

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 23rd April 1975****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE  
THE HONOURABLE THE COLONIAL SECRETARY  
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
MR CHARLES PHILIP HADDON-CAVE, CMG, JP  
THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)  
MR GARTH CECIL THORNTON, QC  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DENIS CAMPBELL BRAY, JP  
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 LI FOOK-KOW, CMG, JP  
SECRETARY FOR SOCIAL SERVICES  
THE HONOURABLE DAVID AKERS-JONES, JP  
SECRETARY FOR THE NEW TERRITORIES  
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP  
SECRETARY FOR SECURITY  
THE HONOURABLE DAVID WYLIE MCDONALD, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, JP  
DIRECTOR OF EDUCATION  
THE HONOURABLE IAN ROBERT PRICE, TD, JP  
COMMISSIONER FOR LABOUR  
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP  
THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP  
THE HONOURABLE LEE QUO-WEI, OBE, JP  
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP  
THE HONOURABLE JAMES WU MAN-HON, OBE, JP  
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP  
THE HONOURABLE JOHN HENRY BREMRIDGE, JP  
DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP  
THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, JP  
THE HONOURABLE LO TAK-SHING, JP  
THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

**ABSENT**

THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP  
SECRETARY FOR THE ENVIRONMENT

THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP  
DIRECTOR OF COMMERCE AND INDUSTRY

THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP

THE HONOURABLE LI FOOK-WO, OBE, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL

MR KENNETH HARRY WHEELER

**Papers**

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

| <i>Subject</i>  | <i>LN No</i> |
|---|--------------|
| Subsidiary Legislation:   |              |
| Hong Kong (Coinage) (Amendment) Order 1975.                           |              |
| Proclamation No 2 of 1975 .....                                       | 97           |
| Merchant Shipping Ordinance.  |              |
| Merchant Shipping (Fees) (Amendment) (No 2)<br>Regulations 1975 ..... | 98           |
| Evidence Ordinance.   |              |
| Evidence (Authorized Persons) Order 1975 .....                        | 99           |
| Import and Export Ordinance.  |              |
| Import and Export (Fees) (Amendment) (No 2)<br>Regulations 1975 ..... | 100          |
| Drug Addiction Treatment Centres Ordinance.                           |              |
| Hei Ling Chau Addiction Treatment Centre Order<br>1975 .....          | 101          |

## Sessional Papers 1974-75:

No 39—Report of the Finance Committee on the Draft Estimates of  
Expenditure 1975-76 (published on 23.4.75).

## Oral answers to questions

### Safety belts in automobiles

1. MR CHEONG-LEEN asked: —

Sir, in order to reduce the number of serious injuries to drivers and front seat passengers, when will steps be taken either

(a) to educate and to encourage, or

(b) to make it mandatory, for drivers and front seat passengers of automobiles to use seat safety belts while driving?

THE ATTORNEY GENERAL (ACTING): —Sir, proposals aimed at increasing the safety of drivers and front seat passengers in private cars are now under consideration within the Government and draft legislation has been prepared.

There are two distinct features to the proposals. The first is the mandatory requirement to fit seat belts in the front of private cars. The second is the mandatory requirement that seat belts be used. It is envisaged that the requirement that seat belts must be worn will not come into effect until some period of time after the fitting of seat belts has been made compulsory. This would give some time for the public to get into the habit of "belting up" and time also for efforts to be made to inform and convince the public of the undoubted advantages of wearing seat belts.

A study is being made of recent legislation in other countries in order to ensure that the proposals for Hong Kong are as useful and practical as possible.

I am not in a position, Sir, to be precise about timing, but it is hoped that regulations requiring all new vehicles to be fitted with seat belts might come into effect on 1st January 1976 and about a year later the fitting of seat belts in all private cars might become mandatory. Some few months after this, if present proposals are accepted by Your Excellency in Council, then, subject to exemptions, it will be an offence to drive or travel as a front seat passenger in a private car unless a seat belt is worn.

**Oral answers****Report by the sub-committee on Social Causes of Crime**

2. Miss Ko asked: —

Sir, (a) when will the next report of the sub-committee on the Social Causes of Crime be ready?

(b) Will it include the study of young offenders by The Chinese University of Hong Kong?

SECRETARY FOR SOCIAL SERVICES: —Sir, a progress report is about to be published and should be available within a week. This report will not include the study of young offenders being undertaken by the Social Research Centre of the Chinese University. But I understand that this research project is now in the final stages of preparation.

**Triad activities**

3. MR CHEONG-LEEN asked: —

Sir, (a) approximately how many prisoners, both in numbers and percentage-wise, are there in Stanley Prison and other prisons and how many of them have triad connections?

(b) What steps are being taken to keep triad activity in Hong Kong prisons under stringent control?

SECRETARY FOR SECURITY: —Sir, of the 7,800 inmates of all Prisons Department institutions, 2,700 are in Stanley. Statistics for 1974 show that 75% of prisoners claim on admission to have some form of triad affiliation or gang membership. This percentage represents approximately 5,850 out of the total 7,800. The Prisons Department feel, however, that the actual percentage may be higher. 3% of all admissions have been convicted for membership of unlawful societies.

Constant watchfulness is maintained by the staffs of institutions to identify particularly active triad or gang members, and, where necessary, these are segregated from the main prisoner population.

In addition all information received on triad activity within prisons is reported to the police, as is any indication of such activity, for example, the finding of triad writings. The major difficulty in obtaining reliable information on such activity lies in the very high degree of inmate involvement.

## Statement

### Report of the Finance Committee on the Draft Estimates of Expenditure 1975-76

THE COLONIAL SECRETARY: —Sir, on the 26th February 1975, the draft Estimates of Expenditure for 1975-76 were referred under Standing Order 60(8) to the Finance Committee for examination. The Committee has completed its examination and its report has been laid on the table today.

I should like to take this opportunity of expressing my appreciation to those Members of this Council who, as Members of Finance Committee, devote so much of their time and effort to the scrutiny of public expenditure.

I refer not only to their careful examination of the Annual Estimates, but also to the fortnightly meetings of the Finance Committee, which are held throughout the year, at which requests for supplementary expenditure are considered. I can assure them that this most valuable public service is greatly appreciated by the Government.

## Government business

### Motion

#### FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

MR PRICE moved the following motion: —

That the following regulations, made by the Commissioner for Labour on the 14th March 1975, be approved—

- (a) Factories and Industrial Undertakings (Amendment) (No 2) Regulations 1975; and
- (b) Factories and Industrial Undertakings (Abrasive Wheels) Regulations 1975.

He said: —Sir, I move the motion standing in my name on the Order Paper for the approval of the Factories and Industrial Undertakings (Abrasive Wheels) Regulations 1975 and the related Factories and Industrial Undertakings (Amendment) (No 2) Regulations 1975.

An abrasive wheel, of which the legal definition is provided in regulation 2 of the (Abrasive Wheels) Regulations, consists of abrasive

**[MR PRICE] Motion**

particles held together by mineral, metallic or organic bonds and is mounted on a power-driven spindle. By virtue of construction and material, such a wheel is brittle and can burst if used with insufficient care or at a speed in excess of that specified by the manufacturer. Because of the high speed at which abrasive wheels rotate, fragments from burst wheels fly off with the force of a projectile and can cause serious injuries and even death. Furthermore, accidents can also be caused by contact with, or the entanglement of clothing in, a high speed moving wheel or spindle.

During the past two years, 14 dangerous occurrences involving the bursting of abrasive wheels have been reported, as required under the Factories and Industrial Undertakings Regulation 18; 13 persons were injured of whom one suffered a fractured jaw. Experience elsewhere indicates that for every reported case of the bursting of an abrasive wheel which causes injury, 5 other cases not causing injury are unreported. In Hong Kong, factory inspectors in the course of normal inspections often come across broken pieces of abrasive wheels and are told that a wheel had burst but this had not been reported. The number of reported dangerous occurrences therefore do not show the whole picture. However, since July 1974, when the Labour Department adopted a new machinery code for the classification of accidents, it is possible to obtain a more detailed breakdown of accidents by causation. In the eight-month period ending February 1975, there were 137 accidents which involved abrasive wheels, and injuries sustained varied from laceration of fingers to impairment of vision. The need to control the use of abrasive wheels in at least 5,100 industrial undertakings where they are used is self-evident from their inherent dangers which I have described.

The principles of these regulations were approved by the Labour Advisory Board on 12th December 1973. Since then, there has been a lengthy period of consultation with the Chinese Manufacturers' Association, the Federation of Hong Kong Industries, and an *ad hoc* group of Unofficial Members of this Council. During this period many useful suggestions were made and where appropriate these have been incorporated in the regulations.

Sir, in view of the degree of consultation to which I have just referred, I shall not explain in detail each technical regulation dealing with such matters as the permissible speeds of abrasive wheels and spindles, the exhibition of notices indicating those speeds, the proper

mounting of abrasive wheels by competent persons, and the provision of adequate safety measures such as guards, protection flanges and machine controls. However, I would mention that in addition to imposing certain obligations on proprietors of industrial undertakings where abrasive wheels are used, Part III clearly sets out the responsibilities of employees working on such wheels. These responsibilities are imposed for the additional protection of workers.

The regulations will come into force on 1st January 1976. This provides ample time for employers, to whom an explanatory guide in English and Chinese will be sent in due course, to meet the new requirements and, where necessary to send their employees to the Industrial Safety Training Centre for special training in the use, and mounting, of abrasive wheels. At the end of 1974, in anticipation of these regulations, the Safety Centre offered 15 one-day courses each with 30 places but the response from industry was minimal. Only two courses could be conducted with a mere seven participants. In the next 12 months another 35 courses have been planned and it is to be hoped that once these regulations have been approved much greater interest will be shown in these free training facilities specially offered to help industrialists meet their new obligations. Information on these courses has also been circulated to all industrial undertakings employing 50 or more workers and letters have been sent to the Chinese Manufacturers' Association and the Federation of Hong Kong Industries requesting them to help publicize these courses amongst their members.

Sir, I turn now to the Factories and Industrial Undertakings (Amendment) (No 2) Regulations 1975. These amend the Factories and Industrial Undertakings Regulations by providing that certain provisions therein relating generally to the fencing of dangerous or moving parts of machinery shall not apply to abrasive wheels, over which detailed control will be provided by the (Abrasive Wheels) Regulations.

DR CHUNG: —Your Excellency, I wish to speak on the Factories and Industrial Undertakings (Abrasive Wheels) Regulations. These regulations were brought to the attention of the Unofficial Members of this Council about a year ago. They are quite technical and represent an advanced piece of labour legislation. No Asian countries in this region, with the possible exception of Japan, have yet put these regulations on their statute books. Even in the United Kingdom, similar regulations were first introduced in Parliament only on 9th April 1970

[DR CHUNG] **Motion**

and did not come into operation until a full year later on 2nd April 1971.

In the light of the above, the Unofficial Members early last year appointed an *ad hoc* group to study these regulations in detail. The *ad hoc* group since then has held many meetings in particular with the Labour Department and a Labour Advisor from the UK Government. The regulations now before honourable Members are the result of a long period of consultation and discussion and are broadly acceptable to Unofficial Members of this Council.

However, I would like to bring the attention of honourable Members to two rather important points of principle relating to these regulations. First, I refer to regulation 7(2) which states:

"An abrasive wheel shall not be mounted except by a person who has been appointed in writing for that purpose by the proprietor of an industrial undertaking; and is, by reason of training and practical experience, competent to perform that operation."

Since there does not exist at this stage any type of recognized or national test of proficiency for workers in this field which could be used as a yardstick, the proprietor of an industrial undertaking, by virtue of this regulation 7(2), is given the authority and responsibility to judge the competency of these workers. I doubt the practicability of this regulation and also wonder whether it is a good principle in legislation to leave such an important decision to an interested party. I therefore suggest that the Hong Kong Training Council be urged to look into this matter with a view to organizing appropriate training courses and conducting proficiency tests.

My second point in principle, Sir, relates to regulation 5 which, among other things, states that no abrasive wheel more than 55 millimetres in diameter shall be taken into use in any industrial undertaking unless it is clearly marked, in English or Chinese, with the maximum speed in revolutions per minute specified by the manufacturer of that particular wheel. Honourable Members may be interested to know that many abrasive wheels available on sale in Hong Kong today do not bear markings of maximum permissible speed. In the United Kingdom, their regulations also prohibit the sale or letting on hire for use in a factory of such abrasive wheels which are not marked with their maximum permissible speeds. However, there is no such provision in our proposed regulations.

Sir, let us imagine what would be the consequences if we in this Council pass a law which prohibits the use and taking of drugs but does not prohibit the sale and trafficking of drugs. Accordingly, I can foresee difficulties of policing this regulation 5.

Despite these remarks, Sir, I do support the motion but not without some reservations.

MR PRICE: —Sir, I am grateful to my honourable Friend for his support of the motion and will attempt to allay his fears.

With regard to the principle of giving a proprietor the authority and responsibility to judge the competency of workers, this has already been accepted in Hong Kong in other safety regulations such as the Construction Sites Safety Regulations, the Lifting Appliances and Lifting Gear Regulations, and in the Cargo Handling Regulation 6(3). The latter was approved by this Council as recently as 22nd January 1975. Such a principle is a feature throughout the United Kingdom safety legislation.

My honourable Friend has referred to the need for appropriate training courses. I have already made clear that an adequate number of courses on abrasive wheels will be run by the Industrial Safety Training Centre of the Labour Department. This centre is more suited for this purpose than the Hong Kong Training Council which has no direct facilities and does not itself engage in training. On completion of courses at the Industrial Safety Training Centre a certificate is issued; and this can be regarded as a certificate of proficiency.

I agree that there is no provision in the proposed regulations prohibiting the sale or letting on hire of abrasive wheels which are not marked with their maximum permissible speeds. This is not an oversight. Any such provision would be *ultra vires* the Factories and Industrial Undertakings Ordinance, because it has no section equivalent to section 13 of the United Kingdom Factories Act. That section enables the Secretary of State to make regulations putting an obligation on anyone who sells or lets on hire machinery which does not comply with the UK Act or Regulations and which is for use in a factory. Such wide powers should not, I suggest, be considered in the narrow context of abrasive wheels only.

Sir, I see no special difficulty in policing regulation 5 because this clearly states that it is the duty of a proprietor to see that an abrasive

**[MR PRICE] Motion**

wheel taken into use after 1st January 1976 is clearly marked with the maximum permissible speed. To discharge that duty, a proprietor merely has to refrain from buying a wheel not so marked.

*Question put and agreed to.*

**First reading of bills****BANKING (AMENDMENT) BILL 1975****BETTING DUTY (AMENDMENT) BILL 1975****BUSINESS REGISTRATION (AMENDMENT) BILL 1975****ENTERTAINMENTS TAX (AMENDMENT) BILL 1975****STAMP (AMENDMENT) (NO 2) BILL 1975****MERCHANT SHIPPING (AMENDMENT) BILL 1975**

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

**Second reading of bills****BANKING (AMENDMENT) BILL 1975**

THE FINANCIAL SECRETARY moved the second reading of: —"A bill to amend the Banking Ordinance."

He said: —Sir, this bill has been drafted to implement my budget proposal to increase the annual fee for a bank branch from \$1,000 to \$10,000. I mentioned in the budget speech that, as the number of bank licences issued was limited, banks were in a privileged trading position. I considered, therefore, that the licence fees paid should not be fixed simply to recover the cost of the Office of the Commissioner of Banking, but should reflect, to some extent, the value of this privileged trading position. Accordingly I proposed that the annual fee for a bank licence itself should be \$200,000 as opposed to the present \$40,000 and for each branch \$10,000 as opposed to the present \$1,000. The additional revenue in all is estimated to be \$17 million *per annum*. The increased fee for a licence was introduced with effect from 1st April 1975 by the Banking Ordinance (Licence Fee Specification) Notice 1975. The increased fee for a branch was the subject of a Public

Revenue Protection Order effective from 1st April 1975. The purpose of the bill now before Council is simply therefore to give legislative effect to this order.

*Motion made. That the debate on the second reading of the bill be adjourned*—THE FINANCIAL SECRETARY.

*Question put and agreed to.*

### **BETTING DUTY (AMENDMENT) BILL 1975**

THE FINANCIAL SECRETARY moved the second reading of: —"A bill to amend the Betting Duty Ordinance."

He said: —Sir, in my budget speech I mentioned that there was scope for additional revenue from horse racing and that I intended to discuss with the Royal Hong Kong Jockey Club the means whereby extra revenue of \$27.5 million might be raised in 1975-76, while leaving the rate of betting duty on cash-sweeps unchanged at 25%. I subsequently proposed on 3rd April that the present rate of 7½% on the traditional win, place, double, quinella and forecast bets should be retained, but that the rate on all other bets should be increased to 11%. Last month Your Excellency signed the Public Revenue Protection (Betting Duty) Order 1975 bringing the new rate into effect on 1st April 1975. The purpose of the bill now before Council is simply to give legislative effect to this order.

*Motion made. That the debate on the second reading of the bill be adjourned*—THE FINANCIAL SECRETARY.

*Question put and agreed to.*

### **BUSINESS REGISTRATION (AMENDMENT) BILL 1975**

THE FINANCIAL SECRETARY moved the second reading of: —"A bill to amend the Business Registration Ordinance."

He said: —Sir, this bill has been drafted to implement my budget proposal to increase business registration fees and to bring certain clubs within the ambit of the principal Ordinance.

At the present time a business registrable under the Business Registration Ordinance pays an annual fee designed to cover costs.

[THE FINANCIAL SECRETARY] **Business Registration (Amendment) Bill—  
second reading**

The charge was introduced in 1959 at \$25 and raised to \$50 in 1974. My proposal in this year's budget speech was to introduce a small tax-loading element by raising the fee to \$150 from 1st April 1975. In spite of the low incidence of \$8.50 per business per month, the estimated additional yield is \$20 million.

I also proposed that certain clubs should be brought within the ambit of the Business Registration Ordinance, which at present applies only to those clubs which derive more than half of their gross revenue from sources other than their own members, and then only if they carry on business for the purpose of gain. I do not and did not see why clubs carrying on business for the purpose of gain should be exempted even if more than half of their revenue comes from members. Nor do I see nor did I see why clubs not operating for gain but providing in their premises services their members would otherwise have to purchase elsewhere should be exempted.

Last month Your Excellency signed the Public Revenue Protection (Business Registration) Order 1975 introducing the increased fees and widening the ambit of the Ordinance as regards clubs, both with effect from 1st April 1975. The purpose of the bill now before Council is to give legislative effect to this order.

*Motion made. That the debate on the second reading of the bill be adjourned—*THE FINANCIAL SECRETARY.

*Question put and agreed to.*

**ENTERTAINMENTS TAX (AMENDMENT) BILL 1975**

THE FINANCIAL SECRETARY moved the second reading of:—"A bill to amend the Entertainments Tax Ordinance and the Entertainments Duty Regulations."

He said:—Sir, I proposed, in my budget speech, that entertainments tax should be re-introduced on admission charges to cinemas, at varying rates which would reflect current admission charges, namely—

|                             |  |
|-----------------------------|--|
| Where charges are under \$4 | 20 cents   |
| Where charges are \$4       | 40 cents   |
| Where charges exceed \$4    | 40 cents for the first \$4 and<br>20 cents for each additional \$2 |

Having considered how the tax might affect cinema audiences amongst the lower income groups, I subsequently proposed a reduced rate of duty of 10 cents on tickets of less than \$2. Provision is made to exempt from entertainments tax entertainment provided by or on behalf of either the Government or the Urban Council, or on behalf of a charitable institution or trust of a public character which is exempt from tax under the Inland Revenue Ordinance, or that which is of a wholly educational character. The estimated yield in 1975-76 from these newly imposed rates of duty should be of the order of \$21 million.

Last month Your Excellency signed the Public Revenue Protection (Entertainments Tax) Order 1975, re-introducing entertainments tax on payments for admission to cinemas and simplifying the exemption procedure specified for charities. Your Excellency also signed the Public Revenue Protection (Entertainments Tax) (No 2) Order 1975, introducing the rates of duty applicable to cinema admissions. Both orders were effective from 1st April 1975. The purpose of the bill now before Council is to give legislative effect to the first of these orders. I shall introduce a resolution into this Council to give legislative effect to the second order after the enabling legislation is introduced.

*Motion made. That the debate on the second reading of the bill be adjourned*—THE FINANCIAL SECRETARY.

*Question put and agreed to.*

### **STAMP (AMENDMENT) (NO 2) BILL 1975**

THE FINANCIAL SECRETARY moved the second reading of:—"A bill to amend the Stamp Ordinance."

He said:—Sir, in my budget speech I put forward two proposals for raising additional revenue through the Stamp Ordinance.

The first proposal concerned the fixed duties on cheques and allied instruments, which were last amended in 1969 and no longer relate to current values. Travellers' cheques were chargeable at 25 cents, while other cheques drawn within Hong Kong, and cashier orders and dividend warrants, were all chargeable at only 20 cents. I proposed therefore that the rate of duty should be increased to 30 cents in all these cases, to yield an extra \$5 million in 1975-76.

To protect the revenue and avoid undue inconvenience for the banks, Your Excellency signed the Public Revenue Protection (Stamp)

[THE FINANCIAL SECRETARY]     **Stamp (Amendment) (No 2) Bill—second reading**

Order 1975 bringing into effect the increase of duty on ordinary cheques on 27th February 1975. This was embodied in the Stamp (Amendment) Bill 1975 which is currently being considered by this Council.

The present Stamp (Amendment) (No 2) Bill provides for *inter alia* the increases of duty on travellers' cheques, cashier orders and dividend warrants, effective from 1st April 1975.

My second proposal concerned the 2% *ad valorem* duty chargeable on certain conveyances on sale, voluntary dispositions *inter vivos* and allied instruments which had been effective since 1948. I proposed that the rate should be increased from 2% to 2¼% from 1st April 1975, to yield an extra \$11 million in 1975-76. Documents relating to land of a value not exceeding \$150,000 are not affected by the proposed changes.

Last month Your Excellency signed the Public Revenue Protection (Stamp) (No 2) Order imposing the increases contained in this bill on 1st April 1975. The purpose of the bill now before Council is to give legislative effect to this order.

*Motion made. That the debate on the second reading of the bill be adjourned*—THE FINANCIAL SECRETARY.

*Question put and agreed to.*

**MERCHANT SHIPPING (AMENDMENT) BILL 1975**

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

He said: —Sir, the purpose of this bill is to ensure that the Merchant Shipping Ordinance enables the licensing and control of floating dry docks, floating workshops and floating restaurants within the waters of Hong Kong. To this end, clause 2 of the bill includes these terms in a new definition of "vessel" in section 2 of the principal ordinance. Clause 3 introduces similar specific references in Part XIV of the ordinance which deals with miscellaneous craft.

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

*Question put and agreed to.*

**COMPANIES (AMENDMENT) BILL 1975****Resumption of debate on second reading (2nd April 1975)**

*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).*

**STAMP (AMENDMENT) BILL 1975****Resumption of debate on second reading (2nd April 1975)**

*Question proposed.*

MR WANG: —Sir, in the resumed debate on the second reading of the Appropriation Bill in February 1973, following my honourable Friend the Financial Secretary's proposal to abolish stamp duty on receipts, I expressed then the hope that he would go a step further to consider whether stamp duty on cheques could also be abolished. I said then—

"I wish here just to emphasize the fact that the present trend is for even very low wage-earners to open current accounts at the bank and not to keep their savings under their pillows or in their pockets. For security reasons more and more employers are finding it more convenient to pay their wages by direct bank service. Very often, cheques are used to make payments for small amounts—a practice, I am sure, the Treasury also welcomes, and so does the Commissioner of Police."

My intention then was to encourage usage of cheques for small amounts for which 20 cents, not to mention 30 cents as proposed in this bill, will constitute a good percentage of extra expenditure. I wish, therefore, that some system can be adopted and prove to be administratively possible to exempt from or to reduce stamp duty on cheques usable only for a limited amount. Let me here suggest the issuance of "mini cheques" as an example for our bankers' consideration.

Having said this, however, in the light of the present budgetary situation, I am happy to support the motion before the Council.

[MR WANG] **Stamp (Amendment) Bill—resumption of debate on second reading (2.4.75)**

*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).*

**MASS TRANSIT RAILWAY CORPORATION BILL 1975**

**Resumption of debate on second reading (2nd April 1975)**

*Question proposed.*

DR CHUNG: —Your Excellency, in March 1973 when I spoke in support of a motion to establish a Mass Transit Fund, I said that there was a need for an underground railway system in Hong Kong in order to encourage people to shift their homes to nearby suburban areas so as to relieve the extreme congestion in the main urban districts. I also said that the mass transit railway would not really be serving its purpose if the remaining stages for the full system were not eventually built. My view on this matter remains unchanged today.

However, at that time, I was rather concerned about the high rate of inflation in the years ahead and suggested to my honourable Friend, the Financial Secretary, that an inflation rate of 10% *per annum* should be used in deriving the final cost of the mass transit railway. The honourable Financial Secretary did not agree with me and thought that I was too pessimistic in predicting an average rate of cost escalation of 10% *per annum* over the entire constructional period. He believed that an average 5% annual increase in costs from mid-1972 levels would be more reasonable. Unfortunately, both of us were wrong. During the past 2½ years, the inflation rate was way above 10% *per annum*.

At mid-1972 prices, the estimated total cost for the construction of the initial system (that is, the first four stages) was HK\$2,577 million (not including \$264 million for consultants' fees and Government supervision). Two and a half years later (that is, at the end of 1974), the Japanese Consortium, even after signing the Letter of Intent, backed out from a fixed contract price of HK\$5,000 million, which was practically double the mid-1972 prices. Today, I don't think any

reputable consortium would dare to quote a price less than HK\$7,500 million for the same initial system.

In the light of this rapid inflation in price, Government in its announcement on 14th January 1975 cut short the initial system from 20 kilometres to about 16 kilometres rail track in order to maximize the return on investment. Government has also decided to abandon the single-contract concept and to call tenders on a multi-contract basis for this modified initial system. The honourable Financial Secretary estimated that the contract costs for this modified version would be about HK\$3,900 million at 1974 prices and the final cost \$4,900 million. It is also understood that tenders are being called for and after tenders had been received and analyzed, the Provisional Authority would report back to Your Excellency in Council in order to confirm the viability of the modified initial system. The honourable Financial Secretary in his speech made indeed at the adjournment debate on 22nd January this year indicated that a final decision would be made and the first contracts be let in August 1975 and that the modified initial system would be fully operative by mid-1980.

Sir, whilst I support the building of the mass transit railway in principle, I do have reservations on the optimism expressed by Government with respect to both the timing and the costs. With the indulgence of honourable Members, let me explain briefly the reasons for my reservations. In a booklet titled "Preliminary Information for Prospective Tenders" issued by the Mass Transit Railway Provisional Authority in January 1975, there is a list showing 25 civil engineering contracts and 10 electrical and mechanical engineering contracts as well as a chart depicting the timing for tender and construction of the modified initial system. Most of the difficult and uncertain civil engineering contracts, which are open for international bidding, would not be called for tender until August/September this year and prices therefore would not be known exactly until the end of 1975 or even early 1976. The prices for electrical and mechanical contracts, including the rolling stock of course, I presume, would not be available until the middle of next year. Under the circumstances, I cannot really believe that Government could be in a position to confirm the financial viability of the modified initial version and to let the first contracts in August this year.

Sir, let me deal with my reservation on the cost aspect. The initial system of the first four stages would now cost about \$7,500 million to build. The modified initial or the new S-system which is approximately 20% less in track length should therefore by proportion

[DR CHUNG] **Mass Transit Railway Corporation Bill—resumption of debate on second reading (2.4.75)**

cost about \$6,000 million instead of Government's estimation of \$4,900 million unless there are deteriorations in performance specifications which of course I do not know of. I therefore consider that Government is over-optimistic on the financial viability of the new S-system.

Coming to the bill itself, I have a few points to make. First, it is about clause 12(1) dealing with guarantee by Government. At a recent meeting between Government and UMELCO it was agreed that this Council rather than the Governor in Council would authorize the Financial Secretary on behalf of the Government to grant guarantees in respect of the Mass Transit Railway Corporation's debts. I understand that my honourable Friend, the Attorney General, will move the necessary amendment at the committee stage.

Although I am not speaking on behalf of my Unofficial colleagues I do know that some of them have certain views on both clauses 4 and 6 of the bill. Clause 4(1) deals with the composition of the Board of the Corporation. In view of the large sum of public money involved in the mass transit railway project, which is the largest in terms of capital cost ever carried out in Hong Kong, it is felt that at least one or even two Unofficial Members of this Council should be *ex-officio* members of the Board of the Corporation.

Clause 6(2) of the bill gives the Mass Transit Railway Corporation the power to determine the fares payable by persons travelling on the mass transit railway. It is recognized that by virtue of clause 20 the Governor in Council could overrule the decision of the Mass Transit Railway Corporation. However, it is believed that in an increasingly democratic and socially conscious society like Hong Kong, political considerations are as important as financial considerations in the determination of mass transit railway fares, and that it would be more desirable to fix and revise mass transit railway fares through open debate in this Council rather than by the Governor in Council in camera.

With these remarks, Sir, I support the motion.

MR LO: —Your Excellency, I shall vote against the bill and I shall try briefly to outline my reasons.

The administration is proposing this afternoon to establish the Mass Transit Corporation because it has decided that the modified initial system will be built if the tenders which come in appear to the Executive Council to be viable. In practical terms the enactment will allow the corporation to build whatever underground system it decides on, because although any loans required by it will require Government guarantee, covering authority for such guarantee may be in the last resort forced through this Council either because it will have become a *fait accompli* or by the administration using its voting majority. In my view to decide to set up the corporation before deciding to go ahead with the tube is premature. To decide to go ahead if the initial tenders make the project look viable is equally premature. To decide today to allow others to make the decision tomorrow is being less than responsible.

The building of the modified initial system will cost in principal and interest at least \$14,000 million to be paid over a period of 20 years. After deducting the \$800 million already paid out of general revenue, commuters will still have to pay \$13,200 million on top of the system's operating costs. Construction costs alone average therefore \$700 million a year. Many of us like me are not very good at figures. \$700 million a year in construction costs is approximately equal to the present operating costs of all of our transport utilities put together. For the whole system, the construction cost is at least \$40,000 million in principle and interest or \$2,000 million per year. This is more than the present annual operating costs of all our public utilities including telephones, electric companies and so forth. Add to this the obviously large operating costs of the underground system itself, the bill that commuters will eventually have to bear will exceed in my view \$1,000 million every year.

Such is the size of the commitment that we asked to be prepared to make today it is obviously clear that we must not make a mistake. How sure are we that no mistakes have been made. What about other countries? Here I understand that there is no country in the world today whose GNP is as low as Hong Kong's which has found it possible to afford an underground railway. On the question of fares, can we be sure what are acceptable fares for the next 20 years? On traffic can we be sure that the modified initial system connecting Kwun Tong to Chater via Wong Tai Sin, Tsim, Sha Tsui with 14 intervening stops will solve road traffic transport problems for Hong Kong as a whole over the next 20 years or in any significant way? How many people in senior administration today realize the extent to which public transport has already improved in say the last three years and will

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continue to improve with the completion of present planned road improvements? Above all, against the backdrop of world economy how sure are we that throughout the whole of the next 20 years we can afford to pay over \$1,000 million a year? Finally, even if the international money market is prepared to finance the project initially how sure are we that this preparedness will continue—could we not quite easily be left high and dry with a system half built with no future prospects for further loans simply because of reduced international confidence in Hong Kong to have the ability to repay? The honourable Financial Secretary took great pains in his budget speech at paragraphs 166-169 to explain the method by which he calculated the level at which Government can safely borrow by reference to its foreign earnings. He carefully avoided reference to Government's prospective indirect borrowings on the tube, the level of outstandings of which at any one time will be more than six times the level at which he said it was safe for Government's outstandings, and we mustn't forget that the tube unlike the Government has no foreign income to support its foreign debt. It would be idle for him to argue that the corporation is an independent body when all of its loans can only arise with Government guarantee.

What would happen if we did make a mistake in assessing any of the numerous factors involved in this huge project? We will I suppose have to cut our losses and stop further construction or we would have to spend more money without any hope that the project would be self-financing or the project will be made artificially viable such as by encouraging other forms of transport to raise their charges. Is any one of these alternatives desirable or even acceptable?

From what I gather the answer of the administration is likely to be well, we have worked with experts for months on end. However, a mistake is still a mistake no matter how much time or effort experts have spent in making it. Indeed, how sure are we that all the experts on whose advice we have relied and will continue to rely are absolutely objective and have no personal stake or interest in the project? Would not many of such experts expect further employment and greater financial gain if we actually decide to go ahead with the project? For my part I am not absolutely sure that we cannot do without the system; or that all our transport problems will vanish by building the system; or that we can afford it. We have not been taken into the confidence of the administration in the detailed workings of the scheme so I obviously

cannot disprove what is said about the necessity of the system. For the same reason I can hardly say that it has been proved to me.

However, I am now in effect asked to say yes in this sea of doubt and to delegate my decision to the wisdom of the administration and the Executive Council. I know that any prudent businessman would refuse to delegate a decision of this magnitude if his own business is financially responsible for it. Sir, we are constitutionally responsible for the finances of Hong Kong and I do not feel that I can justifiably delegate this responsibility in this case.

Nor is my refusal based on merely a technical constitutional point. I wish it were. You will recall that when this Council voted funds in favour of the project the background against which their decision was made was a specific project, a known cost, a known and certain source of credit, an absence of any Government guarantee and a prosperous Hong Kong. What they had in mind may not have been very practical but at least it was not dangerous.

What is the position today? A much smaller project costing a lot more and without a fixed price ceiling; borrowings without an assured lender; the requirement of Government guarantees. Meanwhile, the whole of the Government and the community are adopting stringent economies drastically affecting every aspect of life including housing, education, medical and health: the world economy at best described as uncertain. Surely now is not the time to commit ourselves for the next 20 years to a project of this size.

I have been told by one or two people that in their view the public are entirely in favour of the underground and would be exceptionally disturbed if we do not rush ahead full steam. I dispute this. I believe that the vast majority of those people in Hong Kong who are not making money out of building the system are practical and sensible people. They are not in the habit of pretending to be wealthy when they are not. They know that Hong Kong has to be extremely prosperous before it can really afford to spend so much on one single transport system. They will, I think, be extremely surprised if we went ahead. They know that although the system will provide some work locally, about 65% of the total cost will be spent outside Hong Kong.

In the circumstances, it seems much wiser for us to stop right now and rethink the whole project through. After all, all the work that has been done will not be entirely abortive; not all the money spent entirely wasted. True, if we did nothing and Hong Kong returned to

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the prosperity to which it had become accustomed in say 10 years' time we may possibly wish we had taken a gamble now and built the underground. But gamble it would be and I have been brought up to believe that one should only gamble, if at all, with what one can afford to lose. I do not believe that alone in the whole world Hong Kong can afford making a losing gamble on \$20,000 million.

Accordingly, Sir, I shall vote against the motion as an attempt to stop the bill from going forward in its legislative process and I urge my colleagues, however unavailingly, to do likewise.

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

*Question put and agreed to.*

### **MOCK AUCTIONS BILL 1975**

#### **Resumption of debate on second reading (2nd April 1975)**

*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).*

### **FIRE SERVICES (AMENDMENT) BILL 1975**

#### **Resumption of debate on second reading (20th March 1975)**

*Question proposed.*

MR LEE: —Sir, representations were made to UMELCO office against certain provisions of this bill which amend the principal Ordinance to give increased powers to the Director of Fire Services to punish members of certain ranks. In the representations, concern has been expressed that the revised powers of the Director will be greater than those of the heads of some other disciplined services, particularly in

regard to the level of fine which has been increased from \$50 to one month's salary. Sir, even given that the position of the individual officer will be protected by way of a right of appeal to Your Excellency introduced by the new Fourth Schedule to be added to the principal ordinance, the Unofficial Members feel it is hardly surprising that resentment should have been expressed that the head of one service is to be given greater power of punishment than his counterparts in some other services, including the power to award a substantially heavier fine. Indeed, it is difficult to understand why one disciplined service has different disciplinary regulations from the others and I would ask Government to look into this as a matter of principle. I would also seek an assurance from the Government that the maximum fine prescribed in the bill before Council will only be applied in the most serious of cases.

SECRETARY FOR SECURITY: —Sir, attention has been drawn to the provision in clause 23 of the bill, now before this Council, to increase the maximum level of a fine which may be levied on a member of the service from "up to \$50" to a fine not exceeding one month's salary (excluding allowances.) My Friend the honourable Q. W. LEE has commented on the disparities in the disciplinary regulations of certain services. For instance, members of the Preventive Service and the Prison Service are in certain circumstances still liable to a fine of not more than \$50. I should add in parenthesis however that NCOs and constables in the Police Force are already liable to the forfeiture of not more than one month's pay in certain circumstances and I mention this simply to emphasize a certain lack of uniformity between various services and forces in the present law.

In reply to the points which have been made I would like to make three points:

The first is that the penalty is, of course, a maximum penalty. It is deliberately designed to give as much flexibility as possible in selecting the appropriate punishment; and the fact that a maximum fine is prescribed by law does not mean that the maximum will be imposed regularly or as a matter of course. The provision should be regarded as much as a deterrent as a means of punishment.

Secondly, although it is proposed to increase the level of the maximum fine substantially, the new ceiling is designed to provide a real alternative to more severe forms of punishment, including dismissal. To this extent it could be said that the amended arrangements provide the Service with a more advantageous disciplinary code than existed before.

[SECRETARY FOR SECURITY] **Fire Services (Amendment) Bill—resumption  
of debate on second reading (20.3.75)**

And thirdly, on the question of uniformity, the Civil Service Branch is now examining the legislation covering the disciplinary regulations of both the Preventive Service and the Prison Service. The Secretary for the Civil Service tells me that it is the intention that provisions generally similar to those now proposed for the Fire Service regarding the maximum fines which may be imposed will be included in amendments which will be put forward for the Preventive Service and Prisons Department disciplinary codes. The necessary amendments have reached an advanced stage of preparation and the appropriate amendments will be introduced shortly. If approved, the amount of the maximum fines will then be uniform in the Fire Service, Preventive Service, Prison Service and also in the Police Force.

I hope these arrangements and proposals will meet the concern expressed by the honourable Member and this explanation will mollify those members of the Fire Services Department who have raised this matter.

*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.

### **APPROPRIATION BILL 1975**

HIS EXCELLENCY THE PRESIDENT: —We shall consider the Schedule first in accordance with Standing Order 55, taking the Heads in groups. The question is that the sums of money for the following Heads stand part of the Schedule.

Heads 21 to 35 were agreed to.

Head 36

DR CHUNG: —Sir, I note with some concern that the two technical institutes in Kwai Chung and Kwun Tong would be open in September this year only on a very restricted basis with 25% of the student capacity. I would like to know, first, the reasons for not being able to admit more students than 25%; secondly the type and level of courses available for enrolment in September 1975; and thirdly the type and level of courses which each of these two technical institutes will eventually offer but are unable to offer this year.

MR TOPLEY: —Sir, it is not possible to operate a new technical institute at full steam for about three years from the date of opening. It was planned to operate at about 44% of student capacity for the first year in both institutes but it then appeared that financial restraints would compel a rate of 25% of student capacity. By careful re-planning, however, it now appears feasible to increase usage to a shade over 30% in both institutes.

Recruitment will be concentrated on part-time day-release craft courses subject to demand from industry. Full-time and evening craft courses will also be offered. If demand for part-time day release courses is insufficient then more full-time courses will be introduced, and one or two of these would be at technician level.

When the technical institutes are fully developed they will also offer part-time day release courses, full-time courses and evening courses at the technician level.

Head 36 was agreed to.

Heads 37 to 80 were agreed to.

Head 81

Miss Ko: —Sir, as stated in paragraph 10 of the memorandum note on the Draft Estimates under Head 81, the Child Care Centres Bill 1974 and the Child Care Regulations 1974 which were published in the *Gazette* in October 1974, caused the Family Services Division to set up a Child Care Advisory Section to advise and to assist voluntary organizations with the implications of the bill and the regulations if enacted. On the other hand, according to the tables of Establishment and Salaries under Head 81, there is no increase of staff under Family Services Division for 1975-76. May I ask how and when Government will work towards the implementation of the Child Care Centres Bill and the Child Care Regulations?

**Appropriation Bill—committee stage**

SECRETARY FOR SOCIAL SERVICES: —Sir, no date has yet been appointed for the child care centres legislation to come into operation. Although the Director of Social Welfare has been permitted an increase in overall strength for this year, it is still too early to say whether or not he will be able to deploy staff from other duties for the purpose of implementing this legislation by strengthening the Child Care Advisory Section. The Director's decision on this will depend on the pressures for staff for other social welfare purposes, particularly social security to which the highest priority must be allocated. When it becomes apparent that staff can be made available for this purpose approval will be sought for the establishment of the necessary posts.

Head 81 was agreed to.

Heads 82 to 84 were agreed to.

Head 85

Miss Ko: —Sir, first, I wish to raise a point regarding the subvention for day nurseries. According to reliable information, some nurseries operating on a below average standard have found that the subvention they will receive will not provide for improvement of service. In view of the enactment of the Child Care Centres Bill and the Government's intention to improve the standard of service of day nurseries, could I be assured that Government will provide adequate subvention for these nurseries?

Secondly, overseas donations have been steadily declining in recent years and they have fallen from about \$40 million a year in the mid 60's to \$16 million in 1973-74, and there is the likelihood of a continuing downward drift to a mere \$4 million a year. It is understood that within the one line vote, a sum of \$900,000 has been allocated to cover the reduction in overseas aid for 1975-76. As the "discretionary" social welfare subventions sometimes produce anxiety for some agencies, would Government review the position of these agencies together with the voluntary sector with a view to helping them so far as the overall financial situation permits?

SECRETARY FOR SOCIAL SERVICES: —Sir, subvented nurseries will be assisted on the advice of the Social Welfare Advisory Committee up to a maximum rate of \$90 per month per place. This represents an increase of \$10 over last year's rate in order to cover increased cost.

However, no additional element has been included for improved standards, and nurseries will be expected to maintain their existing standard for this year. The effect of this suspension is that annual increases in subventions that were to have been rephased over a five year period commencing from the year 1973-74 in order to achieve certain agreed improvement in standard will now take six years to come into effect.

With regard to my honourable Friend's second point, I confirm that a sum of \$900,000 was included in the one line vote to give the Director of Social Welfare, acting on the advice of the Social Welfare Advisory Committee, some flexibility in determining the amount of subvention appropriate to these agencies seriously affected by reduction of overseas' aid. However, I should emphasize that social welfare subventions are discretionary and that, as a matter of principle, Government has accepted no commitment to make good any reduction of agencies' income whether from overseas' donations or any other source. But this does not preclude the Social Welfare Department from reviewing the position of individual agencies.

Head 85 was agreed to.

Heads 86 to 89 were agreed to.

Question put that the Schedule stand part of the bill and agreed to.

Clauses 1 and 2 and the Preamble were agreed to.

#### **COMPANIES (AMENDMENT) BILL 1975**

Clauses 1 and 2 were agreed to.

#### **STAMP (AMENDMENT) BILL 1975**

Clauses 1 to 3 were agreed to.

#### **MOCK AUCTIONS BILL 1975**

Clauses 1 to 5 and the Schedule were agreed to.

**FIRE SERVICES (AMENDMENT) BILL 1975**

Clauses 1 to 27 were agreed to.

Council then resumed.

**Third reading of bills**

THE ATTORNEY GENERAL (ACTING) reported that the

Appropriation Bill 1975

Companies (Amendment) Bill 1975

Stamp (Amendment) Bill 1975

Mock Auctions Bill 1975

Fire Services (Amendment) Bill 1975

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.

**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 7th of May.

*Adjourned accordingly at fifteen minutes to four o'clock.*