

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 15th March 1972****The Council met at half-past Two o'clock**

[Mr PRESIDENT in the Chair]

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE
THE HONOURABLE THE COLONIAL SECRETARY
SIR HUGH SELBY NORMAN-WALKER, KCMG, OBE, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DONALD COLLIN CUMYNN LUDDINGTON, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, JP
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, CBE, JP
DIRECTOR OF URBAN SERVICES
THE HONOURABLE JAMES JEAVONS ROBSON, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE JOHN CANNING, JP
DIRECTOR OF EDUCATION
DR THE HONOURABLE GERALD HUGH CHOA, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE DENIS CAMPBELL BRAY, JP
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE PAUL TSUI KA-CHEUNG, OBE, JP
COMMISSIONER OF LABOUR
THE HONOURABLE IAN MACDONALD LIGHTBODY, JP
COMMISSIONER FOR RESETTLEMENT
THE HONOURABLE ERNEST IRFON LEE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE SIR YUET-KEUNG KAN, CBE, JP
THE HONOURABLE WOO PAK-CHUEN, OBE, JP
THE HONOURABLE SZETO WAI, OBE, JP
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP
THE HONOURABLE ELLEN LI SHU-PUI, OBE, JP
THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP
THE HONOURABLE HERBERT JOHN CHARLES BROWNE, OBE, JP
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP
THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP
THE HONOURABLE GERALD MORDAUNT BROOME SALMON, JP
THE HONOURABLE ANN TSE-KAI, OBE, JP
THE HONOURABLE LO KWEE-SEONG, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RODERICK JOHN FRAMPTON

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —	
University of Hong Kong Ordinance.	
Statutes of the University of Hong Kong (Amendment)	
Statutes 1972	54
Essential Services Corps Ordinance.	
Essential Services Corps (General) (Amendment)	
Regulations 1972	55
Fire Services (Amendment) Ordinance 1971.	
Fire Services (Amendment) Ordinance 1971	
(Commencement) Notice 1972	56
Civil Aviation Act 1949.	
Hong Kong Civil Aviation (Investigation of Accidents)	
Regulations 1972	57
Matrimonial Causes (Amendment) Ordinance 1971.	
Matrimonial Causes (Amendment) Ordinance 1971	
(Commencement) Notice 1972	58
Sessional Papers 1971-72: —	
No 47—Annual Report by the General Manager, Railway for the year 1970-71 (published on 15.3.72).	
No 48—Annual Report by the Director of Immigration for the year 1970-71 (published on 15.3.72).	
No 49—Accounts and Statements of the Grantham Scholarships Fund for the year ended 31st August 1971 (published on 15.3.72)	
No 50—Annual Report by the Secretary for Home Affairs for the year 1970-71 (published on 15.3.72).	

Statements

Accounts and Statements of the Grantham Scholarships Fund for the year ended 31st August 1971

THE SECRETARY FOR HOME AFFAIRS (MR D. C. C. LUDDINGTON): — Sir, in accordance with the provisions of the Grantham Scholarships Fund Ordinance (Chapter 1706) I now lay before the Council the

audited statement of accounts of the Grantham Scholarships Fund for the year ended 31st August 1971.

Honourable Members will note the observation made by the Director of Audit in his certificate that several awards were granted during the year to students who did not appear to be in need of financial assistance. The Director of Audit had brought this to my predecessor's attention in advance of his report, and as a result of his advice the Grantham Scholarships Fund Committee met early in 1971 and devised a procedure to ensure that in future awards should be made only to those in financial need. The new procedure has been introduced in respect of awards made for the current academic year. It will continue to be applied in the future, and thus I am now able to assure honourable Members that there should be no recurrence of what has occurred.

I might add that it is intended to award honorary scholarships to recognize the academic merit of those students who would have qualified for an award on the basis of examination results, but are not regarded as in financial need and so eligible to benefit from this trust fund.

Factories and Industrial Undertakings (Amendment) Regulations 1967

MR PAUL K. C. TSUI: —Sir, the Factories and Industrial Undertakings (Amendment) Regulations 1967 introduced a phased programme for the progressive reduction of hours of work for women and young persons in industrial employment. The first phase began on 1st December 1967 and the fifth and final phase became effective on 1st December 1971.

My predecessor undertook to report to this Council on the effect of these regulations and he previously made annual statements on the four earlier phases. I now present a report on the fifth and final phase.

The regulations relating to the final phase further reduce the standard working hours from 8 hours 20 minutes to 8 hours a day and from 50 hours to 48 hours a week. They also increase the amount of permissible overtime from 270 hours to 300 hours a year.

As in the past, officers of the Labour Department began in early October to advise managements of the impending final stage. There was a very good response to this campaign and by 1st December 1971, 8,051 establishments had completed the necessary formalities to comply with the new regulations. One month later, that is by 1st January 1972, all but one factory out of a total of 12,494 had changed over and the remaining concern did so on expiry of its period of exemption after the Lunar New Year.

[MR TSUI] **Factories and Industrial Undertakings (Amendment) Regulations 1967**

Only 56 applications were received for permission by defer the introduction of the new standard working hours, as against 175 in the fourth phase. I granted permission to 42 until the end of December 1971 and to one until 14th February 1972, the eve of the Lunar New Year. I refused the remaining 13 applications, for which insufficient reasons had been given. The decreased number of applications for temporary deferment indicated that managements were well prepared for the change.

Just before the final stage of reduction of hours of work became effective, a special publicity campaign was mounted to inform workers and the public of the reduction of hours of work. A quarter of million pamphlets were distributed at ten ferry piers, two special television programmes were made and four radio interviews were given.

Because of the co-operation received from management and workers and the experience gained by the labour inspectorate in the past four years, the final stage of the scheme was taken through without difficulty. Industry has now successfully adopted a standard working day of 8 hours and a standard working week of 48 hours for all women and young persons. It is gratifying that the scheme of reduction of working hours has been introduced smoothly and without serious problems over the comparatively short period of four years.

When the phased programme was first introduced in 1967, there was some adverse criticism of the large increase in the hours of maximum permitted overtime. It was suggested that widespread use of this increase would largely nullify the effects of reducing standard working hours. Events have, however, proved to the contrary. Little use has been made of the additional hours of overtime. According to records, the actual hours of overtime worked in the first, second, third and fourth stages represent respectively 3%, 5%, 6% and 8% of the total hours of overtime legally permissible under each of these four phases.

DR S. Y. CHUNG: —Sir, one of the cardinal principles on the phased programme of reduction of hours of work is to ensure that workers should not, and would not, suffer from any reduction in take-home pay as a result of reduced working hours. May I ask my honourable Friend whether Government has attempted to check that this cardinal principle has been observed during the implementation of this programme?

MR TSUI: —We have not checked individual cases—we do not act as an auditor, so to speak—but we took note of the fact that the general level of pay—take-home pay in particular—has been on the upward trend.

Government business

Motion

GOVERNMENT LOTTERIES ORDINANCE

THE FINANCIAL SECRETARY (MR C. P. HADDON-CAVE) moved the following motion: —

It is hereby resolved that approval be given to the appropriation, by way of grant under section 6(4) of the Government Lotteries Ordinance, of the amounts specified in the first column of the Schedule, to the organizations specified opposite thereto in the second column of the Schedule, for the purposes specified opposite thereto in the third column of the Schedule.

SCHEDULE

	<i>Amount</i>	<i>Organization</i>	<i>Purpose</i>
1.	\$135,400	Hong Kong Society for the Blind	Renovation of the Tokwawan Workshop and Training Centre
2.	\$1,000,000	Community Relief Trust Fund	To meet expenditure on disaster relief

He said: —Sir, the purpose of this resolution is to seek approval for the allocation of two grants from the Lotteries Fund recommended by the Social Welfare Advisory Committee, the total sum involved being \$1,135,400. Under section 6(5) of the Government Lotteries Ordinance, the prior approval by resolution of this Council is required for the allocation of grants from the Lotteries Fund.

Under the first item in the schedule to the resolution, it is proposed that a grant of \$135,400 should be made to help the Hong Kong Society for the Blind to meet the cost of renovating and fitting out proper office and storage space for its To Kwa Wan workshop and training centre. I understand that this is the first of several improvements that the Workshop Management Committee of the Society has in mind to improve the workshop's productivity and management/labour relations.

Under the second item in the schedule, it is proposed that a grant of \$1 million should be made to the Community Relief Trust

[THE FINANCIAL SECRETARY] **Government Lotteries Ordinance**

Fund to assist towards its expenditure on disaster relief. Last summer, the Community Relief Trust Fund provided relief in the order of \$5 million to members of the public who had suffered loss to their crops, livestock and other property as a result of typhoon "Rose". To help the Fund to meet its commitments, an advance of \$5 million was made from the general revenue account. Of this sum, the Finance Committee of this Council will shortly be asked to approve that \$4 million be regarded as expenditure from public funds. It is proposed that the remaining \$1 million should be a contribution from the Lotteries Fund to the Community Relief Trust Fund.

Both applications come within the ambit of section 6 of the Government Lotteries Ordinance, which defines the purpose for which allocations from the Fund may be made, and Your Excellency has, under section 6(4) of the Ordinance, approved the social welfare services concerned as being worthy of assistance from the Lotteries Fund.

If this resolution is passed, the balance remaining in the Lotteries Fund will be approximately \$6.6 million.

Question put and agreed to.

First reading

CRIMINAL PROCEDURE (AMENDMENT) BILL 1972

TELECOMMUNICATION (AMENDMENT) BILL 1972

Bills read the first time and ordered to be set down for second reading pursuant to Standing Order No 41(3).

Second reading

CRIMINAL PROCEDURE (AMENDMENT) BILL 1972

THE ATTORNEY GENERAL (MR D. T. E. ROBERTS) moved the second reading of: —"A bill to amend the Criminal Procedure Ordinance."

He said: —Sir, as honourable Members are well aware, there has been a considerable amount of criticism by the press and by members of the public of sentences, on the ground that they are sometimes inadequate, particularly those which are imposed for serious crimes involving violence.

I have no hesitation in saying that much of this criticism is unjustified and is based on an incomplete knowledge of the factors which the court was obliged to take into account when determining the proper sentence. Furthermore, such criticism is usually based on a few instances and not on any general assessment of the levels of punishment which have been awarded by the courts.

Nevertheless, there is a widespread public concern about the level of sentences. Such an anxiety is not in any way peculiar to Hong Kong. It is likely to arise in any community in which there is a substantial increase in criminal activity.

At present, a convicted person can appeal against the sentence imposed on him to the Supreme Court or to the Full Court and these courts have power, if they think that a sentence is clearly excessive, to reduce it. The Crown has at present no right to ask these courts to consider a sentence, if it appears to be inadequate or wrong in principle.

It is, I think, sometimes forgotten that the criminal process involves a balancing of the interests of the community against those of the individual. The present situation enables the individual to seek redress in relation to a sentence passed on him but not the Crown.

The bill before honourable Members therefore empowers the Attorney General to seek the leave of the Full Court to make an application for the review of a sentence.

I should make it quite clear, since there seems to have been some misapprehension on the matter, that this does not give the Attorney General any right to interfere with a sentence. The most he can do is to ask the Full Court to review it. The assessment of sentences therefore remains, as it has always done, wholly a matter for the discretion of the courts.

The new section 81A, which is contained in clause 2 of the bill, will also enable the Attorney General to apply for the review of a sentence on the ground that it is clearly excessive. While it is not likely that this power will be used frequently, it is thought desirable that it should be available so that an unduly harsh sentence can be corrected in a case in which the convicted person has not himself appealed.

These powers should also assist the courts in the very difficult task of maintaining uniformity of sentence, since I think that it will be generally agreed that substantial disparity in sentences as between different magistrates and judges dealing with similar offences causes injustice.

[THE ATTORNEY GENERAL] **Criminal Procedure (Amendment) Bill —
second reading**

The Attorney General would make a written application to the Full Court, accompanied by a copy of the record of the case. A single judge of the Full Court would then consider the application and either grant or refuse the Attorney General leave to apply to the Full Court, though it would still be open to him to insist on the Full Court dealing with the application.

Section 81A(3) gives the Full Court power to order a person in relation to whom an application for review has been made to be detained in custody until the application is decided. By section 81A(4) costs may be awarded against the Crown if the Full Court refuses to alter the sentence which the Attorney General has applied to have reviewed.

On the hearing of an application for review, the Full Court may quash the sentence which had been passed and substitute another one, whether more or less severe, or may refuse to alter it. Both the Crown and the convicted person would have a right to be heard on the hearing of the review.

There is nothing novel about legislation of this nature, though it is not present in the law of the United Kingdom. A power of review of this kind, or of a similar nature, can be found in at least twenty Commonwealth countries, including Australia, Canada, Singapore, Malaysia and Fiji. So far as I am aware, this power has been generally successful in those countries and has helped to hold the necessary balance between the Crown and the accused which sometimes, under the British system, has tended to tilt too far in favour of the accused.

Question proposed.

Motion made. That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

Question put and agreed to.

Explanatory Memorandum

The purpose of this Bill is to enable the Attorney General to apply to the Full Court to alter the sentence passed by any court in the Colony, on the ground that it is clearly excessive or inadequate, or is wrong in principle or not authorized by law.

By the new section 81A, the Attorney General must apply to the Full Court in writing, within 14 days of the sentence,

forwarding a copy of the record. The Court may, if it refuses an application, award costs to the respondent (new section 81A (4)).

The Crown and the convicted person have a right to be heard on the review (new section 81B(2)). By section 81B(3), the Full Court is given the same powers as in a criminal appeal with regard to the reception of evidence.

New section 81C lists the circumstances in which a sentence may not be reviewed by the Full Court.

TELECOMMUNICATION (AMENDMENT) BILL 1972

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved the second reading of: —"A bill to amend the Telecommunication Ordinance."

He said: —Sir, in his budget speech in this Council on 24th February 1971, my predecessor proposed the abolition of television receiver licences with effect from 1st April 1972. He also proposed that, in the interim, expiring licences should require renewal for the period between their date of expiry and 31st March 1972, at appropriately adjusted fees, so that all licences would finally expire on the same day.

Subsequently, the Telecommunication (Amendment) Regulations 1971 and the Telecommunication (Rediffusion Licence) (Amendment) Order 1971 were made by the Governor in Council. These two pieces of legislation prepared the ground for the abolition of television receiver licences with effect from 1st April 1972 by providing that all such licences should terminate on 31st March 1972.

The Telecommunication (Amendment) Bill 1972 now before this Council completes the action necessary to abolish television receiver licences with effect from 1st April 1972. By *clause 2* television receivers are to be exempted from the licensing provisions of the Telecommunication Ordinance; by *clause 3* it will no longer be an offence to have a radio or television receiver without a licence; and by *clause 4* the prohibition against selling information received by radio will be extended to include information received by television. This prohibition is at present included in a television receiver licence.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).

Telecommunication (Amendment) Bill—second reading*Explanatory Memorandum*

The object of this Bill is to exempt television receivers from the licensing provisions of the Telecommunication Ordinance (clause 2).

2. By Clause 3, it will no longer be an offence to have a radio or television receiver without a licence. By Clause 4 the prohibition against selling information received by radio will be extended to include information received by television.

APPROPRIATION BILL 1972**Resumption of debate on second reading (1st March 1972)**

Question again proposed.

SIR YUET-KEUNG KAN: —Sir, inevitably in a budget debate Unofficials' speeches cover a wide range of subjects and, understandably, doubt has been expressed in the past as to whether the views expressed by individual Members are purely their own views and whether they are shared by Unofficial colleagues. I am asked by my Unofficial colleagues to say that the views expressed by each of the Unofficials in this debate are to be taken by Government as representing the views of the Unofficials in general, except where another Unofficial speaks against such views.

Our financial position, as disclosed by the Financial Secretary in his budget speech, is strong and gratifying. Not only is our total reserve position up to a record close to \$4,000 million, but the overall outlook for the future is also favourable. While our rate of economic growth, according to the Financial Secretary, has for the time being slowed down, a resurgence is predicted within the next 18 months.

Gratification over our strong financial position is, however, mixed with one nagging doubt: have we made and are we making the best use of it?

The intentions of Government are unexceptionable. Your predecessor said, in his address to this Council last October:

"All that we do as a Government we have done, and are now doing, for one purpose only: to provide a better life for all who live here and to create expanding opportunities and better services for our growing population."

He also said:

“We are, I think and hope, coming out of an era of emergency action to ameliorate massive and immediate problems, and into an era in which we can hope to think in terms of refining and sophisticating over a wide field the quality of the wide services we try to make available to the public.”

You, Sir, expressed much the same ideas in your speech on your arrival here on the 19th November 1971, when you said:

"As Hong Kong has become more prosperous, it has been possible to look beyond the bare necessities of existence and devote more resources to improving conditions of life. Great strides have been made. I look forward to hearing more about these developments and the policies behind them, particularly those concerning housing, medical services, social welfare and education including, of course, technical education, and how they and other policies to be developed can show increased benefits to the people of the Colony in the next few years."

Government's intentions, as I have just said, have been unexceptionable, but unfortunately the way in which it has set about putting these into effect is open to criticism.

With the greatest respect, I must say that Government has failed to achieve all that it should have achieved. There have been several reasons for this.

There has been a serious deficiency in forward planning. Again, Government activity in general has been to a large extent moulded and restricted by a financial policy which, in my opinion, has erred on the side of undue conservatism and pessimism.

Finally, although I would hesitate to suggest that Government has not all along felt confidence in the ability of the people of Hong Kong to achieve what they have so notably succeeded in achieving in the past two decades, this confidence has not made itself manifest in Government policy. Indeed, the impression has been given of a Government holding back in many fields of endeavour.

In the field of public assistance, for instance, the Unofficial Members for many years urged Government to give recipients cash assistance instead of only issuing dry rations, but it was only last year that this began to be done. Proposals for increasing the rates of assistance, referred to by the Financial Secretary, have just now been approved. Even if these are taken into account, however, the effort in this field must be considered inadequate in the light of our financial position and the public need.

[SIR YUET-KEUNG KAN] **Appropriation Bill—resumption of debate on second reading (1.3.72)**

The rates of assistance, as the Financial Secretary has put it, "should not be such as to have an adverse effect on employment and wages". This no doubt is another way of saying that they are to be kept low so as to discourage anyone from giving up his work and relying on public assistance to support himself.

While this may be a sound principal as far as ablebodied persons are concerned, can it be considered sound as regards those whom public assistance is in the first place designed to aid: the aged and the disabled? Should, say, a man of 80 be given inadequate assistance on the grounds that more would have an adverse effect on employment and wages?

The resettlement of squatters, apart from disaster victims and a few special cases on compassionate and other grounds, continues to be related to the clearance of land required for development. While this policy was perhaps justified at the time resettlement began some two decades ago, it is unsatisfactory that it should continue to be applied today when conditions have so radically altered.

The Housing Board, in its latest report, puts forward the recommendation that Government should rehouse squatters in the worst squatter areas in addition to those cleared for development purposes, and that as a first step 30,000 people should be rehoused in the next 6 years.

What is required, however, is not fringe modifications but a thorough-going review of resettlement policy in the light of present conditions. In particular, two major points need to be examined. The first is the question what is to be done about the oldest resettlement areas, which have appropriately been described as our new slums. The second concerns the very large number of squatters in the New Territories. According to the Housing Board Report, the estimated number at the end of March 1970 was 270,000 as compared to 410,000 in the metropolitan areas, including Tsuen Wan and Kwai Chung, that is to say about 40 per cent of the total number of squatters are in the New Territories. Yet the effort to resettle these persons has so far been marginal. In the 5-year period ending last year, less than 6 per cent of those resettled were New Territories squatters.

Education, quite rightly, has occupied an important place in Government thinking. But it was only at the beginning of this school year, after years of urging by Unofficial Members of this Council, that primary education became free in Government and aided schools.

The position with regard to secondary education, however, still leaves much to be desired.

The Estimates state that the revised policy for post-primary education provides for 18 per cent of children in the 12-16 age group to have 5 years of assisted secondary education leading to a Certificate of Education, while the Annual Summary of the Director of Education speaks of a figure of 18-20 per cent. In the light of the educational needs of today, and our strong financial position, we cannot feel satisfied with this low target, particularly as neither the Estimates nor the Annual Summary of the Director of Education give any indication that Government plans to revise it upward in the next few years.

Government activity in the field of technical education also leaves much to be desired. In its report a year ago, the Industrial Training Advisory Committee said:

"The ITAC . . . is concerned over Government's lack of decision on the recommendation made by the Functional Committee on Technical Institutes for the establishment of four more technical institutes."

Yet today Government, after long consideration, has only approved the establishment of two more technical institutes, and these are not expected to be opened till September 1975 and September 1976.

As for the proposed Polytechnic, though a site has been earmarked and a Director has been appointed and indeed has been in Hong Kong for many months, planning remains in an inchoate stage and there is no indication when it can be expected to get off the ground.

The transport question vitally affects every member of our population, as it does the people of any great city. And the growth of this problem in the light of our rapidly expanding population and the even more rapidly expanding vehicular use of our roads has been evident for a long time.

Yet today we still find Government avoiding coming to grips with the problem as a whole and working out a satisfactory overall policy. The various aspects of the problem, such as roads, town planning, public transport, private transport, parking and the mass transit scheme continue to be dealt with piecemeal and with no sense of urgency.

The Financial Secretary has told us that even the first stage of the mass transit project will require at least six years to build. This surely raises in the minds of the public this question: how is it that, on 4 project which will require so much time to carry out, Government

[SIR YUET-KEUNG KAN] **Appropriation Bill—resumption of debate on second reading (1.3.72)**

has dragged its feet for so many years—while all the time the estimated cost of construction has been rapidly rising?

Another sector in which the absence of sound policy is keenly felt is that of road transport and parking. My colleagues, I expect, will deal with this, as with other subjects, in much more detail than I propose to, but I would like to make these points.

First of all, it is a serious reflection on Government thinking on this topic that, apart from a road development programme that suffers from a lack of integrated planning and is many years behind our needs, virtually the sum total of immediate Government action seems to be to impose what the Financial Secretary calls “a policy of restraints on the private motorist”. While these restraints may lead to a marginal improvement in the situation, our transport problems can no more be solved by squeezing the private motorist than a water shortage could be solved by increasing consumer charges for water.

Second, it is disturbing to find that Government, instead of facing up to the road congestion problem in a satisfactory manner, is attempting to make the commuter travelling by car the villain of the piece. Travel to and from work is a necessity, not a pleasure, and in the light of our inadequate public transport, and the fact that large areas of the Colony are not served by public transport at all, what alternative is there for many people than to commute by car?

Third, Government has placed itself in an invidious position on the question of private motorists and parking by having two widely divergent policies, one for the general public and one for civil servants. In dealing with the public, it is all out to cut down the use of private cars and to make motorists pay more for parking. Government has repeatedly pointed out how valuable land used for parking is, and how much more car park charges should be than they are. Public servants however, live in a different world entirely. Government encourages ownership of cars by making loans to civil servants for the purchase of cars on a very generous basis—extended repayment terms—I think 36 months at low rate of interest, 4 per cent. And it encourages even minor civil servants commuting by car by providing free parking on extremely valuable land in expensive central urban areas. Some time ago the then Financial Secretary did an exercise in which he calculated on a commercial basis the cost of parking spaces in multi-storey car parks. Perhaps the present Financial Secretary would let us know what is the present cost of the free parking spaces for civil servants in central urban areas—such as the one below this building and around Murray Building—calculated on the same basis.

In the circumstances, I would urge Government to make a thorough-going re-appraisal of its piecemeal policies in this sector, and to work out a sound overall policy for the future. I scarcely need add that, whatever Government decides to do about private motorists and parking, it should not have one policy for members of the general public and an entirely different one for civil servants.

Finally, let me conclude on the subject of parking by quoting the following passage:

"Henceforth, no wheeled vehicles whatsoever will be allowed within the precincts of the City, from sunrise until the hour before dusk . . . Those which shall have entered during the night, and are still within the City at dawn, must halt and stand empty until the appointed hour . . ."

We could perhaps be forgiven, Sir, if we thought that these words are the words of our Financial Secretary. Listening to him a couple of weeks ago, one might have come to that conclusion. But they are not. As a matter of fact, they are part of an edict issued by a no less eminent figure—Julius Caesar. Let me hazard a prediction that my honourable Friend will no more succeed in solving our traffic problems in this city by taxing private motorists off our roads than the great Caesar did by banning vehicles in the streets of Rome.

Sir, when on your arrival here you said "Our object is prosperity with social progress", I believe you voiced the hopes of all the people of Hong Kong. Economic growth and financial success alone are not good enough. These must be matched by social advancement and by social justice. This is the only sure way to ensure the confidence in the Government which is essential for the establishment of peace and order on a firm foundation.

All that I have said today has been said with the aim of urging Government to achieve what I think can be achieved in this field.

Sir, I support the motion before Council.

MR P. C. WOO: —Sir, the proposed authorized permanent establishment in the Report of the Sub-Committee of the Finance Committee as summarized at page 709 of the draft Estimates for the year 1972-73 is 90,656 and to this must be added the 7,809 supernumerary posts. The proposed increase in the permanent establishment is therefore 4,388 representing a 5.08% increase and is 46.98% of total recurrent expenditure. My honourable Friend, the Financial Secretary, has however pointed out that this percentage will rise to 50% or so later on if the Salaries Commission's recommendations have the effect of reducing the present vacancy ratio. The Establishment

[Mr Woo] **Appropriation Bill—resumption of debate on second reading
(1.3.72)**

Sub-Committee is specially concerned about the economical and efficient use of staff when proposals for increases of posts are being considered. We regard it as very important that there should be adequate numbers of supervisory staff to ensure that junior staff can carry out their work as efficiently as possible.

We also feel that even in the middle grade sufficient control should also be exercised so that there would not be a wastage of manpower and with a view to streamlining the work and preventing any undue delay in matters within and without the service and in particular in relation to the general public.

It seems to me that there is a need for the appointment of a very senior officer to look into this particular point so as to ensure that all concerned in Government service are fully and gainfully employed at all times.

On the organization side, I welcome the amalgamation of the Organizational Surveys Unit with the Complementing and Gradings Division of the Finance Branch. I welcome it as in my opinion it is sound in principle and I look forward to the practical effects of its implementation not only for the public service as a whole, but also because it will make more comprehensive the service given to the Establishment Sub-Committee by the Complementing and Gradings Division.

The Salaries Commission recommended last year an all round increase of salary to all grades of service and Government has accepted most of its recommendations but I will confine my remarks to the disciplined forces. I am of the opinion that in the uniformed forces, as pointed out by the Salaries Commission, although they all wear uniforms their functions, duties and responsibilities are not the same. We cannot compare the duties and functions of a fireman with those of a police constable nor the risks to be encountered by other different uniformed services. It is my firm opinion that one of the causes of the rise in crime committed particularly by youngsters is that we have not enough policemen on the streets to combat them. I know that the Police Force is below strength to the extent of over 1,700 in rank and file and, as Chairman of the Establishment Sub-Committee, I know that the Commissioner of Police has proposed to Government to enlarge the establishment to the extent of about 2,000 men. Roughly, therefore, if the estimate of the Commissioner of Police is correct, in order to combat crime the Police Force is in fact 4,000 below strength. This is a very serious matter, as every man knows that it is not safe for him to go out in the street because when any assistance from the police is sought it may not be forthcoming. I therefore ask Government

to investigate and find out the reason for the lack of enthusiasm for young people to join the Police Force. Is the present increase of salary sufficient to attract them or is it because the risk they have to run deters them or is it that their parents do not deem it an honourable occupation for their children to join the Police Force? These are matters which we must look into in order to boost recruitment for the Police Force.

In this connection I would like Government to consider seriously whether or not some of the duties now performed, for example, by the Traffic Branch of the Police Force, could be done by civilians rather than by uniformed personnel. The Traffic Branch has taken the job of the Traffic Wardens as we have in England, and I am sure that these duties can be performed by civilians rather than by uniformed personnel.

The Auxiliary Police Force has rendered great assistance to the regular Police Force and we see the Auxiliary Police Force in the streets in the evening and in the early hours of the morning, thus relieving the regular Police Force to a very large extent. But the pay of the Auxiliary Police Force and the volunteers in the Essential Services is regulated under the Auxiliary Forces Pay and Allowances Ordinance. These volunteers are citizens who, because of an awareness of their civic duty and a desire to help the community, sacrifice considerable time and effort to serve the general public. While financial gain has never been much of a consideration in their joining and staying in auxiliary units, it is only fair that they should be remunerated adequately for their services. It should be accepted that a man or a woman who is called out for service with his or her auxiliary unit, and has to take unpaid leave from his or her normal employment, should not lose out on pay, travelling expenses, *etc.* The rates of pay and allowances for auxiliaries should therefore be realistic and should compare favourably with the average salaries of the general public. In this respect the rates of pay and allowances of Government civil servants and Services personnel should be used for comparison purposes.

The existing rate of auxiliary pay and allowances is based on the Neve Committee's Report and recommendations, which were submitted to Government on 8th March 1963 and were brought into effect on 1st April 1967. But since this day the cost of living rose steadily and is still rising and the salaries of Government servants have been increased on 4 occasions to correspond with the increases in the cost of living.

The Neve Committee recommended that in time of emergency a fully embodied volunteer should receive the same rate of pay as his regular counterpart, if existent. This principle was reflected in sections

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8 and 12 of the Auxiliary Pay and Allowances Ordinance, but Government has not since 1967 made any revision with regard to the rate of pay. In view of what I have said before it is only equitable that the existing rate of pay and allowances for auxiliary units should be revised in the light of raises in salaries received by civil servants since 1st April 1967. I therefore ask Government that the rates of auxiliary pay and allowances for auxiliary units should be immediately revised with a view to bringing them to the appropriate level so as to equate them with the pay of their regular counterparts.

One further point. Since equal pay for men and women is Government's policy, it should also be logical to introduce equal pay for both sexes into auxiliary defence units. A lady volunteer undergoes exactly the same training and performs similar jobs to her male counterpart. There is therefore no reason why lady volunteers should be paid less, as they are at the moment.

My next observation is on the question of estate duty. I welcome the proposal of the honourable the Financial Secretary to reduce estate duty to the maximum rate of 15% only. However, I think my honourable Friend should not stop at 15% but should consider reducing the rate progressively until the total abolition of estate duty in Hong Kong is achieved. My honourable Friend also made the remark that "It will also help to discourage Hong Kong residents from taking avoidance action by transferring assets overseas before death". But there is also the benefit that, if no estate duty is payable in Hong Kong, persons from overseas will bring their assets into Hong Kong for investment or for business. I am sure that the abolition of estate duty would be beneficial to Hong Kong. I hope my honourable Friend will give consideration to what I have proposed. I also welcome my honourable Friend's proposal to enable small estates under \$100,000 to be dealt with summarily in order to enable the next of kin to get the estates of their deceased relatives in a much quicker way than now. May I remind him that the exemption from estate duty is \$200,000. Perhaps it is better to start with \$100,000 in order to avoid evasion of this duty for the time being.

While still on the subject of estate duty, may I make a plea on behalf of small estates that Government should consider whether or not to increase the allowance for funeral expenses. At present the maximum allowance is \$2,000 under section 13 of the Estate Duty Ordinance. May I ask my honourable Friend to consider whether this maximum \$2,000 should be increased to \$4,000 or at least \$3,000 in the case of persons dying after the 1st day of April 1972. My honourable Friend should take cognizance of the fact that, in keeping

with the rise of the cost of living, the cost of coffins has risen considerably.

Finally, I would like to make an observation on the proposal of my honourable Friend to charge rates on unoccupied premises as from the 1st April 1973. The burden of payment of rates is on the occupier and if the premises are unoccupied the rates are therefore not payable. My honourable Friend's proposal is a departure from general principles but I am not arguing on general principle and if this Council accepts his proposal one very important exception should be made.

The prosperity of Hong Kong depends on industry and also on land development. The developers of land at present are erecting multi-storey buildings with a view not to let them but to sell them and people also find it cheaper to buy their own residences than to rent them. If my honourable Friend's proposal is accepted it would deter development of land in Hong Kong, for once the Certificate of Occupation is granted by the Building Authority rates will begin to be payable even if the premises are vacant. It would take some time before the developer can sell his premises and it is a hardship on him that before he can sell his vacant premises he has to pay rates on them. It is therefore my view that it is equitable to give the developer a period of time to enable him to sell his premises before rates become payable. Usually a period of 6 to 12 months would be sufficient for a developer to dispose of his newly built premises and there should be a condition that once the premises are sold for the first time then rates, whether the premises are vacant or not, are payable at half rate from the date of sale and also with a further condition that the half rate principle will apply after 12 months have elapsed from the granting of the Occupation Permits even if the developer had not sold all his flats. This is quite a different case from that where an unscrupulous landlord deliberately leaves his premises vacant and refuses to let them except at higher rental. In such a case I agree with my honourable Friend that rates should be payable and no concession should be given.

Sir, I support the motion.

MR SZETO WAI: —Sir, I must first apologize for my rather long speech today and I therefore ask for your indulgence and that of honourable Members. Clearly I have been influenced by the very long presentation of my honourable Friend, the Financial Secretary though I have not been convinced by his arguments.

My honourable Friend is to be commended for having produced and ably presented a most elucidated and comprehensive Draft Estimates for 1972-73, supported by graphic presentation of a colour

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scheme suggestive of a wine, arduous, substantial and with a full bloomed bouquet that is refreshing and exhilarating. But on careful sampling I regret to say that the produce, both in respect of body and aroma, appears to be of the same vintage despite its new bottle and lable. However, it is perhaps too much to expect a sharp deviation in character and quality, at such a short interval, from the viticulture where we have for so long been served under the climatic and soil conditions carefully cultivated during the long tenure of Sir John COWPERTHWAITTE.

It is in the atmosphere of surging prosperity and mounting reserves that the people of Hong Kong, under the shadow of the departed Sir John, are continued to be served with a rather cheap table wine *en carafe* after the day's hard work while listening to the wonderful news of our record surplus only to be saddened once again by Sir John's house rule of having it tucked away for good measure.

This year's record surplus may even have out-paced Sir John's clever manipulation of revenue and expenditure as according to the distinct feeling of my honourable Friend the \$162 million budgeted surplus will likely to be swollen to over 4 times, that is \$700 million. Of course Sir John had done better before, in relative though not in absolute terms, for last year, while rejoicing Hong Kong's remarkable growth he budgeted a \$191 million surplus which turned out to be \$619 million. For 1969-70 he found it difficult to keep pace with Hong Kong's vigorous economic growth and budgeted the first surplus in the post-war years of \$64 million which, in the event, rocketed to \$448 million, no less than 7½ times. However, his greatest achievement was in 1968-69 when his budgeted deficit of \$13 million turned around and instead swelled the Government coffers by no less than \$208 million. It was indeed an amazing feat; either Sir John's control over spending was excessive or his crystal ball for revenue estimation needed polishing or a more realistic interpretation by its master. In any event, such extraordinary inaccuracies have now become the rule rather than the exception and one can no longer dismiss them as just incorrect estimation.

While rejoicing this year's \$700 million surplus my honourable Friend accounted for this windfall fortune by the fact that this year's actual growth rate of revenue was 13% over 1970-71 as against the estimated 4%. My critical attitude last year of the 4% unrealistic growth rate, in view of the 9%-20% in the preceding years, is now vindicated. My criticism on this year's low estimates in revenue from land sales and stamp duty has also, though to our financial advantage, turned out to be justified. Sir John anticipated a 42% fall from the

1970-71 revenue from this source which eventually turned out to be only 3.3%.

I also criticized Sir John's very low estimate of revenue from stamp duty—an increase of only 3.2% over that in 1970-71. It now transpires to be 61%, an upsurge of \$78 million due to sustained activities in real estate development and stock market boom and compares well with the 33% in 1970-71, 70% in 1969-70 and 20% in 1968-69. Indeed on both heads of revenue, Sir John was widely off the mark. However, my honourable Friend now dismisses these gross inaccuracies lightly by explaining that more sites had become available than originally envisaged.

The extraordinary fact is that with our usual land-hungry circumstance and our customary slow public works progress, building sites could have been conjured up unexpectedly when the market was good. On this issue, may I quote what I said in this Council last year:

"Sir John anticipates a 42% fall in revenue from land sales next year, which is only 23% higher than that in 1969-70 when the real estate market only began to regain its confidence. Unless Government holds back the issue of lands for sale, the estimate is over pessimistic. There are many acres of choice land in the Old Dockyard area ripe for sale next year and these should bring in a handsome price."

While appreciating Sir John's difficulty in keeping up with the vigorous growth of our economy, I cannot but be appalled at his continued deliberate under-estimating of revenue which has been allowed to inhibit expenditure and thereby retard the progress of our social and community services. It is all the more difficult to justify, in the face of this year's whacking surplus, the increase of water charges, the meagre provision of public assistance and the stubborn resistance towards improving our technical education. It is regrettable that on occasions of budget debate it is invariably the Financial Secretary's prerogative to have the last say and Unofficial Members' vindication inevitably comes a year later!

As regards this year's expenditure, my honourable Friend commented on the growth of 20% over actual spending in 1970-71. The increase mainly occurred in defence provision and waterworks. Defence contribution was only given a nominal provision pending agreement to be made, and in the event it turned out to be a very heavy commitment resulting in a deficit of \$78 million in that particular head. In the final event, excess of actual expenditure over the approved estimated expenditure is only 2.3% compared with 11% of revenue increase over that estimated, and in absolute terms it was \$67 million over-expenditure against \$350 million increase in revenue.

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This year's under-spending totalling no less than \$93 million can only be attributed to over-estimation of expenditure or tardiness in administration with the exception of the Police, which was entirely due to recruitment difficulties. In a year of rapidly rising costs, it is difficult to understand why non-recurrent public building works should have dragged behind by \$14 million. The deficit of \$37 million in waterworks is mainly due to increased expenditure on the High Island scheme and raising of the Plover Cove Dam, both as a result of inflationary construction costs a subject on which I will have more to say later.

So much for Sir John's wisdom and legacy and his firm handling of our affairs (in the words of my honourable Friend). Now I would like to sample the new wine which we have been served to see how fragrant, fruity and wholesome it is.

My honourable Friend began by saying that we are continuing to enjoy a flush of revenue as our economy continues its post 1967-68 surge movement. After a long discourse on our financial position; our economic prospects; the fluctuation of our Gross Domestic Product (I regret I am not an expert); our balance of not unfavourable employment situation as well as our improved productivity; our strong investment and the great strength of our monetary sector and large deposits in our banks; he estimated only a 7½% rise of total revenue for 1972-73 over this year's revised estimate. This is, of course, an improvement on his predecessor's 4% for 1971-72 though in my opinion it is still a little pessimistic for the growth rates for the last 5 years were: 1971-72 (13%), 1970-71 (23.8%), 1969-70 (19.2%), 1968-69 (9.6%) and 1967-68 (4.5%) with an average of 14% and 1967-68 was our year of disturbances. With all my honourable Friend's confidence in our economic future, surely he does not envisage 1972-73 being a year next to our lowest economic ebb since 1960 or at most equal to 1965-66 which also had a growth rate of 7½% notwithstanding the then prevailing general economic recession.

As regards land sales, my honourable Friend was more optimistic than his predecessor in that he expected a drop of only 15% instead of 42%. Should this be the case, 1972-73 will be the first year since 1967-68 to suffer a setback. In the 3 years before that, land could hardly be considered an attractive commodity in the face of economic recession followed by disturbances. The increase in the previous 4 years from 1968-69 was 27%, 56%, 250% and 77% respectively. In fact, my honourable Friend, the Director of Public Works, has recently indicated that almost 2,000,000 sq. ft. of land would be ready for disposal next year. In all probability the Financial Secretary will

be taken by surprise again by a windfall revenue from this source. Here again I see the vast shadow of Sir John hovering over my honourable Friend although he denied under-estimating revenue in the new budget while admitting that 10 times in the past 11 years this had been the rule.

If my honourable Friend was gloomy over land sales next year the same cannot be said to his outlook on taxi concession. However, I have the feeling that the \$30 million which he anticipated from this source may prove to be a disappointment for apparently he has been forestalled by the recent offer of issue of 200 hire-car licences by the previous Commissioner for Transport to selected operators for improving Airport transport services. The premia that will be offered for the new taxi licences that will be put out to tender shortly are bound to be affected by the large fleet of additional hire-cars on the roads.

The most welcome feature of next year's Estimates is the great leap forward in expenditure, and my honourable Friend is to be credited for his courage to break away from the strong grip of his predecessor's unchanging fiscal policy in spite of his long tutelage. The 25% increase compares well with the 17%, 18%, 4.5% and 11% over the previous 4 years from 1968-69. However, closer examination reveals that this great leap lies mainly in the considerably increased cost of our Civil Service which amounts to almost 20% over that of this year while in the last 5 years the average increase was 10%. The \$227 million increase for next year represents 31% of the total increase budgeted. The total estimated personal emoluments for 1972-73 is over one half of the total recurrent expenditure and over one third of our total expenditure and certainly points to the very high cost of our Civil Service. Further, the estimated increase of \$259 million in next year's revenue will be almost entirely absorbed by the increase in Civil Service costs unless my honourable Friend's revenue estimate is as widely off the mark as his predecessor's was. I may also add that the estimated cost of our Civil Service in 1966-67, presented at a time when the report of the 1965 Salaries Commission was under consideration, almost doubled that for 1961, and now that estimated for 1972-73 is twice that for 1966-67. The indication is that the cycle of activities of the Salaries Commissions has the effect of doubling the cost of our Civil Service. In 1966-67 the estimated increase in personal emoluments absorbed 85% of the estimated \$90 million increase of revenue for that year. For 1972-73 it is 88%. Indeed, in the words of my honourable Friend the 1971 Salaries Commission has proved to be a costly exercise. What he said also reflects the opinion of his predecessor held in 1966, that the cost of our Civil Service was disproportionately high to our means.

The increase in expenditure for other heads is marginal; for other recurrent charges, it is 14% over 1971-72 compared with the 13.2%

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for the two years preceding. As for Special Expenditure, which includes public works non-recurrent, the growth is maintained at 44% as it has been for many years.

In capital expenditure, my honourable Friend emphasized the high proportionate increase in non-recurrent public works programme: \$280 million in a total increase of \$343 million which is nearly 82%. Of this, \$214 million is earmarked for waterworks. Highways and other civil engineering projects claim \$49 million and buildings \$20 million. The high increase is due to substantial higher contract prices and several major projects including the Airport runway extension, the raising of the Plover Cove Dam, the High Island Water scheme and the desalting plant. The increased prices of these large engineering projects not only dig deeply into the public purse they also adversely affect private development.

My honourable Friend spoke of the high increase in capital expenditure in the period 1969-72 and suggested that the figures be discounted by 25% in order to arrive at the real volume of additional work undertaken because of higher contract prices. I consider this an understatement as construction prices were reckoned to have risen at least if not over 100% and inflationary costs during the period (1969-72) had a nugatory effect on increased spending which rose from \$284 million to \$560 million. Many of the original estimates for public works projects had to be revised upward considerably during this period. Clearly, we are now suffering from high construction costs in the many capital projects needed to improve and strengthen our community services, and my honourable Friend repeatedly warned us of the tremendous expenditure on these projects, particularly road-works and waterworks, in the coming 5 years. However, I would point out now as I did in the past that opportunity has not been taken in the years of low construction prices when the same volume of work could have been achieved at nearly half the cost. The adverse consequences of neglected or inadequate economic, social and community services are legacy of a deliberate fiscal policy of creating and amassing huge yearly surpluses.

In introducing the revenue proposals of his first budget, my honourable Friend agreed that 1972-73 will be another surplus year. There is every indication that it would be, judging by the continued exercise of under-estimating revenue. The question is how big would be next year's surplus, and how will it be handled? My honourable Friend has budgeted it for \$70 million but this was later discounted to \$47 million. It is difficult to see how, with the momentum of large yearly surpluses and the "surge movement" as described by him, next

year's surplus could have a disproportionate plunge while our fiscal pattern appears to remain unchanged. I also find contradiction in my honourable Friend's saying in one breath that artificial boosting of public expenditure in time of accumulated surpluses would be at the expense of the present generation of taxpayers, and in another he recognized that the present generation of taxpayers has contributed very substantially (over \$2,000 million without counting benefits from interest and investment) in the last 5 years to the financial resources for future spending on capital projects. Perhaps it is realized that this remarkable contribution was only made possible by the majority of our people living a very frugal life, indeed, in many cases sub-standard. I therefore see every justification for timely boosting of our public expenditure in an appropriate but not extravagant scale in this our sixth year of continuing prosperity and surpluses. However, under this year's hefty \$700 million surplus, my honourable Friend has now offered the hardworking people of Hong Kong some fringe benefits in the form of improved public assistance, loans to small industry and several minor tax concessions, the latter gesture being reminiscent of his predecessor's abrogation of television licences and entertainment tax. The fact that this benevolent gesture is coupled with the imposition of higher parking charges is also reminiscent of his predecessor's raising of the water charges though my honourable Friend has treated parking facilities not in the context of commercial viability as Sir John treated water supply but in the context of road congestion.

Sir, I welcome the proposed increases in public assistance. Hong Kong's aged, the invalids, the widowed and the needy must be given the opportunity of sharing even a very small fraction of our good profit. While the present proposals may make Hong Kong a pacesetter in the field of social services in Asia as claimed, Government's tardiness in introducing the original scheme was an embarrassment to our accumulated wealth. Sir, last year I was concerned with the scheme's heavy administration cost and the actual benefit the scheme could provide with its budget allocation of \$17 million. This we now learn was about \$12 million in 1971-72 which is, of course, a meagre sum compared with that year's surplus. I therefore welcome the present proposals of improvement and couple my support with a plea for speedy implementation and a widened scope beyond the present target of 15,000 cases. Hong Kong's financial state can well afford the additional expenditure involved.

My honourable Friend has stirred up a hornet's nest by proposing to increase parking charges. The objection is understandable because of the acute shortage of parking spaces and Government's continued denial of the dire needs of such facilities in the many busy commercial/residential areas. Above all is the resentment to the preferential treatment meted out to civil servants at the expense of the people who are the employers.

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The present policy on off-street parking and the emphasis on commercial viability of Government multi-storey car-parks are responsible for our critical parking condition today.

My honourable Friend, as I mentioned earlier, did not link the increase to commercial viability of car-parks but rather to a more enlightened principle of road use and warned such increases represented the beginning of a continuing process aimed at relieving road congestion. It is the first of a series of restraints he is now devising to discourage car ownership, though his other interest may well be on the \$3 million revenue improvement. I do not object to the increase because a similar or even higher tariff is now being charged by the few car-parks operated by private enterprise. I cannot, however, lend my support to a measure which is solely designed as claimed to combat road congestion while the policy of ignoring the dire needs of car parks in busy commercial/residential areas persists.

My honourable Friend spoke of a new parking policy: to create 15% vacancy by increasing charges. It must be realized a similar policy adopted in 1967 has long been rendered ineffective merely because of too many cars and too few parking spaces. The effective solution to road congestion lies in clearing our roads of stationary cars by providing more off-street facilities.

Government's policy decision made in 1966 was that car parks should only be built from public funds in commuter areas while such facilities for other busy commercial/residential districts were to be left to private enterprise with land purchased from Government for the purpose. This policy has been severely criticized as being unrealistic and the criticism is attested by the negligible number of parking spaces which have been provided by private enterprise.

Sir, road congestion in our crowded urban areas today is far more serious than it was in 1966, and among the restraining measures to combat it, the increase of off-street parking facilities must rank in equal importance with road improvement in any overall transport policy and should take priority above fiscal devices.

When Sir John COWPERTHWAITÉ presented his last budget to this Council with its \$619 million surplus, he made no reference to the Mass Transit Scheme. There was rightly considerable public disappointment over his silence since the Scheme's very expensive study was initiated during his tenure of office and also considerable deliberation over its feasibility had taken place in this Council since 1967. Sir John was no friend of the Scheme because of its high cost and low commercial viability.

However, it is reassuring to learn from my honourable Friend that the Scheme has not been completely abandoned, and that Government is carefully considering its economic implications. Hopeful speculation has revived that perhaps a real solution to our traffic problems may still be achieved. This new hope is further strengthened by Sir John's last but whacking instalment of surplus to our \$4,000 million reserve (a legacy of Sir John again), which no doubt would bring in a yearly interest and other benefits of several hundred million dollars.

I am in full agreement with my honourable Friend that the Scheme will not be a panacea, for even the consultants cautioned that it would only go a certain way to solve our transport problems but that there should also be continued improvement of our road and public transport systems. Without it 35 miles of our urban roads will be clogged even with car-ownership restricted to half its normal growth.

My honourable Friend is rightly worried by the Scheme's very high cost, even the initial scheme, and said that it could not be provided by simply waving a magic wand. But we do have a magic wand, and one studded with jewels to the value of nearly \$4,000 million. To the uninitiated economically mind, the yearly interest from our reserve would help to go a long way to financing the Initial Scheme which will in turn go a long way to solving our traffic congestion. There are other methods of financing such as loan finance, contractor finance, *etc.*, which Sir John deprecated and which my honourable Friend may find acceptable.

Major cities in the world are finding mass transit systems indispensable in combating road congestion. By population count Hong Kong ranks 17th place among these cities. An early positive decision on the mass transit will place us in the 43rd place among cities owning such a scheme. However, by density of development and physical restrictions, we can most certainly claim a primary place.

Enough has been said on the Mass Transit both in and outside this Chamber. We have now amassed a reserve in excess of the highest yearly expenditure so far, and surely the time has come for decisive action on the Mass Transit. Sir, all Hong Kong awaits this decision.

3.59 p.m.

HIS EXCELLENCY THE PRESIDENT: —Members may welcome a short suspension at this stage. Council will accordingly resume in fifteen minutes.

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4.12 p.m.

HIS EXCELLENCY THE PRESIDENT: —Council will resume.

MR WILFRED S. B. WONG: —This year's budget is the biggest and the rosiest. It is the biggest because revenue and expenditure are both at a record high. It is the rosiest because it not only reveals that our surplus is likely to be in the neighbourhood of \$700 million by 31st March 1972 but also predicts that the rate of economic growth will rally after eighteen months' time.

For the first time, our total reserves will exceed one year's expenditure, thus fulfilling the dream of a former Financial Secretary, Mr Arthur CLARKE.

In establishing our fiscal policy, we must bear in mind that we have practically full employment, a low public debt of \$15 per head, and no civil commotion. Moreover, our official reserves stood at \$2,513 million on 31st March 1971, plus a development loan fund of \$874 million according to the five-year forecast and an Exchange Fund based on 105% coverage on notes in circulation. Bank deposits ending 1971 totalled \$18,785 million and bank advances were \$11,836 million. We continue to enjoy a favourable balance of payments attributable to our invisible exports and capital inflow. It is now estimated that by 1st April 1972 our total reserves should be about \$3,923 million.

Therefore, in seeking to establish our aims in social progress, we must not be complacent because of our economic solvency and political stability. Our primary duty is to the present generation—the years we forego eternity itself cannot retrieve. Social, community and economic services should be fulfilled at a higher tempo and without having to wait for the building up of reserves.

As an example of the planning of our economic services, the extension of the Airport runway could have been built at a cost of \$95 million instead of \$130 million and the extension of the Airport Terminal Building could have been built at \$70 million instead of \$115 million if the decisions on planning and building had been made two years earlier. Bearing in mind that this inflationary trend is likely to continue, projects under our approved categories should be accelerated commensurate with our available facilities.

Since 1968 the Financial Secretary has generally budgeted for deficits in the 5-year forecasts but they have all turned out to be surpluses. In 1969-70 and 1970-71, the estimated surpluses of \$53

million and \$191 million became actual surpluses of \$448 million and \$619 million respectively. This is largely due to an underestimate of revenue growth and a shortfall in the public works programme due to technical reasons and procedural delays. However, from 1974-75 onwards, these forecasts are likely to confirm the trend of deficits forecast in the 5-year forecast of revenue and expenditure. Long before our Financial Secretary had occasion to quote the following passage last month, I had noted a significant change in policy when our previous Financial Secretary said in his budget speech last year "With financial resources of the present size and with our comparatively large reserves of taxable capacity, deficit years, within limits, would have no effect on our credit. Indeed, deficit budgets are now commonplace, if not fashionable."

It is, therefore, a foregone conclusion that because of the uneven race between revenue growth and the growth in expenditure from 1974-75 onwards, bearing in mind a levelling of revenue and the additional expenditure on the High Island scheme, we will be producing deficit budgets, thus running down our reserves. We should draw on our reserves cheerfully in the knowledge that we are increasing the social, community and economic services to the present generation. These would include schools, hospitals and clinics, housing, water and transportation systems and airport facilities. Of the schools, the technical institutes; of the hospitals and clinics, a paediatric hospital and dental clinic; of housing, low cost housing for those with monthly income of \$700 or less deserve first priority.

Although intangible, the expenditure on the social services, being social investment, should be considered as investment in human capital.

In the past, the pattern of society depended on how the people fought for it politically. In this day and age in Hong Kong, the pattern of society depends on how we arrange for it financially, provided of course it is within our resources.

The reserves we have should hold until 1982-83 if we adopt loan financing for major public works such as the mass transit system and the desalinization programme.

The expenditure on these two community services can both be regarded as self-liquidating as there will be revenue from public transport and rates for water.

The High Island water scheme will be safely financed now from our general revenue. But in the future, by removing major public works from being financed by general revenue it will reduce to a certain extent the dampening effect on the expenditure for social services.

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In embarking on loan financing on a scale larger than our total annual revenue, we will have the next generation share in the payment for the public debt incurred by the present generation. The justification is that the next generation will also be benefactors if not the owners of the projects. This is happening all the time in the major countries of the world.

Would loan financing affect our credit? It will not, as long as we conduct our Government in a responsible manner and maintain our economic activity. If the loan is for mass transport or waterworks, it should be considered as public investment.

While a loan may be obtained internationally, my belief is that a public bond would be in the best interest of Hong Kong because of the following reasons:

- (a) it would put off increased taxation—a step which could kill the goose that lays the golden egg;
- (b) it would bear lower interest rates than commercial interest or even international loan interest from the Asian Development Bank;
- (c) it would create a bond market and absorb surplus capital;
- (d) it would create a sense of belonging for the bond-holders with a greater stake in the Government of Hong Kong.

Naturally, there are certain aspects regarding the Hong Kong Government bonds which need investigation. These are their inclusion in the liquidity assets of the bank, usage in payment for estate duties at par value, the establishment of a Sinking Fund for the purpose of redemption, *etc.*

In the main, a public bond would solve the problem of financing major works and a bond market could well be a stabilizing factor under the present inflationary trend.

Because of the suggestion that Government bonds may be counted amongst the liquid assets within the 25% liquidity ratio of the banks, the proposal of marketable Government bonds has been criticized as violently inflationary. On the other hand, because of the size and duration of these Government bonds and the fact that they encourage personal savings, I should think the net effect of a bond issue, if inflationary at all, will be minimal, because Hong Kong depends heavily on the import of intermediate goods of equipment and machinery as well as consumer goods.

There will be some overlapping years when we will be in the incongruous position of borrowing money on the one hand and lending money on the other. The only justification would be if we could borrow money at lower rates of interest, that is interest on Government bonds for a longer period and receive higher rates of interest on our reserves.

Finally, on the budget, I would say the tax concessions and the tax relief should be lauded, especially the tax relief on salary tax removes an inequity for the middle income-earning group. Also, the abolition of the duty on hydrocarbon oils is a sound economic move in reducing fuel cost which would be especially appreciated by people at the base of the economic triangle.

However, in order to bring in line the advantages accruing to housewives who use town gas, I should think that from the principle of equity the 10¢ tax on fuel oil, which is used in producing gas, be also abolished if the Gas Company undertakes to pass on the benefit to the user.

Because of its financial implications, I have decided to bring forth the issue of raising the retirement age again and this time at the budget debate. The retirement age of 55 was established at a time when malaria in Africa and heat in India were such that it was physically harmful for civil servants to continue working after that age. Now everyone would agree that in spite of the high tempo of work in Hong Kong, Hong Kong with its air-conditioning and its freedom from malaria is certainly no longer a hardship area. In dealing with this issue, the Chinese Civil Servants Association are unanimously in favour of bringing the retirement age in line with the rest of the world and thus stabilize their livelihood. For expatriates opinions are divided and while some are satisfied with their career, others have other plans on earlier retirement. It appears that the only valid argument is that put up by the next-in-line in that the Heads of Departments are now blocking their promotion. The answer to this line of reasoning is that the same terms would apply to the next-in-line in that by waiting a few more years they will stay a few years longer as head. Meanwhile we are losing men at the zenith of their wisdom and experience by this antiquated system.

The Civil Service is a career job. The terms of service must be such to make it so. For the sake of few exceptions we should not leave civil servants high and dry at the age of 55.

I am sure some of us are aware of the classic case of one of our former colleagues who retired at the age of 55 and said he was to enjoy gardening. Within a few weeks, he found pains in both his right and left arm. Alarmed he went to see his doctor who told him

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that there was nothing wrong with him except his nervous system could not be adjusted to retirement after his active life in Hong Kong and he was ordered back to work which advice he promptly followed.

If we adopt the 60 year retirement age we should of course honour the contracts we have with those who joined the service before the new system and give them the option to decide.

I sincerely believe that, both from the viewpoint of Government and the individual civil servant, the retirement age of 60 should be instituted forthwith.

As this subject is related to the economy of Hong Kong, I am bringing up the question of amending the Hong Kong flag regulations for the fleet of 20 million tons which it is anticipated owners resident in Hong Kong will control by the end of 1975.

The present Flag Regulations are based on the British Merchant Shipping Act 1894 which stipulated rigid conditions some of which need not apply to Hong Kong and should be modified.

One of the most important of the difficulties which Hong Kong owners are facing is the question of manning. The regulations stipulate that five officers (the Master, Chief Engineer, 2nd Engineer, Chief Officer and 2nd Officer) of every ship must be of British Nationality holding a Board of Trade Certificate. I have no doubt a fleet such as World Wide will eventually get any British Officers that it may require but, until a tradition of service has been built up in this and other fleets, owners are forced, if they register their vessels as British ships, to accept whatever British officers they can get.

I am aware that some people feel that a flag of convenience carries some taint with it. It is true to say that there have been cases of ships registry where owners have sought to avoid the safety precautions and efficiency demanded of a British flag registration, but no owner is likely to invest some US\$35 million in a very large crude oil carrier and then try to save money by employing inefficient officers or inadequate equipment.

Some officers of the Marine Department think that legislation to amend the present Hong Kong flag regulations would take up to five years to put through. This of course would be too long and the bulk of the fleet will by then have been registered with foreign flags.

The present regulations result in the income from registration of shipping being negligible, whereas charges for registration of a Liberian

ship are US\$1.20 per net ton as an initial charge and subsequently 10¢ a year per net ton. Therefore, the initial Liberian registration fee for a 220,000 ton ship is about US\$95,000 as against Hong Kong's maximum fee of \$3,470. Some adjustment in the fee structure should also be made from the revenue viewpoint.

I feel Hong Kong must capitalize on its natural advantages as the home port of ocean going ships.

With these remarks, I support the motion.

MRS ELLEN LI: —Sir, Mr HADDON-CAVE's maiden speech as Financial Secretary in this Council two weeks ago has been acclaimed by the press and the various sectors of the community as a happy budget. He budgeted for a surplus, but not too big a surplus, and some minor concessions in taxes.

Many of my colleagues have already expounded on the various proposals made by the Financial Secretary and others will also express their opinions tomorrow. I would like to comment on some of the proposals to record my own reactions and to support the views of other honourable Members on these subjects.

First of all, the increase in carpark charges and the levy of one half the amount of rates for empty flats can be described as irritating measures similar to cutting off one's toes to fit the shoes. It hurts but it will not solve the problem it is supposed to solve. Most people who need their cars to commute will continue to occupy the carpark spaces for the whole day or have their wives drive them to and from work, thus creating 2 more trips on the road. Obviously, what we need is not increased charges but more carparks so that we can keep cars off the road.

As regards the charging of half rate for empty flats as a measure to combat high rents, it may boomerang into even more serious repercussions. As it is, the high cost of construction will continue and, if the demand is there, the rates will still be added onto the rents. Should there be another building slump like in 1966-67 when empty flats were begging for occupancy, this levy could create hardship for many small property owners and post a deterrent effect on developers to build more flats. In a place like Hong Kong, so sensitive to slight changes and so liable to sharp reactions, the law of supply and demand must be left to find its own level. Emergency rent control in time of need is sufficient and effective enough for the purpose.

My next comment in more general terms concerns violent crimes committed by young people, very often in broad daylight and witnessed

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by crowds of people who do not even give a voice, much less lend a hand, to help. We blame the police for not being able to catch the robbers and yet at the same time we resent a search for deadly weapons, and we crucify him for wounding or killing a thug when the policeman tries to do his duty. People now advise one another to carry \$100 in their pockets in readiness to appease prospective robbers in order to avoid possible trouble. This permissive attitude on the part of the public must change to one of co-operation with the police if law enforcement is to be effectively performed. I understand that our police force is still very much under strength and the recent increase in salary for the rank and file may help to speed up recruitment.

Looking at the other side of the picture, it becomes more and more apparent that a great number of laws need to be amended and new laws introduced to bring into effect better control of law and order, and control of other less serious anti-social or illegal actions. We tend to place more emphasis on individual freedom and rights to the detriment of public well-being and social progress. For instance, we tolerate the illegal hawkers to clutter up our streets and front doors, the litterbugs to pollute our whole city, squatters everywhere, and there are many other examples. The public would like to see heavier penalties imposed by the courts on lawbreakers, the Urban Council would welcome heavier fines for litterbugs, and I am sure that many other departments would like to have power to cancel the licences of businesses for failure to conform to the conditions stipulated in their permits. Unless we change this permissive attitude on the part of the Government, the judiciary and the public, we are encouraging disrespect for law and order.

I would like now to comment on another subject in a more constructive and positive trend of mind—the subject of youth and education. Since at least half of our population are young people below the age of 21, our emphasis on services must be concentrated on them and geared to their need. Our education system must be streamlined to fit them for work when they leave school without any time gap in between. It should be our ultimate aim to carry a young man up to the age of 17 or 18.

The Government's new declared policy aims to provide assisted places for at least half the children within the age group of 12-14. It is therefore gratifying to note that Government is vigorously pursuing this policy by providing 17,080 additional places in Forms 1-3 plus a further 14,000 subsidized places in the existing private schools, during the 1972-73 period. At this rate, we are pretty sure that the target will be reached in time and with luck perhaps a little ahead of time.

If this momentum is kept up, it would not be long, probably by 1980, before we shall be able to have universal secondary education, with 3 years of subsidized post-primary education for the great majority. Therefore our ultimate aim for a subsidized universal secondary education is no longer a farfetched ideal but a possible reality in the not too far distant future. I would like to repeat my plea to Government to undertake to accelerate its efforts to expedite the process of land grant and capital subsidy to voluntary agencies to build and operate more secondary schools and vocational centres during the next few years.

Many people have criticized our education system as too academic and too examination-oriented. A system of competitive selection, especially at the university entrance level, must remain a necessary evil as long as our three tiers of education remain a sharp pyramid. However, the aim of our secondary education should not be so much to produce candidates for the universities but, more important, to produce useful and responsible citizens as well as a trained work force for commerce and industry and other professions. 12 to 18 are the most important and formative years in a child's life and we depend heavily on this particular tier of the education system for the development of character, good citizenship and high moral standards in our children, through very strict discipline and extra-curricular activities.

A great deal more in recreational and sports facilities should be provided for our school children and other young people as a whole. We need more football and basket-ball pitches, swimming pools, picnic grounds, camp sites, community centres and youth centres for concerts, plays, exhibitions, dances and other forms of healthy entertainment. We should encourage more community efforts involving thousands of young people in music, arts and sports, such as festivals of arts and music, youth orchestras, and all kinds of competitive sports. But our facilities for such large scale activities are sadly inadequate. What has happened to the proposed Hung Horn indoor stadium, the Ho Man Tin football stadium and the community centre complex for Kowloon?

My next comment is on social welfare. Nowhere else in the world can we find such a number of voluntary agencies providing a vast variety of services to the community in supplement to Government's efforts. 70 of them will receive a subvention of nearly 20 million dollars, a nearly 24% increase. However, this is still a very insignificant figure in any sense. We expect this figure to increase substantially year by year as the Community Chest reaches its limit of capacity. A system of deficit subsidy must be adopted by Government for social welfare services sooner or later in very much the same way as the medical and education subsidies, if a uniformly high standard of service is to be maintained. I am sure the Director of Social Welfare will be the first one to admit that a great majority of useful direct services to

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the community have been provided by these agencies more efficiently, more quickly and a great deal more economically.

I am quite disappointed that Government has not seen fit to adopt a more realistic subvention policy for nurseries. For many years now, the Social Welfare Department's recommendation to increase 1,000 new places per year has not been, and will not be, fulfilled. Since more than 300,000 women work in industries and 200,000 in other fields, the need for more nurseries or day-care centres has become more and more acute. Since the Lady Trench Day Nursery and Training Centre was set up in 1970 to train nursery workers in readiness for new nurseries, not many new sponsors have come forward because the cost of operating a nursery has risen considerably, making the present \$20 *per capita* subsidy absolutely unrealistic. The Social Welfare Advisory Committee has recommended a deficit subsidy in order to standardize the service and the fee charges for nurseries.

The timely publicity that has been given to the 60% increase in the individual subsidy under the public assistance scheme received general applause as a forward move in keeping with the times and the high cost of living. The fact that we are leading in this field among the Asian countries gives us a certain satisfaction.

I notice that the strength of our civil service stands at over 90,000 strong at present, and takes up 47% of our total expenditure. Their salary structure, housing requirements and terms of service are constantly under review and most of us taxpayers have no quarrel with the huge expenditure, because our growing administration needs good and devoted men and women, well qualified and well-trained for their specific jobs. However, there is one aspect in the quality of service that every taxpayer would like the Government to pay some special attention to, that is: the attitude and manners of some of the civil servants need some improvement, through courses of training on techniques in public relations, especially for those who represent Government in direct contact with the public. One rude word, an arrogant gesture or an attitude of indifference may destroy in one moment an image which our Government spends years and millions of dollars to build up.

It may seem a little morbid that I should end up my speech on the subject of the high cost of dying. But to a Chinese, the duty to care for our elders when living and to bury them when dead (生養死葬) is the keynote to our family philosophy. The Chinese newspapers often take up the issue on the high cost of dying with particular reference to the difficulty of finding a suitable burial plot. For many

years the Urban Council has publicized a practical solution to this problem by offering cheap cremation services and a niche for the ashes at the columbarium, all for \$300. It proved to be so popular that the niches of the columbaria at Cape Collinson Crematorium and Wo Hop Sek Cemetery have all been taken up 2 years ago. I am glad to note that funds have been provided for an extension to these columbaria in this year's Estimates. It will not be a surprise to me or to anybody else if these niches were again taken up within a year after they are built and new ones will still be needed. There must be a continuous supply of this facility in every year's budget, since this is the most economical and practical way to rest our dead, in terms of land space and cost.

Sir, I support the motion.

DR CHUNG: —Sir, as the last speaker of today on the Appropriation Bill 1972, my comments will be relatively brief. First, I wish to congratulate my honourable Friend, the Financial Secretary, for his maiden budget speech in which he has covered a much wider spectrum of our economic and financial matters than his predecessor in previous years.

I was particularly glad to hear my honourable Friend reviewing our economic achievements in terms of Gross Domestic Product. Honourable Members will recall the frequent crosses of swords between the last Financial Secretary and myself in this Council in recent years on the question of compilation and publication of GNP and GDP statistics. This is the first time, as far as my experience in this Council is concerned, that Government has attempted to judge the economic progress of our community by some internationally accepted measures. I hope that Government will continue with its efforts in this direction and before long will be able to publish regularly such major national statistics.

The average growth rate in Hong Kong's Gross Domestic Product at current prices for the six year period 1966-71, as disclosed by my honourable Friend, was 14% per annum. With an average of 2.2% growth rate in our population for the same period, the average per capita growth rate in our GDP amounted to 11.5% per annum, which is high by any standards. If we compare our economic progress with that in some other countries in this region, we will appreciate even more our economic achievements. Take for example the two affluent and fast economically-expanding countries in Asia—Japan and Singapore. According to the latest economic survey of Asia and the Far East published only three days ago by the United Nations Economic Commission for Asia and the Far East (ECAFE), the average annual growth rate of GNP/GDP during the three year period

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1969-71 is about 9% for Japan and about 13% for Singapore, as compared to ours of 16%.

The annual production of material wealth in a country is a direct function of, first, the size of the economically active population, secondly, the total number of hours worked during the year and thirdly, the labour productivity. When a community, like Hong Kong, is approaching full employment, the increase of wealth production through the growth of employment will be tapering off. My honourable Friend has already revealed the downward trend in the growth of industrial employment from 14% in 1968 to only 3% in 1971. Furthermore, when a society succeeds in its economic development and is coming to a stage of affluence, such as Hong Kong today, the working population generally demands shorter working hours and more leisure time, and this has an adverse effect on the production of goods and services. In December last year, Hong Kong successfully completed its 4-year phased programme in the reduction of hours of work, as reported by my honourable Friend, the Commissioner of Labour, today, in addition to the granting of four rest days per month to all sections of employment. Employers are facing mounting pressures for further reduction of working hours and there are an increasing number of undertakings operating on a five day week. Hence, the only way open to us in Hong Kong for maintaining our rate of economic growth is the continual and comparable rise in labour productivity.

Although better methods can improve labour productivity, the major improvement must always lie on increased mechanization which means greater capital investment per worker. In this respect, like many industrialists, I was gratified to hear the announcement made by my honourable Friend that Government has accepted the proposal of introducing a loan scheme to help the small-scale industries to improve their labour productivity through mechanization. This loan scheme has come late and I therefore hope that Government will spare no effort in bringing it into operation at the earliest possible date.

In the development of industry, financial investment, as I mentioned just now, is important, but human investment is even more important. A motor car would be useless to anybody if there is no driver to operate it and no motor mechanic to service it. I have seen many factories purchasing wrong types of machinery and equipment because they were short of qualified technologists and professional engineers. I have also seen many factories operating their mechanized installations on a very low level of efficiency because they were short of proficient technicians and skilled craftsmen. Therefore, we should and must make adequate

investment in the development of our human resources through technical education. Furthermore, when we talk about technical education, we mean technical education at *all*, and I repeat all, levels; technologists and professional engineers; technicians and technician engineers; and craftsmen and machine operators.

With the recent Government announcement to establish the Hong Kong Polytechnic to take 4,000 full-time and 20,000 part-time students by 1975, the deficiency of technical education in Hong Kong now lies at the lower levels in technical institutes and vocational schools. In a recent adjournment debate in this Council on technical institutes, it was pointed out that based on the scale factor alone, without the application of the sophistication factor, Hong Kong would need eight technical institutes by 1976. The provision of only three such institutes is completely out of proportion. My honourable Friend, the Director of Education, however, argued that the surveys conducted by the Industrial Training Advisory Committee were not really accurate and also rather out of date. I must say, with due respect to my honourable Friend, that such a statement is not fair to ITAC and tends to undervalue their great contribution to this important work. In the first instance, I personally cannot see the reason to doubt the accuracy, of course, within reasonable limits, of the survey. Secondly, whilst recognizing the fact that the surveys were made in 1967-69, any person who has some knowledge of Hong Kong industry will realize that any move to update the statistics would ultimately show a greater need, not lesser need, for technical institutes due to the increase both in size and in sophistication of local industry in recent years. Does Government really believe that a more accurate and up to date survey might show a reverse trend of smaller demand for technical education at this level? I think Government owes the public and in particular the ITAC an answer to this question.

Let us look at the Morrison Hill Technical Institute. It is bursting along its seams. I am informed that factories are withholding their modern industrial training schemes because the Technical Institute could not provide places for technical education running parallel with industrial training. The next two technical institutes will not be ready until 1975 or 1976 and even then there is no guarantee that there will be sufficient qualified teachers to mount the courses. The shortage of technical teachers was brought to Government's attention more than five years ago and so far Government has no plan to overcome this important shortcoming. In fact, many people doubt whether Government has made any serious attempt to solve this cogent problem.

As my honourable Friend, the Financial Secretary, pointed out two weeks ago, manufacturing industry in Hong Kong plays the leading role in providing 42% of our total employment and in contributing

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43% to our Gross Domestic Product. No other industrial countries in the world depend so heavily on the manufacturing industry as we do in Hong Kong. Therefore, the adequate provision of technical education is of paramount importance in the continued success of our economic development. And unless we can maintain our economic progress, I foresee many social and even political problems ahead. Putting a meagre amount of \$15 million out of a total expenditure budget of \$3,657 million (or a mere ½%) into technical education in a predominantly industrial society and in an era of mounting surpluses is really a mystery to the commercial and industrial world.

Finally, Sir, I wish to comment on one of the four tax concessions proposed by my honourable Friend, the Financial Secretary. It concerns the duties on hydro-carbon oils. In proposing to abolish the duties imposed on hydro-carbon oils, my honourable Friend said:

"These (duties) are low rates, but it must be a cardinal rule of our indirect tax system that it does not bear on industrial costs or on the basic cost of living. Clearly, the duties on these oils offend this principle."

I fully agree with this statement of the honourable Financial Secretary and support the abolition of these duties. However, I note from his speech that this concession does not include furnace oil which is used extensively in industry particularly in the finishing industries, as well as electricity and gas industries. The present duty for furnace oil is about \$25 a ton and with a market price of about \$130 a ton, the duty runs to as high as 20% of the retail price. The exception made on furnace oil is certainly offending the cardinal principle which has so ably and eloquently been cited by my honourable Friend. As the proposal now stands, a domestic household using kerosene and liquefied petroleum gas for cooking, heating and lighting will be exempt from duty whereas another household using town gas and electricity for the same purposes will have to pay a duty which, in some cases, could come to a very significant proportion of the cost of fuel, power and light. Town gas and electricity are also widely used in Hong Kong industry for heat and power and the continual imposition of a duty on furnace oil does bear on industrial costs and offend the cardinal rule. I therefore submit, Sir, that this tax concession proposal of the honourable Financial Secretary is discriminatory and should be amended to include also furnace oil.

With these remarks, Sir, I support the motion.

Motion made. That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

Question put and agreed to.

MERCHANDISE MARKS (AMENDMENT) BILL 1972

Resumption of debate on second reading (1st March 1972)

Question again proposed.

MR G. M. B. SALMON: —Sir, last November my honourable Friend, the Attorney General, told this Council that a trade custom has developed in Hong Kong whereby the carat marking on an article is not intended to guarantee that a particular percentage of gold is present in that article. In moving the second reading on 1st March, he said that he hoped that this bill will make it less likely that the gold-content of articles will be mis-described in future.

Whether a separate Ordinance, rather than an amendment to the Merchandise Marks Ordinance, would have been preferable or more effective is perhaps not for me to say. But because of the vital importance of preserving Hong Kong's reputation internationally as an honest trading centre, I am anxious that the proposed amendments should make the law as watertight as possible, and not merely make it "less likely" that members of the public, and in particular visitors, should be sold a pup.

With regard to the new section 2A(2) my Friend says a mark purporting to indicate gold content may not appear on an article consisting partly of gold alloy unless the mark clearly refers to that part of the article which does consist of gold alloy. But to the unprofessional eye, I am not sure that section 2A(2)(b) does say exactly that and it may, I suggest, give rise to some uncertainty because of reference to the appearance of the article. What is evident to the eye of one person may not be so evident to another, and what is manifest to a person in the gold business may not be manifest to a layman.

My attention has also been drawn to section 3(2) of the Ordinance which provides for what I understand is called "innocent use", which is a practical line of defence in offences against the Ordinance. Indeed my Friend, the Attorney General, has told us that it will be open to a person charged to prove that he had no reason to suspect the genuineness of the hallmark on the gold articles he is selling. But I suggest that jewellers ought to know their business, that responsibility for hallmarks should be theirs, and that they should not be able to escape

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conviction by pleading ignorance, or by claiming that there was no intent to defraud the buyer. I also hope that there will be a serious judicial view of this type of offence, and that penalties against offenders will provide a real deterrent as well as help to protect the good name of Hong Kong and the reputable jewellers.

Sir, in welcoming the tightening up of the law against inaccurate hallmarks on gold articles, I would ask my honourable Friend if he would consider the points I have raised and perhaps before the committee stage consult with one of my learned Unofficial colleagues to see if he can go any further. If the proposed amendments do not stamp out offences against the Ordinance, we would be back to square one.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, this has not been an easy bill to draft and I quite appreciate the honourable Mr SALMON's feeling that it may be capable of improvement.

The object of the suggested new section 2A(2)(b), to which he has referred, is to prevent a rolled gold or gold-plated article from being passed off as being gold alloy.

If, for instance, the ten carat mark appeared on a rolled gold ring, then a purchaser, who would be unable to tell from the appearance of the ring whether it is rolled gold or gold alloy, might be misled into thinking that he is buying a 10 carat ring. Consequently, the mark in those circumstances would be a false trade description.

On the other hand, there may be a piece of jewellery which consists partly of gold alloy and partly of base metal. If it is obvious, from its appearance, that part is gold alloy and part is not, and only the gold alloy portion carries a mark, there would be no false trade description.

The defence in section 3(2) of the principal Ordinance applies to all merchandise. In practice I doubt if it is available to jewellers to the same degree as it is to an individual. For example, if a woman sells her wedding ring, which is marked 14 carat and is in fact 8 carat, it is probable that she is unaware of this. (*Laughter*). A jeweller, however, as the honourable Member rightly comments, ought to know his business and he might find it difficult to persuade a court that he was selling gold articles without having assured himself that the mark is accurate.

I would, of course, be pleased to consider any suggestions for the improvement of the wording which any honourable Member may wish

to put forward. It is not a simple task to find the right form of words which will both protect the customer and not place an unreasonable burden on the seller.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).

OFFENCES AGAINST THE PERSON (AMENDMENT) BILL 1972

Resumption of debate on second reading (1st March 1972)

Question again proposed.

MRS LI: —Sir, I rise to welcome the introduction of the Offences against the Person (Amendment) Bill 1972 which has been described by the English press as an "enlightened but belated step". Although the subject matter in this bill is rather controversial in nature, the contents and intent have received favourable comments and general approval. However, many have expressed the opinion that it does not go far enough.

Under our present social conditions and need, and our unwavering determination to raise the standard of living in Hong Kong, I am sure I am not alone in feeling that the social aspect, the family circumstances and the welfare of the existing children should also be taken into consideration.

Furthermore, the woman herself should be given a chance to decide on her own destiny, not the husband much less the mother-in-law, and certainly not a third unknown party in cases of rape. A determined mother who tried very hard but still failed to prevent an unwanted pregnancy should also be given a choice.

We accuse people of being "irresponsible parents" who bear more children than they can afford to feed and care for, and we provide family planning services for those responsible parents who do not wish to have any more children; but an avenue of relief must also be provided for those unwanted pregnancies under circumstances beyond their control, such as temporary destitution, sudden illness, physical or mental, or a member of the family who needs special care, or rape. I would like to add here that I am not advocating "free choice" for all who wish it but only the hardship cases recommended by a qualified social worker.

[Mrs Li] **Offences against the Person (Amendment) Bill—resumption of debate on second reading (1.3.72)**

Many may argue that certainly family planning methods should be the answer to all these problems, except rape. The more enlightened and better educated women have adopted this positive and preventive measure for years. It is those sections of the community who are ignorant, superstitious and poor who need our sympathy and consideration.

Sir, I support the Motion.

MR WILSON T. S. WANG: —Sir, I rise to add a few words in support of the champion of equal rights for men and women, and to assure her that she is not alone in feeling that the social aspect, family circumstances and the welfare of existing children should be taken into account.

The suffering in question is the result of a mistake or, as some would call it, a sin, committed by two parties. But ironically one party generally manages to get away scot-free in our permissive society while the other is forced by law to take the consequences because, so some would argue, the moral standards of society must be safeguarded.

It is a sad world when people are more ready to condemn than to help and forgive.

During my years of close association with the Tung Wah Hospital, nothing grieved me more than to see sad faces in the maternity ward and to deal with cases of abandoned babies. But, comparatively speaking, these are the gallant ones; braver than those who resort to undercover abortions at the hands of quacks. For indeed it cannot be easy to struggle through 10 months of loneliness, socially unaccepted life. And on top of the social stigma and the feeling of isolation, they have other worries about the future of a fatherless child whose upbringing and general welfare are problematical.

I appeal to this Council to join Mrs Li and cast a sympathetic eye on such victims and to urge Government to introduce further amendments to this bill in order to bring the social aspects of the problem into consideration.

Sir, I support this bill, acknowledging the contribution it makes to the improvement of a tragic situation, while hoping that further improvements will follow with no undue delay.

SIR YUET-KEUNG KAN: —Sir, may I add a small contribution to the debate on this bill. Despite the clearest possible assurance by the Attorney General that the bill is not intended to legalize abortion in any general way but to do no more than protect doctors who undertake therapeutic abortions in special circumstances under certain safeguards, there has been genuine fear among certain sections of the community that the bill will lend itself to rampant abuse. To calm such fears I would suggest that we let the bill, if passed into law, run initially for a trial period of say, two years. I would also suggest that during this trial period my honourable Friend, the Director of Medical and Health Services, keep a close watch of the situation. The question whether or not the law should be extended or made permanent, with or without modifications, can then be determined in the light of the experience gained.

If my suggestion commends itself to my honourable Friend, the Attorney General, he might, at the committee stage later, introduce the appropriate amendment to the bill.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, since the publication of this bill there has been, as I think was only to be expected, considerable interest in its provisions and a substantial amount of public comment on them.

This is a subject on which many people hold strong views. At one extreme, there are those who believe that abortion should be entirely a matter for the individual decision of the mother and that the law should not in any way attempt to restrict or interfere with her choice.

On the other side, some people, for ethical or religious reasons, regard the deliberate termination of a pregnancy as repugnant in any circumstances and believe that it should remain a serious criminal offence.

Although it is not easy to assess precisely the reality of public opinion on an issue of this kind, it does appear to the Government that the majority of public opinion in Hong Kong supports the bill before Council, a bill which is in a sense a compromise between the two views to which I have referred. The speeches of honourable Members today seem to me, if I may say so, to be an accurate reflection of the general view, which is that abortion should cease to be a matter for criminal penalty so long as it is undertaken for genuine therapeutic reasons and under carefully controlled conditions.

I hope that it will not be thought that this bill in any way seeks to encourage easy abortion. Any deliberate termination of a pregnancy

[THE ATTORNEY GENERAL] **Offences against the Person (Amendment) Bill—
resumption of debate on second reading (1.3.72)**

which does not fall within the conditions prescribed by the bill will remain a criminal offence. Even in circumstances in which the bill permits an abortion, it will of course remain for the individual to decide on whether or not she will allow it.

If this bill is enacted, a close watch will be kept by the Director of Medical and Health Services on its operation. Much can be done to prevent its abuse by a careful control of the hospitals and clinics in which therapeutic abortions will be permitted.

However, the Government realizes that, whatever the intention of the legislation may be, there is some danger that it can be misused by unscrupulous persons, and that there is some public concern as to the manner in which it will operate in practice.

I therefore accept the suggestion of the honourable Sir Yuet-keung KAN that initially the proposed new section 47A should be given a life of two years, and that it should then cease to have effect unless this Council by resolution extends the period of its operation.

This provision will ensure that a careful investigation is undertaken of the manner in which it works during the next two years. Accordingly, I am prepared to move the necessary amendment at the committee stage of the bill to achieve this.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).

Committee stage

Council went into Committee.

LIMITATION (AMENDMENT) BILL 1972

Clauses 1 to 5 and the Schedule were agreed to.

CORPORAL PUNISHMENT (AMENDMENT) BILL 1972

Clauses 1 and 2 were agreed to.

MATRIMONIAL CAUSES (AMENDMENT) BILL 1972

Clauses 1 and 2 were agreed to.

DETENTION CENTRES BILL 1972

HIS EXCELLENCY THE PRESIDENT: —With the concurrence of honourable Members we will take the clauses in blocks of not more than five.

Clauses 1 to 13 were agreed to.

Council then resumed.

Third reading

THE ATTORNEY GENERAL (MR ROBERTS) reported that the

Limitation (Amendment) Bill 1972

Corporal Punishment (Amendment) Bill 1972

Matrimonial Causes (Amendment) Bill 1972

Detention Centres Bill 1972

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

Question put on each bill and agreed to.

Bills read the third time and passed.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. tomorrow afternoon when debate on the second reading of the Appropriation Bill 1972 will be resumed.

Adjourned accordingly at twenty-four minutes past five o'clock.