

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 28th November 1973****The Council met at half past Two o'clock**

[Mr PRESIDENT in the Chair]

PRESENTTHE HONOURABLE THE COLONIAL SECRETARY (*PRESIDENT*)

MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP

THE HONOURABLE THE FINANCIAL SECRETARY

MR CHARLES PHILIP HADDON-CAVE, CMG, JP

THE HONOURABLE THE ATTORNEY GENERAL

MR JOHN WILLIAM DIXON HOBLEY, QC, JP

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS

MR DENIS CAMPBELL BRAY, JP

THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, CBE, JP

DIRECTOR OF URBAN SERVICES

THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP

SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE JOHN CANNING, JP

DIRECTOR OF EDUCATION

DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE IAN MACDONALD LIGHTBODY, JP

SECRETARY FOR HOUSING

THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP

DIRECTOR OF COMMERCE AND INDUSTRY

THE HONOURABLE LI FOOK-KOW, JP

SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE GEORGE PETER LLOYD, CMG, JP

SECRETARY FOR SECURITY

THE HONOURABLE DAVID AKERS-JONES, JP

DISTRICT COMMISSIONER, NEW TERRITORIES

THE HONOURABLE ALEXANDER STUART ROBERTSON, JP

DIRECTOR OF PUBLIC WORKS (*Acting*)

THE HONOURABLE SZETO WAI, OBE, JP

THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP

THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP

THE HONOURABLE LEE QUO-WEI, OBE, JP

THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP

THE HONOURABLE ANN TSE-KAI, OBE, JP

THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP

THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP

THE HONOURABLE JAMES WU MAN-HON, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE LI FOOK-WO, OBE, JP

ABSENT

HIS EXCELLENCY THE GOVERNOR
 SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE
 THE HONOURABLE WOO PAK-CHUEN, CBE, JP
 DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP
 THE HONOURABLE PETER GORDON WILLIAMS, JP
 THE HONOURABLE GUY MOWBRAY SAYER, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
 MR KENNETH HARRY WHEELER

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:	
Telecommunication (Amendment) Ordinance 1973.	
Telecommunication (Amendment) Ordinance 1973 (Commencement) Notice 1973	210
Ferries Ordinance.	
Ferries (Amendment) Regulations 1973	211
Public Health and Urban Services Ordinance.	
Food Business (New Territories) (Amendment) Regulations 1973	212
Import and Export Ordinance.	
Import (Coffee) (Revocation) Regulations 1973	213
Telecommunication Ordinance.	
Telecommunication (Closed Circuit Television Systems) Regulations 1973	214
Telecommunication Ordinance.	
Telecommunication (Amendment) Regulations 1973	215
New Territories Ordinance.	
New Territories (Land Offices Approval) Order 1973	216
Telecommunication Ordinance.	
Charges for Radiotelegrams (Amendment) Order 1973	217

Sessional Papers 1973-74:

- No 24—Annual Report by the Commissioner of Inland Revenue for the year 1972-73 (published on 28.11.73).
- No 25—Annual Report of the Sir Robert Black Trust Fund Committee for the year 1st April 1972 to 31st March 1973 (published on 28.11.73).
- No 26—Supplementary Provisions for the quarter ended 30th June 1973 (published on 28.11.73).
- No 27—Annual Report by the Director of Broadcasting for the year 1972-73 (published on 28.11.73).
- No 28—Annual Report by the Commissioner for Resettlement for the year 1972-73 (published on 28.11.73).
- No 29—Annual Report by the Registrar General for the year 1972-73 (published on 28.11.73).
- No 30—Annual Report and Accounts of the Hong Kong Trade Development Council for the year 1972-73 (published on 28.11.73).

Oral answer to question**Discrimination against Hong Kong textiles and footwear by the EEC**

MR ANN: —Sir, under Standing Order 17(4), I have already obtained His Excellency's permission to ask the following question without notice on the ground that it is of an urgent character and relates to a matter of public importance. I have already given private notice to my honourable Friend, Mr JORDAN. My question is:

"Has Government received any official reply from Her Majesty's Government on Hong Kong's representation for the imperative removal of discrimination against Hong Kong textiles and footwear by the enlarged European Economic Community in its Generalized Preference Scheme? If not, will Government take up the matter further with Her Majesty's Government as the announced intention in the Parliament to press for inclusion in the Scheme only from 1975 onward is highly unsatisfactory and will prove disastrous to Hong Kong's industry?"

Oral answer

MR JORDAN: —Sir, Her Majesty's Government in the United Kingdom has made very clear to the other Member States of the European Economic Community that it regards the discrimination against Hong Kong that is involved in the exclusion of our textiles and footwear from the Community's Generalized Preferences Scheme as no longer acceptable.

At the meeting of the Community's Council of Ministers on 6th November, Mr John DAVIES, the British Minister responsible for Community affairs, put his colleagues on the Council on notice that, in the context of next year's review, the British Government intends to press resolutely for the inclusion of Hong Kong's textiles and footwear in the scheme from 1975 onwards.

The contents of his statement have already been publicized in Hong Kong and conveyed to the signatories of the industry's petition on this matter which was sent to the Secretary of State in August.

Her Majesty's Government has informed us that they had reached the conclusion that they would not have been able to get agreement on the inclusion of Hong Kong's textiles and footwear in the scheme for 1974. However strongly we may feel about this issue—and we have made it clear in London that we do feel very strongly about it—I think we must admit that it must be left to Her Majesty's Government to decide the tactics of the operation.

That is not to say that we shall not continue to press our views and to put forward any further representations we may receive from the industrial and trading interests in Hong Kong that are affected by this situation.

While all this may seem cold comfort to the textile and footwear industries, I should point out that there are other aspects of the scheme that are from our point of view to be improved in 1974. The average quota levels are to be increased by some 40% and there will be a reduction in the number of commodities subject to the tariff quota system. One of these, locks and padlocks, involves significant Hong Kong trade. In addition, the individual country cut-off points—the “butoirs” —within the tariff quotas have been raised from 20% to 30% for 14 items, and 7 of these are of particular significance to Hong Kong in trade terms. They include travel goods, imitation jewellery, primary cells and batteries, portable electric lamps, radio receivers and parts, tape recorders and vacuum flasks.

However, I am very well aware of the dissatisfaction with the present situation amongst Hong Kong textile and footwear manufacturers and exporters. We shall continue to press not for special treatment but for equal treatment for Hong Kong with the object of seeing this discrimination removed by 1975.

Government business

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Address of thanks to His Excellency the Governor

Resumption of debate on motion (31st October 1973)

MR LI: —Sir, in his opening address to this Council, His Excellency the Governor stressed the importance of developing and implementing long term programmes to improve the conditions of life here in Hong Kong. In the field of social services we have a major contribution to make. We can look back on some notable achievements but much remains to be done and I am confident that this year we can continue to lay the foundations for sustained progress in the future. His Excellency the Governor has mentioned the Five Year Plan for Social Welfare, a plan which has proved something of a pacemaker; we have now laid before this Council major reports on the future development of secondary education and of our medical and health services. The labour field is less susceptible to forward planning of this kind but we shall continue to bring before honourable Members appropriate measures to improve conditions of work and employment.

This afternoon, Sir, I should like to review our recent progress in social welfare and labour matters and to indicate some of the areas in which I hope to see further advances during the year.

Turning first to social welfare, a good start has been made on the implementation of the Five Year Plan particularly with the opening of the Institute for Social Work Training.

Among the other features of the plan implemented in this first year, perhaps the most significant is the introduction of the Disability and Infirmity Allowances. Under this scheme non-contributory, flat-rate allowances are paid without an income limit to the elderly infirm and the severely disabled. This is a new departure in the field of social security and one that is specially suited to the special needs and circumstances of Hong Kong. It has proved an immediate success.

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By the end of last month 40,000 applications had been received of which over 3 1,000 are already receiving payments. Investigation of the remainder is proceeding as quickly as possible and payments in all cases will have retrospective effect to the date of application. My honourable Friend, Mr LOBO, has called for urgent revision of these allowances, as well as public assistance, in the light of rising living costs. The rates of assistance are already kept under permanent review; one increase of 11% was implemented in July this year and approval has recently been obtained for a further increase of 21% to take effect on 1st January 1974.

Sir, the Five Year Plan is a joint framework for action by Government and the voluntary sector. A good example of a field in which both work together is in the provision of day care nurseries for children whose parents are unable to care for them during the day. It is important to ensure that there are enough places and that acceptable standards are maintained. At present there are 66 non-profit-making day nurseries providing about 7,100 places. Of these, 47 nurseries with a total capacity of some 5,700 places are subvented. To meet the increasing demand for places, the Five Year Plan proposes that 1,000 additional places should be provided each year. The scale of subvention to non-profit-making day nurseries which is fixed on a per capita basis is kept under constant review. The monthly rate was increased from \$10 to \$20 in 1971 and to \$40 in January 1973. Approval has recently been obtained for the rate to be increased to \$65 for the current financial year and to \$80 for the next financial year. These two latter increases include an element for the improvement of standards which vary considerably from one nursery to another. In this context we are well on with the drafting of legislation to require all day care and residential centres for children under the age of six to register with the Social Welfare Department and to require that centres comply with certain minimum standards relating to accommodation, health and safety measures, staffing, programmes of activity and other measures designed to ensure adequate standards of supervision.

I note that my honourable Friend, Mr LOBO, feels that there is uncertainty among some agencies about the part they are to play and the amount of Government assistance available to them. The role of the voluntary sector has been clearly established in the White Paper and Five Year Plan. On the other hand, it would not be easy to establish appropriate subvention formulae for subventions in respect of services other than day nurseries. My honourable Friend, the Financial

Secretary, mentioned in his budget speech in February this year that consideration was being given to certain proposals aimed to streamline the procedures for processing applications for recurrent subventions and capital grants in order to assist agencies in the implementation of their projects under the Five Year Plan. In this connection, I am pleased to report, Sir, that a one-line-vote for social welfare subventions is to be introduced for the year 1974-75. This means that within an overall figure agreed by Finance Committee, the allocation of subventions to individual voluntary agencies will become the responsibility of the Director of Social Welfare acting on the advice of the Social Welfare Advisory Committee. The procedure for allocation of grants from the Lotteries Fund will also be improved. A bill presently before this Council proposes that the Financial Secretary should be empowered to make allocations from the fund and that the requirement that every grant and loan shall be subject to this Council's prior approval by resolution should be deleted. If this bill becomes law, it is intended that power to make allocations should be delegated, subject to certain exceptions, to the Director of Social Welfare.

Sir, with the establishment of the overall policy and strategy for social welfare in the White Paper and Five Year Plan and with the implementation of projects proceeding satisfactorily, it is now possible to turn our attention to particular areas of difficulty which require interdepartmental co-ordination. One such area concerns the future needs of the elderly on which a working party has recently published its report. In the light of this a number of valuable comments have been received which reveal a great degree of support for action in this field over a wide front. When we have digested all the comments, we shall be able to bring forward firm proposals about the future provision of services in this field.

Rehabilitation of the disabled is another area in which co-ordination is necessary. The departments and voluntary agencies involved each have their own plans but much preliminary consultative work has already been undertaken between them in the Ad Hoc Working Group on rehabilitation referred to by my honourable Friend, Mr LOBO. This working group has produced a very useful working paper which summarizes a large number of concepts and recommendations discussed by representatives of Government and the Hong Kong Council of Social Service. The paper is not intended for publication but to provide a basis for a more co-ordinated approach to future planning. I am sending it on this basis to the heads of departments concerned in the provision of rehabilitation services and also to members of the Social Welfare Planning Committee and to the Hong Kong Council of

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Social Service. I accept the need for greater co-operation and will be examining this matter in greater detail to ascertain if there are any practical difficulties. I also intend to discuss with the heads of departments directly involved on the implementation of the recommendations of the working group.

While on the subject of co-ordination, I should like to refer to the proposals of my honourable Friend, Mr Q. W. LEE that a unit should be formed to study possible projects that would be of interest to those considering donations for the benefit of the community, so that information and advice can be given quickly. Potential donors can be deterred by the need to suggest projects for sponsorship and then to seek Government's approval for them. The proposed unit could select suitable projects from within approved plans, such as the Social Welfare Five Year Plan, and match these to the requirements of prospective donors. This would reduce to a minimum the effort required of donors, thus making the prospect of donation more attractive, and at the same time it would assist Government in the implementation of its long-term plans. I agree therefore that there would be advantage in my honourable Friend's suggestion and my honourable Friend, the Financial Secretary and I shall be pursuing this matter further.

Turning now to labour matters—honourable Members will recall that an extensive programme of legislation was outlined by the Commissioner of Labour in this Council in February 1968. Since that time, no fewer than 75 items have been enacted. This is a measure of the progress that has been made. The labour standards in Hong Kong have therefore been improved significantly. Criticisms that we maintain a competitive edge in our exports because of our low labour standards are, in my opinion, completely unjustified. We should be judged by Asian standards and our wages are the highest in Asia, with the exception of Japan. We are a very close second as to the ratification of international labour conventions in that only Japan has ratified more, 29, as opposed to the 28 applied to Hong Kong.

Sir, we have seen considerable advances in our labour legislation in the last few years, but we must remain alert to the need for further improvements. This is a continuing process and I should like to mention today four areas in which progress has been made in the past year and further developments are projected for the year ahead.

The first of these is industrial safety. Since 1st April this year, three sets of safety regulations have been made. These include one dealing comprehensively with the very important subject of safety in construction work which, in the past, has been a major source of industrial accidents. Further sets of regulations covering a wide range of industrial activities are now in various stages of preparation and I hope to bring forward a number of these for approval by this Council as soon as they have been made by the Commissioner of Labour. But the promotion of industrial safety is essentially long term and is not achieved simply by the enactment of special regulations. To this end, a Five Year Programme of action across the whole field of the promotion of industrial safety is under consideration. The support of employers is essential to the success of this programme and it is particularly encouraging to see many leading firms materially supporting the organization of Hong Kong's first major Industrial Safety Exhibition which will be held as part of the coming CMA Fair.

Secondly, I should like to say something of the progress that has been made in our continuing review of the Employment Ordinance. Honourable Members will recall this was originally so framed that further parts could be conveniently and progressively added to build a comprehensive code of employment. During the past year there have been two major amendments: the one extended holidays with pay and sickness allowance to all employees covered by the ordinance, increased their entitlement to sick leave and simplified the qualifications for it; and the other introduced controls over employment agencies to ensure that workers, whether to be employed in Hong Kong or overseas, are not exploited. Further amendments to the ordinance are proposed and during the coming year, I shall bring forward a bill to provide for severance payments to workers made redundant through no fault of their own. His Excellency, the Governor has already referred to this proposal and I am sure that the public in Hong Kong will support my honourable Friend Dr S. Y. CHUNG in welcoming its introduction.

Thirdly, I should like to say a few words about labour relations. His Excellency, the Governor has already referred to the early success of the Labour Tribunal. More generally, of course, Hong Kong's record of lost man-days and production compares very favourably with that of many territories. However, as my honourable Friend Dr S. Y. CHUNG has pointed out, there is a case for new legislation and to provide for procedures for dealing with disputes and to give statutory backing to the Labour Relations Service. To this end, we are working on a new Industrial Relations Bill in order to provide a more

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modern approach suited to the present day needs of Hong Kong, and to replace the existing provisions of the Trade Disputes Ordinance and the Illegal Strikes and Lockouts Ordinance.

And fourthly, let me turn to industrial training. We have seen this year the advent of the Hong Kong Training Council which is to continue and develop further the valuable work started by its predecessor, the Industrial Training Advisory Committee. This development underlines the growing emphasis we must, as a community, place on industrial training and on apprenticeship. We must look forward in this way to providing Hong Kong with the skills required by its increasingly sophisticated industries. One of the Council's first tasks will be to offer its advice on the draft bill to provide a legislative framework for apprenticeship schemes; work on this is well advanced. And, in this context, Sir, I should perhaps comment on the suggestion by my honourable Friend, Mr Hilton CHEONG-LEEN that quicker action by Government is required in providing more organized apprenticeship training schemes particularly for those under 14.

Let me make it quite clear that I very much share the concern expressed about the position of the 12-14 age group. But let me equally clearly say that I see major difficulties in the way of any change in our legislation governing the employment of children under 14, as suggested by my honourable Friend, Mr Wilson WANG. There are no restrictions on the employment of children under 14 except in industrial undertakings and in licensed premises under the Dutiable Commodity (Liquor) Regulations. These young people can therefore work in such places as commerce, agriculture, fishing and so on and this I think largely meets my honourable Friend, Mr WANG's point. The reason for the controls in relation to premises licensed to sell liquor is clear enough. The control in relation to industry recognizes the risks inherent in the industrial working environment and the fact that children under 14 are generally too young to be likely to be able to perform industrial work satisfactorily. Moreover, most under 14's would lack the adequate educational standard to enable them to absorb the theoretical training which must play an integral part in any modern apprenticeship scheme. Apprenticeship after all is more than mere practical training.

While therefore I see considerable difficulties in the way of Government moving to authorize industrial employment for the under 14's, my honourable Friend, Mr Hilton CHEONG-LEEN, may be assured that

Government does recognize the urgent need to encourage industry to expand its apprenticeship training schemes. The Apprenticeship Unit of the Labour Department has worked hard since 1969 to encourage and assist employers in industry to start modern apprenticeship schemes. In co-operation with employers, Government provides theoretical training courses in technical institutes. There are now altogether some 179 schemes. Much remains to be done but I believe the appointment of the Training Council, and the completion of the Apprenticeship Bill and the proposed expansion of the Industrial Training Division of the Labour Department will give new impetus in this field.

With these remarks, Sir, I support the motion.

MR JORDAN: —Sir, honourable Members are no doubt expecting me to say something about the Rice Control Scheme, since the supply and prices of our foodstuffs have recently been—and still are—a matter of public concern and since rice is still the basic element in our diet—though I think it is interesting to note that even before this year's price rises, consumption of rice per head of the population was already declining.

The Rice Control Scheme has been in existence for nearly twenty years. The object of the scheme is to provide a buffer stock of this essential commodity as a guard against abrupt fluctuations in supplies and prices. In 1973, the Rice Control Scheme has served this purpose admirably. In the face of a world shortage, Hong Kong has enjoyed abundant supplies.

Countries where rice is a staple food can normally depend on some domestic production, but we in Hong Kong must rely on others to provide the rice we require. At the same time, rice is a particularly volatile export commodity. The major producers are generally also the major consumers and any reduction in domestic production is likely to result in a disproportionate cut-back in the quantities available for export. And when production falls as seriously as it did in 1972, many important producers must import themselves to feed their people.

This then is the setting in which the Rice Control Scheme has operated these past nine months: limited supplies and sharply escalating prices in the face of increasing world demand. If we had not had a reserve stock, the loss of supplies from Thailand, which formerly supplied over 60% of our rice, would have affected us very seriously and very quickly. The Thai ban on exports in June was without precedent and was imposed without warning. As it was, the reserve

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stocks held under the Control Scheme provided time for our importers to turn to alternative sources of supply. This was accomplished successfully in the face of strong international competition, thanks to the resourcefulness of our importers, and to the readiness of the authorities in the People's Republic of China to increase their supplies to Hong Kong.

If I may turn now to prices: they are of course very high indeed compared with last year's. But the Control Scheme is not a *price* control scheme. It is not designed to protect Hong Kong from world prices. It is, however, possible through the Control Scheme to ensure that domestic prices are not inflated by local supply shortage and that trade mark-ups are kept to reasonable proportions. And this has been done. Indeed, outside the main producing countries, Hong Kong has enjoyed and continues to enjoy the cheapest rice in Asia—at prices running, for example, at present 15 to 20% below Singapore levels. But Hong Kong's taste is not for cheap rice in the sense of low-quality rice. In spite of increasing costs and the availability this year of cheaper lower-quality grades, consumer demand for top-quality rice has continued to increase.

Through the Control Scheme a continuing close watch is maintained over both wholesale and retail prices. I am satisfied that prices generally at retail level are commensurate with import costs, plus legitimate trade expenses and the quality of rice on offer, and there is no evidence of any significant profiteering. There is, of course, scope for blending rice of different qualities, and values may vary from one shop to another. But this is a traditional trade practice and the consumer is able to buy selectively. Meanwhile, I would assure honourable Members that price checking operations will continue, and speculative trading in rice will not be tolerated.

As regards the suggestion that a similar Control Scheme might be extended to other vital suppliers, the scheme we have of course is a stock-piling scheme and it is also restrictive on trade in normal times. It would not be suitable for example for fresh foods. And it must also be remembered that the cost of maintaining any buffer stock must inevitably add to the overheads of the trade.

Although rice supply has this year taken a good deal of our attention in the Commerce and Industry Department, we have not been short of work in other fields.

Following on the Governor's announcement in December last year that areas of industrial land would be made available for sale on a restricted user basis in order to encourage the establishment of technologically advanced industries which cannot, by their nature, be based in high rise buildings, we have been actively engaged, with the other departments concerned, in the consideration of various specific proposals for land sales for industrial projects in this category. We have also taken our part in the work of the Working Group on Industrial Land Policy. This group has been concerned among other things, to identify potential sites for future industrial development (in which context it has been considering the further development of Junk Bay) and has also been examining such possibilities as the one referred to by my honourable Friend Mr James WU, that is, the creation of industrial parks.

We have been much involved in the formulation of the proposals on industrial land recently approved by the Governor in Council, which now provide a framework of policy within which we can consider particular applications for land to be granted on a restricted user basis for the development of industry that will expand our industrial base, increase our skills, broaden our overseas markets and help to secure supplies of essential raw materials for our export industries.

But I would not like it to be thought that land for special industries has been the sole preoccupation of the Industrial Division of the department. The division handles a constant stream of enquiries from local industrialists and from potential overseas investors—its latest reports to me list more than 200 such companies including 30 overseas companies with which we are having detailed discussions about industrial operations in Hong Kong. Some of these are potentially very large operations indeed and a great deal of detailed investigation by both the potential investor and the Government departments concerned is needed. A constant interchange of information and ideas goes on, often over many months, between the first enquiry and the decision by the company on whether to set up an industrial operation in Hong Kong. Occasionally, where special land sale terms are necessary, the final proposal must be referred to Executive Council. Several such projects have been considered recently by Council and, I hope, Sir, that as a result, it will be possible to announce shortly that we have secured at least one or two of these major investments for Hong Kong.

I would not like it to be thought either that our services are available only to overseas investors. All the services that the department

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provides are available to all. The development of Hong Kong's industry and trade is undoubtedly due primarily to the energy, resourcefulness and willingness to invest in the future shown by our own manufacturers and businessmen, and while we welcome investment from overseas, it is indeed a fact that the bulk of the nearly 300 factories in Hong Kong in which there is an overseas interest are joint ventures between Hong Kong industrialists and their overseas partners.

Diversification of industry has been urged for many years and, of course, the modification of industrial land policy to which I have referred should assist in this process. But while we have remained heavily reliant on basically the same industries for a number of years now, a considerable diversification of products within these industries has been achieved, as a visit to the Trade Development Council's headquarters will show.

There has also been a steady improvement in quality standards, not dramatic in itself, but taken over a period of years, a most welcome and significant development. The qualities of initiative, energy and willingness to learn so characteristic of our commerce and industry and the stimulation of competition in a free trade environment have been responsible for the most dramatic and sustained industrial and export growth seen anywhere in the world during the last two decades. During this time our domestic exports have increased from under \$500 million in 1952 to over \$15,000 million in 1972.

This growth has continued this year, as the trade figures show, despite the various difficulties to which the Governor referred in his address.

I have to report however one comparative failure. The Industrial Loans Scheme, which was intended to meet a demand for assistance to small manufacturers to enable them to upgrade their operations by purchasing improved machinery, has not attracted many applicants. It was represented to us that the conditions of the scheme were responsible for this and so we have, with the advice of the Trade and Industry Advisory Board, relaxed these conditions to some extent. It is possible that this will lead to an increased use of the scheme.

Increasing and improving our industrial production and productivity wouldn't be much use if we could not maintain our access to the markets in which we sell, for as honourable Members are aware, we regularly export some 80-85% of our production.

The department has therefore continued throughout the year its efforts to maintain our access to existing markets, while the Trade Development Council, with which we work closely, continues its efforts to promote the trade itself.

Our principal concerns have been with restrictions on trade in textiles and garments and with the various Generalised Preferences Schemes established by many of the developed countries. In the last twelve months we have held negotiations or consultations with twelve countries. In some cases we have had to accept new restrictions but in others we have been able to persuade our trading partners that the restrictions should be relaxed.

In the multilateral field we have formally notified our intention to participate in the new round of multilateral trade negotiations to be held under the auspices of the GATT in 1974 and 1975, and we have throughout the year taken an active part in the GATT textiles negotiations which are intended to produce by the end of this year a new international arrangement on trade in textiles of all fibres—cotton, wool and man-made. Our principal concern in this is to try and ensure that the new Arrangement lays down more stringent conditions for restrictions than are applied under the existing Cotton Textiles Arrangement.

It may perhaps give honourable Members some idea of the effort involved in the defence of Hong Kong's commercial interests overseas if I mention that during the current year officers of the department have spent 242 man-days in negotiations overseas.

This of course is not the whole picture. A great deal of work has to be done here to prepare for these negotiations and whenever possible we actually hold them in Hong Kong.

I cannot mention that man-day statistic without expressing my gratitude for the contribution made by members of the Textiles Advisory Board who have continued this year to give freely of their time and effort, both here and overseas.

In the field of generalized preferences our principal concerns have been with the prospective alignment of the United Kingdom scheme with that of the European Economic Community and with our effective exclusion from the Japanese scheme. We have been included as a beneficiary in nearly all the schemes that other countries have adopted.

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The Japanese Government has now included us in its scheme, thanks to the efforts made on our behalf by British Ministers and the British Ambassador and his staff in Tokyo, and thanks to further such efforts the original exclusion list of 96 items has been reduced to 12. We are grateful to the Japanese Government for this response to our representations. They have also undertaken to review again the 12-item list.

The Governor referred in his address Sir, to our concern at the prospect that the United Kingdom's adoption of the European Economic Committee's Preferences Scheme would involve a further extension of discrimination against Hong Kong. As he said, the exclusion of our textiles and footwear from the Six's Scheme was the price paid at the time—in 1971—by the negotiators in order to assure acceptance by the committee of the inclusion of all other Hong Kong products in the scheme.

His Excellency mentioned also that we had left HMG in no doubt as to the strength of feeling on this subject in Hong Kong.

Her Majesty's Government reached the conclusion that they would not be able to obtain agreement to the inclusion of Hong Kong's textiles and footwear in the scheme for 1974 but in a strong statement to the EEC Council, Mr John DAVIES, the United Kingdom Minister responsible for committee affairs made it very clear to the community that, in view of the way the situation had changed to the detriment of Hong Kong since 1971, Her Majesty Government had concluded that it was no longer acceptable for discrimination to apply against Hong Kong. He put his colleagues on notice that in the context of next year's review, the British Government intended to press most resolutely for the inclusion of Hong Kong's textiles and footwear in the community's scheme from 1975 onwards.

May I reiterate here Sir that Hong Kong is not, with regard to any of these preference schemes, seeking any new trading advantage. We have indeed accepted without question that we shall by 1st July 1977 lose entirely our present advantage of generally duty-free entry into the British market which we have enjoyed as a beneficiary of Commonwealth Preference.

Our only concern is to avoid discrimination against us in favour of our close competitors. We are indeed rather sceptical about the

benefits of inclusion in preference schemes where these are operated on a tariff-quota basis, but we are in no doubt about the damage that exclusion can do.

The establishment of quotas controlled by the importing countries, as in the case of the EEC scheme, means that there is a fixed limit on the quantity that may be imported each year at the preferential rate. The EEC scheme also includes a provision that in the case of what they call "sensitive" products, imports from any one country may not exceed a fixed percentage of the total quota.

The operation of these two limits, either of which may be reached at any time during the year, means that there can be no certainty that any particular consignment of goods will enter at the preferential rate. If it does there is a bonus for the importer: he does not have to pay the duty. The only benefit for the exporting country is that, because the importer may get this bonus, he buys from that country rather than from a country that is excluded from the scheme—which means that all imports from there will be dutiable: there is no bonus.

This is what our concern is about. It is not just that duty-paid imports from Hong Kong will have to compete with duty-free imports from other beneficiaries, but that because imports from country X *may* enter at a lower rate or nil rate of duty, business that was formerly placed in Hong Kong will be diverted to country X.

We shall of course continue our dialogue with British Ministers and officials in the coming months on this and other issues, in pursuit of our principal aim, which is the defence of Hong Kong's legitimate trading interests.

And here I should like, if I may, Sir, to strike a more personal note, with particular reference to my honourable Friend Dr CHUNG's suggestion that when there are conflicting interests between Her Majesty's Government and the Hong Kong Government, Hong Kong's civil servants are inhibited by the fact that we are basically members of the UK civil service. I am not entirely clear what my honourable Friend meant, but I hope he did not mean that our loyalties are divided. It has been the tradition of the Hong Kong civil service, whether local or expatriate, that our loyalty is to the interests of Hong Kong. And, with regard to my own responsibilities for the management of our overseas commercial relations, I can assure my honourable Friend that we in the department are in any case not in any way inhibited by our position.

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In this particular field of commercial relations, there is bound to be sometimes a direct conflict of interest—as in the polyester/cotton negotiations in 1972—but, except in relation to such purely bilateral trade relations with Britain itself, there has for several years been no real conflict between us. I have always felt that we should try to avoid such conflict arising by keeping in close touch and sorting things out before positions harden.

The handling of the EEC preferences issue is a case in point. It was because we were concerned about a possible conflict that we sought and obtained the opportunity for a full discussion of the issue with senior officials in London in July last and the Governor took the matter up with Ministers in September. The result was Mr DAVIES' strong statement in defence of our interests.

It so happens that I am leaving for London this evening on my way to Geneva for the final round of the GATT textiles negotiations. I shall be seeing Mr Anthony ROYLE and the Permanent Under-Secretary of State in the Foreign and Commonwealth Office as well as other senior officials in both the FCO and the Department of Trade and Industry, and I shall of course take the opportunity to "continue the dialogue" on EEC preferences and textiles policy.

I hope that if he were here my honourable Friend would accept my assurance that I have no inhibitions that will make me feel obliged to pull my punches.

If I may now, briefly and figuratively change hats, as Commissioner of the Preventive Service, I might mention that in addition to the more spectacular successes of our anti-narcotics work, which we propose to expand and develop, the service has continued with its job of protecting the revenue arising from the consumption of dutiable commodities. Despite the removal of various duties, the revenue collected from the remaining dutiable commodities continues to increase. The service has the relatively easy job of collecting revenue and the much more arduous task of searching out those who are evading duty and in some cases endangering health by the adulteration of good liquor. I am sure Members will agree this is one of the most heinous crimes in the book.

We are strengthening the command structure of the service and improving our training arrangements. We hope to open our new training school at Tai Lam in April next year.

In the general field of industrial property protection, we are increasingly active and with good results. The Preventive Service has, for example, taken on responsibility for official action in the enforcement of the Copyright Ordinance and it is intended that more positive action shall be taken in the near future against the more flagrant and damaging cases of copyright malpractice or piracy.

Among the tasks of the Trade Investigation Branch of the department, is the job of prosecuting offences against the Merchandise Marks Ordinance. We used to share responsibility for the enforcement of this legislation with the Royal Hong Kong Police. It has recently been agreed that we should relieve the police of their share of this responsibility. I feel that we should do anything we can (we do not yet have the same recruitment difficulties as the Police Force) to enable the police to concentrate on those aspects of law enforcement which are matters of really serious concern to the whole community.

Finally, Sir, I should like to pay a customary, but nonetheless sincere, tribute to the members of the Trade and Industry Advisory Board and the Textiles Advisory Board and to the officers of all the trade and industrial associations, with which we maintain close and friendly contact, and who have continued throughout the year to give freely of their advice, support and assistance in the various tasks that I have mentioned and indeed in many more ways too numerous to mention. And while I am glad to have the opportunity to pay this tribute, I should not like to do so without mentioning also the less conspicuous but unremitting efforts of the staff of the department and of the Preventive Service.

MR LIGHTBODY: —Sir, the various comments made on housing matters in the course of this debate demonstrate the close interest honourable Members have in this subject, and I would like to take this opportunity to give an account of progress made and planned by the Housing Authority and its executive arm, the Housing Department.

The authority started life in April this year and has settled down well to the mammoth tasks facing it, which include the management of 51 estates housing about 1,700,000 people, as well as the implementation of the massive 10-year programme for building public housing. It has reviewed estates management policy in a number of areas and has in particular introduced new income eligibility limits for waiting list applicants for public housing, the old ones having been overtaken by falling money values. The new limits range from \$1,400 to \$2,000

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per month, \$1,400 being the limit for small families and \$2,000 for large families. This ensures that the sort of family for which public housing was intended when the original limits were set will continue to be eligible. It has also considered the possibility of selling (rather than renting) some of its domestic units but has decided that this is not the time to introduce such a scheme; the matter has therefore been shelved for the time being. These questions however relate simply to the most equitable way of allocating today's limited supply of public housing, and the authority is very conscious of the need to concentrate on baking a bigger cake, rather than dissipate energies on arguing about the division of the present small cake. This bigger cake calls for a substantial reinforcement of the Housing Department and the creation of new machinery for interdepartmental co-ordination and co-operation in the development of the new towns, in which about 70% of the housing to be provided will be public housing.

This reinforcement is now taking place. The Construction Branch which the new Housing Department took over in April was geared to a small output and had 11 professional and 17 technician posts. This establishment has now been expanded to 47 professional and 69 technical posts. Recruitment is proceeding satisfactorily and by the end of December there will be 39 professionals and 27 technicians in post. Over the last six months, while this reinforcement was awaited, the small but dedicated staff of the department's Construction Branch has carefully prepared the ground for design work to begin on a number of estates, and has pushed ahead with the preparation of contract documents. In this we have been supported by the Architectural Office of the Public Works Department which has agreed to complete certain estates which had reached Category A of the Public Works Programme by April this year, and the position today is that building work is proceeding on 13 public housing contracts which will provide housing for 153,000 persons, and plans are well in hand to let more than 40 additional contracts within the next two years, to provide housing for another 500,000 persons.

At the same time, it has proved possible to negotiate earlier completion dates for some public housing contracts already running and due for completion in the next 18 months or so. In this way, the completion date of part of the Lei Muk Shue Estate has been advanced by six months, that is, the contract time has been reduced from 30 to 24 months; at Hing Wah Estate the building period has been cut by eight months, and at Oi Man Estate by up to six months. This will

cost money of course but the extra outlay should be largely recouped by earlier rental income.

Looking ahead, the authority is very conscious that if it is to achieve its building programme in the allotted time it cannot rely solely on traditional building methods. These methods require a supply of skilled tradesmen which seems unlikely to be available in sufficient numbers and are likely too to involve lengthening contract periods. The authority is therefore anxious to encourage contractors to employ more modern methods involving a much greater use of craneage and equipment, as well as a certain amount of pre-casting. It recognizes that this will involve a greater investment by contractors and that special arrangements will have to be made for awarding public housing contracts to ensure that contractors make this investment. For the first time, the authority can offer long building runs, a pre-requisite for investment in new building techniques, and this should make participation in the building programme very attractive to contractors with expertise and powers of organization. We have had an encouraging number of enquiries from contractors (both local and overseas) ready to use new building techniques and the British Trade Commission in Hong Kong is now planning a visit to Hong Kong next spring by a group of British contractors, so that they can be briefed on our programme and can decide for themselves whether they wish to participate in it.

Even at this early stage in the programme, there is a natural temptation to ask whether we can meet our targets by 1983. The public housing programme does not stand alone; it is part of a very large corporate effort involving many other departments of Government, and time must be allowed for the necessary planning to be done and the groundwork to be laid. An essential first stage has been the setting up of Public Works Department teams in each new town under a project manager, charged with the co-ordination of all works aspects in his area, and I am glad to say that this machinery is working well and to the satisfaction of the Housing Department. Some of the timing assumptions on which the 10-year housing programme rests will no doubt change in some degree as new town development plans are further refined, but taking the 10-year period as a whole we have grounds today for expressing confidence that we have not been set (or set ourselves) an impossible task.

In pushing ahead with its building programme the authority will keep very much in mind the need to raise standards and to avoid creating the sort of housing that will qualify for the "slum" label in 10 or 15 years' time. As to space-allocation standards, a point specifically

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mentioned in this debate, I am glad to report that the Monroe effect seems to have been overtaken by a new phenomenon, the Szeto effect; my honourable Friend will be glad to hear that the Housing Authority has recently decided to raise the standard from 35 to 50 square feet for new estates per head subject of course to the necessary additional loan funds being forthcoming. This improvement will raise building costs by some 20%. Honourable Members are well aware of the many calls being made on our financial resources, and I must emphasize here that no assumptions can be made at this stage as to the final outcome of the approach which the Housing Authority will now make to Government for the additional loan funds needed to implement this decision. At the same time, the authority will of course have to look closely at its own cash-flow position to see whether there are ways in which it could reduce its need for loan funds. Other improvements will be the provision of self-contained kitchens in every unit, and the construction of more units with two separate bedrooms.

So far I have spoken today only of the Housing Authority's activities and I would like to report an exciting new initiative by the Hong Kong Housing Society, as part of its contribution to the 10-year housing programme. The society intends to acquire urban sites now occupied by dilapidated old properties and redevelop them, and Government will be prepared to use resumption powers where necessary to ensure that the society acquires the sites needed for this public purpose. The scale of this urban renewal scheme will depend on a number of factors (including not least the willingness of the Finance Committee of this Council to make loan funds available) but we very much hope that the society will be able to make a substantial contribution to the improvement of housing standards. It will certainly have the full support of Government in this venture.

One honourable Member referred to the large number of domestic flats in the private sector being used for industrial purposes. It is estimated that there must be about 22,000 factories or workshops operating in domestic premises and clearly this represents a very substantial loss of housing space. On the other hand, it is difficult for such small-scale operators to find suitable accommodation in a commercial flatted factory and if they are to be closed down then jobs will be lost. It is necessary therefore to be circumspect in tackling this problem, and this is being done at two levels: firstly, vigorous action is being taken by the departments concerned to ensure the closure of undertakings which create a serious fire risk or other immediate

hazard to the tenants as a whole, and every effort is being made to prevent new enterprises (whether dangerous or not) from setting up in new buildings; secondly, consideration is being given to ways and means of providing suitably small areas for such operators in purpose-built factory buildings. I see no reason why private developers could not design and build commercial flatted factories with units of around 2,000 sq. ft. for these small industrialists, and my honourable Friend the Director of Commerce and Industry will shortly consult the Trade and Industry Advisory Board on this subject.

No commentary on housing would be complete without a reference to the major contribution which the private sector has been making, particularly in 1973 when 30,000 dwelling units will be built in this sector alone. I am confident that private developers will recognize the growing demand that must develop for their flats as Hong Kong families come to rate housing space higher in their priorities and in their pattern of expenditure. The Housing Authority is catering for large numbers, it is true, but an increasingly affluent Hong Kong will generate a growing demand for something better than the Authority can provide.

In the private sector we must never forget the importance of keeping the existing stock of housing in good condition, and here we run into the problem of ensuring that this does not deteriorate through poor maintenance. This problem is multiplied in multi-storey buildings in multiple ownership, and it was recognition of this that led to the enactment of the Multi-Storey Buildings (Owners Incorporation) Ordinance in 1970. This ordinance provided a statutory framework for a voluntary system of joint management by flat owners. In the last three years 562 owners corporations have been set up and there is considerable scope for expansion in this work, provided the additional staff needed can be made available. The Home Affairs Department is active both in encouraging the formation of corporations and in organising suitable training courses for the office-bearers of such corporations and their staff.

But these statutory corporations also have their drawbacks. For one thing, even if the owners are willing, forming a corporation is often a lengthy process. In addition, tenants can play only a minor role.

It was to accelerate the process of good management and to provide more scope for the self-help instincts of tenants that the Home Affairs Department and the New Territories Administration have fostered the growth of Mutual Aid Committees since June this year. These are a

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simple form of organization of owners and occupiers and they can be set up with the minimum of formalities. In the short space of 5 months, about 1,000 such committees have been set up and 195 are in various stages of formation.

There are about 8,000 buildings of over six storeys in Hong Kong, and even allowing for the fact that a number are being properly managed by land development companies and other owners, while significant numbers are being cared for by owners corporations, mutual aid committees and the older landlord and tenants associations, there still remain many such buildings with little or no management. The Home Affairs Department will continue to encourage the formation of the various types of management bodies in the months and years ahead and an opportunity must be given for these worthwhile organizations to take root and to develop. However, we must be realistic and recognize that there will inevitably be buildings where the necessary self-help instinct, and the necessary desire to improve matters will be lacking; for such buildings, it may well be necessary for Government to enact legislation compelling owners to set up management committees or to appoint an administrator to look after sub-standard buildings. This proposition is being studied with a view to formulating practical proposals for the compulsory management of multi-storeyed buildings, where such compulsion proves to be necessary.

The general shortage of housing and high rent levels have led to an increasing amount of illegal squatting. Such families, if found to be genuinely homeless, are offered space in a licensed area on which to build a hut, and there has been great pressure in recent months on the available licensed areas. The Housing Department has therefore established several new licensed areas for about 9,000 persons over the earlier part of this year, and work or planning is proceeding on developing further areas for about 20,000 persons, to be completed by May 1974. The situation will be carefully watched to ensure that the department can respond to legitimate needs.

Sir, I have much pleasure in supporting the motion.

(At this point Mr JORDAN left the Chamber).

MR CANNING: —Sir, it is evident that most of the public interest in education centres at the moment on the expansion of secondary education and the Green Paper on this subject which was tabled in

this Council a few weeks ago. However, I am pleased to report that consistent progress has been made over the last year throughout the whole field of education and I should like to review some of the more important aspects as I comment upon some specific points raised by honourable Members earlier in this debate.

Free primary education for all who require it is already an accomplished fact and now the emphasis at the primary level is upon improvements in quality. Steps in this direction taken this past year include the expansion of educational television, the conversion of selected Government schools into one sessional operation and the greater use of experimentation with teaching projects. Among the pilot experimental schemes is the integrated teaching in six Government, subsidized and private primary schools. The object of the experiment is to attempt to move away from standard classroom teaching to a more pupil-centred informal approach. Many people might say that experimentation is unnecessary, especially in primary schools where the well-tried methods of the past have been satisfactory, but primary education is the foundation on which all other forms of education stand and we cannot be complacent if our system is to be sufficiently flexible to meet the future needs of our society.

To progress from primary to secondary education, children have to sit the Secondary School Entrance Examination. This examination, and its effects upon the children who have to take it, have been carefully considered by the Board of Education and the board stressed the need, which is recognized by everyone in education, to minimize its undesirable effects and to widen the basis for the selective allocation to secondary schools. I spoke at length on this subject at this time last year and whilst I am pleased to report to honourable Members that this year 47.5% of children sitting the examination were allocated secondary school places compared with 44.2% last year, nevertheless, I agree with the board that I cannot see how the examination can be dispensed with in the foreseeable future, as the fairest method of selection for secondary school places. Steps have been taken to make papers of the examination progressively easier, however, so that the excessive cramming and coaching which many children undergo during the final year of their primary education solely directed towards this examination, will be rendered unnecessary. While this is so I do not rule out the possibility that factors other than performance in the SSEE might become components in the selection process. Assessment of pupils' ability by schools is an obvious choice of a factor which might be used in this way. These matters will, I am sure, continue to engage the attention of the board.

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My honourable Friend, Mr Wilson WANG, asked whether pupils in primary schools who have difficulty in keeping up with their studies could be allowed to repeat classes. Repetition is already allowed, within certain limits, in primary schools. Pupils are allowed seven years to complete the six year course at the discretion of the school concerned in classes Primary 1 to Primary 5. Repetition is not allowed in Primary 6 nor are pupils allowed to take the Secondary Schools Entrance Examination a second time. The examination is not a "pass or fail" examination. Candidates are placed in an order of merit and are allocated to the schools of their choice depending on their place on the list. If wholesale repetition were allowed pupils might, if they were not fully satisfied with their allocation, wish to repeat Primary 6 in the hope of securing a higher place in the order of merit. This to the extent it was allowed would delay pupils in Primary 5 awaiting promotion their chance of taking the examination in their due turn. The repercussions of this would affect the whole primary school system.

If I might turn now to secondary education. Progress towards the targets, which have already been approved for secondary education expansion, was maintained during the year. A total of 22 new secondary school projects were completed and these, when fully developed, will provide some 21,000 additional places. Honourable Members are aware that new targets for secondary education expansion have been proposed by the Board of Education in the recently tabled Green Paper. On this point, my honourable Friend, Mr Wilson WANG, seems to have mis-read the board's interim targets which was to provide for 80% of the relevant age group by 1981 or within 8 years.

During the year, a new code of aid was introduced for all Government aided secondary schools. This new code of aid has unified the older codes of aid for grant and subsidized secondary schools and means increased Government subventions. Uniform staffing and salary structures for all Government and aided secondary schools have now been introduced. These measures will I am sure raise the standards of all secondary schools in the public sector and help to achieve the improvement of the quality of education in these schools which we all desire.

Steady progress has been made during the year in the field of technical education. A Deputy Director of Education with specific responsibility for technical education took up his post in February and, together with some additional staff, is in the process of achieving a

much needed strengthening and expansion in the Technical Education Division of the department in order to complete the many projects which are now under planning.

The expansion of the existing Technical Institute at Morrison Hill by the addition of a sixth floor on the workshop block commenced earlier this month. The first two of the new technical institutes sited at Kwai Chung and Kwun Tong will come into operation in September 1975. Both these institutes will offer courses in mechanical engineering, electrical engineering, textiles and garment-making technology, whilst Kwai Chung Technical Institute will also include a commercial department and Kwun Tong, a department of printing. Planning work for the third new technical institute to be located at Cheung Sha Wan is well advanced and is scheduled for completion in 1976. The fourth, to be at San Po Kong, is also being planned and should be opened about a year later. I am conscious that planning these technical institutes must be closely allied to the needs of industry and must be sufficiently flexible to be able to change when industry itself changes. But this is not an easy task and it is even harder to anticipate industrial needs some years ahead as must be done if attendance at courses in the institutes is to continue to be regarded as a viable proposition in terms of employment opportunity. Our efforts in this regard will be assisted by the recently appointed Hong Kong Training Council which has the specific function of assessing training needs for industry.

Much of the expansion of secondary education outlined in the Green Paper will be in the secondary technical field and this will necessitate training a very large number of technical teachers, certainly more than the present facilities at the Morrison Hill Technical Institute can hope to produce. Honourable Members have recognized this need and have recently approved the financial commitment involved in re-provisioning Morrison Hill Primary School as a temporary college of education for training technical teachers to commence operations in September 1974. This represents an important step forward and one which will, I am sure, be welcomed by the public.

Whilst on the subject of teacher training, I can report to honourable Members that enrolments at the other colleges of education have continued to rise. In September 1973 enrolments for full-time courses were 1,378 compared with 1,227 last year and for part-time courses were 1,666 compared with 1,278. Full-time courses are being revised to provide a greater emphasis on preparation for teaching at secondary level and the quality of training is also being reviewed. But my honourable Friend, Mr Wilson WANG was perfectly correct when he

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said that teacher training is a pre-requisite for the implementation of all educational developments and his remarks will certainly be borne in mind when the White Paper is being drafted.

My honourable Friend, Mr LI Fook-wo raised a point regarding entry qualifications for the colleges of education which I should like to deal with now. He feels that as statistics show that very few applicants can enter the colleges with the present minimum qualifications, these should be up-graded to a more realistic level.

The stipulated qualifications for entry are, in fact, qualifications for *application* for entry. These are deliberately kept at a minimally acceptable level in order to cast the recruitment net as widely as possible, and in order not to miss the suitable candidate whose purely academic qualification may be slightly lower than that of others with higher “paper” qualifications but who may be equally suited to the teaching profession. In practical terms, it has been found possible to raise the level of qualification for application in September 1973 while preserving this desirable flexibility, and it is anticipated that, as general educational standards in the Colony rise, it should be possible to make progressive further increases in qualification for application.

There is, Sir, another feature of our effort I would like to comment on. A quiet revolution has taken place in recent years in our examination at the school certificate level. As I mentioned to this Council in 1972 we had set ourselves the task of so arranging our examinations at that level that candidates would have the option, under certain safeguards, of taking the examination in English or Chinese.

In the past year, the separate examinations for the Certificate of Education (Chinese) and the Certificate of Education (English) were held for the last time. 1974 will witness the first examination of the new, combined Hong Kong Certificate of Education; the first step in a three-year process aimed at achieving complete identity of syllabuses and question papers, irrespective of the language medium which the candidate may choose to use. This advance will, I am sure, prove to be very much in the best interests of both the candidates and the community.

Finally, Sir, may I turn to a field of education which receives normally little public attention. I refer to special education. This has been something of a cinderella in the past, but is no longer the case.

The general aim of special education is to provide those unfortunate children suffering from some disability of mind or body, the education necessary to develop them as well-adjusted individuals capable of leading a wholly or partially self-supporting life. Teacher training for special education, diagnostic and remedial services, and the availability of places in both special schools and special classes in ordinary schools are all in the process of expansion in accordance with the five-year development plan for special education approved by honourable Members last year. This plan will provide an additional 4,000 places for severely handicapped children in special classes in ordinary schools. It is encouraging to note that 10 new special schools will open in 1974 and that 30 additional special classes in Government primary schools and 22 special classes in aided primary schools opened in September this year. This is the first time that voluntary organizations which are well established in the field of ordinary education have provided special education classes in their schools. This is a very welcome innovation, as experience shows that wherever possible the less severely handicapped benefit from education in ordinary schools among their more fortunate contemporaries.

May I conclude, Sir, by saying that although the past year has given further evidence of real and positive advance in the scope and the quality of the education services provided at public expense there is no complacency in my department. Much needs to be done if we are to satisfy in full the needs and aspirations of our community. This we shall strive to do. It is my belief that the recently published report of the Board of Education provides a sound basis for further planning in the secondary field and that the White Paper which will result from public discussion and further deliberations will provide us with a programme for expansion in the secondary field which the children of our community need and deserve.

Sir, I have much pleasure in supporting the motion.

MR WANG: —Sir, on a point of order, I would like to clarify that I did not misread the dates for the completions of your 80% places. It was mistranslated into English because I had no time to amend my original English draft. If I had known that it would take ten years, my roar of thunder would have been heavier in my expression of disappointment.

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DR CHOA: —Sir, the most recent single event in the medical services field is the report of the Medical Development Advisory Committee which was tabled in this Council on October 31st. The report sets us challenging targets as His Excellency the Governor indicated in his address. The public has been asked to comment on the recommendations by the end of the year, and following consideration of these, we shall early next year come forward with a clear programme for the decade ahead.

I do not wish to take up honourable Members' time to discuss the report, but I thought I should at least draw their attention to one particular recommendation which concerns the administration of my department, namely to regionalize the hospital and clinic services on a geographical basis. The plan is to divide Hong Kong into regions in each of which there will be a regional hospital, district hospitals, specialist clinics and general clinics. It is envisaged that if a patient has to go all the way, he first attends a general clinic, is referred to a specialist clinic, and then, depending on the condition and nature of his illness, admitted to either a district or a regional hospital. There is a further bi-directional flow of patients between a district and a regional hospital. For instance, patients requiring more sophisticated treatment will be referred from a district to a regional hospital, while on the other hand, when the acute phase of their illness is over others may be transferred from the regional to the district hospital for further management or convalescence. With such a plan all beds in Government and Government-assisted hospitals will be maximally utilized. Furthermore a scheme for the re-organization of the accident service which I shall describe later fits well into it. Another advantage is that each region can be administered as an individual unit by an officer based in a regional hospital but not the headquarters of the department. Besides regionalization, it is proposed to set up separate divisions for certain specialized services such as narcotics and drug administration and family health which I shall discuss later. With such re-organization of the existing structure, I hope to streamline the administration of the medical and health services in order that the 10-year development plan could be implemented effectively. In this respect I am also following the advice of McKinsey & Company that departments should review their internal organizations on a continuous basis to ensure that their resources, particularly staff, are utilized efficiently. I hope to present my detailed proposals for consideration and approval soon.

May I next elaborate on the remarks which His Excellency made in his address concerning the treatment of drug addiction. By launching the Methadone Maintenance Trial Scheme last December, the Medical and Health Department has become once more concerned with the treatment of drug addicts. We are confident that this pilot study on the feasibility of treating drug addicts as out-patients over a period of 3 years will produce far-reaching results that will greatly influence our thinking on what future action we should take in Hong Kong. Very briefly, this scheme is carried out by giving voluntary participants a relatively small dose of methadone, sufficient to control their withdrawal symptoms, but not enough to produce its own euphoric effect. After a period of in-patient treatment the volunteers continue to attend as out-patients everyday to receive their daily dose of methadone at the centre situated at the old mental hospital on High Street. Besides gathering all relevant data on drug addiction from this sample of volunteers, we have two main objects in mind: first, to assess the extent to which such an out-patient scheme is acceptable to the addicts, and this will be reflected by the percentages of regular attendances, drop-outs and continued addiction whether regular or occasional, and second, to find out among those who attend regularly and have abstained from taking other drugs all the time, whether it will be possible to withdraw the substitute methadone eventually so that they will in the end become entirely weaned of all drugs. I do not propose to give honourable Members any preliminary results at such an early stage because scientifically speaking they cannot be of any significance yet, but I can offer some encouraging observations. Firstly, for the majority of those who have dropped out the reason is lack of motivation rather than any difficulty in medical or social rehabilitation. Secondly, the number of volunteers treated in the first year has already exceeded the original estimate of 550 for 3 years. Honourable Members will recall that further provisions for treating another 1,000 volunteers in the next two years have recently been approved by the Finance Committee. Whether there will eventually be an out-patient service for the treatment of drug addicts in Hong Kong or not will therefore be decided by the results of the present trial scheme. As I expect the re-constituted Action Committee Against Narcotics will decide on a policy for the co-ordination of various medical programmes and regimes, I can give assurance that my department will henceforth assume an active role in the treatment of drug addiction. In anticipation of further responsibilities, I propose to set up a separate division within the department to deal with narcotics and drug administration, which will include organization of treatment and research. We have not yet settled just what size the division should be, but it

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will be headed by an officer not only familiar with the drug problem but experienced in health administration, supported by a specialist staff including statistical officers. It will take a little time to have the posts for this division approved, meanwhile, I will continue to personally direct the current operations and participate in discussions on the distribution of responsibilities which have already been initiated by the Secretary for Security and the Commissioner for Narcotics.

In his reply to the address, my honourable Friend Mr Q. W. LEE spoke on the lack of a casualty service in the New Territories. I am grateful to him for giving me an opportunity to offer an explanation to a question which has been frequently raised. Let me first point out that a casualty department of a hospital receives all patients with injuries and illnesses in such states as require immediate diagnosis and treatment. The service it aims to provide must therefore be of a comprehensive nature so as to not only save lives but also reduce to a minimum any disabilities of the patients. The implication is that the hospital needs a complement of staff in medical and surgical specialties to manage the cases received, laboratory and x-ray services to aid diagnosis, as well as facilities to plan and undertake early medical rehabilitation for patients. In other words, a full casualty service can only be operated by hospitals with adequately pooled resources for the total care of patients. I am sure my honourable Friend will agree with me that such hospitals should be so provided as to serve the maximum possible number of people, and therefore they are more appropriately situated in more densely populated urban areas. However, I hasten to assure him that this is not to mean that the care of medical emergencies in the New Territories and outlying islands is considered of less importance. First of all, it is true that posting to the New Territories is not popular with the staff, because living quarters are not always available. However, it has now become possible to maintain a 24-hour service in certain hospitals and clinics in the New Territories such as the Pok Oi Hospital, the Yan Chai Hospital and the Lady Trench Clinic, and cases that do not require full-range hospital treatment are in fact treated at these centres. Secondly, every effort has been made to ensure that there is no delay in the transport of the severely injured and sick to major hospitals. Doctors of all New Territories hospitals and centres are constantly reminded that helicopter transport is to be arranged for the urgent cases. Patients of course are given preliminary treatment whenever necessary such as for the control of bleeding, relief of shock or maintenance of breathing before they are put in the ambulance or helicopter.

I may add that a depot for blood storage and distribution has already been established at the Pok Oi Hospital and another is being planned in order to meet the demand for blood in the New Territories.

In the report of the Medical Development Advisory Committee it has been proposed that the accident service in Hong Kong be reorganized and the plan is explained in a diagram which appears as Appendix 10. The New Territories and the outlying districts are included in this plan. Essentially it provides for rescue, first-aid and transport service at the site of the accident and a number of designated accident centres and accident centres, distributed on a geographical basis. The difference between the two centres is that designated accident centres will receive the more severe, and the accident centres will handle the less serious cases. I am sure that once the plan is implemented there will be further improvement of the present services for accident cases all over Hong Kong including the New Territories.

I turn now to the Medical and Health Department's role in family planning, about which my honourable Friend Mr Li Fook-wo spoke. On the 1st October, the first phase of our overall plan to make the subject of family planning part of the normal service in our maternal and child health clinics was implemented.

This process will continue until, in a year's time, all 28 clinics provided by the Family Planning Association in Government clinics will be run by Government staff. Furthermore, in the planning of new maternal and child health clinics, provisions for family planning services will automatically be included in the programmes of these clinics.

The ultimate aim is for all those who wish to practise family planning and relieve themselves of the burden of excessive child bearing to be able to do so conveniently and efficiently at a maternal and child health clinic nearest to their homes.

To this end I have in mind to create a division in the department for family health services so that an officer with experience in this field will be in overall charge of all aspects of family planning and maternal and child health. With this emphasis, the matter is indeed being given top priority as suggested by my honourable Friend Mr Li Fook-wo.

With these remarks, Sir, I beg to support the motion.

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

Question put and agreed to.

4.05 p.m.

THE PRESIDENT: —I think at this point, honourable Members might like a short break. Accordingly Council will resume in 15 minutes time.

4.20 p.m.

THE PRESIDENT: —Council will resume.

INLAND REVENUE ORDINANCE

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

It is hereby resolved, in exercise of the powers conferred by proviso (a) to section 28(1) of the Inland Revenue Ordinance, that, with effect from the commencement of this resolution, the said proviso be amended by deleting "three and one-half" and substituting the following—

"four".

He said: —Sir, under the proviso to section 28 of the Inland Revenue Ordinance, no tax is charged on any interest paid, or payable, by Government or by a bank licensed under the Banking Ordinance, which accrues at a rate not exceeding 3½% per annum or such other rate as may from time to time be declared by resolution of this Council.

The main effect of this provision in practice is to set the rate at which banks are prepared to pay interest on savings accounts, although there is no legal connection between the rates. This is largely because tax exemption avoids the serious administrative problems which would arise both for banks and for the Commissioner of Inland Revenue, in dealing with tax on hundreds of thousands of small interest payments, the recipients of which are almost all eligible for refund under the provisions of personal assessment.

The last time on which the tax exempt rate was changed was 1968 when it was increased from 3% to 3½%. Because of the general rise in interest rates there is a good case for a further concession, given the practical link between the exempt rate and that paid on savings accounts. The purpose of this motion, therefore, is to increase the tax exempt rate of interest from 3½% to 4%. At the present standard rate of interest tax, that represents an increase in the rate grossed up for tax from 4.12% to 4.71%; although, of course, the gross rate is not of any relevance to the majority of the account holders.

There were two increases in the banks' interest rates during August and it was felt that small savers should receive some benefit from the higher rates without too much delay. Because these increases occurred when the Council was in recess, the Governor, on the advice of the Executive Council, issued an order on the 18th August 1973 under section 2 of the Public Revenue Protection Ordinance raising the level of the tax exempt rate from 3½% to 4% with effect from the 1st of September. That order is valid for a maximum period of four months from the 1st September or until such time as a motion put before this Council has been passed or rejected.

The banks all raised their interest on savings accounts to 4% on 1st September and it is logical that this rate should be allowed to continue until further notice.

Question put and agreed to.

Lotteries Fund

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

It is hereby resolved that the Resolution of this Council of 30th June 1965 be amended by deleting paragraph 4 thereof.

He said: —Sir, on the 14th of November last, when I moved the second reading of the Government Lotteries (Amendment and Validation) Bill 1973, I advised honourable Members of my intention to introduce this motion. It seeks to amend a resolution passed by this Council on the 30th of June 1965, establishing the Lotteries Fund and dealing with certain related matters.

[THE FINANCIAL SECRETARY] **Lotteries Fund**

The fourth paragraph of the resolution stipulated that appropriations from the fund should in every case be subject to the prior approval of the Finance Committee of Legislative Council. In 1967 the Lotteries Fund Ordinance was amended by introducing the requirement that the prior approval of Legislative Council be obtained, but through an oversight the 1965 resolution was not amended, and it now conflicts with the provisions of the ordinance. The 1965 resolution will be further outdated if the amendment to the Lotteries Fund Ordinance which is before the Council today is approved, as the Financial Secretary will then be the final authority for approving allocations from the fund. It is necessary, in all these complicated circumstances therefore, to delete the fourth paragraph of the 1965 resolution.

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

MR LI moved the following motion:

It is hereby resolved that the Factories and Industrial Undertakings (Amendment) Regulations 1973, made by the Commissioner of Labour on the 5th November 1973, be approved.

He said: —Sir, I rise to move, in accordance with the provisions of section 7(3) of the Factories and Industrial Undertakings Ordinance, the first resolution standing in my name in the Order Paper for the approval of the Factories and Industrial Undertakings (Amendment) Regulations 1973. These regulations were made by the Commissioner of Labour on 5th of November 1973.

From experience in enforcing the Factories and Industrial Undertakings Regulations certain comparatively minor defects have become apparent in them. The intention of the amending regulations is to rectify these deficiencies. No changes in principle are involved.

Regulations 2, 4 and 5 aim to remove certain redundant words and to avoid possible misunderstanding of the use of certain words and phrases in the original regulations.

Regulation 3 adds a new paragraph to regulation 10 of the principal regulations, and prohibits women and young persons from being employed outside the fixed period of employment except for permissible overtime. This amendment is aimed at clarifying the intention of the principal regulations and thus making enforcement easier.

Regulation 6 adds a new regulation 13A to supersede and slightly amend regulation 9(1)(e) of the principal regulations, and so prohibit a proprietor from requiring or permitting women or young persons to work during their mandatory intervals for rest or meals.

Regulation 7 revokes and replaces regulation 14 of the principal regulations. This has the effect of making clear that women and young persons are not allowed to be employed on their rest days whether such days are specified under regulation 15(2)(h) or substituted therefore under regulation 15A(1) or (2). It also makes clear beyond doubt that the employment of women and young persons on more than six days in any week is prohibited.

Regulation 8 amends regulation 15A of the principal regulations so that a proprietor may change the rest day in one week and revert in the week immediately following, to the original rest day without seeking permission from the Commissioner of Labour.

The Labour Advisory Board considered and endorsed the proposed amendments on 9th October this year.

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

MR LI moved the following motion:

It is hereby resolved that the Factories and Industrial Undertakings (First Aid in Registrable Workplaces) (Amendment) Regulations 1973, made by the Commissioner of Labour on the 2nd November 1973, be approved.

He said: —Sir, I rise to move, in accordance with the provisions of section 7(3) of the Factories and Industrial Undertakings Ordinance, the second resolution standing in my name in the Order Paper for the approval of the Factories and Industrial Undertakings (First Aid in Registrable Workplaces) (Amendment) Regulations 1973. These regulations were made by the Commissioner of Labour on 2nd of November 1973.

The Factories and Industrial Undertakings (First Aid in Registrable Workplaces) Regulations make provisions for first aid facilities in registrable workplaces. These regulations require first aid boxes to be placed in the charge of a team of responsible persons, and this team must include at least one person trained in first aid if more than 100 workers are employed and an additional one for every 100 workers.

[MR LI] Factories and Industrial Undertakings Ordinance

"Person trained in first aid" is currently defined as a person who holds a current certificate of competency in first aid issued by the St. John Ambulance Association; or who is a registered nurse within the meaning of the Nurses Registration Ordinance.

The total number of first aiders required to work in local industry is estimated to be over 3,000. However, because there are at present only about 2,000 first aiders trained by the St. John Ambulance Association and an insignificant number of registered nurses are working in factories, there is a shortfall of roughly 1,000 qualified first aiders. This shortfall will become more acute when the Construction Sites (Safety) Regulations become effective on 1st of May next year. It is estimated that some 2,000 additional first aiders will be required for work on construction sites alone.

In order to make good the shortfall of first aiders, the Commissioner of Labour has made the Factories and Industrial Undertakings (First Aid in Registrable Workplaces) (Amendment) Regulations 1973. These widen the definition of "person trained in first aid" to include—

“a person who has completed a course of training in first aid approved by the Commissioner”.

The amendment, if approved, will enable the Commissioner of Labour to give recognition to persons who are trained in first aid by the Auxiliary Medical Service, the Civil Aid Services and other bodies. In addition the amendment will bring the definition of "a person trained in first aid" in line with that used in regulation 55 of the Construction Sites (Safety) Regulations approved by this Council on 1st of August this year.

The proposed amendment was considered and endorsed by the Labour Advisory Board on 9th October 1973.

Question put and agreed to.

Motion (in Committee)**Supplementary provisions for the quarter ended 30th June 1973**

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

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

That this Council approves the proposals set out in Paper No 26.

He said: —Sir, the schedule of supplementary provisions for the first quarter of the financial year 1973-74, that is for the Period 1st of April to the 30th of June 1973, covers a total of \$97.7 million. Of this sum, Public Works Non-Recurrent accounts for \$38.6 million, \$32.4 million of which is required as a result of more rapid progress on a number of existing projects and projects upgraded to Category A of the Public Works Programme, and \$4.3 million being unspent balances carried over from the previous year. The major projects involved included the Elevated Roads from Gascoigne Road to Tong Mi Road and from Prince Edward Road to Lai Chi Kok Road, and the Primary Distributor Road linking Ching Cheung Road to Kwai Chung Road.

Other items worth mentioning include an initial grant of \$20 million on a once-for-all basis to the Urban Council in addition to the funds it received from the Urban Council Rate to enable it to spend on capital and recurrent items; \$7.6 million for introducing the disability and infirmity allowances scheme; \$5 million for expanding cleansing facilities in the New Territories; \$4 million for meeting the cost of a study on long-term development of aviation facilities in Hong Kong; \$3.8 million for revising the salaries of the Universities' and Polytechnic's staff; \$3.6 million for the Fight Violent Crime Campaign; and \$2.7 million for introducing a scheme for compensating victims of crimes of violence.

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

Question put and agreed to.

Council then resumed.

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

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

First reading of bills**CROSS-HARBOUR TUNNEL (AMENDMENT) BILL 1973****LAW REVISION (MISCELLANEOUS AMENDMENTS) BILL 1973****PO LEUNG KUK 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**CROSS-HARBOUR TUNNEL (AMENDMENT) BILL 1973**

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

He said:—Sir, the main object of the bill is to correct an existing inadequacy in the principal ordinance by introducing a new section similiar to section 29 of the Road Traffic Ordinance. The bill, if enacted, will enable tunnel officers employed by the Cross-Harbour Tunnel Company to demand information on the name, address and driving licence number of a person who is alleged to have been driving a vehicle at the time of an offence in the tunnel area. Failure to furnish the required information is an offence punishable on conviction with a fine of \$2,000 and imprisonment for six months, unless the accused can show that he did not know, and could not with reasonable diligence have ascertained, the particulars required.

If the bill is enacted, the Cross-Harbour Tunnel Company intends to amend their by-laws to give tunnel officers powers supplementary to those contained in the bill. When these by-laws have been made by the company, they will be submitted to this Council for approval.

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

Question put and agreed to.

Explanatory memorandum

Clause 2 of this bill provides that, in any prosecution for an offence against the ordinance, a copy of the plan delineating the tunnel area certified by the Director of Public Works to be a copy of such plan shall be conclusive proof of the tunnel area (new section 3A).

Clause 3 seeks to introduce into the principal ordinance provisions in relation to traffic offences in the cross-harbour tunnel similar to those in section 29 of the Road Traffic Ordinance (new section 62A).

The new section 62B (which follows section 30 of the Road Traffic Ordinance) provides that a statement, signed by a person accused of an offence against the principal ordinance and furnished in accordance with a notice served on him under the new section 62A(2), stating that he was the driver of the vehicle at the time of an offence shall be admitted as *prima facie* evidence that the accused person was the driver of the vehicle at the time of the offence.

LAW REVISION (MISCELLANEOUS AMENDMENTS) BILL 1973

THE ATTORNEY GENERAL (MR HOBLEY) moved the second reading of:—"A bill to repeal an ordinance and to amend others."

He said:—Sir, this small bill proposes the repeal of the Grant Schools Building (Reimbursement) Ordinance, which is now spent, and seeks to amend five items of legislation in consequence of the enactment of the Professional Accountants Ordinance, so as to substitute references to professional accountants for the references to the former authorized auditors.

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

Question put and agreed to.

Explanatory memorandum

Clause 2 repeals the Grant Schools Building (Reimbursement) Ordinance which has become obsolete.

2. Clause 3 amends certain ordinances in consequence of the repeal of section 131(3) of the Companies Ordinance by the Professional Accountants Ordinance.

PO LEUNG KUK BILL 1973

THE SECRETARY FOR HOME AFFAIRS (MR BRAY) moved the second reading of:—"A bill to repeal and replace the Po Leung Kuk Incorporation Ordinance."

Po Leung Kuk Bill—second reading

He said: —Sir, the bill is based on the recommendations of a working party set up by the Permanent Board of Direction and the Committee of the Kuk under the chairmanship of the Deputy Secretary for Home Affairs.

The bill is modelled on the Tung Wah Group of Hospitals Ordinance, which was enacted in 1971 to replace the old Tung Wah Hospitals Ordinance, and which has worked well.

The new constitution, which is described in the schedule deals with the objects of the Kuk, and describes its existing functions. It also contains provisions which will enable the Kuk to expand its present services. The powers of the corporation are broadly similar to those of the Tung Wah Hospital Corporation. The constitution also provides for membership of the corporation and electoral procedure.

As in the case of the Tung Wah Ordinance we have an Advisory Board to advise the directors on matters affecting the corporation or its administration. The Secretary for Home Affairs, *ex-officio*, is to be Chairman of this Board and as the bill stands in his absence, members present would elect a chairman among themselves. Following the recent reorganization of Government—as a result of which the Secretary for Home Affairs is not now the head of the Home Affairs Department—it is desirable that the Director of Home Affairs should be a member of the Advisory Board and that in the absence of the Secretary for Home Affairs, he should act as chairman. I shall accordingly be moving an amendment to this effect at the committee stage of the bill and hope this change will commend itself to honourable Members.

*Motion made. That the debate on the second reading of the bill be adjourned—*THE SECRETARY FOR HOME AFFAIRS (MR BRAY).

Question put and agreed to.

Explanatory memorandum

The purpose of this bill is to repeal and replace the existing Po Leung Kuk Incorporation Ordinance. The bill which is modelled along the lines of the Tung Wah Group of Hospitals Ordinance makes further provision in respect of the incorporation of the Po Leung Kuk. It also provides for the constitution of the society which is set out in the schedule. The constitution of the

society has been amended to bring it into line with its present day functions and to widen its objects in the charitable field. Except for certain matters which require the consent or approval of the Governor or the advisory board, the amended constitution also makes provisions for the affairs of the society to be administered by a board which is to be constituted in a manner different from that provided under the existing ordinance.

2. Clauses 1 and 2 contain the short title and interpretation provisions respectively.

3. Clause 3 provides for the continued incorporation of the Po Leung Kuk (referred to as the corporation).

4. Clause 4 specifies the matters in respect of which the constitution of the corporation set out in the schedule is to have effect.

5. Clause 5 provides for the continued vesting of property in the corporation.

6. Clause 6 enables the board to exercise the powers of the corporation.

7. Clause 7 provides for the keeping of proper books of accounts of all transactions of the corporation and for the periodical submission to the Colonial Secretary of signed and audited statements of account.

8. Clause 8 indemnifies directors of the corporation against liability for any acts of the corporation.

9. Clause 9 enables the constitution of the corporation to be amended by resolution of the board with the approval of the advisory board.

10. Clause 10 contains a provision saving the right of the Crown.

11. Clause 11 repeals the Po Leung Kuk Incorporation Ordinance.

GOVERNMENT LOTTERIES (AMENDMENT AND VALIDATION) BILL 1973

Resumption of debate on second reading (14th November 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).

SUPPLEMENTARY APPROPRIATION (1972-73) BILL 1973

Resumption of debate on second reading (14th November 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).

DISTRICT COURT (AMENDMENT) (NO 2) BILL 1973

Resumption of debate on second reading (31st October 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).

INTERPRETATION AND GENERAL CLAUSES

(AMENDMENT) BILL 1973

Resumption of debate on second reading (14th November 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).

BETTING DUTY (AMENDMENT) BILL 1973**Resumption of debate on second reading (14th November 1973)**

Question proposed.

MR SZETO: —Sir, in the absence of the senior Unofficial Member I feel I should say something on behalf of the Unofficial Members on the subject of this bill. The legislation of any form of betting is of course a controversial step and I am well aware that there are still sections of the community who remain conscientiously opposed to any move forward in this matter because of the traditional Chinese objection to gambling. But I think it is safe to say that the majority of the community are not opposed to taking this sensible step which after all does no more than recognize the facts of the situation. This bill does not introduce any new form of gambling. We already have horse racing in Hong Kong and it is already legal to bet on horse racing at the Jockey Club premises in Happy Valley. We all know perfectly well that a great deal more illegal betting takes place off-course. It is an anomaly that such betting off-course should remain illegal when betting at the race course is legal. Unless and until some proper method is devised of legalizing off-course betting the present illegal betting will continue. I therefore agree—and my Unofficial colleagues go along with me—that the provisions of this bill represent a sensible approach to the problem by providing proper facilities whereby all those who wish to place a bet on horses can do so under properly supervised conditions. Sir, I support the motion.

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).

RAILWAYS (AMENDMENT) BILL 1973**Resumption of debate on second reading (14th November 1973)**

Question proposed.

MR SZETO: —Sir, in moving the amending bill, my honourable Friend the Secretary of the Environment said that one of the purposes was to bring the ordinance in line with present-day circumstances. As far as the travelling public is affected, this is to be achieved by a general increase in the maximum fines which may be imposed for

[MR SZETO] **Railways (Amendment) Bill—resumption of debate on second reading (14.11.73)**

various offences under the ordinance which have remained unchanged since 1948. For more serious offences such as endangering the safety of the travelling public, whether committed by a member of the public or by a railway official, the penalties are to be increased substantially. The amendments are in general acceptable.

There are, however, other provisions in the ordinance which appear to be equally out of keeping with the time. I refer to the railway's liability for loss in respect of carriage of animals. Section 20 provides that the General Manager's responsibility for the loss, destruction or deterioration of animals delivered to be carried on the railway shall not in any case exceed, in the case of horses, \$500 a head, in the case of mules, donkeys or horned cattle \$150 a head and in the case of sheep, goats, dogs or other animals \$50 a head. In my view, Sir, Government's liability in this respect needs realistic adjustment since the figures were last enacted in 1950.

Section 33 regarding the trains' carrying capacity may also require another look as I doubt if its peculiar casting has ever been adhered to despite frequent overcrowding. This section stipulates that any fare paid for the conveyance of passengers shall be deemed to be accepted only upon conditions that there is room in the trains, and that in case there is no room for all the passengers, those passengers who have tickets for the longest distance shall have preference, and those who hold tickets for the same distance shall have the preference according to the order in which they receive their tickets. Further it is provided that persons on Government business are entitled to priority over the public. It is relevant to mention here that half-fare privilege for public servants travelling on other forms of public transport has long been abolished, but this out-dated provision has been allowed to remain on the statute book of the railway since 1912. This is surely an anachronistic piece of legislation. In the same vein, Sir, I welcome the proposed repeal of section 46 which prohibits persons suffering from leprosy or other contagious diseases from travelling on the railway. Similarly, I support the repeal of section 37 sub-section (1) which imposes a fine of \$50 on a person when found smoking or chewing tobacco, opium or other like substance either in a waiting room or upon any railway carriage set apart for females or non-smokers. The repeal and replacing of section 55 goes further in safeguarding the safety of railway travelling. The original sub-section (a) which deals

with the punishment of a railway official who is found in a state of intoxication or under the influence of opium, compound of opium, morphine or any other narcotic whilst actually employed upon the railway must be looked upon as unrealistic indeed.

Sir, it is pleasing to know that our humble 36 kilometre single-track railway has proved to be a good revenue-earner. Last year, the gross railway receipts were \$21.8 million against a railway operating expenditure of \$16.6 million yielding a net operating revenue of \$4.14 million and a return on capital investment of 18.04% which compares with any franchised public transport service in Hong Kong.

Contrary to popular belief, the passenger receipts and goods receipts make practically equal contributions to the gross railway receipt being 47.38% and 46.89% respectively despite the curtailment of passenger traffic and the considerably increased number of pigs transported across the border. In the light of the repeated yearly surpluses, it is a reasonable expectation that our railway should be improved both in its permanent way and structures and in its rolling stock to provide more comfortable passenger carriages, more frequent service and increased seating capacity. It is hoped, therefore, the promise of a new locomotive and new carriages in 1974 coupled with the commissioning of the new Terminal Complex at Hung Hom in 1975 and the completion of the double-tracking between Hung Horn and Sha Tin in 1976 will bring in a new era in railway travel in Hong Kong.

Sir, with these remarks I support the motion.

MR ROBSON: —Sir, I do thank my honourable Friend for drawing my attention to other sections of the Railways Ordinance which certainly seem to merit closer examination. I am sorry perhaps that he drew attention to subsection A of section 55 which deals with the punishment of railway officials who are found to be intoxicated or under the influence of opium. But on the other hand this does show the power of the modern mass media and the success of the advertising campaigns of Coco Cola and 7-Up. Dealing with his figures for profitability, again they have become rather worrying because I notice that the book value of the railway apparently is \$25 million and we can certainly look forward to a take-over bid unless we do something about this. If we increase the book value, of course, to something more realistic, we will have to then increase the revenue to get a better return on capital invested. Well I think we can do this by publicising section 33 dealing with the train's carrying capacity and if passengers take a

[MR ROBSON] **Railways (Amendment) Bill—resumption of debate on second reading (14.11.73)**

ticket for the longer distance they have priority on the train. If we advertise this I am sure we will have lots of people travelling to Sha Tin who will take a ticket as far as the border. So this, of course, coupled with the expansion of the service which Mr SZETO Wai dealt with, will, I think, cause profitability to go up. However, Sir, if honourable Members would care to pass the bill now before them, I will certainly have a closer examination made of the ordinance.

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.

**GOVERNMENT LOTTERIES (AMENDMENT AND
VALIDATION) BILL 1973**

Clauses 1 to 6 were agreed to.

DISTRICT COURT (AMENDMENT) (NO 2) BILL 1973

Clauses 1 to 3 were agreed to.

Clause 4

THE ATTORNEY GENERAL (MR HOBLEY): —Sir, I move that clause 4 be deleted as proposed in the paper before honourable Members.

Sir, since this bill was published it has been represented that it is preferable that changes in a matter of such consequence as the jurisdiction of a court ought to be made by bill and not by a resolution of this Council. The Government accepts this and this amendment deletes from the bill a provision which was intended to allow changes in the monetary limits of the District Court jurisdiction to be effected by resolution.

Question put and agreed to.

Clauses 5 and 6 and the Schedule were agreed to.

**INTERPRETATION AND GENERAL CLAUSES
(AMENDMENT) BILL 1973**

Clauses 1 to 4 were agreed to.

BETTING DUTY (AMENDMENT) BILL 1973

Clauses 1 and 2 were agreed to.

RAILWAYS (AMENDMENT) BILL 1973

THE PRESIDENT: —We will take the clauses in groups.

Clauses 1 to 29 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL (MR HOBLEY) reported that the

Government Lotteries (Amendment and Validation) Bill 1973

Interpretation and General Clauses (Amendment) Bill 1973

Betting Duty (Amendment) Bill 1973

Railway (Amendment) Bill 1973

had passed through Committee without amendment; that the District Court (Amendment) (No 2) Bill 1973 had passed through Committee with amendment; and that the Supplementary Appropriation (1972-73) Bill 1973 having been read the second time was not subject to Committee Stage proceedings, in accordance with Standing Order No 59. He then moved the third reading of each of the six bills.

Question put on each bill and agreed to.

Bills read the third time and passed.

Suspension of sitting

THE PRESIDENT: —In accordance with Standing Orders I now suspend the Council until 2.30 p.m. tomorrow.

Suspended accordingly at 4.55 p.m.