

OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 26th May 1976

The Council met at half past two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MacLEHOSE, KCMG, KCVO, MBE
THE HONOURABLE THE COLONIAL SECRETARY
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP
THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
MR DEREK JOHN CLAREMONT JONES, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DENIS CAMPBELL BRAY, CVO, JP
THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP
SECRETARY FOR THE ENVIRONMENT
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE IAN MacDONALD LIGHTBODY, CMB, JP
SECRETARY FOR HOUSING
THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
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 MacDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP
DIRECTOR OF EDUCATION
THE HONOURABLE JAMES NEIL HENDERSON, JP
COMMISSIONER FOR LABOUR
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, 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 LI FOOK-WO, OBE, JP
THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP
DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP
THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, JP
THE HONOURABLE LO TAK-SHING, OBE, JP
THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP
THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

ABSENT

THE HONOURABLE LEE QUO-WEI, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS LOLLY TSE CHIU YUEN-CHU

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:—	
Marine Fish (Marketing) Ordinance. Marine Fish (Marketing) (Amendment) Regulations 1976.....	115
Plant (Importation and Pest Control) Ordinance 1976. Plant (Importation and Pest Control) (Fees) Regulations 1976.....	116
Preventive Service Ordinance. Preventive Service (Amendment of Second Schedule) Order 1976.....	117
Public Health and Urban Services Ordinance. Hawker (Premitted Place) Declaration 1/1976	119
Child Care Centres Ordinance 1975. Delegation of Powers	120

Sessional Paper 1975-76:

No 43—Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31st August 1975 (to be published).

No 44—Hong Kong Telephone Company Ltd. Principles underlying the scheme of control (to be published).

Oral answers to questions Transport Department—staffing

1. MR CHEONG-LEEN:—

Sir, will Government state its plans for providing adequate middle and senior management staff in the Transport Department?

THE COLONIAL SECRETARY:—Sir, the authorized establishment of middle and senior management staff (that is to say the Directorate, administrative, professional and technical officers) is 34 posts. There are 6 vacancies for which recruitment is in progress.

Proposals for an increase in the number of Transport Officers are being considered in the Secretariat.

Because the Department is a relatively new one, there is a shortage of officers experienced in its specialized work. This deficiency should become less serious in time.

MR CHEONG-LEEN:—Sir, how long has such consideration to increase the number of Transport Officers been taking place and when is it anticipated that a decision or conclusion will be arrived at?

THE COLONIAL SECRETARY:—Sir, I am afraid I cannot give an exact date in answer to the first part of the question. The answer to the second part of the question is "soon".

World famine—contingency plans

2. MR ALEX WU asked:—

Sir, what are Government's plans in relation to a possible world famine due to climatic changes and increasing population? (*laughter*).

THE FINANCIAL SECRETARY:—Sir, the Government has no plans to deal with such a hypothetical eventuality as that to which my honourable Friend refers. I understand that he is referring to reports in the press recently, attributed to certain American scientists, who claim that possible future drops in average temperatures in the Northern

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Hemisphere could have severe effects on food production and, in particular, grain crops. These reports are speculative and unsubstantiated.

As far as Hong Kong is concerned, we are a small and hilly territory who depend upon imports for some 80% of our food supplies. As things stand, we are able to pay for these supplies from our overseas earnings and, by buying in the cheapest market, can maintain relatively abundant supplies of food to our population at reasonable prices. Our relatively efficient agricultural and fishing industries also play a significant part in supplying food to Hong Kong at competitive prices.

There is no doubt that, in an emergency and given sufficient advance warning and time to adapt, we could significantly increase the production of agricultural crops in Hong Kong, although the cost would undoubtedly be higher. The same would be true of fish, particularly pond fish. However, even if we could eventually double supplies from our own sources, which I consider would be the absolute limit and would be very costly, we would still need to rely on imports for the majority of our supplies of foodstuffs and would have to depend on the efforts of our importers to obtain supplies. Given the time to adapt, however, there is certainly sufficient ingenuity available in the world to find ways to maintain supplies of foodstuffs, even in adverse climatic conditions.

I would repeat that Hong Kong's present supplies of foodstuffs are well assured, that we are well able to pay for them and that the fears expressed by my honourable Friend are hypothetical and unsubstantiated.

Government publications—sales of

3. Miss KO asked:—

Sir, (a) what is the size of the market, locally and overseas, for Government publications?

(b) does Government have any further plans to promote their sale and, if so, what are those plans?

SECRETARY FOR HOME AFFAIRS:—Sir, it is difficult to say what the potential market in Hong Kong and throughout the world is but since 1974, the Director of Information Services set up a small team

to plan and co-ordinate the sale of government publications. Since its formation sales have risen from \$2.1 million in the financial year 1973-74 to \$4.1 million in the financial year 1975-76. Local sales account for virtually all of this but sales overseas amount to only \$90,000 in 1975-76.

In the light of his experience over the past two years, the Director of Information Services is currently reviewing his publications policy to see if there is scope to increase sales further. I am afraid we probably will see a further doubling over the next two years, but in August, when there is a larger publication centre opening in the new Post Office we should be able to increase sales slightly and this accounts for our expected increase in revenue this year.

MISS KO:—Sir, what plans does Government have for more publicity to increase sales?

SECRETARY FOR HOME AFFAIRS:—In addition to selling at the main centres Government publications are available through some 90 outlets in City District Offices and Sub-Offices, New Territories Offices and in commercial book stores. We do advertise in the normal way but I do not know we should increase our sales very greatly by extra expenditure on advertising.

Government public car parks—delay in issuing tickets

4. MR LOBO asked:—

Sir, (a) is Government aware of the delay and consequent traffic congestion caused by the procedure for issuing tickets to cars on entry to certain Government public car parks, in particular, the Middle Road carpark?

(b) what urgent remedial measures will be taken to speed up the procedure and overcome queuing?

SECRETARY FOR THE ENVIRONMENT:—Sir, yes, Government is aware of the delay. The problem is to reconcile the convenience of the motorists with the need to ensure the correct payment of parking fees. It is, unfortunately, a fact that there has been malpractice and avoidance of fees at the carparks and, on the advice of the Director of Accounting Services, as a means of putting a stop to this, a system was introduced which requires the vehicle registration number to be

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written down on two parts of the parking ticket. While the new system was successful in stopping the malpractices, it also resulted in the delays at the entrances of the car parks complained of by my honourable Friend.

The Commissioner for Transport has tried to reduce the inconvenience by opening a second entrance lane and by having someone to write down, in advance, the registration numbers of the cars waiting to enter the car park when there is a build-up. But he is hampered by a shortage of supervisory staff.

After consulting the Director of Accounting Services again, he has also now introduced a temporary modification of the system which requires the vehicle registration number to be written down once only. This has further reduced the waiting time and congestion at the car park entrance but, of course, only at the risk of evasion of parking fees—which will have to be accepted pending a review of the internal accounting procedures.

I should, perhaps, point out that the law requires the vehicle registration number to be recorded on the parking ticket.

Ambulance—transport of geriatric cases

5. DR FANG asked:—

Sir, in order to save ambulance space and time, will Government use minibuses to transport geriatric cases to and from Princess Margaret Hospital?

DR CHOA:—Sir, most of the geriatric cases attending the Princess Margaret Hospital require wheel-chairs and stretchers and such facilities as bed-pans and urinals. For these reasons, ambulances are more suitable transports than minibuses. The Fire Services Department has ambulances which are so designed that they can be made up as 9-seater vehicles, and this transport service has been taken into consideration in the planning of the overall services provided by the existing fleet of 99 ambulances.

DR FANG:—Sir, will my honourable Friend indicate when the 9-seater vehicles would be put to operation?

DR CHOA:—They are in operation, Sir, according to my Friend, the Director of Fire Services.

MR LO:—Sir, will Government confirm that the use of the 9-seater vehicles will not turn the geriatric patients into acute patients?

DR CHOA:—No, Sir, because there are attendants and furthermore, the number is such that the danger is non-existent.

MR LO:—Thank you.

Slow-moving vehicles

6. MR JAMES WU asked:—

Sir, can publicity campaign be mounted to require heavy and slow-moving vehicles to drive on the left lane of the road?

SECRETARY FOR THE ENVIRONMENT:—Sir, we would mount such a campaign and the Police would give it full support because there is no doubt that, whilst heavy and slow-moving vehicles should drive in the left lane of the road, all too few of them do so.

The Commissioner for Police is Chairman of a Standing Conference on Road Safety and I will ask him to consider, in that forum, a campaign directed towards getting the drivers of slow-moving vehicles to occupy the correct lane. But while it may be possible to include publicity about using the correct traffic lane in the Road Safety Campaign scheduled for September of this year, I am advised that there is no clear link between this instance of bad driving and road accidents.

The Standing Conference may therefore feel that it cannot, in all conscience, recommend devoting the funds which are necessary for an entire campaign to publicity against this particular practice and may even take the view that, in the context of Road Safety, driving in the left lane except when overtaking can only play a small part in the September Road Safety Campaign.

MR JAMES WU:—Sir, would it be too expensive to have signs directing motorists to drive their heavy and slow moving vehicles on the left lane of the road?

[MR JAMES WU] **Oral answers**

SECRETARY FOR THE ENVIRONMENT:—No, Sir, I do not think it would. In fact, there are such signs but where they exist they are not observed. I think it does require police enforcement and a campaign, but we could only mount a certain number of campaigns every year, whether this one has priority is a different matter.

Textile Exports

7. MR TIEN asked:—

Sir, what is the situation as regards the bilateral agreement on certain textile exports to Australia, noting that the agreement will expire at the end of June 1976?

MR JORDAN:—Sir, our current export restraint agreement with Australia, to which my honourable Friend has referred, and which expires on 30th June this year, was concluded under the Arrangement Regarding International Trade in Textiles. If Australia wishes to continue any of the restraints for a further period, the Australian Government may seek consultations with Hong Kong in accordance with the provisions of the International Arrangement.

Our understanding of the present position is that the Australian Government is still considering a report issued in April this year by the Australian Textiles Authority. The Australian Government's decision on this report can be expected to have a bearing on whether or not they will seek to extend or modify the current agreement with Hong Kong; or allow it to lapse. We hope to be informed soon as to what their intentions are.

In this connection, honourable Members may be aware that the Australian Government has stated its intention to use the Arrangement Regarding International Trade in Textiles where it is feasible to do so. In some cases, however, Australia has not used the arrangement to seek restraint on exports from particular sources but has resorted to a tariff-quota method to limit imports generally.

Highway code

8. MR JAMES WU asked:—

Sir, when will an up-to-date Highway Code be put on sale?

SECRETARY FOR THE ENVIRONMENT:—Sir, an up-to-date Highway Code should be available to the public towards the end of August this year. Moreover, I am pleased to be able to correct my honourable Friend's assumption that the Code will be for sale. In fact, it will be issued free of charge.

MR JAMES WU:—Thank you.

Traffic arrangements at Kai Tak Airport

9. MR F. W. LI asked:—

Sir, will Government take steps to improve traffic conditions in front of both the arrival and departure halls at Kai Tak Airport, particularly during peak hours?

SECRETARY FOR THE ENVIRONMENT:—Sir, I must agree with my honourable Friend's implied criticism of traffic conditions in front of both the arrival and departure halls at Kai Tak Airport, particularly during peak hours. These result mainly from the loss of kerb space at the face of the Terminal Building caused by the Terminal Building Extension Programme. This work, which started in May 1975 and which is due for completion in December of this year, will provide an extra 450 feet of kerb space at departures level and 350 extra feet at the arrivals level. It will also permit the adoption of an improved traffic flow system so that conditions should improve by the year's end.

In addition to these improvements, a new access route to the Departure Hall will be provided by a flyover across Prince Edward Road. This flyover is due for completion in December 1978 and will result in a further significant easing of the airport traffic problem, of which my honourable Friend complains.

MR F. W. LI:—Sir, while appreciating the present situation as temporary, has Government considered the introduction of some stopgap measures in order to relieve the existing traffic problem?

SECRETARY FOR THE ENVIRONMENT:—Sir, it is very difficult to introduce any stopgap measures because space is not available. The Police, I think, are also doing their best. They are trying to keep the

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traffic moving and enforcing the traffic regulations as much as they can. I think all we can look for, Sir, is the enforcement by the Police to improve the matter.

Victoria Reception Centre—overcrowding

10. MR BREMRIDGE asked:—

Sir, can Government confirm that due to overcrowding in the Victoria Reception Centre some prisoners on remand have in recent months been sleeping on the floor on a basis of three, and indeed occasionally four men in a cell measuring about 8' x 5'?

SECRETARY FOR SECURITY:—Yes, Sir.

MR BREMRIDGE:—Sir, do Government admit that at the very least this is remarkable treatment for men as yet unconvicted.

SECRETARY FOR SECURITY:—Sir, I did not correct the honourable Member's question which referred to prisoners on remand in so far, of course, these are "persons" on remand. Now, he has raised the supplementary, I should of course explain that in the Victoria Remand Centre there are in fact two categories of persons in the main. There are those who are people on remand and there are those prisoners who have been sentenced, who are being categorized prior to being sent to the various institutions of the Prisons Department. In the main, it is the latter category who are in the cells with the greatest overcrowding.

MR BREMRIDGE:—Sir, will Government give thought to the introduction of that simple invention of the bunk bed?

SECRETARY FOR SECURITY:—Bunk beds are in fact in use in the Victoria Remand Centre in the great majority of the dormitories. But it is difficult to provide bunk beds in the very small and old fashioned type cells which now exist. I can assure this Council that within the limits of its accommodation capacity, the Prisons Department does take very strenuous steps to try to reduce the overcrowding in the Victoria Remand Centre by sending prisoners either to Stanley or to other

institutions. But given the current numbers there is a very substantial pressure, as the honourable Member is only too well aware, on the facilities in the Victoria Remand Centre.

MR BREMRIDGE:—Government accepts that the same argument could have been used at another time in Calcutta.

Victoria Reception Centre—future plans for

11. MR BREMRIDGE asked:—

Sir, well before the new Reception Centre at Lai Chi Kok is ready will Government give thought to the subsequent demolition of the outmoded Victoria Reception Centre, and to what nature and type of building should replace both it and perhaps the adjacent elderly Magistracy?

SECRETARY FOR SECURITY:—Sir, the Lai Chi Kok Reception Centre is expected to be completed in August 1977 and consideration is being given to the use to which Victoria Reception Centre should then be put. No final decision has yet been taken but, in view of the high occupation rates of many of the institutions administered by the Prisons Department, it seems most likely that the Victoria Reception Centre will need to be retained as a prison institution of some type for some considerable time to come.

Cheung Sha Wan Markets

12. MR ALEX WU asked:—

Sir, will Government say when the permanent wholesale marketing facilities in the Cheung Sha Wan area will be completed?

SECRETARY FOR THE ENVIRONMENT:—Sir, the earliest date by which the construction of the Cheung Sha Wan Wholesale Market can be completed in 1981 because reclamation of the site, which it is hoped can start next year, will take about 2 years and construction of the building will also take about 2 years.

My honourable Friend is probably aware that the poultry and vegetable markets are accommodated temporarily at Cheung Sha Wan and the fresh water fish market will shortly be moved to a temporary

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site in Sham Shui Po Military Camp. These markets could continue to operate from these sites until such time as a decision is taken to proceed with the construction of the West Kowloon Corridor Road. They would then have to be moved into the new Cheung Sha Wan market before road construction could commence as the temporary market sites will be required for that work.

In short therefore the position is that if it is decided within the next 3 years to proceed with the construction of the West Kowloon Corridor Road it will be necessary for work on the new Cheung Sha Wan Wholesale Market to begin in 1979, i.e. on completion of Stage I of the Cheung Sha Wan reclamation.

New towns—publicity

13. MR WILLIAMS asked:—

Sir, will Government produce further publications illustrating the many important projects planned and underway of the standard of the recent publication on the New Towns and Sha Tin on which all concerned are to be congratulated?

MR McDONALD:—Sir, I thank my honourable Friend for his complimentary remark about the booklet on the Sha Tin New Town project recently produced by the New Territories Development Department of PWD.

A similar comprehensive full-colour booklet on Tuen Mun New Town will be published in about three weeks' time. Government Information Services is now finalizing the design work for a third booklet covering the Tsuen Wan New Town project which will be passed to the Government Printer in the very near future.

In so far as resources will allow, it is my intention to produce up-to-date publications covering other areas of endeavour being undertaken by Government through my department, such as very large water schemes, major road communications projects, development of New Territories market towns and suitable major building projects.

MR WILLIAMS:—Would my honourable Friend not agree that such a factual illustration of these vast public work projects can only redound to Hong Kong's credit and, if so, could arrangements be made to

distribute such publications to friends and critics and others interested in Hong Kong and overseas?

MR McDONALD:—Yes, Sir. The booklet will be made available to developers, consulars and trade representatives, industrialists both in Hong Kong and overseas who might be interested in investing in the new town, and to other interested parties overseas through the Hong Kong Government offices, the Trade Development Council offices and British Government agencies. It will also be widely distributed to both local and overseas media.

Neon signs

14. MR CHEONG-LEEN:—

Sir, what are Government's present policy and future plans on neon signs?

SECRETARY FOR THE ENVIRONMENT:—Sir, my honourable Friend will be aware that the control of all advertising signs is exercised through the Public Health and Urban Services Ordinance and in the urban areas the authority under the ordinance is the Urban Council. Apart from sky signs, occulting signs and water-borne advertisements, which can be strictly controlled, little control has been exercised over other advertising signs. This is because the ordinance deals mainly with the aesthetic effects which are difficult to establish and does not make adequate provisions for avoiding the erection of dangerous signs. Discussions are, however, in hand with the Urban Council for the introduction of new legislation and better arrangements designed to provide greater control of both the safety and amenity aspects.

MR CHEONG-LEEN:—Sir, can an assurance be given that such discussions which have been taking place off and on over the past twenty years, as far as I can recall it, arrive at a definitive conclusion and clear cut arrangement within the very near future, that is before the end of the current session of this Council.

SECRETARY FOR THE ENVIRONMENT:—I am afraid I cannot give such an assurance, Sir, because as I have said this matter is within the

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purview of the Urban Council. All I can hope is that these discussions will be concluded shortly.

MR CHEONG-LEEN:—Sir, whilst it is within the purview of the Urban Council, isn't such discussion also taking place with Government, and if with goodwill and close liaison on both sides, it is hoped that a conclusion can be arrived at within the very near future.

SECRETARY FOR THE ENVIRONMENT:—Sir, I would hope if my honourable Friend will perhaps raise this matter in the Urban Council. He could assist us in getting a rapid conclusion.

MR LO:—In view of the last answer, Sir, of my honourable Friend the Secretary for Environment, I wonder whether the Government has considered the not unimportant question of fees which may be chargeable to general revenue in respect of the use of the air space over Crown land.

SECRETARY FOR THE ENVIRONMENT:—Yes, Sir, this matter has been considered.

Raincoat exports

15. DR CHUNG:—Sir, in accordance with Standing Order 17(4), I wish to seek Your Excellency's permission to ask a question without notice on the ground that it is of an urgent character and relates to a matter of public importance. My question is: will the Government make a statement on the anti-dumping action taken by the British Government against Hong Kong raincoat exports. Sir, I have already communicated the above question to the Clerk of this Council before the weekend, and I presume that I had given sufficient private notice of the question.

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

MR JORDAN:—Sir, under the rules of the General Agreement on Tariff and Trade, dumping means exporting at a price less than the

comparable price for a similar product sold in the domestic market; or where the product is not sold in the domestic market, as often happens in the case of Hong Kong, dumping is defined as selling below what is regarded as the "fair market price", which takes account of the direct cost of production, overheads and profits.

It is true that generally speaking, Hong Kong manufacturers cannot afford to dump, but it is perfectly possible for them to do so with a part of their production. If, for example, a manufacturer sells a new product at cost price plus a small profit and charges all the overheads of his factory to his established products then technically he is dumping, within the terms of the GATT definition and of the United Kingdom legislation.

In the present case, the British Government was satisfied, after carrying out investigations in Hong Kong in November last year, that Hong Kong manufacturers of relatively small quantities of rubberized raincoats for women were selling below "fair market prices" as defined and that this justified anti-dumping action. An additional duty of one pound and fifty pence has thus been imposed on these raincoats when imported from Hong Kong. However, there is a let-out in the form of a refund of the anti-dumping duty should the price of the raincoats, together with the anti-dumping duty, exceed forty-six dollars in the case of a single texture raincoat or sixty dollars in the case of a double texture one.

In 1975 our total exports of this item were worth about six hundred thousand dollars, while our total textile and clothing exports to Britain were worth nearly two billion dollars. The average f.o.b. price of these raincoats was thirty-two dollars in 1975. The landed price in Britain is probably more than twenty per cent higher when c.i.f. charges and the normal customs duty are added. In view also of the further depreciation of sterling since the investigation was launched it seems to me likely that the quantity, if any, that will not be eligible for this refund will be very small.

Under the rules of the GATT, an anti-dumping duty may remain in force only as long as it is necessary to counteract the dumping. The Commerce and Industry Department has therefore taken steps to monitor our exports of these raincoats to Britain, and we shall get in touch with the Department of Trade in London as soon as we have evidence that dumping is no longer occurring.

DR CHUNG:—Sir, is my honourable Friend satisfied that the findings carried out in Hong Kong in November last year by the British

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investigators were correct and fair, and that our manufacturers did sell below fair market price?

MR JORDAN:—I have no reason to believe that the Department of Trade investigators did not carry out their investigation in accordance with the United Kingdom legislation. But it was their investigation. Sir, I cannot say that I am satisfied that the dumping did occur nor that it did not occur because the manufacturers concerned declined, as was their right, to provide some information which the investigators wanted; and I do not have that information either, since they are not obliged to supply it to me either.

DR CHUNG:—Will my honourable Friend check and satisfy ourselves that we are not discriminated against by the British Government on political grounds?

MR JORDAN:—I think I can say I am quite satisfied, Sir, that there is no question of political discrimination in this matter. The United Kingdom has legislation which is designed to implement in the United Kingdom the GATT agreement on anti-dumping. When a domestic manufacturer makes a complaint to the Department of Trade that they believe that dumping is occurring, and if they provide sufficient prima facie evidence to satisfy the department that there may be a case, the investigation must be carried out wherever the goods are coming from. And I have no reason to believe that this case was not dealt with in any other way than the normal procedure under the United Kingdom legislation.

MR CHEUNG:—Sir, does GATT or any other legislation allow British Government investigators to come to Hong Kong to make the investigation, and could we in turn make such investigation in the United Kingdom if they dump on our market?

MR JORDAN:—There is nothing to stop the investigators coming to Hong Kong as I have said when I was talking about the information that was not supplied. We have no power nor have the investigators any power to compel people to answer their questions. They can merely ask questions and seek the co-operation of manufacturers. If they do not get it, then they have to go away without it. So there is

no question of them coming here and compelling people to answer their questions, to let them see their books or anything of that sort, and equally I am quite sure there would be no question of us being able to do that in the United Kingdom either.

Statement

Implementation of the recommendation of the Commission of Inquiry into the Hong Kong Telephone Company Limited

THE FINANCIAL SECRETARY:—Sir, at the last meeting of this Council on 12th May I promised that a full statement on the implementation of the recommendations of the Commission of Inquiry into the Hong Kong Telephone Company Limited would be made within one month. I am now in a position to make that statement.

Honourable Members will recall that, in his report to this Council on 19th November last year at the time of the publication of the Commission of Inquiry's Report, the Financial Secretary outlined the Government's view on the Commission's recommendations. He pointed out that almost all the recommendations which fell within the Government's purview had been accepted and would be implemented. Since that time a great deal of work has been done, both within the Government and the Telephone Company, to make sure that the Commission's recommendations will, indeed, be carried out and I will now report on the progress which has been made.

First, as regards legislation. This will be dealt with in two stages. The first, and smaller part, will give legislative effect to certain more pressing matters arising from the Commission's Report. They include the reduction of installation and removal charges, the abolition of royalty payments, a provision to enable the Government to appoint up to two directors to the Board of the Company, and a further provision to lay down that charges not specifically included in the Schedule to the Telephone Ordinance will be subject to agreement between the Company and the Postmaster General. An amending bill has already been drafted to give legislative effect to these proposals and it will shortly be introduced into this Council. In this connection I should add that the Company introduced the lower installation and removal charges on an administrative basis in November last year as soon as the Government indicated that these lower charges were agreed. And the Company has recently refunded those subscribers who had already paid the higher charges and who were entitled to the reductions.

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The second and more substantial piece of legislation will provide for the complete replacement of the present Telephone Ordinance by a more up-to-date ordinance. This will, among other things, give legislative effect to a profit control scheme and provide for both technical and financial monitoring of the Company's services. Work is now proceeding on drawing up detailed drafting instructions for this new Telephone Services Bill and its preparation will proceed with all due speed.

The major thrust of the Commission of Inquiry's recommendations for the protection of the public interest centre, however, around their proposals that the Telephone Company should operate under a detailed Scheme of Control which would limit its profits; and that this control scheme should be backed up by regular and detailed Government monitoring of the financial position of the Company. The Commission made a number of specific recommendations regarding the form and content of the Scheme of Control and these were accepted by the Government.

I can now report that the discussions between the Government and the Telephone Company on the details of the Scheme of Control have been concluded and that agreement has been reached on all points. The Scheme, as agreed, comprises all the operational principles proposed by the Commission of Inquiry, as well as most of their detailed proposals on the exact figures to be used. Indeed, only three modifications have been made to the Commission's blueprint, and these I will explain later.

At this stage, Sir, I should, perhaps, recapitulate the main features of the Scheme of Control as proposed by the Commission. They were as follows:

First, that there should be a maximum permitted rate of return, which should initially be fixed at 16% of Shareholders' Funds and which should be reviewed by the Government every two years.

Second, that "Shareholders' Funds" should be defined as "total shareholders' capital at the end of the year, including retained profits for the previous year, but excluding retained profits for the current year".

Third, that profits in excess of the maximum permitted return should be apportioned between a Development Fund and the

shareholders, the latter either as bonus shares or as retained profits, and in accordance with a formula which would provide for the greater part to go to the Development Fund.

Fourth, that the Development Fund should not form part of Shareholders' Funds and that no transfer should be made from it except for the purpose of maintaining or reducing rental charges. The Fund should bear interest at 8%, deductible from the net profits of the Company, and this rate of interest should also be reviewed by the Government every two years. Any profit made in 1975 in excess of 16% on Shareholders' Funds should be transferred in total to the Development Fund.

Fifth, that the Company's accounting policies should be agreed with the Government.

As I have explained, all these points have now been agreed between the Company and the Government, subject to two minor modifications and one point of clarification. The first modification relates to the definition of Shareholders' Funds. The Commission's definition excluded all retained profits for the current year on the ground that they only benefit shareholders' funds in the following year. But as, in practice, profits are being earned throughout the year and are applied for the benefit of the business, it was considered more equitable to allow a proportion, namely 50%, of the retained earnings in the current year to be counted as shareholders' funds although, for practical reasons, the sum involved would only be added to Shareholders' Funds one year in arrears. The exact wording now agreed for defining Shareholders' Funds, which has been set out in formal accounting terms, has been included in the document, to be issued this afternoon, to which I will refer later in this statement.

The second modification relates to the apportionment of profits in excess of the permitted return between the Development Fund and the shareholders. The formula recommended by the Commission of Inquiry for this apportionment is a variable one. It was put forward because the Commission felt that the Company should benefit to some extent from excess profits, as an incentive to efficiency, and in order to prevent its shares becoming, in effect, a fixed interest investment. The Commission's formula would, however, be difficult to monitor, so the Government proposed, and the Company accepted, that the apportionment should be on a fixed ratio. The ratio agreed, namely 80% of excess profits being allocated to the Development Fund and 20% to Shareholders' Funds, is very similar to the figures that would be produced currently by applying the Commission's formula.

[THE FINANCIAL SECRETARY] **Statement**

Finally, the clarification I have referred to relates to the treatment of shortfalls in years when the Company earns less than the permitted return. If such shortfalls are to be made up, this can only be done by transfers from the Development Fund assuming, that is, that a balance is available. But the Commission placed great emphasis on its recommendation that such transfers should not be automatic and that they should only be made for the purposes of reducing or maintaining rental charges. In the discussions between the Government and the Company it was felt necessary to clarify this concept of non-automaticity in making up profit shortfalls. The arrangement arrived at provides that shortfalls in profits would normally be made up from the Development Fund, providing that a balance is available in the Fund, but that such a transfer might be refused by the Government in a particular year or years if it was felt that the Company had not displayed adequate efficiency. The arrangement also provides that, where there is no balance available in the Development Fund, shortfalls in profits would normally lead to an application by the Company for an increase in rental charges. In such cases, also, increases in rentals would not be automatically granted. But it is accepted that, provided that the operation of the Scheme of Control and the monitoring machinery show that an increase in rentals is justified, the case for such an increase would be put to the Governor in Council for consideration. There would, on the other hand, be no provision for shortfalls in profits arising in such circumstances to be made up in subsequent years. In practice, the maximum permitted rate of return on Shareholders' Funds, the rate of interest to be charged on the balance in the Development Fund and the level of rentals will be examined together every two years. Any adjustments then recommended will be considered as part of a package to ensure the continued efficient operation of telephone services and a reasonable return to the Company and its shareholders.

Sir, the Scheme of Control, as I have attempted to describe it, has been set out in a formal document agreed between the Government and the Telephone Company. This also includes the accounting policies which have been agreed between the two sides. I have today laid copies of this document on the table of this Council and it will be released to the public later this afternoon. The Scheme of Control, as so described, is being brought into operation with retrospective effect from 1st January, 1976 by an exchange of letters between the Government and the Company. As I have already explained, its principles will, in due course, be incorporated in the new Telephone Services Bill

which is at present under preparation and which, when enacted, will replace and subsume the agreement which has now been made.

Honourable Members will realise that it is not possible properly to administer a Scheme of Control of the complexity I have described without adequate monitoring machinery being available within the Government. And this is especially the case when, as I have explained, the control scheme does not operate automatically and contains elements of discretion. Steps have therefore been taken, as recommended by the Commission, to strengthen the machinery available for monitoring public utility companies within the Economic Services Branch of the Colonial Secretariat, and the services of one full time accountant have now been made available to the Branch. Following these changes, the Economic Services Branch is now regularly checking the Telephone Company's financial position and capital expenditure on the basis of information provided by the Company. The forecasts of demand for telephones have also become the subject of regular consultation between the Company and the Economic Services Branch, which is also utilising the services of its professional economists for this purpose.

The Commission also recommended that the staff of the Telecommunications Division of the Post Office should be strengthened to carry out technical monitoring of the Company's operations. This again is now in hand and the necessary posts are being created within the Post Office.

I turn now to the financial position of the Company. It will be recalled that the Commission of Inquiry laid considerable stress on the role that shareholders should play in providing more capital to reduce the Company's heavy dependence on borrowings. To this end, the Commission recommended that at least \$150 million should be raised from shareholders in the form of a rights issue or convertible loan stock. The Company discussed this recommendation with the Government and announced in March that it intended to raise \$158 million through a rights issue. This issue has now been made and I understand that all the new shares have been taken up. The proceeds of the issue will enable the Company to redeem an equivalent amount of borrowings and thus to strengthen its financial position.

Apart from this, the Company's financial position has improved over the past year, partly because the demand for new telephone installations has been steadily picking up in line with the recovery of the economy. In 1975 the net profit of the Company was \$88.8 million, which represented a return on Shareholders' Funds of 14.4%, or below the maximum permitted return. As a consequence, the opening

[THE FINANCIAL SECRETARY] **Statement**

balance in the Development Fund will be nil. At the end of 1975, also, the Company's borrowings came to approximately \$600 million, which gave a ratio of Shareholders' Funds to borrowings of approximately 50:50.

The current forecast for 1976 anticipates that the percentage return on Shareholders' Funds, as increased by the rights issue, will remain roughly constant at about 14.3%. The ratio of Shareholders' Funds to borrowings will, on the other hand, significantly improve. It is expected that, by the end of this year, borrowings will have fallen to approximately \$350 million, leaving a ratio of Shareholders' Funds to borrowings of approximately 70:30, or roughly in line with the ratio recommended by the Commission of Inquiry.

As regards the future, the Commission of Inquiry tentatively concluded that a further increase in rental charges of around 15% might be required in early 1977. This may turn out to be the case but, as things stand at the moment, no firm assessment can be given as to the timing or the size of any future increase in rentals. All I can say is that the situation will continue to be monitored and that no increase will be sanctioned until it has been proved to be necessary to maintain the financial stability of the Telephone Company, including its necessary expansion. But I can give a definite assurance that there will be no increase in telephone rentals in 1976.

Finally, Sir, the Telephone Company has itself been implementing certain of the recommendations of the Commission of Inquiry which pertain to its own affairs. For instance, in February the General Manager of the Company was appointed to its Board of Directors. The Company's top management is also being strengthened, with three new senior posts being created at Assistant General Manager level to cover, respectively, finance, engineering policy and direction, and administration.

Sir, I hope that this statement has shown that a great deal of work has been undertaken over the past months, both within the Government and by the Telephone Company, to implement the recommendations of the Commission of Inquiry. As a result of these efforts, I believe that the Government and the Telephone Company have co-operated more fruitfully than at any time in the past. Indeed, from personal experience as leader of the Government team at the talks, I should like to pay tribute to the helpful and co-operative spirit in which the

Company, and particularly its General Manager Mr Eric Walker, have approached these potentially difficult discussions. The attitude they have displayed can only be to the general benefit of the telephone service and its subscribers. I also believe that, over this period, steps have been taken which will considerably strengthen the financial basis of the Company's operations, and that machinery has been established which will ensure that never again will a situation arise such as that which led to the setting up of the Commission of Inquiry last year. We thus all owe a considerable debt of gratitude to the Commission; and I am sure that the more efficient and financially viable telephone service which we hope to see in the future will be the best and most fitting monument to their efforts.

DR CHUNG:—Sir, I compliment my honourable Friend as the leader of the Hong Kong Government delegation for his successful result of negotiation with the Telephone Company on this very complicated issue. Sir, on the matter of clarification may I ask my honourable Friend a question relating to the statement which he had just made. Under the Scheme of Control on profits as outlined in section 2(2) on the paper laid before us, it is stated and I quote "profit after tax for any year in excess of the maximum permitted return will be apportioned 80% to the Development Fund and 20% to Shareholders' Funds which will be issued as bonus shares at an appropriate time." Sir, my honourable Friend said that this new formula is similar to that recommended by the Commission of Inquiry. May I ask my honourable Friend that if the original formula as proposed by the Commission of Inquiry were used this year to calculate their proportion what would be the actual ratio of proportion to the Development Fund as compared to the Shareholders' Funds?

THE FINANCIAL SECRETARY:—Sir, I said in my statement that the proportion would be roughly similar. In fact, rather less would go to the Development Fund and rather more to the Shareholders' if the Commission's formula had been used, but it would vary from year to year. I think that this formula which has now been agreed is equitable from the point of view of the Development Fund and the Shareholders'.

MR LO:—Sir, I thought I heard my honourable Friend refer to the scheme as one of having a quality of non-automaticity. Does my honourable Friend mean in English that it will be a discretionary scheme and if so at whose discretion will the scheme be operated, government's or the company's?

Statement

THE FINANCIAL SECRETARY:—Sir, the answer is that it will be to a certain extent a discretionary scheme. As I have explained if there is any money in the Development Fund any shortfall in the profit would probably be made up from the Development Fund. This would be disallowed by the Government. If the Government considered that the company was not performing efficiently. Likewise, if there was a shortfall and there was no money left in the Development Fund the Government might possibly say to the company: "Until you pull your socks up we are not going to allow you an increase in rentals." So, it is discretionary, Sir, and the discretion is on the side of the Government.

Government business

Motions

MASS TRANSIT RAILWAY CORPORATION ORDINANCE 1975

THE FINANCIAL SECRETARY moved the following motion:—

Under section 12(1) of the Mass Transit Railway Corporation Ordinance 1975 that the Financial Secretary on behalf of the Government may grant a guarantee in respect of the redemption or repayment of the principal of bonds or notes issued by the Mass Transit Railway Corporation in Hong Kong up to an amount not exceeding 400 million Hong Kong dollars and such additional amounts as may become payable under the terms of such issue.

He said:—Sir, I rise to move the motion standing in my name on the Order Paper.

The motions introduced in this Council on 11th February and 10th March last, to amend the Council's resolution of 23rd October 1975, dealing with loan arrangements to be guaranteed by the Hong Kong Government on behalf of the Mass Transit Railway Corporation, were in respect of export credit and loan facilities negotiated by the Corporation with various countries, banks and finance houses.

The motion I am introducing today, which is also to be made under section 12(1) of the Mass Transit Railway Corporation Ordinance 1975,

is to authorise me to grant a guarantee on behalf of the Government to enable the Corporation to borrow money locally on a longer term basis by making a Hong Kong dollar bond issue of up to HK\$400 million.

I am unable to tell the Council at what price and at what rate of interest the bonds will be offered, as a final decision on these matters has not yet been made and, indeed, cannot be made until the formal announcement of the issue. The terms of the issue will, of course, need to be closely related to market conditions at the time it is announced.

As regards the guarantee which the motion would authorise me to make, this would only be a guarantee of the repayment of principal and not—and I would emphasize this—of premium or outstanding interest. By premium I refer to a redemption price above par which would be payable by the Corporation if it exercises the option to redeem the bonds before the due date. This would clearly be inapplicable in circumstances in which the guarantee would operate.

Honourable Members will also note from the wording of the Resolution itself that the amount to be guaranteed would be up to a maximum of HK\$400 million and such additional amounts as may become payable under the terms of the issue. This also requires some explanation. The bonds will be issued on the understanding that, should any withholding tax on principal be levied, then the Corporation will pay to the bondholders such additional amounts as will result in the receipt by the bondholders of the sums which would have been receivable by them had no withholding tax on principal been levied. The Government guarantee would extend to these additional amounts. This is a standard provision in international bond issues and, as it is highly unlikely that a withholding tax on principal—a sort of capital tax—would ever be introduced in Hong Kong, all this is largely academic in our circumstances.

Sir, I feel that I must again emphasize that the proceeds of the proposed bond issue will be used to help pay for contracts for the construction of the Modified Initial System on the Mass Transit Railway, which have either been let, or will be let later this year. There is every indication that the total of these contracts, when let, will be within the estimated construction cost. This bond issue has been proposed as a means of raising longer term finance on acceptable terms which will be utilized in place of certain shorter term standby facilities which have already been arranged and is part of the continuing effort by the Corporation to lengthen the maturity of its debt. In other

[THE FINANCIAL SECRETARY] **Motions**

words, it is simply an alternative method of finding funds to help pay for the construction of the Modified Initial System.

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

MR HENDERSON moved the following motion:—

That the Factories and Industrial Undertakings (Goods Lifts) Regulations 1976, made by the Commissioner for Labour on the 3rd May 1976, be approved.

He said:—Sir, I move the motion standing in my name on the Order Paper for the approval of the Factories and Industrial Undertakings (Goods Lifts) Regulations 1976. These regulations were made by the substantive Commissioner for Labour on 3rd May 1976 and have been submitted to Your Excellency in accordance with the provisions of section 7(3) of the Factories and Industrial Undertakings Ordinance.

In view of the two hundred odd "goods lifts" of local construction installed in factories, the Lifts and Escalators (Safety) Ordinance was amended in 1964 by the addition in section 3 of the ordinance of a further category of excluded lifts, namely "A service lift used or intended to be used exclusively for carrying goods", within specified dimensions and capacity. The amendment was intended to enable the owner of a locally constructed lift to have the alternative of either modifying the dimensions of his lift to within the description of a "service lift" and so obtaining exemption under the Lifts and Escalators (Safety) Ordinance, or of installing a cargo lift that was in compliance with the Building (Lifts) Regulations.

However, experience during the past ten years has shown that most owners are reluctant to modify their locally constructed goods lifts to bring them within the definition of "service lift", particularly in respect of the size and height of the cars. In most cases, this is so because their own requirements dictate the need for cars having a floor area in excess of the specified dimensions.

After consulting my honourable colleague the Director of Public Works, both he and I felt that it is neither practicable nor warranted for the control of locally constructed lifts, used solely for the carriage of goods, to be based on the standards laid down in the Lifts and Escalators (Safety) Ordinance. Consequently we agreed that such goods lifts should more appropriately be controlled through regulations made under the Factories and Industrial Undertakings Ordinance. On 7th April 1976, my honourable colleague moved an amendment to the Lifts and Escalators (Safety) Ordinance whereby a new section 44A was introduced to empower the Director of Public Works as the statutory authority to exempt individually certain goods lifts from the provisions of that Ordinance. This amendment was subsequently enacted by this Council on 28th April 1976.

Because such lifts have caused a number of serious and mostly fatal accidents in the past ten years, the regulations now being presented aim to regulate the safety aspects of operation and are intended to control goods lifts used in industrial undertakings other than those which—

- (i) have been designed and installed in conformity with the Building (Lifts) Regulations and permitted by the Director of Public Works to be used and operated under the Lifts and Escalators (Safety) Ordinance;
- (ii) have not been generally exempted by the Director of Public Works from the application of the Lifts and Escalators (Safety) Ordinance.

A lift which is operated by a person in the lift, the controls of which are within the lift, though intended mainly for carrying goods, is considered to be a lift for carrying passengers and not a goods lift, will not be exempted from the provisions of the Lifts and Escalators (Safety) Ordinance, and therefore not subject to these proposed regulations.

The main provisions of these regulations cover:—

- (i) the examination of goods lifts by competent examiners on a regular basis;
- (ii) the proper enclosure of lift wells;
- (iii) the installation of interlocking devices so that a lift will not move, if a door is not properly closed, and so that a door cannot be opened, if the car or platform of a lift is not at rest at the landing in front of the door;

[MR HENDERSON] **Motions**

(iv) the prohibition of their being used for carrying passengers.

The Labour Advisory Board, the Employers Federation of Hong Kong, the Federation of Hong Kong Industries and the Chinese Manufacturers' Association of Hong Kong have been consulted on this regulation.

DR CHUNG:—Your Excellency, many years ago when I was discussing plant layouts with some American engineers, they were amazed by the need for so much vertical material handling equipment in Hong Kong factories located in multi-storey buildings. With rising labour wages and increasing mechanization, the need for mechanical handling of materials and work-in-process is even greater in years to come.

These items of material handling equipment such as vertical goods lifts are designed for the conveyance of materials only without any operators inside the lifts and are normally made locally to suit local conditions. Accordingly, their standards as far as safety is concerned need not be as strict as those for the carriage of passengers. I therefore welcome this new set of regulations for the control of goods lifts which do not need any operators inside the lifts nor carry any passengers.

With this objective in mind, Sir, I was rather surprised to note the very stringent requirement laid down by regulation 5(1) with regard to periodic examination. This particular regulation specifies, among other things, that the owner of a lift shall cause it to be thoroughly examined by a competent examiner at least once every six months. Sir, as far as I am aware, even passenger lifts do not need such frequent examinations. Normally, it is only once in every year. Citing another example, steam boilers which are potentially more dangerous and deteriorate faster than goods lifts, also do not require such high frequency of periodic examinations. The requirement is only once in every 14 months.

For steam receivers and their auxiliary equipment the requirement is even more lenient and is merely once in every 26 months.

Accordingly, I propose that regulation 5(1) be amended so that periodic examinations should only be necessary once in every 18 months. This requirement will then be less stringent, and so should it be, than that for passenger lifts.

Sir, my honourable Friend, the Commissioner for Labour, also said that he had consulted the major industrial associations. However, we were not informed of their comments and suggestions as well as to what extent their proposals were accepted or rejected. I should, therefore, be grateful if my honourable Friend could provide us with this information.

With these remarks, Sir, I am prepared to support the motion before Council subject to amendment to regulation 5(1) as proposed.

MR HENDERSON:—Sir, I thank my honourable Friend, Dr CHUNG, for his interest in, and support of, the Factories and Industrial Undertakings (Goods Lifts) Regulations 1976.

Although my honourable Friend has correctly pointed out that passenger lifts are only examined once every 12 months, they are nevertheless statutorily required to be serviced and adjusted by a registered lift contractor every month in accordance with Regulation 19 of the Lifts and Escalators (Safety) Regulations. These requirements for maintenance result in a much closer and more stringent surveillance of passenger lifts than the annual examination alone would indicate. Moreover, the conditions under which these goods lifts are used in factories, particularly the inability often of the worker to determine with any precision the weight of loads which are carried, and the generally rough usage to which they are subject, led me to believe on advice to consider that 6 months was a reasonable period. However I take the points made by my honourable Friend in relation to other examinations, and I would accept that the examination period should parallel but not, I think, exceed that for passenger lifts, as indeed it would have been, had they remained within the purview of the Lifts and Escalators (Safety) Ordinance. I shall therefore be proposing to amend the "every six months" in regulation 5(1) to "annually".

I should however say that the success of these regulations will depend on goods lifts' owners scrupulously carrying out their general duty of proper maintenance under regulation 4(b). If on experience of the working of these regulations it is found that this is not being carried out I might have to seek to reinstate a shorter examination period, at some later date.

With regard to the second point raised by my honourable Friend, the major employers' associations were consulted on the principles of the Factories and Industrial Undertakings (Goods Lifts) Regulations in April 1974 and again on the draft regulations in March 1975. Most

[MR HENDERSON] **Motions**

points raised by these associations have either been met or explained to the satisfaction of the association concerned. The only unresolved point of significance was the originally proposed definition of competent examiner in these regulations. One association advised that competent examiner for goods lifts should not be confined to lifts engineers only but be extended to include mechanical engineers generally while another association advised that such a definition should be explicit. To find a suitable definition to accommodate the views of both associations, a close examination was made of the Lifts and Escalators (Safety) Ordinance. Under section 5 of this ordinance, the Director of Public Works shall keep a register of lift engineers who are in full time employment of registered lift contractors. However, under the same section, the Director can exercise his discretion to include any other person who is not in full time employment of a registered lift contractor, in the register of lift engineers. In other words, any engineer or person who has sufficient experience, training and qualification on the safety of lifts can apply to the Director for inclusion on the register of engineers. Consequently, the definition now included in regulation 3 was adopted, which is no disbarment to any particular class of engineer.

With regard to the amendment I am proposing it is legal and necessary for a new regulation 5(1) to be made by me and resubmitted to this Council rather than amendment being made in Council this afternoon. I would, therefore, propose if honourable Members concur the present regulations as a whole are approved on the understanding that I shall on the next available opportunity bring the amended regulation 5(1) for approval by this Council. There will be no practical difficulties arising from this since the regulations do not come into force until a day to be appointed by me and I shall certainly not bring them into force before this change has been effected.

Question put and agreed to.

First reading of bills

Estate Duty (Amendment) Bill 1976

Inland Revenue (Amendment) Bill 1976

Stamp (Amendment) (No. 2) Bill 1976

Legal Practitioners (Amendment) Bill 1976

Books Registration Bill 1976

Dutiable Commodities (Amendment) Bill 1976

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

Second reading of bills

ESTATE DUTY (AMENDMENT) BILL 1976

THE FINANCIAL SECRETARY moved the second reading of:—

"A bill to amend the Estate Duty Ordinance."

He said:—Sir, the main purpose of this bill is to implement the proposal in paragraphs 178 and 179 of the Budget Speech to increase the rates of estate duty chargeable on estates valued at over \$1.5 million; that is to say, 16% on estates of a value between \$1.5 million and \$2 million, 17% for those between \$2 million and \$3 million and 18% for estates exceeding \$3 million. No change in duty is proposed on estates up to and including \$1.5 million. The higher rates of duty will apply in respect of estates of persons dying after enactment of this bill. At present the top rate of duty is 15% on estates over \$1 million. The estimated additional revenue from this change should eventually be at least \$5 million a year, but is expected to be rather less in 1976-77.

This bill also seeks to amend section 14 of the principal ordinance by providing that the Commissioner's Certificate under sub-section (2) shall be sufficient evidence of the amount claimed and sufficient authority for the court to give judgement. In addition, it adds a new sub-section 14(2A) to provide that in any action in the District Court to recover any duty, interest and penalty, the court shall not hear any plea that the amount claimed is excessive or incorrect or under appeal. These amendments are in line with similar provisions under the Inland Revenue Ordinance. They will restore the statutory provisions for the recovery of estate duty to what they had always been intended, and understood, to be by all concerned in the administration of estate duty prior to a recent Full Court judgement.

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

Question put and agreed to.

INLAND REVENUE (AMENDMENT) BILL 1976

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

He said:—Sir, this bill has been drafted to implement the proposal in paragraphs 174 to 177 of the Budget Speech to increase the rate of tax on corporate profits from $16\frac{1}{2}\%$ to 17% for the year of assessment 1976-77. It is expected that the resulting increase in this tax, by two percentage points compared with the 15% rate applicable before the financial year 1975-76, will be at least as productive of revenue as a dividends withholding tax, policed by an undistributed profits tax and accompanied by a surcharge on the rate of profits tax paid by nonresident corporations. The yield from the increase in 1976-77 is estimated at \$35 million, but only \$28 million will be collected in 1976-77. The second instalment of \$7 million will be collected in 1977-78.

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 1976

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

He said:—Sir, the main purpose of the bill is to implement the proposal in paragraphs 188 and 189 of the Budget Speech to increase the basic rate of ad valorem duty on assignments and allied documents from $2\frac{1}{4}\%$ to $2\frac{3}{4}\%$. The increase has been effective since 1st April 1976 as a result of an order made by Your Excellency under the Public Revenue Protection Ordinance. The concessionary rates applicable to conveyances of land of a value not exceeding \$150,000 are not affected. The estimated additional revenue from the increase is \$20 million in 1976-77.

This bill also seeks to repeal section 5(5) of the principal ordinance, which makes it a criminal offence if a person liable for stamping a document fails to ensure that it is duly stamped. This provision is absent from the United Kingdom legislation, on which the Hong Kong

stamp legislation is based, and has been subject to criticism. In a recent case before the Privy Council, their Lordships expressed concern that section 5(5) could impose criminal liability on parties acting *bona fide*, for example, where the value of property assigned is found to be substantially more than the price at which it has changed hands. So far no criminal proceedings have been instituted under section 5(5) and the Collector of Stamp Revenue is satisfied that the provision for recovery of stamp duty by civil action, which he frequently invokes, is sufficiently effective to allow the provision for criminal liability to be repealed. An alternative safeguard for protecting the revenue also lies in the fact that documents which are not duly stamped are inadmissible in evidence.

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

Question put and agreed to.

LEGAL PRACTITIONERS (AMENDMENT) BILL 1976

THE ATTORNEY GENERAL moved the second reading of:—"A bill to amend the Legal Practitioners Ordinance."

He said:—Sir, it has three main purposes.

Firstly, following former English law of long standing, only British subjects are now eligible for admission as solicitors. This provision has become unrealistic in Hong Kong's circumstances and the bill proposes its abrogation. The corresponding English law was changed in 1974 though for different reasons connected with the United Kingdom's entry to the European Economic Community.

The second main provision of the bill seeks to introduce some restriction on the right to practise of newly qualified solicitors and of English solicitors coming here for the first time. The proposal is that they should for a period of two years work in association with established and experienced solicitors. The effect will be that they will not be able to set up in practice on their own account or become a partner in an established firm.

The Law Society will, however, have power to specify a shorter period than two years where it thinks that appropriate in a particular case and, more importantly, it will have power to declare that the restriction shall have no application in the case of solicitors who have substantial experience of legal practice over a substantial period, albeit

[THE ATTORNEY GENERAL] **Legal Practitioners (Amendment) Bill—
second reading**

outside Hong Kong. If the Law Society declines to disapply the restriction in the case of an experienced solicitor, he will have a right to appeal to the Chief Justice.

The Government considers, Sir, the second of these dispensing powers to be essential, particularly in the interest of Hong Kong's continuing development as a commercial and financial centre. For those who do not bring with them substantial experience, it is considered that two years of restricted practice will provide a necessary period of acclimatization for overseas solicitors in the light of the significant differences between English law and Hong Kong law and the manner in which business and legal practice is carried on here. For newly qualified solicitors, the desirability of an initial period of restricted practice will not, I think, be questioned.

The third main provision will transfer from the Judiciary to the Law Society the authority for the issue of annual practising certificates for solicitors. This will put the Law Society of Hong Kong in the same position in the matter as the Law Society of England, and in the same position as the Hong Kong Society of Accountants as regards practising certificates for accountants.

It has been the practice for many years for the Registrar of the Supreme Court to transfer to the Law Society a substantial part of the fees received by him in respect of practising certificates. The effect of the proposal in the bill will be that the whole of the fees will in future be received by the Society. The change will also lead to some saving of work and time in the Judiciary.

Sir, the fourth change of substance concerns the admission of barristers to the Hong Kong Bar. As the law stands, a barrister is not eligible for admission unless among other qualifications he has the prescribed post-qualifying experience either as a pupil or in active practice. It is now considered that academic qualification and the prescribed period of residence in Hong Kong should be the only qualification for admission as a barrister, but that a barrister should not, though admitted to the Bar, be entitled to engage fully in practice until he has the prescribed post-qualifying experience.

The required experience has hitherto been laid down in the Legal Practitioners Ordinance itself. It is intended that in future the Chief Justice should provide for this by rules and the bill provides accordingly.

The bill does, however, provide that a newly qualified barrister may practise to such limited extent as the Bar Committee may determine after he has completed six months of the qualifying period of experience.

Sir, another provision of the bill will enable the High Court to hear proceedings for the admission of barristers and solicitors in chambers. They must now be heard in open court but it is considered that their domestic nature makes it appropriate in many cases for them to be heard privately in chambers.

Finally, Sir, the bill makes some changes in relation to the rulemaking powers, some of which are consequential on other proposed amendments, and will empower the Committee of the Law Society to take control of a solicitor's property in the prescribed circumstances without the need for a resolution of the society as a whole.

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

Question put and agreed to.

BOOKS REGISTRATION BILL 1976

SECRETARY FOR HOME AFFAIRS moved the second reading of:— "A bill to amend the Books Registration Ordinance."

He said:—Sir, this bill is to replace the Books Registration Ordinance (Chapter 142) with the aim of improving the powers used to keep a complete repository of books produced in Hong Kong.

The existing ordinance is out of date in its reference to the authorities here and in England. The new bill brings it up-to-date, increases the penalties which have been overtaken by inflation and attempts to clarify responsibilities and definitions. It does not propose anything really new.

Clause 2 of the bill gives the definitions of certain words and expressions. In particular, the definition of "book" is elaborated and clarified. Although the new definition covers a wide range of publications, provision has been made in clause 6 for the Director of Urban Services to permit exemption so that he is able to strike the right compromise between the completeness of the collection of books and the difficulty of finding storage space for them.

Clause 3 requires the publisher of a new book to deliver free of charge five copies of the book to the Director of Urban Services. One

[SECRETARY FOR HOME AFFAIRS] **Books Registration Bill—
second reading**

copy each will be sent to the British Library Board in London; the City Hall Library; one of the Urban Council's Public Libraries; the University of Hong Kong and the Chinese University of Hong Kong.

Motion made. That the debate on the second reading of the bill be adjourned—
SECRETARY FOR HOME AFFAIRS.

Question put and agreed to.

DUTIABLE COMMODITIES (AMENDMENT) BILL 1976

MR JORDAN moved the second reading of:—"A bill to amend the Dutiable Commodities Ordinance."

He said:—Sir, the main purpose of this bill is to make methyl alcohol a dutiable commodity again.

Honourable members will recall that during the latter part of last year a number of people died after consuming liquor which had been adulterated with methyl alcohol.

A previous outbreak of methyl alcohol poisoning took place in 1956 and, as a consequence, methyl alcohol was made a dutiable commodity in 1957, attracting a slightly higher rate of duty than locally produced Chinese-type spirit. The industrial users of the spirit, which is a common industrial solvent, accepted this situation without complaint. They could turn to alternatives, such as denatured ethyl alcohol, butyl alcohol or isopropyl alcohol, which were only marginally more expensive.

In 1972, the duty on methyl alcohol was reduced to nil, but it remained subject to the control provisions of the Dutiable Commodities Ordinance until, in 1974, it was removed from the scope of that ordinance and instead made subject only to import control under the Import and Export (General) Regulations.

In view of the outbreak of methyl alcohol poisoning to which I have referred, it seems desirable that methyl alcohol should be brought within the scope of the Dutiable Commodities Ordinance again and that we should reintroduce a financial disincentive to its misuse. A resolution to re-impose the duty at a rate slightly higher than that currently applied to Chinese-type spirits and industrial alcohol will be put before this Council if this bill is passed into law.

For the most part this bill merely restores the provisions that were amended and that Part of the principal ordinance which was repealed when methyl alcohol was removed from the scope of the Dutiable Commodities Ordinance in 1974.

As the law now stands it is already an offence to import, distil, make, manufacture, sell, supply or deal in adulterated liquor. Clause 7 strengthens the law by making it an offence to expose adulterated liquor for sale or to possess it for sale. It further amends section 61 of the principal ordinance to enable a magistrate to impose an additional penalty of up to two years imprisonment where it is found that the liquor was both adulterated and illegally distilled. This is to deter people who have liquor that has already been "denatured"—which makes it non-dutiable—from illicitly rectifying it by removing the substance used to denature it and then selling it as potable liquor. Where adulterated liquor is found to be injurious to health, the clause provides for an increase in penalty from 12 months to two years imprisonment. A provision is also introduced to create a presumption that any adulterated liquor found on licensed premises is in the possession of the licensee for the purpose of sale, unless the contrary is proven.

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

Question put and agreed to.

BUSINESS REGISTRATION (AMENDMENT) BILL 1976

Resumption of debate on second reading (12th May 1976)

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).

MIDWIVES REGISTRATION (AMENDMENT) BILL 1976

Resumption of debate on second reading (12th May 1976)

Question proposed.

Midwives Registration (Amendment) Bill—resumption of debate on second reading (12.5.76)

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).

**PUBLIC HEALTH AND URBAN SERVICES
(AMENDMENT) (NO 2) BILL 1976**

Resumption of debate on second reading (12th May 1976)

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.

BUSINESS REGISTRATION (AMENDMENT) BILL 1976

Clauses 1 to 5 were agreed to.

MIDWIVES REGISTRATION (AMENDMENT) BILL 1976

Clauses 1 to 3 were agreed to.

**PUBLIC HEALTH AND URBAN SERVICES
(AMENDMENT) (NO 2) BILL 1976**

Clauses 1 to 6 were agreed to.

**CORRUPT AND ILLEGAL PRACTICES
(AMENDMENT) BILL 1976**

Clauses 1 to 3 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the
Business Registration (Amendment) Bill 1976
Midwives Registration (Amendment) Bill 1976
Public Health and Urban Services (Amendment) (No 2) Bill 1976
Corrupt and Illegal Practices (Amendment) Bill 1976

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

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

4.05 p.m.

Electricity Supply Voltage to Consumers

MR JAMES WU:—Sir, for some unknown reasons and origin, the electricity supply voltages to consumers in Hong Kong, Kowloon and the New Territories are 200 volts single-phase and the corresponding 346 volts 3-phase, at 50 Hertz or 50 cycle/second frequency. These are non-standard and odd voltages, as shown by a "SURVEY OF SUPPLY VOLTAGES IN 148 COUNTRIES" published by the British Standards Institution (B.S.I.), I believe the consumers, the electricity power companies and the equipment manufacturers and/or suppliers will all benefit substantially in operating efficiency as well as in economic terms if the supply voltages are raised to the widely used standard of 220 volts single-phase and the corresponding 380 volts 3-phase, but

[MR JAMES WU] **Electricity Supply Voltage to Consumers**

remaining at 50 Hertz or cycles/second, as is at present. I shall now explain my reasons for such a proposed change in the simplest possible and non-technical language.

By voltage is meant the difference of electrical potential between any two conductors through which a supply of electrical energy is given. It is just like the pressure of water supply. There are two types of electricity, the direct current or D.C. which is unidirectional and nonpulsating with a constant voltage, such as are used in motor-car batteries, telephone lines and tram-cars, and alternating current or A.C. which has a voltage that alternates from zero to a positive high thence to a negative low and back to zero at a given frequency or cycle.

It is this alternating characteristic which enables voltages of alternating currents or A.C. to be changed easily by the use of relatively simple transformers that has made possible the rapid development of electricity utilisation, with A.C. exclusively used where electricity is supplied for tariff. For power is measured proportionally by voltage (V) multiplied by current (or Amperes), and since the current that can be safely carried is proportional to the size of the conduct—or, a much larger amount of electricity or power can be transmitted at a very high voltage through a given size of conductor, and particularly for great distances. This high voltage can then be stepped down to a manageable voltage by another transformer near the point of consumption. This last voltage is the one we are now concerned with, and for simplicity's sake, let us say that we want for our domestic use for lighting, cookers, refrigerators, room air-conditioners, and/or simple tools of say 1 or 2 H.P. and below, at 220 volts single-phase, and for the larger or industrial power, to use the corresponding 380 volts 3-phase together with 220 volts single-phase at 50 Hertz.

Let us now take a look at the most commonly used standard electricity supply voltages in the world today:

1. 220 volts 1-phase 50 Hertz and 380 volts 3-phase 50 Hertz (abbreviated 220/1/50 & 380/1/50) in the whole European Continent, and the Chinese Mainland, etc.
2. 240/1/50 & 415/3/50 in the United Kingdom, Australia, Singapore, Malaysia and some other places that were formerly British possessions.
3. 110/1/60 & 220/1/60, 220/3/60 & 440/3/60 in the United States, North and South America, Taiwan, the Philippines and other places with American influence.

4. 100/1/50 and 200/3/50 in the Eastern part of Japan (including Tokyo) and 100/1/60 200/3/60 in the Kansai or western part including Osaka.

It may be said that electric appliances and apparatus for consumer or industrial use are most commonly made for either 220/1/50 and 380/3/50, or 110/1/60 and 220/1/60, 220/3/60 and/or 440/3/60, with the U.K. making equipment mainly for 240/1/50 and 415/3/50. Japan apart from making for suitable voltages for export, does make for their own odd voltages and frequency combinations of 100 volts and 200 volts, single-phase, and 200 volts and 400 volts 3-phase, 50/60 Hertz.

It will be seen that the supply voltage and frequency combination in Hong Kong is non-standard and quite unusual, and consequently the appliances and apparatus we import would have to be made for our special voltage if we want the best performance and efficiency expected. This means extra cost and delay. As a result, most appliances and apparatus imported have the next nearest standard voltage rating, e.g. 220/1/50, 380/3/50, 230/1/60 and 440/3/60. Equipment with the standard U.K. rating of 240/1/50 and 415/3/50 are sometimes imported and as the difference in voltage is too wide, they are very unsatisfactory without the use of a suitable stepped-up transformer which again increases power consumption.

What would be the effects of a piece of equipment rated at a higher standard voltage, say 220/1/50 and/or 380/3/50 when used at our 200/1/50 or 346/3/50 system? In the case of a resistance load such as an incandescent filament lamp, you can get a much reduced illumination, and a 75-watt lamp might be required where a 60-watt bulb of proper voltage would suffice, and for rice cookers and water-heaters longer periods of operation would be required to reach the intended temperature. In the case of motors, the power developed as well as the starting torque is proportional to the square of the applied voltage, so that a 10 H.P. motor rated for 380/3/50 when run on our 346/3/50 system would develop only 8.1 H.P. and if the machine or load requires the full 10 H.P., overload conditions develop and the motor would overheat and cause premature failure to its windings. Also a motor may fail to start against load. In extremely cases, the motor would burn out in a very short time. In some type of motors of the PSC or series-wound universal design, slower speeds occur causing reduced performance and efficiency.

From the electricity supply companies' point-of-view, I understand that the change of supply voltage from the existing 200/1/50 and 346/3/50 to 220/1/50 and 380/3/50 can be very easily effected with

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little cost, whereas thereafter their most obvious gain would be a 10% increase in power distribution capacity at next to no additional costs. They therefore should welcome the change.

From the manufacturers' and/or suppliers' point-of-view, the change to a standard voltage system is very welcome in that it will help to cut down on inventory resulting in savings and lower costs which would most likely be passed back to the consumer through competition.

Again, for the following reasons, the choice of a 220/1/50 and 380/3/50 system is most logical:—

- (1) The insulation of the present power distribution system, as well as the appliances used by consumers will easily take this additional pressure or increased voltage.
- (2) The performance of existing appliances of 200/1/50 and 346/3/50 will generally improve without detriments to life expectancy, except in the case of 200V lamp-bulbs where it might be halved and perhaps some electronic communication appliances which could be provided with separate voltage regulation and transformers. However for that very large amount of imported appliances rated 220/1/50 and 380/3/50, there can only be a marked improvement in both performance and efficiency.
- (3) Since electrical appliances will often allow a $\pm 10\%$ variation in supply voltage, the U.K. produced 240/1/50 and 415/3/50 equipment could be better tolerated. So would U.S. made equipment of 230/1/60 and 440/3/60 rating, except for a 17% reduction in speed and performance due to cycle change in the case of rotary machines.
- (4) The International Electrotechnical Committee (IEC) has recommended that 230/400V be used as the future standard voltage for low voltage (or consumer) distribution networks. Whilst this may take time to realize, we would be in an advantageous and much better position to switch further to these higher voltages once we raised fully to 220/380V, for reasons just explained.

Sir, the foregoing just about sum up the effects and advantages of a change. I have conducted a private and limited consultation among interested parties with the first draft of my speech on the subject, and

I am grateful for the enthusiastic and almost unanimous support for the change. These include replies from my honourable Friend the Director of Commerce & Industry who rightly asked why have we not done it all these years. The two electric power companies, the major trade associations, the Consumer Council, the two Universities and the Polytechnical, The Mass Transit Railway, the Tramways, The Hong Kong Institution of Engineers and the larger electrical equipment suppliers. The Hong Kong Telephone Company Ltd. is about the only one that suggested reservation and caution before a change is made. This is not easy to understand as the new voltage will certainly help them to purchase standard voltage equipment from the European countries in future and that as for their existing equipment the worst that would be needed would be transformers which the power companies can supply and which Hong Kong may even have the capability to manufacture.

Sir, in view of the circumstances the logic for a change is obvious and I believe Government should take the initiative after sounding out public opinion as through this debate. I would however suggest that the change be made soonest possible, say by the 1st of January 1977 and for the first six months raise the supply voltage to 210/1/50 and 365/3/50 to observe if there are any adverse effects overlooked, and thereafter to the full but maximum 220/1/50 and 380/3/50 in the lapse of the first six months or so. Government might also want to set up a Steering Committee to fully investigate the effects of the change and to prepare for same at the earliest possible time.

Sir, although it is difficult to quantify the nett economic benefits of such a change, I know it will be in the order of tens of millions of dollars per year to the community as a whole. I shall be glad if the relevant departments in Government will take due notice of my present proposal at a time when we are proceeding into an era of metrication and standardization with the rest of the world.

4.23 p.m.

MR WILLIAMS:—Sir, my honourable Friend has covered the subject comprehensively. As he said the existing voltage at which electricity is supplied in Hong Kong is hardly to be found anywhere else in the world.

It is undesirable to change to the 60 Hertz supply both technically and because the cost would be prohibitive, but it is possible as my

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honourable Friend suggested to bring Hong Kong into phase with a large part of the world by changing to the 220/415 range in two stages as he has suggested.

From the domestic point of view most smaller appliances such as electric shavers, radios, record-players and calculators are fitted with change-over switches which enable them to be used on any voltage. Many larger domestic appliances which are already in use in Hong Kong are suitable for 220 volts and will operate more efficiently at the suggested higher voltage. A greater range of appliances at a standard voltage will be able to be imported and tourists will be able to purchase 50 Hertz appliances in Hong Kong with confidence that these will work satisfactorily when they return home.

At the higher three-phase voltage new projects are often delayed because it is a problem for overseas manufacturers to make equipment for the non-standard 346 volts. A change to 380 volts will be of benefit from the point of view of improved availability and shorter delivery periods.

However, we must be sure that industry is not disrupted where specialised equipment may not be easily adapted to the change and reservations, such as those of the Telephone Company, must be heard and carefully considered, and I fear my honourable Friend may be somewhat optimistic in hoping for a change by 1st January 1977, desirable as this may be, but it is an appropriate time to direct our attention to this matter and raise our supply voltage to that of an international standard as soon as possible.

MR BREMRIDGE:—Sir, can I have the utmost confidence in his scientific judgement that are parts of my honourable Friend, Mr WU's interesting and creative speech which I fear are incomprehensible to me. Perhaps characteristically, however his estimates of the cash benefits likely to arise from a change in voltage supply have electrified me. (*Laughter*) If indeed, this seems to be the case the potential benefit to Hong Kong as a whole is of the order of tens and millions of dollars per year. I hope that Government will move with alacrity into the necessary consultation with major users. Due consultation there must be, but please let it take not more than a year rather than a period of years as might otherwise be the case. In brief, I hope that a specific target can be set to this end.

DR CHUNG:—Sir, I support in principle the proposal of my honourable Friend, Mr James Wu in raising the existing distribution voltages of 200 volts single phase and 346 volts 3 phases. However, since the International Electrotechnical Commission has recommended that 230 volts single phase and 400 volts 3 phase be the future world standard, I would suggest Sir, that in case we in Hong Kong eventually decide to change the distribution voltage we should aim at this world standard of 230 volts single phase, 400 volts 3 phases and not 220 volts single phase, 380 volts 3 phases. To raise to 220 volts and 380 volts on the first stage and then later on again to the world standard of 230 and 400 volts as a final stage would mean double work. I therefore hope that we must give careful consideration to this matter before a final decision is made on the actual voltage. Thank you, Sir.

THE FINANCIAL SECRETARY:—Sir, my honourable Friend, Mr James Wu, has raised a most interesting question today and that is usually the case when he touches on technical matters he has developed a persuasive case for his thesis. I am afraid, Sir, that my school physics some 35 years ago is too rusty for me to follow him fully in his own edition. I am also grateful to my honourable Friends, Mr WILLIAMS, Mr BREMRIDGE and Dr CHUNG for their helpful interventions with most of which I generally agree. Certainly many countries in the world use the standards of 220 volts single phase and 380 volts 3 phases for their electricity supply systems. There are also many appliances made these voltages in use in Hong Kong and it is undoubtedly in our interest to adopt a widely used and internationally approved systems where this is possible. Nevertheless, I think it would only be prudent to exercise a degree of caution before considering a change of this sort which could have significant repercussions for all consumers of electricity and the fact is that the economic and technical implications of a changeover from our existing voltage may not be as simple as my honourable Friends appear to think. For instance, although a 220 volt motor use on a correct voltage will certainly give greater power than when it is run on 200 volts. Equally, a 200 volt motor would also generate more power on 200 volts but could overheat and might burn out in the process. Likewise, such equipments as starters, switchboards and lift control gears are very voltage-sensitive and any change in these cases may require extensive adjustments to or replacements of equipments. Sir, another equipment also might require stepup transformers to operate efficiently on the new standard and I believe that any uprating of the supply voltage to telephone exchanges could adversely affect the equipment used and be costly to rectify. At the present we do not know how many equipment currently in use, both in

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households and in industries may need adjustment or replacement to operate effectively with a higher voltage or how much it will cost to make the changes. There is also the very tricky question of compensation, if any, if so, who pays it. Certainly it would not be wise to consider any change without full prior consultation with industries, other major consumers and the power companies. Even then, adequate notice would need to be given before any changes introduced and a supporting publicity campaign would be required. Although therefore I agree that my honourable Friend has made an interesting proposal, it will need to be considered in greater depth before any decision to be taken on whether or not to adopt it. I can promise him however that the Government will be prepared to undertake a more thorough examination of the proposal whether by setting up a working party or by other means with a view to assessing the desirability or otherwise of making the change. Thank you, Sir.

Question put and agreed to.

Valedictory to Mr Robson

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, Mr ROBSON will shortly be leaving Hong Kong on retirement and this is the last meeting of this Council he will attend. He leaves after 7 years membership of this Council and 30 years of highly distinguished service to Hong Kong which culminated in him being successively Director of Public Works and the first Secretary for the Environment. He has been personally and intimately associated with most of the landmarks of modern Hong Kong, the Cross Harbour Tunnel, the railway terminus, the polytechnic, the Kai Tak runway, and even those unlovely but useful facilities the incinerators. (*laughter*) He is also closely involved in projects for which Hong Kong will shortly be famous like the Ocean Park and the Mass Transit Railway. Some day I hope that the Lyemun and Lantau bridges that he has advocated so vigorously for so long will be built and he will see them.

I think that above all he will be remembered for his work as a planner—a planner both of the new towns and of the road system in Hong Kong, and for his vigorous initiation of studies and procedures to preserve our environment from pollution.

He has left his imprint in concrete and steel throughout Hong Kong. In this Council we will remember him as a most able, cheerful

and courteous colleague. Few have served Hong Kong better or been liked more.

We wish him and his wife a very happy and long retirement.

DR CHUNG:—Your Excellency, on behalf of my unofficial colleagues I would like to add a few words to what you, Sir, have already said. I am sure that we all recognize the quality of the services rendered to Hong Kong by our honourable Friend, Mr ROBSON, during his very long career going back as you said, Sir, thirty years in 1946. Speaking purely in a personal capacity, he and I have something in common. We were both mere engineers and I would say, Sir, very young engineers in those days and I doubt whether anybody had heard of either of us. We shared an interest in the 1950s in the affairs of the Engineering Society of Hong Kong and the Hong Kong Joint Group of Professional Engineers. Mr ROBSON spent much of his career in the Waterworks Office but his talents were spotted and he was slated for higher things, finishing up as the Head of the greatly expanded Public Works Department in 1972. He was an effective Director and great progress was made during his tenure of office. It was very much a personal tribute to him that he was chosen as the first Secretary for the Environment. That job with its vast range of responsibilities cannot have been a particularly easy one to tackle. We shall remember him for the impact he has made on some of the problems within his sphere, and particularly in the sphere of the environment. We admire his good sense of balance in recognising, on the one hand, the need to take much more positive steps to improve the environment whilst on the other hand taking also a practical view of the limitations imposed by our own economic viability. We shall remember him also for his unfailing courtesy extended to UMELCO and for his good sense of humour during question time in this Council.

In conclusion, Sir, I should like, on behalf of my unofficial colleagues, to wish both him and Mrs ROBSON every good fortune in the future.

Next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders, I now adjourn the Council until 2.30 p.m. on Wednesday, the 9th June.

Adjourned accordingly at thirty-five minutes past four o'clock.

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