OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 25th April 1973

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 CUMYN 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, CBE, JP
COMMISSIONER OF LABOUR
THE HONOURABLE IAN MACDONALD LIGHTBODY, JP
SECRETARY FOR HOUSING
THE HONOURABLE LI FOOK-KOW, JP
DIRECTOR OF SOCIAL WELFARE
THE HONOURABLE ERIC PETER HO, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE WOO PAK-CHUEN, OBE, JP
THE HONOURABLE SZETO WAI, 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 ANN TSE-KAI, OBE, JP
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP
THE HONOURABLE PETER GORDON WILLIAMS, JP
THE HONOURABLE JAMES WU MAN-HON, JP
THE HONOURABLE KENNETH LO TAK-CHEUNG, JP

ABSENT

THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RODERICK JOHN FRAMPTON

Affirmation

MR LO made the Affirmation of Allegiance and assumed his seat as Member of the Council.

HIS EXCELLENCY THE PRESIDENT: —I welcome Mr LO to this Council.

Papers

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

Subject	*LN No*
Subsidiary Legislation: —	
Telecommunication Ordinance. Rediffusion (Hong Kong) Limited (Amendment of Licence) (No 2) Order 1973	89
Telecommunication Ordinance. Rediffusion (Hong Kong) Limited (Amendment of Licence) (No 3) Order 1973	90
Road Traffic Ordinance. Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulations 1973 (Commencement) Notice 1973	91
Chinese Young Men's Christian Association Ordinance— Resolution	92

Oral answers to questions

Executive Grade recruitment

1. MR WOO asked: —

> What steps are Government taking to fill the many vacancies in the Executive Grade? Can consideration be given to making short-term appointments on a month to month basis or on contract to help tide over immediate difficulties?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —The honourable Unofficial Member has, as usual, timed his question well. We have, at this moment of time, a larger shortfall than we have ever had before in Executive Officers; on the other hand, we expect to fill

that gap rather more quickly than we have ever been in a position to do before.

The total establishment of the Executive Class is 763. There are at present 153 vacancies, which include 36 training posts and leave reserve posts. It is expected that by the end of June, or a very little later, all these vacancies will have been filled.

In the circumstances the need for short-term or contract appointments, so helpfully suggested by my honourable Friend, does not arise—at least this year. In any case, I rather doubt whether these terms would improve the filling of vacancies, a process which is governed mainly by the availability of new graduates entering the service direct from University in the summer of each year.

We are now reviewing the recruitment procedures with the aim of simplifying the process and initiating two recruitment exercises every year, instead of one as at present. The possibility of offering contract terms will also be reviewed.

I have the details, which I can hand to Mr WOO later, of exactly when these vacancies will be filled.

Clearance of squatter areas

2. MR WONG asked: —

> Will Government accelerate the clearance programme of those squatter areas which would free more land for development?

MR LIGHTBODY: —Sir, this question urges the speeding up of our clearance programme for land required for all types of development. In recent years this programme has involved the clearance of around 20,000 persons a year for all purposes, and there has always been a close matching of clearance time-tables with the availability of public housing; this because of our longstanding custom of rehousing all occupants of tolerated structures in the clearance areas. Clearance timings of course relate to the eventual user's development plans as well as to the availability of public housing, and there is usually little scope for advancing such plans; equally it is unwise to clear land prematurely before a contractor is ready to move on to the site. However, the picture has changed with the decisions to proceed with the mass transit pailway scheme and to bring forward the new town development plans, and it looks as if there may be demands for the clearance of something like 60,000 people this year, or treble the usual number.

These clearance demands amount to a bringing forward of the clearance programme, because our new town development time-tables have advanced these schemes by 5 to 10 years, and similarly our public housing building programme, which generates significant demands for clearances, is expanding.

In short, clearance demands are building up so rapidly that we will have to weigh them against each other to determine priorities. I can assure my honourable Friend that in this situation we will keep the clearance programme under constant review to ensure as far as possible that planned developments are not held up.

MR WONG: —Sir, will my honourable Friend the Secretary for Housing tackle the clearances with a two or three pronged attack rather than one at a time?

MR LIGHTBODY: —Sir, there are occasions indeed when there are several clearances going on at once, and I would venture the opinion that this is likely to become more the custom in future than it is today.

Rent control in subdivided premises

3. DR CHUNG asked: —

> When rent-controlled premises are subdivided and let as smaller units, will Government take steps to prevent the principal tenant from charging more than the proportionate amount of the controlled rent?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, under the Landlord and Tenant Ordinance it is an offence for the principal tenant to charge more than the permitted rent. If a subtenant considers the rent he is paying is excessive, he may seek the advice of the Tenancy Inquiry Bureau of the Secretariat for Home Affairs, who will advise him of his rights and also mediate in any dispute with the principal tenant.

Under the Rent Increases (Domestic Premises) Control Ordinance both tenancies and sub-tenancies are protected. Principal tenants should apply to the Commissioner of Rating and Valuation for a certificate of increase in rent if their own rent has been increased and they wish to increase the rent of their sub-tenants by similar percentages.

But I think what the honourable Member has principally in mind is new lettings to sub-tenants of rent controlled post-war premises, which are not at present restricted. While it might seem desirable to do so and to limit a principal tenant charging only a fair proportion of the controlled rent for a new sub-letting, this would be extremely difficult to supervise and would require a large expansion of professional staff.

Generally, however, the Rent Increases (Domestic Premises) Control Ordinance has had a restraining effect and principal tenants, if their own rent is restricted, although perhaps charging in some cases more than the controlled rent, do not usually charge a full market rent to sitting sub-tenants.

At the official level proposals for rent control have been formulated, and will be laid before you in Council in the coming month. When the legislation comes before this Council, all aspects of this very complex matter, including that raised by the honourable Member, can be debated at length by honourable Members.

DR CHUNG: —Sir, may I ask my honourable Friend whether Government is aware that there are increasing numbers of sub-tenants being forced to leave their premises and to stay in newly constructed huts?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Yes, Sir, this tendency has been noticed, is a matter for regret and has been closely engaging the attention of all those, including my honourable Friend Mr LIGHTBODY, who are dealing with this very difficult question.

Lai Chi Kok Hospital staffing

4. MRS LI asked: —

> What progress has been made on staffing plans for the new hospital complex in Lai Chi Kok?

DR CHOA: —Sir, the first step of the staffing plan of the Princess Margaret Hospital has been taken with the appointment of a team consisting of a Medical Administrator, a Senior Nursing Officer and a Senior Hospital Secretary to prepare for the commissioning of the hospital. My honourable Friend Mrs LI will be pleased to know that suitable officers have been found to fill these posts.

The 1973-74 Estimates provide 56 posts of medical officers and 642 posts in nursing and other grades, including 204 at the present Lai Chi Kok Hospital, for the new hospital. Training is in progress at

major hospitals for the medical and nursing staff, and a number of officers in other grades. The commissioning team will review staff requirements from time to time.

Overseas driving licences

5. MRS LI asked: —

> In view of the large backlog of driving tests, will Government reverse the decision requiring the holders of overseas driving licences to take a Hong Kong road test?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —I imagine my honourable Friend Mrs LI would argue that, if the holder of an overseas driving licence or an international driving permit is allowed to drive in Hong Kong for up to a year without being required to take a driving test, it is illogical thereafter to make him pass a test before the issue of a Hong Kong licence.

I am afraid, however, that this view ignores the fact that this is a concession which arises from Hong Kong being a signatory (through the United Kingdom) of international conventions with the reciprocal facilities.

I personally think that it is at least arguable that a courtesy to a visitor should not necessarily mean that, when he or she becomes a resident after 12 months, he or she should be exempted from all local requirements; and it is far from easy for the Transport Department to decide whether the possession of any particular overseas driving licence indicates driving skill and experience of a standard comparable to that required of an applicant for a Hong Kong driving licence.

The present system is that all holders of overseas driving licences are now required to pass a Hong Kong driving test before being issued with a Hong Kong driving licence. The written test is waived. This follows a similar practice in the United Kingdom, where the United Kingdom driving licence is obtainable only after passing a driving test there. The waiting time for a road test in Hong Kong is about three months. But applicants with overseas licences need no meanwhile be denied the right to drive here. As I have indicated the holder of an overseas driving licence is permitted by law to drive in Hong Kong for up to 12 months provided his overseas licence is valid for that period. In other words, as long as the holder applies in good time for his Hong Kong road test, he can usually drive in Hong Kong without interruption from the time of arrival until he passes the test and receives a Hong Kong driving licence.

There are about 7,000 applicants a year who are holders of overseas driving licences. This does add to the backlog of driving tests, that I do admit, but it is not a serious burden and there are good reasons for not issuing a Hong Kong driving licence direct without a test. The Commissioner for Transport is anxious not to place his licensing staff in the difficult position of having to check the validity of different overseas driving licences. I might add here that the Transport Advisory Committee has advised against waiving the road test requirement.

However, Sir, in view of my honourable Friend's evident concern, I am asking the Commissioner for Transport to examine the whole question again and to seek confirmation of their previous advice from the Transport Advisory Committee.

Industrial parks for engineering and sophisticated industries

6. MR WU asked: —

> In view of Government's declared policy to encourage development of engineering and other sophisticated industries, is Government going to form industrial parks with lots for sale, or preferably for rent, with restricted user for such supporting industries as foundries, forges, ceramics, *etc*, that cannot use multi-storey premises?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, I can at least assure my honourable Friend that the Government is well aware of the arguments which have been adduced from time to time that certain "benefits" would accrue to the Hong Kong economy if certain types of engineering and perhaps some other industries of a more advanced technological character were to be established here. The Government also recognises that, if this development is to take place on other than a purely assembly basis, certain back-up facilities such as foundries and forges may also be needed and would then be established here.

The sale of land for industry is usually based on open auction bidding for general industrial use. I believe there can be no doubt that, in the majority of cases, this is the best means of ensuring that land, as a scarce resource, is put to its most productive use and that industrialists are induced to establish enterprises which are suited to Hong Kong's circumstances as well as being price competitive in world markets at a given level of profitability.

The application of this policy has led to the establishment of a relatively narrow range of light industries in Hong Kong. These have

hitherto proved themselves to be well suited to compete in our main export markets and, because of their nature, they have been able to locate in high rise buildings and thus utilise land very intensively. But two drawbacks are beginning to become apparent: these industries tend to be somewhat wasteful users of labour and they do not easily lend themselves to capital intensive development.

Sir, if our national income and standard of living is to rise steadily the productivity of labour must improve. This means more training, the import of more technological know-how and more capital investment in industry. Perhaps the ideal method is joint ventures between overseas firms bringing us the fruits of their technology and Hong Kong firms with their local knowledge and backing from the resources of our own financial system. The Government, in conjunction with the Trade Development Council, is now working to interest suitable foreign investors in the possibilities of development in Hong Kong and indeed has been doing this for sometime. As and when propositions are made which look promising but which cannot be accommodated in high rise buildings, the Government will be prepared to consider tenders on a restrictive user basis, that is restricted to the range—and I repeat the range—of industry it is desired to attract.

In saying this, Sir, I must, however, emphasize that we have not as yet worked out any really firm policy in detail and that we intend to feel our way cautiously. Above all we are not proposing to embark on a policy of new industries for their own sake. We simply wish to remove an important impediment to the establishment of some types of industry which could be reckoned to be beneficial to the development of the economy as a whole. The recent sale, by international tender, of a five acre site on Tsing Yi Island restricted to the automotive industry was entered into on the basis of this kind of thinking.

The fundamental fact remains that in Hong Kong land is scarce and that services and communications have to be provided. We shall, however, be examining in the coming months the possibilities and criteria for further restrictive user sales of industrial land designed to introduce more technological industry. In doing so we shall take account of my honourable Friend's suggestions which, given his long experience of and deep thinking on industrial development in Hong Kong, undoubtedly deserve our most careful consideration. But I must say this, Sir, quite frankly. However one may define what he describes as "our declared policy of encouraging development of engineering and other sophisticated industries", however one may define that phrase, the criteria which must and will always be borne in mind is whether or not the establishment of a particular industry *via*

the sale of a lot on a restricted user basis will lead to a more rapid development of the economy as a whole.

MR WU: —Sir, I wish to ask a supplementary question. Is my honourable Friend aware that when a foreign industrialist wants to establish a manufacturing set-up in Hong Kong the first thing he would ask is about supporting industry?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Yes, Sir, I am aware of that.

DR CHUNG: —Sir, arising from the answer given by my honourable Friend to my honourable colleague's question, may I ask whether Government has published, or is intending to publish, a range of desirable industries in Hong Kong?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Certainly not, Sir.

Government business

Motion

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

MR TSUI moved the following motion: —

> It is hereby resolved that the Factories and Industrial Undertakings (Confined Spaces) Regulations 1973, made by the Commissioner of Labour on the 18th April 1973, be approved.

He said: —Sir, the intention of these regulations is to ensure greater safety for employees required to work in confined spaces. This is in line with the declared intention, expressed in a statement made in this Council on 14th February 1968.

Working in confined spaces such as chambers, tanks, vats, pits, wells, tunnels, pipes, flues, boilers and pressure receivers is hazardous because workers are known to have been overcome by dangerous fumes when working there. Between 1st January 1968 and the end of February 1973 my staff have investigated 16 such accidents in which, out of 34 persons involved, 14 were killed. Such sad incidents might have been reduced, if not totally avoided, had precautionary measures, such as those which are now prescribed in these regulations, been taken.

By these regulations, proprietors are required to provide certain precautionary measures and appliances to ensure the safety of employees who as well as any other persons are required to observe certain

[MR TSUI] **Motion**

safety requirements. The regulations are based on section 30 of the United Kingdom Factories Act which was in turn based on bitter experience but we have modified to suit local conditions.

Regulation 2 defines "approved breathing apparatus" and regulation 3 empowers the Commissioner of Labour to approve any type of breathing apparatus and signify his approval by notification in the *Gazette*. The application of these regulations is set out in regulation 4.

Under regulation 5, a confined space, unless there is other adequate means of egress, must be provided with a manhole which must be of adequate size. Regulation 6 requires that anyone wanting to enter a confined space must first be authorized to do so by the proprietor of an industrial undertaking and must wear an approved breathing apparatus and, where practicable, a belt with a rope securely attached. Regulation 7 provides that these requirements can be waived if a confined space has been certified safe for entry by the proprietor, who must inform the person entering or remaining in the confined space when the safe period specified in such certificate will expire. Under regulation 8 the proprietor, before making such a certification, must take steps to test for, and to prevent, the ingress or emission of dangerous fumes.

In regulation 9 the proprietor is required to provide approved breathing apparatus, suitable reviving apparatus, vessels containing oxygen, belts and ropes to keep a sufficient supply of these items readily available. These apparatus, oxygen, belts and ropes must be maintained in a satisfactory condition and any person is prohibited from misusing or interfering with them without the consent of the proprietor. Regulation 10 requires that the proprietor must employ sufficient number of employees practised in the use of these apparatus and equipment and in a method of restoring respiration.

The Commissioner of Labour is empowered by regulation 11 to grant exemptions from compliance with any requirement of the foregoing provisions.

Regulation 12 stipulates that no person shall enter or remain in any confined space in which oxygen in the air is liable to have been reduced, unless the person is wearing an approved breathing apparatus or the space is adequately ventilated and has been certified by the proprietor as safe for entry without breathing apparatus. Regulation 13 provides that proprietors must not order, direct, authorize, permit or suffer any person to enter or remain in any boiler-furnace or boiler-flue until it has been cooled by ventilation.

Regulation 14 sets out the offences and provides for fines for up to $2,000 for proprietors and $500 for any persons other than proprietors.

The proposed regulations have been sent for consultative purposes to the Labour Advisory Board, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong, the Employers' Federation of Hong Kong, the Hong Kong General Chamber of Commerce and the Office of UMELCO. They were considered and approved by the Labour Advisory Board.

On the suggestion of the Labour Advisory Board, the Federation of Hong Kong Industries, the General Chamber of Commerce and the Employers' Federation, I have decided that the regulations shall not come into effect until six months after they have been made in order to allow time for proprietors to make alterations, where necessary, to ensure that their manholes are of adequate size. In determining the appropriate size of manhole for the purpose of the regulations, regard was had to the size of existing manholes in Hong Kong industrial undertakings.

DR CHUNG: —Your Excellency, my honourable Friend the Commissioner of Labour in moving the motion said that during the last five years there were a total of 16 accidents incurred by workers working in confined spaces. As a result 14 persons were killed. I believe that all these fatal accidents occurred in wells and were caused noxious by gases and fumes. I therefore welcome the introduction of certain controls to ensure the safety of workers who are required to work in these dangerous confined spaces. However, I would like my honourable Friend to explain more clearly the need for imposing similar controls for wearing breathing apparatus on working in safe confined spaces such as water tanks, vats and boilers. It is also not clear whether these regulations would also apply to open tanks and open vats.

Whilst it is recognized that regulation 7(1) is an escape clause for those working in safe confined spaces such as water tanks, vats and boilers without the need to wear breathing apparatus, I foresee certain practical difficulties in the implementation of this particular regulation which reads:

> "Where a proprietor has issued a certificate to the effect that a confined space will be, for a specified period, safe for entry without breathing apparatus and the period so specified has not expired, regulation 6 (that is, the wearing of breathing apparatus and a belt with a rope securely attached) shall not apply."

[DR CHUNG] **Motion**

May I ask my honourable Friend the Commissioner of Labour, firstly, to whom the safety certificate should be issued and, secondly, what form the certificate should take? Let me take an example of the outworkers for some public utilities such as telephones, Rediffusion and the two electric power companies. As cable workers are very often working in pits which are rather shallow, probably not more than 4 or 5 feet deep, there is practically no risk of persons being overcome by any noxious gases emitted from the ground. However, there is no mention in these regulations that a pit of less than a certain depth would be exempted. Does this mean that the leader or person in charge of each field-work team has to issue on behalf of his proprietor a safety certificate to his fellow workers every time they work in a pit along a road which is defined by the dictionary as a hole, a cavity and an opening in the ground? If the answer from my honourable Friend is affirmative, then I, with due respect, wish to say that this requirement for the proprietor of these public utilities to issue such safety certicates is an unnecessary burden on them. I say this, Sir, because there is no statistical evidence to show that persons working in such shallow pits as we have in Hong Kong can be overcome by noxious gases from the ground.

Sir, whilst I support these regulations in principle, some of them, in my humble opinion, do need further thought and refinement, and I hope my honourable Friend the Commissioner of Labour will find my short comments helpful.

MR TSUI: —Sir, I am grateful to my honourable Friend Dr CHUNG for his support of the resolution before Council and also for the points he made, to which I shall give attention in due course. However, to answer some of the points he has made, I should state that, Sir, that not all of the 16 accidents which I mentioned occurred in wells. Indeed, of the 14 fatal cases, only one was in a well, 3 in manholes, 7 in caissons and 3 on board ships. Experience has shown that dangerous fumes can be present in almost any confined space, irrespective of size, depth or dimension, either because such fumes have been accidentally introduced into it, or they have been generated from materials or gases, including those used in working inside a confined space. It is, therefore, considered necessary to ensure that the wearing of approved breathing apparatus is made compulsory in certain circumstances, as indicated at the end of regulation 4.

The important clauses of these regulations are clauses 9 and 6, which make it mandatory for the proprietor to provide the prescribed equipment and apparatus, and for no one to enter or remain in the

confined space without taking the necessary precautions. Regulation 7 would only be resorted to if the proprietor judges and certifies that such precautionary measures were not necessary because the condition in his opinion was safe.

Regulation 7(1) is silent about to whom the certificates should be issued and their form. I would consider this regulation to have been complied with if a proprietor has issued a certificate in any form to the effect that a confined space will be, for a specified period, safe for entry without breathing apparatus, and has made this known to workers who would normally enter the confined space in the course of their work. Should an accident occur, the onus would be upon the proprietor to show proof that he has not issued a certificate, or that the safe period specified in the certificate has expired.

In the example quoted by my honourable Friend, the proprietor or his agent would have to issue the certificate if he is satisfied that the conditions within the confined space are safe. Otherwise clause 6 would prevail.

Finally, I should draw attention to the fact that by virtue of regulation 4, regulations 5 to 11 do not apply to every pit, but only to a pit in which dangerous fumes are liable to be present to such an extent as to involve risk of persons being overcome thereby.

Question put and agreed to.

First reading of bills

REGISTRATION OF PERSONS (AMENDMENT) BILL 1973

INLAND REVENUE (AMENDMENT) (NO 2) BILL 1973

MARINE FISH (MARKETING) (AMENDMENT) BILL 1973

EMPLOYMENT (AMENDMENT) (NO 2) BILL 1973

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

Second reading of bills

REGISTRATION OF PERSONS (AMENDMENT) BILL 1973

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER) moved the second reading of: —"A bill to amend the Registration of Persons Ordinance."

Registration of Persons (Amendment) Bill—second reading

He said: —Sir, honourable Members will recall that, in answer to a question in this Council last year, the then Acting Colonial Secretary stated that Your Excellency after consultation with Executive Council had approved in principle a new scheme for registration of young persons under the age of 17. Briefly, the main purpose of this scheme was to provide for first registration at 11 years of age, instead of at 6 as at present; and for the issue at the age of registration of a juvenile identity card with a photograph so that the holder can be readily identified. In addition, the age of re-registration for an adult identity card would be raised from 17 to 18.

The basic legislative requirements necessary to implement the scheme are fulfilled by amendment to the regulations made under the principal Ordinance and Your Excellency with the advice of Executive Council has approved these amendments in principle. The amendments to the Ordinance now before this Council are essentially consequential. Their purpose is to require a person aged 11 or over (instead of 17 as at present) to use his or her registered name in all dealings with Government and to furnish his or her identity card number when required to do so by a public officer. The concept behind these provisions is that, with the raising of the first age of registration to 11, it is now meaningful for these requirements to be stipulated.

The operative date for this bill if enacted, and of the amending regulations, is left for appointment by Your Excellency by notice in the *Gazette*. The purpose of this is to ensure that all necessary administrative procedures are set up before the new scheme is introduced. It is hoped that the new scheme will be in operation not later than the 1st August this year, and full publicity will be given in due course so that members of the public will know how they might be affected by the new scheme.

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

Question put and agreed to.

Explanatory Memorandum

The purpose of the Bill is to lower the age at which a person must use his registered name in dealings with the Government from 17 to 11 and to widen the power to make regulations.

By clause 3 a person aged 11 or over will be required to use his registered name in all dealings with the Government and to furnish his identity card number when required by a public officer.

By clause 4, which amends section 7, regulations may be made relating to the disclosure of photographs, fingerprints and other particulars of registered persons and to the surrender of identity cards.

Clause 2 makes a consequential amendment to section 3. Clause 5 repeals section 9, which has had its effect.

INLAND REVENUE (AMENDMENT) (NO 2) BILL 1973

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

He said: —Sir, this bill implements the proposals I put forward in my 1973 budget speech, as amended in my speech winding up the budget debate, to reform the present system of Salaries Tax and Personal Assessment. The proposals have four objectives; *first*, to make the present incidence of Salaries Tax more equitable generally; *secondly*, to ease the tax burden (if I may use such a singularly inappropriate term in the Hong Kong context), to ease the tax burden on certain groups of taxpayers; *thirdly*, to simplify administration. I am sorry, Sir, there isn't a fourth objective, there are only three. (*Laughter*.) To this end, these proposals involve increases in certain basic allowances, that is to say, allowances common to all taxpayers; they involve the restructuring of the schedular rates and platforms of net chargeable income; and they involve the abolition of all four selective allowances. The net cost to the revenue of this reform package in 1973-74 will be $16.8 million. Together with the concessions worth $9.5 million applicable in 1972-73 when the schedule of progressive rates was stretched in such a way as to postpone the point at which the standard rate on gross income applies, this means that the tax burden of the salaries tax paying class has been reduced by a net $26.3 million a year in two successive budgets. As I explained the philosophy underlying the reform package in considerable detail in paragraphs 64—85 of my budget speech and in paragraphs 54—94 of my speech in reply to the budget debate, honourable Members need not fear yet another long speech today. (*Laughter.*)

I know several of the proposals have been subject to criticism and some honourable Members have sought to persuade me to reinsert two of the selective allowances. But this, I am afraid, is just not possible as I tried to explain in my speech in reply to the budget debate. The proposals are interlocked to form a unified package. The fact is that, because of the growing inadequacy of the basic allowances over the years and the reluctance, in the uncertain circumstances of those times, to forego too much revenue, fundamental reform has not been possible until now; thus the three selective allowances of low

income relief, working wife allowance and dependent parent allowance were introduced as palliatives to alleviate hardship, but at an administrative cost and—and this is far more important—with inequitable results. At the same time, I stand firm in my belief that the relief granted since the war for insurance premia and similar payments is quite inappropriate in a low tax system—particularly one that is being so imaginatively reformed.

I believe there has been disappointment that I have refrained from proposing that personal allowances should be retained at all levels of income charging only net chargeable income to tax, but this would result in such a considerable reduction of tax that I am afraid consideration of reform along these lines must await an increase in the standard rate of earnings and profits tax which, in effect, means that I hope reform along these lines is never possible. I must state my emphatic view that a low standard rate of tax is fundamental to our objective of maintaining a high growth rate of the economy. A decision to raise the standard rate of earnings and profits—and particularly profits—tax could not be taken lightly and only after all means of increasing yields from the existing standard rate and other forms of raising revenue had been fully explored. Our ability to maintain a low standard rate of tax will largely depend upon the efficiency with which our present tax laws are administered. I regard, therefore, the administrative resources that will be released by this tax reform package as important in this connection for there are areas of taxability within the existing tax law to be explored in more depth. Here I cannot refrain from deploring the unjustified outcry which occurred recently over the Commissioner of Inland Revenue's notice following upon the reference I made in the budget debate to the tax liability of habitual dealers in the market for shares. Without passing *any* judgement whatsoever on the right level of the market at any time, these references to the tax position of habitual dealers undoubtedly led, furthermore, to an irrational over-reaction by the market as reflected in the volume of activity and the *movement* of prices.

Sir, I forecast in the budget debate that we should be able to finance those various programmes we have in mind over the next few years to the 1980's without too much difficulty and without calling other than temporarily upon our accumulated fiscal reserves, provided always we keep a tight grip on the rate of growth of expenditure which must never get out of line with the likely rate of growth of revenue. But this forecast was certainly based on the assumption that a high growth rate of the economy (and hence of tax yields) would be maintained. I would not wish to suggest that the maintenance of a high

growth rate of the economy is *entirely* dependent upon our ability to maintain a low standard rate of tax (and a narrow tax base). There are, obviously, other important elements including the free movement of funds on capital and current account inwards and outwards; our ability to maintain, through the Exchange Fund, a stable exchange value for the Hong Kong dollar; our ability to manage our external commercial relations in such a way as to ensure that our GATT most-favoured nation rights of access are largely preserved; our ability to mount the effort involved when Government intervention on a massive scale is self-evidently necessary as it is in certain areas; and, finally, our ability to formulate policies which seek to correct the operation of the market mechanism where imperfections emerge which are not eliminated by the system itself, rather than succumb to the temptation to replace the market mechanism by direct Government management.

Motion made. That the debate on the second reading of the bill be adjourned—THE FINANCIAL SECRETARY (MR HADDON-CAVE).

Question put and agreed to.

Explanatory Memorandum

This Bill implements the proposals made by the Financial Secretary in his budget speech to abolish some allowances, to increase personal, wife's and child allowances, to introduce a new allowance for handicapped children and to change the rates at which salaries tax will be charged.

Clause 3 of the Bill amends section 42B of the principal Ordinance so as—

(*a*) to increase the personal and wife's allowances from seven thousand to ten thousand dollars;

(*b*) to increase the allowance for the first child from two thousand to three thousand dollars, for the second child from two thousand to two thousand five hundred dollars and for the third child from one thousand to one thousand five hundred dollars;

(*c*) to permit the child allowances to be claimed for a handicapped child (whatever his age) if he is being maintained by the tax-payer;

(*d*) to abolish insurance relief, the working wife's allowance, the dependent relative's allowance and lower income relief.

Clause 5 amends the Second Schedule by providing new rates of salaries tax. Tax on net chargeable income will be charged at

Inland Revenue (Amendment) (No 2) Bill—second reading

[*Explanatory Memorandum*]

5 per cent upon the first ten thousand dollars rising by steps of 5 per cent on each succeeding ten thousand dollars to a maximum rate of 30 per cent on any amount above fifty thousand dollars.

Clauses 2 and 4 make minor consequential amendments.

Clause 6 is a saving provision in relation to the abolished allowances for the years of assessment prior to that commencing on 1st April 1973.

MARINE FISH (MARKETING) (AMENDMENT) BILL 1973

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

He said: —Sir, the purpose of this little bill is twofold. In the first place, it seeks to do away with an anomaly in the Marine Fish (Marketing) Ordinance. Secondly, it provides for an increase in the membership of the Fish Marketing Advisory Board which is established under the principal Ordinance with the purpose of advising Your Excellency on the operation of the Fish Marketing Organization.

On the first purpose, honourable Members will note that, although the principal Ordinance provides certain powers to a Marketing Officer, there is no provision under the Ordinance whereby a Marketing Officer may be appointed. The past practice has been for the Marketing Officer to be appointed under the Agricultural Products (Marketing) Ordinance, but the validity of this is now open to doubt, which is a bit inconvenient. In view of this, it is now considered that the office of Marketing Officer should be abolished and that the powers assigned to him should be given to the manager of a market. Accordingly clause 2 inserts a definition of a "manager" which includes any person holding an office styled "senior market manager" of the Fish Marketing Organization.

The second amendment seeks to remove the present statutory limit on the membership of the Fish Marketing Advisory Board of not more than six persons in addition to the Chairman. With the steady expansion of the activities of the Organization, there is a need for enlarging the membership of the Board to include more people with an interest in and experience of fish marketing matters. Accordingly, clause 5(*a*) of the bill provides for the size of the Advisory Board to be determined at Your Excellency's discretion.

Motion made. That the debate on the second reading of the bill be adjourned—THE FINANCIAL SECRETARY (MR HADDON-CAVE).

Question put and agreed to.

Explanatory Memorandum

Clause 2 inserts a definition of "manager" in the principal Ordinance.

Clause 3 re-enacts the substance of subsections (1) and (2) of section 5 leaving out the references to the marketing officer and to any officer authorized by the Director. The office of marketing officer has been abolished.

By clause 4, the powers contained in that section are conferred on police officers, and on managers authorized by the Director.

By clause 5(*a*) the size of the Fish Marketing Advisory Board will be at the discretion of the Governor.

EMPLOYMENT (AMENDMENT) (NO 2) BILL 1973

MR TSUI moved the second reading of: —"A bill to amend the Employment Ordinance."

He said: —Sir, the Industrial Employment (Holiday with Pay Sickness Allowance) Ordinance (Chapter 333) has been in force since April 1962. It provides that six holidays a year must be given to all workers employed in industrial undertakings. These six holidays must be granted with full pay in the case of a wide range of workers who satisfy certain qualifying conditions. In addition, such workers are entitled to sickness allowances at half-pay up to twelve days each year. The range embraces non-manual industrial workers earning not more than $700 a month, and all manual industrial workers (including men, women and young persons) whether they are engaged by the day or for longer periods. To qualify for benefits a worker must have worked for an employer both for not less than 180 days out of the twelve months, and for 20 out of 28 days immediately preceding a statutory holiday or the day on which the worker falls sick. These qualifications are complicated and often not fully understood by workers or their employers.

As at March 1971, some 600,000 people out of our total working population of 1,582,849 were employed in establishments which could not be classified as industrial undertakings. Many of these are, of

course, paid by the month, and may thus benefit in practice by the operation of other laws, but a substantial proportion of these 600,000 cannot, as of right, claim benefits, either for a holiday with pay, or for any sickness allowance if he or she goes sick.

The bill before Council seeks to repeal the existing Ordinance and to incorporate the beneficial provisions in the Employment Ordinance (Chapter 57) so that all manual workers and all non-manual workers earning up to $1,500 a month—irrespective of whether he or she is employed in an industrial undertaking—will receive the same benefits. The six paid holidays shall be in addition to the entitlement of one rest day a week for women and young persons employed in industrial undertakings which was conferred since 1958 and 1955 respectively by the Factories and Industrial Undertakings Regulations, or the entitlement of four rest days in each month for other categories of workers as conferred in 1970 by section 11E(1) of the principal Ordinance.

The bill also enhances the sickness allowance benefits by increasing the entitlement up to 24 days in two years (instead of 12 days in one year), and by prescribing that sickness allowance be payable for the first three sickness days if the worker has fallen sick for four or more days (instead of as from the fourth day if the worker has fallen sick for less than 7 days). This new qualification is in line with the provisions of section 5(1)(*a*) of the Workmen's Compensation Ordinance (Chapter 282). The rates of pay for holidays and for sickness allowance will remain as they were, that is to say, holiday pay shall be the sum equivalent to the wages, other than overtime pay, which an employee would have earned if he had worked on a holiday. Sickness allowance will be at half that rate. In cases where daily wages vary from day to day holiday pay shall be a sum equivalent to the average daily wage earned on days worked during the period of twenty-eight days preceding the holiday.

The new law is so framed that it will no longer be mandatory for an employer to keep complicated records of particulars of individual workers. An employer may however maintain, in a simplified form, a record which contains only particulars of entitlement to sickness allowance and sickness days of any employees he employs. It will not be an offence if he opts not to keep such a record, but if he chooses not to do so, the employee shall, notwithstanding any sickness allowance paid to him, be entitled to one sickness day for each completed month of his employment. The six holidays with pay will, as before, be designated; but instead of designating the Winter Solstice, the first day of January has been designated in its place. Sub-clause (2) and (3) of

clause 21G provide alternative holdings or substituted holidays to be granted in lieu to suit different circumstances.

The bill, if approved, will be brought into force in two stages. It is proposed that Part IVA, the part which deals with sickness allowance, will come into force as from 1st July 1973, and Part IVB dealing with holidays with pay will come into force on 1st January 1974.

Motion made. That the debate on the second reading of the bill be adjourned—MR TSUI.

Question put and agreed to.

Explanatory Memorandum

The purpose of this Bill is to amend the Employment Ordinance so as to give, to all persons to whom that Ordinance applies, holidays with pay and sickness allowances. At present these benefits are afforded only to industrial workers under the Industrial Employment (Holidays with Pay and Sickness Allowance) Ordinance.

2. Clause 5 adds three new parts to the principal Ordinance. The first of these (Part IVA) deals with sickness allowances. Under the new section 21A, an employee will be qualified to receive a sickness allowance of half his wages if he has worked for his employer for not less than three months preceding his first day of sickness. An employee accumulates days for which he is entitled to be paid sickness allowance at the rate of 1 day for each completed month of his contract, up to a maximum total of 24 such days. An employee will not be paid any sickness allowance unless absent sick for at least four consecutive days. The number of days on which he is paid sickness allowance is deducted from his accumulated total of sickness days.

3. The new section 21B deals with recognized schemes of medical treatment. Section 21C provides for the amount of sickness allowance, while section 21D specifies the time for the payment of sickness allowances. Under section 21E an employer must maintain a record showing the sickness days of each of his employees. Section 21E(3) deals with the consequences of failing to maintain a sickness record. Section 21F empowers the Commissioner of Labour to call for the production of sickness day records.

4. A new Part IVB deals with holidays with pay. By section 21G, an employee shall be granted a holiday by his employer on certain days in the year. In some trades and industries it is not possible for all employees to take a holiday on

Employment (Amendment) (No 2) Bill—second reading

[*Explanatory Memorandum*]

the same day and in others it may not be convenient for them to do so. Therefore, section 21G(2) and (3) allow for the granting of alternative or substituted holidays. Section 21G(4) ensures that holidays under the Bill shall be in addition to the rest days to which women and young persons are entitled under the Factories and Industrial Undertakings Regulations.

5. By section 21H, an employee who has been employed under a continuous contract of three months before a statutory holiday, shall be paid for that holiday. Under section 21I, the rate of holiday pay shall be the wages which the employee would have earned if he had worked on the holiday.

6. The new Part IVC contains general provisions. Under section 21J, an employee who is paid his ordinary wages for a holiday or a sickness day is not entitled to holiday pay or sickness allowances. Section 21K provides that, for the purposes of bankruptcy and winding-up, holiday pay and sickness allowances shall be deemed to be wages.

7. Clause 3 ensures that rest days given under section 11E of the principal Ordinance shall be in addition to holidays to be granted under the Bill.

8. No deductions from wages shall be made to meet the cost of holiday pay or sickness allowances (clause 4).

9. By clause 6, which amends section 31 of the principal Ordinance, it is an offence for an employer to fail to grant a holiday or to pay holiday pay or sickness allowance.

10. Clause 8 provides for the eventual repeal of the Industrial Employment (Holidays with Pay and Sickness Allowance) Ordinance and clause 9 makes consequential amendments.

CROWN LEASES BILL 1973

Resumption of debate on second reading (28th March 1973)

Question proposed.

MR WOO: —Sir, this bill incorporates by implication in clause 9 the present formula used by Government for fixing of the re-assessed Crown rents upon expiry of renewable Crown leases. Furthermore it fixes a specific date upon which the value of the land is to be computed.

I am sure that Government is aware that the Chinese Manufacturers Association of Hong Kong and 575 Colony-wide associations have joined together to oppose what they regard as the unjust and unreasonable formula. At their request the Unofficial Members have listened to their further representations against proceeding on the present basis. Since then my colleagues and I have given earnest consideration as to whether that formula, even after the concessions announced by Government in this Council on 24th May last year, can be supported. Sir, the Unofficials have reached the conclusion that they cannot support the formula as it stands and in consequence we are unable to vote in favour of this bill as at present drafted. In saying this, I have taken due account of the views of those Unofficial Members who are not present here today. Our strength on the ground is rather weak, but the strength of our views is not diminished thereby. We feel bound to advocate on behalf of the community at large that Government should think again before going ahead on the present basis of renewal.

Some of my colleagues who will follow me in today's debate will have more to say against the present formula. I shall not myself go into great details because the Unofficial views on this matter were expressed at length in this Council on 10th May last year. I would, however, urge that the Official Members should read again all that was said in the course of the speeches made on that occasion and furthermore that Government should consider seriously once more whether or not the concessions then made were adequate to meet the case. The Unofficials consider that the concessions were not adequate to meet the situation which faces us today.

There has been an unprecedented increase in land values since the beginning of 1971. Our information is that values have risen to the order of 15% in the first half of 1971, a further 15% in the second half of that year, 25% in the first half of 1972 and a further massive increase since then. Clause 9 of the bill will not exclude these massive increases from the rentals of leases expiring in the future and it will do so only to a small extent for those due to expire now. I would ask, Sir, once again, that Government should give the most

Many thousands of people will be affected by the new Crown rents because of the subdivision of properties. Those who have bought their

homes without realizing the effect upon themselves of the forthcoming revision of Crown rents may find themselves totally unable to bear the increased cost of home ownership. Those who have not yet been able to buy their own homes may find it impossible to contemplate doing so. It is the owner-occupier who will be most heavily hit. But the ownership of a dwelling place by the ordinary man in the street is now contemplated as a possible future act of Government policy. The Housing Authority is about to consider extension of house ownership to units of Government low cost housing. Surely, therefore, special consideration must be given to those who, through their own savings and without the benefit of any subsidy from Government, wish to acquire their own homes.

In the speech which I made in this Council on 10th May last year, I challenged at length the application of the Privy Council ruling to expiring leases in general under present day Hong Kong circumstances. I said that many of the relevant factors had not been placed before the Privy Council and that their ruling was related to the circumstances of the particular case on which they gave their judgment. My arguments put forward at that time have since remained unanswered. I have been advised, although I am not sure of it myself, that the Privy Council can be used in an advisory capacity. That is to say, Her Majesty's Government may refer a matter for the advice of that Council. If this is so, I would strongly suggest that the arguments which I placed before this Council on the previous occasion, or indeed all the relevant argumentation for and against the present policy, should be referred to that body for further advice. If the Privy Council is not a suitable body, then I would suggest reference to other impartial sources. This is far too vital a matter to be allowed to stand upon the ruling given in an isolated case.

To conclude, Sir, the Unofficial Members are unable to support the bill in its present form. If the motion for the second reading is pressed to a division today, I regret to say that the Unofficial Members will have to vote against it.

MR WONG: —Sir, in speaking on this bill for the renewal of Crown leases, our Senior Unofficial Member, the honourable P. C. WOO, has referred to his earlier speech on 10th May 1972, in which he expounded that from the viewpoint of law there is no question of a charge of premium or fine, and therefore this issue revolves only around establishing a formula for the assessment for a reasonable and fair Crown rent. It is a matter of record that seven Unofficial Members spoke on 10th

May 1972 in favour of a different Crown rent formula which works out to a much smaller Crown rent than the Government formula.

Leaving industrial Crown rents to my colleagues who will soon be speaking, I am concentrating on the plight and hardship which the lessees of domestic premises will be facing upon the expiration of the leases. I am not going to repeat the specific examples which I gave during our debate on Crown rent last summer. I will merely say that many leaseholders, estimated to be about 70,000 in Kowloon, bought their property in recent years and in fact they paid a heavy premium on the leases unwittingly as the leases were already close to their expiry date. This is partly due to the fact that the clerks in solicitors' office have been telling them that Crown rents are nominal and partly due to the fact that they had no idea that Crown rents could be increased between three hundred and a few thousand times.

Of course, the sophisticated would say that ignorance of facts is forgiveable but ignorance of the law is unforgiveable. But herein, the line between facts and law is indeed thin. Alfred MARSHALL said "The more fully therefore the distinctively English features of land tenure are developed, the more nearly it is true that the line of division between the tenants and landlord's share coincide with the deepest and most important line of cleavage in economic theory. In technical language, it is the distinction between the quasi-rents which do not, and the profits which do, directly enter into the normal supply prices of produce for periods of moderate length."

In the calculation of Crown rents, the landlord, in this case the Government, considers it legitimate to charge quasi-rent which is derived from the unearned increment of the land. The "tenants", in this case the Crown leaseholders, are mostly flat owners who live in their premises and they find themselves in the awkward positions of having to pay double the premium for the land. Surely a fair and reasonable formula can be found. This formula cannot be based on the assessment of land at the high market of 1973 with some small discount. This would be tantamount to estimating the share market at the Hang Seng index of 1770. It is still far too high to have the assessment made on the 1972 market. I should think a fair and reasonable rent would be assessed on an average of the last ten years or the 1969 market, whichever is lower. (*Laughter*.)

Furthermore, a lower Crown rent would set Government up as a good example of a landlord and help in stabilizing the extraordinarily inflated price of land.

Sir, I therefore find myself unable to support this bill before Council.

Crown Leases Bill—resumption of debate on second reading (28.3.73)

MR WILLIAMS: —Sir, senior colleagues in this Chamber have concerned themselves with this problem of Crown leases for a considerable time and have a deep knowledge of the subject. My own studies are recent and doubtless incomplete, yet make clear to me that no issue has been so thoroughly aired from the earliest days of the Colony as this. It has long been a close interest of the Hong Kong General Chamber of Commerce, whose records contain much valuable material on it. The Privy Council has delivered a learned judgement and last year in this Chamber it was fully considered in a debate of high quality.

Yet this distillation of keen minds over many years has not produced a solution which is generally acceptable although a number of proposals, including this bill, have been put forward which can be supported with some reason.

I am not going to advance sustained arguments this afternoon. This has been well done by my Unofficial colleagues today and at other times. As a newcomer to the problem I would like to draw attention to areas which appear to me to be central to it.

The law and practice of leasehold tenancy is well understood in Hong Kong. Everyone knows that when the lease is up you renegotiate both in amount and time for an extension in the light of current market conditions. But, in what is probably the most commercially oriented community in the world, thousands and thousands of holders of renewable Crown leases genuinely believe that their lease is altogether different from a normal private or commercial lease. There is a strong sense of ownership of their land and the Crown rent is not regarded as a true rent, but more akin to a modest rate or tax. History has fashioned this concept; the wording of the terms of renewal of the Crown leaves gives force to it; the failure of Government to raise Crown rents progressively over the years has contributed to it, and no real preparation of public opinion has been made in recent years towards a different point of view. There is ample evidence that public opinion today considers Government's present proposals as unfair.

In my view, anchoring the calculation of revised Crown rents to current market value even at concessionary rates is a major cause of difficulty and inevitably provokes a reaction from leaseholders, particularly with today's market at such a height.

Land is scarce in Hong Kong and developers will pay high prices for land which can be improved so the developer can recoup his capital in a relatively short period. But a great many of the renewals we are now considering relate to land that has been developed or has limited

possibilities of improvement. I note that, in the debate last year, my honourable Friend the Financial Secretary sustained the high capital value by considering the return to the landlord for the developed properties. But there is no certainty that this return will extend over 75 years of the renewed lease. Rents and land prices can be volatile as we have seen over the past decade. Today high class flats, which let for $3,000 per month two years ago, are fetching three times this figure. And people will pay it for they need somewhere to live. They will agree to pay this for say three to five years, but no one in their senses would contract to pay this high rent for 75 years in what can be a narrow market. It is established that the long term rate of interest is substantially below current levels and I suggest that similarly the long term true rent is much below the high short term true rent today.

I am attracted by the suggestion previously made by my honourable Friend Mr SZETO that Crown rents might be reassessed as a proportion of the rateable value of the property. Government has consistantly reassessed rates over the years and this seems to me a far more realistic and rational base than an arguable market value modified by arbitrary percentage reductions.

This basis would, I believe, be more palatable to leaseholders and much reduce the charge of unfairness levelled against Government today.

Lastly, I would mention the social aspect of the problem. High cost of land and high rents are our biggest worry today. The proposals under this bill must be another inflationary element in this situation and could well create obstacles in any plans Government may have to alleviate the rent burden for which almost everybody in Hong Kong is suffering.

I regret, Sir, that I am unable to support this motion for I am convinced a more acceptable solution can be found, and I hope that more time can be allowed to achieve this.

MR WU: —Sir, indeed, it is perhaps correct to say that for a long time in the history of Hong Kong no issue has engaged so much concern and interest among the community and the UMELCO members as the present Crown rent reassessment on expiring renewable Crown leases. With the fervent yet restrained appeals of 602 associations (to date) of all trades and activities in the overwhelming Chinese community, and the time spent and wisdom uttered by honourable Members in this Council during the past two years, I would have thought that a compromise solution should and must be found if Hong Kong were to forge ahead in greater harmony and prosperity.

[MR WU] **Crown Leases Bill—resumption of debate on second reading (28.3.73)**

As you are aware, Sir, I had been involved with the other camp prior to my appointment to this Council last June. I may therefore say that what was said by my senior Unofficial colleagues in this Council last May and today correctly reflect the general sentiments of the community as represented by the associations. I would like, in particular, to recapitulate on the following points:

(*a*) For many years, people in Hong Kong including many lawyers, bankers, seasoned businessmen and even a court judge have been led to believe, by a proviso in the renewable Crown leases, that upon expiry renewal would be granted with a new crown rent similar to the prevailing one Crown rent but "without payment of any fine or premium" as was so clearly printed in the Crown leases. The belated “consolidated statement” by Government in 1969 requiring the payment of a lump sum or decapitalized premium in the form of greatly increased Crown rents was considered to be in direct contravention of this proviso and there appeared to be a credibility gap on the part of Government. It is also obvious that the learned judgement delivered in 1970 by the privy Council has not been accepted in total by the community.

(*b*) The New Kowloon area, where some 5,000 leases are due for renewal soon, is a low-income residential and industrial area and, contrary to the remarks made by the honourable Financial Secretary last May, the landlords involved are not big wealthy land developers who have more than likely sold the flats upon completion to the thousands of working men who by hard work and thrift had saved barely enough to pay the instalments for ownership in the earlier days to avoid exorbitant rents, scarcely suspecting that they would be required to pay for the full land prices again in the form of reassessed Crown rent that is hundreds and even thousands of times as before. It is all the more incredible to them that others in the immediate neighbourhood, through the kindness of Government, are enjoying highly subsidized public housing. Nor are the industrialists any happier. Many had bought their land, for example in Kwung Tong, during the last 5 to 15 years and have hardly finished paying for the land and development costs only to be reminded that by 1976 and thereafter they would have to pay for the land again in greatly increased Crown rents upon renewal.

(*c*) With the greatly inflated land prices in the last few years and in particular during the past years, the concessions made by

Government on 24th May 1972 and also last month are considered grossly inadequate. People are, if anything, even more concerned at the ever soaring land prices so that by 1976, 1978 and thereafter, when more leases expire, they would indeed not be able to bear the burden of a renewal at present declared conditions.

(*d*) The detrimental effects of unchecked high land prices and high rental on Hong Kong's industry and commerce are never more evident today when people in all walks of life, except a few greedy landlords and financiers, are seriously wondering if Hong Kong had not been allowed to price itself out of today's competitive world markets and into self-destruction. The joint appeals of the associations should therefore be viewed not as having risen from self-interest but of public concern on a matter that is of utmost importance to Hong Kong. Indeed UMELCO members would have failed in their duties and credibility if they did not honestly reflect the public sentiment.

Notwithstanding the foregoing, I observe that a body of opinion that the enhancement of land values and rental should be shared to a much greater extent by the public at large than a revision of Crown rent to the prevailing zone level, has recently gathered much more strength. If a less painful (to the leaseholders) and less inflationary formula could be worked out based on a multiple of prevailing zone Crown rent, or related to rates but avoiding any direct relationship to prevailing land prices, the chances of a general acceptance would indeed be much greater.

Sir, I hope that, in view of my foregoing remarks, you will understand why I am unable to support the bill in its present form.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, I move that the debate on this motion he now adjourned.

I am grateful for the advice of my honourable Friends. Clearly they are greatly concerned, and have certainly given me, and I think all of us, cause to ponder. This requires some time and thus my motion that the debate be adjourned.

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

Question put and agreed to.

CROWN RENT AND PREMIUM (APPORTIONMENT) (AMENDMENT) BILL 1973

Resumption of debate on second reading (28th March 1973)

Question proposed.

Question put and agreed to.

Bill read the second time.

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

PUBLIC TRANSPORT SERVICES (HONG KONG ISLAND) (AMENDMENT) BILL 1973

Resumption of debate on second reading (11th April 1973)

Question proposed.

MR SZETO: —Sir, as this bill and the one following are intended for the same purpose, my comments therefore apply to both of them.

For the first time in the history of Hong Kong a link has been effected to the public transport facilities on both sides of the harbour with the opening of the Cross-Harbour Tunnel. Also, for the first time buses on the Island and Kowloon are permitted to penetrate into each other's franchised territories. Hong Kong can now boast of a road link for its twin cities and undeniably this road link has quickened the pulses of the Colony's economic and social activities.

Sir, judging by the daily volume of passenger traffic now being carried by the buses through the Cross-Harbour Tunnel, their services have not only proved to be popular but necessary in coping with the tempo of life of a motoring age considering the time-saving benefit which a journey under the harbour now offers. It will be recalled, Sir, that even after the Cross-Harbour Tunnel franchise was approved by Government, opponents of the scheme either considered it as an economic white elephant or that it would lead to traffic congestion on both sides of our harbour. Traffic statistics now show that in February 1973 over ¾ million private cars travelled through the tunnel as compared with 361,000 ferried across the harbour before the tunnel was opened. In the same month over 55,000 buses carrying a large number of passengers were driven through the tunnel. The bottleneck of cross-harbour traffic which hitherto existed at the vehicular ferry terminals has been removed and the impact on our economy cannot be denied. It is hoped that this new venture of cross-harbour public

transport will be properly maintained and improved through the close supervision of the Commissioner for Transport to ensure adequate facilities and to prohibit over-crowding. It is also important that bus companies must not be allowed to augment this comparatively lucrative service at the expense of other routes.

The idea of a cross-harbour tunnel was first mooted in 1955 but its economic feasibility and usefulness are only proved 18 years after. In this respect, Sir, it will be of interest to quote some of the predictions and conclusions of the Government inter-departmental working party appointed in 1956 to consider the 1955 Cross-Harbour Tunnel proposal:

> "That the vehicle registration in Hong Kong would reach 30,000 at the maximum by 1965;
>
> that a second vehicle ferry service should be adequate to take all the cross-harbour traffic that economic transit charges would attract in the foreseeable future;
>
> that a tunnel would be unlikely to pay for itself in the foreseeable future;
>
> that a tunnel is not of adequate economic or commercial importance to justify the guarantee of a subsidy; and
>
> that the effects of a tunnel on the problem of traffic and on town planning, while on the whole disadvantageous, present no particularly serious difficulties."

These were the conclusions of the working party.

Looking at the present picture in the light of these predictions and conclusions, Sir, I doubt the wisdom of taking all our interdepartmental working parties seriously. (*Laughter.*)

Sir, I support the motion.

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, I can assure my honourable Friend that it has been the Government's policy for 132 years not to take all recommendations of official working parties too seriously. (*Laughter.*) Indeed we have been known on occasions—rare occasions—but it does happen. We have been known even to doubt the wisdom of some recommendations of our hardworking network of advisory boards and committees, including the Transport Advisory Committee. (*Laughter*.)

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).

PUBLIC TRANSPORT SERVICES (KOWLOON AND NEW TERRITORIES) (AMENDMENT) BILL 1973

Resumption of debate on second reading (11th April 1973)

Question proposed.

Question put and agreed to.

Bill read the second time.

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

CROWN LANDS RESUMPTION (AMENDMENT) BILL 1973

Resumption of debate on second reading (11th April 1973)

Question proposed.

MR SZETO: —Sir, the purpose of this bill, as explained by my honourable Friend the Director of Public Works, is to ensure that land owners are awarded appropriate compensation when their land is resumed by Government to implement an Outline Zoning Plan. I welcome it; indeed I consider its introduction overdue in the light of the several Outline Zoning Plans having been approved by Government in recent years which called for resumption of considerable area of privately-owned land. Among these are the Outline Zoning Plans for the Urban Renewal District for Western District and those for the improvement of the old parts of Yau Ma Tei and Wan Chai. While the chief aim of these Outline Zoning Plans is the improvement of the areas by increasing their present deficient provision in open space and sites for Government and community facilities, it has inevitably, as the law stands, given rise to anxiety and hardship of property owners whose land is affected. This is evident in the large number of objectors to the plans which the Town Planning Board had to spend considerable time to deal with.

The Urban Renewal District Plan for Western has many objectors, some of them large land owners whose development plans have been frustrated. But the Yau Ma Tei Outline Zoning Plan presented a different picture, as its many hundreds of objectors were mostly owners of small post-war flats who were much agitated by the imminent loss of their homes and properties. Many of them had spent their life-long savings in purchasing the flats only to be told now that their land had been zoned as future open space or for Government or community use. Understandably, Sir, their anxiety and fears were well justified.

It appears open space and improved environment are welcomed by every citizen provided that one's own interest is not affected. No one likes to see his land changed out of his control from residential or commercial use to that for public open space, since the latter has no commercial value. A grievance exists as the law stands when the Compensation Board can have regard only to the future permitted use of the land. In view of the large number of resumptions that are to be effected in the immediate future, it is important, Sir, to remove this sense of grievance, and the bill therefore has my support.

MR ROBSON: —Sir, I thank my honourable Friend Mr SZETO Wai for supporting this bill, and am pleased he has drawn attention to the predicament of some property owners in the Yau Ma Tei area who have invested in flats in buildings which will eventually have to be demolished so that the land can be made available for public use. The zoning plan was prepared on the basis of using, in the long term, land with non-renewable leases to provide the necessary open spaces and Government, institutional and community buildings. However, after realizing that many of the objectors to the plan had made substantial investments in flats for their personal use without proper or adequate legal advice concerning their leases or security of tenure, Government decided to renew the leases of the properties concerned so that, in general terms, full compensation will be paid when these buildings come to be acquired. I should hasten to say, again in general terms, that this will not be for some time yet and when it does occur the occupants of the buildings will also qualify for Government housing.

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).

EMPLOYMENT (AMENDMENT) BILL 1973

Resumption of debate on second reading (11th April 1973)

Question proposed.

DR CHUNG: —Your Excellency, I welcome the introduction of this amending bill which is to enable Your Excellency in Council to make enforceable and comprehensive regulations for the control of employment agencies.

[DR CHUNG] **Employment (Amendment) Bill—resumption of debate on second reading (11.4.73)**

For many decades, Hong Kong has been and, to a lesser extent, is still a popular place for the recruitment of Chinese manual workers to work overseas. There has been a great deal of exploitation by certain employment agencies and the exploitation was so bad that such recruitment has been nicknamed "賣猪仔" which literally is "selling suckling pigs" , but can be more meaningfully translated as “contracted slave labour”. It is hoped that, with the enactment of this bill and the subsequent making of regulations, such exploitation of Hong Kong labour overseas will be stopped or, at least, minimized.

Sir, another major reason for controlling employment agencies is, as stipulated in paragraph (*b*) under subsection (1) of section 28C, to prevent the use of employment agencies for unlawful and immoral purposes. In this respect, I am doubtful whether the proposed legislation is effective enough. Honourable Members are no doubt aware that this bill does not apply to any person employed otherwise than by way of manual labour whose wages exceed fifteen hundred dollars per month. At present, there are quite a few employment agencies regularly advertising in the Chinese press to recruit young girls as entertaining companions or for so called public relations work with salaries higher than $1,500 per month. I believe that these rather undesirable employment agencies are outside the scope of this bill and that the Commissioner of Labour could do nothing about it. This is a matter to which, I think, Government should give further consideration.

Finally, Sir, I understand that in Hong Kong some companies which have associates in other developing countries occasionally recruit skilled labour on behalf of their associated companies. I presume that, technically speaking, they are acting as employment agencies and therefore have to be registered with the Labour Department. I wonder whether Government would consider a simpler procedure for these companies such as, for example, the granting of exemptions. If this proposal is acceptable to Government, subsection (2) of section 28D will probably need amendment.

With these remarks, Sir, I support the bill before Council.

MR TSUI: —I thank my honourable Friend Dr CHUNG for his support of the bill before Council. My honourable Friend referred to the practice of "selling suckling pigs". This was a form of exploitation in the last century but is now happily a thing of the past. There is in the statute book the Contracts for Overseas Employment Ordinance (Chapter 78) which, with a few exceptions, requires manual workers proceeding overseas for employment to be covered by a contract which

must be presented to me for attestation prior to the departure of the worker from Hong Kong. Unless I am satisfied that the contract properly defines the rights and obligations of the parties thereto, and the terms are not unfair to the worker and do adequately protect the worker's interest, I may refuse to attest the contract, and any contract which I have so refused to attest shall have no further validity.

This brings me to the third and last point raised by Dr CHUNG to which my staff and myself have given considerable thought. As I have just mentioned, most if not all of the skilled labour recruited by companies in Hong Kong for their associates overseas will come under the Contracts for Overseas Employment Ordinance. Dr CHUNG is correct in his presumption that such Hong Kong companies are in fact operating as employment agencies and will in practice often act as local guarantor and authorized agent for the overseas employer as well. Cases are on record in my Department where an overseas employer failed to carry out the terms of the contract to the detriment of the workers, and the only effective action we can take in Hong Kong is against the local agent. Because exemptions are granted on individual application only to non-profit-making agencies which obtain employment *within* Hong Kong, it would be invidious and unwise to exempt certain local firms recruiting on behalf of overseas associated companies. This could defeat the objective of controlling such agencies. Neither would it be possible to know, until some incident had happened overseas, which local companies in fact really warrant such an exemption. In the circumstances I would advise that the new section 28D(2) be not amended.

Lastly, I refer to my honourable Friend's second point. Without a major amendment to section 3(2) of the Employment Ordinance, it would not be possible to extend the scope of the amendment bill now before this Council to include all employment agencies covering all types of employees irrespective of level of earnings. Nevertheless, I am grateful to Dr CHUNG for raising this point which will be borne in mind, and I shall consider it in consultation with my colleagues in the other departments.

Question put and agreed to.

Bill read the second time.

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

Committee stage of bills

Council went into Committee.

CROWN RENT AND PREMIUM (APPORTIONMENT) (AMENDMENT) BILL 1973

Clauses 1 to 6 were agreed to.

PUBLIC TRANSPORT SERVICES (HONG KONG ISLAND) (AMENDMENT) BILL 1973

Clauses 1 to 4 were agreed to.

PUBLIC TRANSPORT SERVICES (KOWLOON AND NEW TERRITORIES) (AMENDMENT) BILL 1973

Clauses 1 to 5 were agreed to.

CROWN LANDS RESUMPTION (AMENDMENT) BILL 1973

Clauses 1 and 2 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL (MR ROBERTS) reported that the

Crown Rent and Premium (Apportionment) (Amendment) Bill 1973

Public Transport Services (Hong Kong Island) (Amendment) Bill 1973

Public Transport Services (Kowloon and New Territories) (Amendment) Bill 1973

Crown Lands Resumption (Amendment) Bill 1973

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

Question put on each bill and agreed to.

Bills read the third time and passed.

Valedictory to Mr BROWNE

HIS EXCELLENCY THE PRESIDENT: —Today's sitting is the last at which we shall see Mr BROWNE, who will be leaving Hong Kong at the end of the month.

He has been a Member of this Council since July 1968 and has given a great deal of valuable service on a wide range of public committees. Apart from his work on this Council, perhaps the two bodies on which his work will be most remembered are the Tourist Association and the English Schools Foundation; both of which he has chaired with equal distinction.

His sound judgement and clarity of thought, and capacity for hard-work, will be a great loss to this Council and to the many bodies in Hong Kong on which he served.

I am sure all Members will join me in expressing gratitude for his devoted public service and in wishing him and his wife a very happy and successful future, a future which we all very much hope will include not too infrequent visits to Hong Kong.

MR WOO: —Sir, may I on behalf of my Unofficial colleagues associate myself with your tribute to Mr BROWNE. I have known Mr BROWNE personally for many years before he was appointed an Unofficial Member of this Council. We both served on the Board of Directors of the Taikoo Dockyard, and I serve him now as Chairman of that company.

It is indeed a great loss to this Council, and in particular to the Finance Committee, when Mr BROWNE leaves us. His sound judgement, as you mentioned, and his vast experience in business administration have contributed immensely to the Establishment Sub-Committee of the Finance Committee, of which I was a Chairman, and he took over from me as the Chairman of that Sub-Committee.

However, I am glad to say that I know that Mr BROWNE is leaving us to take up an important and high position in England and, Sir, on behalf of my Unofficial colleagues, we wish him and Mrs BROWNE the best of health and every success in the future.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, I would like to associate myself with everything you have said, and everything the Senior Unofficial Member has said, about Mr BROWNE. My more personal tribute will be paid after Finance Committee to Mr BROWNE again.

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 9th May.

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

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