

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 8th May 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 (*Acting*)
MR DAVID HAROLD JORDAN, MBE, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS (*Acting*)
MR LI FOOK-KOW, 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, CMG, JP
SECRETARY FOR HOUSING
THE HONOURABLE DAVID AKERS-JONES, JP
SECRETARY FOR THE NEW TERRITORIES
THE HONOURABLE DAVID WYLIE MCDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE
SECRETARY FOR SECURITY
THE HONOURABLE JAMES DAVID MCGREGOR, ISO, JP
DIRECTOR OF COMMERCE AND INDUSTRY (*Acting*)
THE HONOURABLE PETER BARRY WILLIAMS, JP
SECRETARY FOR SOCIAL SERVICES (*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 OSWALD VICTOR CHEUNG, OBE, QC, JP
THE HONOURABLE ANN TSE-KAI, OBE, JP
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP
THE HONOURABLE JAMES WU MAN-HON, JP
THE HONOURABLE LI FOOK-WO, OBE, JP
THE HONOURABLE HUGH MOSS GERALD FORSGATE, OBE, JP
THE HONOURABLE KENNETH LO TAK-CHEUNG, JP

ABSENT

THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP

THE HONOURABLE PETER GORDON WILLIAMS, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR KENNETH HARRY WHEELER

Oath

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

HIS EXCELLENCY THE PRESIDENT: —I would like to welcome Mr WILLIAMS to this Council.

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:	
Legal Practitioners Ordinance.	
Students (Amendment) Rules 1974	87
Colonial Treasurer Incorporation Ordinance.	
Delegation of Powers	88
Merchant Shipping Ordinance.	
Merchant Shipping (Control of Ports) (Amendment)	
Regulations 1974	89
Public Revenue Protection Ordinance.	
Notice of Withdrawal of Order	90
Public Revenue Protection Ordinance.	
Order under section 2	91

<i>Subject</i>	<i>LN No</i>
Coroners Ordinance.	
Coroners (Amendment) Rules 1974	92
Securities Ordinance 1974.	
Securities Ordinance 1974 (Commencement) (No 2)	
Notice 1974	93
Interpretation and General Clauses Ordinance.	
Change of Title of Office	94

Oral answers to questions

Independent Commission Against Corruption

1. MR F. W. LI asked: —

- (a) How many reports on corruption have been made to the Independent Commission Against Corruption since its inception?
- (b) Can existing staff keep pace with the investigations needed?

THE COLONIAL SECRETARY (ACTING): —Sir, since its inception almost three months ago and up to 6th May the Independent Commission Against Corruption has received 1,499 reports, but of these only 929—though this is quite a large number—contained specific allegations of corruption the remainder being concerned with very generalized or vague allegations of corruption or miscellaneous allegations not involving corruption. It is not possible as yet to say how many of these complaints which contained specific allegations of corruption have sufficient material to enable an investigation to be mounted but the Commission's experience so far indicates that about two-thirds of these complaints, that is about 600 during the last 3 months, provide sufficient material for further investigation. In addition, the Commission has inherited about 220 cases from the Anti-Corruption Office of the Royal Hong Kong Police Force and these are also under investigation.

As regards the second part of my honourable Friend's question, the present operational establishment of the department is 180 officers and its strength is 149. In a paper which is to be considered by the

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

Finance Committee of this Council later today the Commissioner proposes to increase the operational strength of the Operations Department of the Commission to 210 an increase over the present operational establishment of 30 officers. In view of this it will come as no surprise to my honourable Friend when I say that the existing staff of the Operations Department cannot at present keep pace with the current investigation case load.

However if the additional posts requested are approved and provided that recruitment and training continues satisfactorily—and I must stress that there is much to be done—the Commissioner hopes to be able to be in a position to deal with all cases requiring investigation. If not, I am sure he will simply ask for more resources.

Sources of Government supplies

2. MR WU asked: —

Will Government take further steps to procure a larger percentage of Government supplies from local sources?

THE FINANCIAL SECRETARY (ACTING): —Sir, the Government has no intention at present of taking any further steps to procure a larger percentage of Government supplies from any particular source, whether local or overseas.

It is already our general rule to give suppliers in Hong Kong the opportunity to quote for all the Government's requirements for supplies and services, except on the rare occasions when we already know that local firms cannot provide the supplies or services concerned. The Government's policy is, in the interests of the taxpayer, to place orders on the basis of the lowest acceptable offer, that is the lowest offer that meets the required specification.

McKinsey Report

3. MR F. W. LI asked: —

When will Government publish the results of the review into the progress made on the McKinsey Report?

THE COLONIAL SECRETARY (ACTING): —Sir, I recall that, following a similar question by my honourable Friend Mr Q. W. LEE on 13th

February, the Deputy Secretary (Management) and I addressed a meeting of UMELCO Members on 15th February, and gave a fairly full report on the encouraging progress which has been made in implementing the consultants' proposals. Since then a further progress report was made to the Finance Committee of this Council, at their meeting of 13th March, in support of a submission for funds to cover the return of McKinseys to Hong Kong for a period of six months.

In their final report the management consultants recognized that the task of implementing their main organizational proposals would be a formidable one, which had to be accomplished with the least possible disruption of Government business. We have just come to the end of the nine months which the consultants estimated these tasks would take, and in view of my honourable Friend's further remarks, I will ensure that a written review of the progress we have made to date will be published quite shortly.

Small debts courts

4. MR WOO asked: —

How soon will Government set up small debts courts?

THE ATTORNEY GENERAL: —There are, Sir, increasing indications that existing procedures for the determination of disputes involving small sums of money do not fully meet the social need. In the light of this, a working group of officials was set up in the latter part of 1973 to consider the matter. The group included representatives from the Judiciary, the Legal Aid Department, the Home Affairs Department and the New Territories Administration.

After examining experience of the working of small debts courts in other countries, the working group decided to recommend the establishment of small claims tribunals within the administrative framework of the District Court.

The Law Society and the Bar Association have been consulted and both support the recommendation in principle. It is hoped that the working group's proposals will be considered by the Governor in Council in the very near future.

MR CHEUNG: —Sir, may I ask the honourable Attorney General whether a wider group of interest could be consulted apart from the Law Society and the Bar Association because as I understand it the

[MR CHEUNG] **Oral answers**

whole aim of a small debts court is that lawyers should be excluded from it?

THE ATTORNEY GENERAL: —Sir, I think that such wider consultation might well follow consideration of the matter by the Governor in Council. I take my honourable Friend's point.

Radio Hong Kong broadcasts

5. MR LOBO asked: —

- (a) What plans are there for Radio Hong Kong to extend the VHF/FM coverage?
- (b) Can stereo sound broadcasts be instituted within the next twelve months?

SECRETARY FOR HOME AFFAIRS (ACTING): —Sir, the two questions raised by the honourable Member are closely interconnected. Both the Postmaster General and the Director of Broadcasting have been considering these points for some months.

As the transmitters at Mount Gough which provide VHF/FM transmission facilities were installed in 1960, the stage has now been reached when it is almost certainly cheaper to replace them than to continue to pay the high maintenance costs they attract. Subject to confirmation of this and the determining of the best method of improving the coverage, the Director of Broadcasting intends to submit a scheme to Government for approval for the replacement of the transmitters. Such replacements would be capable of stereo broadcasts.

Various technical problems have to be solved before these proposals can be finalized. For instance, it might be decided to replace the present transmitters with similar high power transmitters which would give VHF/FM coverage over the present area and, in addition, to install three pairs of small transposers (or booster stations) to cover areas which will not receive a strong signal from the main transmitters. Another course, however, would be to set up a series of small transmitters at sites other than Mount Gough. Both of the courses I have outlined would give good coverage but there would still be some areas which could not be reached without disproportionate expenditure.

Obviously, Government's technical experts will try to find a system which will give the best coverage, together with the best quality reception, at the most economical cost.

Sir, I am afraid that it will be a few months yet before examination of this complex problem is complete and an application for funds submitted. The date of commencement of broadcasts from new equipment also depends on the supply position of the equipment and the time required to install it. I regret therefore that there is little prospect of these broadcasts starting within the next twelve months.

Service provided in Government medical institutions

6. MR WONG asked: —

Will Government give an assurance that financial restrictions will not affect the quality or quantity of medicine, diagnosis and treatment prescribed in Government medical institutions?

DR CHOA: —Yes, Sir, I can give that assurance.

I am aware that certain circular instructions I have issued may unfortunately have created the impression that the services offered by my department may be reduced or curtailed. This is most certainly not the case.

Like other heads of departments I am concerned with the need to ensure that the optimum use of funds allocated during the year is achieved having due regard to the standard and level of services provided to the public, and the exercise of economy wherever this is possible is in furtherance of this aim and should not be misconstrued as an attempt to lower standards either of quality or quantity.

Utilization of surplus school accommodation

7. MR SZETO asked: —

In view of the increasing surplus in primary school places which is estimated to reach 137,000 places—equivalent to 142 secondary schools each of 24-classrooms—by 1976, has Government any plan to utilize this surplus primary school accommodation to assist its secondary school expansion programme?

Oral answers

MR CANNING: —Sir, my honourable Friend asks whether Government has any plans to utilize surplus primary school accommodation to assist in its secondary school expansion programme and has mentioned that it is estimated there will be 137,000 such places surplus to requirements in primary schools in 1976. This problem has many facets and I would prefer to relate my answer to the position as it is now, or at least as it was in September 1973, when the latest figures were available, rather than to conjecture what the position might be in 1976. May I add however that I would not dispute his estimate that the surplus might be as high as 137,000 in 1976.

In September 1973, the total number of vacant places in Government and aided primary schools was 125,628. These vacant places arise in three ways. First, there are vacant rooms in newly opened schools which in the course of time, will become fully developed. It would clearly be imprudent to try to plan to utilize these places for any other purpose.

Secondly, there are some areas in which there are simply not enough children to fill classes which must be operated. For example, when 50 children enrol at a school for Primary I, two classes are started—the standard number for a class being 45. This results in 40 vacant places being added to the statistics. Steps are taken wherever possible to merge classes so that the total number of vacancies in actual operating classes is as low as possible. However, of the 125,628 surplus places I mentioned, 62,434 or about 50 *per cent* fall into this category and it is difficult to see how these places could be used in the way that my honourable Friend has envisaged.

Thirdly, vacant rooms exist in some primary schools, which were built to cater for a larger primary school population than now live within a reasonable distance of them. Such schools are mainly on Hong Kong Island or in the New Territories and the number available in each school varies considerably. It is this category which offers the only opportunity to explore alternative uses.

Turning to the suggestion that this vacant accommodation be utilized for the secondary school expansion programme, a survey is now being conducted by my department to determine how far this is feasible and what alterations to schools would be necessary. The secondary school expansion programme has not yet been finalized but the results of this survey will be taken into account when determining what additional school buildings will be required to implement the new policy. I feel,

however, that I must sound a slight note of caution because I believe that it will be extremely important to ensure that any vacant primary schools which may be used for secondary school purposes under the new policy should be properly adapted or converted, otherwise I fear that these schools will not prove educationally attractive to parents, pupils or teachers.

Finally, Sir, when considering this problem it is important not to overlook the fact that whilst the primary school population is projected to decrease until it reaches a low point of just over 480,000 in 1979, thereafter it is estimated it will rise to reach over 717,000 by 1991 which is well over the 1970 peak of 648,100, and that this increasing trend is expected to continue beyond that date.

MR SZETO: —Sir, my honourable Friend mentioned that in September 1973 the number of vacant places was over 125,000 and of these over 62,000 were accounted for because the classes were not fully utilized. Now, as this number is equivalent to almost 70 secondary schools, each of 24-classrooms, would he consider this is rather wasteful? Is it not possible to try to merge some of the schools in the same area that are not fully utilized into one school or several schools and make use of all the other schools that could be released for secondary education since some of the lower forms in secondary schools may not require laboratories? Would it not therefore be possible to convert existing primary schools for use because they do not require laboratories?

MR CANNING: —Certainly, Sir. Where it proves possible, we will try and, as it were, combine primary schools so that if we do not need two primary schools, we can combine them into one. This in fact has already been done and has been done very recently in a Government primary school. I do agree with my honourable Friend that it is, I think, a very sensible way to use the accommodation available in primary schools to have the places which are vacant used by neighbouring secondary schools to accommodate Form I and Form II. I do assure him these things will be looked at and we will do what we can to achieve what he has in mind.

10 year building programme

8. MR FORSGATE asked: —

In connexion with budgetary adjustments to the public works programme, will Government state what delays or reductions

[MR FORSGATE] Oral answers

if any are proposed in the Housing Authority's 10 year building programme?

SECRETARY FOR HOUSING: —Sir, the speed at which we can push on with our public housing programme is governed by a number of factors, of which finance is only one. A large part of the programme will be built in the new town areas, and the construction of estates has to await methodical completion of a number of inter-acting preliminary processes. It is only in the last six months or so that detailed studies have begun on the engineering aspects of new town layouts, and as previously unknown factors emerge so a continuing process of refinement and adjustment of plans takes place. All of this is inescapable groundwork, which must be done and must be done well. In these areas we are not building new estates in existing urban areas, as has been the case hitherto; here we are creating whole new towns from the very first essentials, and this in areas liberally covered by old villages for which acceptable rehousing arrangements must be made before land clearance can take place. Apart from the engineering aspects, it is necessary also to devise a practicable building programme for the estate blocks themselves, and to achieve a spread of contracts that will not overload the contracting industry or indeed the Authority's own construction staff. In this sense, we are only now approaching the position where we can work out a detailed building time-table with reasonable confidence. Some of our earlier time-tables, produced in 1973 before we had as much information available as we have now, were excessively optimistic about the rate of build-up in housing output in the earlier years, and they are now being adjusted to recognize all these limitations.

Turning now to the effect of the recent budget on the public housing programme, as my honourable Friend the Financial Secretary stated in his budget speech, the massive upsurge in our spending programmes, accompanied by higher building costs, has produced a situation in which it has been necessary to take careful stock. In the light of this stock-taking we are rephrasing some of the engineering development works which are linked to the public housing programme, as well as building work on some new estates. Even so, in 1974-75 we expect to spend about \$300 million on building new public housing, compared with \$144 million last year.

There is of course no question of these temporary checks requiring any reduction in the public housing building programme as a whole, though obviously they will impose a little delay in the early years. We

are after all only starting on the second year of a long programme, and I am confident that we will be able to carry out the bulk of this programme as planned. Obviously, much will depend on what we can achieve in the middle and later years of the programme, when we are geared to full production, and this in turn will depend on our budgetary situation—and the financial situation of the Housing Authority itself—in those years.

Against this background, we must not over-dramatize the present rephasing. As I have said, there are many other factors which impose unavoidable constraints on our time-tables, and in my view the present limitations on spending are of relatively minor significance for our long-term housing programme.

It only remains, Sir, for me to remark on how in his time one man plays many parts. My honourable Friend is the Chairman of the Housing Authority's Building Committee in which role he will be cracking whips to ensure that the housing programme suffers the least possible disruption from all these various causes.

Immigrants' travel documents

9. MR WOO asked: —

Will Government take steps to ensure that, in the case of immigrants who are eligible for entry to a foreign country, travel documents acceptable to that country are issued to enable these persons to travel onwards from Hong Kong?

SECRETARY FOR SECURITY: —Sir, I can assure my honourable Friend that we are fully conscious of the problems posed by immigrants in this already densely populated territory and it is not in our interest to prevent those who can do so from leaving. There is however a distinction between those immigrants who have a national passport or valid travel document and those who do not. Those with valid documents should have no difficulty over onward travel. For those who have no valid document the position is that many foreign countries will only admit Chinese from Hong Kong if they are in possession of a certificate of identity issued by the Hong Kong Government. Such a certificate gives in effect resident status and therefore confers upon immigrants the right of re-entry to Hong Kong to live here permanently should they decide to do so.

[SECRETARY FOR SECURITY] **Oral answers**

The greatest majority of immigrants enter Hong Kong under exit permits issued by the Chinese Government which allow them to leave China to visit Hong Kong or elsewhere. Although such persons are not eligible for Hong Kong travel documents, they are not entirely prevented from travelling and, in fact, many of them do so using declarations of identity which carry re-entry visas for Hong Kong within the period during which they are permitted to stay here.

In cases where applicants can prove that they wish to emigrate permanently we would be prepared to consider individual cases on their merits and to issue travel documents of limited validity.

It is of course entirely at the discretion of the countries concerned whether to admit immigrants from Hong Kong and under what conditions, and the Hong Kong Government cannot interfere in this matter. In this respect some countries have made it clear that they are not prepared to re-admit former residents who left their country some years ago.

MR WOO: —Sir, since my honourable Friend says to consider individual cases on their own merit, may I suggest the issuing of certificate of identity to Chinese immigrants with a right of re-entry for a limited period so as to enable them to migrate elsewhere instead of remaining in Hong Kong permanently?

SECRETARY FOR SECURITY: —Sir, as I have said we would be prepared to consider individual cases and we should certainly do so. How many of the immigrants, however, who come to Hong Kong would wish to take the opportunity to emigrate from Hong Kong is by no means clear, but where cases justifying individual treatment arise, we should give them most favourable consideration.

Hong Kong work force

10. MR WU asked: —

- (a) What is Government doing to ascertain the state of employment of our work force?
- (b) Can Government make a statement at this stage as to unemployment and under-employment in Hong Kong?

SECRETARY FOR SOCIAL SERVICES (ACTING): —Sir, as my honourable Friend Mr LI Fook-kow as Secretary for Social Services said in this Council on 27th March 1974, there is no system for actually registering persons who are under-employed or unemployed but there are a number of reasonably reliable indicators of the situation. These guidelines include the public assistance statistics and the statistics of industrial employment.

As my predecessor assured the Council a close watch is being kept on the employment situation. The public assistance statistics continue to show that there has been no increase in the number of new cases coming on to public assistance in recent months. The figure for employment in industrial undertakings in December 1973 was 627,230 which represents the highest level ever recorded. Vacancies at that time had declined to about 7,000 which indicate a slackening in the labour market. The figures from the most recent survey in March 1974 are not yet available but while it is appreciated that the position can change quickly there is still no evidence to indicate that unemployment has increased markedly in the last few months.

A point that has often been overlooked is that there will always tend to be a number of people seeking to change jobs or to find employment for the first time who would be technically therefore classified as unemployed. Even in 1971 when labour conditions were quite tight the census-takers found 72,000 people between the ages of 15 and 64 who were seeking work. This represented 4.3 *per cent* of the work force at a time when the labour market was competitive and it is unlikely that the figure could ever fall much below that level.

However, there are indications from departments most closely associated with the industrial field that under-employment is increasing. This is very difficult to quantify since there is no generally accepted definition of the term under-employment. In order to find out more about this situation and its effect on take home pay, a limited survey of factories will be conducted in June by the Labour Department and will be repeated as necessary.

MR WU: —Sir, there have been persistent reports in leading Chinese newspapers about the large number of people unemployed—the figure has been mentioned as more than 100,000 in the industrial as well as commercial field. Has the attention of my honourable Friend been drawn to such reports and, if so, has any effort been made to check on the validity of such reports?

Oral answers

SECRETARY FOR SOCIAL SERVICES (ACTING): —Sir, my attention has been drawn to this, but we feel at the moment that we do not have the organization for this purpose and that the incentive does not exist for unemployed workers to register in this way. But I can assure my honourable Friend we will continue to look into this.

Vacant units in low-cost housing estates

11. MR ANN asked: —

(a) How many vacant units are there in Government low-cost housing estates?

(b) For what purposes is it intended to allocate these vacant units?

SECRETARY FOR HOUSING: —Sir, although the phrase "low-cost housing" is admittedly of Government parentage, I think that in the interests of accuracy we should all stop using it and speak instead of "public housing", the cost of building which has risen sharply in the last few years. Nothing, especially housing, seems to be "low-cost" nowadays.

This apart, I appreciate the delicate obliqueness of this question, the burden of which is essentially this: why on earth is the Housing Authority keeping so many completed estates standing empty for so long? My honourable Friend is obviously predisposed to accept that there must be some good reason for this otherwise strange state of affairs, and one which is costing the Authority a lot of money in rents which it could otherwise collect.

As at the end of March accommodation for about 54,000 persons was being held in reserve, not against some unknown contingency but to meet what we know are commitments arising over the next twelve months. Over this period this reserve capacity will be taken up at the rate of some 6,000 persons per month, which should consume the lot by the end of the period. The categories for which we are doing this are various, the biggest one being families made homeless by development clearances, for whom some 35,000 spaces are earmarked. Other categories are families losing their homes when dangerous old tenements are closed by Government order; families involved in urban renewal schemes; and those made homeless by fire or natural disaster.

Why should we keep units empty so as to be sure we can offer public housing to such families as the need arises? The answer is that over the years we have consistently given public housing to families made homeless in these various ways and it would be unthinkable to deny them this help now, particularly in the case of development clearances where Housing Department staff have the unpleasant task of knocking down huts that have been home to thousands of people for many years past. If public housing were not offered in these circumstances the department's long record of friction-free clearances would disappear overnight, and every clearance would bring new confrontations and dangers. I could not accept such a situation nor could I expect Housing Department staff to operate effectively if the present policy, which has been in force for years and is well-known to all squatters everywhere, were changed.

I should add that in an ideal situation where new estate blocks were being completed at intervals throughout the year, this situation would not arise; but our situation is very far from ideal and apart from the Oi Man Estate there is very little new public housing being completed during the next ten months or so. Hence we have no choice but to bring forward vacant accommodation from the previous year's production. In due course, our public housing building programme will spare us from having to resort to expedients of this kind—but it needs time to build up.

However, I can assure my honourable Friend that these reservations will be kept continually and closely under review so that any empty units that will not be needed because of changing circumstances can be allocated as soon as possible.

Identity cards for immigrants

12. MR WOO asked: —

Will Government expedite legislation to make it unnecessary for immigrants to register and re-register several times for identity cards?

SECRETARY FOR SECURITY: —Yes, Sir. Since the Colonial Secretary answered a question in this Council related to this subject on the 20th June last year it has been decided to propose an amendment to the Registration of Persons Regulations along the lines suggested by my honourable Friend. This has already been drafted and will be submitted very shortly to Your Excellency in Council.

Oral answers**Redundancy payments**

13. DR CHUNG asked: —

In view of the statements on legislation providing for severance pay on redundancy made in this Council by the Commissioner of Labour on 14.2.68*, 21.7.71* and 15-11.72*, can this legislation be published for public comment at a very early date?

SECRETARY FOR SOCIAL SERVICES (ACTING): —Sir, a bill to introduce severance pay for all employees covered by the Employment Ordinance is at an advanced stage of drafting. It is proposed to publish this bill for public comment within the next few weeks, before its introduction into this Council.

MR CHEUNG: —Sir, bringing this legislation on, it seems to resemble the exertion required of a horse in the Grand National. But now that apparently it is in the home stretch, will Government use every effort to urge it on and try to have this legislation enacted before the end of this session in August?

SECRETARY FOR SOCIAL SERVICES (ACTING): —Sir, of course, every effort will be made to do this. May I say, Sir, that the main reason that the drafting has been in progress for such a long time is that the bill turned out to be very much longer and more complex than anticipated. It is, in fact, longer than the Employment Ordinance itself.

Payment of water bills

14. MR CHEUNG asked: —

- (a) With reference to the answer given in this Council to the question asked on 29.11.72⁺, when will it be possible for consumers to pay their water bills in the Waterworks offices?
- (b) Would it also be possible for bills to be paid at post offices?

* 1968 Hansard, pages 34-5; 1970-71 Hansard, page 799; 1972-73 Hansard, page 155.

⁺ 1972-73 Hansard, pages 185-6.

MR McDONALD: —Sir, a facility already exists in the Public Works Department Headquarters, Murray Building, for payment of water meter reconnection fees and outstanding allied water accounts. Consideration is being given to the provision of a similar facility at the new Consumer Services Building which is presently under construction at Argyle Street, Kowloon, and which is due for completion in early September.

With regard to the payment of normal water bills the Accountant General has examined the position and has concluded that the public and taxpayer are best served both in convenience and in economic cost by large collection centres which are capable of handling the collection of various types of revenue and which are centrally located in business and more densely populated areas.

It should be noted that due to the increasing numbers of the public who pay their accounts by post the pressure at these collection centres has eased and the service improved.

In answer to the second part of the question I can say that generally it would not be possible to place the additional revenue collecting duties on to the existing post office staff as they are already fully committed with their present duties. It might however be possible to utilize certain post offices for the payment of water bills as has already been done at Tai O, but a study would be required to determine the feasibility of the proposal to extend this service in terms of staffing, accommodation and equipment requirements.

MR CHEUNG: —Sir, as relief and improvement is a matter which obviously concerns several departments, will my Friend the honourable Colonial Secretary give this matter his attention bearing in mind that banks prosper by establishing a large number of branches to collect money which, because they are convenient to customers, bring in the money although as branches they probably lose money?

THE COLONIAL SECRETARY (ACTING): —Yes, Sir, but I think this is really more a matter for my honourable Friend the Financial Secretary. *(laughter)*

THE FINANCIAL SECRETARY (ACTING): —Who, Sir, considers the analogy somewhat irrelevant, but will look at the matter nonetheless. *(laughter)*

MR CHEUNG: —Perhaps he will derive some inspiration from it. *(laughter)*

Government business

Motion

DUTIABLE COMMODITIES ORDINANCE

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

In exercise of the powers conferred by section 4 of the Dutiable Commodities Ordinance,
that—

- (1) the following resolutions of the Legislative Council which imposed duties on liquors and tobacco be revoked—
 - (a) Legal Notice No. 123 of 1963, published in the *Gazette* of 11th October 1963;
 - (b) Legal Notice No. 62 of 1968 published in the *Gazette* of 28th June 1968;
 - (c) Legal Notice No. 71 of 1973, published in the *Gazette* of 30th March 1973;
- (2) duty shall be payable on liquors at the following rates per gallon—

PART I—(EUROPEAN-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin \$</i>	<i>Common- wealth origin \$</i>	<i>Other origin \$</i>
Brandy	89.00	89.00	97.00
Liqueurs, whisky, gin, rum, vodka and other spirituous liquors	81.50	81.50	89.50
Champagne and other sparkling wines	-	47.00	55.00
Still wines above 15% alcohol by volume	-	25.00	30.00
Still wines not more than 15% alcohol by volume	-	21.00	25.00
Still wines above 15% alcohol by volume imported in casks	-	13.00	18.00
Still wines not more than 15% alcohol by volume imported in casks	-	11.00	15.00

<i>Type of liquor</i>	<i>Hong Kong origin</i> \$	<i>Commonwealth origin</i> \$	<i>Other origin</i> \$
Cider and perry and other similar beverages	-	2.60	3.10
Beer, except cider and perry, not exceeding 1055° original gravity	1.80	2.10	2.50
and in addition for every degree by which the original gravity exceeds 1055°	0.05	0.05	0.06
Intoxicating liquors in this Part above the strength of 22° under proof, for every degree above such strength in addition to the duties specified above	1.23	1.23	1.35

PART II—(NON-EUROPEAN-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin</i> \$	<i>Commonwealth origin</i> \$	<i>Other origin</i> \$
Non-European-type wines	13.00	13.00	15.00
Non-European type spirits including Chinese type spirits, sake, arrack	7.35	7.50	8.50
and in addition for every one per cent by which the alcoholic strength by volume exceeds 30%	0.30	0.30	0.34

PART III—(INDUSTRIAL-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin</i> \$	<i>Commonwealth origin</i> \$	<i>Other origin</i> \$
Ethyl alcohol, and admixtures containing ethyl alcohol	7.35	7.50	8.50
and in addition for every one per cent by which the alcoholic strength by volume exceeds 30%	0.30	0.30	0.34

Provided that the Director may assess the duty on—

- (a) intoxicating liquors not specified in Part I or II, at the rate prescribed for liquor which in his opinion most nearly approximates to the liquor on which duty is to be assessed; and

[THE FINANCIAL SECRETARY (ACTING)] **Motion**

- (b) any quantity of liquor of less than two gallons, imported at any time in one consignment, at \$97 per gallon;
- (3) duty shall be payable on tobacco at the following rates per pound—

A—on UNMANUFACTURED TOBACCO—

- (1) Tobacco of Malawi origin \$ 9.70
- (2) Other tobacco \$10.00

B—on MANUFACTURED TOBACCO—

- (1) Cigars—
- (a) of Commonwealth manufacture \$12.30
- (b) other cigars \$14.05
- (2) Cigarettes—
- (a) of Commonwealth manufacture \$12.70
- (b) other cigarettes \$13.60
- (3) Other manufactured tobacco including snuff and cigar cuttings—
- (a) of Commonwealth manufacture\$10.25
- (b) Chinese prepared tobacco \$ 2.50
- (c) other varieties \$11.15

He said: —Sir, in his budget speech on 27th February 1974*, the Financial Secretary explained at length the reasoning behind his proposal to increase the duties on intoxicating liquors (other than industrial-type liquors) and tobacco. He also explained to this Council on 10th April 1974, in response to a question from my honourable Friend Mr P. C. Woo, why I, as Director of Commerce and Industry, had subsequently recommended that the duties on industrial-type liquors be increased.

As a result of two Orders made by Your Excellency under the Public Revenue Protection Ordinance, the increased duties on liquors and tobacco have been effective from 27th February and those on industrial-type liquors from 29th March 1974. The resolution before the Council this afternoon is to give legislative effect to these proposals in the manner provided for under section 4 of the Dutiable Commodities Ordinance.

Question put and agreed to.

* 1973-74 Hansard, page 587.

First reading of bills**PUBLIC SERVICES COMMISSION (AMENDMENT) BILL 1974****NURSES REGISTRATION (AMENDMENT) BILL 1974**

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

Second reading of bills**PUBLIC SERVICES COMMISSION (AMENDMENT) BILL 1974**

THE COLONIAL SECRETARY (ACTING) moved the second reading of:—"A bill to amend the Public Services Commission Ordinance."

He said:—Sir, this bill contains a number of minor provisions to up-date the Public Services Commission Ordinance. It also includes two provisions which deserve specific mention.

At present, the ordinance makes it an offence for civil servants to make representations direct to the Commission. It is now considered that this is unduly restrictive, and accordingly the bill provides for civil servants to make a direct approach to the Commission in accordance with procedural regulations to be made for that purpose.

Second, it provides that the business of the Commission may be transacted by the circulation of papers as well as by holding meetings; and that the Chairman and not less than one member may exercise the functions of the Commission.

Motion made. That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (ACTING).

Question put and agreed to.

NURSES REGISTRATION (AMENDMENT) BILL 1974

DR CHOA moved the second reading of:—"A bill to amend the Nurses Registration Ordinance."

He said:—Sir, this is a comparatively simple bill and its main provision is to enlarge the membership of the Nursing Board. The reason for this proposal is that, with the increasing sophistication and complexity of nursing services, the Nursing Board has decided to set

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

up two committees to deal with the training of nurses; one committee will deal with the training of registered nurses and the other with the training of enrolled nurses. It is not thought desirable for one committee to deal with both registered and enrolled nurses because training takes place at two levels and the courses differ both in content and in length. When these committees are established it is proposed that the chairmen of the two training committees should become members of the Nursing Board, and to balance their presence on the board and broaden the scope of representation generally, to add a further two registered nurses to the membership.

At present, one member of the Education Department nominated by the Director of Education is appointed to the board but experience has shown that it would be preferable for this person to act as educational adviser to the board rather than as a full member. With the concurrence of my honourable Friend, the Director of Education, this bill seeks to make provision accordingly, and also, to keep abreast of modern progress, it is proposed that there should be a social studies adviser appointed on nomination by the Chinese University of Hong Kong.

Turning to another aspect, there is at present provision in the ordinance for the board to accept for enrolment only those nurses enrolled in the United Kingdom, but, as far as registered nurses are concerned, the board has discretion to accept other qualifications. This bill seeks to give similar discretion to the board with regard to enrolled nurses.

The only other item in the bill is the change of the title of "Principal Matron" to "Principal Nursing Officer" consequent on the revised nomenclature of the post.

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

Question Put and agreed to.

URBAN COUNCIL (AMENDMENT) BILL 1974**Resumption of debate on second reading (24th April 1974)**

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 43(1).

INLAND REVENUE (AMENDMENT) (NO 2) BILL 1974

Resumption of debate on second reading (24th April 1974)

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 43(1).

ESTATE DUTY (AMENDMENT) BILL 1974

Resumption of debate on second reading (24th April 1974)

Question proposed.

MR WOO:—Sir, while I support my honourable Friend's proposal to increase the exemption from estate duty from \$200,000 to \$300,000 I do not think we have gone far enough. For years I have advocated the total abolition of estate duty in Hong Kong.

I have said before and I reiterate that estate duty is a bad form of taxation for Hong Kong; as a revenue-raiser it is difficult to predict; it has adverse effects on our economy; and it can work harshly on individuals.

In my speech in this Council on the 11th March 1970* I said that the gradual reduction of the rate of estate duty will benefit the smaller estates and I hope that Government will consider again my plea.

In 1972 when my honourable Friend Mr HADDON-CAVE proposed in his budget speech the reduction of the maximum rate of estate duty to 15 *per cent* he said: "It will also help to discourage Hong Kong residents from taking avoidance action by transferring assets overseas before death". This reasoning, I think, is more appropriate to the

* 1969/70 Hansard, page 417, paras. 2-3.

[MR WOO] **Estate Duty (Amendment) Bill—resumption of debate on second reading (24.4.74)**

total abolition of estate duty than to the mere reduction of the maximum rate. Furthermore, if no estate duty is payable in Hong Kong there is also the benefit of encouraging people from overseas to bring in their assets for investment or for business in Hong Kong and this will certainly improve our present financial and economic position.

Sir, I support the bill.

THE FINANCIAL SECRETARY (ACTING): —Sir, I am grateful for my honourable Friend's support for the bill.

I have re-read the speech to which he refers, that is his speech in the budget debate of 1970, and I have also read again the remarks the then Financial Secretary made in reply.

My honourable Friend objected then and, as he says, still objects to estate duty on three grounds: the difficulty in predicting the revenue, the adverse effects on our economy, and the harsh effects it may have on individuals. I doubt if we can afford to dispense with sources of revenue because the yield is unpredictable: we shall at least for some years ahead just have to make the best of that. So far as the suggestion that the duty has adverse effects on our economy is concerned, I must say that while this may be possible, it seems to me that the fact that we have over the years reduced the maximum rate from its peak of 52 *per cent* should have at least considerably reduced the likelihood of this tax producing any adverse effects.

Finally my honourable Friend believes that the tax can work harshly on individuals. This may be so but we have already done a good deal to mitigate the effects. The situation now is very different from what it was when my honourable Friend spoke on this in 1970.

In his reply on that occasion the then Financial Secretary took account of my honourable Friend's proposal that the exemption limit be raised from \$100,000 to, say, \$200,000, or even \$350,000. It was raised to \$200,000. The bill we are considering today would raise it again to \$300,000.

Then in 1972 we changed the schedule again so that the actual incidence of duty on estates over \$200,000 was reduced.

For instance, whereas in 1970 an estate valued between \$350,000 and \$400,000 attracted duty at 8 *per cent*, since 1972 this rate has been payable only on estates valued between \$500,000 and \$550,000.

In 1970 the rate of 10 *per cent* was reached at a figure of \$450,000. Since 1972 this rate has not been reached until the estate is worth over \$600,000.

My honourable Friend has suggested that the Financial Secretary's argument in 1972 for reducing the maximum rate to 15 *per cent* is really an argument for abolishing estate duty because the best way to discourage people from transferring assets overseas is to have no estate duty at all. With respect—and with due regard to my own very temporary tenure of this front-bench seat—I think I had better disagree and say that I think a point of balance can be found where we do not needlessly forego necessary revenue but do not raise it at rates that positively encourage avoidance, or discourage investment.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

REVISED EDITION OF THE LAWS (AMENDMENT) BILL 1974

Resumption of debate on second reading (24th April 1974)

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 43(1).

Committee stage of bills

Council went into Committee.

URBAN COUNCIL (AMENDMENT) BILL 1974

Clauses 1 to 3 were agreed to.

INLAND REVENUE (AMENDMENT) (NO 2) BILL 1974

Clauses 1 to 5 were agreed to.

ESTATE DUTY (AMENDMENT) BILL 1974

Clauses 1 to 5 were agreed to.

REVISED EDITION OF THE LAWS (AMENDMENT) BILL 1974

Clauses 1 to 3 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

Urban Council (Amendment) Bill 1974

Inland Revenue (Amendment) (No 2) Bill 1974

Estate Duty (Amendment) Bill 1974 and

Revised Edition of the Laws (Amendment) Bill 1974

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

Question put on each bill and agreed to.

Bills read the third time and passed.

Unofficial Member's bill**Second reading of bill****CHILDREN'S PLAYGROUND ASSOCIATION
(AMENDMENT) BILL 1974****Resumption of debate on second reading (24th April 1974)**

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 43(1).

Committee stage of bill

Council went into Committee.

Clauses 1 to 4 were agreed to.

Council then resumed.

Third reading of bill

MR LOBO reported that the Children's Playground Association (Amendment) Bill 1974 had passed through Committee without amendment and moved the third reading of the bill.

Question put and agreed to.

Bill read the third time and passed.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 22nd of May.

Adjourned accordingly at twenty-five minutes past three o'clock.