

OFFICIAL REPORT OF PROCEEDINGS

Friday, 9th October 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 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 (*Acting*)
MR DENIS CAMPBELL BRAY, JP
THE HONOURABLE THE FINANCIAL SECRETARY
SIR JOHN JAMES COWPERTHWAITTE, KBE, CMG, JP
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC, JP
COMMISSIONER OF LABOUR
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, MBE, JP
DIRECTOR OF URBAN SERVICES
THE HONOURABLE DONALD COLLIN CUMYNN LUDDINGTON, JP
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE JOHN CANNING, JP
DIRECTOR OF EDUCATION
DR THE HONOURABLE GERALD HUGH CHOA, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE PAUL TSUI KA-CHEUNG, OBE, JP
COMMISSIONER FOR RESETTLEMENT
THE HONOURABLE JACK CATER, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE RICHARD CHARLES CLARKE, ISO, JP
DIRECTOR OF PUBLIC WORKS (*Acting*)
THE HONOURABLE KAN YUET-KEUNG, CBE, JP
THE HONOURABLE WOO PAK-CHUEN, OBE, JP
THE HONOURABLE SZETO WAI, 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
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP
THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, QC, JP
THE HONOURABLE GERALD MORDAUNT BROOME SALMON, JP
THE HONOURABLE ANN TSE-KAI, OBE, JP
THE HONOURABLE LO KWEE-SEONG, JP

ABSENT

THE HONOURABLE HERBERT JOHN CHARLES BROWNE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RODERICK JOHN FRAMPTON

Motion

Resumption of debate on the motion "That an address be presented to His Excellency the Governor as follows:—

We, the Hong Kong Legislative Council here assembled, beg leave to offer thanks for the speech which has been addressed by you to the Council."

HIS EXCELLENCY THE PRESIDENT:—Council will resume and continue with the debate on the address of thanks.

MR G. M. B. SALMON:—Your Excellency, at an early stage in your speech last week, thus giving the subject the right priority, you referred to our trade and the problems that may lie ahead. I regret I cannot easily say I fully share your confidence that we will weather all the storms that may come our way, because there are both external and internal influences that are of very considerable concern. And may I say at once that though we have all sorts of domestic problems, such as housing and education and social services and many others, we shall go back rather than forward on all the many things we want to do if we fail to maintain our trading prosperity.

Other honourable Members have spoken on the internal influences of our trade, such as our inflationary trends, industrial development, modernization and training, the manpower problem, Labour/Management relations, productivity and other important issues. If our future trading prosperity depended only on putting our own house in order, then I would have small concern over our future trading success and our consequent general well being. I have great faith in Government and the many different organizations concerned with our industry and commerce; like you, Sir, I have great faith in the ability and enterprise of Management and the skill and energy of our work force, and that we can see to the improvement of productivity and the reasonably quick provision of technical training; although I am not under-estimating the difficulties of either I have great faith in our shipping, banking and insurance people as well as our ability to sell and promote our products in diversified markets overseas given a chance to do so. Because Hong Kong has achieved so much over the last twenty years, because we have gone from strength to strength in almost every direction and have surmounted many of the tremendous problems that have had to be faced, and because our trading figures year by year have been the envy of the world, then it is tempting for the world and ourselves to say "Not to worry, Hong Kong will be alright".

As I have said, Sir, I am sure Hong Kong would be alright if we had only our internal problems to worry about. Unfortunately the position is not as easy as this because if it is true that we have to import to live, all the more is it true that we have to export to live. We have got to sell in order to be able to buy, and it cannot be said too often or too loudly that there are no barriers of any kind for those wishing to sell to Hong Kong. I might add that our import bill quite considerably exceeds the value of our exports each year, and that so far this year there is an increase of some 23% of imports over the same period in 1969. We are a sizeable market for other people's goods.

Sir, we have got to sell. This does not mean that we have to ask for, let alone rely on, preferential treatment from anyone in the acceptance of our goods. What I suggest it does mean is that because there are no barriers against goods coming to us, and no thought of retaliation on those who already raise barriers against our goods, and irrespective of whether we are developed, developing or any other status, we must make out our case that Hong Kong deserves the right to trade —and trade is a two-way business—with whoever wants to trade with us, on fair terms, with the fewest possible restrictions, and with the removal of all forms of discrimination.

One of our main concerns at this time is Hong Kong's position should Britain join the Common Market. You have mentioned too, Sir, the proposed UNCTAD generalized preference scheme, which seems to be something of particular concern if, as I understand it, our nearby competitors may benefit from preferential tariffs and Hong Kong may not. And there are also possible protectionist pressures in USA and in other countries. In all these and other matters that may have such an effect on our future prosperity, are we doing enough ourselves to put forward our own position, to negotiate when we can, or if need be, to thump the table? With regard to Britain's negotiations to enter the Common Market, my honourable Friend the Colonial Secretary, who we all pleased to see back again, is reported in the press to have said at Kai Tak the other day that Hong Kong's position, in relation to the negotiations, could be put quite capably by the British negotiators. I imagine in UNCTAD the position may be considered the same. But while I am not suggesting that Britain will fail to fulfil her continuing responsibilities towards Hong Kong, I think I would prefer that as far as it is practicable to do so, Hong Kong should fight its own battles and as my honourable Friend, Dr CHUNG has said, to do our best to protect our interests on the spot. Should we sent a strong team to Europe to state our case, or even negotiate as the opportunity arises, or at least to lobby the countries concerned to get our point of view over? Should we not have an equally strong team at any UNCTAD Conference at which decisions might affect our trading position? Is it right to "wait and see" over the Mills Bill in the USA, or are we actively working to

[MR SALMON] **Motion**

get the best result rather than have restrictions imposed upon us? Is the Hong Kong Government representative in London shouting from the rooftops, metaphorically speaking, because there does not seem to be much sign of it? Is our investment over MPs' visits paying off to the extent that they are actively helping our cause? These, Sir, are some of the things that I would ask be considered; because I suggest we cannot afford just to sit back and await developments that may so well go against us, but must do everything we ourselves can possibly do to protect our future.

Sir, I would now like to say something on the subject of gambling, which I realize is a touchy subject, but one on which I believe the time has come for something to be said in this Council.

According to Chinese tradition, all forms of gambling are sinful. As I think I may have seen a number of the honourable Members of this Council at Happy Valley, where the purchase of a \$5 ticket is indeed a most fearful gamble offering in my experience small chance of return; as I think many of us will have bought a Government Lottery ticket; and as I am sure all of us have bought a raffle ticket to help a good cause when a donation would have done just as well, I have a nasty feeling that this is a sinful Council. And yet that, of course, is ridiculous, as it would be to say that practically all the citizens of Hong Kong, because they have a flutter at this or that, are sinners. But the point is that whereas we in this Council probably keep our gambling and alleged sinning within the law, there are a great many people in Hong Kong who, because of the law, are lawbreakers.

Last year, just on 40,000 arrests were made for gambling offences and at the present rate, the number of arrests in 1970 may well be nearer 50,000. The number of persons arrested can only represent a small percentage of those engaged in illegal gambling, and there is certainly no sign of police action, nor penalties imposed by the Courts, diminishing gambling activity. This is hardly surprising in view of what the then Colonial Secretary said, and with which many of us would probably agree, in reply to a question some two years ago, and I quote:—

"It is clear, however, that police action and the fines awarded in the courts are not in themselves enough to deter the large numbers of people who persistently indulge in unlawful gambling. In the long term only the efforts of the community and the pressure of public opinion will eradicate this evil".

Sir, I do not see the slightest sign of the community making any effort to eradicate gambling, nor do I believe the people as a whole want our present stringent laws. Instead, there seems a case for a

sensible relaxation of the present position, and the provision of adequate, and not too expensive, facilities for legal gambling to cope with popular demand. There may be some who say that legalizing gambling to any extent would bring to our midst more racketeers, Mafia-type operators and thugs to menace like the community; but I wonder myself whether the exact opposite is not more true. With some system of licenced gambling, Government could provide legislation which, if not 100% effective, should do much to exclude criminal and disreputable elements, or at least make it easier for the Police to deal with them.

I do not propose to make specific proposals myself of what might or might not be permitted; indeed one of my difficulties is that I do not know from first hand the more popular types of gambling that take place in illegal gaming houses or in the streets and back alleys. Some of these are listed in the report of the Advisory Committee on Gambling, set up in 1964, and one I am dying to know how to play is what in English is apparently called "Fish, Shrimp and Crab". I must say this doesn't sound very sinful, but for all I know may be quite horrid. If it is, I suggest there may be a lot more racketeers associated with this, and Fan Tan and illegal lotteries than if, for example, the esteemed Stewards of the Royal Hong Kong Jockey Club or anyone else so licenced, opened off-course betting offices. I really cannot see why it would be more sinful to go to an office to put \$5 on horse No 5 in the fifth race than it is to go to an office to buy sweepstake or Government lottery tickets; and I cannot for the life of me see why one is legal and the other illegal.

May I now suggest to Government that as illegal gambling is not being broken, either by Police action, fines, or the efforts or conscience of the community, a new Committee might be set up to consider to what extent and in what form and with what control and conditions some forms of gambling might now be permitted. Such a Committee would not have an easy task; but I submit that the time has come for the realities of the situation to be faced and that the present law, which is bad because it encourages corruption, cheating, criminality, and disrespect for the law because it cannot be properly enforced, should be made into better one.

I would add that like my honourable Friend, Mrs LI, I would not advocate anything to increase the misery of those who she says cannot help themselves, and those who cannot afford to lose; rather, I would hope that the misery of those who do gamble to excess would be reduced rather than increased if some of their activities could be made to be within the law and they were not subject to arrest as well as losing their shirts.

Sir, I beg to support the motion.

Motion

DR G. H. CHOA:—Sir, the suggestion made by the Honourable Mrs Ellen LI, that Family Planning Service should be part of the Government Maternal and Child Health Programme and an integral part of the Government Medical Service raises two points, policy and approach. It can be said that practically all Governments in the world have accepted the principle of family planning; indeed, at the recent 21st Session of the World Health Organization's Regional Committee Meeting, a resolution with almost the same wording as my honourable Friend's suggestion was unanimously adopted. But different Governments follow different policies, which largely determine the methods of assistance, or the approach to the problem. In countries where it is the national policy to impose family planning on their people, the provision of such a service is entirely the responsibility of the Government. In others, of which Hong Kong is an example, Government provides assistance such as funds and clinic facilities to voluntary organizations which are engaged in this field. The Family Planning Association of Hong Kong receives a current subvention of some \$740,000, which is almost double the amount granted 5 years ago. Doctors in all Government hospitals and clinics prescribe family planning for those patients who need or want it and refer them to the nearest Family Planning Association Clinic. Sessions are held in Government hospitals and clinics; in this respect, I must point out that in only 2 of the 27 clinics, because of lack of space, sessions have to be held after normal hours. The birth rate in Hong Kong has been lowered from 35.5 per thousand in 1961 to 20.7 per thousand in 1969. A number of factors have been responsible for this decline, such as the socio-economic changes following urbanization and the propagation of health education. Tribute must be paid to the Family Planning Association of Hong Kong for the part they have played in this field, particularly in enlightening the community on the principle and practice of family planning. It is agreed that the work should be further extended, particularly as it is anticipated that during the next few years there will be a considerable increase in the number of women of child-bearing age and of young men growing into maturity. But leaving aside the question of Government reconsidering its present policy, there remain practical difficulties against Government taking over the clinic sessions from the Family Planning Association. The present staff of the Medical and Health Department's Maternity and Child Health Service is not sufficient to cope with the additional work. Diversion of other staff, under the present circumstances, will only affect other services provided for the public in general. Moreover, division of work between Government and the Family Planning Association, with sessions in Government clinics run by its own staff and others by the Association, cannot be a satisfactory arrangement, for even with the best will in the world, there is no guarantee that there will be no difference of method, approach and opinion. For

the present, I would rather assure my honourable Friend that the Government department which I represent will continue its active support of the Family Planning Association and this I feel is preferable to duality of direction and control. I will also consider sympathetically as, I am sure, will honourable Members of this Council, requests by the Association for a greater degree of support.

As to the question of a Children's Hospital raised by the Honourable Wilfred WONG, may I first review the situation regarding the present distribution of paediatric beds in Hong Kong. My figures are somewhat different from those quoted by my honourable Friend. There are at present 2,002 beds for sick children in Government, Government-assisted and private hospitals. This figure represents one-eighth or about 12.5% of the total number of hospital beds in Hong Kong which has now reached 15,835. The total is made up of beds in maternity units or hospitals for premature babies, infectious disease hospitals, a children's orthopaedic hospital and general hospitals, but does not include accommodation for children in special institutions. Of the 2,002 beds, 823 are in Hong Kong, 1,074 in Kowloon and 105 in the New Territories; 862 are in Government hospitals, 939 in Government-assisted hospitals and 201 in private hospitals; 213 are for special care babies, 1,001 for general cases and 788 for the specialties. There will be an additional 200 paediatric beds between now and 1973 when the West Wing of the Kowloon Hospital, the Mount Kellet Hospital and the new general hospital in Lai Chi Kok are completed in that order.

Next I would like to touch briefly on our policy on future planning, with particular reference to hospitals. We are approaching the end of our current 10-year development programme. The target of 4.25 beds per 1,000 population will be achieved. Before we start making plans for the next decade, I think it is necessary for us to re-appraise the staffing situation and the population structure carefully. Honourable Members are aware that Government and other medical institutions have had difficulties in recruiting staff in recent years. While training facilities for medical, nursing and para-medical staff are being used to a maximum, there has been a percentage of wastage in each sector which is expected to continue. As there are many reasons to account for it, there is as yet no easy solution to the problem. Hence, in my view, the rate of future expansion will have to be geared to the supply situation of doctors, nurses and other ancillary staff. Another important factor is the outcome of next year's census, which will supply vital information on the composition of the population. Whether or not more hospital beds are needed and what kind of hospital beds should be provided; will depend on the size and other characteristics of the population. Furthermore, if significant changes have taken place in its distribution, we shall have to review the medical facilities in the affected areas, and include in our future plans such adjustments and additions as are necessary.

[DR CHOA] **Motion**

To return now to the proposal for a Children's Hospital, the indication for it is not so much an increase in the number of children, because morbidity in this age group is being reduced by maternity and child health guidance and care. The true criterion is whether or not we have now sufficient general beds to allow us to plan for single-specialty hospitals for the future. We hope that the results of the forthcoming census will throw some light on this matter. It may be of interest to honourable Members to note that in England and Wales, there were, in 1967, 38 children's hospitals out of 2,531 hospitals, with a total of 4,687 beds, for a total population of 48,391,000.

The proposal will certainly be kept in mind when we start on the next phase of our development programme.

Sir, I support the motion.

MR J. CANNING:—Sir, honourable Members in their speeches ranged over the whole field of education and some very interesting points have been made. Your statement, Sir, that it was proposed to suggest to honourable Members in due course that we do away with the existing fee in the generality of government and aided primary schools has been particularly welcomed. I very much hope that a formal proposal to this effect will be placed before Members very soon.

In this connexion my honourable Friend, Mr P. C. WOO said that free primary education must necessarily include free books also in deserving cases. I agree entirely with him and I take him to mean that the present system whereby textbook grants amounting to \$20 per annum for free place holders in aided primary schools should continue. This would mean that the present arrangements for judging financial need in aided primary schools would on the abolition of fees be retained to assess those who are deserving of textbook grants. The revised public assistance scheme to which you, Sir, referred would also come in here.

The arrangements, Sir, which you have proposed for dealing with parents who appear to be unnecessarily withholding their children from primary school have also been welcomed. Some useful preliminary work has been done in this connexion and I hope it will not be very long before suitably drafted legislation is available for consideration by this Council.

My honourable Friend, Mr Wilson WANG has again made the point that sufficient places for all our children should be provided within convenient reach and subsidized schools should be encouraged to give

top priority to children who live in the vicinity. In my speech almost exactly a year ago I commented on these points and said that this is what we try to do. I said then "The new estates, of various kinds, are planned from the beginning with this in mind and the planners have I think been notably successful in this respect. In the older, already developed areas in the colony, schools have to be built where suitable land is available and it is not always possible to ensure that there is a school at every street corner. It is our aim to encourage children to attend schools in their immediate area but I would be against compulsion in this respect and it is inevitable that more prestigious schools tend to draw their pupils from rather a wide area." I am happy to report that the evidence I have is that the tendency for aided primary schools to serve their immediate vicinity is increasing.

Concern has also been expressed over examinations particularly the Secondary Schools Entrance Examination.

No one regrets more than I, the necessity of imposing a public examination on pupils at this stage of their education. I am aware that it has proved possible in Britain to move towards the gradual abolition of secondary school selection tests but I regret at this juncture I can see no fairer method than the Secondary Schools Entrance Examination for awarding secondary school places available in government and aided secondary schools to those most likely to profit from the high standard type of education which these schools provide. Even as we proceed to three years of secondary education for all, there will still be a need for selection procedures since the more prestigious schools will always have more pupils seeking entry than the schools can accommodate.

Fortunately as the number of post-primary places increases the pressures associated with the examination will decrease and the revised post-primary policy which has been agreed in principle will make access to the secondary stage easier especially for the less privileged pupils. Thus even if the examination cannot be completely abolished it will lose some of its less desirable effects.

The examination has also been criticized on the grounds that it selects those who are best at "cramming". I don't think this is entirely true. A great deal of thought goes into the drafting of the questions to ensure that cramming alone will not lead to a high degree of success. It is however inevitable that teachers and pupils will try to work very hard for any form of selection test on which so much depends and it is for this reason that the present examination concentrates on basic fields to ensure that the energy of pupils is directed into acquiring skills and knowledge which will form a sound basis for the continuation of their studies. Research has gone on and will continue towards devising alternative ways to judge the potential of pupils in primary schools for

[MR CANNING] **Motion**

secondary education. This research has produced some interesting guidelines which I believe can be developed with profit but it is too early on the basis of present evidence to think of abandoning the Secondary Schools Entrance Examination. The form of the examination is however continually under review and no effort will be spared to make any improvements which appear necessary or desirable.

My honourable Friend, Mrs Ellen LI has called for a continuous crash programme for universal post-primary education. As Members will recall the Finance Committee of this Council in July this year approved the broad aims and the financial implications of the new post-primary policy. It was the wish of Finance Committee that the details should be further examined. Considerable progress has been made in this examination and I hope that it will soon be possible to seek the approval of Finance Committee for a detailed, specific programme of expansion.

I accept the point made by Mrs LI that when the Government buys a place in a private school that it does not by that act, increase the total number of places available. It does however increase the total number of places receiving assistance from public funds and the children holding these places pay only the standard government secondary school fee of \$400 per year and not the fee the pupil would ordinarily have to pay as a private pupil. In addition pupils awarded these bought places are eligible to apply for free places which are awarded in Forms I to Forms V at the rate of 45% of the enrolment.

I am grateful too to my honourable Friend, Mr Wilson WANG for his comments on teacher training and for drawing attention to this major implication of the new post-primary policy. In consultation with the Principals of the Colleges of Education a review is being made of the whole of our teacher training arrangement for the full-time day courses and the in-service courses in the light of the additional commitments which will arise in the context of our post-primary policy. This review should be completed in the near future.

Dr S. Y. CHUNG and other Members have spoken on the need for more technical institutes.

The new Technical Institute at Morrison Hill has begun its first full year in its new premises and has made a very promising start. There remain in a small number of courses, particularly in the Commerce Department, some difficulties over recruitment but considering that the institute is moving into its second year of its existence and thereby expanding greatly the number and variety of its courses the position is very encouraging indeed. The technical teacher courses are

well supported and the trained teachers completing these courses should help to alleviate in considerable measure the shortage of teachers in the technical field.

I have dwelt on this teacher training aspect of the Morrison Hill Technical Institute as any future expansion of Technical Institutes will very much depend on an adequate supply of trained technical teachers. The building and operation of the four additional technical institutes recommended by the Industrial Training Advisory Committee will require considerable sums of money for capital and recurrent expenditure. I, nevertheless, hope that it will be possible for an early decision to be made.

The pattern that is clearly emerging from our education policies is that the education system of Hong Kong of the 1970's is moving and will continue to move in synchronization with the fundamental changes in the nature of Hong Kong society which you, Sir, pointed out have taken place over the last two decades. We are moving in a determined way from a position of education for the few to a system of mass education.

In the early fifties primary places in government and aided primary schools were in a minority and education in government and aided secondary places was available only for a few elite pupils. We shortly will be in a position where we can offer a place in a government and aided primary school to all children of primary school age and are contemplating not only the abolition of fees in the generality of these schools but the introduction of compulsory powers to safeguard children who are being unnecessarily withheld from primary schools. We are also planning the provision of at least 3 years of post-primary education for all children.

These are significant advances indeed but, understandably perhaps, there are many who press for further advances in other areas of education. I have no doubt that further advances will be made but the pace of these advances must be carefully judged.

I am confident however that the infrastructure of education is soundly based and that the decade of the 1970's will see in time an expansion of education facilities at least equal to the expansion that has been achieved in any previous decade.

Sir, I beg to support the motion before Council.

MR PAUL K. C. TSUI:—Your Excellency, in presenting my humble duties, I beg leave to offer my grateful thanks for the remarks which have been made generally about our public housing and particularly on the desirability to bring about better management in the Resettlement Estates. May I hasten to assure Your Excellency that my colleagues

[MR TSUI] **Motion**

in the Housing Board, the Urban Council and the Housing Authority are all fully conscious of the urgency of this matter and are striving hard to bring about early improvements.

In an effort to bring about improved management in the Resettlement Estates, my department has had the co-operation of the Extra Mural Department of the Hong Kong University and the support of the Housing Managers Association in the organization and conduct of a three-year Housing Management Course leading to a qualifying examination. 43 of our serving officers are currently attending such a course. Since April this year, a Housing Manager has been on full time secondment to the Resettlement Department to advise us on good management methods and to assist us in reorganizing our training programmes. Following a precedent set last year, two of my serving officers have recently returned from a training attachment to the Singapore Housing and Development Board. Those training attachments were devised as a result of the joint recommendation of 20 officers whom we sent on a study-tour to Malaysia and Singapore in 1967. Sir, these excursions have proved to be very fruitful in stimulating new thoughts, new approaches and new attempts and I hope to be able to organize similar training programmes in the near future.

Sir, as I listened to the eloquent tributes paid separately by my honourable Friends, Mr Wilfred WONG and Mr Oswald CHEUNG, to Hong Kong's achievements in the field of Public Housing, I felt that I should not let this pass without mention of the equally spectacular achievements of the private sector in the contribution towards providing housing. May it be stated here, so that it may be repeated elsewhere, that the private sector of our thriving community have, over the past nineteen years, spent no less than \$4,200 million to provide residential buildings. For the six years between 1st April 1964 to 31st March 1970, the private sector have produced some 106,000 domestic units. As at the end of 1969, domestic accommodation in the urban areas (excluding resettlement, low-cost housing and government aided housing schemes) comprised 191,000 tenement floors, 56,200 small flats, 22,900 large flats and 1,050 houses, housing 1.6 million people as compared to 1.7 million in the publicly-aided sectors. These efforts have made a significant contribution to Hong Kong's housing problem and I hope it will continue.

My honourable Friend, Mr Wilfred WONG urged that the income limits for admission to our Government Low-Cost Housing and Housing Authority estates be adjusted upwards by 20%. May I first of all point out that the current higher income limit of \$500 for Government Low-Cost Housing and \$900 for Housing Authority estates represents not the actual income of the applicant's family, but only the income of

the head of household, plus 50% of the gross income of the other members of his family. Thus, when the income of an eligible family is assessed at \$500 or \$900, its actual income in most cases is much higher. Nevertheless, about ten days ago in the Executive Council, Your Excellency approved a proposal that the income limit for admission to Government Low-Cost Housing in Kwai Chung be raised to \$600. This is exactly 20% over and above \$500. As to the Housing Authority estates' income limit of \$900, covering approval was, in effect, given to the time-honoured practice of the Housing Authority of letting certain vacancies in the higher rental flats to families with an assessed income of \$1,250, a sum well above 20% over and above the ceiling of \$900, in April 1969 when approval was given for the opening of a Combined Waiting List. Admittedly such restricted application of the upward adjustments of income limit may not fully meet Mr WONG's point. However, there has been no lack of applicants for the limited supply of vacancies available in our Housing Authority and Government Low-Cost Housing estates. I can see little hope of extending the housing programme beyond the target proposed by the Housing Board. This programme already amounts to a very heavy commitment on public funds taken together with expenditure in other fields and any expansion of effort would mean a curtailment in some other direction.

My honourable Friend, Mr Wilfred WONG complained of the confusion arising out of the fact that we have three different categories of public housing. I am fully aware of the fact that the general public tend to refer to Resettlement, Housing Authority and Government Low-Cost Housing simply as "LIM KAR URK", which means "cheap housing". True enough, they are cheap, particularly in terms of rentals. The various types of housing were each created to serve a particular need and for this reason the authorities responsible for the management of these various types are different. This may be confusing to the public but before any change can be introduced which will bring them under the control of one department, we must be certain that the change will result in improved standards of management and environmental control. One of the recommendations of the Housing Board was that the new Resettlement Estate at Pak Tin should be managed as an experiment by the Housing Authority. The result of this experiment will provide a guide for the future management of public housing and I have no doubt that the Housing Board will have this very much in mind in framing their future recommendations.

With these remarks, Sir, I beg to support the motion.

MR R. C. CLARKE:—Sir, I am obliged to my honourable Friend, Mr Oswald CHEUNG for providing me with the opportunity to give some details of land use over the last decade.

[MR CLARKE] **Motion**

I confirm that in the 17 years since 1953 some 1,400 acres (or nearly 61 million *sq. ft.*) of Crown land have been made available for Government and Government Aided Housing throughout the Colony. This is made up of just over 900 acres already developed and nearly 500 acres in process of development or reserved for future schemes. It indicates the importance which Government has attached, and still attaches, to this form of housing.

Comparable figures for private housing for the same period are not readily available. However, during the decade 1960-69 some 320 acres were sold or granted in the Urban Area for private enterprise housing —roughly one-third of that used for Government and aided housing during the 17-year period. But this is by no means the full story. During the same period 250 acres (11 million *sq. ft.*) were made available in the Urban Area alone for industrial development. Community uses, schools, hospitals, *etc.* absorbed some 140 acres and you, Sir, have referred to the large area used for public open space.

At the start of the 17-year period in 1953 nearly all land then in the private sector was housing land or land available for such use—roughly 2,000 acres in the Urban Area. A large part of this has been redeveloped during this period, as a result of changes in the Buildings Ordinance and modification of lease conditions, to a much greater intensity than before. This has provided opportunities for investment in private housing, and thus much greater residential floor area, without the need for new Crown land. The contribution from this redevelopment has been equivalent to about 700 acres of new land. On the other hand there was little industrial land and relatively few community facilities at the start of the period. In the last two decades it has been necessary to redress this balance to meet industrial expansion and social advancement. The figures I have given illustrate the response to this need.

Thus, whilst it is true to say that over the last 17 years the area of new Crown land made available in the Urban Area for private housing is only one-third of the area allocated for Government and aided housing, this is not because such land has been deliberately held back to enhance the price. This suggestion I can and do refute. It was because the available land was required for purposes of higher priority at that time including, of course, Government and aided housing. The best solution to this is to provide and service more land and this is just what the Government is doing; nearly 3,000 acres have been reclaimed in the last two decades and the work continues.

One further point should also be made. During the 4-year period 1965-68 when land was not fetching high prices, the Government continued

to offer sites by auction at regular intervals. No less than 73 of the 161 lots which were offered for sale during this period, were withdrawn for want of a bid. These sites, which could have been bought at the upset price, have since been sold, some at many times the original figure. This is further evidence, if such be needed, of the fact that land is not held back deliberately to enhance the price.

As for the consequences of land shortage referred to by my honourable Friend, I would prefer to leave matters of economic theory to my colleague, the Financial Secretary, but I cannot accept that it is the high cost of land which leads to high rents. Many developers who paid high prices in 1962-63 were glad to rent at almost any level in 1966 and many properties commanding high rents today stand on land sold at relatively low prices. Rather it is the growing population and increased prosperity which leads to the demand for more accommodation, and a willingness and ability to pay high rents, that is reflected in the current high land prices.

Equally, on the question of home-ownership mentioned by my honourable Friend, few people were interested in buying at the relatively low prices fixed for flats in 1966-68 but since then many have been bought for owner occupation. The figures indicate that, of properties first rated during the year 1969-70, the percentage of owner occupied rose to 64% compared with 48% in the previous year. The percentage of owner occupied in the class of properties costing up to \$20,000 each was even higher—73% in respect of properties first rated in the year 1969-70. It is to be hoped that this trend will continue.

Nevertheless, I do agree that now that the aided housing programme has reached its present level of achievement, greater emphasis can, and should, be given to the private sector. Action is already in hand to set aside more land for commercial/residential development by private enterprise where this can reasonably be done even, if necessary, to the extent of re-zoning land previously reserved for aided housing.

I would now like to deal, albeit briefly, with the specific schemes mentioned by my honourable Friend, Mr CHEUNG. It has been necessary to reduce the scale of reclamation at Aberdeen following tests at the Hydraulics Research Laboratory which indicated the need to retain a large tidal flow to keep the harbour from becoming polluted. However, Aberdeen Harbour as a whole could undoubtedly be reclaimed but only at the cost of great social disturbance. The Aberdeen fishing fleet and its services, such as the wholesale fish market, are based on this harbour and would have to be relocated. For this reason alone I think the proposal is unlikely to find favour. The scheme would also be expensive due to the amount of filling material required which is not readily available. Communications to the north side of the Island would also have to be greatly improved.

[MR CLARKE] **Motion**

As far as Hong Kong Island is concerned I consider that there is more to be gained by concentrating our major effort at Chai Wan and Shau Kei Wan where reclamation schemes are already in train. This is not to say that development will not continue at Aberdeen and Ap Lei Chau—it undoubtedly will—but I do not think we can contemplate reclamation of the harbour at this time.

My honourable Friend also referred to the New Territories and I am grateful for the opportunity, with the concurrence of my colleague, the District Commissioner, to say a few words on this subject.

It has long been recognized that the pressures in the existing urban areas, in relation to the separate but closely connected requirements of industry and housing, could only be relieved by expansion into the New Territories. The concept and planning of new towns at Tsuen Wan/Kwai Chung, Castle Peak and Sha Tin has this as their aim.

The development of Tsuen Wan/Kwai Chung is at a relatively advanced stage. So far as Castle Peak and Sha Tin are concerned, revised population figures indicate a rather lower rate of growth than was anticipated when the plans of these two new towns were drawn up. However, both new towns are under way. At Castle Peak the basic engineering infra structure for the first stage is approaching completion and land is becoming available for disposal to private enterprise for industrial and commercial/residential development. At Sha Tin work has recently started on the first stage. However, development beyond this stage at Sha Tin will be dependent on a solution being found to the problem of sewage and effluent disposal without which Tolo Harbour could become seriously polluted.

In his remarks, my honourable Friend was in effect contrasting the roles of public and private housing in satisfying demand. In these new towns public housing has a further role to perform, to get the towns off the ground in their initial stages at a time when private enterprise is somewhat hesitant to risk its money. Public housing will undoubtedly feature in the development of these towns but I agree with my honourable Friend that private housing will also have its part to play and allocation of land takes this into account.

My honourable Friend also referred to the Ho Chung area. One can, of course, think of a number of areas in the New Territories which could be developed from the point of view of configuration of the ground and, perhaps, relative proximity other centres of population. However, as I am sure will be appreciated, it is not really quite as simple as that. Thought must be given, not only to technical questions,

but also to the existing land ownership and social structure of any area under contemplation since this would have to be resumed or disturbed to make way for any positive Government development scheme. Further, there is a limit to the capacity of the Public Works Department and the construction industry generally to undertake works; and last but not least there is the vital question of public finance. From these points of view, I think, that as far as large schemes in the New Territories are concerned, we shall have enough on our hands with Tsuen Wan/Kwai Chung, Castle Peak and Sha Tin for some time to come, bearing in mind the other major works which the Colony will have to undertake in future years.

Having said this, however, and with the implication that a few years from now, developers will have little choice but to go to Castle Peak or Sha Tin, I agree entirely with the remarks of my honourable Friend as to the importance of communications. An item exists in the programme for a new highway to Castle Peak and I anticipate that work will start on the ground in 1972. The realignment of the first section of Clear Water Bay Road will start in 1971 in association with the formation of new housing estates. In the more distant future a tentative alignment has been chosen for a road from Sha Tin to Kwai Chung, should the former become industrialized to the extent that it requires direct communication to the Container Port.

I turn now to the question of urban renewal. My honourable Friend, Mr SZETO Wai, has referred to the present scheme as "lamentably timid and lacking in serious effort...". I was surprised to hear this since my own concern was rather the opposite —that we were perhaps being too drastic. As honourable Members know the pilot scheme covers an area of only 13 acres yet it involves the acquisition of some 350 individual lots and the rehousing of some thirteen thousand people. These may appear small figures but it must be appreciated that these people are not squatters but owners and tenants of legal buildings some with long established businesses. Compulsory acquisition and rehousing on this scale has not previously been applied to the older urban areas in Hong Kong. New policies have had to be worked out and careful planning has been necessary.

The urban renewal district covers most of the western district of Hong Kong Island and is the subject of a draft statutory plan prepared by the Town Planning Board of which my honourable Friend is a distinguished member. The scheme as published involves the acquisition of some 670 lots. Thus, in all, the acquisition of some 1,000 individual lots is involved. This will not be a light task and I could not contemplate anything more comprehensive at this time. Whilst the scheme may not be as far reaching as might be desirable, it should enable significant improvement in the environment of the western district.

[MR CLARKE] **Motion**

Honourable Members may be interested to know the present position. In the urban renewal district 51 lots have been acquired to date and 73 lots are under negotiation. In the pilot scheme some 13 lots have been acquired and 56 lots are under negotiation. It is anticipated that a start on compulsory acquisition of the remainder of the lots in the pilot scheme will start early in 1971. If all goes well the scheme will be far advanced by 1973-74 and we will then be able to consider the practicability of a second scheme—possibly in Kowloon.

The question of off-street car parking was also raised by my honourable Friend, Mr SZETO Wai, and it might be helpful if I outline the Government policy on this subject.

The problem arises mainly in the urban area which for this purpose is divided into three zones. In Zone III (largely the rural areas of Hong Kong Island and the foothills in Kowloon) parking is required in all new residential buildings at a rate of not less than one car space per flat and normally three spaces for every two flats. In Zone II (comprising suburban areas, mainly the mid and upper levels on Hong Kong Island and the central part of the Kowloon Peninsula) parking at the rate of one car per flat is required in all new residential development.

In Zone I (comprising the main built-up areas) the policy is more complex. In the sections of this district known as "commuter areas" the Government has undertaken to provide parking in purpose-built structures. These commuter areas include the central area of Victoria and the southern end of the Kowloon Peninsula, that is, the main business centres. In the remainder of the urban area the responsibility for the provision of parking lies with private enterprise. To assist private enterprise the Government has undertaken to set aside, where available, sites suitable for car parking buildings and to dispose of these on conditions which require the provision of not less than a stated number of car park spaces.

This policy has been in existence since the mid-50's and has, I think, been generally successful. In suburban areas difficulty was experienced over enforcement since provision was often ahead of the willingness of the public to pay for the space provided. This situation has now changed and I anticipate little difficulty on this score in future years. The problem in these suburban areas arises from buildings erected mainly in the early 50's without parking facilities where today most of the occupants have private cars.

In the commuter area on Hong Kong Island the provision of parking has generally kept pace with demand. Today there is a total of 4,700 spaces available for parking in the central area including 2,275

in multi-storey buildings, 330 on street and the remainder in temporary off-street car parks, some of which are free. At present the recently completed Rumsey Street Car Park is rarely more than half full and, on average, some 700 spaces in the central area are daily unused.

By the date the Cross-Harbour Tunnel is due to open in 1972, it is anticipated that the Murray Road Multi-Storey Car Park will be completed thus adding a further 918 spaces. However, at the end of this year and during 1971 a number of temporary ground level spaces will be lost in order to make way for permanent development. It may be possible to replace some of these by new temporary parking in the area east of Cotton Tree Drive. This is being examined.

Thus, while there may be some difficulty in meeting all demands for parking when the Cross-Harbour Tunnel comes into use, I cannot believe that there will be any thing like the deficit of 4,000 spaces mentioned by my honourable Friend, Mr SZETO Wai. Nor do I think that people who go to the trouble and expense of bringing their cars through the Cross-Harbour Tunnel would be willing to park them in Happy Valley as he suggests and take a bus into town.

Naturally, the demand for space is related to the price which has to be paid and it would be unreasonable to expect that parking will continue to be available, free of charge, as is at present the case in some parts of the central reclamation.

It is in the rest of the urban area that the main difficulties are now being experienced due to the very rapid build-up in car ownership by people living in these areas without space to park except on the public streets. On-street parking clearly cannot continue indefinitely—particularly unmetered on-street parking. There are, however, signs that the motoring public is beginning to recognize the need, and is becoming more willing to pay, for off-street parking. More extensive metering of on-street parking will foster this.

Private enterprise is as usual responding to this increasing demand and the Government has assisted by providing some of the land required. Six sites have already been sold, three on each side of the harbour, which when completed, will provide a total of over 3,000 car park spaces. Further sites are being processed for sale over the next few years and it is to be expected that some land now in private ownership will be devoted to this purpose as demand rises and parking on the public streets ceases to be available or is fully metered.

Thus, whilst I agree that parking problems do exist in Hong Kong as in most other large cities, I think my honourable Friend is hardly fair when he says that the Government has adopted an "ostrich-like" policy. In fact it has, if anything, given higher priority to this particular

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need of a relatively small but vocal section of the community, than might have been justified in the circumstances of scarce land resources prevalent in the Colony.

I would also like to say a few words in reply to my honourable Friend concerning the possibility of providing parking and other facilities underground. This idea was examined some years ago in relation to Statue Square, when it became clear that the structural cost of underground parking was more than double the cost of providing it in a building above ground. If anything, this differential has increased. Particularly would it be so at Happy Valley which is subject to flooding.

I could not, therefore, at this time recommend the construction of underground car parks. Nevertheless, I do not rule out the possibility of their construction in the future should no alternative land be available and public demand rise to a level of willingness to pay which will make their construction economically viable.

In conclusion, Sir, may I say that my honourable Friend's words welcoming the greatly increased provision of open space are appreciated. Land is reserved and plans exist which should lead to further significant expansion over the next five years. I hope also that the progress in this field will soon be complemented by the work of the Advisory Committees on Recreational Development and Nature Conservation recently appointed.

Sir, I beg to support the motion.

MR D. R. W. ALEXANDER:—Sir, as my honourable colleague the Director of Public Works has dealt with the general question of open space, I shall confine my remarks this afternoon to a few brief words to reassure my honourable Friend, Mr SZETO Wai, on the fate of his "2½ acre oasis in a sea of traffic", namely the site now occupied by the Hong Kong Cricket Club.

This valuable site is shown on the Central District Outline Zoning Plan, which was approved by Your Excellency in Council just over a year ago (on 16th September 1969), as "open space" (except for an area along its southern edge which is required for road widening).

Although no firm date has been fixed for the move of the cricket club to Wong Nai Chung Gap Road, and as yet no decision has been taken regarding allocation of the club's present site, it is, I believe, the intention that this site will eventually be handed over to the Urban Council which has, I may say, for many years taken an interest in its fate. The Select Committee concerned has already asked my Department

to work out preliminary development schemes so that if the site is allocated to the Council, the plans for its development will be ready for implementation as soon as possible after the ground is vacated.

And my honourable Friend will be interested to know that as long ago as December 1968, at a joint meeting of the Recreation and Amenities Select Committee and the Museum and Art Gallery Select Committee (when the possibility of building a museum on the site was considered), it was agreed that the cricket ground when it was vacated by the club should be reserved as public open space—it being further agreed that development of the site should be of a horticultural nature.

With regard to the Urban Council's museum project (arising out of Government's agreement in principle that 40,000 *sq. ft.* of space should be provided for museum purposes), I am glad to be able to say that the Urban Council now considers that there is a suitable location for a new building on the north-west corner of the City Hall site. Plans for this are at present being actively considered and I am hopeful that this project will find general acceptance.

Sir, I support the motion.

MR R. M. HETHERINGTON:—Sir, I was pleased to hear that my honourable Friends, Dr CHUNG and Mr ANN, both gave their support to the proposal to establish labour courts. As you, Sir, have already indicated, the main outlines of a scheme have been prepared and it is likely that a decision in principle will be taken in the next few weeks. There are, of course, many details to be examined but it would seem that there are good prospects of establishing the first court some time next year. It is the present intention that the presiding officer should be a permanent member of the judiciary and not drawn, as Mr ANN appears to assume, from a panel of laymen. However, I fully agree with him that the presiding officer should be conversant with commercial and industrial matters and should command the respect of both employees and employers. We have always had these considerations very much in mind while drawing up the scheme.

The establishment of labour courts would provide yet another means for resolving labour-management problems. I agree whole-heartedly with the remarks of my honourable Friend, Dr CHUNG, that better labour-management relations are matters for continuing and endless examination. In spite of our enviable record of few man-days lost in disputes compared with most other territories, there is still plenty of room for improvement in this difficult field. It has been, and will continue to be, Government's role to provide the framework and to encourage the adoption of practices which can facilitate better relations. The Trade Union Registration Ordinance offers the opportunity

[MR HETHERINGTON] **Motion**

for the orderly establishment of trade unions and of employers' associations. We must, however, recognize that only a small proportion of the working population has taken advantage of this method. Probably only 8% are paid-up members of registered trade unions. To help the remaining 92%, the Labour Department has endeavoured, in the last two or three years, to promote the establishment of joint consultative committees and it has achieved some encouraging if limited success. The department has also supported all moves to develop modern personnel management techniques by encouraging the appointment of trained personnel officers in establishments of a reasonable size and the introduction of precise written terms of service with the object of reducing, as much as possible, the risks of misunderstandings to which verbal contracts can give rise. I hope that a guide to an employee handbook, which we published today and which we intend to distribute widely, will stimulate general interest in this subject and that its recommendations will be adopted, wholly or in part, by establishments.

Inevitably, in the present circumstances, many disputes are brought to officers of the Labour Relations Service of the Labour Department. The officers of this service work patiently and, on occasions, for long hours far in to the night to help others to solve their differences. They are sometimes criticized and occasionally thanked but their record of successfully conciliating in about three quarters of the cases which are brought to them is, I suggest, a good one. I think that they will be even more successful if the proposals for labour courts are approved because it is intended that the work of the Labour Relations Service and the courts should be closely associated. The strength of the service has recently been enlarged and it has been found increasingly possible to take the initiative in intervening in disputes at an early stage when it is often easier to arrange a settlement before the parties concerned take hard or uncompromising positions. I have also noticed a recent tendency for people to bring their problems to us more readily and earlier and this is a most encouraging development which I hope will continue.

Two honourable Members have referred to the problems of the employment of children and young persons. It does not appear to be generally recognized that there is no general legal prohibition on the employment of children and young persons in Hong Kong. Such legislation as has been enacted is selective and designed to protect them from particular physical or moral dangers. The Commissioner of Labour can trace his genealogy to the Protector of Juvenile Labour who was first appointed in 1922 to enforce legislation relating to the minimum age of entry in to industrial employment. In addition to the minimum statutory age of 14 years for this type of employment, other ordinances

prescribe various other minimum ages. Girls under 12 years may not be employed as female domestic servants, young persons under 15 years in maritime navigation or under 17 years in foreign-going vessels, boys under 16 years or girls under 18 years in dangerous trades, young persons under 18 years in work underground or in dancing schools and public dance halls. When the Dutiable Commodities (Liquor) Regulations 1970 come in to force later this year, children under 14 years may not be employed in or about licensed premises and young girls under 18 years between the hours of 8 *p.m.* and 6 *a.m.* At present, by administrative arrangement, no child under 14 years may be employed in a bar.

I consider that there are inherent hazards in industrial employment to which children should not be exposed and I am unable to accept the suggestion by my honourable Friend, Mr ANN, that children aged 13 years should be allowed to be employed in factories in selected occupations. So far this year, we have been notified of 28 accidents to children under the age of 14 years illegally employed in industrial undertakings. Of these one young girl suffered a crushed arm and hand, one young boy was burned on the face, arms, and body, another lost a finger, and a third had his hand crushed. Among young persons aged 14 to 17 years, 1,761 occupational accidents were notified in the first nine months of this year. Three boys and one girl were killed in industrial occupations and eleven suffered permanent and serious disabilities. Of these, the worst were the loss of a leg, the loss of all fingers on one hand, and severe burns. In the light of these facts, I find difficulty in understanding the views expressed elsewhere that the enforcement of the Factories and Industrial Undertakings Ordinance to protect children and young persons is misguided. I intend to continue the present policy to prosecute in every case where children are found to be illegally employed in factories and to give young persons the protection which the Ordinance affords. I shall also continue, when possible, to bring cases to the notice of the Social Welfare Department so that investigations may be made in to the circumstances which lead parents to permit their children to be employed in a factory.

I appreciate only too well that difficulties do exist in ascertaining the correct age of a young person who offers himself for employment. They create problems not only for employers but also for officers of my department. We endeavour to solve them by personal enquiries with the parents or guardians of the young persons. My honourable Friend, Dr CHUNG, has referred to the ineffectiveness of the present juvenile identity card as a means of identifying those under 17 years of age. We have come across cases where young persons offer the identity cards of others as their own and it is not easy to detect them. However, I can assure Dr CHUNG that, following his question in this Council on 28th January 1970, the review which my honourable colleague, the

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Colonial Secretary, promised in his reply has been undertaken. Inter-departmental consultation has resulted in specific proposals which, if approved, would result in a more effective juvenile identity card. One of the difficulties to be overcome is that, once a photograph becomes an integral part of the identity card, the card is useful as a means of identification only as long as the person concerned continues to bear a tolerable resemblance to the photograph. We have been reluctant to make the registration system more burdensome to the individual than it currently is by requiring additional registrations to overcome the tendency of young persons to change so radically in appearance that a photograph ceases to identify them. It has also been necessary to try to reconcile differences of opinion arising between departments as to the right age to issue a card bearing a photograph because what suits the needs of one authority may not very well suit the needs of another. I should, perhaps, add that, if proposals currently under consideration find favour, legislation will be required and that it might still be several years before a new scheme was fully implemented unless a very substantial increase in staff and, therefore, in the cost of the registration scheme were accepted.

You, Sir, referred to the helpful recommendations made by the Committee on Air Pollution and my honourable Friend, Mr SZETO, has suggested specific measures which might be taken to reduce air pollution in Hong Kong. The concentration of sulphur dioxide in the area around the power station at Hok Yuen remains at an undesirable level but the company's use of fuel with a low sulphur content since February of this year has resulted in a considerable and welcome improvement. Lower concentrations would undoubtedly result from higher-grade fuel but the resulting increase in generating costs may well be reflected in higher charges to the consumer for electricity. As you have said, Sir, clean air can be expensive. There are other technical possibilities for improving the situation at Hok Yuen and the entire removal of the power station to Tsing Yi may be neither necessary nor desirable as a long-term measure. It seems likely that the removal of Tai Wan hill would produce beneficial results in the Hung Hom area and the possibility of doing so is being considered in the context of proposals for extending the airport runway.

Air pollution is a subject which has aroused a great deal of interest for some time. It may not be generally known that many proposals made by the Committee on Air Pollution in advance of its final report have already been adopted. Specialist advice has been available to Government since May 1968 when a Smoke Abatement Adviser was appointed to the Labour Department. An Air Pollution Control Unit is in the process of being established under his direction and I

expect officers of a smoke inspectorate to be in training next month. A series of regulations to be made under the Clean Air Ordinance is in an advanced stage of preparation and covers the approval of plans for new or modified furnaces, ovens, and chimneys, the sampling of chimney smoke to determine the degree of pollution, and the enforcement of requirements to ensure that heavier grades of fuel are correctly and efficiently used. The Air Pollution Control Unit has recently received new equipment which will enable it to monitor carbon monoxide in the atmosphere and to provide Government with a precise basis for formulating a policy regarding air pollution by motor vehicles and assessing the various considerations which arise from the use of both petrol and diesel oil as fuels. This equipment will be in addition to devices at present used in the monitoring programme which has been in operation at various sites throughout Hong Kong for the last two years or so. I am sure that all this information will be carefully considered by the committee which, I understand, you, Sir, are about to appoint to continue on a permanent basis the work initiated by the Committee on Air Pollution.

Sir, I support the motion before Council.

3.50 p.m.

HIS EXCELLENCY THE PRESIDENT:—I think honourable Members might like to have a recess at this point. I will suspend the sitting of the Council for fifteen minutes, say until five minutes past Four o'clock.

4.05 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

MR J. CATER:—Your Excellency, I am grateful to you and to my honourable Friend, Dr S. Y. CHUNG, for your words of welcome to this Council. Although I have only recently assumed the responsibilities of Director of Commerce and Industry, my connexions with the department, both directly and indirectly, extend over many years and I am keenly aware of the importance of the department and the responsibilities which are now mine.

My honourable Friend, Dr CHUNG, has again suggested that an Industrial Development Board should be formed, with official and unofficial representation, which could participate, in some way, in the formulation of policies which have a bearing on the development of industry.

[MR CATER] **Motion**

Honourable Members will recall that, in reply to a similar suggestion made by Dr CHUNG in this Council a year ago, my predecessor, Mr SORBY, concluded that the formation of such a Board, with wider representation from within and outside the Government than is at present found in the Trade and Industry Advisory Board, was not necessarily the right approach to a better co-ordination of policies relevant to industry. He added that, were circumstances to change, and if Government felt that these indicated a need for deeper intervention or interference with, or control of, the manufacturing industry, the situation might be different.

My honourable Friend's proposal must, of course, be re-considered and examined in the context of various factors:—

- (i) the current economic and industrial conditions;
- (ii) the facilities available within the Industrial Development Division of my department for co-operation and liaison with others in the fields of industrial infrastructure, manpower and training; and
- (iii) the valuable assistance available to me on all matters of importance affecting industry and external trade through the Trade and Industry Advisory Board and other channels.

Having examined Dr CHUNG's proposal against this background my first reaction was to concur with my predecessor that the formation of such a Board was not warranted at present. I propose, however, to keep this issue under review. Not least amongst the reasons for Hong Kong's remarkable economic growth during the past two decades has been the willingness of all involved—workers, entrepreneurs, industrialists and Government—to be flexible, to innovate, and to change existing routines, systems and methods as quickly as changing conditions may dictate or require. The continued need for flexibility in our approach to methods of communication with industry and trade, and in the formulation of policies affecting both, will clearly be one of my main preoccupations in my new post.

Sir, you mentioned as two of the darker clouds on the economic horizon the possible consequences for our exports of British entry into the EEC, and the not unrelated problem of Hong Kong exports being excluded, in whole or in part, from the benefits of the UNCTAD Generalized Preference Scheme.

Your concern was echoed by my honourable Friends, Mr T. K. ANN and Mr SALMON. Mr ANN suggested that, if Association status with an enlarged EEC proved impossible, then we should ask Her Majesty's Government to make the transition period as long as possible.

It is, of course, by no means certain that Britain's application to join the EEC will be successful, but if it is, I agree with Mr ANN that the softer the decalage (to use the jargon of the negotiators) the easier it will be for us to adjust to the new circumstances—to continue and perhaps to accelerate a process of adjustment in our trade pattern which has in fact been going on for some time. It is worth noting that the share of our domestic exports going to Britain in the first eight months of this year was 11.6 per cent as compared with 20 per cent in 1961, when Britain made its first bid to enter the EEC. Perhaps of even more significance, and something of a silver lining in those dark clouds to which you referred, Sir, is the fact that in the same period the share of our domestic exports going to the EEC has risen from 6 per cent in 1961 to 11.6 per cent (exactly the same as to the UK) in the first eight months of 1970.

I am not suggesting that these figures give any cause for complacency, especially when one considers that in simple money terms our exports to Britain this year are running at about three times the 1961 rate. But I think they do show a reduced vulnerability as far as the UK market is concerned, and a proven ability to clear the EEC Common External Tariff, given reasonably fair trading conditions.

And if, as we firmly and sincerely believe it should, Hong Kong is included by all major trading nations or trading blocs within the UNCTAD Generalized Preference Scheme, then the impact of the Common External Tariff in the enlarged EEC would be further softened to some degree.

The problems for Hong Kong of British entry into the EEC; the dangers of exclusion from the UNCTAD Generalized Preference Scheme; and the protectionist pressures in the United States, were all of concern to my honourable Friend, Mr SALMON. And I must say I share his concern that there should be such a gathering of potential problems. He went on, however, to ask if we were, and I quote, "doing enough ourselves to put forward our own position, to negotiate when we can, or, if need be, to thump the table".

I think, Sir, I must first observe that neither we nor any other Commonwealth members are actually participating in the British negotiations with the Six. That is not to say Commonwealth interests are not being considered, but the negotiations proper are between Britain and the EEC. And as regards the UNCTAD, being a dependency, Hong Kong is not entitled to membership of this United Nations body; but we are represented by and usually within the British delegation. Having said that, however, let me revert to my honourable Friend's perfectly valid question. I believe, Sir, that it would help if I were first to describe how we are geared up to meet the difficult and unpredictable challenges in the field of overseas commercial relations. In

[MR CATER] **Motion**

addition to engaging the attention of a large and important section of my department, we also have four men permanently in the field. They are in London, for obvious reasons; Geneva, because it is the centre where the main international economic organizations are based—notably the GATT and UNCTAD; Brussels, because it is the location of the EEC headquarters; and Washington, DC, the capital city of our largest market.

When the need arises, as it often does, these representatives are supplemented from my department's resources; from those of the Economics Branch of the Secretariat, and indeed even, on occasion, by the formidable presence of my honourable Friend, the Financial Secretary.

The arena of commercial diplomacy, probably even more than any other kind, is rarely marked by sudden drama; and its cause (with all due respect to my honourable Friend), is rarely served by table-thumping. It is a matter of contact, assessment, reporting, persuasion and negotiation. Problems are seldom absolute and situations are always changing.

If I am in danger of sounding like a lecturer, this is not my intention. I would just like to reassure my honourable Friend that within the bounds of our constitutional position, we are indeed fighting our own battles; we are negotiating, arguing and seeking to influence the course of events. In this we are advised, supported, assisted and, where necessary, acted for by representatives of Her Majesty's Government. If these efforts are not always apparent, it is in the nature of things. Even commercial diplomacy shuns the spotlight. But I take my honourable Friend's point: and whilst I am at present satisfied that we are doing all we reasonably can to protect our future, I also assure him that if, in my opinion, the Commerce and Industry Department needed reinforcing in this all-important area of its operations, then I should not hesitate to make the necessary representations in the right place—and who knows, Sir, I might even have recourse to some of my honourable Friend's "table-thumping".

While on this subject I would like, Sir, to pay tribute to the support and assistance my predecessors and my colleagues have always enjoyed, and I am confident I am going to enjoy, from the Trade and Industry and the Textiles Advisory Boards. They bring to the considerations of our problems the practical experience and knowledge without which we could not adequately tackle them. They give their valuable time to accompany us abroad on negotiations and, as a result, often give us an edge that our opponents openly envy. And honourable Members may rest assured that they keep us very much on our toes in regard to fighting our own battles.

A final word on this subject, and this partly on behalf of my honourable Friend, the Colonial Secretary. My honourable Friend, Mr SALMON has quoted a newspaper report that on his recent arrival at the airport the Colonial Secretary told reporters that, in the context of the British/EEC negotiations—and I quote—"Hong Kong's position could be put quite capably by the British negotiators". This is not correct. A reporter asked indeed if we could assume this to be the case and that Hong Kong would not make its own voice heard; to which my honourable Friend the Colonial Secretary replied that he did not think that this could be assumed at all. He went on to say that his impression of Her Majesty's Government was that they were very conscious of Hong Kong's problems. Having recently met Mr RIPPON, the Chief British negotiator with the EEC, I share my honourable Friend's view. Indeed the very fact of Mr RIPPON'S visit to Hong Kong seems to me proof of it. We are now involved in a regular and continuing dialogue with Whitehall on this subject, and whatever the outcome of the negotiations, any adverse consequences will certainly not be because we have not made ourselves heard.

Sir, I beg to support the motion before Council.

THE ACTING SECRETARY FOR HOME AFFAIRS (MR D. C. BRAY):—Your Excellency, it is scarcely becoming for a maiden speech but I find it falls to me to speak about the four vices—piu, to, yam, chui—whoring, gambling, drunkenness and smoking. My honourable Friend, Mrs Ellen LI mentioned all four and a few others besides while the honourable Mr SALMON confined his remarks on the four vices to gambling. These four vices, traditionally grouped together in Chinese morality, are matters on which every individual must have his own views. These may guide us in our lives but we here in this Council must, I suggest, confine ourselves to determining which sins must be made criminal offences and which should be left to personal con-science. If the mere enactment of legislation could end sin there is no doubt that the Prevention of Sin Bill would be before this Council in record time. It is impossible to eradicate sin by the enactment of legislation. It is equally irresponsible for any legislature to ignore the problems of morality entirely. The problem, and I suggest it is a problem, that will always be with us, is to decide at any time what sins should be created as crimes, which are the sins society wishes us to create as crimes, how we can do this and what means can be found to enforce laws when the laws have been made so we can reduce the incidence of these sins. I do not suppose the relationship between the law and morals in the matter of the four vices is perfect in Hong Kong or anywhere else, but I must give some account of it in dealing with the points that have been raised.

[THE ACTING SECRETARY FOR HOME AFFAIRS] **Motion**

Prostitution was raised by Mrs LI and she condemned it. We must all do so, yet it is not a criminal offence to be a prostitute. It is not a criminal offence to commit adultery but it is a sin. Some of the offences related to prostitution are keeping a brothel, living off the earnings of a brothel and soliciting for immoral purposes. In 1969 there were about a thousand convictions for this type of offence.

The display of sex in films publications and magazines is subject to much less Government control. There is no censorship of the press in Hong Kong. It is however an offence to publish indecent pictures and written matter and Police action is taken against these offences. While we were assembled here two days ago the Police made a particularly dramatic seizure of pornographic material estimated to be worth on the market for this stuff about \$80,000. It comprises:—

1,400 books

200 packets of playing cards with dirty pictures on the back

4,000 photographs—nearly half in colour

3,700 slides

300 reels of film

and 100 propelling pencils with dirty pictures inside.

Films are censored. The censors do ban and cut films and it is very much a matter of judgement in each case whether particular scenes or films should be passed. The decisions of censors are consistent and they are based on precedent, though it must be borne in mind that the general attitude towards indecency does change substantially in the course of a generation or so. Exhibitors do appeal to the Board of Review against the decisions of censors but I believe only one member of the public has appealed to the Board against a decision to allow a film to be shown and that was years ago. It is liable to be a bit late once the film is in the cinemas but if my honourable Friend, or for that matter any member of the public, wishes to complain about scenes or films that exceed the bounds of decency on moral, educational or religious grounds he may do so under statutory provisions to the Colonial Secretary who may then require the Board of Review to consider the matter and then they can take the film off. The law and the statutory machinery exists and I wish people would use it. The Board of Review is often criticized by exhibitors for cutting too much. It would be a change for us to hear complaints of excessive licence by the censors. If we had had more specific complaints I should feel more sympathy with the Honourable Wilson WANG'S advocacy of the system for preventing under sixteens from seeing certain films. We have looked at this in the past but enforcement problems may have

deterred us. Theatre managers would find it no more easy to guess the age of teenagers streaming into a film show than industrial employers do when interviewing boys looking for a job.

On gambling we have statements of two opposing views in the speeches of my honourable Friends, Mr SALMON and Mrs LI. To argue on one hand that because a particular sort of crime cannot be suppressed by extensive Police action it should therefore cease to be a crime is not in itself convincing. Few would press this argument in the case of living off the earnings of prostitution or none, I suggest, in the case of trafficking in heroin. Similarly to rely completely on the argument of Mrs LI that because some gamblers become so consumed with the chase after illusory gains that all their family wealth is lost would lead to the closure of the race course, the abandonment of Government lotteries and Church raffles. The precise line between controlled and outlawed forms of gambling cannot be determined by such simple considerations.

The present law is indeed strict. Even to play a game of chance for small stakes with old friends may be a crime since such a game comes under the same wide legal definition as that which describes all the notorious games of the casinos.

I do not suppose for a moment the present demarcation between controlled and criminal gambling will be approved of by everybody. No doubt public reaction to this debate will bring out the different points of view. The only thing that is certain is that in this field neither logic nor morals will lead to the framing of a law which will be beyond criticism.

The third traditional vice is drunkenness and my honourable Friend, Mrs LI, asks that the young generation should not be encouraged to the habit of drinking. Sir, I can give her an assurance that here is no Government programme for this. Indeed it is one of the few activities we tax and therefore mildly discourage. On age limit in bars two regulations were made by Your Excellency in Council earlier this year and are, I hope, about to come into force. One prohibits licensees from permitting any person under the age of eighteen drinking any intoxicating liquor in licensed premises. When one bears in mind that licensed premises include hotels, clubs and restaurants, I think it will be seen that we cannot keep the youngsters out altogether as my honourable Friend, Mr Wilson WANG seems to be advocating. The second of the regulations which I mentioned has already been referred to by my honourable Friend, Mr HETHERINGTON, and this is a long one about employment which says that nobody under 14 may be employed in licensed premises at any time and that girls under 18 may not work there between 8 *p.m.* and 6 *a.m.* These two regulations have already been made but it was decided to allow a few months

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for their import to sink in. Everyone concerned, I think, should know about them by now though there has been little talk about them. At the last meeting of the Board of Licensing Justices they recommended that these regulations could now be brought into force. Unless something very unexpected happens I hope Your Excellency will soon be in a position to appoint a day for these two regulations to be brought into force.

Smoking—that is smoking opium of course or, today more commonly heroin—is the last of the four vices and one whose suppression by every possible means probably still commands greatest support. To be an addict is not in itself an offence, though it is to be in possession of or to take a dangerous drug. All other activities connected with the production and sale of dangerous drugs outside the medical world are crimes. The drug most commonly used in Hong Kong is heroin which has such powerful addictive properties that in less than a week after the first smoke a man becomes a hopeless addict. This drug kills and it kills quickly. It is not smart or tough to take the first shot. It is suicide. This drug has no advocates outside the ranks of the pushers. Soft drugs are not widely available in Hong Kong and I hope we can keep them out. It may be that people of our generation will never really understand the problems that our teenage children face in the matter of soft drugs. We are told they are not physically addictive and less damaging than the alcohol one might consume at a convivial party. The temptation did not exist when we were young. Be that as it may we are clear that there shall be no relaxation of the law in the matter of soft drugs in Hong Kong. This new escapism has not been studied properly for side effects after prolonged use but has too much in common with the taking of heroin, whose horrors are only too well known.

Sir, in the matter of the four vices we are not dealing with neat clear cut issues of right and wrong. The degree to which the law contains a moral code must always be a matter for dispute and this debate confirms this. If yielding to these vices harmed nobody but ourselves, the issues would not arise in this Council. If the mere enactment of legislation could end sin there would be no problem. It is because uncontrolled obsession with these vices induces social behaviour that is unacceptable that attempts must be made through the enactment and enforcement of the law to curb the worst excesses. It is because agreement in detail on moral problems is so difficult, and because law enforcement is so complex in fields dealing with human desires of such immense strength, that I fear there will always be scope for further study and improvement in the law and its enforcement in these matters.

Sir, I beg to support the motion.

THE ATTORNEY GENERAL (MR D. T. E. ROBERTS):—Sir, several honourable Members have rightly expressed concern about the increasing number of violent crimes, a situation which is not made more palatable in Hong Kong by the fact that it is to be found in most other countries, whether developed or undeveloped.

Honourable Members have advanced their views as to some of the likely causes of this regrettable development in our society. I shall leave it to the Secretary for Home Affairs and others more experienced and qualified in this field to discuss its probable causes and will limit my remarks to the problems of punishment as a deterrent rather than to the prevention of violent crime.

It is, I think, necessary to assess the gravity of the problem. Statistics for the first half of each of the three years 1968, 1969 and 1970 show that the total number of reported cases of murder, manslaughter, rape, robbery and wounding was 1,071 in 1968, 1,136 in 1969 and 1,332 in this year. It is therefore apparent that during the past three years there has been a substantial increase, though not one which justifies really serious alarm.

Although I have not been able to compare these statistics of similar offences elsewhere, I believe that such an examination would reveal a much less frequent use of violence by criminals in Hong Kong proportionately than in most other countries.

A comforting feature is the fact that the Royal Hong Kong Police have been able to maintain a detection rate of over 60% in respect of these crimes, which of itself should amount to a substantial deterrent. On the other hand, this rate of detection, which is much higher than that to be found in the majority of other countries, is unlikely to be substantially improved upon, so that we must look to other possible ways of deterring people from resorting to violence.

Some honourable Members have advocated the imposition by the Courts of sterner punishment and certainly such information as is available to the Government, from the many and varied sources at its disposal, makes it clear that there is a widespread feeling among members of the public that persons guilty of crimes of violence are not dealt with sufficiently severely by some of our Courts.

In times when violence increases in a community, it is normal and natural that the ordinary citizen should demand harsher penalties for the offender. Equally naturally, the main consideration in his mind is that he and his law-abiding fellows should be properly protected, since he sees himself as a potential victim.

The assessment of sentence is, of course, the exclusive responsibility of the courts and many experienced judges assert that no part of their judicial duties gives them so much difficulty or concern.

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A judge when deciding upon sentence must not only consider the interests of the community as a whole, but he must also give full weight to the circumstances, background and motives of the particular offender who comes before him. Certainly one of the factors which he must take into account is the deterrent value of a sentence, but he must ensure that he does not give to this factor such weight as would tip unfairly the scales against the accused. Inevitably, some judges give more weight to the need to maintain order in the community; others give less emphasis to this and more to the personal characteristics and history of the individual criminal.

While the task of deciding on the actual sentence in a particular case is that of the Courts, it is this Council which decides what kinds of punishment may be imposed. In 1967, for example, this Council amended the Criminal Procedure Ordinance so as to provide that courts should not impose a sentence of imprisonment on a person under 21 unless they were satisfied that there was no other appropriate way of dealing with him. This provision clearly inhibits the courts from imposing prison sentences on young offenders in many cases and is no doubt, and quite properly so, regarded by the courts as indicating the attitude of this Council towards the use of imprisonment generally.

As I have said on previous occasions, members of the public should be cautious in their criticism of the sentence imposed in a particular case, since the critic is often unaware of all of the factors which have influenced the judge when he was deciding upon the appropriate penalty. Furthermore, it must be remembered that judges are dealing with the problem of sentencing every day and possess a far greater experience of it than anyone else.

If there is a substantial increase in a particular type of crime in a community, it is common for the Courts to impose sharper sentences, if they consider that this will have a deterrent effect. The situation in Hong Kong in relation to crimes of violence may well have reached this point, though I would remind honourable Members that it is entirely a matter for the Courts themselves to decide whether or not this is so.

I have no doubt that judges and magistrates in Hong Kong are fully aware of the various considerations to which I have referred and are well versed in the background against which these crimes are committed. I am confident that they will, when discharging the difficult task of sentencing, give a fair weight to the abhorrence of the ordinary member of this community at the increasing use of violence within it.

A distinguished English judge commented, not long ago that the ultimate justification of any punishment was that it was the emphatic

denunciation by the community of a crime. If the situation in Hong Kong were to become such that, as a sign of public revulsion against a particular type of offence, it was necessary to provide for sterner measures, then it would be open to this Council to consider legislation providing for minimum sentences, though there are disadvantages to such a system, including the very real danger that some individuals might be treated with undue harshness. However, I am not, myself, persuaded that there is at present any justification for a resort to such drastic measures.

Sir, I support the motion.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT):—Sir, I should like to speak first of "inflation" which has been referred to by my honourable Friends, Mr Wilfred WONG and Mr ANN and is a matter of some public concern. I use the word in inverted commas, because it is used to describe so many varied phenomena.

I spoke on this topic in this Chamber on 22nd April this year in answer to a question from Mr FUNG Hon-chu. What I have to say today is in essence the same, although I shall speak with a rather different emphasis, from the point of view of perhaps costs rather than prices. I cannot, of course, speak exhaustively on so wide a subject.

As Mr WONG has recognized, we do not suffer in Hong Kong from true self-induced inflation in the sense of an excessive creation of spending power chasing too few goods. Our spending power derives almost wholly from what we earn through our external trade; we do not create it internally and artificially. Because we earn our money abroad and can in general freely import all we consume (with some exceptions such as housing and services and some kinds of fresh food for which sources of supply may be limited by certain factors), our own spending power does not press generally on the price of goods; our consumption is only a very small fraction of the world's supply. It does have secondary effects, however, because the external part of our economy cannot develop without affecting to some extent the internal part. The general situation, therefore, is that our rapid economic growth and prosperity, particularly when resources are fully employed, can cause a degree of rising *internal* prices as they increase the reward which can be earned by the various factors of production employed on *internal* as well as external activities; not only labour, I should add, but capital also—we hear much of rising wages but little of rising profits; and these internal activities tend to be those such as services where increased productivity is difficult to achieve, particularly in the short-term. That this is not the ordinary inflationary situation can be seen

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from the fact that it is accompanied by a substantial, indeed a remarkable, balance of payments surplus, not, as in true inflationary situations elsewhere, by a balance of payments deficit.

This general effect of prosperity has been intensified in recent years by the rate of inflation in our main markets. This has led not only to higher import prices but also to an even more rapid rise in our export prices, bringing with it, amongst other effects, higher wages as export demand presses on our resources of labour. The present strain on resources, particularly of labour, helps us, however, to maximize our export earnings for a given volume of exports, in contrast to our earlier years when we were our own most damaging competitors and our prices were generally below the international competitive level. But our costs cannot be pushed up above that level, except perhaps in the shortest term, because export earnings are the basic monetary regulator of our economy.

Our economic experience has indeed been very like that of Germany, and, perhaps to a lesser extent, of Japan, in recent years. We have been importing inflation from our export markets, while experiencing substantial balance of payments surpluses, because the nature of our economy prevents our costs and prices outrunning those of our export markets. Like Germany, too, substantial inflows of capital have added to these pressures.

The question posed by my honourable Friends is what we can do to "stabilize" the position, to use the word employed by my honourable Friend, Mr WONG. I should myself like to extend the question to a consideration whether there is anything we *should* do.

It seems to me in the first place that many of the tendencies they refer to are effects or symptoms, rather than causes (although, of course, those adversely affected do not always see it that way) and tampering with symptoms can often aggravate rather than improve a situation such as we face.

My honourable Friend, Mr WONG, for example, refers to vegetable supplies and prices and suggests we should encourage greater production, and thereby lower prices, by opening up land, improving irrigation and providing finance. We have carried out substantial irrigation schemes in recent years, often in conjunction with waterworks, and this should soon be stepped up, a specialist irrigation engineer having recently joined the Agriculture and Fisheries Department; while, as to finance, we already have three loan funds in existence, totalling \$4½ million and are prepared to augment this sum should a need arise. But it is not land or finance that are the real problem, but labour.

There have been no signs that recent high prices of vegetables have induced agricultural labour to return to the land, and labour will not employ itself growing vegetables, particularly for lower prices, if it can find employment at higher wages in industry and I suggest that this is, all in all, good for the community. Possibly, of course, my honourable Friend would wish to re-direct labour to the land; for he has again referred to the desirability of labour re-direction, although I am not aware that, as he suggests, any official consideration is being given to it.

We have, I agree, stabilized (I do not like my honourable Friend, Mr WONG's word "rationalized" for it is not a matter of reason) the majority of rents within fairly narrow limits, but for social rather than economic reasons and have done so as carefully as we can to avoid adverse social and economic effects. I said in April that this was justified for social reasons because of the inelasticity of the supply of housing in the short term. But we should recognize that even on the basis we have adopted this has meant hardship, or at least unfairness, not only to the small landlord but also to the inadequately housed minority.

How then might we "stabilize" the economy by attacking the causes rather than the effects of this special type of "inflation" which we are experiencing? The root causes lie in the rapid increase of export volumes and prices (including those of invisible exports like tourism) and in substantial inflows of capital.

We could attack one of the causes, as I said last April, by a system of export taxes, not so much damping down exports themselves as sterilizing in Government's hands a substantial part of the purchasing power created by exports. We could alternatively achieve the same effect, but with rather more extensive impact, by introducing a sharp increase in taxation both of profits and of consumption and increasing our revenue surplus. In both cases the surplus funds would have to be sterilized by being held abroad. Yet another measure would be to impose restrictions on bank advances, possibly by using our power to increase the ratio of liquid assets to deposits which banks must hold, thereby, also, sterilizing funds. Finally, I would agree with Mr ANN that the internal building boom has some effect, although it is only a secondary cause of rising costs. In this field we could impose a severe control on private building development or cut back severely our programme of public works, including housing in particular. And, as my honourable Friend, Mr ANN has specifically mentioned tourists as a spur to "inflation", perhaps we should disband the Tourist Association or raise the Hotel Tax to a discouraging level?

So far as inflow of capital is concerned, although I would not characterize most of this as "hot money" as Mr ANN does, we could follow the German and Swiss examples and segregate all non-resident

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bank deposits into non-interest bearing or low-interest bearing accounts and so discourage it.

But, let me make it plain that I am not proposing any measures of this sort, although nothing short of these, firmly applied in a strongly deflationary direction, could be expected to achieve very much in "stabilizing" our economic situation in the sense suggested by my honourable Friends. We face, in short, the familiar dilemma between rapid growth and stabilization, although fortunately not in its acutest form, for we have no associated balance of payments problem and we are clearly more than paying our way. I cannot myself believe that anyone in this Chamber, and very few in the community as a whole, would wish to reverse all our previous policies and choose stabilization rather than growth; and it would certainly go contrary to the other views expressed by honourable Members about the need to promote the further growth of trade and industry. Not only would we be fore-going the creation of additional wealth and what this can bring, and has brought, in social advance, but we would also, I believe, permanently damage that climate of economic activity which has taken us so far and so fast. This would be particularly unwise, I suggest, in the face of those relatively darker clouds referred to by Your Excellency.

Rapid growth is uncomfortable for many; it causes painful readjustments, or even hardships, particularly for those on fixed incomes, and leaves behind those who cannot keep up the pace or make the necessary adjustments. But it is, I suggest, the secret of our economic success that we are unusually adaptable and flexible in the face of economic change and I feel very strongly that we must not introduce artificial "stabilizers" leading to inflexibility and stunted growth, to a hardening of the arteries. We should count ourselves fortunate that we do not have the added complication of a balance of payments problem to force negative policies on us.

In this context, I find my honourable Friend, Mr Lo's theory of the erosion of our advantages very difficult to accept, particularly in the light of our recent remarkable growth; one reason for the erosion of old advantages is often the development of new and more valuable ones.

I was particularly struck in this context by my honourable Friend, Mr K. S. Lo's concern at the decline in the enamelware industry as an example of the effect of lost advantages, as if this decline were a loss rather than a gain to the community. It has declined, I believe, because we have learned to use our resources of enterprise, capital

and labour in other more profitable directions. That is progress. We would be in a sorry way if enamelware was still our fourth biggest industry.

In a rather similar vein my honourable Friend, Mr ANN takes the wig industry to task for offering inducements to labour. In my view it is best that labour should be employed by the employers who can pay it most, even if it has adverse effects on employers who cannot match their terms. That, too, is the way of progress.

We hear much today about the danger of rising wages as if wages were the price of a commodity or a raw material, the increase in which should somehow be controlled, or "depressed" in the euphemism used by my honourable Friends (although less is said in this vein of profits which are a phenomenon of a not dissimilar nature; if we are to have an "incomes policy" it would have to be imposed on all incomes) but I suggest that we should look at rising wages from the point of view of the receiver as well as that of the payer and what it means to him. Furthermore, I myself welcome increasing wages which result by ordinary economic processes from the pressure of economic growth on our resources of labour, because they help to ensure both maximum export prices and the most productive use of our scarce resources; and at the same time redistribute more fairly our growing national income, even if this inevitably means, in our circumstances, generally rising internal price levels. I do not, of course, have quite the same view of wage increases which might arise from other causes. In this context, I can assure my honourable Friend, Mr Wilfred WONG, that in our present economic situation at least, it is not Government's policy to take the lead in raising wages; but I think that it would be unjust not to follow the private sector reasonably closely.

I would, therefore, in general, rather see real wages rising in conjunction with a rising price level that is, wages rising faster than prices (our recent experience as Your Excellency has pointed out) than stagnant wages at a steady price level; or rather a more slowly rising one, for we could not altogether avoid the infection of world inflation even by severe internal deflation. I believe that these are the choices we have and I am in no doubt about which the great majority of us would choose. It is not, as my honourable Friend, Mr Wilfred WONG, suggests a choice between stabilization and disequilibrium but between stabilization and growth.

I find it particularly unfortunate that it has become fashionable to use the words "spiral" and "spiralling" in a condemnatory sense. The words are in a sense correct to describe the general economic process of continuous adjustments between inter-acting forces, but this process generally tends, in our circumstances, towards a new equilibrium at a

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level determined by the regulatory effect of our external earnings. Attempts at "stabilization" on the other hand are most likely to lead to stagnation.

In the meantime there are signs, particularly in the USA, that some control over inflation is being achieved and that our present internal pressures here may be relieved to some extent. But, as this will inevitably mean less rapid growth in our own economy, I wonder if it will be welcomed or regretted.

To turn now to a topic which appears to some extent to be in conflict with the previous topic. My honourable Friend, Mr LO has spoken of proposals to use public funds to finance the development of small industries, and his remarks have been endorsed by my honourable Friend, Mr Wilfred WONG. Mr LO made special reference to a report on the subject by a committee of the Trade and Industry Advisory Board.

I must confess my distaste for any proposal to use public funds for the support of selected, and thereby, privileged, industrialists, the more particularly if this is to be based on bureaucratic views of what is good and what is bad by way of industrial development, but I have been studying the report referred to with some interest.

In the light of our rapid industrial expansion of recent years, I was not surprised to find that, after two special sample surveys, the committee concluded that there was no real evidence that industrial development was being hindered by lack of finance; indeed, the evidence suggested on the whole that sources of finance were adequate. My honourable Friend, Mr LO, has himself pointed out the unusual strength of our medium industry, for which there is nothing comparable in the region. I was surprised, however, that the Committee then went on to make proposals for a scheme to provide a special source of finance.

But even were it to be accepted that, in spite of the findings of the surveys, some scheme should be introduced for some reason, such as a feeling that the surveys' conclusions are not well-founded, speaking for myself, I find the actual scheme proposed substantially defective in a number of its main features. Basically it suggests that, when a bank receives an application for a loan for industrial development which it is not prepared to grant at its own risk in the normal course of business, then it refers it to an official organization, which might be the Productivity Centre, for a report on its "technical and financial viability". If that report were favourable *and* the bank agreed, then a Government guarantee would be made available for a part of the risk at a charge

of some kind. Unlike the banks, Government would not have the right to reject a loan on which a favourable finding has been made. The report proposes that guarantees should not exceed a total ceiling of \$10 million *in the first place*. This proposal, which the committee confesses to be outside its terms of reference, appears to have been a late compromise between conflicting views, based on an erroneous belief that Government had indicated that it would be prepared to give such guarantees.

I should like to take this opportunity to put forward my views of one or two features of the proposal as the subject has been raised in this debate. I shall be writing more fully soon to the Director of Commerce and Industry, as Chairman of the Trade and Industry Advisory Board. Firstly, I think, perhaps that there is an element of false analogy between this proposal and Export Credit Insurance. It is of the essence of insurance that it must apply to a wide spread of risk, not to selected risks. This is a requirement of our Export Credit Insurance Corporation, which, indeed, reserves the right to exclude altogether what it regards as unacceptable risks. There is a reference in the report to banks and Government sharing the profit and loss on guaranteed loans but the present proposal would allow the banks to select their worst risks for guarantee, automatic guarantee, while keeping all the profit on their better risks. In underwriting terms this is wholly unacceptable.

Secondly, the argument in the past, and indeed in certain sections of the report, has generally been that banks could not, in the nature of their business, make loans of a long enough duration to meet industrial needs, rather than that they were not in a position to accept the commercial risks involved. My own view of possible institutional arrangements has always been directed to the former argument. I find the latter proposition rather alarming—that we should be prepared to take greater *commercial* risks with public funds than banks are prepared to take with commercial funds in the course of their business.

Thirdly, I find odd the view that a Government institution is better placed to evaluate "the technical and financial viability" of a project than a commercial bank. It may well be that our banks are deficient in the kind of expertise required for assessing projects but then what we should be doing is encouraging banks to acquire such expertise or to make use of outside, commercial, expertise. I do not believe in any case that a Government machine can provide a reliable judgement on such matters, an opinion the banking members of the committee appear to have shared, for they have prudently refused to commit themselves to accepting its advice. I myself tend to mistrust the judgement of anyone not involved in the actual process of risk-taking.

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It is said, however, that even a few new loans of the sort proposed would have a "catalytic" effect. I distrust this optimistic concept but, if some scheme is desirable for whatever reason, and I see no very strong objections to that on a modest scale, my view remains that this should be the setting up of an institution on the model of the Hong Kong Building and Loan Agency for home mortgages, where Government and banks would subscribe together to set up a fund for medium-term loans of a kind a bank acting by itself might hesitate to grant. I have as yet seen no convincing argument against this form of organization, although it would, of course, possibly commit the banks, as well as Government in a way that the present proposal does not. It would be in line with the institutions set up in Britain between the wars, by co-operation between banks and government, to fill the so-called MacMillan gaps in the capital market.

My honourable Friend, Mr SZETO, has asked whether a decision on the proposal for an underground railway could be made before the close of the financial year. The further report of the consultants is under study but it seems to me unlikely that any decision on a scheme of such magnitude could be made within the next six months. If I may speak for myself, my own conclusion from reading the report is that it proves conclusively that, even if a very large amount of capital were available, the scheme would not be economically viable by quite a wide margin. Furthermore, it will have to be looked at in the light of competition for available funds from such other major needs as water, housing and roads for all of which a formidable amount of money is required.

My honourable Friend, Mr ANN has suggested that the forthcoming Census of Industrial Establishments should seek information on the percentage of raw material costs as against sales turnover. I agree that this would be interesting and useful information to have but it would fit better I think into the proposed Census of Industrial Production for which the Census of Industrial Establishments is a preliminary. There is a limit to the number of questions which can profitably be asked in any one census but we will certainly be considering questions on the lines suggested by my honourable Friend.

Sir, I support the motion.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—Sir, as usual it falls to the Colonial Secretary to try and tidy up the loose ends of this debate, and, as honourable Members have been so agile in moving from point to point, I hope I may be forgiven if in my endeavour to follow them what I have to say is necessarily somewhat disconnected.

The Honourable Mr T. K. ANN referred to an acute shortage of labour in Hong Kong industry and suggested allowing more Cantonese speaking workers into Hong Kong from other territories, on a temporary basis, on bond. Our industrial labour force has been expanding steadily since as far back as 1947 and between June 1969 and June this year it increased by some 43,000 persons; however, a study of the figures for key vacancies notified indicates that the time-lag for filling such industrial vacancies is from six to nine months. Certainly this is very unsatisfactory from the view point of the industrialist trying to fulfil export orders; but there are other factors which have to be kept in mind in trying to decide what our policy should be for admitting workers from elsewhere. Broadly speaking our present policy is that they must possess skills not readily available in Hong Kong, and must have secured employment with a reputable firm. Whether or no that policy requires review is a very large question indeed and one perhaps deserving of a debate of its own. However we have recently received representations from the Federation of Hong Kong Industries on this very point, and I can assure honourable Members that the fullest consideration is being given to their representations.

My honourable Friend, Mr CHEUNG, made the suggestion that the Lands Branch in the Secretariat should be expanded. My colleague, the Director of Public Works, has given a full description of the problems involved in making more land available for residential development in the urban area. I hasten to assure my honourable Friend that the land sale programme is not at present impeded by the amount of work currently being handled by the Lands Branch of the Secretariat. Nevertheless the volume of work is very considerable and the need to expand the branch will be kept constantly under review.

I must thank my honourable Friend, Mr Q. W. LEE, for his thoughtful, helpful and constructive contribution on the subject of the greater use of Chinese in official business.

I am glad to be able to inform honourable Members that progress has been made in setting up the Committee which was previously announced. Its terms of reference are "to examine the use of Chinese in official business and to advise on practicable ways and means in which the use of Chinese might be further extended in the interests of good administration and for the convenience of the public". I am glad to say that the Honourable Mr FUNG Ping-fan has agreed to be Chairman of the Committee, and he deserves our thanks for taking on an arduous and difficult task. I shall hope to be able to announce the membership of the Committee very shortly. I referred just now to its work as arduous and difficult. I would hope however that in the course of its deliberations the Committee will be able from time to time to make interim recommendations on which the Government can act.

[THE COLONIAL SECRETARY] **Motion**

Meanwhile the points made by my honourable Friend will be of substantial value to the Committee.

Concurrently with the Committee's deliberations we will not as an administration suspend work on improvements in line with our longstanding policy of making greater use of Chinese in public administration.

My honourable Friend, Mrs LI, while expressing satisfaction with the progress made on equal pay for women has asked what the position is on the 1965 Salaries Commission's other recommendation that the bar to the appointment of married women on normal contract or pensionable terms should be withdrawn. In this matter it has proved to be easier to reach a decision on principles than to solve the detailed problems of implementation. However these problems are receiving urgent consideration and I hope to be able to announce details in the not too distant future.

I do not think it will be either necessary or appropriate to refer the matter to the forthcoming Salaries Commission, and indeed believe that to do so would cause unnecessary delay.

The Honourable Mr Woo has suggested that the Government should dip into its pocket and give generously to voluntary associations which cater for the young. I am glad to say that this has been the policy of the Government for some considerable time, as an examination of the Social Welfare Subventions will show. Most, if not all, large-scale organizations catering for youth activities are already subvented by the Government, and subvented to a considerable extent, with the means for a steady expansion of their activities. I might also refer to the annual summer programmes of youth activities, which are probably unique in their size and scope and greater, in comparative terms, than in any other country of which I know. Much is being done in this field; but I agree with my honourable Friend that perhaps the coverage is uneven. I know that the Director of Social Welfare would be sympathetic to initiatives from experienced Associations which would help those areas in which the butter is spread too thin.

In referring to the problems of youth, the Honourable Mr Wilson WANG has suggested the provision of crash courses for the training of youth leaders. Such courses have already been provided by the Social Welfare Department, which has undertaken the responsibility for providing training courses for social welfare workers engaged in all fields in the Colony, in both Government and non-Government agencies. The opening of the Lady Trench Training Centre earlier this year will allow the opportunity for a considerable expansion in the scope and direction

of courses in youth leadership, and an expert adviser in this field is already attached to the Department to help in shaping the aim and content of these courses. Training at University level is of course the responsibility of the Universities, and both Universities in Hong Kong are providing such training, leading to recognized qualifications. Mr Wilson WANG has further suggested that many voluntary organizations require more Government support in their recruitment of recognized workers. I should like here to dispel the idea, which I have noticed, but which I am sure is not shared by my honourable Friend, that there is a pool of qualified social workers in Hong Kong available for employment if only a higher salary were offered. This is not the case. There is a shortage of trained social workers in Hong Kong, as in most other places in the world, created by the continuing expansion of social welfare services. But the answer lies in increasing the facilities for training, rather than in providing additional financial support to voluntary organizations. No additional financial support is by itself, going to overcome an overall shortage. Higher salaries in one agency will merely serve to attract staff from another agency, but members will note that I agree with both honourable Members that training is the secret of unlocking this problem.

My honourable Friend, Mr WOO has referred to hardships being experienced by the owners of rent-controlled prewar premises, and has reminded us that the present levels of permitted rent for these properties have not changed since 1953. He went on to suggest that the permitted rent for these prewar premises, which for domestic premises can be as little as one-sixth of the equivalent current market rent, should be progressively increased, perhaps over a period of years, until they have reached the market level. There is no doubt that the gap between permitted and market rents for prewar properties has widened substantially and perhaps the time is now ripe at least for a review of the situation.

Mr WOO has also suggested that once the landlord has recovered possession of any part of controlled prewar premises, that part should no longer be subject to the provisions of the Landlord and Tenant Ordinance. I see some dangers in this suggestion, but it will be examined as part of the review to which I have referred.

Finally I would refer to the suggestion made by my honourable Friend, Mr Y. K. KAN, that the Finance Committee of this Council should sit in public.

On one aspect of the proposal I am unreservedly sympathetic— the Finance Committee, and its two sub-committees, the Establishment Sub-Committee and the Public Works Sub-Committee, digest an enormous amount of information, and get through an impressive and invaluable amount of work, of which the general public can have at

[THE COLONIAL SECRETARY] **Motion**

present very little idea, and which, because it is done behind closed doors, could lead to the misconceptions, and (less likely I hope) the misgivings which Mr KAN has suggested.

It is true, too, that at least from 1893 until the occupation, Finance Committee meetings were held in public, and that the minutes of the Committee are recorded in the prewar Hansards.

But a study of those minutes is not altogether reassuring. In the earlier years they do indicate a fair measure of discussion, but not on the unfettered scale which we now enjoy. But by 1941 the exchanges largely took the form of few and very short questions and answers. The proceedings had become formalized and stereotyped—I have, Sir, a genuine fear that the same thing might happen again.

There is no clear record of why this practice was not resumed in 1946 but it seems likely that it was felt to be incompatible with the greatly expanded volume of business in those postwar years.

The problems of volume of business, and the great amount of detail presented to Finance Committee in its agenda items still remain, and it would seem that if Finance Committee meetings are to be held in public, then the Committee will have to be relieved of the less weighty issues that now have to go to it. This would involve greater delegation of authority to the Financial Secretary to approve supplementary provision. Furthermore, it would, as Mr KAN has recognized, inevitably mean that agenda items presented to Finance Committee would in some cases be less informative, since the protection afforded by the present restricted grading for documents would be removed.

None of these difficulties is insoluble, but I would, before committing myself to a firm opinion, like to discuss them in detail with my honourable Friend on his return from his forthcoming journeying. My main doubt centres round one consideration—the Committee at present works—in both senses of the word—and is an indispensable part of the Government machine. I would not like to see its operation become so formalized—or inhibited under the public gaze—that it lost efficiency.

One last, but important point I would make and that is this. There is nothing clandestine nor covert about the recommendations of the Finance Committee. It is a Committee of this Council, enjoying delegated powers, but its decisions all come up to this Council, in public, for ratification. They are embodied in a series of motions, moved by the Honourable Financial Secretary, and it is open to any member who doubts the wisdom of a provision, or who wishes to

explain or associate himself with any provision, to speak to that motion, and draw the attention of this Council and the public to any appropriation on which he feels strongly or on which he feels more should be said.

Moreover, when the accounts for a year have been closed the supplementary provisions voted by motion during the year in question are embodied in a bill, and the supplementary appropriation bill is laid before this Council. Both the processes to which I have referred were coincidentally gone through the day before yesterday.

And so, Sir, we come towards the end of another cross country debate. I think it was six months or a year ago when, after the debate was over, one daily newspaper saw fit to deplore the spectacle of Unofficial Members sticking out their necks one after the other to be cut off by the Officials. I hope that nothing in the two days of this debate —three days with your speech, Sir—will justify a repetition of that jibe. Of course, if you call the Director of Public Works an ostrich, he is likely to take his head out of the sand and bite you—and we have all had our usual wiggling from Sir John. But it will be a sad day for this country when that austere wisdom is no longer available to us. I do thank honourable Members on both the Official and the Unofficial sides for the constructive contribution to what I personally regard as a most useful debate. One assurance I should like to give and that is this. When any member here on the Official side says that a matter will be considered or brought under review, then that does happen and there is fairly elaborate machinery to see that it does. If we fail in this I hope that you will challenge me.

Sir, I beg to move.

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Order No 8(5) I will adjourn the Council until 2.30 p.m. on Wednesday 21st October and I myself will look forward to meeting Council again in December.

Adjourned accordingly at fifteen minutes past Five o'clock.