

OFFICIAL REPORT OF PROCEEDINGS

Meeting of 22nd May 1968

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE CROSBIE TRENCH, KCMG, MC
THE HONOURABLE THE COLONIAL SECRETARY
MR MICHAEL DAVID IRVING GASS, CMG
THE HONOURABLE THE ATTORNEY GENERAL
MR DENYS TUDOR EMIL ROBERTS, OBE, QC
THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS (*Acting*)
MR PAUL TSUI KA-CHEUNG, OBE
THE HONOURABLE THE FINANCIAL SECRETARY
MR JOHN JAMES COWPERTHWAITTE, CMG, OBE
THE HONOURABLE ALEC MICHAEL JOHN WRIGHT, CMG
DIRECTOR OF PUBLIC WORKS
DR THE HONOURABLE TENG PIN-HUI, CMG, OBE
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE WILLIAM DAVID GREGG, CBE
DIRECTOR OF EDUCATION
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC
COMMISSIONER OF LABOUR
THE HONOURABLE TERENCE DARE SORBY
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE KENNETH STRATHMORE KINGHORN
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, MBE
DIRECTOR OF URBAN SERVICES
THE HONOURABLE ALASTAIR TREVOR CLARK
DIRECTOR OF SOCIAL WELFARE
THE HONOURABLE DHUN JEHANGIR RUTTONJEE, CBE
THE HONOURABLE LI FOOK-SHU, OBE
THE HONOURABLE TANG PING-YUAN, OBE
THE HONOURABLE TSE YU-CHUEN, OBE
THE HONOURABLE KENNETH ALBERT WATSON, OBE
THE HONOURABLE WOO PAK-CHUEN, OBE
THE HONOURABLE GEORGE RONALD ROSS
THE HONOURABLE SZETO WAI, OBE
THE HONOURABLE WILFRED WONG SIEN-BING, OBE
THE HONOURABLE ELLEN LI SHU-PUI, OBE
DR THE HONOURABLE CHUNG SZE-YUEN, OBE
THE HONOURABLE WILSON WANG TZE-SAM
THE HONOURABLE HERBERT JOHN CHARLES BROWNE

IN ATTENDANCE

THE DEPUTY CLERK OF COUNCILS
MR DONALD BARTON

MINUTES

The minutes of the meeting of the Council held on 1st May were confirmed.

OATH

MR HERBERT JOHN CHARLES BROWNE took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE GOVERNOR:—May I welcome Mr BROWNE to this Council.

PAPERS

THE COLONIAL SECRETARY, by Command of His Excellency the Governor, laid upon the table the following papers: —

	<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —		
Importation and Exportation (Strategic Commodities) Regulations.		
Importation and Exportation (Strategic Commodities) (Amendment of Schedule) Order 1968		35
Interpretation and General Clauses Ordinance.		
Specification of Public Offices		36
Revised Edition of the Laws Ordinance 1965.		
Revised Edition of the Laws (Correction of Error) (No 3) Order 1968		37
Supreme Court Ordinance.		
The Rules of the Supreme Court (Amendment) (No 2) Rules 1968		38
Emergency Regulations Ordinance.		
Emergency (Principal) (Amendment) Regulations 1968		39
Public Order Ordinance.		
Public Order Curfew (Consolidation) (Amendment) Order 1968		40
Public Health and Urban Services Ordinance.		
Declaration of Market in Urban Areas to which Ordinance Applies		41

Sessional Paper 1968:—

No 14—Sixth Annual Report by the Social Work Training Fund Trustee for the period ending on 31st March 1967.

Report:—

Annual Report of the Hong Kong War Memorial Fund Committee for the year 1967.

QUESTION

MR P. C. Woo, pursuant to notice, asked the following question: —

As Government has approved in principle the establishment of a Department of Law in the University of Hong Kong, can Government give more information concerning this proposal and in particular what consideration has been given to the subjects required to be taken in the Solicitors' and Bar Examinations, to be taught in the proposed Department of Law?

THE ATTORNEY GENERAL replied as follows:—

He said:—I am grateful to the honourable Member for giving me the opportunity to make a statement about the establishment of a Department of Law in the University of Hong Kong.

Honourable Members will probably have seen reports of a statement by the Vice-Chancellor of that University, during the meeting of its Court last week, in which he announced the approval in principle of the Government to the setting up of a Law Department. The scheme has been referred to the University Grants Committee and the Committee's recommendations as to the necessary funds have been received by the Government within the last few days.

As the Vice-chancellor indicated, it is hoped that the necessary planning and recruitment of staff can be completed in time for the first students to be admitted at the beginning of the 1969-1970 academic year, though the launching of an important new Department is a major undertaking and it may well not be possible for it to accept students before 1970.

The Law Department will, initially, provide a three-year full time course, leading to an honours degree in law. Honourable Members will appreciate that it will be for the Head of the Department to work out the details of what subjects should be taken and at what stage. In carrying out this difficult task, I am sure that he will want to consult

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closely with the Hong Kong Law Society and Bar Association, both of which bodies are, of course, closely affected by the content and methods of the legal education to be provided.

However, it seems likely that the three-year course would be arranged in such a way that for the first two years there will be a common syllabus for all students. In the third year, a student would have to elect to study one of two groups of subjects, according to whether he intends to qualify as a barrister or as a solicitor.

The solicitor student, after obtaining his law degree, will leave the University and enter articles with a qualified solicitor to Hong Kong for a period of two years. He will, however, be obliged to attend further evening or part-time lectures in those legal subjects which are required for a professional qualification but have not been covered in the law degree course. It is hoped that these additional lectures will be organized by the University Extra-Mural Department and that some of them may be given by practising lawyers.

At the end of his period of articles, the student will take a further examination and, if he passes this and his principal reports satisfactorily upon his conduct and diligence during his articles, he may be admitted to practice as a solicitor in Hong Kong.

The barrister student, when he leaves the University, will enter pupillage with a practising barrister for twelve months, during which time he will attend part-time or evening lectures, in subjects appropriate to the barrister, also to be organized by the Extra-Mural Department. At the end of this year, he will take an examination and may, if successful, be admitted to practise at the Hong Kong bar.

Thus, the object of the new Department of Law is to train students so that they may, with suitable extra lectures and practical training, be able to practise the profession in Hong Kong. It will not, however, be an exclusive method of obtaining admission to practise, and students who wish to do so will still be able to take the English Law Society and Bar examinations and to qualify in the same manner as they can do now.

The Law Department will, initially, aim at an annual intake of 40 students. It is hoped that, allowing for wastage, this will provide a yearly output of about 30 law graduates, the majority of whom will enter Government service or private practice after completion of the necessary post-graduate studies.

The founding of a Department of Law is a long term project. The first graduates will not emerge from the University until 1972 at the

earliest: the first barristers and solicitors to qualify under the new system will not do so before 1973 or 1974. The government believes that this Department will fulfil a real gap in the educational system and will enable Hong Kong to satisfy from its own resources, within the next ten to fifteen years, a large proportion of its growing need for lawyers.

May I, in conclusion, pay a warm tribute to the helpful spirit and wise approach of the Hong Kong Law Society and the Hong Kong Bar Association, who have both given their full support to the establishment of the Department.

HONG KONG BUILDING AND LOAN AGENCY LIMITED

THE FINANCIAL SECRETARY moved the following resolution:—

WHEREAS the Hong Kong Building and Loan Agency Ltd., (hereinafter called the Company) a Company in which the Hong Kong Government and the Colonial Development Corporation each own 30% of the share capital, makes loans to home owners, secured by mortgages, and for this purpose uses funds derived from loans made to the Company by the shareholders and known collectively as the Initial Fund;

WHEREAS it is desired to create a Revolving Fund out of further funds to be raised by the issue of a series of certain securities each of which series would be redeemable after five years and would be guaranteed by Government in consideration of an exclusive floating charge on all the mortgages created to secure the loans made from the Revolving Fund;

AND WHEREAS the Company is offering a commission of ¼% per annum for the guarantee;

NOW THEREFORE IT IS RESOLVED:

- (a) that Government should guarantee payment in full at maturity of certain securities issued by the Company to a maximum face value of \$62 millions outstanding at any one time;
- (b) that the securities to be so guaranteed may be offered to such persons as Government may approve and shall be issued from time to time with the consent of Government which shall not be unreasonably withheld, shall be redeemable at five years, and shall be endorsed with the redemption date and a statement to the effect that they are guaranteed by the Government

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at that date and for a period not exceeding four months from that date;

- (c) that in consideration for such guarantee the Company shall execute an exclusive floating charge of all the mortgages which it may enter into as the security for the loans it advances out of the Revolving Fund created by the securities so guaranteed;
- (d) that such floating charge shall specify that it shall crystallize at the moment when Government is called upon to honour its guarantee, and that at that moment, and thereafter, Government may require, and the Agency shall, assign to Government such mortgages covered by the charge, as Government may specify as being required to meet the sums of money paid out by Government in honouring its guarantee; and
- (e) that such charge shall further specify that the mortgages covered by the charge shall be first mortgages.

He said:—Sir, it will be recalled that in 1964 a Committee was appointed to consult with representatives of the Commonwealth Development Corporation and to make recommendations concerning the setting up of, and the general policy to be adopted by, a corporation which Government and the Commonwealth Development Corporation proposed to set up in partnership for the purpose of making loans to private individuals for the purchase of their own homes. This Committee under the Chairmanship of the Honourable S. S. SORDON was known as the Finance of Home Ownership Committee and, following its report, a private limited liability Company called the Hong Kong Building and Loan Agency Ltd. was formed in which Government, the Commonwealth Development Corporation and four Hong Kong banks participated as shareholders. The main object of this Company is to encourage and facilitate the private ownership of residential property, including flats, by making loans secured by mortgages on such property. The Agency is, therefore, a Building Society type organization similar, so far at least as its lending operations are concerned, to those in the United Kingdom. It provides medium to long term finance, up to 12 years, to those wishing to purchase homes of their own at a rate of interest which is at present at 9%, that is, substantially below rates currently ruling elsewhere for this type of finance. Its facilities are aimed at the lower-to-middle income groups who by virtue of their incomes (\$700—\$2,500) a month would not normally be eligible for Resettlement or Government Low Cost Housing; while, by

careful selection of properties approved for loans, the Agency endeavours to influence for the good the design and management of housing development.

The Agency's operations are at present financed by an Initial Fund of \$70 million subscribed by the shareholders as loan capital. These Initial Fund subscriptions are repayable to the shareholders at 7½% interest out of mortgage repayments coming into the hands of the Agency.

The Agency has a good record of business, having so far issued 1,470 loans to a value of \$41 million. Repayments of \$3¼ million have already been received. Demand for its facilities is growing and there is no doubt that the Agency is fulfilling an important social need.

It was realized from the inception of the Agency that additional finance would have to be forthcoming from some source when the Initial Fund was exhausted, if its development was not to be undesirably limited. The stage has now been reached where there is little prospect of the Agency being able to maintain its current business, let alone expand, after the end of the current year unless such additional finance is provided. The Agency proposes, therefore, to finance its future operations by the issue of bonds or notes, on terms which should be attractive to banks and other financial institutions. These notes are to be, initially at least, for a term of five years. Although the resolution before Council speaks of these notes as constituting a Revolving Fund, it should be explained that this is an expression of hope or intention rather than a precise description of the proposal; for the five-year period is shorter than the Agency's lending term and the success of the scheme depends on its ability to re-finance these notes as they fall due. The Agency has drawn up a financial plan based on the issue of a series of these five-year notes, which would make possible the grant of \$10 million of new mortgages a year within a maximum mortgage asset at any time of \$62 million.

A Government guarantee of these notes is desirable, possibly necessary, for their success, from two particular aspects. Firstly, the Agency has no certainty of being able to re-finance them on maturity and could find itself faced with notes coming up for repayment on their due date and no assets other than mortgages with some years to run. A Government guarantee of repayment on due date, in effect a liquidity guarantee, is therefore necessary to make the notes attractive. The maximum amount, in terms of any commercial risk involved, would be \$62 million but in terms of guarantee of liquidity it would of course be very much less because the notes will have spaced maturities. Furthermore, the participating banks have agreed to underwrite these Notes up to the balance of their total undrawn commitment to the Initial Fund—(an amount in excess of \$20 million)—until 1980; and also to

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provide overdraft facilities up to \$8 million to bridge, if necessary, the various note issues.

The second point about a Government guarantee is that, under the terms of the Banking Ordinance, five-year bonds may be reckoned as liquid assets if they are guaranteed by Government. The guarantee will therefore add to the attractiveness of these notes to the banks. The guarantees may be regarded as having some implication for Government to act as a discounter of the last resort in respect of them but there are good grounds for believing that a commercial market for them will establish itself.

In exchange for its guarantee the Agency will give Government an exclusive floating charge on all the mortgages created to secure the loans made from the guaranteed notes; and also a small commission of $\frac{1}{4}\%$.

The second point I made about guarantees raises a general issue of monetary policy, for it could be argued that the classification of medium term assets as liquid assets for banking purposes has some implications in terms of monetary inflation and balance of payments. There is something in this theory but so long as the sums involved are relatively modest and we have substantial official reserves abroad outside our domestic banking system, there is little danger. But it is as well that I should make the point at this time to make it clear that this present scheme is not one which can be adopted on any very substantial scale. There must be a fairly low limit on such facilities and I cannot hold out hopes of large scale expansion of them.

I should mention two other points. There is a stipulation in the resolution that securities under guarantee be issued from time to time with the consent of Government. This is designed to ensure that the limit of \$62 million outstanding at any time is not exceeded and that particular issues are readily identifiable.

Secondly, Government reserves the right to approve the persons or classes of persons to whom the notes may be offered. This is to ensure that, should it be established that there is a wide demand for these securities, they should not be reserved to a limited sector of the community. The present intention is that the first issue be placed privately among the banks, for which of course, they have the greatest attraction.

This whole proposal is in a sense experimental but, if it succeeds, it will, I think, be of substantial value in fulfilling an important social need.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

PUBLIC HEALTH AND URBAN SERVICES ORDINANCE

MR D. R. W. ALEXANDER moved the following resolution: —

Resolved, pursuant to section 144 of the Public Health and Urban Services Ordinance, that the Abattoirs By-laws 1968, made by the Urban Council on the 7th day of May 1968 under section 77 of that Ordinance, be approved.

He said:—Your Excellency, the purpose of the Abattoirs By-laws 1968, made by the Urban Council on 7th May and now before honourable Members for approval is to give the Urban Council and the Director of Urban Services the powers which they need to enable them to administer the modern Abattoirs which Government is at present building or may in future build—the first of which will be at Kennedy Town. The existing Slaughter-houses By-laws are inadequate for this purpose and it is not intended that they should apply to the new Abattoirs. At one stage, both the new abattoirs and the old slaughter-houses will be operating concurrently. Because of the fundamental and vast differences between the old slaughter-houses and the new abattoirs, of which one of the main features will be that the slaughtering of animals will be for the first time in the hands of Government staff instead of in the hands of butchers employed by the owners of the animals, it is deemed necessary to have a new set of By-laws covering the operation of the new Abattoirs. These new By-laws include provisions governing the admission of live-stock, their identification, the registration of their owners and the marking and transport of slaughtered animals, and in addition, provide a revised scale of fees which will cover the comprehensive service which will in future be provided including the cost of slaughtering and dressing as well as delivery.

The new By-laws have, of course, been considered in detail by the Abattoirs and Offensive Trades Select Committee of the Urban Council and I have no additional special comments to make on them.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

PUBLIC HEALTH AND URBAN SERVICES ORDINANCE

MR D. R. W. ALEXANDER moved the following resolution: —

Resolved, pursuant to section 144 of the Public Health and Urban Services Ordinance, that the Slaughter-houses (Amendment) By-laws 1968, made by the Urban Council on the 7th day of May 1968 under section 77 of that Ordinance, be approved.

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He said:—Your Excellency, for a short period during which the new Government Abattoirs will be coming into service, the old slaughter-houses at Kennedy Town and Ma Tau Kok will still be in use. The purpose of the Public Slaughter-houses (Amendment) By-laws 1968, is to exclude the new Abattoirs from existing legislation. These amendment By-laws which were made by the Urban Council under section 77 of the Public Health and Urban Services Ordinance on 7th May, are of a formal nature, and I have no special comments to make on them.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

SEPARATION AND MAINTENANCE ORDERS (AMENDMENT) BILL 1968

THE ATTORNEY GENERAL moved the First reading of:—A Bill to amend the Separation and Maintenance Orders Ordinance.

He said: —Sir, under section 5 of the Separation and Maintenance Orders Ordinance (Chapter 16) a magistrate may, on certain grounds which are set out in the Ordinance, order a husband to pay to his wife a weekly sum not exceeding two hundred and fifty dollars for her maintenance and also a further weekly sum not exceeding thirty dollars for the maintenance of each child under 16.

These maximum amounts which a magistrate may award were fixed in 1948. Although generally adequate, they are thought to be no longer sufficient in a few cases where the means of the husband are substantial. Clause 3, therefore, seeks to increase the maximum weekly sums which a magistrate can order to be paid from two hundred and fifty dollars to one thousand dollars in the case of a wife and from thirty dollars to one hundred and twenty dollars in respect of each child.

The object of clause 2 of the Bill is to replace the definition of “Christian marriage or its civil equivalent”, which appears in section 2 of the principal Ordinance, by a definition of “monogamous marriage”. This is consequential upon the use of the term “monogamous marriage” in the Matrimonial Causes Ordinance (Chapter 179), instead of the term “Christian marriage or its civil equivalent”, which appeared in the former Divorce Ordinance which was repealed by Chapter 179.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

The “Objects and Reasons” for the Bill were stated as follows: —

Clause 2 seeks to make amendments to section 2 of the Separation and Maintenance Orders Ordinance which are consequential on the enactment of the Matrimonial Causes Ordinance 1967 and the repeal of the Divorce Ordinance. These amendments provide for the deletion from section 2 of the principal Ordinance of the definition of and the reference to the expression “Christian marriage or its civil equivalent” and to substitute a definition of and reference to the expression “monogamous marriage”.

RESETTLEMENT (AMENDMENT) BILL 1968

THE COLONIAL SECRETARY moved the Second reading of:—A Bill to amend further the Resettlement Ordinance.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read the Second time.

Council then went into Committee to consider the Bill clause by clause.

Clauses 1 to 5 were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Resettlement (Amendment) Bill 1968 had passed through Committee without amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read the Third time and passed.

**REGISTRATION OF UNITED KINGDOM PATENTS
(AMENDMENT) BILL 1968**

THE ATTORNEY GENERAL moved that the Second reading of the Registration of United Kingdom Patents (Amendment) Bill 1968, be adjourned until a later meeting.

He said:—Sir, I do so at the request of the Honourable Mr RUTTONJEE who has informed me that a number of the Unofficial Members would like further time to consider representations which have

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been made to them by various commercial interests which would or might be affected by the Bill on its passing into law.

It would be the intention, if this motion is carried, to bring the Bill before Council, again subject to anything which may happen in the meantime, in four weeks.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

**MOTOR VEHICLES INSURANCE (THIRD PARTY RISKS)
(AMENDMENT) BILL 1968**

THE FINANCIAL SECRETARY moved the Second reading of:—A Bill to amend further the Motor Vehicles Insurance (Third Party Risks) Ordinance.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read the Second time.

Council then went into Committee to consider the Bill clause by clause.

Clauses 1 to 4 were agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Motor Vehicles Insurance (Third Party Risks) (Amendment) Bill 1968 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read the Third time and passed.

**INDUSTRIAL EMPLOYMENT (HOLIDAYS WITH PAY AND
SICKNESS ALLOWANCE) (AMENDMENT) BILL 1968**

MR R M. HETHERINGTON moved the Second reading of:—A Bill to amend the Industrial Employment (Holidays with Pay and Sickness Allowance) Ordinance.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read the Second time.

Council then went into Committee to consider the Bill clause by clause.

Clauses 1 and 2 were agreed to.

Council then resumed.

MR R. M. HETHERINGTON reported that the Industrial Employment (Holidays with Pay and Sickness Allowance) (Amendment) Bill 1968 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read the Third time and passed.

ADJOURNMENT

THE COLONIAL SECRETARY moved the adjournment.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

NEXT MEETING

HIS EXCELLENCY THE GOVERNOR:—Council will now adjourn.
The next meeting will be held on 5th June.