

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 11th March 1970****The Council met at half past Two o'clock**

[Mr PRESIDENT in the Chair]

**PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR DAVID CLIVE CROSBIE TRENCH, GCMG, MC  
THE HONOURABLE THE COLONIAL SECRETARY  
SIR HUGH SELBY NORMAN-WALKER, KCMG, OBE, JP  
THE HONOURABLE THE ATTORNEY GENERAL  
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DAVID RONALD HOLMES, CMG, CBE, MC, ED, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
SIR JOHN JAMES COWPERTHWAITHE, KBE, CMG, JP  
DR THE HONOURABLE TENG PIN-HUI, CMG, OBE, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES  
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC,  
COMMISSIONER OF LABOUR  
THE HONOURABLE TERENCE DARE SORBY, JP  
DIRECTOR OF COMMERCE AND INDUSTRY  
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, MBE, JP  
DIRECTOR OF URBAN SERVICES  
THE HONOURABLE GEORGE TIPPETT ROWE, JP  
DIRECTOR OF SOCIAL WELFARE  
THE HONOURABLE JAMES JEAVONS ROBSON, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE DONALD COLLIN CUMYN LUDDINGTON, JP  
DISTRICT COMMISSIONER, NEW TERRITORIES  
THE HONOURABLE JOHN CANNING, JP  
DIRECTOR OF EDUCATION  
THE HONOURABLE KAN YUET-KEUNG, CBE, JP  
THE HONOURABLE FUNG HON-CHU, OBE, JP  
THE HONOURABLE TSE YU-CHUEN, OBE, JP  
THE HONOURABLE KENNETH ALBERT WATSON, OBE, JP  
THE HONOURABLE WOO PAK-CHUEN, OBE, JP  
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP  
THE HONOURABLE ELLEN LI SHU-PUI, OBE, JP  
THE HONOURABLE WILSON WANG TZE-SAM, JP  
THE HONOURABLE HERBERT JOHN CHARLES BROWNE, JP  
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP  
THE HONOURABLE MICHAEL ALEXANDER ROBERT HERRIES, OBE, MC, JP  
THE HONOURABLE LEE QUO-WEI, OBE, JP

**ABSENT**

THE HONOURABLE SZETO WAI, OBE, JP

**IN ATTENDANCE**

THE DEPUTY CLERK OF COUNCILS  
MR RODERICK JOHN FRAMPTON

**PAPERS**

The following papers were laid pursuant to Standing Order No 14(2): —

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —	
Census Ordinance.	
Census (No 2) Order 1970 .....	28
Credit Unions Ordinance.	
Credit Unions Ordinance (Commencement) Notice	
1970 .....	30
Dangerous Goods Ordinance.	
Dangerous Goods (Classification) (Amendment)	
Regulations 1970 .....	31
Merchant Shipping Ordinance.	
Amendment of Notification of Ports of the Colony .....	32
Sessional Papers 1969-70: —	
No 46—Annual Report by the Director of Audit for the financial year ended 31st March 1969 (published on 26.2.70).	
No 47—Despatch No 309 of 1970 to the Secretary of State on the Report of the Director of Audit for the financial year ended 31st March 1969 (published on 11.3.70).	
No 48—Certificate of the Director General of the Overseas Audit Service on the accounts of Hong Kong for the year ended 31st March 1969 (published on 11.3.70).	

**Oral answers to questions****Night working by women workers**

1. DR S. Y. CHUNG asked: —

Will Government state the reasons for specifying in the general conditions governing women working at night (a) a minimum of 100 women workers on each night shift, (b) compulsory rotation of shifts and (c) a maximum of 10 women workers for one women supervisor?

MR R. M. HETHERINGTON: — Sir, I thank my honourable Friend for giving me an opportunity to explain the reasons for some of the general conditions to be observed with regard to the employment of women production workers at night in industrial undertakings.

Last month, I announced that I would be prepared to consider applications from managements of industrial undertakings for permission to employ adult women at night and that I would be willing to exercise the powers vested in me under section 7(4) of the Factories and Industrial Undertakings Ordinance to give exemptions, in suitable cases, from the relevant provisions of the Factories and Industrial Undertaking Regulations which effectively prohibit the employment of women between the hours of 11 *p.m.* and 6 *a.m.* Section 7(4) empowers the Commissioner of Labour to grant exemptions from any regulations “in such cases as he shall think fit (and) for such period and subject to such conditions as he may specify”. These are wide powers and they place onerous responsibilities on me personally. I have, as a matter of general policy, endeavoured, when considering any applications for exemptions under this section, to establish minimum standards which, as far as possible, can be quantified in order to reduce the risk of misunderstandings or complaints about the exercise of these personal powers of exemption.

I also announced that the scheme was for a trial period extending to 30th June 1971, that the conditions imposed were solely for the purpose of protecting the health and welfare of women working during the night, and that officers of the labour inspectorate would carry out inspections to ensure that the conditions were fully observed. Among these conditions were the three which my honourable Friend mentions in his question.

The first condition refers to the minimum requirement of 100 women to be employed on a night shift. I have already mentioned that the scheme is for a trial period. During that short time, it is important that we should gain as much knowledge as possible of how it works in practice. This implies that, during this period, the labour inspectorate should keep a very close watch on the situation in the interests of the welfare of women workers. This would not be practicable if the inspectorate were obliged to visit a large number of factories employing a relatively small number of women workers. For this reason, I consider that it is desirable to require a comparatively large number of women to be employed at the same time and that a reasonable minimum would be 100.

Referring to the second condition, it is widely accepted that prolonged working on night shift is detrimental to health and socially disruptive. I consider that, to protect their health and general welfare, women should not be required to work at night for more than a continuous period on one month and that they should then be transferred to a day shift for not less than another month.

Regarding the third condition, the Commissioner of Labour has, for the past twenty years or so, authorized the employment of women

[MR HETHERINGTON] **Oral Answers**

supervisors at night. Managements seeking this authority represented that a ratio of one woman supervisor to every ten male production workers was reasonable. This ratio has been accepted as, and found in practice to be, satisfactory and I have simply extended it to women production workers.

DR CHUNG: —Sir, on the condition of compulsory rotation of night shifts, is my honourable Friend, the Commissioner of Labour, aware that it is more disruptive to human habits under frequent changes of working hours, secondly, night work attracts certain workers who may not be available for day work and, finally, the workers themselves are not necessarily in favour of compulsory rotation of shifts?

HIS EXCELLENCY THE GOVERNOR: —What is your question, Dr CHUNG?

DR CHUNG: —My question, Sir, is to ask my honourable Friend whether he is aware of certain conditions?

HIS EXCELLENCY THE GOVERNOR: —Thank you, Sir.

MR HETHERINGTON: —Sir, it is a matter of opinion whether or not the rotation of shifts is disruptive. It is also a matter of opinion whether or not prolonged night work is socially disruptive. I think that it is necessary to strike some sort of balance between these two considerations. As I said, we will see where the balance lies. Again, on the second subject which my honourable Friend mentioned, I will certainly look into the question of the preferences of certain workers for working continuously at night and the problem of a balance of advantages between health and the disruption of social life will have to be considered. Finally, on the question of compulsory rotation, I was not aware of this particular objection and I have had no representations on it.

MR Y. K. KAN: —Sir, may I know whether in the United Kingdom, where I believe women are allowed to work at night, similar conditions such as those my honourable Friend has now imposed are also imposed in the United Kingdom?

MR HETHERINGTON: —Sir, I was really going to deal with this question in answer to question 2 and, perhaps, it would be more proper to deal with it then.

DR CHUNG: —On the condition of supervisors, does my honourable Friend, MR HETHERINGTON, realize that the ratio of 10 to 1 is applied at present to the spinning industry and may not apply to other industries?

MR HETHERINGTON: —Yes Sir, I am aware of this. The ratio of 1 to 10 is in respect of the majority of factories where I permit women supervisors to work at night at present and, up to the present, most of the applications which I have received from firms to allow women to work at night are in the textile industry.

DR CHUNG: —Thank you, Sir.

### **Shift hours for women workers**

2. DR CHUNG: —

Is Government aware that in the United Kingdom women working on shift system, even those on night shift (such as from 9 p.m. to 7 a. m. at the Vauxhall motor factory), are permitted to have a period of employment of ten hours per shift whereas in Hong Kong the period of employment for women on shift systems, even those on morning and afternoon shifts, is limited to only eight hours?

MR HETHERINGTON: —Sir, the question refers to three separate aspects of the rather complicated subject of the conditions under which women are permitted to be employed on a system of shift work in factories in the United Kingdom and Hong Kong.

Regarding shift work during the day in the United Kingdom, the conditions generally imposed by the Factories Acts, according to the latest information available to me, include the following restrictions. The hours of each shift may not exceed an average of eight a day. Exceptionally, they may be extended up to ten provided that the work is not carried on on more than five days in each week. In these circumstances, total hours for each shift must not exceed 48 hours in one week or 88 hours in any period of two weeks, thus giving an average of 44 hours a week over the fortnight.

Regarding shift work during the night in the United Kingdom, I have only limited information. I understand that it was permitted in the Vauxhall motor plants following a collective agreement, made in November last year, between the management and trade unions representing the workers and approved by a superintending inspector of factories within the framework of the Factories Acts. The agreement included a condition that women working at night should be paid at the same rates as men. It is proposed to request the Secretary

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of State to provide further details of the collective agreement relating to the Vauxhall motor plants so that I can make them available to anybody in Hong Kong who may be interested. Even without this information, it appears to me that several night shifts of ten hours between 9 *p.m.* and 7 *a.m.*, are permissible under the United Kingdom Factories Acts subject to the limitations, which I have already mentioned, of five night shifts a week, 48 hours in any week, and 88 hours in any fortnight.

Regarding shift work during the day in Hong Kong, concerns which operate a system of three shifts normally employ their workers for three equal periods of eight hours. I refer my honourable Friend, Dr CHUNG, to the answer which I gave to him in this Council on 23rd August 1968 when he asked a question about overtime for female shift workers. I said then that I was willing to consider applications for exemptions from regulation 12(2)(d) of the Factories and Industrial Undertakings Regulations, which limits shift working to eight hours, to permit overtime within the general statutory limitations on overtime. The effect of such an exemption would be to allow women on shift work to be employed for up to ten hours, including a maximum of up to two hours of overtime subject to an annual limitation on total overtime worked, and to permit over-lapping between the morning and afternoon shifts in the middle of the day. Subsequently, during the succeeding 18 months, I have received only three applications, all of which I have approved.

MR KAN: —Sir, it would seem from my honourable Friend's answer that there are conditions imposed in the United Kingdom but they are not the same conditions as those that are imposed in Hong Kong. Is that the answer to my supplementary question to the first question, Sir?

MR HETHERINGTON: —Sir, I do not think I can give an unqualified yes or no. Basically, the regulations in Hong Kong follow those in the United Kingdom but, in some cases, the provisions of the United Kingdom Factories Act and the regulations made under them are generally more strict than those in Hong Kong.

### **Traffic conjection by public light buses**

3. MR FUNG HON-CHU asked: —

In view of the traffic congestion to which public light buses are contributing, particularly during rush hours in the Central District, will Government consider putting Jubilee Street out of bounds to public light buses and re-routing them further down Queen's Road Central and Bonham

Strand East and along an appropriate side street into Des Voeux Road Central?

MR J. J. ROBSON: —Sir, I am informed by the Commissioner for Transport that demand for public light buses does not extend westwards much beyond the Central Market; eastward traffic emanates mainly from the Central District and Des Voeux Road Central in particular. Jubilee Street is therefore the natural turning point for those buses which, having delivered passengers to the Queen's Road Central area, wish to make an eastward run.

I am advised that if this routing is discontinued, public demand would then require the presence of a great number of public light buses on Des Voeux Road Central and it is this road, rather than Jubilee Street, which is the critical traffic route. It will be recalled that prior to legalization mini buses travelled for the most part straight up and down Des Voeux Road Central and it was in the light of this experience that the present routing was chosen.

My honourable Friend's suggestion that the buses should be rerouted further down Queen's Road Central and returned into Des Voeux Road by way of Bonham Strand has been looked into but there is no satisfactory link for the number of vehicles involved and this would in any case simply transfer further westwards the congestion which mini buses cause on the central road network.

There is unfortunately no easy solution to this problem but I am assured that every possible alternative routing was carefully scrutinized before deciding upon the use of Jubilee Street and Des Voeux Road Central by public light buses.

### **Improvement of traffic flow**

4. MR FUNG: —

What plans are being made to improve the flow of vehicular traffic at the junction of Pokfulam Road and Bonham Road near the University of Hong Kong?

MR ROBSON: —Sir, my honourable Friend may recall that a scheme to improve the flow of traffic at the junction of Pokfulam and Bonham Roads near to the University of Hong Kong was upgraded to Category A at the 3rd Review of the Public Works Programme in 1968. This includes a flyover across the junction to carry east-bound traffic from Pokfulam Road into Bonham Road and ground level widening at the junction approaches.

Notice of the proposed scheme, under the requirements of the Streets (Alteration) Ordinance, was published in the *Government Gazette* in June 1969 and a number of objections were received. These

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objections are being processed and it is hoped that recommendations under the Streets (Alteration) Ordinance can be put to Executive Council shortly. If the objections can be resolved and the scheme approved, tenders can then be called for the work which will take two years to complete.

MR KAN: —Does the scheme, which my honourable Friend mentioned, entail the cutting away of a little bit of the land on this particular junction, land which belongs to the Hong Kong University and which I believe is not being used?

MR ROBSON: —It does Sir, and this is part of the reason for the time taken to get the scheme authorized.

### **Motion**

#### **SUPPLEMENTARY PROVISIONS FOR THE QUARTER ENDED 31ST DECEMBER 1969**

Council went into committee *pursuant to Standing Order No 58(2)*, to consider the motion standing in the name of the Financial Secretary (SIR JOHN COWPERTHWAITTE).

The Governor's recommendation signified by the Financial Secretary *pursuant to Standing Order No 23(1)*.

THE FINANCIAL SECRETARY moved: —“That this Council approves the supplementary provisions for the quarter ended 31st December 1969, as set out in Paper No 3 of 1969-70”.

He said:—Sir, the schedule for the third quarter of the 1969-70 financial year covers supplementary provision totalling \$40.1 million. \$30.0 million was required for Public Works Non-Recurrent. \$2 million of this represented revotes of funds unexpended in the last financial year; \$11.6 million was required as a result of accelerated progress on existing projects; and \$12 million to meet the cost of new projects. \$1.6 million was required for the purchase of a third helicopter for the Hong Kong Auxiliary Air Force.

Finance Committee has approved all the items in the schedule. The covering approval of this Council is now sought.

*Question put and agreed to.*

Council then resumed.

THE FINANCIAL SECRETARY reported that the motion has been agreed to in committee without amendment.

*Question agreed pursuant to Standing Order No 58(4).*



**First reading****PENSIONS (AMENDMENT) (NO 2) BILL 1970**

*Bill read the first time and ordered to be set down for second reading pursuant to Standing Order No 42(1).*

**Second reading****PENSIONS (AMENDMENT) (NO 2) BILL 1970**

The Governor's recommendation called for, and signified by the Financial Secretary *pursuant to Standing Order No 42(1)*.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAITTE) moved the second reading of: —“A bill to amend further the Pensions Ordinance.”

He said: —Sir, this bill contains a miscellany of minor amendments to the principal Ordinance.

The first of these concerns the retiring age of judges and is in keeping with amendments made in 1967 to the Letters Patent which gave legislative force to the previous practice whereby a judge, with the approval of the Secretary of State, holds office until he attains the age of 62. The bill provides for a judge to receive a pension at the same age and on the same conditions as other public officers if he so elects.

The bill also provides for the minimum dependant's pension payable to the widow of an officer killed on duty to be increased from \$1,344 to \$1,608 with effect from 1st April 1965, and for the minimum amount of such a pension to be varied by Legislative Council Resolution in the future. The proposed increase is in line with changes in civil service salaries since 1965.

The other clauses of the bill provide for the cessation of the payment of a pension to a pensioner who commences business on his own account or is employed by a person engaged in business on his own account, without the prior approval of the Governor; and for amendments to the definition of “public service” in the principal Ordinance to cover certain changes in the titles of various East African Common Services Organizations, and in the status of the British Post Office under the British Post Office Act 1969, in order to protect the pension rights of officers who have had pensionable service with these organizations prior to their transfer to Hong Kong.

*Question put and agreed to.*

Bill read the second time.

*Bill committed to a committee of the whole Council pursuant to Standing Order No 41(3).*

**Pensions (Amendment) (No 2) Bill—second reading***Explanatory Memorandum*

This Bill makes several minor amendments to the Pensions Ordinance.

2. Clause 2 effects amendments to the definition of “public service” consequent upon the change in nomenclature of certain East African Organizations and also includes pensionable service with the British Post Office in consequence of the change of status of that body under the Post Office Act 1969.

3. The amendments to sections 6 and 8, which are effected by clauses 3 and 4, are consequent upon the recent amendments to the Letters Patent concerning the tenure of office of judges of the Supreme Court. The Letters Patent *inter alia* give legislative effect to a previous practice under which a judge with the approval of the Secretary of State, held office until he attains the age of 62 years unless he elected to retire before attaining that age.

4. Clause 5 amends section 16, which provides for the cessation of pension or other payments to a person who becomes a partner, director or employee of a business directly concerned with the Colony without the prior approval of the Governor. This provision is considered defective in that it does not cover the case of a person who commences business on his own account or is employed by a person engaged in business on his own account and this clause is intended to remedy this defect.

5. Clause 6 raises the minimum pension payable to the widow of an officer killed on duty, following the recommendation of the 1965 Salaries Commission. The effect of this provision is retrospective to the date of implementation of the Salaries Commission Report. This clause also empowers the Legislative Council to vary, by resolution, the minimum amount of the pension which may be granted to the widow of such a public officer.

**APPROPRIATION BILL 1970****Resumption of debate on second reading (25th February 1970)**

*Question again proposed.*

MR Y. K. KAN: —Your Excellency, on the whole the budget has been well received by the people of Hong Kong. However, this is not to say that we do not feel that more can be spent in certain areas.

First and foremost, education. I firmly believe that Government owes it to the young people of Hong Kong to provide them with free primary education. Few modern societies in the world today do not regard this as an integral part of public service provided by the state out of public funds. In 1965 the Working Party on Education Policy recommended that free primary education for everybody must be the ultimate aim. Whereas there might have been good financial reasons then not to implement the policy, in the present state of our social and economic development further delay cannot be justified. The extra cost in the region of \$12 million is only about 3% of the amount we are already spending on education and less than  $\frac{1}{2}$  of 1% of our entire budgeted expenditure.

Next, social welfare. I suggest that Government takes a more positive and leading role in the training of social workers and in encouraging social welfare agencies to engage properly qualified and experienced social workers. It is now generally recognized that social welfare work is a specialized field and, like nursing and teaching, it requires not only dedication but also professional knowledge and skill. Whilst our two Universities do provide course in social work, such courses are, of necessity, academic rather than professional in content. I feel, therefore, that post-graduate professional courses should be provided by Government in the same way that it provides training in industrial technology. Furthermore, Government should ensure that professionally qualified social workers should be given proper recognition of their professional status to induce them to enter and remain in the service, both in government and in voluntary bodies.

Third, resettlement. I believe it is Government's policy to resettle squatters only if the land they occupy is needed for development. There are of course minor exceptions such as victims of natural disasters or dangerous buildings. This conservative policy was necessary at the time when Hong Kong was beset by a serious refugee problem and acute housing shortage. Government's efforts in rehousing over a million squatters in the ensuing years have been gigantic and creditable. I personally have no actual figures of the number of squatters who are desiring and are still awaiting resettlement, but their number cannot be so great as to make it impossible for us to cope with it if we are determined to make an all-out effort to do so.

Finally, medical. To maintain the medical service in Hong Kong Government heavily relies on voluntary agencies. Excluding private hospitals, voluntary agencies provide a total of 7,000 beds compared with Government's 5,000. I am using round figures. To maintain the 7,000 beds run by voluntary agencies Government spends by way of subvention \$64 million annually. To maintain its own 5,000 beds Government spends annually \$130 million. In other words, if Government

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had to run the hospitals now run by the voluntary agencies it would have to spend annually an extra \$118 million.

From these figures it will be appreciated that, although Government's average expenditure is \$26,000 per bed, the voluntary agencies are given much less. I wonder, therefore, if the medical subvention have been adequately provided for and if the ceiling set on bed cost per year for Government assisted hospitals does not require reviewing. It is obvious that whatever formula for subventions laid down in the past may no longer be practical and realistic in 1970. I, therefore, urge Government immediately to review its policy in this regard and raise the ceiling to a more realistic level.

My proposals on free primary education and revision of medical subventions, if implemented, would, in my opinion, be well within our resources.

MR FUNG HON-CHU: —Your Excellency, my honourable Friend, the Financial Secretary, must be heartily congratulated on the provisional balance sheet he has presented showing an exceptionally healthy state of affairs as far as the public accounts are concerned. Indeed, it must be the envy of many places abroad where efforts to at least balance fiscal budgets have often failed.

However, I honestly do not believe that deep down in our hearts there can be real joy or satisfaction over the surplus which my honourable Friend estimates could finally turn out to be nearer \$350 million than \$300 million, compared with the originally estimated surplus of \$53 million.

For, how can we feel happy about the surplus when it has been achieved at the expense of some of the unfulfilled needs of the community in general, and to the neglect of others.

Before us, we have the 1970-71 Budget showing once again an estimated surplus of \$137 million which, conceivably, may eventually turn out to be considerably higher as in the case of the current financial year.

The risk involved in predicting revenue notwithstanding, I share the confidence of my honourable Friend, which is implied in his forecasting a further rise to the extent of \$149 million over the revised 1969-70 figure of \$2,381 million.

But, regretfully, I do not share the conservatism which is so clearly reflected in his reluctance to budget more expenditure and appropriate more funds for social and community services, for example.

It is obviously understandable that it is unrealistic to expect to achieve a “sudden generation of effective and justifiable expenditure”—to quote my honourable Friend. But I and many others feel that with our reserves, surpluses and the prospects of economic growth, more funds could be appropriated for social services and some aspects of community services, in particular, where increased expenditure is doubtless justifiable.

I refer to my honourable Friend's view that there are “good policy grounds for under-spending in the good years with a view to overspending in the not so good”. There can be no denying that this theory is economically sound but as Hong Kong is still a developing country in more ways than one, I prefer judicious spending in good as well as in bad years. Such spending in good years by speedily developing our human resources, generally, and by providing the community with adequate services in all fields will surely stand us in good stead in lean years. As the saying goes, “a stitch in time saves nine”.

My honourable Friend has placed the estimated revenue from land sales at \$76,885,000 as against the revised estimate of \$86,239,000 for the current year.

The figure seems rather low, in view of the steady revival of the building industry and the real estate trade in the past several months. I wonder whether he is anticipating a decline next year because of the possible effect the pending legislation on rentals and tenancy tenure may have on land sales.

I trust, Sir, that the new legislation being drafted would follow the pattern of previous rent control legislation and not inhibit the building industry or retard the real estate business.

My own feeling is that domestic accommodation of the so-called luxury type and factory and business premises should be free from any restrictions for allowing their rentals to be determined by the forces of supply and demand. People who aspire to “luxury” flats can well afford higher rents. Indeed, in many cases they are subsidized by their employers. And I believe that operators of factories and businesses should find no difficulty in adjusting themselves to increased rentals through more efficiency in management and production, as the Honourable Colonial Secretary once pointed out. Increased rentals will obviously be reflected in the costs of merchandise and services, but I do not feel that this will pose any danger of pricing out our domestic products in overseas markets, as some circles fear. Perhaps, it is not widely appreciated that costs and prices abroad are also rising and that the trends are not peculiar to Hong Kong alone. It is, perhaps, also not widely appreciated that the upward trend in

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rentals for factory premises and shops is in most cases adjustments to the high level prevailing previously. As far as I am aware demands for exceptionally high increases are related to isolated cases only.

In the case of small and medium size types of domestic accommodation, some form of temporary control is reasonable. This might take the form of increasing security of tenure by, say, extending the required period of notice beyond the present six months. At the same time, however, I feel that rental increases should be permitted in a regulated way so as to allow property owners a reasonable return on their capital outlay.

The building industry must be assured also that the controls and restrictions will not last indefinitely, otherwise financiers in the industry might well be tempted to seek other avenues for investment, thereby creating a wider gap between supply and demand.

Meanwhile, it is necessary for Government to do everything possible to provide more low cost domestic accommodation and resettlement blocks at much greater speed.

Now, let me turn to education. The Budget for education is \$68.5 million more than the present year's revised figure making a total of \$483 million. My honourable Friend referred to "new targets" under consideration, and I wonder whether it would be wishful thinking on my part to assume that he has free and/or compulsory primary education in mind.

Sir, the level of fees in Government and aided primary schools being what they are today, I doubt very much that they constitute a great hardship on families in general, and I am most reluctant to attribute the approximate 35,000 vacant seats in such schools to the fees that are charged. Likewise, the huge number of approximately 60,000 children between the ages of 6 to 11 still not in school is not due to the simple question of school fees. Even if no fee was charged, I doubt very much it will lead to a rush to fill the vacancies. As far as I am aware, many families are compelled by various circumstances to keep their children away from school to do household chores while the heads of the families are out to work, or to exploit them to supplement the family's income. It is a social as well as an economic problem which the proposed public assistance scheme may well help solve, provided adequate funds are appropriated.

Sir, education is one of the birthrights of our people and no effort should be spared and no money be stinted to ensure that they, at least, receive an adequate primary education in the first instance.

I strongly advocate compulsory primary education for I firmly believe that free education alone will not achieve the desired objective of ensuring that every child enters a school to receive some sound basic education to which he or she is rightfully entitled.

The objects of free primary education and compulsory primary education are identical, but I cannot be shaken in my conviction that, in view of the prevailing circumstances, the only practical and realistic alternative is compulsion if the basic aim is to be attained.

I feel that for years, Government has been rather niggardly in its expenditure for medical and health services and haphazard about forward planning. Because of the lack of necessary funds, there have been instances where the implementation of capital works and purchase of needed equipment had to be phased over a period of years, thereby hindering the development of medical and health services and adversely affecting their efficacy. Another example, the Lai Chi Kok General Hospital is due to be completed in 1973 and it is proposed that a new Geriatric Unit, which will be the first one of its kind in Hong Kong, will be set up in the hospital. It seems to me that a pilot unit should be started now so that the facilities at the new hospital can be utilized the moment they are ready. However, I cannot tell from the present budget whether this is being done. Likewise, the new hospital will need large number of specialists, doctors, nurses, technicians and other ancillary personnel and services. I would be grateful for an assurance from my honourable Friend, the Director of Medical and Health Services, that the training and recruitment of staff for the new hospital are being put in hand in sufficient time for the full services of the new hospital to be provided the moment it is commissioned.

I welcome the recent addition of a staff grade Administrative Officer to the staff of the Medical and Health Department to assist in the administration. However, one such officer in such a large and complex department seems hardly adequate, and I would favour the provision of additional Administrative Officers to assist in the administration.

Although Government has often stressed the importance of Health Education, I see that only \$23,000 is appropriated for the Medical and Health Department and \$30,000 in the budget of the Urban Services Department. Indeed, there have been hardly any increases over the past few years in these appropriations. It may be claimed that the amounts quoted by me do not represent the true figure, but I feel that appropriations for any preventive measures should not be considered as part of the expenditure for Health Education.

I am also puzzled over the continued doctor shortage—a problem that has existed for years and yet no effective steps have been taken to resolve it.

[MR FUNG] **Appropriation Bill—resumption of debate on second reading (25.2.70)**

I would suggest that Government re-examine the question with a view to giving doctors a better deal in all respects so as to encourage them to make their careers in the civil service.

My honourable Friend, the Financial Secretary, has hinted at the prospect of a further reduction in royalty payable by the Kowloon Motor Bus Company. The estimated yield from royalty is placed at \$17 million and my honourable Friend's reference to this subject indicates that he is thinking of accepting my honourable Colleague, Mr Y. K. KAN's earlier suggestion to charge the bus company full fuel duty and licence fees and to offset this by a corresponding cut in the rate of royalty.

The whole question, it seems to me, revolves on the question of the company earning a reasonable return on its capital and providing an adequate service to the public.

Sir, I am strongly against a fare increase or a reduction of royalty at this stage until unchallengeable evidence is available that the company is not able to maintain a reasonable level of profitability and provide an adequate service with the existing royalty and fare structures.

I would refer to my honourable Friend's relevant remarks about the steel industry's request for Government assistance. It seems to me that in Hong Kong's free enterprise economy, no company should have a right to a guaranteed profit, especially if loss of profitability is in any way related to bad management and failure to exploit the full potentialities of its opportunities. If the Kowloon Motor Bus Company cannot maintain itself as a going concern under present conditions, then let some other organization take it over. Even nationalization should not be ruled out. The public should not be made to subsidize inefficiency.

Sir, I feel that the public would only be too willing to pay higher fares if they can be convinced that it is justified and the services are improved to their satisfaction.

I believe it would be fair to both the company and the public if a body of some form, perhaps similar to the commission that examined the operations of the power companies, were appointed to inquire thoroughly into the operations of the bus company before taking any final decision on increased fares and royalty reduction.

My honourable Friend, the Financial Secretary, is thinking of imposing a further tax on road transportation, mainly with a view to help ease the congestion caused by the increasing number of vehicles



Private motor transport, surely, can no longer be regarded as a luxury it once was. Public transport is so inadequate that many people are compelled to resort to private cars for travelling to and from work and elsewhere in the Colony and, unless an efficient and satisfactory system of public transport is devised and introduced, I doubt that any added taxation would achieve the objective my honourable Friend has in mind.

As regards salaries tax, I do not see eye to eye with my honourable Friend on his comparisons of the current personal allowances with those in other places outside Hong Kong. His motive is clearly to show how well off local salary earners are by citing the lesser allowances permitted in other countries.

He would not be so totally misleading if he had also given a list of the social and other fringe benefits and tax deductions that people in some of these countries are provided with.

I also disagree with the view that the present level of allowances is adequate in view of the increased cost of living. Therefore, I would strongly oppose any reduction in the level of allowances and would welcome an increase instead.

The proposed tax relief for those in the lower income bracket and allowances for dependents other than children plus the additional allowance for the working wife have my full support. I wonder why consideration cannot be given to raising the allowances for children to a more realistic level to at least offset part of their educational expenses. Actually, it is not because this will benefit the very poor or the very rich, but because the middle class in Hong Kong is in need of relief. We have been told many times in this Council and in other forums of how wages of workers have increased substantially in recent years. We can see also from the published accounts of large companies and the booming economy that the rich are doing nicely. It is the middle class which finds itself progressively squeezed between rising costs and relatively static incomes.

While I endorse the proposal to abolish tax on live entertainment, including sports, I find no valid reason for removing the tax on dance halls. Admittedly, some difficulties are experienced in collecting tax on some forms of live entertainment, but I cannot imagine that any exist in the collection of the dance hall tax. Besides, I have heard no clamour for its removal.

It seems rather strange on the one hand Government ignores or rejects agitation for the reduction of some taxes and volunteers to give away some \$2 million in taxes on the other. Two million is a tidy sum and this generosity sharply conflicts with the meagre increase that has been provided for the Social Welfare Department in the Budget before us.

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There is also the question of the nature of many dance halls which in most cases are undesirable places and a potential threat to the morals of our young people. They certainly do not provide a healthy environment for young people and I would be more than willing to support a proposal to even double the existing tax. I do hope that Government will give careful reconsideration to this question.

With these comments and observations, Sir, I support the motion.

MR TSE YU-CHUNE: —Your Excellency, it is a pleasure to note that the estimates as submitted by the Honourable Financial Secretary have this year received very wide attention not only in Hong Kong but evidently in many other places having a close interest in the trade and industrial developments in this Colony. It is satisfying to learn of the big strider in revenue and much more of the unusually large surplus available. Therefore, it is not far from the mark to say that the general reaction to the financial situation in Hong Kong is, at least, not unfavourable.

In the light of these circumstances, one may take into consideration of the proposals in the increase of expenditure for secondary and technical education, hospitals, clinics, health centres, maternity hospitals, orphanages, nurseries and training centres. Such measures would, without doubt, meet with the warm support from all quarters for the simple reason that they have vital bearings on the well being of the community.

In accordance with the economic progress and the general state of the living condition, I wish to make two suggestions as follows.

Firstly, measures for amelioration of social welfare of the community are demanding urgent attention. The financial surplus in the estimates should be used in this connexion.

At present, Hong Kong is indeed in the fortunate situation of stability and prosperity with a continued increase in population. Such a happy turn of events calls for greater expenditure and utilization of resources for social welfare services. There is such an urgent demand, because we must not look on one side only of the coin and then overlook the other side, which brings into view poverty, miseries, diseases, squalor and discontent. This should not be surprising to honourable Members here, for Hong Kong, like any other metropolis in the world, while basking in the glowing sun of increasing prosperity, is confronted with these depressing social problems. Considering the current living conditions, I respectfully submit that these problems are pressing ones at the present moment.

As seen in the financial report for 1969-70, a comfortable estimated surplus rockets to the phenomenal height of over the \$300 million mark. While we are no doubt very pleased with this outcome, it is necessary that the surplus must be put to maximum use in order to fit in and promote the economy of the community. Against a backlog of favourable aspects, I am nevertheless of the humble opinion that there is a wide gap between what has been done in social welfare and what should have been achieved. In other words, the appropriations by Government over the years in social welfare for various voluntary social welfare agencies have been too meagre or insignificant. In consequence, these agencies have been unable to give full rein to their activities, not to mention prospects for expansion. Now that there will be a surplus sufficiently large enough, I must avail myself of this opportunity to suggest an appropriation of 25 per cent to meet the increasing demands for social welfare services in Hong Kong. Such grants, aids or subventions would make possible the due fulfilment of projects for expansion and improvement to the extent of meeting all needs. More necessary are appropriate measures to encourage and to promote social welfare, provided they are reasonable and within the law. Caution and stringency should have no place in this field, if the present pace of progress and harmony is to be continued and fostered.

Secondly, the finance estimates should revise personal income tax with a view to increasing the allowances. This is to serve as a relief to alleviate the hardship of the public.

The cost of living in Hong Kong has been on the upward tendency, but, fortunately, wages for the working classes have turned the corner for some improvement. Although their outlay has been onerous, they have been able for the time being to make both ends meet. This applies in particular to the labouring classes and white collar employees who have been working their fingers to the bone. To lighten them of this overbearing situation, Government should review the income tax on individuals with the object of lightening their levy.

At present the finance estimates for the next fiscal year propose that the allowance for each person in a year will still be \$7,000. Such has been the stipulation for many years. The living cost and conditions in those days are far different from those of the present. It is, therefore, necessary to revise the present allowance of \$7,000 for each person yearly and raise it to \$12,000 yearly, or at least to \$10,000 with respect to payment of personal income tax. This is in harmony with present day realism and an effort to ease the hardship of the people.

Thus, I draw the attention of Government to my two suggestions and urge their close examination with the object of adoption. Sir, I have pleasure in supporting the motion before Council.

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MR K. A. WATSON: —Sir, today I shall speak quietly and unemotionally in order to prevent anyone thinking that I am suffering from anything so embarrassing as a “fire in my belly”.

In Social Welfare, I share the disappointment of my honourable Friend, the Financial Secretary, that it has not been possible to introduce the public assistance scheme during the current financial year. Members will remember that I refused to endorse the 1965 White Paper on Social Welfare because of the meagre amount of the assistance approved, maintaining that a much more generous policy was needed.

That Paper stated that “the ultimate objective must be, of course, to ensure that every individual be assured freedom from want and insecurity”. In the case of old age, disablement and unemployment or unemployability, public assistance alone may not be enough, though I agree that it is an essential first step. May, I ask my honourable Friend, the Director of Social Welfare, how much consideration is being given to further progress along these lines.

A year ago, Mr Michael WRIGHT, then the Director of Public Works, (and I am glad to see him with us again today) regretted that three very complex projects, slum clearance, mass-transit, and the next major water scheme, had not got off the ground during his last year of office. Another year has passed, and not very much more has been disclosed. I hope that we may be brought up to date on what is happening behind the scenes. With regard to the second of these, the proposed underground railway, I would like to appeal to the planners, first of all, to make it as comfortable as possible, for we can only beat congestion on the streets if we can lure people away from the use of cars, taxis, and mini-vans; secondly, to have three platforms at all main stations, so that people can enter on one side of the carriages, while those getting off do so on the other; and thirdly, not to omit the line along the north shore of the Island. If the expectations of the Tunnel sponsors are realized, the increased road traffic will be almost impossible to deal with.

Last year, Mr WRIGHT translated for us the amounts of money to be spent on resettlement and Government low cost housing into the number of people who would be housed, and gave an assurance that he expected that the Housing Board’s six-year target would be met. I would be grateful if my honourable Friend, the present Director of Public Works, would give us a similar translation of money spent into people accommodated, and an assurance that there has not been any slowing down in what still remains an urgent task, the provision of better housing for poor families.

As this is not, strictly speaking, a policy debate, I will not speak about housing generally. During next year, however, I hope we shall be able to see useful progress in the relief of overcrowding in resettlement estates, in the conversion or rebuilding of older blocks, in improved eligibility rules, and in squatter policy.

My honourable Friend, the Financial Secretary, has referred to the very buoyant Post Office revenues, for which the revised figure for the current year is \$16½ million more than the original estimate. I wonder if some of this could be spent on improving postal deliveries? Previously, we could post a letter at 6 in the evening and rely on it being delivered by the 9 *a.m.* post next morning. Nowadays, a letter from Kowloon to Hong Kong sometimes takes longer than one from London. If the reason is a shortage of sorters or postmen, perhaps this deficiency could be corrected.

I am grateful to my honourable Friend for calling off his attack on car ownership and agreeing to relate taxation on road users to the demand on the community's resources occasioned by road transport. I am afraid, however, that I cannot agree with his assumption that intolerable congestion and intolerably inefficient public transport is inevitable and that we shall eventually have to price an undefined number of cars off the roads.

I am not unaware of the problem. For ten years I have been pointing to the chaos which the rapid increase in vehicles would inevitably bring if Government refused to provide adequate roads and to introduce a modern mass transport system, efficient surface transport, and a parking policy which would take stationary vehicles into off-street car parks.

He is, I think, mistaken when he says that "the Long Term Road Study reached the conclusion that, even with the maximum possible development of roads and highways, our geographical situation was such that it would become necessary eventually to take measures to damp down private car ownership, either by statutory, or by fiscal means". During the past few days, I have spent hours searching through the Long Term Road Study for this passage, but I have been unable to find anything that even remotely expresses this view. On the contrary, its conclusions are that, if the recommended road plan and mass transport system were built, the degree of mobility now enjoyed in Hong Kong would be retained throughout the period covered by the report, that is up to 1986, without the need for any suppression of car ownership.

My honourable Friend may have been confusing the Long Term Road Study with Mr DALBY's Passenger Transport Survey of 1964-66. But in this, Mr DALBY's conclusions were based on a prior assumption,

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possibly dictated to him by Government, that it was unable to provide road capacity to match the increase in vehicle registrations, a debatable assumption which has been disproved by later and more detailed studies. The author also indulged in questionable forecasts of the Gross National Product during the next 20 years, in order to prove, at least to his own satisfaction, that we would not be able to afford the future costs of motoring. What he would have liked to have done was to make Hong Kong the guinea pig for the world's first trial of an embryo road pricing system, which was then being considered by the Road Research Laboratory, something which as far as I know has still not been tried out anywhere.

On restrictions and pricing, I would prefer to accept Professor BUCHANAN'S view, when he says, "We reject, as an initial standpoint, a currently held view that the traffic problem in towns would take on an altogether different complexion—that it might indeed almost disappear—if motorists were obliged to pay the full economic costs of running their vehicles, including the rental of road space. We think the public can justifiably demand to be fully informed about the possibilities of adapting towns to motor traffic before there is any question of applying restrictive measures".

We were, I think, fully informed in the "Mass Transport Study" and the "Long Term Road Study", prepared by two of the world's leading consulting engineers specializing in traffic and transport who, as I've said, show that congestion in Hong Kong is not inevitable, and that the suppression of car ownership is not necessary.

They also showed how unlikely any such restrictions would be to avoid congestion. Even with a 50% reduction in the number of cars (the maximum found feasible), and the fullest possible development of roads (stopping short only of wide-scale demolition of post-war buildings), there would still be extensive and serious congestion, unless the proposed mass transport system were introduced. In its absence one unsurmountable difficulty was that there would be insufficient kerb space to accommodate the very large number of buses needed to carry all the passengers.

It may not be realized how severe the restrictions would have to be to achieve this 50% reduction. It would need, so our experts say, an additional tax of \$6,000 a year on each car to reach this degree of control, which will eliminate all families with incomes of less than \$1,500 a month, and about 33% of those with incomes of over \$1,500. My honourable Friend has estimated that families with this income are well within the top 5% of all incomes.

This draconian measure would arouse enormous resentment because those prevented from having a car would know that this was due to a deliberate policy, an artificial burden imposed, not to pay for improved roads, but as an act of pure repression. And they would know that it was quite unnecessary. I am glad that my honourable Friend has agreed that it is not desirable to use taxation specifically for this purpose.

No one, I think, will dispute that the ownership of a car is a reasonable aspiration and that its use is neither immoral nor illegal. The desire to own and use one is widespread and intense, as witnessed by this year's increase. In Britain the growth of car ownership has been welcomed as a sign of rising standards of living, and so, I suggest, should we. Here in Hong Kong, I cannot believe that Government would use its authoritarian powers, except as a very last resort, to deny the pleasure and convenience of owning a car to an ever-increasing number of families.

The Long Term Road Study denies that such action would be necessary; arguing that a comfortable and convenient mass transit system would attract a large number of potential car users off our congested roads. And if, as it says, we can retain our present mobility until 1986, there is no reason why we cannot stay ahead of the game indefinitely, by a steady increase in new roads (mostly in the New Territories, where the major increase in population will be found) by an expansion of the underground railway system, and by ensuring an efficient and stream-lined bus service.

The crux of the matter is where are we to find the money. The consultants point out that the entire cost of the road improvements could be paid for out of petrol and diesel fuel duties alone. My honourable Friend has said that taxation of road users should be related to the demand on the community's resources, by way of recurrent and capital costs occasioned by road transport. The revenue to be contributed by road users in 1970-71 according to the draft Estimates will be about \$206 million. I am diffident about making an estimate of expenditure, so I'll leave that to my honourable Friend, but I would be surprised if it were very much in excess of \$106 million, leaving a surplus of almost \$100 million for more ambitious road works.

The recommended road plan, which has been accepted by Government in principle, calls for \$56 million to be spent on major improvements in 1968-69, rising to \$172 million in 1986. By this time, without any change in duties or fees, revenue from road users would be about \$600 million, and the total collected from road users during the period from now until 1986 would be about \$6,400 million. This, I submit, should be ample to cover all new roads and the costs of traffic police,

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highway engineers, consultants, Transport Department, car parks, tunnels and even, perhaps, the Western Approaches.

Much more would be required, of course, for the underground railway. It would be built in stages with the costs spread over 16 years (if 1986 is still our target date) and with revenue coming in as soon as the first line is operational. The financing of the cross-harbour tunnel shows how money-earning facilities can be built without having to pay the full capital cost in cash.

It is in the uncertain world of the future that my honourable Friend, the Financial Secretary, and I part company. I have said that, if the average growth rates since the war are maintained, revenue in 1986 would be about \$16,000 million. Pointing out that this implies a 14% increase each year, he has pointed out that “a less unrealistic if still optimistic assumption of 6% would reach only \$5,000 million. Now, the only three-year period when the revenue growth was as low as this was from 1953 to 1956, and the average for the previous three years, on which this figure of 6% was said to be based, was 8½%.

This year's increase in revenue was not 6% or 8½% or 14% but 14½% and, if this rate is maintained until 1986, would give us not just \$5,000 million or \$16,000 million but \$20,000 million. Now I have no crystal ball and I make no claim that this figure will be reached. All I suggest is that, in the absence of better ways of long range forecasting, the pattern of the last 23 years may be a better guide to the future than that of the lowest 3 years in our post-war history. I doubt if I'll ever be able to persuade my honourable Friend to join me on my euphoric cloud but I hope, if our economy remains as buoyant as has been this year, he will agree that the means to avoid intolerable congestion are available and that the suppression of car ownership is unnecessary.

MR P. C. WOO: —Sir, despite the recent criticisms from members of my own profession and the members of the senior branch of the legal profession, I am going to read my speech.

To the Draft Estimates, I wish to make two observations.

The first is in respect of the Legal Aid Scheme.

The extension of legal aid to various categories of criminal cases before the Courts of this Colony has been received by the public with acclaim, and I add my voice to that acclamation. It is therefore to be expected that the vote legal aid is raised to \$2 million.



However, I would like to raise several points before this Council with regard to the set-up of the Legal Aid Office.

Legal aid in Hong Kong is now over 3 years old and, as I see from the Estimates, it is still under the Judiciary vote. The time has now come for this office to be separated from the Judiciary and be on its own. Its functions are so different: while the Judiciary adjudicates, the Legal Aid Office litigates. Though I can see no objection to where this office is housed as at present, the Director should be allowed to run his own office independent of the Judiciary, and the time is now.

Again, I note with concern that there are arrears of work in this office to the tune of 1,000 cases. I am aware that the professional officers and the staff of the Director are now working at full steam but one must not forget that with fresh cases flowing into this office daily, and with the extension of the field for legal aid at the beginning of this year, will this create still more arrears even with the establishment of the new post of a Deputy Director? The person solely qualified to answer this question is the Director. If his answer is in the affirmative, and I submit that it will be so, then we should explore every avenue to make the Legal Aid Scheme more workman-like, not only from the aspect of expedition of output of work but with an eye to economy.

Where the claim or the defence of the litigant in a civil matter is a simple and straightforward one, the Director either grants or refuses legal aid without delay. No problem arises here. But where the claim, although it shows a prima facie case on the facts, is fraught with difficult points of law one could not expect the Director to delve deeply into the relevant and complicated aspects of the law to determine whether the applicant has a good case to initiate court proceedings. The Director and his professional assistants would not have the time to do this, and at the same time to attend to the public. He would have to refer the case to a solicitor on his Panel for an opinion: it would be unreasonable to expect him to do otherwise. After the solicitor has received the case from the Director and has studied the same, it might well be that he has to write to the Director requesting the services of a barrister for an opinion because the pertinent law is so complicated that the solicitor needs the expertise of counsel. From the time the case was sent from the Director to the time counsel gives his opinion, a long interval would have elapsed. We should therefore consider the means to avoid this delay, which is, in reality, a consideration of the merits of a case, before court action is instituted. Assuming the opinion of counsel is unfavourable to the litigant, what will be the consequences? First, a waste of time, during which the litigant will be on tenterhooks as to his case; secondly, there will be an expenditure of public funds as the Director would

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have to pay the solicitor and counsel for their work. I think it is worthy of some thought that a retired and experienced lawyer be employed in the Director's Office to fill the role of outside counsel, primarily for research into the law. If this experienced lawyer is attached to the Director's Office he could concentrate solely on legally aided cases without the intrusion of private practice, thereby expediting the processing of cases before they are sent to private practitioners.

This would be of assistance to the private practitioner because when the papers are sent to him by the Director, he would have the benefit of the opinion of this experienced lawyer, both on the law and perhaps on the facts, guiding and pointing out the clear path he need follow in the prosecution of the case.

As far as I can foresee, legal aid will grow year by year. And with this growth the Director's burden will be heavier and heavier unless he receives concrete and practicable assistance on the lines I have just indicated. We can assist the Director by giving him (to use a legal term) a "devil" as a start.

Telling a litigant he has a good case is one thing, but it is poor comfort for the litigant if he has to wait for a long time before the case is put on its feet in the courts through shortage of personnel.

I now come to the legal aided cases. I was extremely glad to see that legal aid was introduced to criminal cases mostly in the Supreme Court and in some cases of appeals from the District Court to the Full Court. However, it would be even better if legal aid will be granted to all criminal cases in the District Court and in exceptional cases in the Magistrates' Courts as well. I fully appreciate that to widen the scope of Legal Aid to criminal cases in the manner suggested by me will involve increased expenditure from Public Funds.

Last August, the Legal Aid in Criminal Cases Rules 1969 were made by the Chief Justice and certain fees payable to counsel and solicitors were laid down to come into effect on 1st January this year. These new fees are substantial and though they do not compare favourably with fees payable to lawyers by private clients nevertheless they are good fees. It is recognized among lawyers that a degree of subsidy is given by them to the Legal Aid Scheme, such is their recognition of their public spirited duty. However, in lengthy criminal trials can we not ask the lawyers to be still more generous and agree to receive fees of a lesser amount after, let us say, the seventh day of trial on a progressively reducing scale. I make this suggestion because I observed that recently there were some lengthy criminal legally aided cases in which the costs paid out of the Legal

Aid Fund have amounted to a fairly large sum. If the reducing scale is accepted by all concerned a saving might be effected which could be utilized to extend legal aid in criminal cases in the District Courts where accused persons ought to, but at the present time do not, receive legal representation.

The second matter I wish to touch upon is the question of estate duty.

I welcome the Honourable Financial Secretary's proposal to reduce the rate of estate duty from 25% to 20% in respect of the rate at present charged on estates from \$2,000,000 upwards, but this does not, however, benefit the small estates. I would suggest that Sir John should go further to relieve the smaller estates by increasing the present exemption of estate duty charged on estates from \$100,000 to, say, \$200,000, or even \$350,000. I am very much concerned about cases of hardship where a widow whose husband's estate is not large and who has several children to educate and support. She can ill afford to pay estate duty even at a fairly low rate. Take for example, an estate worth over a total of \$300,000 but under \$350,000 which consists of a flat worth \$100,000 and other assets amounting to \$200,000, the rate of estate duty is 7%. However, the legal costs, probate fees and other testamentary expenses would likely raise the total outgoings to around \$25,000. If we assume that this money could be invested to produce an income of a net 6% the widow would have to support her family on an income of less than \$1,000 per month, so she would be obliged to dip into her capital at quite a fast rate. Surely it is most inequitable, in my view, for Government to collect estate duty to the extent of \$21,000 in such a case.

The wider question, however, is not a matter of hardship on small estates but whether or not estate duty should be abolished completely. It is generally recognized that taxes perform two quite separate functions. The first and obvious function is to raise revenue to match Government spending. The second and less obvious function is to discourage certain aspects of the economy which, for one reason or another, Government feels should be discouraged.

In which category does estate duty lie? It cannot be regarded as a major source of revenue, since the yield last year was a mere \$15,000,000 which is a "drop in the ocean" when revenue in the same period was nearly \$2,400,000,000. Moreover, the estate duty return will, in all probability, decrease, now that the top rate is to be reduced to 20%.

Is that duty designed to discourage some form of activity which Government feels ought to be discouraged? Clearly this is not the case. Estate duty is levied in Hong Kong only on assets in Hong

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Kong at the date of death, and the existence of estate duty in Hong Kong encourages investments abroad, and this must be to the detriment of our own economy.

I have taken the trouble to look up the history of estate duty, and I find that it came into existence in the United Kingdom in 1894, although at a very low rate. In 1909, the rate was considerably raised by Mr Lloyd GEORGE, the Liberal Prime Minister, as part of a deliberate policy to lessen the political power of the wealthy. Two wars saw the United Kingdom rates raised to penal levels which have since been maintained. Despite this, however, the wealthy have been able to find ways to pass on inherited wealth, so, as a weapon for equalization of wealth, the tax on estate has not been wholly successful.

Our Estate Duty Ordinance was passed in 1932. I cannot say what prompted its introduction, but I can think of many good reasons for its total abolition. We pride ourselves on the fact that Hong Kong is a free port, and we encourage foreign investors to put their money to work in this Colony. Yet if they invest as individuals and die, they must pay us at the going rate. This is not the position in many other British territories competing with Hong Kong for investment capital. The Bahamas, Bermuda, British Virgin Islands, Cayman Islands, the Isle of Man, Jersey and Guernsey do not impose estate duty.

I believe too that it is not only the rate of estate duty which discourages the retention of capital in Hong Kong, but also the fact of estate duty, with all the form-filling, and legal and accountancy charges before a final certificate of duty can be obtained.

Estate duty is, to my mind, a bad form of taxation for Hong Kong. As a revenue-raiser it is difficult to predict; it has adverse effects on our economy; and it can work harshly on individuals.

From the above reasons it is clear that my proposal to abolish estate duty will not, in fact, benefit the wealthy as there are ways and means of avoiding such tax, but will undoubtedly benefit Hong Kong in its economy. And, this is just as important, it will assist the smaller estates from the tax point of view and get rid of the time lapse awaiting the certificate of the Estate Duty Commissioner before the probate is finalized.

I strongly urge, Sir, that Government should consider the gradual reduction of the rate of estate duty from year to year with a view to its total abolition.

MR WILFRED S. B. WONG: —Your Excellency, great is this budget but greater still are the social needs of Hong Kong. Any budget, subject to the constraint of our financial resources, should be subservient to our social needs and not be a master of them.

My honourable Friend, the Financial Secretary, has for many years in his forecast of revenue and expenditure aptly stated that the financial resources of Hong Kong can be increased by: —

- (a) “Drawing on” official reserves (which stood at \$1,190,900,000 on 31st March 1969).
- (b) Resorting to loan financing for parts of the public works programme.
- (c) Additional taxation.

I wonder if the order of the means of increasing our financial resources was arranged accidentally or intentionally. If Government were to decide on providing greater social services than presently planned, what should be our financial policy?

May we consider the issue in reverse order? Taxation is the means by which people contribute to the cost of the public service—an absolutely essential feature of Government—yet because of the conflict of individual and social interests heavy taxation is generally deplored. Especially in the international money market money tends to flow to areas where there are low taxes and freer trade. Hong Kong, without a hinterland and natural resources, lives on free trade and prospers on low taxes. Therefore, to increase taxation should be the last resort of any new measures designed to increase revenue.

Coming to the second point of resorting to loan financing, I have advocated the floating of Government bonds to finance large public works. I was asked by a few astute friends whether I was proposing Government bonds with my tongue in my cheek in order to steer toward a more straightforward policy of spending some of our reserves. I replied in all sincerity that I had believed that Government had a rather fixed idea on adequate official reserves and, therefore, I had come up with the bond proposal as an alternative. Of course, I was aware of the incongruous position of borrowing money on one hand and lending money on the other. The only justification would be if we could borrow money at lower rates of interest, *ie*, interest on Government bonds and at longer period and receive higher rates of interest on our reserves.

Now to the third point, I was elated regarding the Government decision to extend the airport runway, now called Hong Kong International Airport, with our money rather than borrowed money. It represented a resolute step toward fulfilling a function leading to future

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prosperity. I had grave doubts that an institution, which has less reserves than we have, would react favourably toward a loan. On the other hand, an institution like the World Bank would not lend money to a Government that has a financial situation such as ours.

Let us take a brief look at the financial picture of the last ten years: —

1960-61 .....	\$ 13,900,000 surplus
1961-62 .....	\$ 77,200,000 surplus
1962-63 .....	\$139,800,000 surplus
1963-64 .....	\$ 98,500,000 surplus
1964-65 .....	\$ 77,800,500 surplus
1965-66 .....	\$137,400,000 deficit
1966-67 .....	\$ 11,700,000 surplus
1967-68 .....	\$133,500,000 surplus
1968-69 .....	\$208,100,000 surplus
1969-70 .....	\$292,475,000 surplus

With the exception of the year 1965-66, the year after the bank run and consequent real estate depression, every year during the last ten years has had a surplus.

The total sum of these surpluses is roughly equivalent to our official reserves. Since our official reserves consist only of the Government general revenue balance, revenue equalization fund, exchange fund surplus and development loan fund balance, the exchange fund itself, which is confidential, and the development loan fund itself which stood at \$881 million on 30th September 1969, must be the accumulated surplus of previous years and strictly speaking are part of the reserves of Hong Kong.

Thanks to the frugality of our Financial Secretaries and especially to the giant hand of our Sir John, we have accumulated several thousand millions of dollars of reserves for Hong Kong.

At this point it may be remembered that the public debt of Hong Kong is now only \$16.50 per head, probably the lowest among the developed countries and the estimated national income is about \$4,000 per head. Bank deposits ending 31st December 1969 were \$12,297,000,000.

Under the circumstances, it is time for us to establish a policy to provide greater social services for the present generation of Hong Kong, especially in the educational, medical, public works and social welfare fields.

Within the limits of fiscal responsibility and financial solvency we have to indicate such increases in their proper proportion so that heads of departments can plan ahead. This would mean not only a larger budget but also a higher rate of increase in expenditure, as the tempo of development will be raised.

In deciding to use a greater part of our reserves on investment in the people of Hong Kong we should bear in mind that governments elsewhere have resorted to deficit financing by mortgaging the future in that the future generation would be called on to pay for debts incurred by the present generation. The proponents of deficit financing or public borrowing ask why the future generation should not be called upon to participate in paying for the service for the present generation since they also benefit from them. The schools, the hospitals, clinics, the reservoirs, the roads, the welfare institutions would certainly benefit the future generation.

If the principles mentioned heretofore are acceptable I advocate that, for future budgets, reserves be used to meet the needs of increasing social service, thereby reducing the number of "culturally deprived". I would advocate that large public works such as the Mass Rapid Transport System, the cost of which will be in the neighbourhood of \$2,000 million, be separately financed; firstly, from land sales and the balance from a public loan. It is time to separate certain major public works from the other, public services as a matter of principle in line with practices in other developed countries. A public loan would also give the people of Hong Kong a greater stake in Hong Kong.

Coming from the general to some specific aspects of my honourable Friend, the Financial Secretary's budget speech, I wish to extend my sincere thanks on his providing additional staff to the Inland Revenue Department, which has resulted in an unprecedented increase in revenue, and may I in a lighter vein say an "over-collection" of 209 million dollars.

However, I still think that the number of 25,270 cases chargeable to profit tax and that of 66,169 cases chargeable to salary tax during the year 1968-69 are too small. There is still evidence of tax evasion and tax avoidance. For this reason, while I agree with my honourable Friend, the Financial Secretary, that the personal allowance should be retained to broaden the base of taxation, I am not happy about granting a further allowance of the amount by which chargeable income, after other allowance, falls short of \$3,600.

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Apart from this aspect of public revenue, I do hold the view that real citizenship begins when one contributes in principle, no matter how small, to the community through the public revenue. Citizenship is a two way street; to give as well as to receive.

We have to face the fact that there are many who came across the border and who are now prepared to play their part while they enjoy the peace and prosperity here.

I would like to suggest that large public works projects should commence as soon as possible, as the falling value of money very often overtakes the interest gained on it.

Hong Kong is fortunate in that the Financial Secretary sterilized the equal amount of bank notes in circulation, thereby insuring, somewhat, the economy against inflation. This is not the case with other countries who are suffering from inflation. Unfortunately, our capital goods and intermediate inputs are largely imported from abroad.

In the budget debate of 1966, I mentioned the desirability of studying the GNP of Hong Kong and in January 1969, I asked a question about the availability of statistics for Hong Kong's gross national product, and I was told that a research fellowship was established in 1962 for a study on the subject. Eight years have elapsed and we have not heard from this appointed fellow. I repeat that a knowledge of the national income structure is desirable for the planning of our future economic policy.

Rather than waiting indefinitely for the report, I suggest that statistics be collected on the following items with which to compile our own national income: wages and salaries, professional earnings, trading firms and partnerships income, corporate profits, trading surplus of corporations, public utility companies profits, rents of land and buildings, and net income from abroad. I realize that there will be difficulties in obtaining all the information under our system. Nevertheless, we should make a start ourselves and not have Dr PICK make a random estimate of our GNP. Furthermore, the compilation of national income statistics should be a continuous task.

With these remarks, I support the motion before council.

HIS EXCELLENCY THE GOVERNOR: —Honourable Members may feel like a short suspension at this point. I will accordingly suspend Council until 25 minutes past Four.

4.08 p.m.



4.25 p.m.

Council resumed.

MRS ELLEN LI:—Your Excellency, for the first time as far as I can remember the Financial Secretary's proposals of *tax concessions* have not been receiving universal applause. For 2 weeks comments in the press as well as among the Chinese community were rather controversial regarding the abolition of the Public Dance Hall Tax. The loss of 2 million dollars in revenue forms only part of the objection to the suggestion. Many of course feel that this money could be diverted to better use than for the benefit of those few who can easily afford to indulge in such pastimes. The issue involved here is one of principle that Government should encourage all forms of entertainment or establishment of cultural nature considered to be desirable by freeing them of tax and/or subsidizing them, and, on the other hand, close down the undesirable ones or tax them out of existence. By freeing the dance halls of tax and not imposing a tax on bars and such is being construed by the public to mean that Government is condoning, if not encouraging, the establishment of such places, which are considered by our Chinese community to be undesirable. Some people are also not too happy about the abolition of Entertainment Tax as concessions benefiting only a certain portion of the "not-so-poor" community. But it can be argued that sports and life entertainment of cultural nature are desirable features in any society. The rest of the proposals for tax concessions are welcomed by the public. I personally welcome the information that a bill will be introduced shortly to provide for the deduction from chargeable income of certain charitable donations.

On *education*, I have only three points to comment. First, *free primary education* for all. We know that Government aims at providing an aided place for every child who needs it by 1971. This in practice means 80% of the school-age population, leaving the other 20% who prefers private schools. Last year, the school fees were reduced by half in Government and aided schools. The Board of Education at their meeting last December recommended that a further step be taken to reduce the other half, thus making it a free primary education. The estimated expenditure for this final step is not included in this year's Budget. It is understood that, although the tuition is free, some students in the aided private schools still have to pay a fee called "Tong Fai" to enable these schools to repay their loans from Government for their school buildings. But at least this second step would make the Government schools entirely free. By then, if our economy permits, I would suggest that Government forgets about these loans in order that we may have a truly free primary education.

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My second point is on *secondary education*. The new decade is the time for Government to declare a policy to provide at least 9 years of education for every child in Hong Kong, as the first step toward a comprehensive secondary school programme. Seven or eight years ago, Government embarked on a 7-year education system which failed miserably due to a multitude of reasons, among them the lifting of the school entry age from 6 to 7 and the unpopular concept at that time of the so-called modern schools. Undoubtedly, Government is on the alert of the need for continuing post-primary education. Hoards of brain power were put to work on this. We have committees on industrial training, vocational training, pre-apprenticeship training, on technical and junior technical training and finally the polytechnics. Recently the Secondary School Principals Association came up with yet another idea for an education system with 80% academic and 20% technical subjects for the first 3 years after which students take an aptitude test for further study toward the school leaving certificate and on to the universities. All these different schemes aim to take care of our children up to the age of 15 and do away with the secondary school entrance examinations. Some see these as rival schemes, but I see them as complimentary to one another. Primary school graduates can then go to the vocational training schools to learn a trade, or go to the junior technical institutes to learn a skill for industries, or to the secondary schools for 3 years after which they either go on to finish the 5-year course, or go out to work.

The third point on education is the *teachers salary review* in general and *equal pay for women teachers* in particular. Women teachers are not included in the 6-year equalization scheme because their salaries are "under review". Government promised such a review as far back as 1963, and there is still no sign of it. Patience has its limits and I hope Government realizes that bottled-up emotions and frustrations can have a disastrous effect on our young citizens of tomorrow.

All over the world, the teachers and the nurses are grossly under paid. The society depends on their devoted service to guide our young and to care for our sick, and yet we repay them with abuse and indifference. The majority of the nurses and primary school teachers are women. Not only are they under paid but unequally paid and under different conditions of service. One ridiculous excuse I heard was salary scales for women teachers and nurses were meant for women and 25% were just added for men employed in these professions. When we have a surplus for the past 3 years, lack of funds cannot be used anymore as a weapon. People say that the pen is mightier

than the sword and that action speaks louder than words. These women had written petitions to Your Excellency through their respective departments and Associations and recently to Mrs Barbara CASTLE, the Secretary of State for Employment and Productivity and the Queen. They have also talked to the press to enlist public sympathy. So far the avenues of expression are through the use of pen and words. I now ask everyone to use your imagination just to visualize a society without the services of teachers and nurses for just one day! It is not the Chinese women's nature to even contemplate a revolt against our brothers, but if our brothers would just forget their prejudices and show us a little concern and co-operation, Hong Kong, at least will be a happier place to live in.

While on the question of equality, may I venture to ask when will the Chinese Marriage Reform Bill come to this Council? I had been asking this question every year for a long time. I hope Your Excellency and my honourable Friend, the Secretary for Home Affairs, will not let me add their names to my long list of retirements before this bill becomes law and I hope not to add my own name to theirs. I understand that the bill on intestates' estates will be tabled again for public comment for the second time. Government is this careful only when a bill is presented to protect the rights of one half the population that the consensus of opinion must be obtained from the other half. I suppose this is equality in the truest sense?

I am very pleased that our expert advisor had come and gone and the formulation of a workable public assistance scheme is well on its way. Sir John mentioned that he expects a supplementary provision may be forthcoming later in the year. On the whole, I am not very happy about budget appropriation for social welfare, as the increase for departmental expenditure and subvention is only approximately 10%, which just covers more or less the increases in salaries for the department and the other agencies, leaving not much leeway for any new projects or expansion of existing projects. The case in point is the *training programme for social workers* below university standard in the welfare assistant and welfare supervisor grades as well as inservice training for welfare workers in voluntary agencies in order that their standard of service may be gradually brought up to the professional level. This question was brought up time and again in this Council for many years in succession. Aside from the bursaries for social work students in the two universities, some on-and-off short courses for nursery and youth workers, is it not possible for the department to undertake in co-operation with the Departments of Extra-Mural Studies of both universities to offer a *certificate course on case-work, field work survey, group work and community development*? As social work becomes more and more professional, academic and field work training becomes an absolute necessity.

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So much of our social work is carried out by the large group of voluntary agencies whose salary scales for their workers are way below standard. Last year during the Budget Debate in March, I suggested that Government formulate a system of *subsidy for salaries of qualified social workers in recognized welfare agencies*. I see that Government is still reluctant to accept the responsibility. The Council of Social Services is undertaking a survey and report on salaries of the various agencies. It may perhaps serve as a guidance as to what appropriate scale of salaries can be recommended for each group of workers. But what is the use of knowing what you should pay your workers, if you have not the funds to do it? Government subvention should be the appropriate source of finance for this particular need. Individual donors in our community still prefer to see their donations go to a building where they can see their names on it, or go directly for relief of the poor, the aged or the maim, but they are not so willing to donate to any organization so that the organization can pay their staff better.

MR WILSON T. S. WANG: —Sir, my honourable Friend, the Financial Secretary, referred to some premature uninformed comment in the press following the publication of the bill in the *Gazette*. I must say that I fully sympathize, but I also feel that it would be a mistake to ask for a delay of its publication on this account alone. On balance, prior notice, however sketchy, does seem to be a good thing, especially as it elicits some indication of the public's main concern and the parts of the figures for which further explanation is needed. This should at least be helpful to my honourable Friend, the Financial Secretary, in drafting his budget speech. In fact, I wish to congratulate my honourable Friend as he seems to have taken full advantage of it, and in his speech this year he has indeed been able to clarify a good number of queries raised so far by the public.

Uninformed opinion is indeed undesirable inasmuch as it can be misleading, but the fact that it exists should suggest that the public needs to be better informed, and more effort should be made to achieve this result.

Perhaps it would be relevant at this point to raise the question of the publication and distribution of important Government information.

First of all, I wonder how many people are in possession of this volume of draft estimates besides those, like myself, who were privileged to receive a complimentary copy. I would not be surprised if very few were willing to spend \$40 to buy one.

Why make it so costly for those who want to be better informed? The same, indeed, applies to other similar publications. There is

obviously no financial gain, while politically it only leads to the public criticism that Government information is only available to the exclusive few who can afford to pay for it.

At present, the communication of much of our Government information depends on its publication in the press. This very important budget speech, for instance, can only effectively reach the public through the press, but I am afraid very few newspapers have been able to give it full coverage. This is no reflection on any lack of co-operation on their part; on the contrary, we should be very grateful to our press for contributing more than what is in their normal share of work, especially when their difficulties, not least in the sphere of cost, are taken into account. I do sometimes wonder if we do take too much advantage of the newspapers in expecting them to shoulder the burden of important coverage, bearing in mind that no newspaper is under any obligation to serve as an official organ of communication. Unless Government has other means of communication to ensure that essential facts will reach the public, it may be necessary to distinguish between public reporting and official communique and in the case of the latter, Government should be prepared to pay for it in the form of an official insertion. This would certainly be more economical and effective than for Government to run its own press.

Undoubtedly, the most controversial issue in the year is still that of budgeting for a surplus. Although my honourable Friend, the Financial Secretary, did dwell at great length on this matter, explaining why it was desirable—and I may say that I am in full support of his theory that we should not spend for the sake of spending—I still join with those who feel that this year's surplus is excessive. In the last debate I said that I welcomed a surplus as it was better than to estimate for a deficit and then turn it into a surplus. I took it also as an open invitation from Government to all suggestions as to how we could best spend the estimated surplus. My assumptions have been proved wrong. No substantial increase of projects has been introduced during the year, and as a result the small surplus turned into a bigger surplus, and it is very likely that we are going to have an even bigger surplus by the end of this financial year.

I cannot help feeling that the inability of Government to keep expenditure at the same pace as the growth of revenue in order to meet the demand for more public service is to a great extent due to the inefficiency of the administration and lack of foresight and forward planning. We surely have a great number of very important community and public services and projects which earlier on were shelved for shortage of funds or for priority reasons. In many other countries many of them would have been attempted even on borrowed money. The plain fact is that in 1966 capital expenditure amounted to \$560 million and since it dropped to \$300 million in 1968 it has never been

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allowed to return to the former level. All in all, there is an urgent need for a good deal of worthwhile expenditure which need not entail irresponsible or staccato growth.

One item of revenue took me by surprise: the very low estimate from land sales. It is even 7½% less than the current year's revised figure. I hope this is merely a conservative estimate for the purpose of adding to the sensation of yet another big surplus by the end of this year. But it would be most undesirable if private developers were to think that the Land Office is not planning to supply sufficient site to meet the urgent needs of both industry and housing. The shortage of sites has already created wild speculation, resulting in a spiral increase in the value of sites now in private possession which has been an indirect cause of the recent trend of hysterical increase in rents—a very unhealthy state of affairs.

I should like now to recommend that more block votes be set aside, for each department so that each director could be given more room to manoeuvre in meeting daily incidentals and urgent needs. I think we must realize that we are now dealing with a budget at the level of \$2,000 million. This right away suggests the size of the problem involved in the centralization of the control of finance. Surely, the directors of Government departments should be trusted as men of sufficient calibre to decide within their own departments on some minor incidental expenditure here and there. In any business organization all big employers appreciate the importance of the delegation of authority to allow themselves more leisure to deal with matters of policy. This is to avoid running the risk of being penny-wise and pound-foolish.

We must appreciate the work involved in asking for supplementary votes of small sums, the process of application, explanation, cross-examination, and, very often, the translation into a language that the Financial Branch can understand. The result of this is a lot of shuttling backwards and forwards, upwards and downwards, of files, which keeps everyone busy but achieves nothing. In many cases the cost of the man-hours involved is far more than the actual expenditure applied for, but what is more important is that it is sometimes most frustrating to the enterprising members of each department not to be allowed some initiative and freedom to implement, or to try out some small projects which may serve a very useful purpose.

I should like to make a plea on behalf of the Urban Council that it should have its own say in the matter of finance in the implementation of the functions within its jurisdiction. It is most important that if the Council is charged with the responsibility of carrying out their mandated functions, they should be given commensurate authority and

power. If great things are expected of people in terms of responsibility and obligation, the due compliment should be paid of trusting them to act wisely. It is only when appropriate power is given that the sense of responsibility is developed so that the Council can stand answerable to the public for what they are able or not able to do. It is unfair for the Council to have to face all criticism and complaints when their hands are tied by financial policies which are not within their control. Your Excellency in last year's debate expressed the wish to implement this and I hope Government' is sincere in its intention that it should be put into effect without undue delay.

Under our new Standing Orders the Appropriation Bill which is placed before us will be scrutinized again by Members of this Council in committee, and so I shall reserve some of my remarks on various heads of expenditure until then. However, I cannot conclude today without echoing the feelings of the millions of our hard-working people who thirst for some well earned recreation and entertainment by expressing my warmest support for the proposal made by my honourable Friend, the Financial Secretary, to abolish the entertainment tax on live entertainment.

MR H. J. C. BROWNE: —Sir, a booming economy is, I suppose, bound to create a heady atmosphere and, hence, the recent suggestions from various quarters that Government should immediately spend the surplus. Well, the surplus is very much bigger than we expected, but in general I support the Financial Secretary's rainy day policy of building reserves in good times, if we can, and having a properly planned approach to long-term developments.

The Public Works Department programme in the back of these Estimates mentions some of the projects now in the pipeline and, in addition, the Financial Secretary has told us about another \$600 million to be spent on roads and the runway in the next few years. Let me say here that I heartily support the expenditure on both these projects, but there are a number of other things that are going to cost a great deal of money in the years to come. Reservoirs and education are just two. I believe that everybody agrees on the need for more secondary and technical education. Our economic development, perhaps even our survival, depends upon it; but it is going to be expensive and once started on a new educational programme, there can be no turning back. This is just another reason for prudent husbanding of our finances. However, having said that; I very much hope that later in this debate we shall hear what plans Government have in mind for increased secondary and technical education.

I must say that I also would like to see more done to provide a roof over the heads of the thousands of families who are now living

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in very poor and insanitary conditions. I know a great deal has been accomplished and that there are difficulties in finding sites in suitable locations, but can we not go faster in providing more low-cost housing? I look forward, too, to hearing from the Director of Social Welfare about the new public assistance scheme that is on the stocks.

Having made these suggestions for spending more money I like to talk about a way of possibly saving some. I refer to the largest item of recurrent expenditure in the Budget, the \$955 million, or over 40% of the total, for nearly 80,000 permanent and 6,000 supernumerary posts in the Public Service. Last year, I asked about the effectiveness of the Organizational Surveys Unit in helping to streamline systems and so ensure that staff are used economically. The Acting Colonial Secretary said then that the Government would look into the desirability of some departmental decentralization of O & M staff. I must say that the handful of men in the Organizational Unit still looks to me far too small to make much impression on the larger departments.

I, therefore, like to ask again whether Government intend to expand or reorganize the O & M Department, and what training and other plans they have for using and developing the new management techniques, work study and so on that have evolved over the last few years, and which are known to improve productivity and generally speed up communications. I don't know, but I imagine that the Financial Secretary has a healthy suspicion of consultants, and so have I, but I wouldn't press this point if I didn't have some first hand experience of the economies that can be made in large industrial and commercial organizations by determined use of these management techniques.

Turning now to revenue: in general, I support the modest tax adjustments that are proposed.

The honourable Financial Secretary touched on the possible need to increase direct taxes in the years to come. Well, we shall have to consider how to cross that bridge when we come to it. Our economic growth in the last two years has certainly been spectacular and we must be careful not to tamper with the conditions, of which tax is just one, that have made Hong Kong into an increasingly important financial centre which is attractive to overseas investment and which has enabled our industries to produce goods that are competitive in world markets.

DR S. Y. CHUNG: —Your Excellency, the 1960s have resulted in very satisfactory economic growth for Hong Kong. The export of our manufactured products, which is the mainstay of our economy, achieved



the remarkable increase of 3½ times within the past ten years. I believe our per capita export has now reached the top seven in the world. Similarly, our per capita income has been rising fast during the past decade. Unfortunately, we have no statistics for gross national product and, therefore, do not know the exact level of our per capita income. As a result, there are many wide and wild guesses. Dr PICK gave a figure of \$3,000 for our per capita gross national product in 1968 and a recent publication of Business International Corporation estimated that our per capita annual income in 1969 was as high as \$5,000.

During its first full year of operation the Census and Statistics Department spent about \$2½ million and, last year, the department expended nearly \$4½ million. Its budget for the fiscal year 1970-71 is jumped to almost \$13 million, which represents an increase of about 200 per cent. However, over 50 per cent of the budget is for charges of a special nature relating to the 1971 population census operations, which are essential in many fields of planning and programming. I, therefore, fully support such expenditure.

Hong Kong, in view of its successful economic development, is becoming more and more sophisticated, and national statistics such as industrial statistics and gross national product are becoming a necessity rather than, as some one would say, a luxury. Like my honourable Colleague, Mr Wilfred WONG, I find it difficult to understand why Government is so reluctant to pursue the collection, compilation and publication of such common national statistics. Assuming that this reluctance stems mainly from the question of cost and manpower, perhaps Government would advise what would be the actual recurrent cost involved annually in making these national statistics available for consumption at home and abroad.

About 18 months ago, my honourable Friend, the Director of Commerce and Industry, indicated in his reply to a question asked in this Council that a pilot study on industrial production statistics might be conducted during 1969 or early 1970. A progress report on this development is, I believe, timely and much welcome.

My next point, Sir, is about the expenditure on education and, in particular, technical education. I note in the Estimates that "Technical Education" and "Further Education" share a common allocation. While the term "Technical and Further Education" may be generally used in the United Kingdom, I think it is a pity it has been found necessary to copy the United Kingdom in the matter of terminology. Why can't we treat technical education with the consideration it deserves and under one separate head of its own? As the Prime Minister of Singapore stated recently in Hong Kong, "Vocational schools, technical training centres, polytechnics and institutes of technology to raise standards of competence and skills are one of the most important

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institutions for economic growth". There will be few who will quibble with such a view, yet we tend to treat our financial provision for technical education as insignificant and include it in a general vote labelled "Technical and Further Education".

I am, nevertheless, given to understand that in the provision of \$22.9 million for the 1970-71 Budget, \$10.9 million is for technical education covering the expenditures of the Hong Kong Technical College, Morrison Hill Technical Institute, vocational schools, *etc.* The expenditures of the so-called secondary technical schools are not, and rightly are not, included as these secondary technical schools can hardly be classified as "technical education". Even if the expenditures for the secondary technical schools are added to the figure of \$10.9 million, the total is still pitifully small for the type of economy we have developed and on which we must continue to rely in the future.

I think the truth of this statement can be brought home more forcibly if we compare the provisions for technical education in Singapore and Hong Kong. In the fiscal year 1969-70 the provision for technical and vocational education in Singapore was S\$17.4 million which was made up of technical education S\$13.3 million and vocational education S\$4.1 million and which did not include the expenditures for both administration and technical teacher training. In Hong Kong currency, this sum is equivalent to \$34.8 million.

Hong Kong's allocation in the same fiscal year for technical and vocational education, not including secondary technical schools, was \$8.1 million. When it is remembered that the population of Singapore is only half of that of ours, the difference is all the more significant. In other words, Singapore is spending four times as much in absolute terms and more than eight times as much on a per capita basis on technical education as we are in Hong Kong.

This, however, is not the full story. Singapore has less than 1,000 factories and employs less than 100,000 persons in its manufacturing industry. Hong Kong has over 14,000 industrial undertakings employing nearly 600,000 people. I believe that technical and vocational education should be more appropriately geared to industrial rather than general population. Using this criterion of per capita industrial population, Singapore is, in fact, spending almost 24 times more than we in Hong Kong are spending on technical education.

I make no excuse for choosing Singapore for my comparison. I know, as many Hong Kong industrialists know, the increasing competition Hong Kong is meeting in world markets from Singapore, and I also know, all too well, the even stronger competition we face from the same source in persuading foreign manufacturers to help us set up new

and technologically-advanced industries. The availability of an appropriately educated and properly trained work force is one of the greatest attractions Singapore offers over Hong Kong. We have been riding far too long on the crest of the hard work and ingenuity of our manufacturers and workers. The happy belief that hard work and ingenuity will sweep away all obstacles and carry us along forever is but daydreaming.

I believe it is time to wake up. The time for dozing in the sunshine is rapidly passing, we must help our industrial work force to earn a higher living standard with greater pay and more leisure in which to enjoy life by doing better rewarding work through greater content in technology and greater productivity, and not through long hours of hard manual labour. Economic prosperity through sweat and toil must not be our chosen path. We have successfully faced the situation of population explosion in the 1950's, we must now face the explosion of rising expectations of our own people in the 1970's. To meet this challenge, our next generation must be given the appetite for technology and productivity.

Government cannot make the excuse that we do not have the financial wherewithal to provide proper technical education facilities in Hong Kong. We have \$350 or even \$400 million worth of that in this year alone. It might, be argued that, even with financial resources, it cannot plan institutions with the speed that is being demanded of it, nor recruit the staff. In regard to the latter, it is only Government's rather hidebound policy on remuneration which makes this difficult. In regard to both planning of institutions and their operations, I know that industrial associations as well as social welfare agencies have offered to take some of the burden off Government.

My honourable Friend, the Financial Secretary, in his presentation of the Estimates made the following observation on the subject of education ". . . . having largely achieved our existing immediate aims, the time has come to set ourselves new targets . . ." Sir, yes, indeed.

Although not indicated in the Estimates, but undoubtedly reflected therein somewhere or other, planning for the proposed polytechnic is proceeding and, along with all other industrialists, I hope we see the fruition of this essential programme very soon. Since the pattern of the polytechnic and its underpinning are still the subject of much discussion in a variety of committees, in some of which I can voice my opinion, I will refrain from commenting on this aspect of our technical education in this current Debate.

I do, however, feel bound to comment on other aspects of our technical education programme. I find the absence in the Estimates of any reference to the development of technical institutes, outside of the Morrison Hill Institute (which has taken more than ten years to bring

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to fruition) most perturbing. I understand, in fact, that the original programme of two additional institutes by 1971 and a further two by 1972 has fallen by the wayside and that a new programme to provide for this very important area of technical education does not envisage the first of these institutions seeing the light of day until 1973. Even then there is no assurance that the revised programme will not be further delayed. I shall be glad if my honourable Friend, the Director of Education, would explain the reasons for this deplorable delay and give assurance of no further postponement.

The delay that has taken place in the provision of technical institutes fills me with apprehension as to the likelihood of other technical and related education ever developing in Hong Kong. In the hope, however, that I am not a lone voice or expressing a forlorn hope, I would like to speak briefly on the subject of pre-vocational education. It has taken us far too long to reach the target of universal primary education for the children of Hong Kong. Let us pray that the next stage—provision of universal immediate post-primary education—will not take so long.

At present there is a body of growing opinion that Hong Kong should aim for, at least, the universal provision of three years of post-primary education making a total of nine years minimum free education for every child who wants it. However, there are also two different proposals from two expert groups for the programme relating to the three-year post-primary level. One group suggests that sufficient junior vocational schools offering three-year courses should be established to provide for about one-third of the primary school leavers. The contents of the courses will be approximately 50% theoretical and 50% practical. At the end of this vocational course, the graduates can seek immediate employment in industry and commerce, or enter engineering apprenticeship for craftsmen training, or pursue technical education in technical institutes such as the Morrison Hill Technical Institute. The other group, however, prefers a rather different approach. It suggests that the course for the first three years of all the present secondary grammar schools be changed so that it will include about 20% instruction in practical subjects.

I believe that the public would like to know the view of Government concerning this pre-vocational education policy and the amount of funds required for the decade of 1970s. It is hoped that my honourable Friend, the Director of Education, will make a statement in his reply to this effect.

Coming to the 1970-71 expenditure budgeted for the Labour Division of the Labour Department, it is very disappointing to see

the very small sum of \$28,500 provided for the training and information services. This sum is even smaller than the already small amount of \$39,800 for the 1969-70 budget. This sub-head of training and information includes many important activities, such as first aid, industrial health and safety, trade union education, and industrial training. This is incredibly small for a community as highly industrialized as we are in Hong Kong. With over 50% of our working population engaged in manufacturing, construction, communication, public utilities and quarrying industries, there is enormous scope and great necessity for training and information services in such important areas as industrial health and safety, trade union organization and management, and finally, but not the least important, industrial training.

The Labour Department has done good work in first aid training since the introduction of the First Aider Ordinance in August 1968 and its Industrial Safety Training Centre has organized a valuable industrial protective equipment exhibition in February this year. However, I do believe that we are only scratching the surface and there is a lot yet to be done for the promotion of industrial health and safety and the improvement of working conditions in our increasingly industrialized community. I hope that my honourable Friend, the Commissioner of Labour, can put up a more comprehensive and ambitious programme for the training and information services in 1971-72, if it is too late for any change in the 1970-71 Estimates.

Finally, Sir, I would like to take this opportunity to congratulate my honourable Friend, the Commissioner of Labour, on some fine results emanating from the Industrial Training Advisory Committee. Whilst it may seem to some people that this particular Committee is a somewhat slow-moving animal, there have been excellent but somewhat unsung results. A little publicity, I think, would not be amiss.

MR M. A. R. HERRIES: —Sir, last year my honourable Friend, the Financial Secretary, predicted a surplus for the year 1969-70 arising from additional revenue rather than underspending in his good Scottish conservative manner. I think none of us were surprised when the surplus turned out to be considerably more than he had budgeted for. His financial policies have stood us in good stead during the vicissitudes of the 1960s.

We enter the 1970s with another healthy surplus forecast for the year 1970-71 of \$137 million, a figure which I would guess is already on the low side. The Estimates for the year are particularly clear and easy to follow and I welcome the detailed explanatory notes and the new comparative appendices at the back. In this context those concerning Estimated Expenditure by Function are especially interesting.

Whilst I note my honourable Friend's remarks regarding the 40% we spend on social services and agree that a great deal has been

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done in the 1960s in making an orderly progression on all fronts, I feel much more will have to be done in the 1970s and the speed of our development in certain fields expanded rapidly to meet the needs of our young population and also those who are in need. I warmly support the remarks of my colleagues who have spoken earlier on education, and, particularly, on technical education. On the latter we have no firm advice as yet or real development either in the lower or higher fields and it is in the latter that the training of the future leadership of Hong Kong's industry will lie. In the medical and low cost housing spheres, obviously, we must do more and quickly. In social welfare I was glad to see that my honourable Friend, the Financial Secretary, and Mr WATSON, like me, were disappointed that no supplementary vote had been requested for public assistance in the current financial year. Consequently, we all await eagerly the remarks which I hope my honourable Friend, the Director of Social Welfare, will have to make on this subject later in this debate.

In the field of economic services I welcome Government's decision to extend the runway at Kai Tak and I hope a decision will be made shortly to extend further the Passenger Terminal Building. Despite the present excellent interim stage which should be completed next month in time for the arrival of the first 747s, further extensions will be necessary very shortly to ensure that congestion does not arise before 1972. It is also good that Government has decided to go to tender for four container berths at Kwai Chung next month to ensure that our exports continue to compete in world markets in the mid 1970s.

In the field of community services much has also been done and much is under way in the field of massive road improvements and also water conservation. In addition, I hope that the Government will be able to make a speedy decision to proceed with the Rapid Transport System with the minimum of delay after the revised report is received from the consultants in the middle of this year. But this will only be a palliative and will barely keep pace with the needs of our growing population for transport. My honourable Friend, the Financial Secretary, has mentioned the Long Term Road Study and its conclusion that, even with the maximum development of roads and highways, our geographical situation was such that it would become necessary to take measures to damp down private car ownership. He has, however, decided to defer action for the moment until some of the major road developments are more apparent but, at the same time, he warns us that the cost of keeping traffic moving will become prohibitive before long. I am afraid I haven't checked, Sir, whether he or Mr WATSON is correct, I've merely used my eyes over the past 6 months or so to come to what I have to say now.

In the field of transport Government, I realize, is obviously fully aware of this vital problem. We now have a new head under the Estimates for the first time No 77 to cover the Transport Department which was officially established last year although we have had a Commissioner and an Advisory Committee since 1965 which has done its best to cope with the various problems which have arisen over the years but because of its very nature has been merely advisory and without real powers, except to persuade and cajole. We live with the difficult problems of crowded roads franchises, fares and public light buses, but we have no real expertise with which to tackle the problems of today and nobody with the power to co-ordinate our already limited facilities. The land transport public utilities do their best under extreme difficulties to serve the greatest number at minimum fares. Before long they will be unable to move at all. The routes they operate on are over congested and inevitably new forms of transport, some legal and some illegal, ply in the main only on the best served routes in direct competition since there is no true co-ordination or co-operation even among the utilities themselves whilst there is no body which has this authority to lay down the rules. The position gets worse each month and before long we will be in a situation like our neighbour to the South where the Public Bus companies are to all intents and purposes bankrupt and the field is left wide open to Pak Pais and other illegal forms of transport.

Sir, I submit that Government should grasp the nettle now and set up a Strong Transport Authority with a permanent Chairman and expert staff to co-ordinate and really plan our transport development over the next ten years. Recruitment would be difficult but, surely, not impossible. Chaos is upon us at this moment and with our growing population and more private cars the present public transport grinds to a halt and the traffic police are all too often powerless to do anything through no fault of their own.

Planning I know is anathema to many of us in our free economy but the situation gets more serious in my view all the time. The digging up of Nathan Road alone, which would be necessary to make the Rapid Transit System Tunnel proceed, fills one with dismay at the chaos it will cause. Let my honourable Friend increase his road tax if necessary and let Government set up without delay a Transport Authority such as has worked well in other cities—let it co-ordinate and establish standards for all forms of transport—public and private, let it examine the operation of our enfranchised public companies, review their royalty levels and eliminate the royalty where necessary, provided it is satisfied with the service they provide. After all transport royalties only form a very small part of revenue now. Let us ensure in doing this in this way that everyone in Hong Kong gets the best deal over transport in our crowded city in the next decade and not just a minority.

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MR Q. W. LEE: —Sir, when once again Hong Kong will have not only for the current year a huge surplus of nearer to \$350 million but also for the next of an estimated surplus of \$137 million, it is only natural for the people to ask why again budget for a surplus and why cannot Government spend more of the money it raised from them on various social services. "Expenditure has only taken a normal course but revenue has grown at an unusual pace, even for Hong Kong", so described by my Friend, the Honourable Financial Secretary, quite clearly and correctly. But to the men in the street it always seems the Government is very efficient in collecting money but much less so in spending it. We should now look at the situation in its proper perspective.

Time tends to dilute people's memory. Let us not forget how invaluable our substantial reserves were, when Government in 1965 was able to pump in nearly \$300 million to those banks that were in trouble thus helped stabilizing the banking system. Let us also not forget that two years later, in consequence of the disturbances, Government had to incur an extra expenditure of \$30 million to help contain the situation although nothing much was said in the public. Let us furthermore not forget that when the pound was devalued, we suffered a loss of some £ 30 million but the impact was considerably cushioned because fortunately we had hidden separately and quietly in the Exchange Fund substantial reserve built up over the years. One never knows when Hong Kong may yet face another emergency possibly due to, for instance, upset in foreign markets or even some serious internal problems. The assets we have built up over the years are a shield to protect us against contingencies which are hard to foresee.

But there is more to the reserves than this emergency aspect. The Five-year Forecast of Revenue and Expenditure between 1969-70 and 1973-74 projects quite a huge overall deficit. Quite possibly the actual deficit might be much less than that forecast or dramatically even turn into surpluses as in the previous years, we should at least be cautious at the moment that general expenditure in the years under forecast is likely to run ahead of revenue during that period. As the community grows and prospers, the demand for public services will increase at the same time. A pertinent point which the Honourable Financial Secretary has raised is the growth of private motoring which necessitates a vast increase in spending on our road network. And if we look into the future, in almost every field of Government activity we can only expect mounting requests for expansion and improved services. Indeed some of the requests for free or even compulsory primary education, expanding secondary education, medical facilities, resettlement, equal pay for women have already been reflected by my



fellow Unofficial Members and the press. I wonder how much longer Government can hold back these demands, most of which are justified.

The public therefore should realize that the real problem is how fast Government can proceed with the long-term and large scale programmes which are already decided or under serious consideration. Once spending on such areas as the new container port, the runway extension, the new road network, the High Island reservoir scheme, public assistance and so on, gets under way, our surpluses will be certainly reduced. To budget for surpluses therefore while we are in the midst of a boom makes sound sense and we should be happy for the size of our reserves. For these reasons I fully support the Honourable Financial Secretary on his conclusion that we should neither have a wasteful surge of expenditure nor a temporary cut in taxation.

I quoted earlier from the Honourable Financial Secretary that expenditure has taken a fairly normal course. I think the public and most of my honourable Colleagues will agree with me that at least in some areas it has taken a much slower than normal course. Had some of the programmes been implemented at a quicker tempo I am quite sure the surpluses would never look as much as they appear to be. I suggest it is time for Government to look into causes of delay and to consider setting up measures to expedite actions wherever possible.

Another topic of which much misunderstanding has arisen is the decision to send most of last year's surplus to London instead of placing it with banks in Hong Kong as was practised in previous years. The public feels that surpluses originating from the local community should be put back into the banking system for financing commerce and industry. However, as the Honourable Financial Secretary noted, the banks themselves already have so much funds on their hands that they have no recourse but to remit a substantial portion of their deposits for investment in London. He quoted in fact an increase in sterling assets equivalent to \$1,500 million belonging to Hong Kong over the last two years, much of this increase came from the banks. Since the banking system in Hong Kong is so liquid that it cannot find profitable employment locally, Government would be acting contrary to public interest if it still deposited its surplus funds at a lower rate of interest with local banks who would, in turn, have to redeposit them at a higher rate in London. The Honourable Financial Secretary wondered if he had taken the action of sending surpluses to London far enough. I think he can take it still farther, most timely now, when our banking system is so sound and with such high liquidity. Just imagine, if Government had held all of its surpluses inside Hong Kong, how could it have other resources to assist the banking system under unexpected circumstances like that

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in 1965. In case of emergency the banks would undoubtedly also be in need of funds and Government withdrawing its deposits from them would only worsen their situation.

I like to emphasize, therefore, that to send surpluses away is a very much Hong Kong-minded action which should be defended, although by doing so it would help strengthen the foreign exchange position of Sterling. In fact, what is more important to us is that we have to invest all of our official assets abroad in Sterling. These Sterling investments are presently protected under the Sterling Exchange Guarantee Scheme which will expire in September 1973. Unless suitable arrangement can be made for its renewal, I think consideration should be given to negotiating for our freedom to diversify the investment of these assets in other currencies, whenever required. It may appear to be too early to talk of this yet but we must always be proudly conscious of the fact that Hong Kong Dollar is now one of the strongest currencies in the world, a position which we must maintain and cannot afford to have it undermined.

*Motion made, and question proposed.* That the debate be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

**Committee stage**

**PERPETUITIES AND ACCUMULATIONS BILL 1970**

HIS EXCELLENCY THE PRESIDENT: —With the concurrence of honourable Members, we will take the clauses in blocks of not more than ten. The question is that the following clauses stand part of the bill.

Clauses 1 to 21 were agreed to.

**FATAL ACCIDENTS (AMENDMENT) BILL 1970**

Clauses 1 to 7 were agreed to.

**FIXED PENALTY (TRAFFIC CONTRAVENTIONS)  
BILL 1970**

HIS EXCELLENCY THE PRESIDENT: —With the concurrence of honourable Members, we will take the clauses in blocks of not more than ten. The question is that the following clauses stand part of the bill.

Clauses 1 to 23 were agreed to.

Clause 24.

MR WATSON: —Sir, I rise to move that clause 24 be amended as set forth in the paper before honourable Members.

*Proposed Amendment*

*Clause*

24 To be deleted and the following substituted—

"Recovery of sums paid by registered owner. **24.** When a registered owner has paid a fixed penalty, or costs under paragraph (a) of subsection (2) of section 22, such fixed penalty or costs may be recovered summarily as a civil debt by the registered owner from the person who was driving or in charge of the motor vehicle at the time the contravention was committed."

The amendment was agreed to.

Clause 24, as amended, was agreed to.

Clauses 25 and 26 and the Schedule were agreed to.

**ESTATE DUTY (AMENDMENT) BILL 1970**

Clauses 1 to 7 were agreed to.

**SEDITION (AMENDMENT) BILL 1970**

Clauses 1 to 4 were agreed to.

**PUBLIC ORDER (AMENDMENT) BILL 1970**

HIS EXCELLENCY THE PRESIDENT: —With the concurrence of honourable Members, we will take the clauses in blocks of not more than ten. The question is that the following clauses stand part of the bill.

Clauses 1 to 30 were agreed to.

**WILLS BILL 1970**

HIS EXCELLENCY THE PRESIDENT: —With the concurrence of honourable Members, we will take the clauses in blocks of not more than ten. The question is that the following clauses stand part of the bill.

**Wills Bill—committee stage**

Clauses 1 to 4 were agreed to.

Clause 5.

MR WOO: —Sir, I rise to move that clause 5 be amended as set forth in the paper before honourable Members.

Sir, subclause (1) of clause 5 relating to a will made in a language other than Chinese elaborately lays down five rules if the will is to have any validity. This is wise, sensible and careful. Yet the draftsman immediately in subclause (2) makes a nonsense of subclause (1) by giving the testator unlimited freedom, with no safeguards, provided he, the testator, executes his will in the Chinese language. In effect, therefore, clause 5 gives everyone who makes his will in Hong Kong two methods. One might well ask what relevance a written language has to do with the formal execution of an important document like a will.

The intention of the draftsman, doubtlessly, is to preserve that type of will in our present section 3 of the Wills Ordinance, Cap 30. This section 3 is in long and complex form referring to Chinese domiciled in Hong Kong or China and Chinese law and custom. The law draftsman, therefore, attempts to simplify it in a short and cogent form in subsection (2), but in his simplification he seemingly overlooked incorporation of Chinese law and custom applicable to Chinese testators only.

It is accepted that in Ch'ing law there was no general power of testamentary disposition. In Hong Kong, however, it has been accepted by the Courts that section 3 of the Wills Ordinance implicitly recognizes the testamentary power of Chinese testators and although Chinese law or custom governs succession on the intestacy of Chinese persons to whom or whose property the law of Hong Kong applies, there is no tradition and practice preventing them from making wills in accordance with English law. If authority is needed for this proposition one need refer to a long line of cases in the Hong Kong Law Reports concluding with the recent case of *In re TSE Lai-Chiu* reported at page 159 in the Hong Kong Law Reports (1969).

By subclause (2) an Englishman writes his will in Chinese in Hong Kong, and later retires and dies in the United Kingdom; it needs no stretch of imagination to expect the chaos that will ensue for the deceased's beneficiaries in England before the Probate Court there, plus perhaps costly legal proceedings.

There is, in my opinion, Sir, no justification to extend the long recognition of wills made by Chinese testators to persons of other races.

THE ATTORNEY GENERAL (MR D. T. E. ROBERTS): —Sir, I must confess that, if it were not for the existing law, which allows for two kinds of will, I would prefer to require all testators to fulfil the requirements of clause 5(1) which are designed to reduce to a minimum the possibilities of fraud or forgery. However, since 1856 a Chinese testator has had a choice, either of making a will in accordance with Chinese laws and usages, or in accordance with the English form as set out in the Wills Act. Other testators, however, could only make a valid will if they complied with the Wills Act. It was thought that it would be better for everyone to be governed by the same rules and this bill was drafted on that basis. If this object was to be achieved, it would either mean restricting everyone to a will which complied with the requirements set out in clause 5(1), or allowing anyone of whatever race to make a will either under clause E or in the less formal manner which has been applicable in the past to the Chinese will. Because the right to make a will in Chinese form has existed for so long, it was felt that it should not be removed, although the requirements have been somewhat simplified. Therefore, clause 5(2) in its present form adopted the second alternative, that is to say, allowing a will to be made either under clause 5(1) or under clause 5(2) by anybody. The advantage of this provision is that it avoids having to decide whether or not a person is Chinese, a question which might, if a will could only be made under clause 5(2) by a Chinese testator, affect its validity. The limitation under clause 5(2) to Chinese testators might, depending on a view taken by a court as to whether a person, who is partly Chinese by race, is or is not Chinese for the purposes of that subclause, result in wills made by persons of mixed blood being declared invalid. However, I appreciate the argument that it is somewhat inappropriate for non-Chinese persons to be given the benefit of what is in essence a Chinese form of will, although it is, I am sure, a provision that would be used very seldom by non-Chinese even if the options were open to them. However, if honourable Unofficial Members feel that the clause should be amended as prepared by the honourable Member, as I understand is the case, I would not resist the amendment which he proposes.

*Proposed Amendment*

*Clause*

- 5 That the words "of a Chinese testator" be inserted after the word "will" in subclause (2).

The amendment was agreed to.

Clause 5, as amended, was agreed to.

Clauses 6 to 31 were agreed to.

Council then resumed.

### Third reading

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Perpetuities and Accumulations Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Fatal Accidents (Amendment) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Fixed Penalty (Traffic Contraventions) Bill 1970 had passed through committee with one amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) reported that the Estate Duty (Amendment) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Sedition (Amendment) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Public Order (Amendment) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE ATTORNEY GENERAL (MR ROBERTS) reported that the Wills Bill 1970 had passed through committee with one amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

### ADJOURNMENT

Council adjourned *pursuant to Standing Order No 8(5)*.

5.39 p.m.

### NEXT SITTING

HIS EXCELLENCY THE PRESIDENT: —Council will accordingly adjourn. The next sitting will be held on 25th March 1970.

*Adjourned accordingly at twenty minutes to Six o'clock.*