

**THE LEGISLATIVE COUNCIL DEBATES  
OFFICIAL REPORT**

**THE SESSION OF THE LEGISLATIVE COUNCIL OF HONG  
KONG WHICH OPENED 18TH OCTOBER 1972**

**IN THE**

**TWENTY-FIRST YEAR OF THE REIGN OF HER MAJESTY  
QUEEN ELIZABETH II**

**LEGISLATIVE COUNCIL CHAMBER**

**Wednesday, 18th October 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, CBE, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE JOHN CANNING, JP  
DIRECTOR OF EDUCATION  
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES  
THE HONOURABLE JACK CATER, MBE, JP  
SECRETARY FOR INFORMATION  
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 GEORGE TIPPETT ROWE, CBE, JP  
DIRECTOR OF SOCIAL WELFARE  
THE HONOURABLE WOO PAK-CHUEN, OBE, JP  
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP  
THE HONOURABLE MRS 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 ANN TSE-KAI, OBE, JP  
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
THE HONOURABLE PETER GORDON WILLIAMS, JP  
THE HONOURABLE JAMES WU MAN-HON, JP

**ABSENT**

THE HONOURABLE SZETO WAI, OBE, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR RODERICK JOHN FRAMPTON

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**Address by H.E. the Governor**

HIS EXCELLENCY THE GOVERNOR: —Honourable Members, it is for me a very happy augury that my first address to you should coincide with the introduction of the simultaneous interpretation system. English and Cantonese now have equal use in this Council, and from now on our proceedings will be equally accessible to both language groups. Many people have worked hard to achieve this result, and of them two are particularly in my thoughts—the first is Sir Kenneth Ping-fan FUNG, Chairman of the Chinese Language Committee, and the second is the interpreter himself, who is so manfully today making his debut.

Though honourable Members are partly concealed behind this new forest of microphones, it is with some diffidence that I expose to them your Government's plans for comment or approval. I am very conscious of the far greater qualifications of my predecessors. As I have read the files I have appreciated the strength and wisdom of my immediate predecessor, Sir David TRENCH. Some of what I shall propose today is borrowed or adapted from ideas of his which I have inherited.

I know I have asked many questions. I am greatly indebted to the answers and advice which honourable Members of this Council and Executive Council have been kind enough to give me. So too am I indebted to some members of the Urban Council, and indeed to many others. Might I add that I have sometimes found that most refreshing and illuminating the comments of people I have met in

the streets or in the villages. Finally, I cannot express adequately my gratitude for the support and expertise of the public services and particularly their senior members and above all the Colonial Secretary. I realize that a new Governor can be a demanding and somewhat unruly colleague.

Though it has been a busy year it has been a fascinating one. I have come back to a Hong Kong which is more developed and prosperous and of far greater stature than the one I knew 10 years ago. But also I find it more expectant of its Government.

In this first year I have been conscious of the need on the one hand to learn as much about everything as possible, and on the other to be selective on proposals for action. I have therefore concentrated on defining broad objectives in three fields where this seemed particularly necessary at this juncture—housing, education and social welfare.

I have also spent much time and thought on the two prerequisites of the very continuance of our community—on the one hand the prosperity that has provided everything that has been done or which ever will be done and, on the other, public safety. Obviously prosperity and social progress are of little value if unaccompanied by the ease of mind that only personal safety can produce.

These will be my principal themes today.

I have also tried to take a fresh look at the Civil Service. I hope that with the progressive implementation of the recommendations of the Salaries Commission its conditions will have been considerably improved. It is a most excellent instrument of Government and I have been struck by the enthusiasm and personal involvement of so many of its members. However some of the procedures and arrangements of work, which are the legacy of history, do seem to me and to the Colonial Secretary to merit re-examination in the light of the greatly changed conditions of modern Hong Kong including, in particular, the great expansion of the scale and scope of Government. This examination is being conducted jointly by outside consultants and the Government, and though the process is still far from complete many new ideas have emerged. While today I cannot prejudge our verdict on these, I can say that their tendency is to achieve greater delegation of decisions, while retaining the essential degree of centralized control of policy and finance. They thus may produce a more even spread of work, and hopefully less bottlenecks, with greater responsibility and thus initiative in the Departments and at the middle levels, and more time to think, plan and co-ordinate at the top.

I now turn to housing. There is no field in which Hong Kong's pressure of people has produced acuter problems or one in which the Government's response has been so vigorous or received such

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international acclaim. 1.6 million people have been housed at low rents in Government housing estates. Many of the later estates provide good examples of a solution to Hong Kong's particular problem of living at densities higher than anywhere else in the world. Most of the larger squatter colonies have disappeared. Much of the aging and dilapidated pre-war tenement property has been replaced in the process of private development. There has been some thinning out of overcrowding in old properties, and the rise in population in Kowloon and Hong Kong Island has been halted and slightly reversed.

But in spite of this effort the problem still remains. 300,000 people still live in squatter huts or temporary housing. Many units in resettlement estates are badly overcrowded, or have no separate wash places or lavatories. It is estimated that a further 310,000 people would need rehousing if all of those in shared private flats and tenements were to have a self-contained home, and few of these can afford the rents asked by private landlords. It is my conclusion that the inadequacy and scarcity of housing and all that this implies, and the harsh situations that result from it, is one of the major and most constant sources of friction and unhappiness between the Government and the population. It offends alike our humanity, our civic pride and our political good sense. Honourable Members might agree that in this city of rising standards and rising expectations it is not a situation we can accept indefinitely. Nevertheless it exists and will continue to exist unless we are prepared to take determined action over a considerable period.

The Housing Board and the Government departments concerned have therefore drawn up a plan. For planning purposes a target time is necessary, if only because any such plan must also provide for the annual natural growth of population. The target taken, which I repeat is as a basis for calculation, is 10 years and has as its objective to build on such a scale that, with the contribution of the private sector, there will be sufficient permanent self-contained accommodation in a reasonable environment for every inhabitant of Hong Kong. Such a target, if achieved, would lead to the virtual disappearance of squatter areas, eliminate overcrowding and sharing in both private and public housing, and in addition provide accommodation for those who have to be rehoused in consequence of development schemes and other situations where housing is offered to the homeless or unfortunate, and would also keep pace with the natural expansion of the population.

Such a target could be achieved, even in a planned period of 10 years, if we were to build steadily at about the rate of completion in the best years hitherto; that is to say at the rate of about 180,000 personal units a year; the total requirement for public housing, in

addition to the contribution of the private sector in the same period—which would be vital—is to house 1.8 million people. The rate of building would of course have to be kept flexible to take account of the resources available as year succeeded year.

The total cost of developing sites and building housing for this number of people, even allowing only 35 sq. ft. per person at present day prices, would amount to the formidable sum of \$3,340 million.

While the search for new sites in the urban areas will continue, obviously if environmental standards are to improve the bulk of the new housing must be provided in the new towns in the New Territories—the complex of Tsuen Wan, Tsing I and Kwai Chung, Sha Tin and Castle Peak.

For such a programme to succeed and to be acceptable to the potential inhabitants, three things seem to me essential.

First, good communications with the old urban areas. For Sha Tin this means a four-lane highway and tunnel and double tracking the railway to provide a ten-minute service. For Castle Peak it means a completely new motor road from Tsuen Wan.

Secondly, the housing in the new towns must be accompanied by a full ration of what is essential to modern life: medical, and secondary as well as primary educational facilities, parks and playgrounds, police stations, markets, fire and ambulance stations, community centres and much else. Thirdly, there must be work, and so sites for private commercial and residential development. These towns in fact must be built as a whole. We have taken the first steps in this direction in the Lek Yuen estate at Sha Tin and in the third stage of the Lei Muk Shue estate at Kwai Chung.

Quite apart from the expansion of the main new towns in the New Territories, housing is also required for the rural areas and smaller New Territories townships, and also for boat squatter areas and for those who wish to live ashore. Plans are therefore in hand to provide a number of estates in these more remote areas. Although the number to be housed is only 30,000, it is a significant step that public housing is to be provided in places such as Tai O where nothing has ever been done in this respect before.

It will be clear to honourable Members that, quite apart from the financial aspects of such a programme, a massive administrative and professional effort will be required and that a high degree of efficiency and co-ordination will be essential in the planning, management and construction of housing under the new programme.

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While the different authorities, boards, organizations and departments, operating in this field have all done sterling work, and for which Hong Kong has good reason to be grateful, I believe that they would be the first to agree that this fragmentation of effort does not make for the most efficient use of our resources. Indeed it is apparent that in the past the housing programme as a whole has suffered from the absence of unified control and administration. To give the new programme the support and thrust which it deserves we therefore propose to make a fresh start. What we propose is to vest in a single body the powers and functions that are at present fragmented, that is to say those of the Housing Board; those of the Urban Council and the Commissioner for Resettlement under the Resettlement Ordinance; and those of the Housing Authority under the Housing Ordinance. We propose to associate with this single body a unified Housing Department. This will be responsible for the planning, administration and construction—in co-operation of course with the PWD—of all public housing in the Colony, and also for all the duties hitherto carried out by the Resettlement Department and the staff of the Housing Authority.

We have given much thought to what the new single body should be and we have concluded that it should be the Housing Authority. Under the proposed new arrangements the Authority will assume responsibilities which are quite new, colony-wide and of vastly greater financial significance than hitherto. There will have to be some adjustment and widening of unofficial membership to reflect this new situation. Room will also need to be made for officials to be members in order to achieve the necessary degree of interdepartmental coordination. On the other hand there is obviously a limit to the size of a body that will be capable of giving the necessary direction with the necessary speed. Urban Councillors have done fine work as members of the Housing Authority, of which they and indeed all of us in Hong Kong have every right to be proud. But in the new situation I do not think that it will be practical, or even appropriate, that all 24 councillors should have places on the new Authority. Though I am sure that because of their experience and interest Urban Councillors ought to be the biggest single group on it.

We will be introducing legislation which will spell out the details, and give effect to the other proposals I have outlined, so that they may come into force at the start of the next financial year.

Your Government is determined that this group of measures and the action that will follow, shall give new impetus to the solution of this 20 years old problem.

I now turn to education. The objective of making free primary education available for all has been achieved. Your Government appreciates that what is now needed is to improve quality, and will exert itself in this respect.

But I think honourable Members will agree with the proposition that during the rest of the '70s the main thrust of our educational effort must be in secondary and technical education, not of course forgetting that increased secondary education carries with it the necessity for increasing correspondingly facilities in the tertiary field.

We are well on the way to achieving the present interim target of 3 years post-primary education for 50% of all children in the 12-14 year age group. Partial objectives, however necessary initially, make for distortion unless replaced by absolute objectives as soon as practicable. Our absolute objective of course is the provision of 3 years secondary education for all in the 12-14 year age group, and your Government proposes that we should address ourselves to this objective forthwith.

In recent months the Education Department and the Secretariat have worked hard on the practicalities and implications of such a change in objectives.

One must not under-rate the size of the operation involved, which requires the provision of 184,000 assisted places in forms 1-3 additional to those now available. About 20,000 of these extra places would be in pre-vocational schools. Some would be in Government secondary technical schools, where numbers would be substantially increased.

A further recommendation is to double the percentage of places in secondary schools for the full 5-year courses leading to a Certificate of Education examination. This would require 55,000 places in forms 4 and 5 additional to those now available, and a substantial increase in the number of places in Government secondary technical schools is also planned.

In addition to these proposals for increased secondary education it is also hoped to provide 5 additional technical institutes by 1980 of which 2 should open in 1975.

To staff this expansion with teachers the output of the 3 existing colleges of education would be increased by 2,000 by 1976, and thereafter the construction of a fourth college or other means would be necessary.

As honourable Members will appreciate, an expansion of the extent proposed carries with it financial implications which the Government and they will wish to examine closely in due course. But it also

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implies possibilities which are as exciting as they are far-reaching for our whole educational system. This hitherto has been based on the regrettable but inescapable assumption that there will be far fewer places available in secondary schools than students wishing to fill them. It has been this disproportion of places between primary and secondary schools that has lain at the root of the intensity of competition for the present Secondary Schools Entrance Examination with all that this implies for students, teachers and parents alike. It is arguable that it has also distorted both the curricula and teaching methods.

If therefore the proposals to increase the provision of secondary school places commend themselves to honourable Members, I think we should seize the opportunity to bring professional and public, as well as official, opinion to bear on the type of secondary education we should aim at in the new and less restricted circumstances, including the question of what examination system would be appropriate and what curricula. I suggest that the right time to do this is now at the start of the new programme.

I therefore propose to ask the Board of Education to advise me on these important issues as soon as possible and as a basis for its deliberations to submit to it the detailed plans which the Education Department has already drawn up. Amongst other things it would be valuable to have its advice on the speed at which it is practicable to plan to achieve this target. Connected with this is the extent to which they consider bisessionalism appropriate as a permanent or interim measure. I might add that it is the view of the Government that an element of bisessionalism is essential if rapid progress is to be made.

Their view would also be valuable on the extent to which it is necessary to extend assisted places to all in the 12-14 year group. Clearly those must be assisted who could not otherwise afford to attend school, or the object of the reform would be frustrated; but what of those who could and would pay?

The term of office of the Board of Education has lapsed, and in reconstituting the Board I will have very much in mind the need for a body willing and qualified to undertake this important work.

I said earlier that an expansion of secondary education carried with it the necessity for an increase in the tertiary field. The demand for tertiary education in Hong Kong far outstrips existing facilities, and steps to increase these have been taken. This is both because a wider provision of tertiary education is good in itself, and because our society stands in urgent need of substantially increasing numbers of well qualified young people who can be trained for professional, technical administrative and executive roles.



By 1974 the number of places in our two Universities will be some 6,000. This will mean that the Universities will have the capability of turning out about 1,600 graduates each year.

Plans are now in hand to raise the number of university places from 6,000 to 8,400 by 1978. The University and Polytechnic Grants Committee believes that an expansion of this order could be achieved without dilution of quality.

This total is unlikely to be sufficient for our needs beyond the late seventies and in the eighties, and we are therefore already considering ways in which university education in Hong Kong can be further extended.

But the major expansion in tertiary education will be achieved by the new Hong Kong Polytechnic. It has had a slow start—perhaps inevitable in a wholly new venture—but under a dynamic Board I have every hope that it will achieve its target of 8,000 full-time and 20,000 part-time students by 1978. Together with the expansion of the universities this will mean that by 1978 tertiary education in Hong Kong will have been at least trebled.

I am sure that honourable Members will join me in wishing the Board of the Polytechnic and staff success in this work. Its importance for Hong Kong is very great and the need for rapid progress unquestionable.

So to sum up, we envisage educational facilities along the following lines: free primary education for all followed by secondary education for all to the age of 14; the latter to include an expanded pre-vocational or technical stream. At that point there will be on the one hand greatly expanded facilities for further secondary education leading to the Certificate of Education; on the other, young people will be able to choose between going into industry, or acquiring a qualification in a technical institute. Even if they go into industry, they will be able to benefit from the technical institutes through apprenticeship courses. In the post-secondary field we envisage a substantial expansion of tertiary education in the existing Universities and in the new Polytechnic. I might add that we hope that some young people who do not go through forms IV and V may nevertheless benefit from facilities for part-time instruction in the places of tertiary education.

I turn now briefly to another branch of our social services, that of medicine and health. The past decade has witnessed a great improvement. The continued decline in death rate, the fall in infant and maternal mortality rates, and the reduced incidence of communicable disease make this evident. Indeed, as I know, the success of our medical services has a high international reputation.

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Our goals are those of the 1964 White Paper, and considerable progress has been made towards them. There are at present about 16,900 beds in various Government, Government-subsidised and private institutions. Another 2,000 beds will be available with the completion of the new Lai Chi Kok Hospital, the United Christian Hospital and other projects in the pipeline. We are therefore confident that by 1973-74, at the end of the ten-year period of the White Paper, we will have achieved the proportion of 4.25 beds to one thousand population, which it recommended.

Since 1970, the intake of medical students into the University of Hong Kong has been increased from 120 to 150. This should go a long way towards relieving the shortage of doctors and we hope that this problem will be greatly diminished by 1978.

For the past decade the emphasis has been on a hospital building programme of unprecedented dimensions; it is now proposed that over the next few years emphasis should be rather on consolidation. This will include improvement of the quality of services and the better utilization of existing beds in both Government and subsidised hospitals.

We also have two new developments in mind.

One is in the field of dentistry. At present the Medical Department provides a dental service for in-patients of Government hospitals and for Government officers and their dependents, and emergency treatment is available for the general public.

This clearly is an area in which we now need to develop and as a first step we are considering establishing a school dental health programme to provide children with routine check-ups and simple conservative treatment. Initially the programme might cover all children entering Primary One class in a given year. It could gradually be extended to cover all children in the primary school age group. Thereafter and in the light of experience we might consider extending it for both post-primary and pre-primary school children.

To provide such a service it would be necessary to establish a school for training the dental nurses required to support and supplement the professional work of the limited number of qualified dentists in Hong Kong, and we expect to put specific proposals for such a school to the Executive Council very soon.

The second development we propose relates to family planning.

Since the mid-fifties the Government has supported family planning mainly by subsidies to the Family Planning Association and the Catholic Marriage Advisory Council.

During the past decade the decline in our birth rate has been significant; it has fallen from 40 per 1,000 in 1962 to 19.4 per 1,000 in 1971.

The figures I have quoted for our housing and educational requirements illustrate the demands that sheer pressure of people generates, and it is clearly in the public interest as well as in the interest of family health that the blessing of children should be bestowed at a rate which is planned and not profligate.

While we shall look to the two Associations to continue their fine work, there is a limit to the extent that we can impose on their members who devote many hours of their time to this work. I therefore hope that plans will soon be put to the Executive Council for the direct participation of the Medical Department in family planning.

This brings me to social welfare. Inevitably I look back at the scene as it was 10 years ago when social welfare work was just emerging from the stage of an emergency operation to give assistance to the new influx of population in the 1950s.

I note that the economic and social progress achieved in the last 10 years has enabled a substantial advance to be made. For instance, a Government system of public assistance in cash has been introduced. In the community development field there is now a system of estate welfare buildings bringing together under one roof the welfare services for people living in resettlement estates. Family welfare services have been re-organized on a regional basis and their services integrated and made more comprehensive. Progress has been made in helping the disabled—some training centres have been opened, and a range of vocational and pre-vocational training facilities now exist. The probation and correctional services have been expanded and refined.

These are notable advances. While no one will claim that they measure up to the requirements of Hong Kong in either size or scope, they nevertheless do provide a sound base of carefully thought out and increasingly professional activity over a wide field. What I suggest is now required is firstly a comprehensive plan for orderly expansion, and secondly a corps of trained professionals to carry it out.

Let me take the second point first: the corps of professionals. I have found general agreement that the days are over when social welfare in Hong Kong was an emergency service where primary requirement was for enthusiasm, energy and devotion. These qualities are still called for and always will be, but now expertise and professionalism will be increasingly necessary.

Hong Kong has been well served by the social welfare departments of its two universities, but there is great need for training below the

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university level. The Government therefore proposes to establish an Institute for Social Work Training, providing two-year courses leading to a diploma or certificate. The institute will be open alike to those proposing to enter Government service or to work in the voluntary agencies.

This new institute, together with the in-take of social science graduates, should provide for the pre-service training of an adequate corps of professional social workers.

In addition, in-service training facilities are essential for both Government and voluntary agency workers alike, to promote new ideas, to maintain and improve standards, and provide for exchange and evaluation of ideas gained in the field.

Clearly it would be desirable for these two institutions to be under one roof, which would be as it were the power house of training and ideas for the development of social welfare in Hong Kong. The Government therefore proposes to expand the Lady Trench Centre forthwith to be able to meet these two requirements, and it is planned that a new Institute for Social Work Training, to be set up in the Lady Trench Centre, will take in its first students next year.

So much for the people; now for the philosophy and the plan. In order to formulate these the Government set up new planning machinery, and in concert with representatives of the Hong Kong Council of Social Service and the voluntary social welfare agencies a white paper has been drafted. It is entitled: "Social Welfare in Hong Kong: The way ahead", and will in its final form incorporate a complementary, detailed 5-year plan. I consider it a most valuable contribution. Its proposals represent a practical consensus of informed and experienced social welfare opinion on both the philosophy and the details of a carefully phased expansion programme.

The Government will lay before the Executive Council a series of papers covering different aspects of this plan; some of these are now ready, others require further work. But I think that honourable Members will wish to see the White Paper as it now stands and consider their attitude towards the broad picture and its main proposals, in advance of consideration of the Government's eventual proposals in the form either of new legislation or submission to the committees of this Council. It is therefore being tabled at once, as it stands, that is to say as a draft white paper—perhaps the correct description of its present status would be "green paper".

I am very glad that the joint planning and consultative machinery set up between the Government and the voluntary services has proved

itself to be so effective and constructive, and I am sure that one recommendation that will commend itself to honourable Members is that this machinery should be established on a permanent basis so that all concerned should continue in the future to work together on an agreed basis to serve Hong Kong.

The proposals envisage 4 main areas for development of which the first two are concerned with help in cash and the second two with help by service.

The first area covers assistance to those who through causes outside their control have not adequate means of support. This is the area in which the public assistance scheme already in existence is progressively proving its value. The second area is assistance in cash to what the paper describes as vulnerable groups. It is suggested that the first of such groups which might be singled out as beneficiaries are the severely disabled and elderly infirm. But there are other groups, for instance the chronically sick or widowed mothers with young children, which might eventually be included in the scheme.

In respect of this area the paper makes the interesting proposal that financial support should be given to such groups regardless of their means—that is to say on proof of disability, just as people are eligible for public assistance on proof of poverty. It is maintained that in practice such a principle would not be abused and it would vastly simplify administrative procedures and costs. I am sure that honourable Members will wish to look closely at this aspect of the proposal, and I will be interested to hear their comments. While there is much to be said on either side, I hope that there will be general agreement firstly that extension of assistance to the disabled and infirm is a commendable objective to which we should now address ourselves; and secondly that the important thing is to get such a scheme going, and to learn from practical experience what administrative arrangements are ultimately most appropriate. The third area is provision of facilities for the disabled, so that there may be comprehensive services to meet their known needs in the field of training, employment and housing, particularly so as to help them to be independent and self-supporting members of the community. Here clearly employers will have a vital role to play. In this area the problem of providing for the elderly also bulks large. This is now being examined by a working party of members from the Government and the voluntary sector. The elderly should of course benefit both from public assistance and from the disability scheme I have already referred to. But the object of the further services we have in mind would be to enable them to remain in the community as long as possible. The objective for the elderly might be described as care within the community. Finally the plan contains comprehensive proposals for extending the

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existing limited network of community and social centres operated by the Social Welfare Department to cover the whole of Hong Kong. Considerable expansion of social and recreational facilities, primarily through the voluntary agencies, is also envisaged.

Honourable Members will no doubt wish to look closely at the details of the implications of this plan, but I am confident that the idea of now laying down the lines along which social welfare should be extended, and providing for the training of the people to extend it, will meet with your general approval. I hope that with your support these proposals will give new life to the social welfare services and new hope to those who benefit from them.

I would like at this point to say a word about social security. It is an emotive phrase, and means different things in different countries. But basically it should mean that provision by the state enables people to live secure in the knowledge that they and their children will be protected from the worst effects of adversity. In some countries it has been codified in a comprehensive unified system. Though this has not been done in Hong Kong we are nevertheless in a fair way to having such provision by the state. I have just referred to what is already being done and what it is proposed will be done in the field of what we call social welfare. But to this should be added our medical services, as no one need now pay more than a small fee for treatment either at a clinic or in hospital—and fees are remitted for the needy. Added also should be our educational system which provides free primary education, and in which nobody is deprived of secondary or tertiary education because of lack of means. Add also the provision of low rent Government housing on a scale unknown elsewhere in the world for those with low incomes. I find this a very extensive system of social security based on the principle of assistance for those in need. There is nothing else quite like it anywhere in the world. It is something characteristic of and unique to Hong Kong, something we may be proud of and something on which we may build with confidence as our resources allow.

I wish here to add another general point about the Government's attitude to payment for services provided by the tax payer such as housing, secondary and tertiary education, and so on. We are all agreed that these needs should be provided as cheaply as possible, as our means allow. But if, and I repeat if, we are ever faced with a choice between having the means to provide the infrastructure, that is to say the houses, the schools, the universities and the staff to work them on the one hand, and of providing them free or almost free on the other, I am sure that honourable Members, and indeed the people of Hong Kong, would agree that at this stage of our development, while

we have a population that is predominantly young and active, the first call on Government should always be to provide the physical infrastructure leaving for later—and as our resources are available—the lowering of payments by those benefiting who are able to pay.

Honourable Members will not wish me to leave social services without some reference to the field of labour.

During the past five years, sixty-five items of labour legislation have been enacted. They have covered a wide range—protection of wages; a minimum number of rest days; better compensation terms; a progressive reduction in hours of work for women and young persons; provision for the labour tribunal which will now start work on the 1st of March next year.

But we accept that a good deal remains to be done. The next field on which work is now being done is the promotion of industrial safety, and we hope to be able to put forward proposals on this for your consideration.

I now turn to a series of subjects which in this address I will deal with rather briefly. This comparative brevity does not reflect on their importance or on the Government's interest in them. On the contrary, they are all subjects which are vital to the happy development of our community.

I am concerned that there should be adequate recreational facilities for young people.

Some of the things that are done for young people in Hong Kong are really excellent. Apart from what is done by Government departments and schools, there are 35 major organizations engaged in youth work, and between them they provide a variety of activities which include clubs, interest groups, holiday and work camps, youth hostels and award schemes. It is estimated that at any one time all these together provide activities for more than 1 million young people, and these are at their peak during the summer programme of activities co-ordinated through the central committee and district co-ordinating committees. I was most impressed by what I saw and heard of this programme, and should like to thank all who contributed to its success. If I might say so I think its excellence lies in it having been developed to meet the specific needs of Hong Kong, and not copied from elsewhere. Indeed there is nowhere else in the world that attempts anything of this sort on this scale. Being characteristic of Hong Kong, characteristically depends on a marriage of voluntary and Government effort. Here we have something on which we can build with confidence.

Similar leadership, co-ordination and support are needed for the promotion and development of sports. I am sure there will be general

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agreement that we should increasingly help to encourage participation and to raise standards.

The provision of formal recreational facilities such as football and basketball pitches and playing grounds falls short of what we would wish. Some of these facilities are equal to or surpass in quality anything else in the world—for instance the new swimming pool complexes. When the Hung Hom indoor stadium is completed in 1976 it will be one of the finest of its kind in Asia. But the need is also for quantity, and I do not think that anyone will claim that this is yet adequate, admirably though the Urban Council administers its 644 recreational facilities and 272 playgrounds.

Not unnaturally there has been a tendency on the part of the Government to implement first those parts of the town plans which relate to the basics such as housing, industry, roads, Government and private offices. But I hope that now, under the prodding of various organizations in the city areas and the new towns and the New Territories, progress can now be pushed in redressing the balance between the basics and those things like playgrounds and recreational areas that make life pleasanter for everyone and particularly for young people.

The density of population and the value and scarcity of land puts us under a particular disability over space for recreation in the urban areas. On the other hand we do have an advantage—which I have not seen equalled in the world—of magnificent areas of mountain, beach and island exceptionally close to the centres of population. Granted the shortage of space for recreation in the city itself, I suggest that we have a special obligation to develop for recreation adjacent unused rural areas, to make them accessible, and to take all possible measures to ensure that their amenities are enhanced and not destroyed.

A start has now been made along these lines by acceptance of the five-year capital works programme of the two committees for recreational development and nature conservation in the New Territories and Hong Kong Island. Basically these programmes provide for the phased construction of minor roads on Hong Kong Island to provide access for maintenance vehicles and the provision of more facilities including picnic spots. In the New Territories the programme provides for the construction of a number of country parks to enable more intensive use to be made of some particularly attractive areas. I regard these things only as a beginning.

Another indication of your Government's attitude in this field, is the proposal to widen the South Lantau road along its narrow sections for two-way traffic. The object of this is to provide proper access to one of the best recreational areas of Hong Kong.



It is a short step from plans to preserve and develop our rural amenities to the campaign to make and keep Hong Kong clean. I believe that all of us in this Council are enthusiastic supporters of this campaign, and some have played a leading part in the work of the committee. Everyone in Hong Kong in their right mind wants the litter to go and the campaign to succeed. On this occasion I only want to say two things about it. Firstly, I myself and all members of the Government will do everything in our power to support it, and will continue to do so until the city is clean again. Secondly, and this is rather a different thought, when this campaign has succeeded it will have done so by means of a concerted community effort. I find the implications of this—that is to say this experiment in the mobilization of responsible citizenship for the benefit of each neighbourhood—I find this quite as exciting as I do the prospect of having the city clean. But now we have to put our backs into making the present campaign succeed.

I turn from litter on the land to pollution in the air and water. I am very glad to hear that the Advisory Committee on Environmental Pollution, set up in 1971, will be making its first report shortly. We already face serious pollution in some streams in the New Territories and in parts of the harbour, and the danger of a rapid advance in pollution is very much in all our minds. In the light of the committee's report your Government will take a hard look at the problem, and at the need for legislation and the means to prise this blight from such holds as it already has and to prevent it contaminating our environment.

The prevalence of narcotics addiction in Hong Kong has kept us in the front line of a world war against narcotics trafficking and this is now being stepped up through the initiative mainly of the United Nations and the United States authorities.

The work done in Hong Kong is acknowledged to be second to none in the world. But the problem of a high addiction rate remains, together with its obviously close relationship to some types of crime. It is not increased, but nor is it reduced in spite of devoted work by many men and women in different branches of the public service and in voluntary organizations. The problem is of very long standing, and involves a very large number of addicts and a worldwide as well as a local network of criminal activity. So far as Hong Kong is concerned it is wholly or very nearly wholly dependent on supplies from Thailand.

This problem has very many facets and involves many branches of the Government service and private agencies. I am sure that the right way to set about it is first of all to appoint a single senior officer to co-ordinate all aspects of this work. Such an officer has been appointed to the post of Commissioner for Narcotics and he is charged

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with internal co-ordination and overseas liaison. He is already reviewing treatment and rehabilitation methods, including preliminary experiments in methadone maintenance. We hope to see some progress next year, but we expect a long and hard haul.

I am well aware of honourable Members' concern at the growth of crime, and that their concern is well founded. The facts are that over the last 4 years key crime has increased by 40% and violent crime—that is to say murder, manslaughter, serious assaults and robbery—by 135%, and that the proportion of young people committing these crimes has steadily increased.

There is no subject which I have discussed more widely since my arrival here, or on which I have listened to the opinions of a wider range of society.

I have already outlined to honourable Members plans for advances in conditions of housing, education and social welfare, and I have emphasized the importance the Government attaches to more extensive recreational facilities for young people. Many people have urged on me that such measures should be undertaken because they would reduce crime. But I should make it clear that I have advocated them on their merits and for their own sake. If they have an effect on crime well and good—it will be a bonus. But in the short term we must look to other methods.

Before outlining these I would like to make some general observations.

First, as one wise person remarked to me, nobody commits a crime which he believes will be detected. Deterrence by fear of detection is probably the most potent weapon we can bring to bear.

Secondly, the most socially close-knit of our neighbourhoods are those freest from crime. Amidst all our other preoccupations over rehousing and urban renewal we must not lose sight of the sense of safety and peace of mind that can only be built up by personal associations in a neighbourhood over a long period of time and which can be lost so quickly if the inhabitants are dispersed. Conversely, I believe that the creation of a sense of neighbourhood responsibility is not only a good thing in itself, but also that it is highly relevant to the prevention of crime.

Thirdly, as Hong Kong gets richer so there is more to steal. It is always foolish to dispose of valuables in a way that invites theft, but in our present circumstances to do so, and to rely on an insurance company to make good any loss, is totally irresponsible and an active

encouragement to crime. Just as soft targets encourage crime, so I believe it might deter if they could progressively be stiffened.

Fourthly, the punishment of a convicted criminal must be adequate to deter. This is rightly a matter for the courts.

Finally, the role of the public, the third party, the stander-by, is vital. If the criminal expects the public to be neutral or indifferent he is encouraged. On the other hand he can very well be deterred by the certainty of a hue and cry. To this extent it is a harsh fact that a community gets the crime rate it deserves. But I accept that it is also the duty of a government to do everything it can to help and encourage and lead its citizens to play their part in their own protection.

So much for generalities, now for specifics.

With regard to punishment we have introduced two major changes. The first is the right of the Crown to appeal to the Supreme Court against sentences it considers inadequate. It is too soon to judge its effect as the first appeals under the new law have only recently been lodged. But if it is correct that more certainty as to the level of punishment would be a deterrent, this law should provide us with a useful instrument.

Secondly, in response to the Chief Justice's proposal, we have established a Detention Centre for young people. This new form of punishment for young offenders has been designed to be short but rather sharp. The Commissioner of Prisons has devoted much thought to this new project, and has brought it into operation with extraordinary speed. We must now wait and see the results: in view of their significance for meeting our problem of young criminals, these results are being very carefully monitored.

While these measures do stiffen our legal armoury we have also been giving thought to further steps. For my part I think there is considerably more that could be done, and I hope that the Attorney General will be able to say something about this fairly soon.

But I am sure that the strongest deterrent to the criminal lies in an efficient, numerous and visible police force in the streets, working in collaboration with a public that gives it all the support in its power.

Our police force is one of the finest in the world, and don't let us ever forget it, but it is at present well under requirement. We have therefore considerably increased its pay and drastically reviewed recruiting methods. I hope that taken together these steps will assist in bringing the Force up to strength. If they do not, other steps will have to be taken.

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Meanwhile it is obviously essential that every man available should be on the beat. The Commissioner has accordingly undertaken a far-reaching review to devise means of releasing trained policemen from work which could just as well be done by civilians, so that they may spend their time on law enforcement. This should soon show results.

Excellent as the record of the Force has been, it is a fact that many of its members have no more than a primary school education, and that before entering the police training school they have been for several years in some form of employment and under influences that may be inimical to their subsequent duties as policemen. The expansion of secondary education should produce in due course a situation in which new recruits will all have had an education up to the age of 14. But we believe that for young men entering the Force to have the necessary educational background and moral fibre there is no substitute for two years in a residential college, where they may acquire not only the necessary education but also absorb the sense of duty and morality that will make them accepted by the public as their friends and leaders in the fight against crime. We are therefore going to establish a police school to provide two years training for 600 young people in the 16-18 age group intending to enter the Force. In view of the urgency of the situation we will not wait for several years until the school can open on its permanent site. Instead we plan to start it next year in temporary quarters catering for about 300 boys. I hope that it may be quickly expanded to provide for a majority of recruits. But this too is a long term measure.

I have one new and immediate proposal. I have been impressed by three strands in this perplexing problem. First, I am impressed by the demand for local watch forces, deeply rooted as this concept is in the traditions of the population. Secondly, I entirely accept the Government's insistence that law enforcement officers must be policemen under police discipline. There must be no private armies. Thirdly, this year's experiment of using the auxiliary police in permanent support of the regular force has been outstandingly successful. We now propose to weave together these three strands and completely to change the concept of the auxiliary police from principally that of an emergency force to that of a permanent part-time constabulary to combat crime, and substantially to expand it for this purpose.

It will of course still be available to give the good service in an emergency that it has given in the past. But in normal times we propose to deploy it in its new role on a neighbourhood basis, so that men will go on the beat near the areas in which they live, and which they know. In this way we hope that the auxiliaries will not only be a standing citizen's volunteer army in the fight against crime, but

will form an invaluable link between the inhabitants of their own neighbourhoods, and the regular police force.

This scheme has been held up pending legislation, which will shortly be ready, to provide for substantial increases in the pay of the police auxiliaries. If this is approved we will initiate an immediate recruiting campaign in which we will enlist the assistance of the Kaifongs and the Multi-storey Building Owners' Corporations in the city, and the Heung Yee Kuk and Rural Committees in the New Territories, and indeed any people of goodwill in each neighbourhood. Under this new concept a neighbourhood that provides recruits will be the safer for it. This additional and personal link between the police and the inhabitants of each neighbourhood must be fostered and imaginatively and vigorously used, and thus encourage people to give the active support to the police that is so badly needed, and which could in itself go far to deter the criminal.

I make no apology for speaking at such length about crime; I know it is very much in all our minds. The causes are just as complex and baffling in Hong Kong as they are in other great cities in the world, and it would be foolish to expect a quick or easy cure. But what I have said will at least have shown you that on this issue your Government is in the ring and with its sleeves rolled up. It has adopted new tactics in the past year of which I have only mentioned some, and will now introduce others which I hope will commend themselves to you as both practical and imaginative. But I can assure you that we will continue to experiment with new measures or to reinforce old ones until this creeping menace is mastered.

I have spoken at some length on the broad objectives in certain key fields in which I think the time is ripe to plan for the years ahead.

I have also put before you my deep concern at the growth of crime; for, as I said at the beginning of this address, a sense of personal safety is one of the two prerequisites of the very continuance of our community.

Now, in conclusion, I turn to the other prerequisite: that is the maintenance of a high rate of economic expansion. It is on this that our prospects for social progress depend, because the yield from our tax system must be sufficient to finance the public services and, in large measure at least, our capital works programmes. Our extreme dependence on exports and imports means that our very survival, let alone the rate at which our economy expands year by year, is subject to external influences over which we have little or no control.

Of course there *are* factors within our control which are vitally important to our competitive position in world markets. For instance, the resourcefulness of our people, the Government's ability to create and preserve an environment conducive to individual enterprise, high

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productivity and profitable investment, and also, of course, our monetary and fiscal policies. But the fact of the matter is that it is on the level of business activity in our overseas markets, and on the absence of discriminatory restrictions against our exports, that our continuing prosperity primarily depends.

These two factors are to some extent interrelated. Certainly high unemployment and recessionary forces in the economies of the United States, Europe and the United Kingdom in 1971 led to a slowing down in the rate of growth of world trade and so in the demand for our exports. At the same time, a number of countries have asked us to restrain exports of our non-cotton textiles and have backed their requests with threats of import restrictions if we did not concede. For instance, during the past year we have had to agree to comprehensive restraints on our exports of man-made fibre textiles to the United States and the United Kingdom. I cannot accept that the reasons for these requests have been entirely justified on economic grounds. Nor can I accept that the terms of the restraint agreements finally negotiated after much hard bargaining have been entirely satisfactory to Hong Kong—though I believe that they were the best we could hope for in the politico/economic circumstances of those countries at the time.

On the other hand, I must stress that the rules of the GATT, which have governed the international trading system over the past 20 years, have served Hong Kong's interests well. The gradual easing of restrictions on trade which they have brought about over this period has led to an enormous expansion of world trade, and with it of our own exports. With this experience behind us, I think it is right for us to look to the hopeful signs for the future. And I submit that there are at least two grounds for hope. In the first place, the major industrial countries have agreed on a new initiative in trade policy next year under the auspices of the GATT; and, at the same time, the newly constituted Committee of Twenty of the International Monetary Fund will be working on the reform of the international monetary system. Parallel trade and monetary negotiations should make progress on each front easier; after all one major object of the reform of the international monetary system is to facilitate the flow of trade. Secondly, and of more immediate relevance, there are now signs of renewed, though moderate expansion of business activity in North America and Western Europe which is expected to lead to an acceleration of the growth of world trade in 1973. This revival seems to be already gathering pace in North America, the destination of 45% of our exports.

However, in planning for our development over the next decade we must bear in mind our dependence on these external factors, and

our lack of control over them. It is therefore only common prudence that we maintain financial flexibility. In other words, let us set ourselves targets which we think right and which we can justify and let us plan for these, but at the same time it would be wrong to get irrevocably locked into them however desirable they may be. This is because in the final analysis our competitive position in export markets, and the rate of investment in our industries, must always have priority. It is on these that all else depends.

However, if I am correct in my confidence in our trading prospects, both in the immediate future and in the longer term, then we can be similarly confident of the rate of growth of investment in Hong Kong and of yields from taxes. So I am hopeful that the recurrent and capital revenue over the rest of this decade will be sufficient to enable us to finance the steady expansion of our services and the works programmes which I have outlined, and which I regard as so necessary to the development and stability of this community.

My mood therefore is one of optimism. Tensions in the Western Pacific have been reduced by a statesmanship which we all applaud, and which we know to be in Hong Kong's interest. Anglo-Chinese relations are now once more on a stable and friendly basis. This too is to Hong Kong's advantage. For the rest, we have good hopes of an expansion in world trade; we have drawn up plans for improving the condition of our population, and there is a fair prospect of our having the means to carry them out within a reasonable time-span. With the support of honourable Members I feel sure we can make good use of the opportunity this offers.

### **Address of thanks to His Excellency the Governor**

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER) moved the following motion: —

That this Council thanks the Governor for his address.

*Motion made.* That the debate on the motion be adjourned—THE ATTORNEY GENERAL (MR ROBERTS).

*Question put and agreed to.*

3.52 p.m.

HIS EXCELLENCY THE PRESIDENT: —At this point honourable Members might like a short break. Council will resume in 15 minutes.

4.06 p.m.

HIS EXCELLENCY THE PRESIDENT: —Council will resume.

### Papers

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

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Sessional Papers 1972-73: —

- No 1—Annual Report by the Hong Kong Housing Authority for the year 1971-72 (published on 28.9.72).
- No 2—Annual Report by the District Commissioner, New Territories for the year 1971-72 (published on 18.10.72).
- No 3—Annual Report by the Director of Information Services for the year 1971-72 (published on 18.10.72).
- No 4—Annual Report by the Postmaster General for the year 1971-72 (published on 18.10.72).
- No 5—Annual Report by the Registrar of Trade Unions for the year 1971-72 (published on 18.10.72).
- No 6—Statement of the Accounts of the Preventive Service Welfare Fund for the year ended 31st March 1972 (published on 18.10.72).
- No 7—Annual Report by the Director of Broadcasting for the year 1971-72 (published on 18.10.72).
- No 8—Annual Report by the Hong Kong Export Credit Insurance Corporation for the year 1971-72 (published on 18.10.72).
- No 9—Trustee's Report by the Sir David Trench Fund for Recreation for the year 1971-72 (published on 18.10.72).
- No 10—Annual Report of the School Medical Service Board for the year ended 31st March 1972 (published on 18.10.72).
- No 11—Annual Report of the Sir Robert Black Trust Fund Committee for the year ended 31st March 1972 (published on 18.10.72).

*Subject*

No 12—Annual Report of the Police Children's Education Trust and the Police Education and Welfare Trust for the year 1971-72 (published on 18.10.72).

Report: —

Draft White Paper: "Social Welfare in Hong Kong—The way ahead" (published on 18.10.72).

**Statement****"Social Welfare in Hong Kong: The way ahead"**

MR ROWE: —Sir, as Your Excellency indicated earlier, amongst the papers laid on the table today is the draft White Paper "Social Welfare: The Way Ahead".

A number of the proposals in the White Paper, as its foreword explains, have not yet been accepted by the Government. They are being published to allow the fullest possible public debate on them before any final decisions are taken. I believe that the broad measure of public participation that this will permit will be very valuable. Indeed, the broader the participation the better, because what the Government is seeking is not just participation by those who are experienced or knowledgeable in the social welfare field, but by all members of the community—particularly, perhaps, those who benefit from social welfare services. I should like to take this opportunity of emphasizing, therefore, that any comments will be welcomed and taken carefully into account by the Government.

At the same time, however, I should not like Members to conclude, because the White Paper is being issued in draft form, that careful thought has not gone into its preparation. In fact, the Paper and the Five Year Plan for social welfare development, which was prepared at the same time, are the outcome of many months of effort, not just within the Government but by those working in the voluntary social welfare sector. The two documents represent, therefore, an amalgam of the judgments of all those working in the social welfare field. The Five Year Plan, which expresses in practical terms the principles and priorities set out in this White Paper, will be published when the White Paper is issued in its final form. In the meantime, the main conclusions of the Plan will be used as planning guidelines, in consultation with the social welfare agencies.

Sir, I believe myself that the proposals in the White Paper provide realistic solutions to the most pressing social welfare problems of Hong

[MR ROWE] **Statement**

Kong and, if implemented, would represent the most important step forward in social welfare in the history of Hong Kong. I therefore commend them to the serious consideration of this Council, although I cannot of course prejudge the decision of Your Excellency in Executive Council.

### **Government Business**

#### **Motions**

#### **MAGISTRATES ORDINANCE**

THE ATTORNEY GENERAL (MR ROBERTS) moved the following motion: —

It is hereby resolved that the Magistrates (Forms) (Amendment) Rules 1972, made by the Chief Justice on the 1st September 1972, be approved.

He said: —Sir, section 133 of the Magistrates Ordinance empowers the Chief Justice, with the approval by resolution of this Council, to make rules for the carrying into effect of the Ordinance.

In accordance with these powers, the Chief Justice has made the Magistrates (Forms) (Amendment) Rules 1972. These prescribe two new forms for use in connection with prosecutions for offences against Part III of the Public Health and Urban Services Ordinance (which deals with general sanitation and cleanliness) or against the Public Cleansing and Prevention of Nuisances By-laws 1972, which are an important part of the "Keep Hong Kong Clean" Campaign.

*Question put and agreed to.*

#### **MAGISTRATES ORDINANCE**

THE ATTORNEY GENERAL (MR ROBERTS) moved the following motion: —

It is hereby resolved that the Magistrates (Forms) (Amendment) (No 2) Rules 1972, made by the Chief Justice on the 21st September 1972, be approved.

He said: —Sir, this resolution seeks the approval of this Council to a further set of rules made by the Chief Justice under section 133 of the Magistrates Ordinance.

These rules prescribe a number of new forms, among them a warrant committing to prison a defendant found guilty of a further offence while on probation or under an order of conditional discharge.

Other forms deal with various aspects of suspended sentences, including a warrant committing to prison a person who is guilty of a further offence during the period in which he is subject to a suspended sentence of imprisonment.

*Question put and agreed to.*

## **PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Hawker By-laws 1972, made by the Urban Council on the 12th September 1972, be approved.

He said: —Sir, as honourable Members are aware, over the past few years in spite of the priority given, and the additional resources deployed, towards tackling the hawker problem, the problem is still very much with us.

We still acknowledge that hawking provides a means of livelihood for a large number of people and acts on occasion as a hedge against under-employment or unemployment and a convenient and well-understood means of distribution of goods for the general masses. On the other hand, hawkers do cause obstruction, create fire and health hazards, and present problems of sanitation.

The Hawker By-laws 1972, tabled this afternoon and made by the Urban Council on the 12th of September—the product of much hard work and deliberation—are another step in our endeavours to bring about better control of this method of street trading and so will make a significant contribution to solving this difficult problem.

What the Urban Council is seeking to do in these by-laws is to simplify but at the same time tighten the legislation in order to make it possible for licensed hawkers to know more precisely where, when and how they should hawk, and for illegal hawking to be more effectively dealt with. A by-product of this will—we hope—be a considerable contribution to the "Keep Hong Kong Clean" Campaign.

Apart from a simplification of the categories of licence, increase in fees for cooked food stalls and the introduction of new fees for the pitches occupied by hawkers, the main features of these by-laws are as follows:

[MR ALEXANDER] **Public Health and Urban Services Ordinance**

By-laws 28-30 make provision for the introduction of metered pitches, though it is not the intention of the Urban Council to pursue this immediately.

By-law 38 requires the licensee of a fixed pitch to be present personally at all times (except for reasonable cause) at his pitch.

By-law 39 places on the shoulders of licensees of fixed pitches the duty of keeping their pitches and the areas adjacent to them in a clean, safe condition and free of refuse.

In an effort to prevent extensions and growth of business at a level not commensurate with hawking, by-laws 47 and 48 prohibit the joining up of stalls and the placing of commodities and equipment outside pitches.

By-law 51 provides for refuse bins and their use by all hawkers.

By-law 57 enables Magistrates, if they so wish, to recommend, in addition to or instead of any penalty authorized by by-law 56, that where a licensee is convicted of an offence against the by-laws after having been previously convicted of a similar offence or any other offence against the by-laws, his licence should be cancelled or suspended.

By-law 58 provides for the forfeiture of equipment for the offences specially prescribed for the purposes of the application of section 86A(1)(a) of the Ordinance, that is for the most serious and prevalent hawking offences, namely, contravention of:

By-law 5—hawkers to be licensed.

By-law 22—restrictions on areas in which licensees may hawk.

By-law 36—pitches to be used only by holders of fixed pitch licences.

By-law 48—licensees not to place commodities and equipment outside their pitches.

Sir, these new by-laws represent a significant step forward in assisting not only to bring the hawker problem under control but also to clean up the hawker areas of Hong Kong and I commend them to honourable Members.

*Question put and agreed to.*

**PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Private Cemeteries (Amendment) By-laws 1972, made by the Urban Council on the 12th September 1972, be approved.

He said: —Sir, the cemeteries policy approved by the Governor in Council in 1970 provided that no more land should be granted to existing private cemeteries until the authority had introduced satisfactory controls over the allocation of grave sites, the payment of fees, and the management of private cemeteries generally. The Private Cemeteries (Amendment) By-laws 1972 now before honourable Members were made by the Urban Council on the 12th of September in order to provide the necessary controls,

The opportunity has also been taken to amend the First Schedule to the by-laws so as to require additional particulars to be recorded in a private cemetery register and to delete from the Second Schedule the fees for permission to exhume human remains (for which cover is provided in other legislation).

The Explanatory Note at the end of the by-laws indicates adequately their general purport and I have nothing to add to it.

*Question put and agreed to.*

**PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Public Cemeteries (Amendment) By-laws 1972, made by the Urban Council on the 12th September 1972, be approved.

He said: —Sir, the Public Cemeteries (Amendment) By-laws 1972 now before honourable Members were made by the Urban Council on the 12th of September. By-law 8 of the principal by-laws provides that the Director's permission is required for the erection of any monument. However, in the past, doubts have arisen over the meaning of "monument" and amendment by-law 2 therefore now clarifies this.

Amendment by-law 3 amends by-law 12 by deleting references a second or subsequent interment in the same grave.

Amendment by-law 4 increases the maximum fine for contravening the provisions of the by-laws (other than by-law 11) to one thousand dollars.

[MR ALEXANDER] **Public Health and Urban Services Ordinance**

And finally, by-law 5 amends the form of the Register of Graves prescribed in the First Schedule to enable more particulars to be recorded and deletes the fee for the granting of permission to exhume remains from the Second Schedule as this is covered in other legislation.

*Question put and agreed to.*

**PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Exhumation (Fees), By-laws 1972, made by the Urban Council on the 12th September 1972, be approved.

He said: — Sir, the Exhumation (Fees) By-laws 1972 now before honourable Members were made by the Urban Council on the 12th of September to prescribe the fees payable for the grant of permission to exhume human remains. Up till now, these fees have been included in the Cemeteries By-laws, but remains are exhumed from places other than cemeteries. Hence these new by-laws.

*Question put and agreed to.*

**PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Abattoirs (Amendment) By-laws 1972, made by the Urban Council on the 10th October 1972, be approved.

He said: — Sir, the Abattoirs (Amendment) By-laws 1972 now before honourable Members were made by the Urban Council at its last meeting on the 10th of October to make possible increases in slaughtering fees. These are necessary in order, firstly, to provide a better slaughtering and fresh pork-supply service to the trade and public and, secondly, to put the finances of the abattoirs on a sounder basis.

To meet the demands of the trade and public for freshly slaughtered pork in good time for the morning market, arrangements are in hand at the abattoirs to include, at the same time as the fees increase, the start of a night shift at Cheung Sha Wan and an early shift at Kennedy Town. In addition, further mechanization of the present slaughter-line



system and the installation of a third dressing line at each abattoir will be put in hand as urgent items of the Public Works Programme.

The abattoirs are currently running at a loss and in order to reduce this, provide the night and early morning shifts, and carry out the required improvements at the abattoirs, it is necessary to increase the present fees, but I am glad to reassure honourable Members that the fees listed in amendment by-law 12 should have only a negligible effect on retail pork prices since, even if the full increase is passed on to the consumer, any resulting rise in the retail price would be less than 10 cents per catty.

Apart from revising the slaughter fee schedule, the amendment by-laws introduce a number of essential changes including, *inter alia*,

amendment by-law 10—to make the meat-delivery service discretionary on the part of the abattoir management;

amendment by-law 11—to enable the manager of an abattoir to dispose of a dressed carcass and offal if they are not collected within a specified time.

*Question put and agreed to.*

## **PUBLIC HEALTH AND URBAN SERVICES ORDINANCE**

MR ALEXANDER moved the following motion: —

It is hereby resolved that the Laundries (Amendment) By-laws 1972, made by the Urban Council on the 12th September 1972, be approved.

He said: —Sir, the main purpose of the Laundries (Amendment) By-laws 1972 is threefold. Firstly, to keep the urban by-laws in line with the New Territories laundry regulations in respect of permission to use part of a laundry for dwelling purposes (amendment by-law 3), restrictions on cooking food, employment of persons likely to spread diseases, and spitting (amendment by-laws 4, 5 and 6). Secondly, by amendment by-law 7, to remove certain obsolete provisions contained in by-law 16(1) and (2) of the principal by-laws dealing with the prevention of vermin in laundries and laundry depots. And thirdly, by amendment by-law 8, to strengthen the by-law on the vaccination of laundry staff.

*Question put and agreed to.*

## PHARMACY AND POISONS ORDINANCE

DR CHOA moved the following motion: —

It is hereby resolved that the Pharmacists (Disciplinary Procedure) Regulations 1972, made by the Pharmacy and Poisons Board on the 22nd June 1972, be approved.

He said: —Sir, the Pharmacists (Disciplinary Procedure) Regulations 1972 have been made by the Pharmacy and Poisons Board to specify in detail the procedure to be followed in inquiries held by any disciplinary committee established under section 16 of the Pharmacy and Poisons Ordinance (Chapter 138).

These regulations follow broadly the procedure laid down in the Medical, Dentists, Nurses and Midwives Ordinances and have been made in order to standardize the conduct of disciplinary inquiries within the medical and allied professions.

*Question put and agreed to.*

### Motion (in Committee)

#### SUPPLEMENTARY PROVISIONS FOR THE QUARTER ENDED 31ST MARCH 1972 (FINAL)

Council went into committee, pursuant to Standing Order No 58(2), to consider the motion standing in the name of the FINANCIAL SECRETARY (MR HADDON-CAVE).

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved: —

That this Council approves the supplementary provisions for the quarter ended 31st March 1972, as set out in Paper No 5 (Final) of 1971-72.

He said: —Sir, the fifth and final schedule of supplementary provisions for the year 1971-72 covers a total amount of \$66.5 million. The revision of salaries in 1971 accounts for \$43.2 million of which \$28.2 million is for the Public Service, \$11.4 million for university academic and administrative staff and \$3.6 million for Government pensioners. Other items worth a special mention include \$7.3 million for the Postmaster General to meet increases in air mail traffic and an earlier presentation of accounts for settlement by other administrations; \$3.5 million for Public Works Non-Recurrent; and \$4 million for the Community Relief Trust Fund. This latter sum was paid over in the form of a grant to provide assistance to victims of Typhoon *Rose*.

This schedule, Sir, brings the total of supplementary provisions approved in respect of the financial year 1971-72 to \$406.6 million. Actual expenditure brought to account for the same financial year amounted to \$2,901.4 million compared with the original estimate of \$2,861.9 million.

The Finance Committee has approved all the items in the schedule and the covering approval of this Council is now sought.

*Question put and agreed to.*

Council then resumed.

THE FINANCIAL SECRETARY (MR HADDON-CAVE) reported that the motion had been agreed to in committee without amendment.

*Question agreed by the whole Council pursuant to Standing Order No 58(4).*

#### **First reading of bills**

**URBAN COUNCIL (AMENDMENT) (NO 2) BILL 1972**

**TELEVISION (AMENDMENT) BILL 1972**

**PEAK TRAMWAY (AMENDMENT) BILL 1972**

**BILLS OF EXCHANGE (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 of bills**

**URBAN COUNCIL (AMENDMENT) (NO 2) BILL 1972**

THE ATTORNEY GENERAL (MR ROBERTS) moved the second reading of: —"A bill to amend the Urban Council Ordinance."

He said: —Sir, the main object of this bill is to confer on the Governor in Council power to make regulations providing for the voiding of a poll and the taking of a fresh poll at a polling station during an election for the Urban Council.

The Governor in Council does not at present have any power to make such regulations. During the 1972 Urban Council elections one of the polling stations in Kowloon was burgled the night before the election and the store in which the ballot papers were kept was ransacked. Fortunately, the ballot papers and other election documents were left intact. Had some of them been tampered with or removed, it would not have been possible for the presiding officer to declare the poll to be void and to order a new one.

[THE ATTORNEY GENERAL] **Urban Council (Amendment) (No 2) Bill—  
second reading**

The amendment proposed by clause 2 of this bill will enable regulations to be made by the Governor in Council, and it is intended that, if this bill is enacted, such regulations should be made to empower a presiding officer to declare a poll to be void if he is of the opinion that a ballot paper or copy of the Register of Electors has been stolen, destroyed or damaged and he is of the opinion that the result of the poll might be affected thereby.

*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).*

*Explanatory Memorandum*

This Bill confers power on the Governor in Council to make regulations providing for the voiding of a poll and the taking of a fresh poll.

**TELEVISION (AMENDMENT) BILL 1972**

THE ATTORNEY GENERAL (MR ROBERTS) moved the second reading of: —"A bill to amend the Television Ordinance."

He said: —Sir, the effect of section 9 of the Television Ordinance is that TVB holds a licence for a period of 15 years, subject to renewal after each 5 years. The first such renewal date is the 19th of November 1972 and the purpose of this bill is to extend that date to such later date as the Governor in Council may determine by order.

Earlier this year, the Governor in Council decided that TVB's licence should be renewed, subject to some modification of its terms and conditions, as had been recommended by a Government Working Party set up in 1970 to consider the future of television in Hong Kong.

The Governor in Council also decided that public tenders should be invited for a second wireless television licence, which would provide for both English and Chinese services, and for a third licence, which would provide a Chinese service only.

Before tenders can be sought for the new licences, some amendments to the Ordinance will be required and the tender documents

must be ready. Since it is intended that TVB's licence should be renewed on the same terms and conditions as those which will apply to the new licensees, it is necessary to postpone the date of its renewal until these terms are settled.

Enactment of the necessary amendments to the Television Ordinance and the settlement of the tender documents, containing the terms of the new licences, will not have been completed before the 19th of November, so that a postponement of this date is essential.

I can assure honourable Members that the Government fully appreciates the need to call for public tenders as soon as possible and to introduce such amending legislation as is necessary in the very near future. Meanwhile, I hope that honourable Members will support this bill as an interim measure.

*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).*

#### *Explanatory Memorandum*

The Government proposes to issue in the near future two new licences under the principal Ordinance. However, before the new licences are issued it is proposed to amend the principal Ordinance extensively.

The purpose of this Bill is to postpone the date of first renewal of the licence already issued to TVB under the principal Ordinance until after the main amending Bill has been enacted, so that the existing licence may be renewed on the same terms and conditions as those on which it is proposed to issue the new licences.

### **PEAK TRAMWAY (AMENDMENT) BILL 1972**

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

He said: —Sir, the purpose of this bill is concerned with amending the permit fee payable by the Company for the use of Crown land over which the tramway passes, in respect of the timing and method of its imposition and the amount payable in 1972.

[THE FINANCIAL SECRETARY] **Peak Tramway (Amendment) Bill—second reading**

Section 21 of the Peak Tramway Ordinance has hitherto provided that the permit fee shall be charged at the rate of 5% on the first \$700,000 of fares collected and at a rate of 10% on collection in excess of \$700,000. It has also provided that the calculation shall be based on fares collected in the financial year the 1st of April to the 31st of March, which was the Company's financial year until 1971. In 1971, however, after a change of ownership of the Company, it was decided to alter the Company's financial year to the calendar year ending the 31st of December. The first purpose of this bill, therefore, is to change the period of calculation of the permit fee to the calendar year in order to fit in with the Company's new accounting period. This is provided for in clause 2(a) of the bill.

The second purpose of the bill is to provide for the rate of the permit fee to be amended by resolution of this Council, either indefinitely or for any one year. This is done in clause 2(b) of the bill. In the event that a variation were to be made for one year only, and in the absence of any further resolution of this Council in the following year, the rate for that year would revert to the level laid down in the Ordinance. This provision, Sir, is intended to bring the procedure for varying the Peak Tramway permit fee into line with that already provided for in the case of the two bus companies and the Hong Kong Tramways. It will provide greater flexibility for varying the rate of payment while leaving control in the hands of this Council.

Before dealing with the third purpose of the bill, namely the rate of permit fee for the calendar year 1972, I must say a few words about the general financial situation of the Peak Tramways Company. The Company's fares have remained unchanged since 1946, that is to say for some 26 years. In common with other public transport undertakings in Hong Kong its costs have been rising in recent years, particularly as a result of the payment of increased wages to its staff. Although the Company made a small profit in 1971 on its tramways operation, it is expected to make a loss in 1972 of over \$100,000 at its current level of fares and with the permit fee set at its present level. Even if the permit fee were wholly remitted the loss would still be some \$30,000. The Company, therefore, made a request to the Governor in Council for an increase in fares and this has been granted with effect from the 1st of November next. The ordinary adult full distance fare will be increased from 60 cents to \$1, while the fare from the lower or upper terminus to May Road or *vice versa* is to be increased from 40 cents to 50 cents. Children's fares will be set at 50 cents for any distance. The opportunity has also been taken to do away with the lower level of fares for servants, workmen and servicemen, which are

anomalous in this day and age and are not provided for on any other form of public transport. Monthly season tickets, which are in the gift of the Company and which have been abolished on KMB and CMB buses, are also to be abolished with one exception. This is for student monthly tickets which the Company has agreed to retain at \$25 per month for the full distance and \$17 per month from May Road.

These changes, Sir, are expected to bring the Company a reasonable profit of about 14% on its net assets employed in 1973 and about 8% in 1974 before taking into account the permit fee. I might add that these increases are not expected to divert regular (as opposed to tourist) passengers to the use of private cars. I might also note that the full fare of \$1 is the rate now being charged by public light buses or “maxi-cabs” now travelling between the Peak and the Central District.

Reverting now, Sir, to the question of the level of the permit fee: as I mentioned earlier this fee is not to be considered on all fours with the royalties paid by the other public transport companies as a condition of the granting of their franchises. It is intended to be a payment for the exclusive use of Crown land over which the tramway passes. On the other hand, as it is a variable charge based on the fares paid and not a fixed charge, it does undoubtedly include some element of royalty. Honourable Members in this Council have in recent years recognized that the royalties paid by the bus companies and by the Hong Kong Tramways can be remitted if the financial viability of the companies deteriorate and as part of a co-ordinated operation to restore their viability. The same line of reasoning should, in my view, hold good for the Peak Tramways.

However, Sir, as the permit fee is at least in part a charge for the exclusive use of Crown land, the circumstances of the Peak Tramway are somewhat different from those of KMB and CMB and a case exists for not remitting this charge entirely. Accordingly, the Government proposes that, in respect of the calendar year 1972, the permit fee should be set at \$25,000 which is roughly a third of the amount that would be paid under the conditions laid down in the Ordinance. This reduced fee, Sir, is provided for in clause 3 of the bill.

DR CHUNG: —Your Excellency, today is a milestone in the history of Hong Kong and, more particularly, in the development of the Legislative Council. I therefore have the pleasure to associate myself with the remarks made by you, Sir, earlier on this afternoon about the equal use of English and Chinese languages in this Council. For the first time in 130 years since Hong Kong was founded, a Member of this Council as from today may according to Standing Order No 2 address the Council in either the English or the Cantonese language. With

[DR CHUNG] **Peak Tramway (Amendment) Bill—second reading**

your permission, Sir, I would like to speak in Cantonese in support of this Peak Tramway (Amendment) Bill 1972.

*(From this point Dr CHUNG completed his address in the Cantonese dialect. The following is the interpretation of what he said.)*

Sir, I rise to support the bill before Council and, in so doing, would like to make a few observations on the operations of the Peak Tramway.

First, the Government is to be commended for removing a greater part of anomalies as had existed in the previous fare structure of the Peak Tramway. These anomalies are the cross-subsidization among different types of passengers. Under the table of tolls approved by the Governor in Council in 1946, the Company is not required to issue monthly tickets and to my knowledge the issue of monthly tickets at unrealistically low prices was a privilege granted to the relatively rich residents of the Peak. Since in Kowloon and Hong Kong adult monthly bus tickets have been abolished, the instruction given by the Government to the Company to abolish the adult monthly tickets on the Peak Tramway is a proper one.

In the past, the Peak Tramways Company also provided special fares for both domestic servants and workmen whose masters, I presume, were residents of the Peak. The Company was therefore not only granting certain indirect privileges to residents on the Peak but also helping to advocate class consciousness. In this space age, as my honourable Friend the Financial Secretary just said, such class consciousness should not exist. I believe the majority of the people in Hong Kong are appreciative of the Government's action in removing this social anomaly in the Company's fare structure.

Even after such revision, there is still some cross-subsidization in the passenger fare structure, for one sector of passengers is still being subsidized by another. The fare for the full route of the Peak Tramway will be increased to one dollar from 1st November, whereas between the lower terminus and May Road, or between the upper terminus and May Road, the adult fare will be fifty cents. A cursory look may not reveal the element of cross-subsidization in this fare structure. However, it is not as simple as that. Although the Company does not keep sufficient passenger statistics for the section routes in particular, it is easy to see that the great majority of passengers travelling on these section routes do so only between the lower terminus and May Road. From May Road to the upper terminus practically no passengers travel. In other words, the Company provides facilities for the whole



route but section passengers only make use of the lower half of the route, paying only half of the full fare. In these circumstances we can see that those passengers travelling on section routes are subsidized by those travelling on the full route. As honourable Members are aware, both KMB and CMB Companies have abolished section fares in recent years; I would therefore like to see the abolition of the section fare on the Peak Tramway should an opportunity for another fare revision arise. Even if this cannot be accepted, at least the section fare should be raised to a level corresponding to its true cost. This will eliminate the subsidization of section passengers by full route passengers.

Sir, another observation of mine is on the permit fee which, as I understand it, is charged for the exclusive use of the Crown land occupied by the Company. I therefore agree with my honourable Friend the Financial Secretary that the permit fee paid by the Peak Tramway Company is different from the royalty as applied to the two bus companies and the Hong Kong Tramways Company. Since the Peak Tramways Company does not pay any annual tram car licence fee as the bus companies do on each bus, this permit fee, I think, could be considered as similar to the annual licence fee for buses paid by the two bus companies. We are informed today by the honourable Financial Secretary that the reason for reducing the permit fee for the Peak Tramway Company for the year 1972 from about \$80,000 to \$25,000 is because the Company is not making a good return on net fixed assets during 1972. Although I support this proposed reduction of permit fee for 1972, I hope it will not create a precedent to reduce the annual bus licence fee if and when the net profits of the two bus companies, like those of the Peak Tramways Company, are falling and thereby provide a case for exemption from, or reduction of, annual bus licence fee.

One of the amendments proposed in the bill is to make the Company's financial year coincide with the calendar year, that is from 1st January to 31st December. In the past, the Company's financial year was from 1st April to 31st March. Therefore, to effect the change-over, the financial year for 1971 has only nine months, that is, from 1st April 1971 to 31st December 1971. During these nine months, after paying permit fees and 15% profit tax, the Company's net profit was in the region of \$112,000 and in that year the average net fixed assets employed by the Company was about \$1,428,000, the return on assets employed was therefore about 7.8%. This rate of return was based on the nine months operation in 1971. If this rate is converted to annual basis, it would be something like 10.5%. For several years the Government has controlled certain public utilities so that their annual net profits would not exceed 12% to 13% of their net fixed assets employed. Therefore during 1971 the annualized net profit at 10.5% of the fixed

[DR CHUNG] **Peak Tramway (Amendment) Bill—second reading**

assets is hardly—and I believe honourable Members will agree—a low figure. Accordingly, I cannot agree with my honourable Friend when he says that the Company earns a very low profit.

During the first six months of this year, the average passenger traffic between the lower and upper termini was about 140,400 per month, but after the opening of the Peak Tower Restaurant it has gone up to 185,400 per month during the last three months—an increase of over 30%. If this increase could be maintained, the total fare receipts by the Company for 1973 (including receipts from section routes) would, according to my estimate, be about \$2.3 million. According to the Company's estimate, it will have a recurrent expenditure next year of \$1.2 million. Before meeting permit fee and profits tax the Company's profit in 1973 will hence be in the region of \$1.1 million. After deducting about \$195,000 for permit fee and \$135,000 for profit tax the net profit for next year will be about \$770,000 which is about seven times that for 1971. If one compares this net profit figure with fixed assets of \$1,768,000, there results an annual return of 43%. This means that for every dollar invested in fixed assets, the Company is making a profit of 43 cents during the year.

It might not be possible for the Company to maintain a 30% increase in passenger traffic throughout the year; nevertheless, even if only an increase of 15%—that is half of that recent increase in passenger traffic—is achieved, the net profit after payment of permit fee and profits tax would still amount to about \$450,000 a year, which is about four times the 1971 net profit. Compared with the fixed assets of the Company, this figure represents an annual return of about 25%, which is high indeed by any standards.

In moving the second reading of the bill now before Council, my honourable Friend the Financial Secretary said that he forecast that in 1973 the Peak Tramways Company's profit would not exceed 14% of the fixed assets employed. This is only about half of my estimate. I think his figure is too conservative and, at the same time, rather unrealistic. Therefore I would respectfully ask my honourable Friend to explain how he arrives at his profit figure.

Looking further ahead, however, unless passenger traffic and productivity can show annual increases to offset rising wages and general inflation, the Company's annual return on assets will drop gradually until it reaches the point at which the Company will be obliged to seek Government's approval to yet another fare increase. This would be inevitable and one could hardly criticize the Company.

Sir, some time ago I proposed in this Council the establishment of a “profit equalization fund” to regulate the profits of public transport utilities. If adopted by Government, this proposed scheme would, on the one hand, avoid the utility companies making excessive profits during the years immediately after a general fare increase and, on the other, prolong the period between successive fare increases. I would therefore like to take this opportunity to urge Government once again seriously to consider my proposed “profit equalization fund” scheme in order that the travelling public can be accorded a more equitable treatment. Thank you, Sir.

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, my honourable Friend has had the historic privilege of being the first to speak in this Council in Cantonese. I have the honour of being the first to reply to such a speech, but I fear it will be in English.

Sir, I am grateful to my honourable Friend for the detailed interest he has shown in this subject. He has made a number of points, some of which at least I will do my best to answer. His first point concerned the retention of the section fare to May Road. This was a proposal made by the Company which the Government accepted and here I should say that we are not wedded to a philosophy of doing away with all section fares on public transport. Contrary to what my honourable Friend says there are still retained on some CMB routes and on some KMB routes in the New Territories, as well as on the Kowloon Canton Railway, sectional fares. The major operational reason for flat fares is to facilitate one man and one conductor operations and this does not apply in the case of the Peak Tramway.

My honourable Friend's second point concerned the permit fee. I am afraid I do not agree that this is equivalent to the annual licence fee for buses; indeed on only two tramcars the licence fee paid would be very small indeed. It is, as I have said, very largely a fee for the exclusive use of Crown land.

My honourable Friend's third point concerned profits for the financial year ending 31st March 1972. I should point out, Sir, that the three months January to March are traditionally the poorest months of the year for the Peak Tramway operation, so the figures for the nine months from April to December cannot just be extrapolated. In fact the return on assets employed for the whole year was about 8% and not the 10.5% suggested by my honourable Friend. I should add that this percentage is based on greatly written down assets, some of which will need to be replaced in the coming years at a much higher cost.

My honourable Friend's fourth point, Sir, concerned my profits forecast—he tends to take a much more optimistic view of the Company's

[THE FINANCIAL SECRETARY]     **Peak Tramway (Amendment) Bill — second reading**

prospects, in view of the greater number of passengers visiting the Peak Tower Restaurant complex. He mentioned figures as high as 43% on assets employed. I would like to believe that this is the kind of prospect facing the Company, but I fear figures of that order are an illusion. In the first place, the months of July to September are always the best months for tourists because of the increase in the number of arrivals and also there is a large number of young people travelling on the Peak Tramway in Hong Kong from schools and colleges overseas. So a very large part of the apparent increase in passengers is seasonal and not due to the restaurant. Secondly, in extrapolating these figures into 1973, my honourable Friend made no allowance for the deterrent effect of the increased fares on certain categories of traveller and the abolition of monthly tickets, nor for the competition to be expected from the maxi-cab service, which I think will tend to draw away some part of the tourist traffic though not the commuter traffic. Lastly, he made no allowance for the increased cost for the extending of the hours of operation from 11.00 p.m. to 1.00 a.m. These extended hours are expected to cost the Company over \$60,000 a year and this extra cost will need to be offset against any increase in revenue from late night passengers. All in all, Sir, I doubt very much indeed whether the returns in 1973 will be much more than the 14% I have already forecast, which as I have already explained, is in any case on greatly written down assets.

My honourable Friend's final point, Sir, concerned the concept of a profit equalization account. I don't wish to dilate on this rather complicated subject this afternoon at any great length, but I must say a profit equalization account is not one which appeals to me overmuch, as I firmly believe that it would encourage inefficient operation. I believe that any excess profits, however one might define excess profits, should be used to help finance the capital investment needed to maintain an efficient operation and I have already explained that the Peak Tramway will require some extensive investment in new assets over the coming few years.

DR CHUNG: —Sir, I have two points for clarification. The first is about the remark made by my honourable Friend on my remark on the return of 10.5%. The return he mentioned—7.8%—is based on nine months operation and, if we refer to annual return, that nine months operation must be multiplied by a factor of 1.33. Therefore the 7.8% nine months return will become 10.5% annual return.

My second point, Sir, is about the seasonal passenger traffic on the Peak Tramway. I have a list of figures here, given to me . . .

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, on a point of order, the honourable Member is now making a speech which he has no right to make.

DR CHUNG: —I am sorry, Sir,

*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).*

#### *Explanatory Memorandum*

Clause 2 changes the period for which a permit fee is payable by the Peak Tramways Company Limited from a financial year to a calendar year and enables the Legislative Council to amend by resolution the rate of permit fee payable either generally or for any particular year.

Clause 3 fixes the permit fee for the year ending 31st of December 1972 at \$25,000.

### **BILLS OF EXCHANGE (AMENDMENT) BILL 1972**

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

He said: —Sir, the purpose of this bill is twofold. In the first place, it seeks to abolish the "days of grace" which can at present be added to the time of payment as fixed by a bill of exchange. Secondly, it provides that all bills which fall due for payment on general holidays will now be payable on the succeeding business day.

On the first point, section 14(a) of the Bills of Exchange Ordinance at present provides that where a bill is not payable on demand, three so-called "days of grace" are allowed after the time of payment fixed by the bill before the bill falls due, and the bill is payable on that last day of grace.

The method of calculating the due dates of bills of exchange has, in practice, differed from bank to bank and the Exchange Banks' Association has recommended that the procedure of allowing three days of grace be abolished as being something of an anachronism in contemporary banking practice. This abolition would not only eliminate confusion but would bring Hong Kong legislation into line with current international practice. Accordingly, section 2 of the bill seeks to do away with the concept of days of grace.

[THE FINANCIAL SECRETARY]     **Bills of Exchange (Amendment) Bill —  
second reading**

The second amendment seeks to do away with another anomaly. Under the present law, bills falling due on general holidays other than Sundays, Christmas Day or Good Friday, are payable in each case on the next business day following such general holidays. However, bills falling due on Sundays, Christmas Day or Good Friday are payable on the preceding business day. Section 2 of the bill seeks to introduce a uniform practice in this regard by making all bills falling due on general holidays payable on the succeeding business day.

The enactment of this bill will not affect bills of exchange drawn, and promissory notes issued, before the date of enactment.

I should perhaps add two points in conclusion. First, this bill will involve no change in the present banking practice with regard to the calculation of interest, as interest is already charged on the three days grace period; and secondly, as a result of these amendments, the Hong Kong law on bills of exchange will be brought into line with the relevant United Kingdom legislation.

*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).*

*Explanatory Memorandum*

This Bill will re-enact section 14(a) of the principal Ordinance with two important changes.

The first change is to abolish the three “days of grace” presently allowed to be added to the time of payment as fixed by a bill of exchange, in the case of all bills not payable on demand.

The second change relates to bills falling due on general holidays. Under the present law, bills falling due on general holidays other than Sundays, Christmas Day or Good Friday are made payable on the succeeding business day, and bills falling due on Sunday, Christmas Day or Good Friday are made payable on the preceding business day. Under the new section 14(a), all bills falling due on general holidays are payable on the succeeding business day.

The Bill follows section 3(2) of the (United Kingdom) Banking and Financial Dealings Act 1971 (1971 c. 80).

**Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 1st November.

*Adjourned accordingly at nine minutes past five o'clock.*