

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 9th May 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 (*Acting*)  
MR GARTH CECIL THORNTON  
THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)  
MR DEREK JOHN CLAREMONT JONES, 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 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 IAN FRANCIS CLUNY MACPHERSON, JP  
DISTRICT COMMISSIONER, NEW TERRITORIES  
THE HONOURABLE WOO PAK-CHUEN, OBE, JP  
MR 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  
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 ROGERIG HYNDMAN LOBO, OBE, JP  
THE HONOURABLE JAMES WU MAN-HON, JP  
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP  
THE HONOURABLE KENNETH LO TAK-CHEUNG, JP  
THE HONOURABLE HUGH MOSS GERALD FORSGATE, JP

**ABSENT**

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DONALD COLLIN CUMYN LUDDINGTON, JP  
THE HONOURABLE PETER GORDON WILLIAMS, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR RODERICK JOHN FRAMPTON

### Oaths

MR MACPHERSON and MR CHEONG-LEEN took the Oath of Allegiance and assumed their seats as Members of the Council.

HIS EXCELLENCY THE PRESIDENT: —I should like to welcome Mr CHEONG-LEEN and Mr MACPHERSON to this Council.

### Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —	
Public Health (Animals and Birds) Ordinance.	
Public Health (Animals and Birds) (Animal Traders)	
Regulations 1973 .....	93
Boilers and Pressure Receivers Ordinance.	
Boilers and Pressure Receivers (Exemption) Order	
1973 .....	96
Sessional Papers 1972-73: —	
No 56—Annual Report by the Secretary for Home Affairs for the year 1971-72 (published on 9.5.73).	
No 57—Annual Report by the Community Relief Trust Fund Trustee for the year ending 31st March 1972 (published on 9.5.73).	

### Oral answers to questions

#### Hotel accommodation for Government officers

1. MR WANG asked: —

What are the circumstances which justify Government officers being housed in hotels, and what is the standard rate laid down for each particular grade of officer? Is it possible that the hotel bill for an officer may at times exceed his salary?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, officers on overseas terms of service and senior local officers are

eligible for Government quarters. It is Government's aim to have sufficient quarters to house all such officers who are resident in Hong Kong. There are not, unfortunately, yet sufficient quarters to meet this aim and so some officers on overseas terms of service have to be accommodated in hotels until they can be allocated a quarter.

In addition to the shortage of quarters necessitating use of hotels, officers are allowed to stay in hotels for very limited periods immediately before completion of a tour of service.

For quartering purposes officers are divided into grades according to their salary and Government limits their maximum hotel rates according to those grades. Government has negotiated rates with a number of the leading hotels by which officers can be accommodated within their maxima. These limits and rates are not normally published but I can arrange for them to be circulated to honourable Members for their own information on a confidential basis.

Depending upon the size—perhaps I should explain, the very large size—of an officer's family, his hotel bill could exceed his salary. However, quarters are allocated under a points system and this is so designed that an officer with a large family gets priority and doesn't have to stay in a hotel for very long.

MR WANG: —Sir, in view of the very large amount of money involved in accommodating officers in hotels, and as it is understandable that none of the officers enjoy staying in a hotel too long, can Government give any indication as to when it will be able to provide sufficient quarters for the officers?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —As I said, we are not yet in a position to reach our aim of being able to accommodate everybody and, as I think the honourable Member is aware, there is a paper before the Finance Committee this afternoon which sets out in great detail when we hope to achieve it. I think the most pessimistic date is 1976. I hope the honourable Member will believe that I regard the necessity to house officers in hotels as just as unfortunate as he does, and I am anxious to get away from this position as soon as possible. The paper on this subject will be before Finance Committee, as I have said, this afternoon.

### **Queensway re-alignment**

2. MR WOO asked: —

When will the road improvement scheme for eliminating the dangerous bends in Queensway be implemented?

### Oral answers

MR ROBSON: —Sir, as intimated to this Council in November 1970, I had hoped that work on this project would commence in 1972 following completion of the waterfront road. However, I also stated that the realignment of the road absorbs part of the Old Naval Dockyard, requiring the demolition of a number of buildings and the provision of alternative accommodation for the Government departments occupying them.

In the event there has been some unavoidable delay in finding this alternative accommodation. This has now been achieved and I am pleased to report therefore that the contract for the demolition of the buildings affected will commence in June and be completed in September of this year.

Road works will commence shortly thereafter and it is estimated that they will be completed by mid-1975. It should, however, be possible to bring the new eastern carriageway into operation towards the end of 1974, thereby eliminating the dangerous bends in one direction by that date.

MR WOO: —Sir, would it be possible to eliminate the dangerous bend earlier than the end of 1974, as my honourable Friend is aware that there has been at least one fatal accident at that black-spot?

MR ROBSON: —Sir, I will see if it is possible but I don't hold out much hope because we are conscious of the need to complete this work as quickly as possible and the date I have been given is 1974.

### Generalized System of Preference

3. DR CHUNG asked: —

Will Government provide the following information concerning Hong Kong domestic exports covered by the Generalized System of Preference (GSP) during the first full calendar year of operation (that is, from January to December 1972 inclusive):

- (a) total number of GSP certificates issued by the Government;
- (b) total value of domestic exports under GSP and its percentage of Hong Kong's total domestic exports;
- (c) the first five major export items in terms of value;
- (d) the top five importing markets?

MR HO: —Sir, the total number of certificates issued by the Commerce and Industry Department under the various GSP schemes in operation in 1972 was 83,881, and the value of goods thus certified was approximately \$658 million; of this, goods valued at about \$400 million are known to have received preferential treatment on entry—that is, a little under 3% of our total domestic exports which amounted to \$15,245 million in that year. The first five major items were toys other than dolls (valued at \$91 million), leather work gloves (valued at \$63 million), dolls (valued at \$48 million), travel goods (valued at \$46 million) and plastic products (valued at \$32 million). The top five importing markets and the values of goods exported to them under claims to GSP in 1972 were as follows: the EEC (\$451 million), the United Kingdom (\$104 million), Sweden (\$43 million), Switzerland (\$40 million) and Japan (\$12 million). I should add that the figures for the EEC given here, being for the year prior to 1st January 1973, are for the original six member states of the Community, and that by virtue of the tariff quotas in operation, goods worth some \$250 million (or approximately 55% of the value of items exported under cover of GSP certificates to the Six) did not receive preferential treatment on entry as the tariff quotas had been exhausted.

### Cost of living

4. MR ANN asked: —

What is the percentage rise in the cost of living since 1st January 1973?

What steps is Government taking to slow down the rate of increase?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, I am grateful to my honourable Friend Mr ANN for asking this question. It is, I know, a matter which is on many people's minds. He has asked a deceptively simple question and I am afraid will get a rather long reply. This is because of the importance of the subject and the complexity of the factors involved.

The short and simple answer to the first part of the question is that, as measured by the General Consumer Price Index, the cost of living increased by 11 points or by about 7½% in the first three months of this year. Just to state this figure, however, would give a very misleading impression. As it stands it conveys understones of a highly inflationary situation. The reality, as I will hope to show, is considerably less frightening.

In the first place the Consumer Price Index is heavily influenced by the price of food. Food is given a weight of almost 50% in the

[THE FINANCIAL SECRETARY (ACTING)]     **Oral answers**

index, reflecting the pattern of household expenditure in 1963 and 64 when it was first compiled. In Hong Kong the price of food is very much subject to seasonal influences due, mainly, to fluctuations in the supply of fresh foods which form a high proportion of the diet. As a result there are some months when food prices rise and others when they fall.

The price of food is also affected by seasonal variations in *demand*. This is usually at a peak in January and February during Chinese New Year—and food prices have in recent years been rather higher in these months than in the preceding December. In some years also these price rises have continued into March. This happened to a modest extent in 1969 and to a greater degree in 1970 and it happened again this year.

It is because of these seasonal variations in food prices and the fact that food is given such a high weight in the Consumer Price Index that the whole index is also subject to much the same sort of seasonal fluctuations. This is important, because it means that it can be very misleading to read too much into the rise or fall of the index in a particular month or even a particular quarter. In attempting to measure cost of living increases it is the basic underlying trend in consumer prices that matters; and the best way to determine this is to iron out seasonal fluctuations by comparing the average figure for the index over different twelve months periods. This shows that for the year ending 31st March 1973 the cost of living, as measured by the index, was some 7.9% higher than in the year ending 31st March 1972; and that in the first three months of 1973 the index on this twelve months average basis rose by about 2.8%.

In other words, once we make allowances for seasonal influences, the increase in our cost of living during the first quarter of this year, as measured by the Consumer Price Index, was not much more than a third of the unadjusted and misleading increase in the index over this three month period on its own.

A further point I would make in this connection is that the figure for rents, which is given a weight of around 15% in the index, is only adjusted once a year. The increase this year was some seven points and the whole of this was reflected in the figure for March, thus artificially inflating the index for that month.

Sir, in explaining all this I am not attempting to paint a rosy picture. There is no doubt that the cost of living rose more rapidly in the twelve months ending March 1973 than in the previous twelve months, when it increased by just over 3%. On the other hand, it

was more or less on a par with the 1970-71 increase, which was 7.3 %, and my honourable Friend will note that, up to 31st March this year, I said it was 7.9%; so there is very little difference. The main reason for these sharp changes from year to year lies once again in the price of food. But the fact is that three quarters of the food we consume Hong Kong is imported and we are subject to the prices charged by our suppliers. This must be the case because we maintain a free market and import from the cheapest source. Furthermore, the supply of fish, which is our main domestic food product, has been stagnating and, with rising demand, its price has also been increasing. I might add here that there is no real evidence to suggest that either wholesale or retail margins on the sale of food in Hong Kong have increased.

In other words, Sir, we in Hong Kong are uniquely dependent on imports of food for our needs, more so even than the United Kingdom which has also experienced a rapid rise in food prices recently. The price of food on the world market has been increasing and Hong Kong cannot insulate itself from this trend. Where we are unique is that almost a half of our food imports come from a single country, namely China. There is no doubt that the prices of foodstuffs imported from China have also been increasing recently in line with the world trend. But there is no sign that they have risen inordinately. In fact, they have increased less than prices from other sources and for the most part they are still significantly lower than are prices of similar foodstuffs from other countries.

In general I would say that the urban population of Hong Kong still has access to a greater variety of food at cheaper prices than the population of almost any other large city in Asia—and at prices which are on average significantly cheaper than those ruling in the developed countries of Europe and America.

I know, Sir, that at this stage I may be accused of missing the point. Some may argue that I am neglecting the inflation which they allege is being internally generated in Hong Kong itself and which they claim is a major factor pushing up prices and the cost of living. This I would not in general accept. I do not deny that there is inflation in Hong Kong but would submit that it is caused largely by external influences operating on our economy. If there were no inflation in the countries from which we obtain our imports and those in which we sell our exports, there would be no inflation in Hong Kong. The greater part of the rise in prices here is due to a combination of the higher prices we are paying for our imports—of which, as I explained, food is the prime example—and of the higher prices which our exporters are able to obtain in overseas markets due to the inflation in those countries. This is inevitable because of the tremendous volume of our external transactions, with visible trade alone at around \$40,000 million amounting to almost twice our total national income.

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In Hong Kong we have the great advantage that wages and salaries are still determined broadly by the supply and demand for labour and that, in contrast to most industrialized countries, increases in incomes follow inflation and are not an independent cause of it. The famous wage/price spiral does not as yet exist in Hong Kong, only a price/wage spiral which is a very different matter.

There are, however, two respects in which I can concede that in recent times some degree of inflationary pressure has been generated from within Hong Kong. These are, first, the bottleneck in the construction industry and secondly, the very large increase in the supply of credit over the past year or so over and above that generated by inflows of funds from abroad. Both these factors are, however, being ironed out by natural economic processes and the inflationary forces they have exerted are beginning to die away. The trouble with the construction industry was that it was hit very badly by the banking crisis of 1965 and the events of 1967. Its labour force was halved and the volume of new building fell steeply. The result was that the boom that followed saw the industry unable to cope, costs rose sharply and the volume of activity took some time to recover. The industry is, however, now employing more labour and is beginning to use labour more productively with more capital intensive operations. As a consequence the supply of new buildings is on a rising curve and is beginning to catch up with demand.

On the question of credit it is true that in the course of last year and the first few months of this year there was a very considerable increase in bank lending. Anyone can see this who cares to read the published figures. It largely went to fuel speculation on the stock market and in real estate. But all the signs are that bank loans and deposits, and with them the money supply, are beginning to level off. This has been one of the factors influencing the recent fall in stock exchange prices and there are now signs that the rise in property prices is beginning to level out.

So, the two inflationary elements that *have* been present in the internal Hong Kong economy are now operating much less strongly and the underlying reality is beginning once more to reassert itself. This reality is a continuing growth in our national income—the growth in our Gross Domestic Product being as much as 17% last year—and underpinning it a continuing expansion in our external trade. In the first quarter of this year our domestic exports were 13.9% higher than in the first quarter of last year, our imports were 19.5% higher over the same period and there was a phenomenal growth of 34.6% in our re-export trade. At the same time our invisible earnings from tourism, shipping, finance and commerce are continuing to increase. All over



Hong Kong company after company is reporting record profits. This is not a picture of a stagnating economy pricing itself out of world markets but of a dynamic expanding economy sustained by high investment and a growing demand for its products and services. And it is the fact of this growth which led to an 8% rise in real average wages last year which thus spread the benefits more widely among the population. The fact is that what ills we have are matched by many other industrial countries around the world, whereas our virtues are matched by very few of them.

Sir, I have left to the last an answer to the second half of my honourable Friend's question. What steps is Government taking to slow down the rate of increase in the cost of living. The answer is that, to the extent that our rising living costs are imported from the outside world, there is very little we can do about it with our open economy. But the Government has taken actions which have helped the situation. First, throughout the international monetary upheavals of the last two years we have maintained a stable exchange rate for the Hong Kong dollar in relation to the average of other currencies. Had we heeded the siren voices of those who urged us to devalue our dollar the cost of living would by now be significantly higher than it is, a real inflationary spiral could well have developed and any temporary competitive advantage we might have gained in overseas markets would have been quickly eroded. Secondly, we have maintained a free market with no restrictions which has enabled us to buy our imports from the cheapest sources. Next, we have a stable and non-inflationary fiscal policy, despite low taxes, which has enabled us to more than cover all current and capital public expenditure from revenue. We also have an expanding public housing programme which has already housed as much as 40% of our population at low rents; and a growing social welfare programme which helps those who are really in need. Finally, in respect of the staple food, rice, we have long maintained a system of buffer stocks which has helped to smooth out prices in times of shortages, a period which is unfortunately with us now. I submit, Sir, that all these are practical actions which help to get to the root of the problem of rising living costs as well as being compatible with the free economic system which has served Hong Kong so well over the years.

DR CHUNG: —Sir, is my honourable Friend aware that one of the major elements, or major local elements, of inflation is land price and what steps is Government taking to lower the high prices of land?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, I am aware that the price of land is high. I would say it is likely to be not quite so high in the near future. The price of land in my opinion

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has probably hit its ceiling for the moment at least. I wouldn't wish to start a debate, Sir, because this is a question, but I would refer my honourable Friend to the statements which were made by my honourable Friend Mr HADDON-CAVE, when he was sitting in this seat—or standing here—on the 28th March in his reply to the budget debate, and also by my honourable Friend the Director of Public Works—sitting on my right. I think they both explained very clearly at that time Government's thinking on the price of land and on property and rents generally.

MR CHEONG-LEEN: —Sir, the honourable Acting Financial Secretary has said in his reply that the figure for rents is given a weight of about 15% on the index. Could he advise the Council to what extent is this weight accurate or misleading when arriving at the percentage rise in the cost of living since 1st January this year?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, the weight of 15% in the index was the weight which was shown by the survey which was conducted in 1963-64 when the Consumer Price Index was drawn up; so the Consumer Price Index measures increases in the cost of what you might call a basket of goods and services which formed the normal expenditure of the average family in the course of that year. As my honourable Friend may know, Sir, there is this year being conducted a revision of the weighting of the Consumer Price Index, and next year we will start with a continuous survey of household expenditure which will enable us to alter the weights of the index from year to year; but unfortunately that is not the position at the moment and we are still working on the basis of the weights of a decade ago.

### **Psychiatric and medical examination of beggars and vagrants**

5. MR WONG asked: —

With the additional facilities in the Lai Chi Kok Hospital complex becoming available, will Government now consider introducing legislation to provide for the psychiatric and medical examination of mentally sick beggars and vagrants?

DR CHOA: —Sir, the Mental Health Ordinance (Chapter 136) provides for the examination and treatment of persons of unsound mind. Section 31 of the Ordinance prescribes that any person who has reason to believe that some other person is mentally disordered may apply for

an order by a Magistrate or Justice of the Peace to remove the latter to a mental hospital for the purpose of detention and observation.

The existing provision in the law for mentally sick persons, including beggars and vagrants, is therefore considered adequate and it is not necessary to introduce new legislation.

MR WONG: —Sir, arising out of the reply, may I ask if I as a Justice of the Peace were to apply for an order to remove a mentally disordered vagrant to a mental hospital for observation or detention, to whom should I apply?

DR CHOA: —I do not quite understand my honourable Friend's question.

MR WONG: —Sir, in his statement my honourable Friend said "The Mental Health Ordinance provides for the examination and treatment of persons of unsound mind. Section 31 of the Ordinance prescribes that any person who has reason to believe that some other person is mentally disordered may apply for an order by a Magistrate or Justice of the Peace to remove the latter to a mental hospital for the purpose of detention and observation".

DR CHOA: —I am sorry; I now understand. The nearest police station to where your suspect is found.

### **Industrial land on Tsing Yi Island**

6. DR CHUNG asked: —

With regard to the recent sales by tender of a plot of industrial land on Tsing Yi Island for restricted usage, will Government disclose (a) details of price and conditions for the successful bidder, and (b) the total number of tenders received?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, most of the answers to my honourable Friend's questions will shortly be made the subject of a *Gazette* notification, following the normal practice of publishing awards based on the recommendations of the Central Tender Board. I will, however, anticipate this announcement in order to give my honourable Friend a reply to his question now.

The tender was for the sale of approximately 218,000 square feet of land in Area 21 on Tsing Yi Island. The conditions of tender

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provided that the use of the land should be restricted to the automotive manufacturing industry, including the manufacture of internal combustion engines. The tender was awarded to the Outboard Marine Corporation International SA at a price of \$1,650,000. This works out at about \$7.10 per square foot for the land unformed. In considering this, however, it must be emphasized that the land involved is at present under the sea. The works required to form and reclaim it will be extensive and estimates, provided by a reputable local construction firm with extensive experience in this sort of work, indicate that the formed cost will probably be approximately \$47.5 per square foot. It must also be borne in mind that the nature of this particular industry restricts development largely to one storey buildings. Only one tender was received.

DR CHUNG: —Sir, I was very much surprised to hear that only one tender was received. Will my honourable Friend explain the reasons for such a poor response to this sale by tender, and what steps will Government take to improve the response when calling for similar tenders in the future?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, I think the reason why there was only one tender received was probably the time which was allowed for tendering. We may have under-estimated the length of time it takes to prepare these complicated tender documents. But I can assure my honourable Friend that there was a considerable interest in this tender. It was advertised internationally and a number of very prestigious firms—international firms—expressed their interest.

The firm which actually tendered—which provided the one tender—the tender price it quoted is considered in Government to be a very good one and a very fair one. I must say that this firm perhaps had some advantage in tendering in that it had been investigating the possibilities of setting up a factory in Hong Kong for some time and I would say that it's our opinion that, when this factory is established, it will be of considerable benefit to the economy of Hong Kong.

As regards whether Government is going to improve the situation, Sir, I would say that we are investigating whether we should repeat this process of tendering on a restricted user basis. We probably will do so and, in that case, the next time round we will give a longer period for tenders to be made; and I hope that next time we will have considerably more competition.

MR SZETO: —Sir, would the honourable Financial Secretary explain why in this case public auction was not resorted to in selling the land and why, with only one tender received, Government did not reject this tender, simply cancelling it and calling for tenders again, which is within the right of Government?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, public auction was not used on this occasion because the tender was on a restricted user basis. It was rather a pioneer venture on our part and, Sir, honourable Members and others have been accusing the Government for too long of doing nothing to upgrade our manufacturing industry. This time we have done something.

As to why we did not reject this one tender, I would repeat, Sir, that the tender price offered was considered to be a very fair and reasonable one for this land—for the type of industry which is going to be set up—and that we consider that when this operation is fully effective, it will be, as I said, of considerable benefit to the Hong Kong economy in many ways.

### **"Keep Hong Kong Clean" Campaign**

7. MR ANN asked: —

Will Government tell this Council what follow-up action is being taken to sustain the "Keep Hong Kong Clean" Campaign? Are residents reverting to their old habit of discarding refuse indiscriminately?

MR ALEXANDER: —Sir, the "Keep Hong Kong Clean" Campaign is seen as a continuing joint effort between the Government and the community. A second phase is now being planned under the slogan "Let's Clean Our Buildings" and will take place between mid-August and mid-October.

With regard to the second part of the question, the answer must, regrettably, be a qualified "Yes". Now that the campaign publicity is no longer constantly reminding people to observe good litter habits, there is undoubtedly some backsliding, particularly at night in the more heavily populated districts. Steps are now being taken to recruit 50 more anti-litter squads to deal with this problem.

### **Fatal accident on railway**

8. MR WANG asked: —

What is being done to prevent a recurrence of the recent fatal accident in which a boy was killed as the result of falling off a crowded train?

### Oral answers

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, as a result of the overcrowding of trains during holidays and at peak hours on weekdays, some passengers ride on steps and on other dangerous parts of carriages. Accidents occur when these passengers do not exercise sufficient precautions. The overcrowding that occurs at these times is partly due to the shortage of rolling stock but more fundamentally to the lack of capacity of the single track line which limits the number of trains which can be run.

This situation is now being remedied but it will take, I am afraid, some time to come to fruition. Additional passenger carriages have been ordered and plans are in hand to double track the line from Hung Horn to Sha Tin, which is the section where passenger demand is particularly heavy. A further extension of the double line to Tai Po Market is also under consideration.

All this will, however, inevitably take some time to come to fruition, as I said, and in the short term more restrictive measures are having to be taken at times when trains are overcrowded. In order to limit the numbers of passengers to the capacity of the trains during public holidays, the issue of return tickets at the Kowloon terminal and Mong Kok to Sha Tin has been discontinued at those times and the sale of single tickets from Sha Tin to Kowloon has been restricted. Announcements are also made at frequent intervals on the public address system warning passengers against riding on carriage platforms and on steps, and similar warnings are given by ticket inspectors inside trains. Railway staff at stations also make every attempt to persuade passengers not to board trains which are already overcrowded.

Despite these measures more passengers manage to gain access to station platforms at times of overcrowding than are intended. This is because most stations are not adequately fenced. Consideration is, however, now being given to the erection of fences or other barriers to prevent access to the platform other than through controlled entrances or via the railway track—and railway personnel will be stationed by the track to prevent unauthorized entry. Consideration is also being given to the employment of part-time guards at stations to control crowds during public holidays.

I admit, Sir, that none of these measures are very satisfactory but they are needed until the capacity of the line can be increased and they are the result of the considerable rise in the number of passengers during public holidays in recent years. I should also point out that not all accidents happen on crowded trains and that at least a half of the people who fell off trains during the past twelve months were travelling on trains where ample room was available in the carriages.

These were mostly older school children who ride on the steps or who try to board or alight from moving trains. The Education Department issues annual circulars to heads of schools requesting them to caution students against misbehaviour on trains but there are still many who disregard these warnings.

All accidents, Sir, are naturally a matter of concern and I can assure my honourable Friend that the railway staff and the police are doing all they can to combat this problem. But in the last resort it is up to the public not to take unreasonable risks which can jeopardize their own safety.

### **Begging in public places**

9. MR WANG asked: —

In view of the fact that public assistance is available for people in genuine distress, is Government prepared to enforce more strictly laws prohibiting begging in public places, particularly when the begging in question constitutes a threat to public order and hygiene and/or entails the exploitation of young people?

MR LI: — Sir, Government is already enforcing the laws prohibiting begging whenever this comes to notice and will continue to do so in future.

There is absolutely no need for any person in Hong Kong to have to depend on begging in the streets for a living because basic needs are adequately met by public assistance, by the recently introduced disability and infirmity allowance scheme and by a variety of welfare services, provided by Government and voluntary organizations.

While the number of beggars seen in the streets has definitely decreased in recent years, some have persisted in begging and, when detected, have been prosecuted in court. During 1972 the Police prosecuted 455 cases of vagrancy, the majority of which involved begging.

The Social Welfare Department is particularly concerned with cases where children are exploited by irresponsible adults. When such a case is known to us, a full investigation is carried out and appropriate action taken to afford protection for the child, including if necessary an application to the court for the removal of the child from the irresponsible parents.

MR WANG: — Sir, is Government aware that there is a man who is begging regularly at Percival Street, deliberately exposing sores on his

[MR WANG] **Oral answers**

swollen leg just to appeal to the attention of passers-by? In such an instance who is responsible to stop him?

MR LI: —Sir, taking the second part first, if the person is loitering, begging or causing obstruction, the Police will arrest and prosecute him in court.

As to the remainder, the person in question came to our notice again last week. I said "again", Sir, because he came to us for assistance and obtained public assistance in September 1971. Last August he had difficulty with housing so we arranged for him to be accommodated in Wong Chuk Hang transit camp pending compassionate resettlement. Unfortunately we lost contact with him in October last year and he failed to turn up. We searched for him but we were unsuccessful. Now we have located him and we shall investigate to see what can be done to help him.

MR WANG: —Thank you.

### **Mass marriage ceremony**

10. MRS LI asked: —

With reference to the recent press advertisement regarding a mass marriage ceremony to be held in a night club, will Government state whether such a marriage ceremony has of itself any legal validity? If not, will Government make a statement on the proper procedure constituting a legal marriage?

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): —Sir, the effect of section 4 of the Marriage Reform Ordinance is that, on or after the 7th October 1971, marriages entered into in Hong Kong may be contracted only in accordance with the Marriage Ordinance. Under the Marriage Ordinance a marriage may be contracted before the Registrar of Marriages or a Deputy Registrar, or alternatively may be contracted at a place of public worship licensed by the Governor.

The advertisement referred to by my honourable Friend Mrs LI mainly concerned a joint honeymoon trip of fifty couples, although a mass marriage was mentioned. However, the advertisement could be misleading and I would therefore like to emphasize that without a special licence, which would be unlikely to be granted, such a mass marriage ceremony would be invalid.



There are now 13 full-time marriage registries and in addition 14 part-time registries in the New Territories. If a number of couples should wish to marry on the same day or at the same registry then, so long as he is given adequate notice, the registrar will do his best to make satisfactory arrangements.

Government would not of course wish to interfere in any way with honeymoon plans. (*Laughter*).

MR CHEUNG: —Sir, would Government not regard this as an unfortunate manifestation of the misguided Marriage Reform Ordinance and, in view of that, would Government now consider reinstating the traditional Chinese marriage? (*Laughter*).

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): —No, Sir. (*More laughter*).

### **Car racing on Kowloon roads**

11. MR WOO asked: —

Will Government take steps to prevent car racing by motorists on a number of Kowloon roads during the late night and early morning hours of the week-ends?

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): —Sir, the Commissioner of Police has assured me that he is aware of this dangerous practice of car racing by motorists at night and that he has been taking, and will continue to take, steps to stop it.

MR WOO: —Sir, can my honourable Friend inform this Council what steps have been taken by the Commissioner of Police?

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): —The Commissioner of Police, Sir, has stepped up speed checks in the areas in which he believes this practice has been taking place.

DR CHUNG: —Sir, is my honourable Friend aware that the roads mentioned by my honourable colleague do not have a speed limit?

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): —Sir, there are three offences other than the offence of speeding which such persons are likely to have committed. In the first place, there is the offence of conducting a race or speed trial without the consent of the Commissioner of Police. On public roads there is also the offence of

[THE ATTORNEY GENERAL (ACTING)]     **Oral answers**

dangerous driving and careless driving. It is likely that all three would be committed by such persons.

**Public Order (Amendment) (No 2) Ordinance 1972**

12. MR LEE asked: —

Since the Public Order (Amendment) (No 2) Bill 1972, which prohibits the possession of offensive weapons, was passed five months ago, will Government inform the Council:

- (a) what special steps have been and are being taken for its enforcement; and
- (b) the number of arrests and convictions arising therefrom?

THE ATTORNEY GENERAL (ACTING) (MR THORNTON): — Sir, honourable Members will recall that the effect of the Public Order (Amendment) (No 2) Ordinance 1972 was to introduce a mandatory sentence of imprisonment or detention for the already existing offence of carrying offensive weapons in a public place.

All police officers are made fully aware of the provisions of the section constituting the offence and its seriousness so that this offence is certainly in the minds of police officers when they are in the course of a "stop and search" operation or when, on the beat or patrol, their attention may be attracted by some person's suspicious behaviour.

My honourable Friend Mr LEE has also asked for the number of arrests and convictions for this offence since the mandatory sentences provision came into operation. Statistics are not generally produced by the Police covering just this particular offence but a search of Police case files has disclosed that between the 16th December 1972 when the provision came into force and 15th March 1973, a period of three months, the following numbers of cases were prosecuted for offences under section 33 of the Public Order Ordinance. In Hong Kong Island there were 43 cases; from the Kowloon Police District there were 141; and from the New Territories Police District there were 12 cases, making a total of 196. I regret that figures are not at the moment available as to how many persons prosecuted in these 196 cases were in fact convicted, but consultation with the Director of Criminal Investigation and the Director of Public Prosecutions suggests that all but a few were convicted.

### **Ching Fung Street flyover compensation**

13. MR SZETO asked: —

Will Government explain the reasons behind the long delay in the settlement of compensation to the property owners whose premises have been adversely affected by the routing of the flyover over Ching Fung Street? How soon can the matter be settled?

MR ROBSON: —Sir, assuming that my honourable Friend is referring to the owners of Nos 10, 12, 18 and 20 Ching Fung Street, the balconies of these premises were moved to allow for the construction of the flyover and compensation of \$11,000 per balcony was paid at that time. There could still, however, be outstanding claims for injurious affection to the premises themselves caused by the operations of the flyover and the owners were informed that this compensation could not be assessed until traffic had been flowing over the flyover for a period.

Records are being searched in order to ascertain the level of rents currently passing in the area in an endeavour to determine what reduction there may have been in rent level since the flyover was brought into operation. Quite a lot of research has been done and it is hoped to start negotiations with the owners about the middle of this year. If, however, any owners are in doubt what their legal rights are in this respect, they are advised to get in touch with the officer concerned in the Public Works Department — some owners or their representatives have already done so and are aware of the situation.

### **Government business**

#### **Motion (in Committee)**

#### **Supplementary provisions for the quarter ended 30th June 1972 and for the quarter ended 30th September 1972**

Council went into Committee, *pursuant to Standing Order No 58(2)*, to consider the motion standing in the name of the FINANCIAL SECRETARY (ACTING).

THE FINANCIAL SECRETARY (ACTING) (MR JONES) moved the following motion: —

That this Council approves the supplementary provisions for the quarter ended 30th June 1972 as set out in Paper No 1 of 1972-73, and for the quarter ended 30th September 1972 as set out in Paper No 2 of 1972-73.

### **Motion**

He said: —Sir, the schedules of supplementary provision for the first and second quarters of the financial year 1972-73, that is for the period from 1st April to 30th September 1972, cover a total amount of \$265.3 million. Of this sum Public Works Non-Recurrent accounts for \$89.5 million, made up largely of \$42.7 million to meet the cost of new projects upgraded to Category A of the Public Works Programme, and \$33.9 million required as a result of more rapid progress on a number of existing projects. The major projects covered include the preliminary works connected with the new terminal station of the Kowloon Canton Railway. A further provision of \$98.6 million is to meet the payment of arrears of salaries to the Civil Service as a result of the revision of salaries in 1971.

Other items worth mentioning include \$9 million for establishing the Hong Kong Polytechnic; \$13 million for emergency works and related expenses arising from the rainstorm disasters in June 1972; \$12.9 million for improvements to the public assistance scheme; and \$7.3 million of additional grants to the universities to implement a revision of salaries for their staff.

The Finance Committee has approved all the items in the schedules and the purpose of this resolution is to seek the covering authority of this Council.

*Question put and agreed to.*

Council then resumed.

THE FINANCIAL SECRETARY (ACTING) (MR JONES) 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**

**MENTAL HEALTH (AMENDMENT) BILL 1973**

**MIDWIVES REGISTRATION (AMENDMENT) BILL 1973**

*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**

**MENTAL HEALTH (AMENDMENT) BILL 1973**

DR CHOA moved the second reading of: —"A bill to amend the Mental Health Ordinance and the Criminal Procedure Ordinance."

He said: —Sir, the amendments in this bill are being introduced after consultation with the Commissioner of Prisons. In 1961, the Psychiatric Observation Unit at Victoria Remand Centre was set up as an interim measure, pending the establishment of a permanent institution, to admit certain persons for detention, observation or specialist treatment. These persons were mainly those remanded by a court for a mental report, prisoners suffering, or suspected of suffering, from mental disorder and prisoners and inmates of training centres for whom a mental report was required.

In November 1972 a permanent establishment to replace the Psychiatric Observation Unit was set up at Siu Lam, New Territories. The establishment known as the Prisons Department Psychiatric Centre was gazetted as a prison within the meaning of the Prisons Ordinance (Chapter 234). The functions of the Centre are twofold: it is intended to admit not only those persons who formerly were admitted to the Psychiatric Observation Unit, but other persons who because of their dangerous, violent or criminal propensities require treatment under conditions of special security. These persons are of the type referred to in Part IV of the Mental Health Ordinance or Part IV of the Criminal Procedure Ordinance. They include certain patients presently detained in Castle Peak Hospital under these Parts of the Ordinances. It was intended to transfer these cases to the New Centre when it became operational. The Mental Health Ordinance presently does not provide for the admission and detention of this type of persons to the Centre, and the purpose of the bill is to amend the Mental Health Ordinance and consequently the Criminal Procedure Ordinance, so as to enable them to be so admitted.

However, it is not intended to admit to the Centre convicted persons in respect of whom a verdict of acquittal has been substituted by the Full Court on appeal to it, but who are suffering from mental disorder, and also female persons and persons under the age of fourteen who are suffering from mental disorder. These persons will be admitted to a mental hospital.

By clause 3 of the bill, a hospital order may be made under section 45 of the principal Ordinance for the detention in the Prisons Department Psychiatric Centre of a convicted adult and an adult against whom an offence punishable by imprisonment has been proved.

Clause 4 amends section 47 of the principal Ordinance so that a hospital order will be sufficient authority for the Commissioner of Prisons to admit the person to whom the order relates to the Prisons Department Psychiatric Centre.

[DR CHOA] **Mental Health (Amendment) Bill—second reading**

By clause 5, a person detained in a mental hospital under Part IV of the principal Ordinance, or under the Criminal Procedure Ordinance, may be transferred to the Prisons Department Psychiatric Centre.

Clause 6 adds a new section 54A which empowers a court or magistrate to authorize the detention in the Prisons Department Psychiatric Centre of a person who is in custody awaiting trial, if it is proved before the court or magistrate that he is mentally unsound.

Clause 7 makes consequential amendments to the Criminal Procedure Ordinance.

A detailed explanation of the provisions of the bill is given in the "Explanatory Memorandum" appended to the bill.

*Motion made. That the debate on the second reading of the bill be adjourned—DR CHOA.*

*Question put and agreed to.*

*Explanatory Memorandum*

The purpose of this Bill is to enable some of those who, at present, may be admitted to a mental hospital under Part IV of the Mental Health Ordinance (Cap. 136) or under Part IV of the Criminal Procedure Ordinance (Cap. 221), to be admitted to the Prisons Department Psychiatric Centre.

By clause 3, a hospital order may be made under section 45 of the principal Ordinance for the detention in the Prisons Department Psychiatric Centre of a convicted adult and an adult against whom an offence punishable by imprisonment has been proved.

Clause 4 amends section 47 of the principal Ordinance so that a hospital order will be sufficient authority for the Commissioner of Prisons to admit the person to whom the order relates to the Prisons Department Psychiatric Centre. A person so admitted will be treated, for the purpose of the Prisons Ordinance, as if he were being legally confined in a prison, except that his discharge therefrom requires the prior consent of the Governor and that the Commissioner of Prisons may not grant him any leave of absence.

By clause 5, a person detained in a mental hospital under Part IV of the Ordinance, or under the Criminal Procedure Ordinance, may be transferred to the Prisons Department Psychiatric Centre.

Clause 6 adds a new section 54A which empowers a court or magistrate to authorize the detention in the Prisons Department Psychiatric Centre of a person who is in custody awaiting trial, if it is proved before the court or magistrate that he is mentally unsound.

Clause 7 makes consequential amendments to the Criminal Procedure Ordinance.

### **MIDWIVES REGISTRATION (AMENDMENT) BILL 1973**

DR CHOA moved the second reading of: —“A bill to amend the Midwives Registration Ordinance.”

He said: —Sir, the purpose of the amendments in this bill is to bring the Midwives Registration Ordinance (Chapter 162) in line with the Nurses Registration Ordinance (Chapter 164).

Section 5(5) of the Midwives Registration Ordinance at present requires the Midwives Board to publish in the Gazette, as soon as possible after 1st January each year, a list containing the names, addresses and dates of registration or re-registration of every woman whose name appeared on the register on the first day of that year and a further list in the second half of the year of additions to or deletions from the register between the 1st January and 1st July. Since there are now in Hong Kong over 4,700 midwives on the register and the number is increasing each year, the process of producing these lists of registered midwives for gazetting twice a year is becoming progressively more onerous.

This matter has been considered by the Midwives Board which has recommended that section 5(5) of the Midwives Registration Ordinance should be amended so that, in future, the Board will only need to publish in the Gazette once a year the names of midwives whose names have been added to, removed from or restored to the register. This accords with the practice of the Nursing Board, which publishes the names and addresses of nurses in this way. Clause 2 gives effect to this recommendation.

Clause 2 also replaces section 5(6), to allow a certificate signed under the seal of the Midwives Board by either the Chairman or Secretary of the Board to be admitted as evidence of registration for court purposes. This amendment is in line with section 5(4) of the Nurses Registration Ordinance.

Clause 3 amends section 10(2) by removing from the magistrates courts jurisdiction to deal with the recovery of costs as a civil debt,

**[DR CHOA] Midwives Registration (Amendment) Bill—second reading**

when such costs are awarded by the Board under section 10(2). This follows the principle adopted in the District Court (Extended Civil Jurisdiction) Ordinance 1969 (No 35/69) which transferred to the District Court the majority of the former civil jurisdiction of magistrates' courts.

*Motion made. That the debate on the second reading of the bill be adjourned—DR CHOA.*

*Question put and agreed to.*

*Explanatory Memorandum*

Under section 5(5) of the principal Ordinance, the Midwives Board is required to publish in the *Gazette* in each year, after the 1st January, a list containing the particulars of every woman whose name appears on the register of midwives on the 1st January of that year. It must also publish, after the 1st July each year, a further list, containing additions to and deletions from the register made during the first half of the year.

Clause 2 replaces subsection (5) and requires the Board merely to publish in relation to successive periods, and at intervals of not more than twelve months, lists containing the particulars of women whose names have been entered in, removed from or restored to the register during these periods.

Clause 2 also provides that a certificate, under the seal of the Board and signed by the Chairman or the Secretary thereof, stating that a woman is or is not at any date duly registered shall be evidence in all courts of law of the facts stated in the certificate until the contrary is proved.

The effect of the amendment contained in clause 3 is to remove from the Magistrates Courts jurisdiction to deal with the recovery of costs as a civil debt, when such costs are awarded by the Board under section 10(1) of the principal Ordinance.

**REGISTRATION OF PERSONS (AMENDMENT) BILL 1973****Resumption of debate on second reading (25th April 1973)**

*Question proposed.*



DR CHUNG: —Your Excellency, the need to improve the present scheme for registration of young persons was raised in this Council first three years ago in January 1970, again in June 1971 and again in July last year. During 1969 when the Labour Department carried out a campaign against the employment of young persons under the age of 14 years, some employers complained that they had no way to ascertain the true age of their young employees. As honourable Members are aware, the juvenile identity card carries only the family surname and has neither a photograph nor even the own given name of the child. As a result, some young persons under the age of 14 years, who are eager to seek employment in industry, make illegal use of other juvenile identity cards of the same family surname but older than 14 years of age.

Unlike people in the Western societies, the Chinese have a large number of given names but a limited number of family surnames. I believe that the ten most common Chinese surnames, namely, 陳, 李, 張, 黃, 何, 區, 周, 胡, 馬, 麥 (CHAN, LEE, CHEUNG, WONG, HO, AU, CHOW, WU, MA, MAK) represent probably more than half of the population in Hong Kong. Take for an example the 15 Chinese Members present in this Council today; 8 have surnames within the ten most popular ones. Honourable non-Chinese Members may be interested to know that both the honourable P. C. WOO and the honourable James WU have the same Chinese surname; and so also the honourable Oswald CHEUNG and the honourable Hilton CHEONG-LEEN. On the other hand the honourable F. K. LI and the honourable Q. W. LEE have quite different Chinese surnames. Because of this limited number of Chinese family surnames, it is a known practice for juvenile identity cards to be freely transferred among juveniles usually for seeking employment whilst under age.

Sir, I therefore welcome the proposal to incorporate on the juvenile identity card both the photograph and the given name of the card owner. These changes will certainly make the juvenile identity card more meaningful and useful in serving its purpose, as its name implies, of identification. In view of Government's present policy of equal use of English and Chinese, it is also hoped that the new juvenile identity cards will be bilingual.

With these comments, Sir, I have pleasure in supporting the bill before Council.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —The new identity cards will be bilingual, Sir, and I am grateful to the honourable Member for his support.

**Registration of Persons (Amendment) Bill—resumption of debate on second reading (25.4.73)**

*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).*

**INLAND REVENUE (AMENDMENT) (NO 2) BILL 1973**

**Resumption of debate on second reading (25th 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).*

**MARINE FISH (MARKETING) (AMENDMENT) BILL 1973**

**Resumption of debate on second reading (25th 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).*

**EMPLOYMENT (AMENDMENT) (NO 2) BILL 1973**

**Resumption of debate on second reading (25th April 1973)**

*Question proposed.*

DR CHUNG: —Your Excellency, since 1968 a large number of labour legislation items for improving fringe benefits, working conditions and industrial safety have been introduced in this Council. The proposed bill further grants legal rights to all manual workers and those non-manual workers whose earnings do not exceed \$1,500 a month for additional fringe benefits relating to holidays with pay and sickness allowance.

Although industrial workers have been enjoying some form of holidays with pay and sickness allowance since 1962, the proposed bill aims to achieve two major purposes. First, it removes the discrimination against employees in non-industrial undertakings such as retail shops and restaurants. Secondly, it enables employees to obtain better fringe benefits under more lenient conditions. For example, any industrial worker at present has to work for the same employer for not less than six months before he is entitled to claim for holidays with pay and sickness allowance. He cannot also carry over his entitlement for sickness allowance, if not exercised, from one calendar year to another. If this bill is approved, the qualification period will be reduced from six months to three months and any unclaimed sickness allowance can be carried over from one year to another up to a maximum limit of 24 paid sickness days.

Apart from these additional benefits, the present bill also aims to make certain administrative improvements. My honourable Friend the Commissioner of Labour has already mentioned some in his speech two weeks ago. I am grateful to him for accepting a proposed improvement from industry on alternate holidays with pay as described on page 7 in subsection (2) of section 21G. Hitherto, an alternate holiday can only be made following but not preceding a statutory holiday. This restriction does not serve the interests of both the employers and employees. Let me cite one typical example to illustrate this point. One of the statutory holidays is the day following the Chinese Mid-Autumn Festival. Many industrial workers particularly female ones wish that they be allowed to take an alternate holiday on the festival day so that they could have time to prepare for the celebration. This arrangement is not possible with the present legislation but the proposed bill will rectify this drawback and permit greater administrative flexibility.

This bill, if passed, will impose an additional maximum financial liability of about 2% on the average annual wage payroll for industrial employers and of about 6% for non-industrial employers. However, these are only theoretical maximums and, according to information available to me, the actual payout in industry for sickness allowance is very much lower than the maximum liability. Furthermore, many non-industrial employers are already paying their employees by the month, as already pointed out by my honourable Friend, and this bill should not cause these employers any additional financial burden. Therefore there is absolutely no excuse for employers in the non-industrial sector to raise prices for their products and services as a result of the introduction of this Ordinance.

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

**Employment (Amendment) (No 2) Bill—resumption of debate on second reading (25.4.73)**

MR TSUI: —Sir, I am most grateful to my honourable Friend Dr CHUNG for his support of the motion before Council, and for the complimentary remarks he has included in his statement. I subscribe to his view that there is no case for any employer to make use of this bill as an excuse to raise prices for products and services.

*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.

**INLAND REVENUE (AMENDMENT) (NO 2) BILL 1973**

Clauses 1 to 2 were agreed to.

Clause 3

DR CHUNG: —Sir, I wish to refer to paragraph (iii) of subclause (a) of this clause, which is to delete among other things paragraph (d) of subsection (1) of section 42B of the principal Ordinance. That particular paragraph in this clause deals with the abolition of tax allowance for life insurance premia.

During the budget debate in March this year practically all the Unofficial Members spoke on this issue and, with only one exception, all expressed reservations on the abolition of this tax allowance on points of principle. In reply my absent honourable Friend the Financial Secretary gave a lot of statistical information which, in my view, was of little relevance to the arguments put forward by the Unofficials. He also gave a large number of examples to show that, with the proposed increase in personal allowances and of allowances for children, taxpayers who have commitments in life insurance would not pay more tax than before. However, he has overlooked the fact that other taxpayers who have no commitments in life insurance would be paying much less than previously.

It is because of this relativity that I consider his proposal rather inequitable. With respect to the Financial Secretary I beg to disagree

with him on his objective for tax reform, which is to achieve simplicity, in calculation and administration. Tax reform should serve more important and more meaningful purposes; for example, it should help to achieve social progress and for this purpose we in Hong Kong have the Married Persons Status Ordinance to exempt life insurance from estate duty. I hope that Government is not going to abolish it for the sake of streamlining the calculation of estate duty.

Sir, it is not my intention to vote against this whole clause, which embraces other proposals, but I feel that I should take this opportunity to express, and to record, my objection as a matter of principle to the deletion of paragraph (d) of subsection (1) of section 42B of the principal Ordinance.

MR CHEUNG: —Sir, before I rise to support my honourable Friend DR S. Y. CHUNG, I have to declare a financial interest in this matter because I am, in law, liable to pay my wife's salaries tax, although it remains a nominal liability.

I remain unconvinced by the arguments which have been advanced by Government in reply to the many criticisms which were made in the budget debate by a number of my Unofficial colleagues and myself against the proposal of the honourable Financial Secretary to abolish the deductions of premia for life insurance.

If there has been abuse of the existing legislation, such as taking advantage of it to invest in equities with a minimal link to actual insurance, I think such abuses could have been cured by amending legislation to the clause in question. It has been said that the clause now under discussion will work to the disadvantage of principally a limited number of expatriates; that may be so, but it is not a good reason for amending the law which can be taken advantage of by all. But it by no means follows that that would be the position in the future. More and more Chinese people are taking to life insurance and life insurance in its simplest forms, not linked to equities.

I should have thought that the proper policy for this Council to follow would be to encourage our citizens to take out protection by way of insurance for their families, limiting deductions to premia paid purely for protection and not for investment.

In view, however, of the fact that the dulcet tones of the honourable Financial Secretary, who isn't here today, have persuaded the majority of my colleagues not to vote against this proposal, I do not intend to vote against it but merely wish to record that I am not reconciled to the policy behind it.

Clause 3 was agreed to.

Clauses 4 to 6 were agreed to.

**MARINE FISH (MARKETING) (AMENDMENT) BILL 1973**

Clauses 1 to 5 were agreed to.

**EMPLOYMENT (AMENDMENT) BILL 1973**

Clause 1 was agreed to.

Clause 2

MR TSUI: —Sir, I move that clause 2 be amended on two occasions as set out in the paper before honourable Members.

As stated by me in this Council on 11th April, new clause 28D was intended to empower the Commissioner, on application, to exempt from licensing requirements non-profit making agencies, which would still be governed by certain regulations because it is in the public interest that there should be some watch on their activities.

However, these objectives would not have been achieved by the original wording of clause 28D(1), namely “. . . exempt an employment agency from the provisions of this Part . . .”. The amendment to new section 28D(1) merely gives effect to the original intention.

The amendment adding a new section 29E merely makes more clear the original intention of there being control over exempted agencies in respect of

Section 29 —maintenance of possible registers, records and returns

Section 29A —certain specified prohibited acts by employment agencies

Section 29B — power of the Commissioner and certain public officers to inspect exempted agencies

Section 29C —investigation of suspected offences.

*Proposed Amendments**Clause*

2 That clause 2 be amended—

(a) in new section 28D(1), by deleting "the provisions of this Part" and substituting the following—

“obtaining a licence under section 28B”; and

(b) by adding after new section 29D the following new section—

"Application of sections 29, 29A, 29B and 29C to holders of certificates of exemp- tion and exempted employment agencies.	<b>29E.</b> (1) Sections 29, 29A, 29B and 29C shall apply to holders of certificates of exemption in the same manner as they apply to licensees.  (2) Every reference to an employment agency in sections 29, 29A, 29B and 29C shall, except where the context otherwise requires, be construed as a reference to both an employment agency licensed under section 28B and an employment agency exempted under section 28D. ".
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The amendments were agreed to.

Clause 2, as amended, was agreed to.

Council then resumed.

### **Third reading of bills**

THE ATTORNEY GENERAL (ACTING) (MR THORNTON) reported that the

Inland Revenue (Amendment) (No 2) Bill 1973

Marine Fish (Marketing) (Amendment) Bill 1973

had passed through Committee without amendment and that the

Employment (Amendment) Bill 1973

had passed through Committee with amendment and moved the third reading of each of the bills.

*Question put on each bill and agreed to.*

Bills read the third time and passed.

### **Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 23rd of May.

*Adjourned accordingly at one minute to four o'clock.*