

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 10th April 1974****The Council met at half past two o'clock**

[Mr PRESIDENT in the Chair]

**PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE  
THE HONOURABLE THE COLONIAL SECRETARY (*Acting*)  
MR MICHAEL DENYS ARTHUR CLINTON, CMG, GM, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
MR CHARLES PHILIP HADDON-CAVE, CMG, JP  
THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)  
MR GARTH CECIL THORNTON, QC  
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  
THE HONOURABLE IAN MACDONALD LIGHTBODY, CMG, JP  
SECRETARY FOR HOUSING  
THE HONOURABLE LI FOOK-KOW, JP  
SECRETARY FOR SOCIAL SERVICES  
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE  
SECRETARY FOR SECURITY  
THE HONOURABLE DAVID AKERS-JONES, JP  
SECRETARY FOR THE NEW TERRITORIES  
THE HONOURABLE DAVID WYLIE MCDONALD, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE JAMES DAVID MCGREGOR, ISO, JP  
DIRECTOR OF COMMERCE AND INDUSTRY (*Acting*)  
THE HONOURABLE WOO PAK-CHUEN, CBE, JP  
THE HONOURABLE SZETO WAI, CBE, JP  
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP  
THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP  
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP  
THE HONOURABLE LEE QUO-WEI, OBE, JP  
THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP  
THE HONOURABLE ANN TSE-KAI, OBE, JP  
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
THE HONOURABLE PETER GORDON WILLIAMS, JP  
THE HONOURABLE JAMES WU MAN-HON, JP  
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP  
THE HONOURABLE LI FOOK-WO, OBE, JP

**ABSENT**

DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP  
 DIRECTOR OF MEDICAL AND HEALTH SERVICES  
 THE HONOURABLE GUY MOWBRAY SAYER, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
 MR KENNETH HARRY WHEELER

**Oath**

MR MCGREGOR took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE PRESIDENT: —I should like to welcome Mr MCGREGOR to this Council.

**Papers**

The following papers were laid pursuant to Standing Order 14(2): —

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:	
Inland Revenue Ordinance.	
Proclamation No 1 of 1974 .....	61
Hong Kong Public Revenue Protection Ordinance.	
Orders of the Governor under section 2 .....	62-64
Legal Aid Ordinance.	
Legal Aid (Assessment of Contributions) (Amendment)	
Regulations 1974 .....	65
Road Traffic Ordinance.	
Road Traffic (Roads and Signs) (Amendment)	
Regulations 1974 .....	66
Immigration Ordinance.	
Immigration (Places of Detention) Order 1974 .....	70

<i>Subject</i>	<i>LN No</i>
Interpretation and General Clauses Ordinance.	
Specification of Public Office .....	71
Protection of Investors Ordinance 1974.	
Protection of Investors Ordinance 1974 (Commencement)	
Notice 1974 .....	72
Training Centres (Amendment) Ordinance 1974.	
Training Centres (Amendment) Ordinance 1974	
(Commencement) Notice 1974 .....	73
Urban Council Ordinance.	
Urban Council Financial By-laws 1974 .....	74
Employment (Amendment) Ordinance 1974.	
Employment (Amendment) Ordinance 1974	
(Commencement) Notice 1974 .....	75
Workmen's Compensation (Amendment) Ordinance 1974.	
Workmen's Compensation (Amendment) Ordinance	
1974 (Commencement) Notice 1974 .....	76
Sessional Paper 1973-74:	
No 57—Annual Report by the Hong Kong Productivity Council for the year	
1972-73 (published on 10.4.74).	

### **Oral answers to questions**

#### **Corruption**

1. MR WOO asked: —

What procedure will be adopted for dealing with allegations of corruption made by members of the public against officers of the Independent Commission Against Corruption?

THE COLONIAL SECRETARY (ACTING): —Sir, an instruction has been issued by Your Excellency setting out the procedure for dealing with any allegations of corruption which may be made against officers of the Independent Commission Against Corruption. This instruction

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

states that if any such allegation is received either by the Commission or by any public officer it must be referred immediately to the Attorney General, who will decide whether the allegation warrants special consideration, in which case he will refer it to the Governor, or whether it warrants an investigation by the Commission itself, or whether it does not warrant any further action.

Where the Attorney General considers that an investigation should be undertaken by the Independent Commission Against Corruption he will inform the Commissioner Against Corruption, who will pass the allegation and the Attorney General's view to the Commission's Operations Target Committee. The Commissioner will in due course report what action has been taken both to the Attorney General and to the Target Committee.

In cases where the Attorney General considers that no further action is warranted he will pass the allegation together with his view on it to the Commissioner, who will inform the Target Committee in case the Committee may consider that an investigation is called for.

**Increase of duty on industrial-type ethyl alcohol**

2. MR WOO asked: —

As the Financial Secretary in his budget speech on 27th February proposed no increase in the rates of duty on industrial-type ethyl alcohol why were these rates increased as notified in Legal Notice 63/74 dated 29th March?

THE FINANCIAL SECRETARY—Sir, my honourable Friend is correct. I did indeed say in my budget speech that the duties on industrial-type ethyl alcohol would not be raised. My reason was that I wished to avoid, if possible, increasing industrial costs even though the extent to which they would be affected was likely to be small.

But my honourable Friend the Director of Commerce and Industry subsequently reminded me that the duties on ethyl alcohol have previously been kept in line with those for non-European type spirits. The reason for this is that, otherwise, there is an advantage to be gained from using imported ethyl alcohol as a base for Chinese wine,

to the detriment of local distillers. To preserve the parity between the rates, I sought from Your Excellency an Order under the Public Revenue Protection Ordinance increasing the duties for industrial type liquors to the same level as for non-European type liquors. I would, of course, have explained my reasons for doing so when I subsequently moved the necessary resolution in this Council, but my honourable Friend's question has brought forward that explanation in time.

In fact, the effect of this increase on industrial costs should not be significant. About 75% of the duty on ethyl alcohol collected in 1973-74 was in respect of the ethyl alcohol content of imported perfumery products. About 10% was used to make Chinese wine in spite of the fact that the duty was then the same as for non-European type spirits. About 5% was used for laboratories (and I should say at this point that ethyl alcohol for the use of any educational, scientific or charitable institutions is exempt from duty). Only about 10% in 1973-74 was used by industry. This is because most of the alcohol used for industrial purposes in Hong Kong is denatured (that is to say, it is rendered non-potable) and is thus duty free.

### **Independent Commission Against Corruption**

3. MR WOO asked: —

When will the new Advisory Council on Corruption, the Corruption Prevention Committee and the Citizens Advisory Committee on Community Relations, referred to by the Colonial Secretary on the 30th January 1974 be established?

THE COLONIAL SECRETARY (ACTING): —Sir, my honourable Friend will wish to know that the Operations Target Committee of the Commission had its first meeting this morning. Its membership consists of the following: My honourable Friend Mrs Joyce SYMONS; Sir Ronald HOLMES; Dr Rayson HUANG; the Commissioner of Police or his representative; a Principal Crown Counsel representing the Attorney General; and the Deputy Commissioner Against Corruption and Director of Operations, Mr PRENDERGAST. The Chairman of the Committee is the Commissioner Against Corruption, Mr CATER.

As for the Corruption Prevention Committee and the Citizens Advisory Committee on Community Relations, there would be no point in setting them up until the staff to service them has been recruited and trained.

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

My honourable Friend will appreciate that priority for the staffing of the Commission has had to be given to the Operations Department. Recruitment and staffing of the Corruption Prevention Department and of the Community Relations Department is proceeding as quickly as possible but is unlikely to be completed until about September when new office accommodation for the Commission will also become available.

Although staff to serve the Corruption Prevention and Citizens Advisory Committees will not be fully operative until about September, planning for these Committees, including membership, is under way and it should be possible to announce details some time in June.

It would be unwise I think at this stage to overburden the Commission with further advisory bodies: not, at least, until the three departmental committees have been fully established. Consequently, the need for further unofficial association with the work of the Commission in the form of an Advisory Council will be considered once these three committees have found their feet and have been in operation for some time.

### **Companies legislation**

4. MR LEE asked: —

Will Government state when the proposed revised companies legislation will be published?

THE FINANCIAL SECRETARY: —Sir, the Second Report of the Companies Law Revision Committee, which was tabled in this Council on 1st August last year, recommended that the existing Companies Ordinance should be brought into line with the United Kingdom Companies Act of 1948, and also in line with certain provisions of the 1967 Act. Various modifications were, however, proposed to meet local conditions. The Committee also recommended the introduction into Hong Kong of certain recommendations of the Jenkins Committee not yet enacted in the United Kingdom.

The Second Report covers an extremely wide range of subjects in the general field of company law and the Committee, in case it was

decided to press on with the more urgent matters, leaving the less urgent over until it was seen what changes were made in the United Kingdom, the Committee listed those of its recommendations that could be postponed without causing any serious immediate harm or inconvenience.

Honourable Members will be aware, Sir, that the recommendations of the Second Report relating to the question of "insider trading" have already been incorporated in the Securities Ordinance. But, as I stated when introducing the second reading of that bill, the provisions concerned will not be brought into operation until such time as an assessment of the proposed United Kingdom legislation on "insider trading" has been made and, in any event, without a further opportunity for this Council to debate the whole subject.

As I indicated in this Council on 1st August, consideration has been given to implementing first the Committee's recommendations relating to company accounts and directors' reports to bring the relevant provisions in the Companies Ordinance broadly into line with those now in force in the United Kingdom, and to require directors' reports to give much fuller information about their companies' affairs. A draft bill designed to give effect to this has now been prepared and comments and views on it are being sought from the Hong Kong Society of Accountants, the Hong Kong General and the Chinese Chambers of Commerce. The Chinese Chamber of Commerce has already indicated that it has no comments and it is hoped that the views of the other two bodies will be received shortly. I had originally hoped that the bill could be ready in time to be applicable to accounts in respect of the year ending 31st December 1973, but it may now not be possible to achieve this target. The reason for this is that the Committee recommended that six months' notice be given before the new provisions come into operation and it is now already mid-April.

No other drafting is proceeding at the present time to give effect to further recommendations in the report, but honourable Members may wish to know that the recommendations made by the Committee are acceptable to the Government in principle and that the drafting of legislation to give effect to them will be put in hand as soon as possible.

Sir, I do apologize, but I am afraid I got the year wrong—I meant 1974, the current year.

**Oral answers****Gold transactions**

5. MR LOBO asked: —

Will Government inform this Council (a) is stamp duty payable on gold transactions in the Chinese Gold and Silver Exchange and (b) is profits tax payable on profits made by parties in these transactions?

THE FINANCIAL SECRETARY: —Sir, the short answer to the first part of my honourable Friend's question is "no". Gold is transacted as a commodity in the Chinese Gold and Silver Exchange and the evidence of buying or selling is a receipt or entries in the books of the Exchange members concerned. These receipts used to bear a 15 cents stamp duty, but this requirement has been dispensed with since 1st April 1973 as part and parcel of our tidying up exercise on the Stamp Ordinance referred to in the budget speech of that year. There is no requirement by the Exchange for any document to be exchanged between the two parties concerned in a bargain (say, for instance a contract note) which attracts a stamp duty under the provisions of the Stamp Ordinance.

As regards the second part of my honourable Friend's question, just like other businessmen members of the Exchange and any other gold and silver dealers are chargeable to profits tax on profits which they earn on their transactions.

MR WOO: —Sir, may I ask a supplementary question? With regard to the question of profits, which require a receipt or an entry in the books of the exchange of the member concerned, is it a legal requirement or merely a requirement among the members?

THE FINANCIAL SECRETARY: —The fact of the matter, Sir, is that there is no stampable document involved in the transactions.

MR WOO: —And then how can you assess the profits tax on those transactions ?

THE FINANCIAL SECRETARY: —The Commissioner of Inland Revenue examines the books of account kept by dealers.

MR WOO: —I have very much doubt about these transactions being kept.



HIS EXCELLENCY THE PRESIDENT: —Mr WOO, are you asking a question? (*Laughter*).

MR WOO: —I am sorry, Sir.

### **Airport runway**

6. MR SZETO asked: —

What improvement has been made to the Airport runway in the course of the last year to reduce the hazard of slipperiness?

SECRETARY FOR THE ENVIRONMENT: —Sir, I think my honourable Friend is aware that the problem is not only one of slipperiness but also one of "aqua planing" which can occur during or immediately after heavy rain. Aqua planing is caused by a film of water building up between the tyres of the aeroplane and the surface of the runway so that there is no direct contact between them, with a subsequent loss of friction and braking power.

The chance of this happening is obviously reduced if rain water is shed from the runway as quickly as possible. This can be achieved by increasing the cross fall of the surface of the runway which is in fact what was done last year when the Kai Tak runway was strengthened by laying an additional thickness of bituminous material over the old surface.

The situation, as far as aqua planing is concerned, is also improved if a longer length of runway can be provided and at Kai Tak 200 feet of the extension of the runway was made available for emergency overrun purposes early in 1973 and a further 300 feet of the completed extension was provided in September. This 500 feet of effective runway surface is additional to the nominal length of the runway which pilots are allowed to use in calculating landing and take-off distance requirements and therefore provides a significant margin of safety against overrun type of accidents.

Improvements are also achieved by cutting shallow grooves in the runway of about a quarter inch wide and a quarter inch deep at 2 inches centres. These grooves not only help to prevent aqua planing by breaking up the film of water which causes it, but also provides a rougher surface which gives better braking performance. Grooving of the Kai Tak Airport runway was carried out in 1971 but these grooves were of course covered last year by the new bituminous surface.

[SECRETARY FOR THE ENVIRONMENT] **Oral answers**

The new surface could not be grooved as soon as it was laid as the material was then still plastic and the grooves would have closed under use. Grit blasting and other methods of producing a rougher surface were tried on small areas but these proved of little value. Trial grooves were also cut at periodic intervals and kept under observation to check when it would be possible to start grooving over the whole runway surface.

As a result of these observations it was decided in February that grooving in May would be acceptable and tenders for the work were called in early March. Bids were received on the 29th of March and I am hoping that the Central Tender Board will approve the award of a contract today so that work can start next month. In this event the entire runway should be grooved by the end of August.

MR SZETO: —Sir, in the 1970 approved Estimates for the runway project there was an item costing about \$8.12 million for the work of grooving and for overlaying of the runway. Now my honourable Friend referred just now to the grooving carried out in 1971, was that the item in the Estimates which was carried out in 1971 or is it the new one that is going to be done in the next few months which he referred to just now?

SECRETARY FOR THE ENVIRONMENT: —I am afraid, Sir, I can't answer that question off the cuff. All I know is that funds were provided in 1971 to groove the runway then, and funds are available now to groove the runway again, but I shall have to check, Sir, and will give the information separately.

### **Saving of electricity at Airport Terminal**

7. MR CHEUNG asked: —

What net savings per month, if any, are incurred, as a result of switching off most of the ceiling electric lights in waiting halls in the passenger terminal at the airport, having regard to all circumstances including extra manpower, if any, expended on account of security?

SECRETARY FOR THE ENVIRONMENT: —Sir, a considerable reduction in electricity consumption has been achieved at the airport as a result

of the introduction of various economy measures since late 1973. I cannot give figures of the savings made from switching off most of the ceiling lights in the waiting halls but, based on the figures for the months of January and February this year, electricity consumption in respect of the terminal building lighting was 68% of the corresponding period of the previous year and the total consumption of electricity at the airport was down by 25%. However, in monetary terms, the increased cost per unit has outweighed this saving in consumption and the electricity bill has risen by 24%.

The measures taken to save electricity at the airport have not resulted in a need for increased manpower for security purposes.

Although the savings made by switching off certain ceiling lights may be small in themselves, they are precisely what is needed, particularly during the coming summer months, when electricity consumption normally increases and when the heat from increased lighting leads, in turn, to an increase in the cost of air-conditioning.

MR CHEUNG: —Sir, is the saving in switching off the ceiling lights so insignificant that my Friend's department wasn't even willing to do a calculation on it? (*Laughter*).

SECRETARY FOR THE ENVIRONMENT: —Sir, it is not a very easy calculation. We had figures from meters of the overall savings in electricity, of course; we had no figures for particular lights in the whole system. But, however, if my Friend wishes, I can try to have an exercise carried out to see precisely what saving is made by individual lights and perhaps I could let him know.

MR CHEUNG: —May I ask a further supplementary, Sir? Is the failure to use increased manpower in that room in Kai Tak not an invitation to terrorist activities?

SECRETARY FOR THE ENVIRONMENT: —Sir, I am informed that the reduction in lighting does not require any increase in manpower, therefore I must assume that the present precautions are adequate.

### **Additional Treasury sub-offices**

8. MR F. W. LI asked: —

When will more Treasury sub-offices be opened to relieve congestion?

### Oral answers

THE FINANCIAL SECRETARY: —Sir, Treasury revenue collection offices are normally only congested in the months when quarterly rate payments fall due. Surveys have been conducted by the Census and Statistics Department at all Treasury offices to determine whether the demand for facilities in areas not now served by a sub-Treasury would justify the cost of establishing more collection and payment offices. The survey results indicate that only at Kowloon City is the demand sufficient to justify the expense involved.

A financial commitment of \$230,000 in non-recurrent and \$398,000 in annually recurrent expenditure was accepted by the Finance Committee of this Council in October 1973 for a new sub-Treasury for the Kowloon City district and the office will be open for business in two to three months' time.

The Accountant General has taken steps to encourage people to pay Government accounts by post and approximately 800,000 accounts (or 25 %) out of a total of 3,200,000 paid at Treasury offices each year are now settled in this convenient and time saving fashion. When the postal payment campaign began in 1968 fewer than 40,000 accounts a year or approximately 2%, were paid through the post. The campaign has, therefore, been a considerable success. It is continuing and I hope that, coupled with the facilities which the new sub-Treasury in the Kowloon City district will provide, congestion at Treasury cash offices will be further reduced. It is unlikely, however, that congestion will be eliminated completely for so many people, I am afraid, leave the payment of accounts to the very last moment.

### Speed limits on motorways

9. DR CHUNG asked: —

Will Government consider increasing the speed limit to 40 m.p.h. for some new or improved motorways in Kowloon such as the widened portion of Lung Cheung Road, Cornwall Street extension and Princess Margaret Road?

SECRETARY FOR THE ENVIRONMENT: —Sir, I should like to assure my honourable Friend that the need to provide realistic speed limits on all roads is under constant consideration.

But a paramount factor must be safety and in this respect it would be unwise to raise the speed limit on Lung Cheung Road until work on its widening and on the interchanges at the western end is completed.

However, a close examination will now be made to see whether there are other roads where changes in the speed limit would be appropriate and this will include Cornwall Street extension and Princess Margaret Road.

DR CHUNG: —Sir, is my honourable Friend aware that the then Colonial Secretary, Sir Hugh NORMAN-WALKER, had said in this Council on 7th April 1971 that a higher speed limit of 40 m.p.h. seemed appropriate for Princess Margaret Road and would be introduced when certain minor road improvements near the junction of Wylie Road and the provision of the pedestrian footbridge were completed? Is my honourable Friend also aware that such improvements had been completed over a year ago?

SECRETARY FOR THE ENVIRONMENT: —Sir, I cannot recollect the Colonial Secretary's statement, but I do know that improvements to Princess Margaret Road were of course completed about a year ago; but I think my honourable Friend will also recollect that there has been work carrying on in Princess Margaret Road in recent months. However, Sir, there may have been some delay in checking the speed limits on this road, but this will now be done.

### **Financial assistance for Baptist College**

10. DR CHUNG asked: —

What progress has Government made on the application of the Baptist College for financial assistance?

DIRECTOR OF EDUCATION: —Sir, the matter raised by the honourable Member has been under detailed consideration and will shortly be brought before your Excellency in Council. In the circumstances, therefore, it would not be proper for me to comment further. I shall, of course, be in touch with the President of the Baptist College as soon as a decision is made on the application.

DR CHUNG: —Sir, what does my honourable Friend mean when he says the matter will shortly be brought before you, Sir, in Council?

[DR CHUNG] **Oral answers**

Is he aware that unless a decision is made before May or June this year, another year will be lost and it would be too late to plan for the 1974-75 academic year?

MR CANNING: —When I said shortly, Sir, I mean shortly. (*Laughter*). I don't follow the argument that, unless it happens in the time sequence the honourable Member has in mind, it would be too late for next year.

DR CHUNG: —Sir, is my honourable Friend aware that this matter was brought to attention or started negotiation with Government since I think early 1971?

MR CANNING: —Sir, I answered a question on this matter in January 1973\* and I explained then when I answered the question that it was a matter of some difficulty and that examination of the need required consideration of the need for expansion at post-secondary level, the extent of Government support warranted having regard to other fields of education and, of course, the most appropriate form of finance assistance. This has taken some time as it is a matter of some importance. We are moving as fast as we can, and I hope the proposal will reach you, Sir, in Council very soon.

### **Wong Chink Hang Licensed Area**

11. MR WILLIAMS asked: —

- (a) Would the Government say what will be done and when, to remedy the atrocious conditions in the Wong Chuk Hang Licensed Area visible to any visitor to Aberdeen?
- (b) What is the earliest date the inhabitants of this area can be rehoused in a public housing estate?

SECRETARY FOR HOUSING: —Sir, the question of standards in Licensed Areas came under the Housing Authority's scrutiny last year, and the result was that the Authority asked the Housing Department to prepare plans for various improvements to existing Licensed Areas, principally better toilets and bath-houses, drainage and electrification. These plans are now ready and estimates of cost will shortly be considered by the Authority before they are forwarded to Government

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\* 1972-73 Hansard, page 379.

for the provision of the necessary funds, such expenditure being a Government rather than an Authority liability. The improvements will be costly but it is clear from my honourable Friend's concern at conditions in this particular Licensed Area at Wong Chuk Hang that he and his colleagues on the Finance Committee of this Council will give a sympathetic hearing to these proposals.

In fact, improvements to the Wong Chuk Hang Licensed Area are already in hand and building work on greatly improved toilet and bath-house facilities has just been completed, and these are now in use. Work on other improvements in the area will start in the next few weeks. These include renewal of defective paving around the perimeter, improvements in the surface drainage and the provision of a sitting-out area. Plans are also ready for building a decent refuse-collection point in this licensed area.

But physical improvements are not enough in themselves, and must be backed up by adequate supervision on a day-to-day basis by Housing Department staff. A Senior Housing Manager post has recently been created for this purpose, which will improve matters considerably, and there has been redeployment of staff and redefinition of jobs which will allow staff to concentrate on the management of these Areas, without being distracted by planning responsibilities.

As for when the occupants of this particular Licensed Area might move into public housing, these families have now lived in the area for between three and four years, and must be regarded as very deserving of an allocation of public housing. Understandably, however, they insist on staying in the Aberdeen area and this means that their problems cannot be solved until public housing is available in that area. Our building programme will not provide the necessary units in the Aberdeen area for several years, but I can assure my honourable Friend that the Housing Department will be constantly on the watch for any opportunity that may present itself for moving these families into public housing at an earlier date.

MR WILLIAMS: —In considering completing claims for resettlement in the Wong Chuk Hang estate would the honourable Member give priority to the inhabitants of the Wong Chuk Hang Licensed Area who need to be near their traditional seaside home, as my honourable Friend has acknowledged in his reply, where other claimants could be diverted to other estates?

SECRETARY FOR HOUSING: —Sir, it is true that there are empty units standing available in the Wong Chuk Hang estate. The position

[SECRETARY FOR HOUSING] **Oral answers**

today is that these units are earmarked for other categories which are eligible for public housing. Now the Housing Authority is currently looking into the relative priority of these various categories with particular reference, Sir, to the claims of people living in licensed areas to be turned over sooner than has been the case up to now. This exercise is proceeding and when it is completed, then the results will certainly affect this case and in that context, we would reconsider the earmarking of public housing in the Wong Chuk Hang estate.

**Design requirements for handicapped people**

12. MR WANG asked: —

What is the present position on the report of the committee on design requirements for handicapped people?

MR McDONALD: —Sir, the report was completed and submitted to my office in December 1973. Copies of the report were then issued to the various offices of the Public Works Department for study. Their comments have now been received and are being considered by the Directorate. I anticipate that the report together with the PWD Headquarters recommendations will be issued to other interested parties within the next two weeks with a view to obtaining their counsel on both the report and the draft Code of Practice.

**Medical facilities in public housing estates**

13. MR WONG asked: —

- (a) What is the present position regarding provision of low cost clinics for the population in each public housing estate?
- (b) Is there a shortage of
  - (i) premises available for allocation for this purpose or
  - (ii) doctors wanting to establish private clinics in any estate?

SECRETARY FOR SOCIAL SERVICES: —Sir, the Advisory Committee on Clinics recommended in 1966 that, in place of the mobile clinics which



then operated in and around resettlement estates and low cost housing estates, accommodation for low cost clinics should be provided in these estates at reasonable rents and at a ratio providing one registered medical practitioner for every 6,000 residents. Arrangements were subsequently established under which premises were made available for letting at shop rents to doctors nominated through the Low Cost Clinics Association of Registered Doctors.

At the present time there are 90 welfare and low cost clinics in the 25 Group B estates, that is, the former resettlement estates, which gives an average of one clinic to about 13,000 authorized population. In the 26 Group A estates, that is, the former Housing Authority and Government low cost housing estates, there are 47 low cost clinics, giving also an average of about one to every 13,000 of authorized population. At present nominations of tenants are awaited for three clinics. A further 27 premises are to be allocated as clinics in the near future.

As regards the second part of my honourable Friend's question, I understand that there is less difficulty in providing premises on new estates. However, the problem can be formidable in respect of those estates which are fully let, particularly in terms of premises which are acceptable to doctors. For these reasons, it has not been possible to achieve the ratio recommended by the Advisory Committee on Clinics. The Director of Housing will continue to seek to make more premises available in order to improve the present ratio.

Finally, Sir, there are no indications that the Low Cost Clinics Association of Registered Doctors is experiencing any difficulty in finding doctors to run low cost clinics in public housing estates.

MR WONG: —Sir, does my honourable Friend the Secretary for Social Services still consider the goal of one doctor for 6,000 residents in public housing estates appropriate?

SECRETARY FOR SOCIAL SERVICES: —Sir, I believe this would largely depend on the individual estate depending on whether or not there are Government clinics or other medical facilities available in the vicinity. However, I will ask the Director of Medical and Health Services to consider and possibly to seek advice from the Medical Development Advisory Committee on this matter.

**Oral answers****Report on the social causes of crime**

14. MR CHEONG-LEEN asked: —

When will the final report on the social causes of crime be completed and made available for public discussion?

SECRETARY FOR HOME AFFAIRS: —Sir, the final report of the Sub-Committee will not be completed for some time yet. An interim progress report of the Sub-Committee was published in September 1973. It contained the Sub-Committee's preliminary findings, including a tentative list of the main causes of crime. It concluded that further consultation and research was necessary before well-founded recommendations could be made in a final report.

Arising out of this report, the Social Research Centre of the Chinese University of Hong Kong was commissioned to undertake a research project into the social causes of violent crime among young offenders in the 12 to 20 age group. It will take a year to complete this task, as it is bound to it if it is worth doing.

Since the submission of the interim report the Sub-Committee has met—has continued to meet and meetings will continue until the members are satisfied that they have covered a sufficient area of information and experience.

Since the University's report will not be available till early 1975, it is unlikely that the Committee's final report can be prepared beforehand. For this reason, a further interim progress report will be published.

MR CHEONG-LEEN: —Sir, what interim action is being taken on this interim report?

SECRETARY FOR HOME AFFAIRS: —I thought I had explained, Sir, that the Chinese University has accepted the task of a research project arising out of this interim report.

MR CHEONG-LEEN: —I am sorry, Sir, I didn't make myself clear. I meant interim action on the ground, at least in terms of committed effort concerning young people and young offenders.

SECRETARY FOR HOME AFFAIRS: —Sir, the Sub-Committee's function is to try to assess the social causes. Until it has done this, these causes can't be tackled.

MR CHEONG-LEEN: —Sir, could I ask my honourable Friend whether in the interim report there was been sufficient tentative information provided for some interim action to be taken on the ground?

SECRETARY FOR HOME AFFAIRS: —I think, Sir, this is going beyond the content of the original question.

MR CHEONG-LEEN: —Sir, may I phrase my question in another way then. In view of the remarks made by my honourable Friend in a speech recently when he referred to young people in the 12 to 14 year age group in which there was indirect reference mentioned to social cause of crime, could my honourable Friend advise whether some interim action can be taken by Government by way of community development work for this particular age group, the 12 to 14 year age group?

SECRETARY FOR HOME AFFAIRS: —Sir, I think this is way beyond the question. (*Laughter*).

HIS EXCELLENCY THE PRESIDENT: —Mr CHEONG-LEEN would you put your next question please?

### **Price and stocks of flour**

15. MR CHEONG-LEEN asked: —

- (a) By how much has the price of flour increased over the past 12 months?
- (b) Are there sufficient stocks of flour in Hong Kong which provide for distribution on a normal and competitive basis?

MR MCGREGOR: —Sir, imported flour prices averaged HK\$563 a metric ton during January 1973. By January 1974 the average price had risen to HK\$1,222 per metric ton, an increase of 117%.

We produce a large proportion of our domestically consumed flour by milling imported wheat. The price of wheat is also therefore

[MR MCGREGOR] **Oral answers**

relevant to my honourable Friend's questions. The average CIF price for imported wheat rose from HK\$524 a metric ton in January 1973 to HK\$962 per metric ton in January 1974, an increase of 84%.

A small but welcome reduction in price for imported wheat and flour during the first quarter of this year has, I am sorry to say, been more than offset by higher freight rates.

These increases have been reflected in the price of bread reaching the consumer. Bread which cost the housewife 80 cents per pound in January 1973, had increased to \$1 a pound by October 1973 and is now \$1.40 a pound. This scale of increase is similar to those for wheat and flour, however.

The second part of my honourable Friend's question concerned the adequacy of stocks of flour. I think I should also include information on stocks of wheat. This is processed by our flour mills at the approximate conversion rate of 70%.

Bulk storage of wheat and flour is expensive in Hong Kong and both commodities are perishable products. For these reasons, importers and bulk users apparently prefer to regulate their supplies so that they arrive frequently and in relatively small amounts. The result is that stocks of wheat and flour, taken together, represent at any one time about two months' consumption of flour, that is, about 18,000 metric tons. That appears to be about the present stock position with a further 9-10,000 metric tons in transit to Hong Kong.

I have been advised by the managements of our three flour mills and leading bakeries that there is no problem of supply at present. All appear confident that there will be no problem either in the months ahead.

I believe that both the present stocks and the supply position are satisfactory.

MR CHEONG-LEEN: —Sir, for clarification could I ask my honourable Friend when he is referring to a pound of bread, is he in fact having in mind a loaf of bread and not a pound of bread?

MR MCGREGOR: —Sir, I have in mind one pound of bread by weight.

MR JAMES WU MAN-HON: —Sir, may I ask a supplementary question? In view of the disproportionate increase in the price of flour as compared to the increase of the CIF price of wheat, will this constitute any form of profiteering?

MR MCGREGOR: —Sir, there is no evidence in the examination that the Commerce & Industry Department has carried out of profiteering at this stage.

MR WU: —Sir, I am referring to the 117% increase in the price of flour as compared to only 84% of increase in the CIF price of wheat.

MR MCGREGOR: —Sir, the apparent difference between these two figures relates really to the degree of profit taken at the various level of the trade. If one took a wider spectrum of average prices, one would find somewhat different proportions. I have to repeat, Sir, that there is no evidence of any unreasonable profit being taken from the figures available to the Commerce and Industry Department.

MR CHEONG-LEEN: —Sir, may I pursue this question of a pound of bread? What evidence does my honourable Friend have that there is a standard weight for a pound of bread as used by bakers in different parts of the Colony?

MR MCGREGOR: —Sir, one pound of bread means exactly that but how a baker sells bread is of course entirely up to him. How he marks the bread is a different matter. If a baker marks bread one pound weight and what is offered for sale is not one pound weight, then the baker can be taken to court and prosecuted for that is an offence—an improper marking offence. On the other hand, if the baker indicates that it is net one pound or approximately one pound, that would be for the court then to decide what margin of error is permitted.

MR CHEONG-LEEN: —Sir, can my honourable Friend advise this Council whether there have been any prosecutions in recent years and what is still being done now?

HIS EXCELLENCY THE PRESIDENT: —Mr Hilton CHEONG-LEEN this is very far from your original question.

## Statement

### **Annual Report by the Hong Kong Productivity Council for the year 1972-73**

DR CHUNG: —Your Excellency, among the various papers laid on the table of this Council today is the Annual Report of the Hong Kong Productivity Council for the financial year 1972-73.

The year under review is the first of the Second Five Year Plan and marks the beginning of a new era of changing emphasis in the Council's activities. Realizing the new environment of rapid inflation and material shortage, the Council has exerted greater efforts for the improvement of industrial productivity through technical assistance and technological training programmes.

During the fiscal year 1972-73, the Council's executive arm—the Productivity Centre—provided training to 4,372 persons as compared to 3,829 in the previous year and undertook 68 industrial consultancy and technology projects showing an increase of 18 projects or 36% over a year ago.

Considerable progress was made in the promotion of low cost automation as a means of improving the productivity and profitability of industry, particularly small scale industry. Apart from mounting training courses, running seminars and providing technical assistance, two exhibitions were held to demonstrate the advantages of low cost automation. Both exhibitions were very well attended by people in the industrial sector.

The Productivity Centre also organized two study missions to Europe and Japan to observe trends and new techniques in the two respective areas of metal finishing and machinery manufacturing.

In order to help local commerce and industry to keep abreast of the latest developments in scientific management and manufacturing techniques, the Centre in September 1972 introduced a pilot technical information service in which some 70 reputable management and technical journals and magazines currently published in the western developed world are expertly abstracted, indexed and classified for circulation. At present over 120 companies are subscribing to this service.

Finally, Sir, I would like to take this opportunity to pay tribute, first, to Sir Sik-nin CHAU who retired at the end of 1973 after providing outstanding leadership as Chairman of the Council for three years and, secondly, to Professor Sean MACKAY who is one of the pioneers in the local productivity movement. He also retired from the Council in December last year after giving more than ten years of valuable services to the promotion of productivity in Hong Kong. Thank you, Sir.

## **Government business**

### **Motions**

#### **INLAND REVENUE ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion: —

That the Inland Revenue (Amendment) Rules 1974, made by the Board of Inland Revenue on the 15th March 1974, be approved.

He said: —Sir, as I informed honourable Members in my budget speech, I said I proposed to invite the Board of Inland Revenue to adopt a new table of rates of annual depreciation in respect of plant and machinery under Rule 2 of the Inland Revenue Rules, to be effective from the year of assessment commencing on or after 1st April 1974. On 15th March last, the Board made a revised table introducing amended rates. In accordance with section 85 sub-section 4 of the Inland Revenue Ordinance, this table requires the approval of this Council.

In constructing the new table, the Board bore two objectives in mind. First, to provide a measure of relief for most profits tax payers by increasing the basic rate for plant and machinery (with certain exceptions) from 10% to 15% on their reducing values; and secondly, to make for simpler administration by keeping the number of exceptions to the basic rate where the 15% would be either too generous or insufficient to a minimum.

Examples of exceptions involving rates higher than 15% include bleaching and finishing machinery and plant (20%), electronics manufacturing machinery and plant (20%), motor vehicles (25%), plastic manufacturing machinery and plant (20%), sulphuric and nitric acid plant (25%) and textile and clothing manufacturing machinery and plant (20 %).

[THE FINANCIAL SECRETARY] **Motions**

Examples of exceptions involving rates lower than 15% include ships (10%) and machinery for the plant-intensive public utilities (10%).

As I did not mention them specifically in the budget speech, I should record here the reasons why the public utilities have been excluded from enjoying the basic rate of 15%: first, the cost to the revenue would be considerable; secondly, the relief is intended primarily for the manufacturing sector; and thirdly, there is no evidence that the public utilities need additional relief beyond that resulting from the increase in the rate of initial allowance I also proposed in the budget speech.

*Question put and agreed to.*

**EX-GRATIA AWARD TO MADAM PAK KAM-DIP  
UNDER SECTION 95(1) OF THE INTERPRETATION  
AND GENERAL CLAUSES ORDINANCE**

THE ATTORNEY GENERAL (ACTING) moved the following motion: —

Pursuant to section 95(1) of the Interpretation and General Clauses Ordinance that the sum of \$6,225.00 as compensation from the general revenue of the Colony be awarded to Madam PAK Kam-dip of 12 Wai Kat Sai, First Square, Ground Floor, Chung Shan, Sixth Road, Canton, being the only dependant of Mr PAK Kwong-woon who died as a result of injuries sustained by him in the execution of a duty to assist in resistance to crime, and that the said sum be paid through the Director of Social Welfare.

He said: —Sir, under section 95 of the Interpretation Ordinance this Council may award compensation to dependants of a person who dies as a result of injuries suffered in the execution of a duty to assist in resistance to crime.

On the 22nd March 1973, one of the residents of a building in Fa Yuen Street, Kowloon, a lady of over 60 years of age, was menaced with a knife and robbed of \$50 in the lift as she was returning to her home. She quickly went to the ground floor and reported the facts to Mr PAK Kwong-woon, the watchman of the building.



Mr Pak, who showed great courage, confronted the robber and then pursued him from the building. Tragically, Mr Pak was eventually stabbed by the robber and died from his injuries.

Mr Pak's elder sister, a Madam PAK Kam-dip, who is a lady of 71, residing in Canton, was dependent on remittances of one to two hundred dollars per month received from him.

It is therefore proposed to award to Madam Pak the sum of \$6,225. This sum has been computed having regard to the expectation of life of Mr Pak and Madam Pak and should be sufficient to replace the remittances that Mr Pak would have made had he lived.

*Question put and agreed to.*

### **First reading of bill**

#### **STREETS (ALTERATION) (AMENDMENT) BILL 1974**

*Bill read the first time and ordered to be set down for second reading pursuant to Standing Order (41)3.*

### **Second reading of bill**

#### **STREETS (ALTERATION) (AMENDMENT) BILL 1974**

MR McDONALD moved the second reading of: —"A bill to amend the Streets (Alteration) Ordinance."

He said: —Sir, as the law stands at present, the tribunal which is authorized to hear and determine any claim for compensation may do so only after you, Sir, have considered in Council a formal objection in respect of the street alteration and have nevertheless authorized the undertaking either in toto or in respect of a part whereby the objector's interest is still adversely affected. The tribunal has no power to hear or determine a claim for compensation in respect of any matter regarding which no formal objection to the street alteration has been lodged.

This bill seeks to remove the paradox existing under the present ordinance whereby a person whose property is to be affected by a street alteration, but who believes the alteration to be in the public interest and who therefore raises no objection, is precluded from

[MR McDONALD] **Streets (Alteration) (Amendment) Bill—second reading**

receiving compensation in respect of any adverse effect which the alteration might have on his interest.

The amendment which it is now proposed to make is simply to remove from section 7 of the existing ordinance the wording which restricts the power of the tribunal to hear and determine claims for compensation only to those undertakings against which objections have been lodged. A person, therefore, whose interest is adversely affected by a street alteration will thus be able to claim compensation under section 4(2) of the ordinance whether he has lodged a formal objection to the undertaking or not.

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

*Question put and agreed to.*

### **Adjournment**

*Motion made and question proposed. That this Council do now adjourn—*  
THE COLONIAL SECRETARY (ACTING).

3.24 p.m.

### **Measures to deal with the world fuel oil problem as it affects Hong Kong**

MR LEE: -Your Excellency, the world fuel oil situation last October was a considerable challenge to Governments, industries and individuals of almost all oil importing countries, as well as to oil companies. Government was quick to have established the Oil Policy Committee and the Oil Supply Unit together with the Oil Distribution Committee and a few other sub-committees. Both these two main committees, then under the able chairmanship of my honourable Friend Mr CLINTON and the then Director of Oil Supplies, Mr PORTER, respectively, must be credited for their appropriate policies and timely actions for Hong Kong did manage, with the co-operation of the general public, to come through a difficult time with the minimum disruption to development and economic life.

Although most oil destination embargoes have for the time being been lifted by the Arab producer states until June 1974, we must not

let ourselves be lulled into the belief that the situation has now returned to what it was before last October. Actually, the oil industry has never faced so much uncertainty as it does today. It is generally accepted, oil production levels still remain inadequate to meet unrestrained global demand. Previous thinking the security of supply at predictable levels of cost is now difficult to establish. It is by no means certain that the Governments of oil producing countries will agree to increase production in line with the increase of world demand. As to prices, we must not be too optimistic that they will come down, unless the rate of world-wide inflation can be effectively checked.

It is obvious, therefore, that we in Hong Kong who have no other energy to turn to must not only keep on our toes, but also examine very closely optimum energy sources. Here I understand Government has already been actively engaged in obtaining increased imports. While it is hoped that better results will be forthcoming, the time conclusion of an agreement with China for the provision of certain quantities of petroleum products must be considered a meaningful contribution to Hong Kong.

The single most serious effect of the oil crisis in Hong Kong has been the dramatic increase in the cost of our oil imports over the last few months. This is of course a direct result of decisions by producer Governments raising crude oil prices by over 200%. Despite the many efforts of our industrial consumers and the general public to conserve energy, there is little we can do in the short term to alleviate the effect of the price increases and my honourable Friend the Financial Secretary alluded in the budget debate to the significant impact that such increases will have on the economy of Hong Kong.

As the problem of both the supply and price is clearly not easy for Hong Kong alone to solve, this naturally brings us to the importance of conservation and economy, particularly as we approach the summer months with electricity demand at its peak. Now that Hong Kong has the benefit of the recent experiences in preparing for the future, Government, as I understand it, has plans to mount a big publicity campaign to conserve the use of electricity and advise all factories on methods for reducing power consumption without affecting production. In addition thereto, I suggest Government should also take this opportunity to publicise how to avoid wastage and to achieve optimum utilization and economy, so that the whole community can co-operate with Government in its efforts to prepare for any future contingency. This is particularly important to our balance

[MR LEE] **Measures to deal with the world fuel oil problem as it affects Hong Kong**

of payment considerations and for keeping our domestic products reasonable so as to preserve our competitive position in the world markets. If it should prove effective, it would not be necessary for Government to continue the imposition of the restrictions, or at least some of them, now in force.

DR CHUNG: —Your Excellency, since last October the whole free world was and still is beset with difficulties arising from both the shortage and high price of fuel oil. For those developed countries situated in the north of the Northern Hemisphere, October is the beginning of a long cold winter which normally consumes more energy than any of the other seasons. We in Hong Kong were fortunate in that our maximum demand in energy is not during the winter but in the summer. This luck in timing coupled with the timely and effective action taken by Government through the Oil Policy and Oil Distribution Committees have enabled us in Hong Kong to pass through the difficult period of the energy crisis, as my honourable Friend Mr LEE said, with minimum disruption to our industrial output and economic life. I would like to publicly acknowledge the good work by the Chairmen of the two Committees, my honourable Friend Mr CLINTON and Mr PORTER.

Now winter is virtually over and whilst territories on the north of the Tropic of Cancer are coming out from their worst period, we in Hong Kong are entering a peak season of maximum demand for electrical energy due to heavy loading of air-conditioning. Unless the power companies can obtain about a 15% increase in the supply of oil, we will have to further cut back on our use of electrical energy. We therefore can not be complacent at this stage and have to continue with our effort to save electricity. Like other countries, the Hong, Kong Government's basic policy of giving essential services and industry the priority of using fuel oil is a right one. This policy will protect jobs for the majority of people in Hong Kong and help Hong Kong earn foreign income which is so vital to our economic survival.

However, industry must not abuse its priority in using fuel oil and electricity and must be aware of its responsibility to save. There is an urgent need for industry to save energy through greater efficiency and less wastage for the good sake of itself and of the community at large. The oil supply in the immediate future may be less critical than a few months ago but oil prices have gone up by more than twice. Fuel oil which was selling at about \$100 per ton in October last year

is now selling at over \$300. Electricity for a medium bulk user now costs 17½ cents per kw-hour as compared to 10 cents six months ago. Industry must therefore see the necessity to reduce production costs whenever and wherever possible.

Sir, realizing the urgent need and paramount importance for industry to save energy, the Hong Kong Productivity Centre is organizing a team of experts, both foreign and local, firstly, to demonstrate to industry ways and means of saving energy; secondly, to conduct training programmes and seminars on efficient use of fuel and electricity; and thirdly, to provide energy consultancy services to individual factories. I am confident that this drive will make some meaningful contribution to the conservation of energy in Hong Kong.

On the other hand, the Government must exert greater pressure on the oil companies to increase their oil supplies to us as Hong Kong, I believe, is classified as a friendly territory by the OPEC. The Government should also seek assurance from the oil companies that they would not divert our share of oil to places where they can obtain better prices than in Hong Kong. In the April 8, 1974 issue of *Newsweek*, it was reported that the US Federal Energy Office had discovered that three oil refiners had overcharged customers for oil products by passing through higher crude-oil costs faster than the rules allowed. Since oil is one of the most important commodities of today, I would like to urge the newly established Consumer Council under the able leadership of Sir Yuet-keung KAN to immediately make a close examination on the situation of oil supply and pricing for the protection of consumers in Hong Kong.

Finally, Sir, we are of course most grateful to the Government of the People's Republic of China for supplying us additional fuel oil at this critical period and I hope that the Government will be able to persuade the Chinese Government to give us more oil in the coming summer so as to minimize our hardship.

MR CHEUNG: —Sir, without wishing to detract from the exhortations of my honourable Friends Mr Q. W. LEE and Dr CHUNG to the Government, on the one hand, to do all it can to increase the flow of oil to Hong Kong, and on the other hand, to industry and to the public to use energy efficiently and to avoid waste, I wonder if the time has not come to relax the emergency restrictions against using electric light for shop windows and display counters before 7 in the evening.

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A large number of our citizens are engaged in the retail trade, which, in spite of some recent aberrations, is a respectable occupation, a very important economic activity and an essential industry. A shop without lighted windows and without lighted display cases loses a lot of its attraction, and I suspect, not a little of its business; this loss of business, however little, is enormous compared with the expenditure saved by not using the lighting of the kind that I have alluded to, and, in the long run, must seriously affect profits, and thus the receipts into the coffers of Government, the abundant replenishment of which, I will reassure my honourable Friend the Financial Secretary, is of prime concern to me. Not only that but our retail shops contribute to our invisible earnings, and to attract the tourist to enter shops and to spend would be to augment our earnings from foreign sources, though, of course, such contributions are small compared to what our manufacturing industries earn by export. To allow shops to brighten up would be beneficial all round, and not least it would help to dispel some of that stygian gloom into which our city has been cast, at a cost, in terms of electricity and fuel consumed, which is minuscule. We ought to be careful, therefore, Sir, not to spoil the ship for a ha'penny worth of tar.

In a matter such as this, I think it should be borne firmly in mind that the public has acted responsibly, since December, in wholeheartedly co-operating with Government in its equally responsible efforts to conserve fuel; one out of two bars in electric fires have been switched off in the winter, and 60 watt bulbs have replaced 100 watt bulbs, just as I am sure, in the coming season, the thermostats of air conditioners will be set at moderately cool instead of maximum cold; so too, I think shopkeepers may be trusted not to abuse the restoration of their lights.

When we were faced at the end of last year with a large cut in our supplies of oil indefinitely, it was of course right to make these emergency regulations without assessing, too finely, the savings made against the somewhat disproportionate sacrifices that shopkeepers were called upon to bear, but I would suggest that the time has now come for a review.

In fuel conservation, as in other things, I leave with Government the thought that there is a golden mean.

MR ANN: —Sir, we all deem that the supply of fuel oil for the needs of our industry is of paramount importance, and feel concerned

about prices which are almost four times those prevailing in June 1973. The oil producing countries are describing oil as black gold. There is no greater truth than this, as the price of gold has also gone up four times. Thus, while we are consuming oil, we are consuming gold.

Thanks to foresight on the part of Government, precautionary measures were considered and the rationing and attendant priority problems studied long before the oil shock. When it came in October 1973, committees were formed and measures rapidly put into effect without loss of time. As a whole, Hong Kong has not suffered much except in having to pay for oil at very much higher prices.

From published records, the manufacturing industry, apart from electricity, still has to consume about 17.8% of our total oil imports. The two electricity companies are consuming approximately double the quantity. For a small place like Hong Kong, we have six big oil companies marketing their supplies here. With a well thought-out plan and good management, and no unforeseen development, we could expect to contain the new situation. I support the suggestions that all industrial and commercial organizations should exercise greater efficiency in the use of fuel oil and electricity.

When the summer comes there will be increases in the consumption of electricity for air-conditioning, for which additional supply of oil must be secured. It is timely and desirable that Government should launch now an educational campaign against thoughtless waste and extravagant comfort.

Here may I bring some discomfort to the Director of Oil Supplies if he has not yet taken it into account. According to experience of the past five years, those industries which consume high amounts of heat and steam all year round find their consumption reduced, varying from 10% to 20%, in the months from April till July. And January and February are usually the months when the consumption is least. As summer are the peak months of high electricity consumption in Hong Kong, perhaps a greater effort will be necessary to dissuade individual household and commercial air-conditioner owners and operators from couldn't-care-less or *laissez-faire* behaviour.

Furthermore there are certain industries that must consume oil for the sake of steam; to them, oil cannot be substituted by electricity. And for the spinning industry air-conditioning is a technical necessity. In the event of contingency, I hope Government will bear these two points in mind.

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Apart from supplies, the prevailing prices are really an issue very much worrying the industrialists. Our main customers are the United States and the United Kingdom who are either fixing their oil prices at lower levels than the international market, or relying to a minor degree on oil for power generation. Although we shall be competing on equal basis with our regional competitors which do not produce oil, our products using oil and oil by-product materials will, cost-wise, have this disadvantage. It is, therefore, a matter of great urgency for Government to open up and/or widen new sources from whom we can expect more reasonably priced supplies.

THE FINANCIAL SECRETARY: —Sir, the oil supply situation continues to be uncertain. Any forecast of our future position is fraught with difficulty but such evidence as there is indicates that, for at least the current quarter until the end of June, the only product where supply is likely to fall below demand is the type of fuel oil used by the electricity companies.

Until now, the supply of and demand for fuel oil has been balanced. This has been achieved by the various statutory restraints on electricity consumption supplemented by voluntary economies. As my honourable Friends have said, the Government is engaged in seeking increased supplies and we may, and hopefully will, receive slightly more fuel oil this quarter. But, even if we do, it is doubtful if it will be nearly enough to meet the increased demand during the coming months, when normally about 15% more electricity is consumed than in the winter months.

This is, of course, mainly because of the use of air-conditioning equipment. Because of this higher demand and the continuing shortage of supply of fuel oil there will need to be further savings in the consumption of electricity if we are to avoid running down our stocks of fuel oil to a dangerous degree. Accordingly, the Government will shortly be mounting another publicity campaign to urge the community to continue to save electricity by cutting down on the use of all appliances, and especially air-conditioners. We also intend to provide further publicity on the steps that can be taken by all users, whether domestic, commercial or industrial, to avoid waste. In this, as before, I am sure Government departments will give a lead in economising on their own consumption.

But even if our publicity is effective it may not be possible, as my honourable Friend Mr Oswald CHEUNG suggests and my honourable



Friend Mr Q. W. LEE hints it will not be possible to do away with the current mandatory restrictions on electricity consumption. The extent to which we can eventually relax these restrictions can only be gauged in the light of experience with voluntary savings during the coming summer months and, until this has been tested, it would be unwise to let up on the current level of restrictions, but hopefully, if all members of the public play their part in economising in the use of air-conditioning equipment, further mandatory restrictions will not prove to be necessary.

I am sure my honourable Friends Mr WILLIAMS and Mr BRAY will take note of my honourable Friend Mr Oswald CHEUNG's exhortation or his golden rule if you like that there should be a golden mean in all things.

All my honourable Friends who have spoken have referred to the dramatic increases in the price of oil since last autumn. This is undoubtedly a very worrying factor and it is likely before long to cause more trouble to the world economy than supply difficulties caused in the last few months. Our own bill for oil, for instance, is likely to cost at least twice as much this year as it did last, that is to say about \$900 million more. But we are certainly not the worst country or territory affected. Other consuming territories with chronic foreign exchange difficulties are likely to be more seriously hit and there is some danger of a slowing down in the growth of world trade. This is a question which we in Hong Kong on our own can do little to influence, but it is my belief that every effort will be made by the international community as a whole to avoid the worst dangers.

*Question put and agreed to.*

### **Next sitting**

HIS EXCELLENCY THE PRESIDENT: —Accordingly I now adjourn the Council until 2.30 p.m. on Wednesday, the 24th of April.

*Adjourned accordingly at a quarter to four o'clock.*