

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 6th June 1973****The Council met at half past Two o'clock**

[Mr PRESIDENT in the Chair]

PRESENT

THE EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE
THE HONOURABLE THE COLONIAL SECRETARY (*Acting*)
MR MICHAEL DENYS ARTHUR CLINTON, CMG, GM*, JP
THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)
MR JOHN WILLIAM DIXON HOBLEY, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR JACK CATER, CBE, JP
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
SECRETARY FOR THE ENVIRONMENT (*Acting*)
THE HONOURABLE JOHN CANNING, JP
DIRECTOR OF EDUCATION
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
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, CBE, 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
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP
THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE O.SWALD VICTOR CHEUNG, OBE, QC, JP
THE HONOURABLE ANN TSE-KAI, OBE, JP
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP
THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP
THE HONOURABLE JAMES WU MAN-HON, JP
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP
THE HONOURABLE HUGH MOSS GERALD FORSGATE, JP

ABSENT

THE HONOURABLE PETER GORDON WILLIAMS, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RODERICK JOHN FRAMPTON

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —	
Employment Ordinance.	
Employment Agency Regulations 1973	101
Immigration Service Ordinance.	
Immigration Service Ordinance (Amendment of Schedule) Order 1973	102
Copyright Act 1956.	
Copyright (Hong Kong) Order 1972.	
Copyright (Libraries) Regulations 1973	103
Copyright Act 1956.	
Copyright (Hong Kong) Order 1972.	
Copyright (Notice of Publication) Regulations 1973	104
Copyright Act 1956.	
Copyright (Hong Kong) Order 1972.	
Copyright Royalty System (Records) Regulations 1973	105
Detention Centres Ordinance 1972.	
Tong Fuk Detention Centre Order 1973	106
Societies Ordinance.	
Societies (Amendment of Schedule) Order 1973	107
Supreme Court Ordinance.	
The Rules of the Supreme Court (Amendment) (No 2) Rules 1973	108

Sessional Paper 1972-73: —

No 58—Annual Report by the Director of Commerce and Industry for the year 1971-72 (published on 6.6.73).

Report: —

White Paper "Social Welfare in Hong Kong: The Way Ahead" (published on 6.6.73).

The Five Year Plan for Social Welfare Development in Hong Kong 1973-78 (published on 6.6.73).

Oral answers to questions

Management consultants

1. MR WOO asked: —

Will Government give a further indication of the length and scope of the detailed reports on re-organization produced by McKinsey and Co.? Is Government satisfied that the public funds voted for their services have been well spent?

THE COLONIAL SECRETARY (ACTING) (MR CLINTON): —Sir, in addition to the first report of the Management Consultants submitted to Government in November last year, which was in 3 volumes, and to the final report which Sir Hugh NORMAN-WALKER laid on the table of this Council on 23rd May, the Consultants have produced a 10-year programme plan for the Medical and Health Department, a long term personnel strategy for the rank and file of the Royal Hong Kong Police Force, and a long term programme plan for the development of secondary education. They have also studied specific areas and problems in the Public Works Department, the Urban Services Department and in the Colonial Secretariat.

The standardization of processes and procedures concerned requests for resources of staff and equipment, and of those relating to the recruitment and development of our manpower resources occupied much of the Consultants' time in the early stages of the study and, in the later stages, manuals concerning programme planning and annual operating plans, two central features of the Consultants' plans for strengthening the machinery of Government, have been prepared for use in training Government staff in the new methods.

I would not wish to deluge honourable Members with these various reports, plans, studies and assessments but the volume of paper produced is substantial; the Medical programme plan, for example, is over 100 pages.

As regards the second part of my honourable Friend's question, I would refer to the last part of Sir Hugh's statement in this Council on 23rd May:

“We have been very fortunate in the composition and calibre of the team of Consultants which has been working with us during the past twelve months. Their whole exercise has been a most valuable one which will, I believe, with the support and assistance of the Civil Service, provide us with real future benefits far in excess of its cost.”

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

To this I myself would add that the Consultants have indicated how, in one particular activity, performance can be improved so as to produce cost benefits of about double their fees incurred so far. I have no doubt that zealous application of the Consultants' concepts in other fields will produce similar improvements in cost-effectiveness.

MR WOO: —Sir, is it Government's intention to retain the Consultants to assist in the implementation of their recommendations?

THE COLONIAL SECRETARY (ACTING) (MR CLINTON): —Sir, it has, I think, been said by somebody that you can never get rid of consultants; but we do feel that it would be useful if, say in the autumn, they could come back—that is if honourable Members agree with this proposition—so that they can keep us on the rails for a little longer.

Share transfer period

2. MR CHEONG-LEEN asked: —

Since it often takes as long as two months to have shares transferred to the names of the purchasers, will Government consider introducing legislation to amend section 70 of the Companies Ordinance to reduce the transfer period from two months to one month? Has this matter been considered by the Securities Advisory Council, and if not can it be so referred?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, with permission I will deal first with the second part of my honourable Friend's question. I can assure him that the problem of delays in the issue of new share certificates following the transfer of shares has been under active consideration by the Securities Advisory Council. Indeed, one of the Council's first acts after it was set up in January this year was to convene a meeting of company registrars to look into this problem and to consider ways and means of dealing with it.

It would appear that most investors in Hong Kong do not exactly fall over themselves to have shares registered in their name except when dividends or bonus issues are being made. However, the continuing flow of excellent company results over the last few months, coupled with a spate of bonus issues, has resulted in very considerable demands being made on company registrars, who are quite often required to issue new share certificates within a relatively short space of time—usually about ten days. This, together with the concentration

of dividend payments within a limited period of the year, has resulted in recent months in some unavoidable delays in the issue of share certificates. However, with the dividend season coming to an end and given the recent reduced level of activity in the stock market, it is hoped that the situation will improve and that transfers of shares will be registered more quickly.

As regards the first part of the question, Sir, the Companies Law Revision Committee have recently submitted their second report which deals with the revision of company law as a whole in Hong Kong. This report, which I can only describe as voluminous, is now being printed and will be laid on the table of this Council prior to publication. Among the many aspects of company law which it covers is this question of the length of time allowed for the transfer of shares. I am afraid, however, that it will be difficult to deal with this matter separately from other related aspects of the Committee's report and that it will need to be considered in the light of a number of other recommendations made by the Committee and of the reaction to them of informed public opinion. All I can say at this stage, therefore, is that my honourable Friend's plea for the amendment of section 70 of the Companies Ordinance will be fully borne in mind in the consideration of any legislation arising from the Companies Law Revision Committee's recommendations.

Police salaries

3. MR ANN asked: —

Will Government state whether any further revision of police salaries is contemplated, as distinct from any cost of living increase which may be authorized?

THE COLONIAL SECRETARY (ACTING) (MR CLINTON): —Sir, the last revision was two years ago when the rank and file were granted increases ranging from about 27 to 45%. I would not go so far as to say at this stage that a further revision is contemplated, but I will say that a system or formula for reviewing Police pay is now being drawn up in consultation with the Commissioner of Police. With much of the Civil Service it is possible, and indeed it is the policy, to base salaries on the principle of fair comparison with the remuneration and conditions of service for work broadly comparable in the private sector; but in the case of the Police, where there is no private sector equivalent, this is not possible, and thus it has to be based on internal relativities and other factors.

Honourable Members will be aware that the Management Consultants have been drawing up a personnel resource plan for the rank

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

and file, in conjunction with the Commissioner. Their investigations suggest that there are a number of factors involved, as well as pay, which may be contributing to the serious recruitment and wastage problem in the Police. Both the Commissioner and I are concerned to ensure that solutions are found as a matter of urgency.

Resettlement resite areas

4. MR WONG asked: —

What steps have been taken to meet the urgent need for additional resettlement resite areas? Can Government give an assurance that genuinely homeless people will be accommodated in these areas or in transit camps?

MR LIGHTBODY: —Sir, this requirement for more licensed space stems from the loss of a number of those areas declared unsafe after the June 1972 rainstorms and from a significant increase in the numbers of persons seeking accommodation in licensed areas, that is, persons unable to find anywhere else to live. As against about 1,000 persons a month in this category last year, the current level of demand is 50% higher; these higher numbers result in part from various clean-up campaigns and from a high level of redevelopment activity in the private sector; improvements in one field tend to produce problems in other areas.

Against this background, I can assure my honourable Friend that energetic steps have been, and are being, taken to set up new licensed areas to meet the needs of those unfortunate people who cannot otherwise secure a roof over their heads. Since June last year four new areas with a capacity for 6,400 persons have been brought into use, and three more, with a capacity for 3,300 persons are being made ready and should be ready for use within the next two months.

In addition three more sites with a capacity for 6,500 have been provisionally allocated but must first be checked for safety by consulting engineers.

We have applied four more possible sites with a capacity for 12,000 persons and we hope that these should be ready for use by the end of this year.

This all adds up to about 28,000 new spaces by the end of this year, but even this will not be enough, as there is a backlog of demand for space for some 8,000 persons, many of whom, I should add, are

potentially rather than actually homeless; that is, they are living in buildings scheduled for redevelopment. So the search for more sites goes on, with the active co-operation of the New Territories Administration and the Crown Lands-Office.

It continues to be our policy to provide accommodation either in licensed areas or in transit camps for genuinely homeless persons. We do of course scrutinize all such applications, since in many cases the applicant is not so much homeless as unwilling to pay the current private sector levels of rent. This is a difficult task which the Housing Department's staff, I believe, discharge with humanity and reasonableness.

Multi-storey buildings management

5. MR CHEONG-LEEN asked: —

What progress has been made in the revision of multi-storey management legislation in the light of recent experience and the deployment of more staff of the Secretariat for Home Affairs to expedite the process of forming management committees in large multi-storey buildings?

THE SECRETARY FOR HOME AFFAIRS (MR CATER): —Sir, it is now almost three years since the Multi-Storey Buildings (Owners Incorporation) Ordinance was enacted and over four hundred corporations have been formed in accordance with its provisions. We have been able to gain a good deal of experience in the working of the Ordinance. Recently a working group was set up to re-examine the whole question of management of multi-storey buildings, including the desirability of amending the Ordinance to remove some of the difficulties which have become apparent. Meanwhile the City District Officers are continuing to encourage the formation of more owners' corporations under the existing legislation.

In connecton with the "Fight Violent Crime" Campaign, and the "Clean Hong Kong 1973" Campaign which will follow it, both the Secretariat for Home Affairs and the New Territories Administration will be deploying additional staff, including some part time community organizers, in order to encourage the formation of mutual aid committees in as many multi-storey buildings as possible. These committees, which will be set up with a minimum of formality, will not be required to be registered as societies under the Societies Ordinance provided they are approved by the Secretary for Home Affairs or by the District Commissioner. The object of the establishment of these mutual aid committees is to create bodies which will be able to make a start as soon as possible on the improvement of building management

[THE SECRETARY FOR HOME AFFAIRS] **Oral answers**

in general and, in particular, to improve security measures and cleanliness in their buildings. We expect that in many cases the eventual outcome will be the establishment of an owners' corporation under the multi-storey building management legislation.

MR CHEONG-LEEN: —Sir, will the additional staff which it is envisaged that will be temporarily deployed for the anti-crime campaign and "Keep Hong Kong Clean" Campaign carry on even after these two campaigns have been completed so that impetus will not be lost in setting up new multi-storey management committees?

MR CATER: —Sir, the intention is that the staff presently being employed will be employed until the end of March next year; but it's my expectation that they will become a more or less permanent feature of the Secretariat for Home Affairs.

Telephone installation waiting period

6. MR WANG asked: —

Can steps be taken to require the Telephone Company to reduce the waiting period for installation of a telephone?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, under section 24 of the Telephone Ordinance the Telephone Company is required to provide service to an applicant within a reasonable time after his application for a telephone has been made. At the end of 1972 the waiting list for telephones was around 38,000, compared with about 650,000 working lines in operation. As the number of lines installed during the year was almost 90,000 the average waiting period works out at about five months.

This average period, however, conceals a more difficult situation in certain areas. Thus, nearly 40 percent of those on the waiting list at the end of last year were in three areas, namely Yau Tong, Kwun Tong and Kwai Chung, and in all of these areas the waiting time is significantly longer than the average. The Company has nevertheless been undertaking a considerable programme to expand its facilities in these areas. For instance, a new exchange will be opened next month in Yau Tong and the extension of the present exchange in Kwai Chung is expected to be ready in November this year. As a result of these works it is expected that the backlog in these three worst-affected areas will be considerably reduced over the coming year.

This problem of the waiting list for telephones can perhaps be seen in clearer perspective, Sir, if there is some appreciation of the tremendous expansion in the demand for telephone services with which the Company has had to cope in recent years. Thus, at the end of 1962 there were 107,000 working lines in operation. By the end of 1972, that is ten years later, the figure stood at 651,000 which represents a more than six-fold increase over the 10 years. And the number of new lines installed each year has steadily increased from 25,000 in 1963 to 45,000 in 1967, 66,000 in 1970 and 86,000 in 1972. In addition the waiting list as a percentage of working lines in operation has fallen from 34 percent in 1962 to less than 6 percent in 1972.

By any standards this represents a very rapid rate of expansion. But neither the Government nor the Company are complacent about the present size of the waiting list. The Advisory Committee on Telephone Services, of which my honourable Friend Mr P. C. Woo is Chairman, conducts a continuous review of the Company's operations and development plans and I think it has had a considerable degree of success in persuading the Company to expand its services generally, as well as to take steps to meet shortages in particularly critical areas. Furthermore, the Postmaster General, as the statutory authority under the Telephone Ordinance, has taken and will continue to take steps to ensure that the Company has the necessary engineering facilities to undertake the expansion needed. In view of the very rapid expansion of the telephone service and of telecommunications generally in Hong Kong, additional professional engineering staff have recently been recruited to the Post Office to enable the Postmaster General, as the statutory authority in this whole field, to keep fully abreast of his responsibilities, including those under the Telephone Ordinance.

Offensive trades policy

7. MR FORSGATE asked: —

In view of the growing magnitude of the environmental problems involved, will Government consider forming a working party to examine policy of offensive trades?

MR ALEXANDER: —Sir, I understand that the problems posed by offensive trades have been discussed by the Advisory Committee on Environmental Pollution on Land and Water and that it was the view of members of that Committee that a comprehensive review of the present situation with regard to these trades is thought to be necessary. A programme is needed to provide for the removal of offensive trades into properly designated areas, and a study of this matter will be made by the various departments concerned in consultation with the Advisory Committee on Environmental Pollution.

Oral answers**Kwai Chung offensive trades zone**

8. MR FORSOATE asked: —

How much of the Kwai Chung offensive trades zone has been earmarked for tannery operators, and how much is left for other offensive trades?

MR MACPHERSON: —Sir, the position regarding the disposal of land in the offensive trades zone at Kwai Chung is that roughly 75,000 square feet has been reserved for tannery operators, leaving a balance of about 244,000 square feet for other offensive trades.

MR FORSGATE: —Sir, can my honourable Friend the District Commissioner advise when the tannery operators at Sheung Shui will be transferred to the Kwai Chung offensive trades zone?

MR MACPHERSON: —Sir, the land for offensive trades in Kwai Chung will become available in stages — that is the necessary formation work and servicing—and that earmarked for the Sheung Shui tannery operators will become available in the middle of 1974. Between now and that time the tannery operators, who were grouped into five consortia, will be required to deal with the land grant, to draw up and get approved their building plans, and they should be able to start building in mid-1974 coinciding with the time that the land becomes available.

Macau Ferry Terminal

9. DR CHUNG asked: —

Does Government know how many passengers using the Hong Kong—Macau Ferry Wharf are from Kowloon peninsula and Hong Kong Island respectively and, if not, will Government conduct a survey to obtain this information?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, I regret that the information sought by my honourable Friend is not readily available in an up to date form because passengers travelling on re-entry permits, who form the large majority of all passengers using the Macau Ferry terminal, are not required to fill in embarkation or disembarkation cards. However, a survey conducted in 1966 would seem to indicate that at that time some 56 percent of passengers travelling to and from Macau started or ended their trips in Kowloon or the New Territories and around 44 percent on Hong Kong Island.

In view of the length of time which has elapsed since this last survey was made, consideration will be given to my honourable Friend's suggestion that another survey should be conducted to obtain more up to date information on this matter, perhaps using University students during their summer vacation.

Vehicular ferry service for Kwun Tong

10. DR CHUNG asked: —

When will there be a car ferry from Hong Kong Island to Kwun Tong?

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, On 30th August last year approval in principle was given, by resolution of this Council, for the Hong Kong and Yaumati Ferry Company to alter certain of its routes, mainly as a result of the opening of the Cross Harbour Tunnel. Among these changes was a proposal for a new vehicular ferry service from North Point to Kwun Tong in place of the existing service from North Point to Kowloon City. The Company also undertook to construct, at its own expense, the necessary ferry berth, ramps and double-deck structure at Kwun Tong to enable the service to operate.

The Company has since submitted the necessary building plans to my honourable Friend the Director of Public Works and these are now being examined by the Port Works Office and the Buildings Ordinance Office. It is hoped that these plans will be approved shortly and that the Company will be able to complete the necessary building works by the end of this year. A further resolution of this Council will then be sought to fix a date for the new service to start and the existing service to close down.

Bridge to Lantau

11. MR WOO: —Sir, may I seek your leave under Standing Order No 17(4) to ask a question without having given the requisite four clear days notice. The question is:

"Is it Government's intention to build a bridge to Lantau?"

I consider the subject to be one of urgent public importance and, for the convenience of honourable Members, a copy of the question was distributed before this sitting started. I have already informed my honourable Friend Mr ROBSON of the matter.

[MR WOO] **Oral answers**

Thus the requirements of Standing Order No 17(4) have been met, Sir.

HIS EXCELLENCY THE PRESIDENT: —The question is in order.

MR ROBSON: —Sir, I am grateful to my honourable Friend for giving me an opportunity to clarify Government's intentions for a bridge to Lantau. But first let me put this project into perspective. The Government accepts that, at present, one of the principal restrictions on the growth of the economy is a lack of land attractive to industrial and residential developers. This is not because there is an actual shortage of land but because access to the suitable land available is inadequate. Government therefore accepts that there is a pressing need to provide access to these areas—hence the construction of a second road tunnel to Sha Tin with the double tracking of the railway and the impending construction of a new six-lane highway to Castle Peak. Feasibility studies for the construction of a tunnel from Happy Valley to Aberdeen and a new road link between the Pok Fu Lam/Bonham Road junction to the waterfront also near completion. Government believes that in the long term such measures will make cheaper land available for comprehensive and balanced development and thus reduce, if not eliminate, the present deterrents to such development and also high prices of land and rents. Accordingly the present construction by private enterprise of a bridge to Tsing Yi Island is of considerable importance and no doubt greatly influenced the Outboard Marine Corporation's decision to build a factory in Hong Kong.

However, after reviewing all the measures which are in the pipeline, Government has concluded that they are not enough and that the best method of making available substantial additional areas of land would be the construction of a bridge giving access to north-east Lantau. This proposition is attractive because it could be linked with the new motor road to Castle Peak and with the water and electricity services of the Tsuen Wan area.

This is an exciting proposal but it must of course be looked at realistically as there are many factors to be considered. Before reaching a view it is necessary to carry out engineering, planning, economic and social investigations. We are doing this, and doing it as quickly as we can, because the impact of the provision of road access would not be restricted to Lantau itself but would have a tremendous effect on the pattern of development for Hong Kong as a whole.

As my honourable Friends are aware, an engineering/planning consultant has already been appointed to consider the most desirable method of promoting and controlling development on Lantau and the Sai Kung and Plover Cove peninsulas. Construction of road access to Lantau could completely alter the nature of the problem put to them, and thus its solution. Discussions have therefore taken place with a view to modifying their brief and the Finance Committee of this Council will be invited to approve additional funds should these be required.

The consultants report will not be submitted until early next year but I have asked that they submit a supplementary report by the end of August setting out the benefits and disadvantages of a bridge and, if they recommend one, the preferable alignment, the form it should take, what will suffice immediately, what is likely to be required in the longer term and what road pattern is needed to serve it. With this information it will be possible to give detailed consideration to its construction and, perhaps by means of a public invitation to submit proposals, to ascertain the terms under which private enterprise would be interested in building it.

In conclusion there is one point I should like to emphasize: Lantau is 2½ times the size of Hong Kong and, although a bridge may well contribute to development including industrial development of the north-eastern part of the island, it is not incompatible with Government's policy of retaining and preserving the rest of the island for recreational facilities for the people of Hong Kong as a whole, which remains unchanged.

Statement

White Paper "Social Welfare in Hong Kong: The Way Ahead"

The Five Year Plan for Social Welfare Development in Hong Kong 1973-78

MR LI: —Sir, amongst the papers laid on the Table today are the White Paper "Social Welfare: The Way Ahead" and the Five Year Plan for Social Welfare Development.

Honourable Members will recall that the White Paper was laid in draft last October by my predecessor. Since then, it has been subjected to careful examination and much comment, both from those who are experienced in the social welfare field and from those with other community interests. This consultative process has taken time—a

[MR LI] **Statement**

little longer than originally expected. But that extra time, Sir, is a very small price to pay, not only for an improved White Paper and Five Year Plan but for a programme of social welfare development that can fairly be said to reflect the views of the community.

The outcome of the consultative process is the two papers laid on the Table. The White Paper describes the general aims of social welfare policy and the Five Year Plan expresses in practical terms the principles and priorities set out in the White Paper.

I cannot, Sir, pretend that everyone would regard the proposals in these papers as ideal. But I can say that they do reflect the views of the great majority of those who commented on them.

The aim was to produce a programme of social welfare development which went as far as was practicable at the present time to provide realistic solutions to the most pressing social welfare problems. I believe this aim has been achieved.

That, Sir, was the aim. But in preparing the White Paper and Five Year Plan, it was never the intention to produce a straitjacket to restrict future development. Instead, the intention was to produce a springboard to encourage future development. Thus, the Five Year Plan will be reviewed each year, for two purposes. First, to revise it to take account of changing needs and circumstances. And, second, to extend it forward a further year thus providing a continuous five year projection. By these means, I hope that we shall have a programme of social welfare development which remains in tune with the changing needs of Hong Kong.

Sir, I have much pleasure in commending the White Paper and Five Year Plan to this Council. We cannot at this stage know whether the programme of social welfare development contained in them will be as successful as we hope. Time alone can pass a proper judgment on that. But I believe that we have done as much as possible in its preparation to try to ensure that the programme will be a success. And by "we" I do not mean the Government alone. The Social Welfare Planning Committee, the Social Welfare Advisory Committee, the Hong Kong Council of Social Service and all the other organizations and individuals who have commented on the proposals also deserve an equal share of the credit. This is a social welfare programme of action to meet the needs of the community, drawn up in consultation with the community, which I believe represents the general wishes of the community.

Government business**Motion****GOVERNMENT LOTTERIES ORDINANCE**

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

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

SCHEDULE

<i>Amount</i>	<i>Organization</i>	<i>Purpose</i>
1. \$250,000	Medical and Health Department	Expansion of the Arran Street Eye Clinic
2. \$608,000 and \$90,000	Hong Kong Federation of Youth Groups Boys' and Girls' Clubs Association	Setting up of a Youth Centre at Bedford Road
3. \$ 30,400	Hong Kong Association for Mentally Handicapped Children and Young Persons	Completion of a special school for mentally handicapped children
4. \$ 70,800	Hong Kong School for the Deaf	Reconstruction of fire-exit staircases
5. \$450,000	Caritas	Redevelopment of Youth Camp at Cheung Chau
6. \$144,000	Hong Kong Christian Service	Setting up of a hostel for aged persons at the Kwai Fong Estate
7. \$100,000	Chinese Anglican Church Body	Equipment for the Social Service Centre at Kwai Chung
8. \$200,000	Salvation Army	Setting up of a hostel for aged persons at the Yau Tong Estate
9. \$ 74,000	Precious Blood Sisters	Improvements to Precious Blood Children's Village
10. \$500,000	Ebenezer School and Home for the Blind	Construction of a training centre

Motion

<i>Amount</i>	<i>Organization</i>	<i>Purpose</i>
11. \$ 32,000	Hong Kong Society for the Blind	Installation of a cargo lift at the Tokwawan Workshop for the Blind
12. \$107,400	Hong Kong Discharged Prisoners' Aid Society	Reprovisioning of the Drug Addicts Treatment Centre at Yuen Long

He said: —Sir, I rise to move the motion standing in my name on the Order Paper and I would hope that it makes some small contribution towards the programme of which my honourable Friend the Director of Social Welfare has just spoken.

The purpose of this motion is to seek approval for the allocation of 12 grants from the Lotteries Fund. These have all been recommended by the Social Welfare Advisory Committee and the total sum of money involved is \$2,656,600. Under section 6(5) of the Government Lotteries Ordinance, the prior approval by resolution of this Council is required for the allocation of grants from the Lotteries Fund.

As regards the 12 items specified in the Schedule to the motion, the biggest items are number 2, which provides a total of \$698,000 for the establishment of a Youth Centre for the Hong Kong Federation of Youth Groups and the Boys' and Girls' Clubs Association; number 10, namely, \$500,000 for the building of a training centre for the Ebenezer School and Home for the Blind; and number 5, that is the redevelopment of a youth camp at Cheung Chau for Caritas at a cost of \$450,000. Another item worth mentioning is the first on the list, namely provision of \$250,000 for the expansion of the Arran Street Eye Clinic for the Medical and Health Department.

I should add that Members of Finance Committee have been provided with full details of each of the first eleven items on the list in an information paper which has recently been circulated. The last item, that is \$107,400 for the reprovisioning of the Drug Addicts Treatment Centre at Yuen Long for the Hong Kong Discharged Prisoners Aid Society, was noted by Members of Finance Committee on 29th March this year. All the items come within the scope of section 6 of the Government Lotteries Ordinance, which defines the purposes for which allocations from the Fund may be made, namely the financing by way of grant, loan or advance the support and development of such social welfare services in the Colony as the Governor, after consultation with the Social Welfare Advisory Committee, may approve, and you, Sir, have under section 6(4) of the Ordinance, approved the

services and projects in this list as being worthy of assistance from the Lotteries Fund.

If this motion is passed the balance remaining in the Lotteries Fund will be approximately \$3,843,400 compared with the present balance of \$6,500,000.

Question put and agreed to.

First reading of bills

DOMESTIC PREMISES (TENURE AND RENT) (TEMPORARY PROVISIONS) BILL 1973 EVIDENCE (AMENDMENT) (NO 2) 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

DOMESTIC PREMISES (TENURE AND RENT) (TEMPORARY PROVISIONS) BILL 1973

THE COLONIAL SECRETARY (ACTING) (MR CLINTON) moved the second reading of:—"A bill to provide for security of tenure and the prevention of increases in rent in respect of certain tenancies of domestic premises, and for purposes connected therewith."

He said:—Sir, when the Colonial Secretary spoke in this Council on the 28th March, he said that an examination of the problem of rents was being conducted, that the work was nearly complete and that he hoped to put forward proposals to the Governor in Council very shortly. As a result, I now move the second reading of the Domestic Premises (Tenure and Rent) (Temporary Provisions) Bill 1973 as the first stage in the implementation of legislative measures to bring about a more orderly and generally acceptable framework for the letting of private domestic accommodation.

The legislation introduced today is an interim measure to put a standstill on rent increases as a holding action pending the introduction and implementation of substantive legislation to provide security of tenure and to moderate the amount of rent increases. My honourable Friends will recall that in 1963 and in 1970 similar legislation was necessary and, as on those occasions, I must apologize to honourable Members for asking their indulgence to take all stages of the bill at this meeting. The reason for this lies in the very nature of the legislation;

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to legislate for a standstill does not permit prolonged debate but, in being asked to support this motion, honourable Members must be informed and the public must be told—both landlords and tenants alike—what form Government's future proposals will take.

When Sir Hugh NORMAN-WALKER spoke on the 28th March, he said that despite new construction rents for property not subject to the restraints of the 1970 legislation have moved upwards during the last two years. In some cases they have skyrocketed to absurd heights. On the other hand, rents of premises which are controlled by the 1970 Rent Increases Control legislation have been held down, in some cases to unrealistically low levels. It has been necessary therefore not only to think in terms of controlling the uncontrolled sector but also to consider what action can be taken to allow the rents of controlled premises to reach a more realistic level, which, I should add, is not the high level reached by some rents over the last year.

In 1972 there were indications that the supply of flats was catching up with demand and it was hoped that by the time the Rent Increases (Domestic Premises) Control Ordinance expired in 1974, the situation would have stabilized. As so often happens in Hong Kong, straightforward projections are confounded by subsequent events. Today, far from having stabilized, an even larger gap exists between controlled and free rents. A number of factors have contributed to this situation: money supply, wage levels, changing social patterns, the popularity of Hong Kong as a base for commercial operations in the Far East, and pressure on accommodation required for the professional and technical staff needed for our development schemes and the expanding economy.

Before going on to describe the measures which are to be proposed in future legislation, I wish to make two very important and fundamental points. *Firstly*, the real solution to the question of steeply rising rents is an adequate supply of housing. Government and the housing agencies have a massive programme which will provide subsidized homes for more than a million and a half people over the next ten years. But even this will not be enough; it will take care of the expanding population of existing housing estates, it will enable us to redevelop old estates and, hopefully, it will enable us at long last to clear the squatter areas which remain, despite the prodigious efforts which have been made in the field of public housing during the last eighteen years and which has provided subsidized housing for 1.97 million persons, or very nearly 50% of the population. Outside the

limits of this programme there is enormous scope left to the private developer to contribute to housing development, to continue and speed up the redevelopment of pre-war slums and to provide better housing for the thousands of families whose needs will not be met by the efforts being made in public housing which by and large are intended for families who cannot afford rents and prices of privately built flats. In addition to this continuing need to redevelop the older parts of Hong Kong and Kowloon, it is proposed to appoint consultants to make an examination of various areas on the outskirts of Kowloon to advise on their suitability for development as large residential estates. If suitable areas can be found it is the intention that they should be disposed of in large blocks for substantial development rather than in single building plots.

The *second* point I wish to make is that it is not Government's intention to control for a period of three years the rents at which *new* premises can be let. During this three year period it is intended that there should be no control on the rents of newly completed property so as to provide an incentive for investment in building development. It is also not proposed to control during this period the rent of premises which have not been previously let. I regard these two points—the supply of more land for private building and the necessary encouragement to developers to continue building—as fundamental to the scheme of control which it is proposed now to introduce.

Honourable Members will remember that the existing control legislation excludes a great many properties. It is estimated that there are some 290,000 post-war domestic premises within the metropolitan area, of which some 75,000 are owner occupied, 160,000 are subject to control and 55,000 are free of control—because they were built after January 1970, had a rateable value of \$15,000 and above, were let since the Ordinance came into force or did not otherwise fall within the provisions of the legislation. Because of this situation, the gap now between free and controlled rents is about 80% for tenements, 150% for small flats and as much as 200% or more for large and medium flats. In other words, the effect of controlling some premises only at a time when demand has outstripped supply has forced rents in the free sector to exorbitant levels. To avoid this happening again it is necessary to bring all existing post-war domestic premises within the ambit of the legislation.

Equally, the present legislation means that some tenants are enjoying unrealistically low rents or, to put it another way, some owners are not obtaining a reasonable return from their property investment because of the controls. New legislation should therefore try to lessen the gap between rents which have been subject to control for some years and those which have not, and to allow for the fact

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that rents of recent tenancies are already at very high levels and should be held in check.

I will come to the detail of the rent control scheme in a moment, but I should say at this juncture that it is proposed that the maximum increase over a two-year period will not be more than 10% a year. It is also felt preferable to provide for increases at two yearly intervals rather than a regular annual increase.

A scheme has been devised whereby those rents which are controlled at a low level will move towards a fair market rent in somewhat larger steps than rents which are closer to market levels; the permitted increase in rent would be calculated by taking the difference between the existing rent and the assessed market rent and dividing by a factor which is the number of steps which it would take at two yearly intervals to bring present rents up to an assessed market rent. The factor which is proposed is 5. The assessed market rent will be estimated by professional officers of the Rating and Valuation Department, who in making their assessment will have regard to the overall rental position, and not just the latest scarcity rents, and would relate the assessed market rent to an up-to-date rateable value.

Sir, it is never safe to predict when supply will catch up with demand in the property market but it is fairly clear that, despite increased development, controls will be necessary for at least three years. Before the end of this period their continuing need would, however, be reviewed.

While new property and premises which have not been previously let will be free from control for three years, it is not considered that fresh lettings of existing property should be free from scrutiny or restraint, and in those cases where the owner has obtained possession the rent for a fresh letting to a new tenant will be restricted to the assessed market rent to be determined by the Rating and Valuation Department.

In such a system of comprehensive measures it is most desirable to include a safety valve and a three-man tribunal of independent persons is proposed to review the Commissioner's determinations of assessed market rent. Both landlords and tenants will be free to refer to this tribunal and if dissatisfied they will be able to appeal to the District Court.

I have dwelt at length on the scheme for the future; on the necessary measures which I am convinced must be introduced to

moderate increases in rent and to bring order and reason into a situation which had developed some alarming features and which, if permitted to continue, was likely to lead us into the situation, with post-war premises, which we are in with pre-war premises controlled under the Landlord and Tenant Ordinance.

To come back to the present, the purpose of the bill now before you is to prevent the eviction of tenants and to prevent any further increases in rents to tenants of domestic premises which are not now controlled pending the enactment of the main legislation which I have just described. The bill follows generally the provisions of the now repealed Security of Tenure (Domestic Premises) Ordinance which was introduced in similar circumstances in 1970 pending the enactment of the existing rent increase controls. The bill applies to all domestic tenancies and sub-tenancies no matter what their rateable value, whether or not there is a written agreement which purports to exclude the provisions of the Ordinance. Some improvements have been made in the light of experience gained with previous legislation. Doubt has recently been expressed that the definition of tenant did not include public bodies, corporations and so forth; paragraph (c) in clause 2 makes it clear that provided such tenancies have been let for and are used for domestic purposes they should have the protection afforded. Clause 5 subclause (4) makes it an offence, punishable by a fine, for a landlord to demand or receive rent in excess of that legally recoverable. Clause 7 provides for tenancies to be terminated in certain circumstances and follows the precedent of previous legislation; however an addition has been made in the proviso to subclause (7) in the case of premises which the landlord requires for his own or his family use. It is thought that even stronger provisions may be required in succeeding legislation if these provisions continue to be abused. Other provisions are generally of an administrative nature and follow previous and existing legislation.

Sir, I am sure my honourable Friends, when they speak on these measures, will emphasize that the real remedy lies not in legislation but in Government doing its utmost to encourage by every means the building of sufficient homes to house our people in reasonable comfort. That is our aim and, as I have indicated, there is already a massive programme for public housing and fresh steps are being taken to provide opportunities on a new and larger scale for the private developer. The longer term legislative measures which I have outlined will be introduced later this summer and will provide for moderate and acceptable increases in rent in return for security of tenure, and by the exclusion of new property for a period of three years will give property developers the incentive needed to continue to make their own necessary contribution to the provision of housing in Hong Kong.

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These objectives will, I feel sure, commend themselves to honourable Members and to the general public.

MR WOO: —Sir, to the general public this bill will appear out of the blue, without prior publication and with all three readings completed in one sitting of the Council. One may ask what is the justification for this procedure and why could advance notice not have been given so as to seek in advance public reaction to such an important matter. The reason, Sir, is that advance notice might have caused some of our more rapacious landlords to take steps to squeeze out their existing tenants off greatly to increase their rents in advance of the standstill freeze which is imposed by this bill. It is very much in the public interest that there should be a temporary standstill. No one I think will deny that. Hence I expect that the overwhelming majority of public opinion will welcome this measure.

What does concern me, however, are the inaccurate and damaging remarks passed in one afternoon newspaper on 30th May about the Unofficial Members. It has been suggested that we have held up this legislation because some among us are property owners. This slur cast upon the reputation of persons appointed to the legislature, and whose interest lies in what is good for the Colony as a whole, is quite unjustified and far removed from the truth. Of course, the Unofficials have discussed these proposals with the Officials. Obviously they are not new to us. We have had three meetings during which the advice and views of senior Government officials have been made available to us. The suggestion that we have held up the legislation for improper reasons is wrong. On the first two occasions we were discussing tentative proposals. Subsequently we did ask for a two-week postponement of the announcement of Government's intentions so that we could obtain full details not only of what is new in this bill but also of what is proposed when the more permanent legislation is drafted.

Obviously, to enact this bill alone without at the same time announcing Government's later intentions would have had a most serious effect upon development. It is necessary to make the ultimate intention clear at the same time. The need to obtain and to study the details of that further legislation, which is not yet drafted, was the reason why we held the matter up, if that is the correct expression, for two weeks. We have been concerned to find the formula which is best for Hong Kong, and by this I mean for all its citizens,

not just for those who happen to own property, but indeed for the great majority of tenants who have to rely upon rented accommodation.

On the one hand, it has been imperative to find a formula which will not inhibit our developers and builders from going on to develop yet more land and to build yet more houses. Any measure which had that effect would be disastrous for our economic future. On the other hand, we have felt it to be equally imperative to prevent rents of existing tenancies from rising at an unreasonable rate.

The solution adopted is related to the quite peculiar situation in Hong Kong. It is a situation which can only exist where there is an overall shortage of accommodation. I refer to the situation whereby two similar flats with similar amenities in two adjoining buildings can be rented, the one at a rental as much as one hundred per cent or more in excess of the other. This paradoxical situation arises from the fact that our legislation has always sought to govern increases in rent and not to impose a specific level of rentals on all premises. This is because we have in the past, as we are continuing to do today, exempted new buildings from initial control. Thus there has grown up the dual system of uncontrolled and controlled premises.

The intention now is to bring under control so far as future rental increases are concerned a considerable number of tenancies which previously have not been under control so that the landlords of those premises will not from now onwards be able to impose whatever increases they may think fit. So far as the controlled premises are concerned there is, as I have said, a great disparity between their rentals and the rentals of equivalent uncontrolled premises. The difference may be of the order of 100% or more. Obviously these rentals cannot be allowed to rise to the level of uncontrolled premises.

The key question has been: by what amount should these rentals be allowed to rise when the present controls come to an end? Here again I repeat that in advising on this question the Unofficial Members have borne in mind the needs of the tenants, many of whom are poor or middle class working people who already have to pay far too large a proportion of their income on rent. One conclusion that we have reached is that in no case should the increase be allowed to exceed ten per cent per year. From the point of view of the landlord of controlled premises this is probably far less than he would himself regard as reasonable. If there is one class of person who will lose out more than all others because of this legislation it is the landlords of the controlled premises, since the yardstick employed is unlikely to bring the rentals they are allowed to anywhere near to what would

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be the open market value, at least not for many years to come. But as I say it is the position of tenants which has weighed most heavily upon us during our deliberations.

At all events the action taken by Government today which, as I say, has a very large measure of Unofficial support should demonstrate the concern of this Council for those tenants who are called upon to pay rentals related to the present very high value of land.

This brings me to another point, namely that it is the shortage of land which is the cause of all our misfortunes in this sphere of rental values. As I said in my speech to this Council on 14th March this year, it is essential for Government to give the utmost priority to further land sales and to making available large tracts of land for private development. I am glad to say that I just heard from my honourable Friend the Colonial Secretary about the project for further housing development and for help to be given to private developers.

Finally, Sir, I would mention that the three-man tribunal of independent persons to adjudicate on appeals either from the tenant or from the landlord against a determination by the Commissioner of Rating and Valuation has been inserted at the express request of the Unofficial Members. I am glad to say that immediate agreement was forthcoming from the Official side when this point was raised with them. I hope, that what I have said will go some way to setting straight the record of the part which the Unofficials have played in bringing this legislation onto the statute book.

Sir, I support the motion.

DR CHUNG: —Your Excellency, I believe many people will be relieved when they hear that Government eventually takes action to curb further increases in rents and to provide security of tenure in respect of all domestic premises excluded from the existing legislation.

Since the introduction of rent increases control in 1970, there have been huge increases of rents for those uncontrolled domestic premises which include those built after January 1970, those with three years or longer leases and those having a rateable value of \$15,000 and above at that time. According to Government statistics available to me, average rent increases for uncontrolled domestic premises during the last three years are about 130 percent for tenements, 200 percent for small flats and almost 300 percent for medium and large flats.

These are average rises in rents and some rapacious landlords are getting even greater increases. No one, I believe, can deny the fact that these increases are exorbitant and that one sector of the community is being exploited by another sector.

A month ago, my honourable Friend the Financial Secretary said in this Council "In Hong Kong we have the great advantage that wages and salaries are still determined broadly by the supply and demand for labour". The reason for this situation, which is different from most other industrialized countries, is that we in Hong Kong do not have sufficient number of organized labour unions. Otherwise, with such substantial inflation in housing rentals we would already have many serious disruptions in our industries and hence our economy due to widespread demands and possible strikes for wage increases by these organized labour unions.

Under the circumstances, the Hong Kong Government has a greater responsibility to ensure that members of the weaker section of the community should not and would not be exploited by those of the stronger section. For the sake of the overall interest in Hong Kong, Government must take appropriate and timely action to contain, within bearable limits, inflation on rents for housing which, according to Chinese philosophy, is one of the four essentials in life. I therefore welcome this proposed bill which is to freeze for about six months any rents increases for uncontrolled domestic premises in order to have time to work out details and prepare draft for the longer-term legislation.

Sir, I wish to emphasize that I support rent control as an interim measure to curb rapid inflation but not as a solution to housing shortage. As the honourable Colonial Secretary has just said, with which I fully agree, any control of this nature will not solve our housing problem and the only effective long term remedy is to increase the supply for meeting the demand for housing. There are a number of factors causing such an acute housing shortage but I can say, probably without much fear of controversy, that Government is responsible at least for two of the major ones. First, it is the insufficient supply of easily accessible—I repeat easily accessible—land for residential housing development. I don't think we can maintain the viability of our export-oriented economy if we have to pay such price of land equivalent to \$300 per square foot of gross floor area.

Secondly, it is the long delay caused by the Building Authority for the approval of building plans. Many people believe that the present procedure for approving building plans has outlived its usefulness and that the time is long overdue for the re-examination of the whole procedure with a view to streamlining the system of control.

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Unless Government is willing and able to eliminate, or at least to greatly improve on, these two main bottlenecks in the housing development, the appalling housing situation and expensive domestic rental will continue to be one of our major social and economic problems.

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

MR CHEUNG: —Sir, I have to declare a financial interest; I am not a landlord but I do hold shares in land investment companies whose profits might possibly be affected by this legislation.

Through an accident of history, I did not become aware, until the afternoon of 22nd May of even the broad outlines of the proposals for rent increase control publicly disclosed today. Accordingly I suffer the disadvantage of not having considered them for as long as the majority of my colleagues, but I do claim to bring to bear on the discussion a fresh mind, not in any way conditioned by having had to wrestle with the problems over an extended period.

I regret to find how far it is proposed we should depart from principles that this Council has followed over a long period of years.

In 1962, when introducing control of rents of post war premises for the first time, the Colonial Secretary of the day said:

"If, therefore, circumstances should exist or arise where an extension of controls was unavoidable, we must be quite clear as to the principles by which that action would be determined. Government would not consider intervention which went beyond the principle of alleviating immediate and demonstrable hardship."

The bill then under consideration in this Council, and later enacted into law, provided

"a period of respite during which tenants, faced at short notice with the alternatives of vacating their premises or of paying increased rents, have an opportunity either of finding alternative accommodation more suited to their means or of coming to terms with their landlord."

"Government's prime concern in this matter is to give interim protection to the domestic, and not to the business, tenants; there is, in any event, something unrealistic in seeking to protect one business against another."

The Colonial Secretary went on to say

"The Government must be cautious to do nothing that would deter landlords, or impair their confidence that the fair product of their enterprise will not be denied them. Here there is a common ground of moderation on which we, for our part, will do our best to meet them, if they in turn will meet us."

"If Government intervenes too far in this particular field, there is nothing more certain than that private enterprise will withdraw from it."

"Those who would avail themselves of a free economy must be prepared to pay the price of a free economy."

The objects in 1962 therefore were to provide a respite, to alleviate immediate and demonstrable hardship, and not to do anything that would result in private enterprise withdrawing from providing domestic accommodation.

When we brought in rent increase control in 1970, we again had two objects:

- (a) to give protection against exorbitant increases in rent to sitting tenants—that is to say tenants actually in possession—to tenants least able to absorb such increases; and
- (b) to give a respite to them in order that the supply of housing might catch up with demand. It was optimistically estimated at that time that supply may catch up with demand in two years but events have proved those predictions wrong.

It was avowed that there was no intention to make rent increase control a permanent feature of our economy, or to penalize landlords of premises completed after the Ordinance of 1970 came into force; tenants not in possession were not to be protected. My honourable Friend Mr Y. K. KAN said "Provided initial rents can be freely negotiated and there is a reasonable measure of freedom in negotiating new leases when the old ones expire, there is unlikely to be any decrease in the amount of private buildings upon which we depend so much to meet the demand for more accommodation." In December 1971 we extended the controls for two years, on the grounds that supply had not kept up with demand.

The proposals for future legislation outlined by honourable Friend the Colonial Secretary today depart materially from the objects this Council had in mind in 1962, in 1970 and in 1972. Two features strike me as being particularly objectionable.

It is proposed that we protect the tenants of premises whatever their rateable value, that is to say to protect even the rich in their

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indulgence of luxury. I recognize that it is one of the essentials of life to give a man a roof over his head; I entirely deny that he has a right to a parlour with a harbour view, except at his own expense. It has been urged in the press, or rather in some sections of it (for I am glad to say that one or two newspapers have not lost their heads) that, by reason of the high cost of accommodation, some corporations have decided to set up their regional headquarters in places other than Hong Kong. It is urged that rents for luxury apartments should be controlled in order to induce them to set up shop here. I have not heard a more puerile argument in my life. These corporations wish to take advantage of our free economy, but are unwilling to pay the price for it. They seek that landlords should subsidize them in order that their representatives and employees should have a standard of accommodation befitting their dignity and station in life as regional corporate officers. What would they seek next? Control of rents of business premises? Control of the price of steak, of caviar, of champagne, of jade and diamonds? Should we accede to such clamour if it be aroused? I trust not. Surely the price of accommodation is a business expense, which should be borne by such corporations either directly or indirectly by increasing the emoluments of their employees. How can it ever be realistic to subsidize one business at the expense of another?

I turn now to a second feature of the proposed legislation which I regret to say fills my mind with abhorrence. It is this: no landlord will be permitted even to charge his tenant what the Commissioner of Rating and Valuation would determine is the fair market rent of the premises under consideration. The landlord is to be permitted to charge only a fraction of it and to make fractional increases over a long period of years. It is estimated that, if these proposals are enacted, it would take ten years for rents to catch up with what is called the fair market value. I wish if I may to take an example which was given to us by one of the senior Government Officials whom we saw. Suppose that there are two blocks of apartments, one completed before 1970, the rents of which are controlled, the other next to it recently completed containing flats that are comparable as to size and amenities, the rents of which are not controlled. Suppose that in the controlled block the rent of a flat is \$2,000 per month, and in the block not controlled it is \$5,000 a month. A landlord who collects \$5,000 in that new block, if I may remind some of my honourable Friends, is not necessarily rapacious. The cost of everything has gone up in the last three years, principally the cost of land. Call him for the purposes of debate "seductive", if you like, but not "rapacious". But in the legislation proposed, the Commissioner of Rating and

Valuation will assess, after due enquiry and taking into account the general level of rents in the locality for this type of accommodation, what the fair market rent of a flat should be. Let us suppose he has assessed it at \$4,000 a month—not the maximum rent which the landlord could get, but what the Commissioner fairly and impartially has determined to be the fair market rent. The landlord would not be allowed to charge \$4,000 a month, he would not be allowed to increase the rent from \$2,000 to \$4,000 a month.

I would not cavil at legislation which would limit the landlord to charging the fair market rent, that is to say \$4,000 a month. But if I understand the proposals correctly, he will be allowed to charge \$2,400 a month for rent, for a flat assessed as being worth fairly \$4,000 a month. What is the justification for taking this line? How can it remotely be said to be fair? Or are we in this Council going to abandon the principle of promoting fair dealing between man and man?

The truth is, unintentionally, we have created a privileged class of tenants, who naturally clamour for extended and further controls of rent when they sense danger of losing their privileges. These tenants have been enjoying a standard of accommodation at what have been rents far below market rents. But what is proposed is substantially loaded against the landlord and in favour of the tenants.

We are, it seems to me, Sir, in danger of creating a larger class of privileged tenants, and in danger of driving private enterprise away from providing more domestic accommodation. I am told by a senior Government Official that 95% of the domestic accommodation which is built is now built for sale and not for letting. If we restrict rents too far, I am certain that private enterprise will be driven away from providing domestic accommodation for rental. The building society and the lending institutions would take the place of the landlord. It is perfectly true that the actual legislative proposals are not before us today, but I would ask honourable Members to ponder long and hard whether it is in the public interest to carry the proposals, or some of them which have been outlined, into effect. We may well be right in giving temporary relief to those sections of our community that are least able to bear extra burdens, but I entirely disavow that we have any obligations to protect the rich. It is for employers, in my view, to give their more valuable executives such financial relief as they may require, in order to keep them happy and productive, and not demand that landlords should subsidize them.

I turn now, Sir, if I may to a totally different aspect of the matter. Previous controls were imposed in order that supply might catch up with demand. I ask, therefore, what Government has done in the last 31 years to bring about this state of affairs. I regret to find, that, apart

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from providing housing in the public sector, some measures taken by Government have not encouraged supply, and indeed have been counter productive.

Many honourable Members today have already mentioned the short supply of land to the private sector. It can scarcely be encouragement to provide building when three quarters of the cost of putting up a block of flats goes towards the cost of the land. I am more than gratified to hear from my honourable Friend the Colonial Secretary that Government would soon be making efforts to make large areas available for private developers, and I am equally gratified to hear the honourable the Director of Public Works say that the matter of building a bridge to Lantau and opening up the north-east corner of Lantau is under serious consideration. What they have said releases me from the obligation of making certain other observations on the short supply of land. But I would be more reassured if, before the actual legislation is enacted, Government gives definite commitments regarding the provision of much more land for housing in the private sector. I only ask that the restrictions that landlords have been made to bear might be matched by energetic efforts on the part of those officers in Government whose business is to make land available for private housing development and—if I may ask in parenthesis, Sir—what has happened to negotiations with the military authorities over the release of land at Lei Yue Mun barracks and other places which can be turned to more beneficial social use? And will consideration be given, apart from providing land in the New Territories, to providing land nearer existing urban areas, like Devil's Peak and Aberdeen?

As I have already taken up so much of honourable Members' time, I would refer, Sir, only briefly to two aspects of Government activity which have been counter-productive. The first concerns the Buildings Ordinance Office. I find it distressing that over the past three years it has resorted to every stratagem imaginable to stop private enterprise from developing housing sites to the full potential permitted by the law: its basic reason has been that the development legally permissible would lead to a deterioration in the environment. But what are our priorities—more and cheaper housing first, or a better life first? For myself, I would choose the former; because in our circumstances the latter is, by comparison, a luxury.

The second other aspect which I have mentioned is the law relating to town planning which I would suggest is in need of drastic revision. I speak of this with some personal knowledge, for I have

had a number of brushes professionally with the Town Planning Board. Of two cases I have the most vivid recollection. In one case, the draft plan for the Western District earmarked my client's site as an open space. It was a large site, and there was perhaps a need for an open space in that locality; but whether there was such a need or not, my clients did not quarrel with it, but instead proposed to the Board that they should be allowed to erect a building which would have provided an open space on the roof of the 4th floor, covering the whole site, accessible to the public from Queen's Road level by an ample lift service, which my clients would have installed, and accessible from the rear by a bridge connecting the fourth floor with Hill Road. In that way, the public would have had an open space and my clients would have had a building, mostly for domestic accommodation. That compromise was turned down, for reasons which have never been disclosed to my clients, nor I believe disclosed to Executive Council.

The other case concerned a site facing Yaumati typhoon shelter. The draft plan designated it for use as an open space, notwithstanding that a huge open space would be provided by reclamation on the other side of the new Tong Mei Road. Once more, my clients proposed to construct a building which would provide an open space covering the whole site three storeys high at ground floor level, reserving only a small amount of space for lifts and staircases to serve the domestic accommodation from the 3rd floor up. Again the compromise was turned down, notwithstanding the housing shortage and rent restrictions. It seems to me that for the law to permit such things to happen is not conducive to the public interest.

I finish by saying, Sir, that I support the present bill with the greatest possible reluctance, and that I hope different counsel will prevail whilst we and the public consider the measures outlined to us; and that some modification of its more objectional features would be agreeable to Members of this Council. And I express the hope that Government will review urgently all activities and policies which are counter productive to the provision of more housing.

MR ROBSON: —Sir, the honourable Colonial Secretary and Members today have indicated how important it is that private developers are not inhibited in constructing housing. I am saying housing because that is the matter which is in short supply and where we have had spiralling rents more than in other areas. The honourable Colonial Secretary and myself have also pointed out that it is Government's intention, and always has been, to provide as much land as is possible for this purpose.

I have mentioned this on previous occasions in this Council, and I mentioned only a matter of a few months ago how the District Commissioner,

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New Territories and myself were trying to find large areas of land which could be sold in a block for developers to produce the roads and site formation on a large scale. This is in line with what I said this afternoon when I said Government believes that in the long run measures to provide road access to areas where land is available will make cheaper land available for comprehensive and balanced development and thus reduce, if not eliminate, the present deterrents to such development and also high land prices and high rents. But the key is, I am afraid, comprehensive and balanced development and in this respect I am afraid I must disagree with what has been said by one speaker who feels that perhaps the answer is to turn private developers loose and let them develop any piece of land which may be available.

This is not good town planning and I agree that the Town Planning Ordinance is in need of amendments. It requires to be strengthened, because at the present moment town planning is having to be done through the medium of the Buildings Ordinance Office and where plans have been held up because the plan has indicated a scale of development which is either not in accordance with the area or which would overload public facilities or which is just contrary to the lease rather than the Buildings Ordinance, then I am afraid you must blame myself and the Public Works Department for that and not the Buildings Ordinance Office. They have been having to fight a rearguard action because of the fact that developers can submit plans for approval to the Buildings Ordinance Office without first satisfying the rudiments of town planning. Sir, I agree with my honourable Friend that change of legislation is necessary and I have made proposals for that change.

In respect of development of military lands, once again I would hate to think that this land will be turned over to private developers to build to the limit of the Buildings Ordinance which can produce up to, at the present moment, 2,000 to 3,000 persons to the acre and which is the type of development which would be produced if it was not for the watchful eye for the Buildings Ordinance Office and, perhaps, the Town Planning Office. Military lands which are available within the urban areas will have to be used for providing open space, schools, playgrounds and the things which are required by the mass of the population rather than by the fortunate persons who can perhaps afford to have private accommodation.

I think, Sir, that Members will accept that it is Government's intention not to inhibit private development but to provide as much land as possible and to assist wherever possible in the building of private accommodation.

THE COLONIAL SECRETARY (ACTING) (MR CLINTON): —Sir, I am most grateful to my honourable Friends Mr P. C. WOO and Dr CHUNG for their valuable support of the bill and for their general support of the longer term proposals and also for their useful suggestions.

I have noted that Mr CHEUNG's support is conditional and with reluctance. It seems to me that in his eloquent but perhaps somewhat exaggerated speech he is really in broad agreement with our objectives but not with the methods or with the details.

I would like, Sir, again to stress that the legislative measures that we are proposing are temporary until ultimately with the more positive measures, some of which have been outlined by my honourable Friend Mr ROBSON, supply catches up with demand and renders controls unnecessary.

I believe that the proposals which I have outlined are reasonably fair to both tenants and landlords.

Question put and agreed to.

Bill read the second time.

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

Explanatory Memorandum

This Bill is an interim measure to provide tenants of domestic premises in post-war buildings who are outside the scope of the Rent Increases (Domestic Premises) Control Ordinance with security of tenure and to prevent their current rents from being increased.

Clause 1 contains the short title of the Bill.

Clause 2 deals with interpretation while clause 3 is concerned with the application of the Bill.

Clause 4 contains provisions relating to the ascertainment of a domestic tenancy.

Clause 5 prohibits rent increases, provides for the recovery of overpaid rents by tenants and sub-tenants and makes it a criminal offence to demand rent in excess of the recoverable rent.

Clause 6 provides security of tenure in respect of tenancies and sub-tenancies to which the Bill applies. Clause 7 deals with the termination of such tenancies.

**Domestic Premises (Tenure and Rent) (Temporary Provisions)
Bill—second reading**

[Explanatory Memorandum]

Clause 8 confers jurisdiction on the District Court. Clause 9 deals with proceedings in the District Court.

Clause 10 enables the Commissioner to use his powers under section 5 of the Rating Ordinance 1973 for the purposes of the Bill, while clause 11 empowers the Commissioner to specify forms.

EVIDENCE (AMENDMENT) (NO 2) BILL 1973

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

He said:—Sir, I move the second reading of the Evidence (Amendment) (No 2) Bill 1973, a somewhat mundane measure following as it does the vital matters which Council has just been considering.

The office of Government Chemist is in part defined in the Evidence Ordinance as a person appointed to carry out chemical examinations or analyses. Many examinations and analyses are now carried out by instrument or physical methods not involving a chemical process. The proposed amendment to the definition of "Government Chemist" in clause 2 of this bill reflects these changes in the methods used.

Clause 3 makes minor changes in the form of the Government Chemist's certificate which experience has shown to be desirable.

Motion made. That the debate on the second reading of the bill be adjourned—THE ATTORNEY GENERAL (ACTING) (MR HOBLEY).

Question put and agreed to.

Explanatory Memorandum

Clause 2 of the Bill amends the definition of "Government Chemist" in section 2 of the principal Ordinance. The reference to chemical examinations or analyses of articles is deleted therefrom, as many of the examinations and analyses of articles are now carried out by the Government Chemist by instrumental or physical methods and do not involve chemical process.

Clause 3 replaces Form 1 in the Schedule to the principal Ordinance. The revision of the form of the Government Chemist's Certificate is considered necessary to accord with the procedure followed on the examination or analysis of an item by the Government Chemist.

STAMP (AMENDMENT) BILL 1973**Resumption of debate on second reading (23rd May 1973)**

Question proposed.

MR LEE: —Sir, I agree with my honourable Friend the Acting Financial Secretary when he introduced the bill before Council two weeks ago that it was not necessary to repeat the arguments in favour of the proposals to increase, reduce or abolish stamp duties in respect of various documents contained in clause 12 in the bill. Honourable Members must have been pleased to know that the abolition of minor duties had not only been welcomed by the public but had relieved the Stamp Duty Office from a considerable administrative burden and enable it to render a quicker and more efficient service which had occasionally been the source of complaint by the public. As for myself, I was particularly pleased to learn that the first effects of the relief given on stamp duty for conveyances of low value properties have been favourable. If persons of moderate means can be encouraged, by any measure at all, to own the properties they live in, it will no doubt assist to solve to some extent the social problems of rising rentals in the present tight accommodation situation.

Sir, I now wish to take this opportunity to say a few words on section 40(4)(*dd*) of the principle Ordinance. This section prescribes that "all bills of exchange and promissory notes which constitute a gift to or a payment from an exempted institution shall be wholly exempted from duty" Although the bill before Council is to give legislative effect to the proposals made by the Financial Secretary in his budget speech on 28th February 1973 to increase, reduce or abolish stamp duties in respect of various documents. I trust it is in order for me to propose amendment of a similar nature in the existing Ordinance. With your permission, Sir, I wish to suggest that transfer of shares and properties as well as all similar and related transactions be exempted from stamp duty under the section I just mentioned.

In support of my proposal, I would like to bring up two points. One is on principle and the other is on policy.

On the principle side, if bills of exchange and promissory notes are exempted, I do not see why exemptions should not be extended to transactions of shares and properties if they do constitute gifts to exempted institutions.

On the policy side, I presume that we are all aware that tax deductions for charitable donations are allowed to the extent of 10%,

[MR LEE] **Stamp (Amendment) Bill—resumption of debate on second reading (23.5.73)**

which I must submit is too restrictively low and needs revision of the assessable profits of a person to encourage donations. Therefore, I hope Government will see it appropriate to apply the same policy to give exemption in respect of documents which are now liable to stamp duty as a gesture to further demonstrate Government's welcome to charitable gifts.

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

MR LOBO: —Sir, like my honourable Friend Q. W. LEE I must speak on this bill.

In general terms I am in favour of the bill but I am not happy with the idea of duty being paid by donors to charity by way of securities, shares or on property.

We have just begun with new efforts towards improving the quality of life. We are in the threshold of "the way ahead" as it is known to us—Hong Kong is fortunate in having a charity minded community and Government has, in the past, been greatly relieved from social welfare expenditure through our charity minded community.

It is therefore my opinion that gifts to recognized charitable institutions or non-profit-making bodies dealing with welfare work or education should be exempted from duty on gifts.

The present law as it stands will serve as a deterrent and will discourage gifts of property and securities to charity. Donors who give in memory of a beloved one or in the name of charity may not be prepared to pay stamp duty over and above their benevolence.

I therefore support my honourable Friend Q. W. LEE's remarks and I hope that my words will find focus.

THE FINANCIAL SECRETARY (ACTING) (MR JONES): —Sir, I am most grateful to my honourable Friends Mr Q. W. LEE and Mr Roger LOBO for supporting this bill and for their helpful suggestions for further amendment to the principal Ordinance. I can assure them that their proposals for amending section 40(4)(*dd*) of the Ordinance will be considered very carefully and that I will examine the matter in consultation with my technical advisers, in particular the Commissioner of Inland Revenue.

I am sure that my honourable Friends will understand that the purpose of the bill now before Council is to give effect to the proposals for changes in stamp duty contained in the budget speech. The point they raise, although doubtless laudable in itself, will not only need to be looked at within Government but, like all additional legislation, may be something on which you, Sir, may wish to seek the advice of the Executive Council. Fortunately the Stamp Ordinance is a piece of legislation which seems to go through frequent revision on points of detail, and there should be an opportunity in the not too distant future to consider this.

I repeat, Sir, that in principle I have sympathy with my honourable Friends' intentions in this matter and that his sympathy will be reflected in Government's consideration of their proposals.

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.

DOMESTIC PREMISES (TENURE AND RENT) (TEMPORARY PROVISIONS) BILL 1973

HIS EXCELLENCY THE PRESIDENT: —We will take the clauses in blocks of not more than four.

Clauses 1 to 11 were agreed to.

STAMP (AMENDMENT) BILL 1973

HIS EXCELLENCY THE PRESIDENT: —We will take the clauses in blocks of not more than four.

Clauses 1 to 12 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL (ACTING) (MR HOBLEY) reported that the
Domestic Premises (Tenure and Rent) (Temporary Provisions) Bill 1973
Stamp (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.

Unofficial Member's bill**First reading of bill**

**SOCIETY FOR THE RELIEF OF DISABLED CHILDREN
INCORPORATION (AMENDMENT) 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 bill

**SOCIETY FOR THE RELIEF OF DISABLED CHILDREN
INCORPORATION (AMENDMENT) BILL 1973**

MR CHEUNG moved the second reading of: —"A bill to amend the Society for the Relief of Disabled Children Incorporation Ordinance."

He said: —Sir, the Society has been in communication with the Government over the investment clause and it has been agreed between the Society and the Government that the investment clause, which this bill seeks to amend, would be suitable for the Society. It is a form which many other charities have.

Question put and agreed to.

Bill read the second time.

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

Explanatory Memorandum

The purpose of this Bill is to confer on the Society for the Relief of Disabled Children wider powers of investment, including investment overseas.

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 20th of June.

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