all, or whether there should be direct election, or whether the link which exists up till 31 March 1989 should be extended to 1991 are not issues to be discussed today. What we should discuss is, if we do pass this Bill today what merits will there be and if we do not pass it today what demerits will there be.

The Government probably can be criticised on the timing of this Bill but I feel that even in this particular aspect the Government should not be criticised. The Government plans to do away with the link in 1989 and to replace it with the link that goes upward. Therefore in introducing the Bill everything was above board. That perhaps may have created personal problems for certain Urban Councillors in deciding whether they should run for election or not, but after all, these are very personal decisions. I would therefore like to appeal to my colleagues here and ask them to let this particular Bill pass.

Mr. Hilton CHEONG-LEEN has talked about amendments that will probably make it easier for Urban Councillors. But if we do not pass this Bill today, we may create two possible problems. One, if the Government introduces certain

amendments that will change the procedure, that is, candidates can still withdraw after the deadline, then there may be requests for a change of election schedule for reasons that certain Urban Councillors are now joining the elections or certain councillors are not withdrawing from the elections. If the Government does not amend the relevant regulations then probably certain elected members will have to give up their Urban Council seat. These are problems that we do not want to see. If we do not agree with the proposals in the White Paper, all we need to do is to abstain from voting or to express our views in our speeches. We do not really have to vote against it because there may be serious consequences if we do vote against it. If the Bill is enacted, then everything is in order, but if we do not pass this Bill and consequently this leads to problems, then we are as responsible as the Administration. So I think we need to look at the consequences first and then make our wise decisions accordingly.

I support the motion, Sir.

MR. MARTIN LEE: Sir, I apologise for not being here when you called upon me last.

Sir, paragraph 2 of the White Paper says Hong Kong has evolved over the years a system of government which differs from those elsewhere in the world. I think that is the under-statement of the year. We must congratulate ourselves for having the most complicated system in the world. And yet the introduction of this Bill, without its corresponding part two, makes it even more complicated. So we will soon go down into the Guinness Book of Records as having the most complicated political structure in the world.

While we were discussing this Bill in the ad hoc group, Sir, a number of questions were asked which elicited the following answers:

First, the question was: Why could we not wait until the whole package is put into one Bill instead of having to deal with one amendment by two instalments? The answer was: Well, because the district board elections will be held on 10 March this year. The next question was: In that case, why do we not introduce this Bill earlier? And the answer was: Ah, but we must wait until the publication of the Survey Office report since we had listed this particular option in the Green Paper. The next question was: Well, in that case why do you not wait until the publication of the White Paper before you introduce the entire Bill? The answer was: Well, that would be too late for the district board elections in March. The next question was: But what was the public response on this particular issue then? And the answer was: The majority of the people polled opted for no change. The next question was: Well, why then change it? The answer was: To bring it in line with that presently in force in the Regional Council. And the next question was: Why then did the Government not put the whole proposal to the public in the Green Paper? The answer was not given but I know why. Because if the Government were to put that proposal forward in relation to this single

issue, then it would not have an excuse for not putting forward a proposal in relation to the introduction of direct elections in 1988.

Now, the question we have to look at is this: By dealing with the amendments by two instalments, what are we doing to the process of consultation? Members of the public, members of the district boards, members of the Urban Council and Members of this Council were not given an opportunity to access the new link between the district boards and the Urban Council as an entire package. And yet the Government has decided, contrary to the majority views expressed in the polls, to bring about change. Is the Government not adopting double standards, Sir? On the issue of direct elections in 1988, the Government's view is, well, because the public's views are divided, they do not propose to make any change until 1991. On this issue, its position is that although the majority view according to the polls was for no change, they will change it. Surely, Sir, the sensible saying is to wait until 1991. But the difficulty is this: If the Government cannot even introduce some changes to our political system in 1988, the Government will be seen to be doing almost nothing in the White Paper.

Sir, this White Paper is already quite white as it is—I am referring to the inside of the book. This Administration in the eyes of many people in Hong Kong is already lame enough; or to use the language of the White Paper, prudent enough; or to use the words of the Chief Secretary, cautious enough. As to the Chief Secretary's statement that 'the Government has for many years preached a gospel of cautious, steady progress in all its policy-makings', I must congratulate him for having discovered in our Bible a new chapter: the 'Book of Caution'.

And when we look at the word prudence or caution, I cannot help calling to mind a few quotations from William SHAKESPEARE. May I read the quotations first before I paraphrase them with due apologies to William SHAKESPEARE, of course. First, Hamlet:

'Thus conscience doth make cowards of us all;
And thus the native hue of resolution
Is sicklied o'er with the pale cast of thought,
And enterprises of great pith and moment
With this regard their currents turn awry,
And lose the name of action.'

Just change one word:

Thus *caution* doth make cowards of us all;
And thus the native hue of resolution
(I mean the resolution contained in the 1984 Green Paper)
Is sicklied o'er with the pale cast of thought,
(Worries about objections from China)
And enterprises of great pith and moment

(direct elections in 1988)

With this regard their currents turn awry,
And lose the name of action.

Is it, Sir, then a case of a lame duck Administration or a prudent Administration, or a cautious Administration?

Now I come to Romeo and Juliet:

‘What’s in a name? that which we call a rose
By any other name would smell as sweet:’

And now the paraphrase:

What’s in a name? that which we call our Government
By any other name would seem as lame.

As to this new found virtue, caution or prudence, may I quote another line:

‘O Romeo, Romeo! wherefore art thou Romeo?’

And now the paraphrase: Prudence, Prudence, wherefore art thou Prudence during the hasty passage of the Public Order (Amendment) Ordinance in March 1987, and this Bill now?

Sir, as this Council is asked to deal with this matter by two stages, let me deal with the argument that this Bill is self-contained, as some of our Members seem to think it is. Suppose we say ‘Yes’ to it today and find that we are not happy with part two when it is brought before us in a few months’ time and we say ‘No’ to that, then the link will be severed; but Mr. David LI will not be happy because this is not the link that he wants to be severed. But of course the Administration may be confident that this will not happen; because the Government is quite sure that this Council will rubber stamp everything which is put before it. Indeed Urban Councillors have reminded us of our image by suggesting that we must not allow the Government to treat Members of this Council with contempt: like a rubber stamp. Well, Sir, I am quite used to that.

When the ad hoc group asked Mr. John CHAN, the Deputy Chief Secretary, whether this portion of the White Paper which was not even sensitive could be supplied to us on a confidential basis one or two days before this debate so that we could at least know what was to happen when we wrote our speeches, the answer was ‘No’. When I rang him up yesterday afternoon and said: ‘Sir, when can I have my embargoed copy of the White Paper since the press are getting advanced embargoed copies?’ He thought for about two seconds and then said: ‘2.30 pm, Wednesday’.

Sir, when Members of this Council are not taken into confidence by this Administration, nay, when Members of this Council are treated with contempt by this Administration, can we complain that Chinese officials do not recognise us collectively as a Council? Of course, the point is that some of us are not even representatives of the people. Of course, we are not. None of us is. And yet

direct elections are being postponed for three more years with the result that we will continue to be unrepresentative for three more years, with the result that we will continue to be treated with contempt for three more years.

Sir, fortunately perhaps, there are some of us here who would not be obliging or be content to be rubber stamps. Sir, with the greatest respect and in spite of the persuasion on the part of my hon. Friend, Mr. Andrew WONG, I say 'No' to this Bill. Let the public and members of the Urban Council and members of the district boards have the benefit of a consultation period on the White Paper. Sir, this is not a new thing. The public of Hong Kong has always been given an opportunity to deliberate on any White Paper before the Administration implements it by introducing Bills to this Council. Let us, Members of this Council, have the benefit of the public response to the entire package on the new link before we deal with any part of this package.

Sir, it does not really matter if this Bill is rejected. I do not see there will be any serious consequences as suggested by my hon. Friend Mr. Andrew WONG who did not go into specifics because my hon. Friend Mr. Hilton CHEONG-LEEN was quite to the point when he told us of the official response to his enquiry. Well, all that is necessary is for some regulation to be amended so that those candidates who have already joined in this district board election and who are members of the Urban Council would have their deposits back, I hope, with interest.

So there is no urgency in this Bill. So why do we not wait until 1991, particularly when this Administration has preached caution, particularly when this Administration will not introduce direct elections until 1991.

Sir, I urge my hon. Colleagues to say 'No' to this Government on this Bill; and let us win back, for once, some respect for ourselves!

PROF. POON (in Cantonese): Sir, I thank you for giving me the opportunity to speak on the Bill. Originally I do not intend to speak on this Bill but having heard Mr. SZETO Wah, I feel obliged to say a few words.

I am a member of the ad hoc group studying this Bill and I have a degree of understanding of this Bill. As far as my understanding goes, the Bill enables someone to be an Urban Councillor and a district board member at the same time. It is a liberalising measure, not a tightening up measure, and certainly not as Mr. SZETO Wah has said, it is tearing down the link or bridge or staircase between the Urban Council and district boards. The passage of this Bill will enable the methods proposed in the White Paper concerning the link between the two to be effected. If this Bill is not passed then those members who wish to be simultaneously Urban Council and district board members will not be able to do so.

Sir, with these remarks, I support the motion.

MRS. CHOW: Sir, I thank you for your tolerance. I was hoping the points I wish to make would be covered by other fellow members in the ad hoc group but since they were not, I appreciate this opportunity to make them now.

This Bill aims to remove a restriction in my view which exists unjustly in the present order of things and deserves our support. For why should we allow Regional Council members and Members of this Council to stand as candidates and be elected into district boards while at the same time, that right is denied of Urban Councillors. Present arrangements are also unfair in that there is an automatic right for Urban Councillors to sit on the district boards. From the perspective of the Urban Councillors, they are being forced to occupy two seats when they are appointed or elected to one. The criticism levelled against the Bill has been mainly based on an objection to the policy intention behind it, that the ex officio membership of the Urban Councillors on district boards should cease when their present term expires in 1989. That objection could be one on substance or timing.

Comparing the workings of the two Municipal Councils, there is little doubt that the links in the Regional Council works better than those in the Urban Council. It is fair to say there is widespread resentment in district boards towards the present link in the form of the ex officio membership enjoyed by the Urban Councillors. To move the link between the two levels of the local government and lodge them in the upper level of the Urban Council strikes me as the imminently preferable arrangement. Besides it is only sensible and logical to realign the systems in the two Municipal Councils by removing the present anomaly. This must be a move in the right direction.

As for timing, the announcement might have caused slight inconvenience to a few Urban Councillors who, given more time, might have preferred to contest the seat in the March district board election. But bearing in mind the timing of the review of the three tiers of government last year, final decision could not have been reached much sooner than December. Should Government then have withheld the announcement until today? Would that not have deprived all Urban Councillors of that opportunity to stand? As it is, at least eight Urban Councillors have been able to enter the political race. Should Government have postponed the entire scheme until the next district board elections in 1991, as some have suggested, and thereby losing time in bringing about rectification which is generally considered necessary, such postponement would certainly not be in the wider public interest. The decision was a difficult one, but it was one for the Executive Council to make. In my view, the right decision has been made under the circumstances although it may not be to the liking of some. What are the merits of endless consultation when no useful purpose can be served by going into them? I am therefore astonished to hear in this Council today from those who preach action but in the same breath preach procrastination through consultation.

As for those Urban Councillors who have been unable to stand in the March district board election, nothing will and can stop them from doing so in 1991. Is it not more sensible and preferable for a few people to wait rather than for the whole of Hong Kong to wait? My hon. Colleague Mr. Desmond LEE earlier said that the Bill's disadvantages precede its advantages. He translated it as '未見其利先見其害'. With respect that cannot be an accurate translation. The English version centres on advantage and backs a question whose advantage? The Chinese version is probably more appropriate in the present content. The interest (利) represents the wider public interest. The harm (害) represents the harm to the few who see this Bill as a threat to the continuation of their own political advancement. So long as we are clear about what is in the best interest of Hong Kong, let us make the necessary improvement at the earliest opportunity even if a few are, as a result inconvenienced.

Sir, Mr. SZETO Wah told earlier the metaphor of the staircase. I remember well the meeting of the Constitutional Affairs Panel, in which both Mr. SZETO and I attended, when I raised the question whether the Administration could actually let us know the alternative link that it had in mind to replace the ex officio membership. Subsequently, we had that assurance from the Chief Secretary on his speech on the 27 January in this Council that indeed alternative links will be provided. That question has been answered. The problem has been resolved.

Mr. Martin LEE has managed to associate his call for direct elections, in 1988 with almost any subject we happen to discuss in this Council. Today is no exception. I caution that this approach to the discussion of the White Paper is negative and emotional. The activists have said that there must be direct elections in 1988 or we will not have it at all. With the publication of the White Paper, this has been proven to be false. The commitment is there. The certainty is there. Let us as a community pull ourselves together, recognise and accept the need to decide and to forge ahead, instead of magnifying differences that could at best be counter-productive but at worse pose a serious threat to our cohesiveness and stability.

Sir, I support the motion.

CHIEF SECRETARY: Sir, I am grateful for the widespread comments made by Members on this Bill.

A majority of those who have spoken have been critical of the timing of the Bill and I have explained, Sir, the reasons for the early introduction of this Bill into this Council when I made my opening speech on this debate. But as Members continue to express concern, may I say another word on the same subject. The announcement in December that the existing practice, whereby Urban Councillors are ex officio members of district boards should cease in March 1989 followed the timing of the review of the representative government. Following the publication of the survey of this report, Sir, Members of the

Executive Council had to consider all the issues most carefully. They were not in a position to make decision on the membership of the Urban Council and the district boards until early December. The opening of nominations for the district board elections was on 8 January. It was necessary to make the announcement before that date so that potential candidates who might be affected by the proposal could consider whether to stand for election to a district board, and to plan their electioneering activities if they decided to do so. It was necessary to introduce the Bill into the Council earlier so that enactment would take place before the district board elections. I accept, Sir, that the timetable may have caused difficulties for some Urban Councillors who had to make a quick decision whether or not to stand, but the reason we introduce the Bill, Sir, was in response from the Urban Councillors who wish to know where they stood and whether they should stand for election to district boards. And it was, for that reason, that we brought forward the Bill in the way and on the timing that we did.

Sir, this Bill as I said when I introduced it into the Council is a self-standing Bill and I am surprised that in the course of the debate today, so much emotion has been aroused by a Bill which simply removes the restriction contained in the existing law. And the Bill seeks to enable a person to serve both as an elected member of the Urban Council and as an elected member of a district board in the urban district area. I will not today, Sir, be drawn into the larger debate on the other aspects of the White Paper which have been mentioned. But in passing, I note that Mr. Martin LEE, Mr. K. C. CHAN and Mr. Hilton CHEONG-LEEN have called in aid the AGB McNair report on this subject. When we come to debate the issue on a more suitable occasion, Sir, I hope that Members' attention will also be drawn to the submissions which were made to the Survey Office. There were indeed 8 000 submissions at that time on this particular subject of whom 7 000 wished to make changes in the present relationship between the Urban Council and the urban district boards, and 1 000 wished it to remain as it was. And out of the 116 district board members, 98 wished there to be a change and only nine who wished things to remain as it were. And just to finalise that point, Sir, of the district board members who wished to see a change, who expressed a view, 82 of them wished to expand membership of the Urban Council to include representatives of each district board elected from amongst board members. Sir, this is not a question as Mr. K. C. CHAN has suggested where quantity has been used as a criteria rather than quality.

Sir, Mr. HU mentioned Committee stage amendments to the Bill. The Administration has been in close touch with the Legislative Council ad hoc group studying the Bill on these matters and I shall be proposing a number of amendments to the Bill when we come to the Committee stage.

In concluding, I should like to take this opportunity to thank Mr. F. K. HU and the Legislative Council ad hoc group for all the effort they have put into scrutinising this Bill and for the helpful suggestions that they have made.

Sir, I beg to move.

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).

COMPANIES (AMENDMENT) BILL 1988

Resumption of debate on Second Reading (20 January 1988)

Question proposed.

MR. PETER POON: Sir, I rise to support the Companies (Amendment) Bill 1988. The amendments contained in the Bill mainly address the application of section 161B of the present Companies Ordinance, introduced in 1984, to financial institutions which requires the disclosure of loans to directors and officers. Financial institutions have found that such disclosure in their annual accounts to be cumbersome and undesirable in view of the nature of their business. After consultation and review of similar legislation in other major financial centres, the present Bill relaxes certain of the requirements by restricting the disclosure in the annual accounts of loans to directors and officers of authorised financial institutions or their holding companies to those which are both concessionary and over \$10 million. However, a register of all transactions referred to in section 161B containing the relevant particulars must be maintained and available for public inspection for a period of 14 days preceding the annual general meeting and seven days thereafter.

The ad hoc group studying the Bill received representations from a leading firm of accountants and the Hong Kong Society of Accountants. Most of their helpful suggestions have been considered resulting in the proposed Committee stage amendments. The one outstanding point which was brought up is the difficulty in determining whether the loan is concessionary. The term 'concessionary' is not used in the present Bill and that the wording conveying the meaning of concessionary already exists in the present section 157H of the Companies Ordinance. The ad hoc group notes there might be difficulties in interpretation but in view of the rarity of such loans being over \$10 million, the problem would not often arise. If it is found in practice that there are insuperable difficulties, future amendments in this respect could be considered in the light of experience.

Sir, subject to the Committee stage amendments that will be moved by the Administration, I support the Bill.

MR. SOHMEN: Sir, I would like to present views on this motion which have been put to me by Mr. David K. P. LI, who is absent today, and with which I agree.

The amendment Bill before us today is the result of much consultation by Government with many interested organisations including the Hong Kong General Chamber of Commerce, the Law Society, the Hong Kong Society of Accountants, the Institute of Chartered Secretaries and Administrators and, more importantly perhaps, the Hong Kong Deposit-taking Companies Association and the Hong Kong Association of Banks.

The Hong Kong Society of Accountants has made detailed representations which have been noted and to some extent are incorporated in the final revision.

The Hong Kong Association of Banks, which has been pressing for amendments to be made to section 161B of the existing Ordinance, has reviewed these proposed amendments and all other representations and welcomes and endorses the amendments to this Bill.

The Bill exempts authorised financial institutions and their holding companies from the requirement to disclose details of loans to every director and officer in their annual reports and accounts, except for loans in excess of HK\$10 million made on concessionary terms. What will instead be required are annual accounts giving aggregate figures only.

This does not mean that loans to directors and officers which are of course of interest to shareholders and depositors alike, will be hidden from them. The Bill for this reason requires authorised financial institutions to keep a register of details of all loans to directors and officers to be available for inspection, by the public, for a period of 14 days before and seven days after the annual general meeting.

Sir, these amendments are based on common sense and can be seen as a practical solution to a matter that was of concern to our financial institutions.

With these comments, Sir, I support the motion.

FINANCIAL SECRETARY: Sir, I am grateful for the support given by Mr. Helmut SOHMEN and Mr. Peter POON of the ad hoc group for their assistance.

As Mr. POON has pointed out, concern has been expressed that auditors may encounter difficulties in determining whether a loan is concessionary or not. In particular it is feared that the subjectivity required of auditors will lead to different treatment of equivalent loans in the financial statements of different institutions.

I understand this concern but do not expect there to be insuperable difficulties. Loans falling into this category are likely to be few and where they do occur should in most cases be clear cut. There will always be marginal cases where auditors will have to exercise their judgment. But auditors are not unused to this in applying the provisions of the Ordinance, and the wording of the Bill makes clear that a test of reasonableness is involved. I am not convinced that any change to the present proposals in this regard is warranted at this stage. I am prepared, however, to reconsider the matter in the light of experience.

Sir, as to the proposed amendments arising from representations that have been made, I shall address them in Committee stage.

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).

DISTRICT BOARDS (AMENDMENT) BILL 1988

Resumption of debate on Second Reading (27 January 1988)

Question proposed.

PROF. POON: Sir, I speak to support the District Boards (Amendment) Bill 1988. The present District Boards Ordinance provides that a district board member can be absent from meetings of the board for six consecutive months without obtaining the approval of the board before the commencement of such absence. He can obtain the approval of the board retrospectively. We agree that absence of this nature could adversely affect the operation of the board. The District Boards (Amendment) Bill 1988 stipulates that a district board member should be removed from the board automatically if he fails, without the prior approval of the board, to attend meetings of the board for a period of six consecutive months except in the case of prolonged illness. The opportunity has also been taken to define more clearly what is meant by a district board meeting and to include some other technical amendments. We understand that members of the 19 district boards were consulted on the proposed amendments.

However, there are a couple of areas in the Bill which the Legislative Council ad hoc group has considered to be unclear:

- (a) Since the commencement date of the six-month absence period is not clearly spelt out in the Bill, it is envisaged that unnecessary legal arguments may arise at a later date; and
- (b) The Bill, as it stands now, permits a person to apply for leave, by reason of prolonged illness, within a reasonable period of his having recovered or substantially recovered from illness. The use of the word 'reasonable' is rather loose and it is envisaged that in applying this rule, different boards may adopt different standards and as a result the situation could become quite confusing.

To rectify the above problems, we have proposed that, in respect of (a), the commencement date of the leave period should start on the day next following the date of the meeting of a board at which the board member is first absent. As

regards (b), we propose to substitute 'reasonable time' by a period of 'one month'. We consider one month to be a reasonable time, having taken into account that in actual practice, the board member is not required to bring himself to a board meeting, but just to seek approval, and this conceivably can be done by way of a written application.

With these remarks, Sir, I support the motion.

MR. ANDREW WONG: Sir, I rise in support of the Second Reading of the District Boards (Amendment) Bill 1988 which proposes to tighten up slightly provisions governing the removal from office of district board members who fail to attend any meeting for six consecutive months, by adding a new stipulation that prior approval must be obtained from the board, except in the case of prolonged illness; under such circumstances, Sir, subsequent approval could be obtained. This proposal is made presumably because there was a demand from some district boards and district board members during the 1987 district administration review.

Now, although the proposal is acceptable to me, I doubt, Sir, if it is really all that necessary, particularly if the intention is to allow district boards to grow up to make their own decisions and to be held responsible for them. And the Administration's willingness to let each and every district board define in their own Standing Orders the meaning of the word 'attendance', that is, whether it should be 45 minutes or half of a meeting or one third of a meeting to mean 'attendance' at the meeting, I think, can confirm this particular intention.

Sir, I would also like to take this opportunity to point out some discrepancies on this matter existing between the three tiers of government.

On the level of this Council, the relevant provision is in section 8 of the Legislative Council (Electoral Provisions) Ordinance. Section 8 reads 'if an elected member fails throughout the period of three consecutive months in the same session of the Legislative Council to attend any sitting thereof, he shall, unless the failure was due to some reasons excused by the Governor, (that means you, Sir) cease to hold office as an elected member'. Now here we note that the time is three consecutive months and is for the reasons excused by the Governor. It is something decided by the Council but in this case, the President of the Council.

On the level of the Municipal Councils, section 17(1) of the Urban Council Ordinance reads 'if a member fails throughout the period of three consecutive months to attend any meeting of the council, he shall, unless the failure was due to some reasons approved by the council, cease to hold office as a member of the council'. The decision is made by the council.

And in the case of the Regional Council, section 18 of the Regional Council Ordinance reads 'if a member other than an ex officio member fails throughout the period of three consecutive months to attend any meeting of the Regional Council, he shall, unless the failure was due to some reasons approved by the Regional Council, cease to hold office as a member of the Regional Council'.

Sir, in view of these discrepancies between the three tiers, the time duration and also the discretion vested in the councils themselves, does this mean that a further review is required or has the proposal been drawn up in too much haste?

With these reservations, Sir, I support the motion.

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, I am grateful for the support that Prof. POON and Mr. WONG have given for the Bill. With regard to Mr. Andrew WONG'S comments on the period of non-attendance of meetings, the six-month period provided in the section 14(*ea*) on the District Boards Ordinance was made in 1984 based on the frequency of district board meetings.

Unlike the Legislative Council and the Municipal Councils, the working pattern of the district boards is that the full board meetings are at present held once every two months and that their committees and working groups meet in between the full district board meetings. When necessary, additional full board meetings are convened. This working arrangement has been functioning well and hence it is not proposed in the present Bill to make any changes. However, the position can be reviewed if there is a need to do so in the future.

Sir, I agree with Prof. POON Chung-kwong's proposed amendments to the Bill which he will be moving at the Committee stage.

Sir, I beg to move.

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).

CORRECTIONAL SERVICES DEPARTMENT (POWERS OF ARREST) BILL 1988

Resumption of debate on Second Reading (27 January 1988)

Question proposed, put and agreed to.

Bill read the Second time.

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

Committee stage of Bills

Council went into Committee.

DUTIABLE COMMODITIES (AMENDMENT) BILL 1988

Clauses 1 to 3 were agreed to.

ELECTORAL PROVISIONS (AMENDMENT) BILL 1988

Clauses 1 and 4 were agreed to.

Clauses 2 and 3

CHIEF SECRETARY: Sir, I move that clauses 2 and 3 be amended as set out in the paper circulated to Members.

- (a) Clause 2 is redrafted to amend section 21(2) of the principal Ordinance to make it clear beyond doubt that
 - (i) an elector shall not be qualified to stand as a candidate for more than one constituency in any one election, and
 - (ii) subject to certain provisos set out in subsections (4) and (5) of the redrafted section 21(2), an elector shall not be qualified to be elected for more than one constituency.

Members of the Legislative Council ad hoc group were concerned that as presently worded section 21(2) of the Ordinance did not give legal sanction for Urban Councillors to stand for the district board elections. But legal advisers have made it quite clear that the intention behind the present wording of section 21(2) clearly permits members to do so. Nevertheless, the Administration accepts that the law could be clarified to put the point beyond all doubt.

- (b) Clause 3 is redrafted so that section 22 of the Ordinance deems the resignation of a member of a board or council on the day before the date of taking up office in a new constituency. Members of the Legislative Council ad hoc group were concerned that, as presently worded, section 22 which deems the immediate resignation of a member on being appointed or elected to another council or board, could result in an undesirable 'hiatus' of two or three weeks, from the time a member resigns from his old board or council until the time he takes up office in his new one. The Administration takes the view that this has not caused practical problems in the past, and is unlikely to do so in the future. However, the Administration agrees that the 'hiatus' should be removed.

Sir, I beg to move.

*Proposed amendment***Clause 2**

That clause 2 be amended by deleting clause 2 and substituting the following—

- ‘Amendment of section 21. (Cap. 367.)
- 2.** Section 21 of the principal Ordinance is amended by deleting subsection (2) and substituting the following—
- “(2) An elector shall not be qualified to stand as a candidate for more than one constituency in any one election.
- (3) Subject to subsections (4) and (5) and sections 22 and 22A, an elector shall not be qualified to be elected for more than one constituency.
- (4) In the Urban Council area, an elector may be elected as a member for one constituency of the Urban Council and for one constituency of a District Board in the Urban Council area.
- (5) In the Regional Council area, an elector may be elected as a member for one constituency of the Regional Council and for one constituency of a District Board in the Regional Council area.”’.

Clause 3

That clause 3 be amended by deleting from the proposed section 22 all that occurs after ‘shall’ and substituting the following—

‘not be disqualified from being so elected by section 21(3) and shall be deemed to have resigned his membership of the first-mentioned District Board with effect from the day immediately preceding the date on which he commences to hold office as an elected members of the second-mentioned District Board.”’.

The amendments were agreed to.

Clauses 2 and 3, as amended, were agreed to.

New clause 3A. ‘Repeal and replacement of section 22A.’

Clause read the First time and ordered to be set down for Second Reading pursuant to Standing Order 46(6).

CHIEF SECRETARY: Sir, in accordance with Standing Order 46(6), I move that new clause 3A as set out in the paper circulated to Members be read a Second time.

Clause 3A is redrafted so that section 22A of the principal Ordinance specifically guards against members of either the Urban Council or a district board in the urban area from standing and being elected to a seat in the

Regional Council or a district board in the Regional Council area, and vice versa. As pointed out by Mr. F. K. HU earlier, members of the ad hoc group were concerned that there seemed to be no provision requiring an Urban Councillor to resign his seat if he was elected to a district board in the Regional Council area, or a Regional Council member to resign his council seat if he was elected to an urban district board. The Administration is nevertheless confident that both the present Ordinance and the new Bill sufficiently protect against this anomaly; in any case no Urban Councillor has been nominated as a candidate for a district board in the Regional Council area in the forthcoming elections. Nevertheless, Sir, the Administration accepts again that the law could be clarified for the avoidance of doubt.

Sir, I beg to move.

Question put and agreed to.

Clause read the Second time.

CHIEF SECRETARY: I move that new clause 3A be added to the Bill.

Proposed addition

New clause 3A

That the Bill be amended by adding after clause 3 the following—

‘Repeal and replacement of section 22A.

3A. Section 22A of the principal Ordinance is repealed and replaced by the following—

‘Effect of election in other Council area.

22A. (1) Any person who, being an appointed or elected member of—

(a) the Urban Council; or

(b) a District Board in the Urban Council area,

is elected as a member of—

(i) the Regional Council; or

(ii) a District Board in the Regional Council

area, shall not be disqualified from being so elected by section 21(3) and shall be deemed to have resigned his membership referred to in paragraph (a) or (b) or, if applicable, in both paragraphs with effect from the day immediately preceding the date on which he commences to hold office as an elected member in a body referred to in either paragraph (i) or (ii).

- (2) Any person who, being an appointed or elected member of—
- (a) the Regional Council; or
 - (b) a District Board in the Regional Council area, is elected as a member of—
 - (i) the Urban Council; or
 - (ii) a District Board in the Urban Council area, shall not be disqualified from being so elected by section 21(3) and shall be deemed to have resigned his membership referred to in paragraph (a) or (b) or, if applicable, in both paragraphs with effect from the day immediately preceding the date on which he commences to hold office as an elected member in a body referred to in either paragraph (i) or (ii).”.’

The addition of the new clause was agreed to.

COMPANIES (AMENDMENT) BILL 1988

Clauses 1 and 2 were agreed to.

Clauses 3 and 4

FINANCIAL SECRETARY: Sir, I move clauses 3 and 4, the amendments that set out in the paper circulated to Members.

As Mr. POON mentioned in the debate on the Second Reading, written representations on a number of technical points in the Bill have been received from the accountancy profession and others. The amendments which I now move have been examined and endorsed by the Legislative Council ad hoc group set up to study this Bill.

Clause 3 of the Bill amends section 161B of the Ordinance to provide a limited exemption to authorised financial institutions from the requirement to give particulars of loans to directors and others in the annual accounts.

It is our intention that this exemption should not apply to loans that are both significant and concessionary. Bearing in mind that a registered deposit-taking company is required under the Banking Ordinance to have a minimum paid up capital of \$10 million and a licensed deposit-taking company of \$75 million, it has been suggested that for such companies, loans below \$10 million may be significant. I therefore propose that all concessionary loans which exceed the

- (c) in the proposed subsection (4A)(b), by inserting after ‘\$10,000,000’ the following—
‘or an amount equivalent to 10 per cent of the paid up capital and reserves of the authorized financial institution, whichever is the lower’;
- (d) in the proposed subsection (4B)(b), by inserting after ‘obtained’ the following—
‘at any time’; and
- (e) by deleting the full stop at the end and substituting the following—
‘; and
(b) by adding, after subsection (7), the following—
“(7A) In this section and in sections 161BA and 161C
‘company’ means—
(a) a company; or
(b) any other body corporate incorporated in Hong Kong
under an Ordinance.”.’.

Clause 4

That clause 4 be amended—

- (a) In the proposed section 161BA(2), by inserting after ‘annual general meeting’ in the second place where it occurs the following—
‘(or if there are no such transactions, a statement to that effect)’; and
- (b) by inserting after the proposed section 161BA(4) the following—
‘(4A) A company which is an authorized financial institution shall give public notice of the date of its annual general meeting in, respectively, an English language newspaper and a Chinese language newspaper specified in a list of newspapers issued for the purposes of section 71A by the Secretary for Administrative Services and Information and published in the *Gazette*.
(4B) The notice referred to in subsection (4A) shall be published not less than 28 days before the date of the meetings.’.

The amendments were agreed to.

Clauses 3 and 4, as amended, were agreed to.

DISTRICT BOARDS (AMENDMENT) BILL 1988

Clauses 1 to 3 and 6 were agreed to.

Clauses 4 and 5

PROF. POON: Sir, I move that clauses 4 and 5 be amended as set out in the paper circulated to Members.

*Proposed amendment***Clause 4**

That clause 4(b) be amended—

- (a) in the new subsection (3), by deleting ‘a reasonable time’ and substituting the following—
‘one month’; and
- (b) by adding after the new subsection (3) the following—
‘(4) The period referred to in subsections (1)(f) and (3) shall commence on the day next following the date of the meeting of a Board at which the member who is a member by virtue of section 6(1)(b) is first absent.’.

Clause 5

That clause 5(c) be amended—

- (a) In the new subsection (2), by deleting ‘a reasonable time’ and substituting the following—
‘one month’; and
- (b) by adding after the new subsection (2) the following—
‘(3) The period referred to in subsections (1)(ea) and (2) shall commence on the day next following the date of the meeting of a Board at which the member is first absent.’.

The amendments were agreed to.

Clauses 4 and 5, as amended, were agreed to.

CORRECTIONAL SERVICES DEPARTMENT (POWERS OF ARREST) BILL 1988

Clauses 1 and 2 were agreed to.

Schedule was agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

DUTIABLE COMMODITIES (AMENDMENT) BILL 1988 and the

CORRECTIONAL SERVICES DEPARTMENT (POWERS OF ARREST) BILL 1988

had passed through Committee without amendment and the

ELECTORAL PROVISIONS (AMENDMENT) BILL 1988

COMPANIES (AMENDMENT) BILL 1988 and the

DISTRICT BOARDS (AMENDMENT) BILL 1988

had passed through Committee with amendments. He moved the Third Reading of the Bills.

Question put on the Bills and agreed to.

Bills read the Third time and passed.

Member's Motion**INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

MR. EDWARD HO moved the following motion: That the Building (Planning) (Amendment) Regulations 1987, published as Legal Notice No. 406 of 1987 and laid on the table of the Legislative Council on 13 January 1988, be amended in regulation 2 by deleting the following—

‘in the case of a balcony’.

He said: Sir, I rise to move the resolution standing in my name on the Order Paper circulated to members in respect of the Building (Planning) (Amendment) Regulations 1987.

The effect of the resolution is to further amend the already amended regulation 3(1) so as to make the requirements for protective barriers under that regulation equally applicable to balconies and verandahs.

That was but one of several points agreed by the Legislative Council ad hoc group set up to study the amending regulations. The ad hoc group has held one meeting with government officials followed by further exchange of views by correspondence.

The amending regulations receive general support of the ad hoc group. They improve the safety standards of buildings (for instance, the clearance height above streets is increased). The regulations are updated to suit modern building technology (for instance, the limit on the maximum depth of buildings is relaxed). They also allow greater flexibility in the planning of buildings (for instance, street shadow limitations are revoked.).

In the course of examining the regulations, the ad hoc group has also identified several ambiguous areas both in the principal regulations as well as in the amending regulations tabled in this Council four weeks ago. These are areas that may give rise to practical difficulties in the implementation of the regulations, and therefore clarification by the Administration is warranted.

One example is the definitions of 'clear height' in the amended regulation 3(3). The Administration has advised that the term should be interpreted as height measured from structural finish to structural finish, instead of its literal meaning.

The ad hoc group has pointed out that the term has neither been consistently used nor consistently interpreted throughout the regulation, and proposed that it should be replaced by a term that means exactly what the Administration would interpret it to be so.

Similarly, although regulation 24 has been amended to standardise minimum ceiling heights, the application of the regulation to the height measured from below peripheral beams is unclear. The ad hoc group has also suggested further amendments to avoid uncertainty in interpretation.

However, the Administration maintains that no amendments should be introduced until a detailed study of their implications on other regulations has been made. Instead, the Administration has undertaken to put these to the Building Authority for further consideration and to consult the profession, with a view to inclusion in the next package of amendments.

Meanwhile the Administration indicates that a Practice Note for Authorised Persons will be prepared to deal with the measurement of heights, including 'clear height', and the interpretation on peripheral beams.

Whilst practice notes are extremely useful to authorised persons, I would urge that for those interpretative details that have already been established for a considerable length of time in practice notes, the Administration should consider incorporating them into the Building Regulations to give them proper

legal effect. A case in point is the existing practice note setting out the types of rooms and areas that are considered to be non-accountable areas for the purpose of calculating plot ratio under regulation 23(3).

Finally, the present Building Regulations were enacted in the 1950s when large scale and complex developments were not envisaged, and when present day building technologies and standards, such as central air-conditioning and artificial ventilation, were either non-existent, or if they did exist, were not commonplace. It is therefore time to have the Building Regulations comprehensively reviewed rather than to have amendments made in a sporadic manner.

Sir, I beg to move.

SECRETARY FOR LANDS AND WORKS: Sir, I thank Mr. HO and the Legislative Council ad hoc group on their work in considering the amendments to the Building (Planning) Regulations. I would like to make a point that the Building Authority will look closely at all the points raised by the ad hoc group in particular those made this afternoon by Mr. HO and will consult with the relevant professional bodies.

As far as the Practice Notice for Authorised Persons is concerned, I understand it is already in preparation. One point I should make is that I am by no means confident that the Administration will be in a very early position to undertake the Herculean task of the comprehensive review of all the Building Regulations.

Question put and agreed to.

Valedictory to Mr. D. G. JEAFFRESON

HIS EXCELLENCY THE PRESIDENT: Hon. Members, today's sitting is the last time we will have with us as a Member David JEAFFRESON, the Secretary for Security.

David JEAFFRESON joined the Hong Kong Government in 1961. With the exception of a break in the 1985-86 session, he has been a Member of this Council ever since 1976. In quantifying his contribution to our work, it is not enough to say that he has served the Council for nearly 10 and a half years, or that his experience exceeds that of all other Members except the Senior Member and Mr. Peter C. WONG. His responsibilities have covered a wide range of problems of great importance to Hong Kong. As Deputy Financial Secretary and Secretary for Economic Services he worked with Members on many issues

which have contributed to Hong Kong's present economic success. Members of the present Council will remember him for his work as Secretary for Security with responsibility for the nationality issue and for Vietnamese refugees—topics which rank near or at the top of the Council's priorities—in addition to other subjects of great concern such as law and order, security and narcotics. He has fielded his fair share of questions.

Whatever the issue, David JEAFFRESON has brought to it unshakeable commitment to the people of Hong Kong, single-minded determination, tireless energy and, above all, a sense of humour.

It is reassuring to us all that his immense experience, wisdom and energy will not be lost to the community. He will soon be taking over the demanding role of Commissioner of the Independent Commission Against Corruption.

Although David JEAFFRESON is by nature an uncomplaining man, he has, I remember, sometimes said that the acoustics in this Chamber, make it difficult for Members to hear. Even if this evening he has had difficulty hearing what I have said, I hope that he will have felt the warmth of feeling behind our thanks to him and the sincerity with which we extend to him our good wishes for the future.

MISS DUNN: Sir, my colleagues and I join you in the warm tribute you have paid to Mr. JEAFFRESON.

As you said, Sir, except for a short break for the 1985-86 session, Mr. JEAFFRESON has been a Member of this Council since 1976, first as Secretary for Economic Services and more recently as Secretary for Security. His wide range of responsibilities as Secretary for Security have made him one of the most put-upon Member of this Council: to satisfy our almost insatiable curiosity about arson, blackmail, robbery and other subjects, he has had to answer in fact more questions last session and so far this session than any other Official Member; and he has successfully steered through this Council numerous complex pieces of legislation on immigration policy and penal reform. In a field where the decisions and explanations that have to be made are often difficult and even painful, he has shown sincerity, sensitivity and humaneness; in his frequent meetings with the Legislative Council ad hoc groups and the Security Panel he has been unfailingly patient, understanding and forthcoming.

Mr. JEAFFRESON will take with him to the Independent Commission Against Corruption the wisdom and good sense that have distinguished his work in this Council and in the Secretariat: we wish him and his wife Elisabeth the greatest happiness and success in the future.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: It is closed to the Lunar New Year. Before I adjourn the Council, I should like to wish all Members a very happy and prosperous Year of the Dragon. In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 2 March 1988.

Adjourned accordingly at two minutes past Six o'clock.

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

WRITTEN ANSWER

Annex I

Written answer by the Secretary for Health and Welfare to Dr. LAM's supplementary question to Question 12

The full membership is set out below:

Dr. S. H. LEE	Deputy Director of Medical and Health Services, MHD, (<i>Chairman</i>)
Dr. R. A. PERRY	Hygiene Adviser, MSB
Mr. Y. F. WONG	Staff Officer (Foods) MSB
Mr. W. C. YUEN	Chief Health Inspector (Hygiene) MSB
Dr. W. K. CHANG	Medical Microbiologist, MHD
Dr. S. S. LAI	Community Physician (K), MHD
Dr. T. A. SAW	Community Physician (HK), MHD
Dr. K. H. LAM	Community Physician [NT(E)], MHD
Dr. S. C. LEUNG	Community Physician [NT(W)], MHD
Dr. P. L. MA	Chief Port Health Officer, MHD
Mrs. J. MA	Chief Information Officer, MHD
Dr. W. I. HO	Senior Medical Health Officer (K), MHD
Dr. M. C. CHAN	Senior Medical Health Officer [NT(W)], MHD
Dr. C. M. NGAN	Senior Medical Health Officer, Central Health Education Unit, MHD
Dr. W. C. LO	Principal Medical and Health Officer (Environmental Health), MHD, (<i>Secretary</i>)