

OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 1st September 1971

The Council met at half past Two o'clock

[MR PRESIDENT in the Chair]

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE CROSBIE TRENCH, GCMG, MC
THE HONOURABLE THE COLONIAL SECRETARY
SIR HUGH SELBY NORMAN-WALKER, KCMG, OBE, JP
THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)
MR GRAHAM RUPERT SNEATH, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS (*Acting*)
MR LI FOOK-KOW, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, JP
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC, JP
COMMISSIONER OF LABOUR
THE HONOURABLE JAMES JEAVONS ROBSON, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE JOHN CANNING, JP
DIRECTOR OF EDUCATION
DR THE HONOURABLE GERALD HUGH CHOA, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE JACK CATER, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE DENIS CAMPBELL BRAY, JP
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE JOHN CHARLES CREASEY WALDEN, JP
COMMISSIONER FOR RESETTLEMENT (*Acting*)
THE HONOURABLE ALASTAIR TREVOR CLARK, JP
DIRECTOR OF URBAN SERVICES (*Acting*)
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, OBE, JP
THE HONOURABLE HERBERT JOHN CHARLES BROWNE, 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 ANN TSE-KAI, OBE, JP
THE HONOURABLE LI FOOK-WO, OBE, JP

ABSENT

THE HONOURABLE GERALD MORDAUNT BROOME SALMON, JP
THE HONOURABLE LO KWEE-SEONG, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RODERICK JOHN FRAMPTON

Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:—	
Dangerous Goods Ordinance.	
Dangerous Goods (Shipping) (Amendment) Regulations 1971.....	94
Merchant Shipping (Amendment) Ordinance 1971.	
Merchant Shipping (Amendment) Ordinance 1971 (Commencement) (No 2) Notice 1971.....	96
Merchant Shipping (Control of Ports) (Amendment) Regulations 1971.	
Merchant Shipping (Control of Ports) (Amendment) Regulations 1971 (Commencement) Notice 1971.....	97
Quarantine and Prevention of Disease (Amendment) Ordinance 1971.	
Quarantine and Prevention of Disease (Amendment) Ordinance 1971 (Commencement) Notice 1971.....	98

Oral answers to questions

Criminal activities in resettlement areas

1. MR LI FOOK-WO asked:—

Would Government describe the range of criminal activities known to be prevalent in and around resettlement estates and say what steps are being taken to eliminate them in the interests of the safety and welfare of the residents?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—Sir, in giving you the most prevalent crimes which have been reported in and around resettlement estates for the period January to June 1971, I shall in each case mention the incidence as a percentage of the total for the Colony as a whole for that particular category of crime:

Miscellaneous thefts	6.9 per cent
Other robberies	8.0 per cent
Serious assaults	16.1 per cent
Burglaries	8.1 per cent
Taking a conveyance without authority	9.8 per cent
Possession of an unlawful instrument	14.7 per cent
Theft from a vehicle	5.1 per cent

When one remembers that the provisional figures released by the Census Department show the total population of resettlement estates in Hong Kong on the 9th March 1971 to have been 943,525 or almost a quarter of the total population of Hong Kong, it can readily be seen that the incidence of reported crime in resettlement estates is considerably less than might be expected for such large populations.

Total crime in resettlement estates, in fact, accounts for only 8.5% of Colony crime. The prevention and elimination of all crime, however, is one of the duties of the police force and the estates are not only included as a part of the normal police beat and mobile patrol coverage, but are also frequent targets for police stop and search operations. There are mobile police posts at Lam Tin and Sau Mau Ping estates and there is a permanent post in Tse Wan Shan. It is hoped to open new posts at Lam Tin, Ngau Tau Kok, Sau Mau Ping and Lo Fu Ngam, and the building of a new sub-divisional station will start at Chai Wan early next year.

I know that it has been said before but, nevertheless, the most effective basis upon which the police can deal with crime is that formed by the co-operation of the public, which in this particular instance means the prompt reporting of criminal activities in resettlement estates to the police by the residents of those estates. In this way not only can police assistance be obtained swiftly but also it will enable the effective deployment of the police in black spots and areas with a particularly high incidence of crime.

MR LI:—Has Government considered some form of internal management involving the residents themselves?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—The proposal for such internal management has been made both internally within Government and from outside and is under consideration; but it must be remembered that such crime as there is in resettlement estates springs largely from the existence of youth gangs. There is a danger in internal management of promoting a gang to a position of almost lawful authority.

Industrial rest days

2. DR S. Y. CHUNG asked:—

Is Government aware that some major industrial employers associations have recommended their members to designate one of the rest days in December this year on the 6th day of that month to coincide with the Hong Kong Festival Day and will Government make a similar recommendation through its Labour Department to all industrial undertakings?

Oral Answers

MR R. M. HETHERINGTON:—Sir, I confirm that Government is aware of the recommendation which some major industrial employers' associations have made to their members about the Hong Kong Festival Day. I also confirm that Government will support the action taken by writing, through the Labour Department, to the proprietors of all industrial undertakings making a similar recommendation.

Relief for typhoon victims

3. MR P. C. WOO asked:—

Is Government satisfied that it is taking adequate steps to relieve the hardships and suffering of the victims of Typhoon Rose and their families, whether in money or in kind?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—Sir, the short answer to the honourable Member's question is "Yes".

There are, broadly speaking, three different kinds of relief measures required and provided as a result of any natural disaster. The first is the provision of food, shelter and clothing as an immediate emergency measure for families who have been displaced. The second is the provision of cash grants-in-aid to families in need who have suffered damage to their homes or to their means of livelihood—for example, boats, crops and livestock—so that they may rehabilitate themselves as soon as possible. The third is the putting in order and repair of public services and Government buildings—which latter I must remind honourable Members provide roofs for about a third of the total population.

Preparations for an emergency were made before the typhoon reached Hong Kong and they were in operation as it struck. Accommodation was provided in transit camps, community centres, kai fong buildings, schools and estate welfare buildings. Some 25,000 cooked meals, 3,000 sets of cooking utensils, and bedding, clothing and dry rations as required were issued. Most of those helped have now been able to return to their homes or have found alternative accommodation.

The Finance Committee of this Council has ensured that assistance has been and will be provided to those who require it for as long as they require it. In consequence I cannot as yet say what the ultimate cost will be. The staff of the Director of Social Welfare, the District Commissioner New Territories, the Director of Agriculture and Fisheries, the Commissioner for Resettlement and the Director of

Marine have been principally responsible for the provision of assistance. As of last Monday approximately \$3.5 million had been distributed in cash or kind, and commitments of a further \$2 million entered into—a total of \$5.5 million. But this is no indication of the real cost to the tax payer of Typhoon Rose. When repairs and rehabilitation have been completed and the diversion of effort from other tasks are taken into account I would be surprised if the total cost were less than \$20 million.

MR WOO:—Sir, with regard to the provision of cash grants-in-aid I understand that only \$200 was paid to occupants of severely damaged huts in the licensed squatter areas at San Ka Tsuen and elsewhere. Will Government further look into this matter as to whether this is adequate?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—Yes, Sir, the rates of payment are under review.

Electricity supply in Kowloon and New Territories

4. MR SZETO WAI asked:—

With regard to the recent major power failure over the greater part of Kowloon and the New Territories, can Government say what was the cause of it, and what measures will Government require the supply company to take to prevent its recurrence?

THE FINANCIAL SECRETARY (MR C. P. HADDON-CAVE):—Sir, according to investigations by the China Light & Power Company, the cause of the recent power failure can be traced to an explosion in one of the high voltage circuit-breakers in the Tsun Yip Lane substation in Kwun Tong. This explosion caused a severe and rapid spread of fire which completely destroyed the switchboard and adjacent transformers. The fault was carried down the line through the Company's interconnected systems to the two generating stations at Hok Un and Tsing Yi because of a subsequent failure of protective devices which would have isolated the Kwun Tong area. The generators, which were switched on at the time, were automatically disconnected by their protective devices and thus the generators themselves were not damaged. But there was a total blackout in Kowloon and most parts of the New Territories.

To restore current, it was necessary for engineers to investigate the cause, assess the damage and re-start the steam turbines in the generating stations: this took approximately two hours. In the case of the Kwun Tong area itself, however, cables had to be connected up so as to bypass the damaged portion of the Kwun Tong network.

[THE FINANCIAL SECRETARY] **Oral Answers**

The fact that the Tsun Yip Lane substation houses three major transformers and handles all incoming supply from the Hok Un generating station meant that there was a very great deal of restorative work to be done: this took three and a half days to complete.

In our subsequent discussions with the Company, Sir, we have been satisfied that every possible precaution against such an occurrence had been taken, but because of a freak combination of circumstances and the failure of protective devices, immediate segregation of the damaged portions of the network was not possible. Experience in other cities has also underlined the fact that electrical equipment of this nature cannot be made one hundred per cent fool proof.

For the future, the Company has plans to install, at the end of the year, a 20 megawatt gas turbine generator at the Hok Un station. This generator is designed to give "black-start" facilities which should enable restoration of supply to be made within minutes instead of the 2-hour period involved on Monday the 16th of August.

MR SZETO:—My honourable Friend mentioned that there was a combination of freak circumstances. Would he say that the fire that destroyed the substation at Kwun Tong was anything due to Typhoon Rose?

THE FINANCIAL SECRETARY (MR HADDON-CAVE):—Sir, as I have mentioned, the fire was caused by an explosion in one of the 132,000 volts circuit-breakers in the substation. Since the whole of the building was utterly destroyed by the fire, the Company is not in a position to determine the exact cause of the explosion but suspects that the passage of Typhoon Rose was purely coincidental. The fire itself, however, might not have been so intense or the destruction so complete had there not been severely high winds at the time. I should like to take this opportunity, Sir, of commending the excellent work done by the Fire Services Department, the Civil Aid Services and other auxiliary services in extremely adverse conditions.

MR SZETO:—Would my honourable Friend elaborate a bit more on the failure of the protective devices? He did mention them in his reply.

THE FINANCIAL SECRETARY (MR HADDON-CAVE):—Sir, there were two sets of protective devices. One set was intended to isolate the affected circuit-breaker from the rest of the Tsun Yip Lane substation and the other to isolate the substation from the supply lines originating from the main generating stations at Hok Un and Tsing Yi. Neither,

however, worked and this resulted in the generators being tripped by their automatic protective devices. Investigations are in hand, I understand, to discover why these devices failed to operate and the management of China Light intends to call for advice from the manufacturers in an effort to reduce the possibility of this happening again.

Typhoon moorings

5. MR WILFRED S. B. WONG asked:—

Will Government state how many typhoon moorings there are in the harbour and, in the light of experience gained through Typhoon Rose, has Government any plan to increase the number of typhoon moorings?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—At the present time, Sir, Government maintains 56 special typhoon moorings in the harbour. 39 of them are for use by vessels not exceeding 600 feet in length, and 17 are for use by vessels not exceeding 370 feet in length.

The number of collisions and other accidents which occurred in the course of Typhoon "Rose" is expected to give rise to a number of civil claims and to possible litigation. In consequence, the circumstances attending various of the collisions and strandings which occurred have been somewhat slow to come in and it will be several weeks before a clear picture can be obtained concerning certain of the incidents which occurred during the storm. I must necessarily therefore be cautious in answering this question.

There was no failure of Government moorings during Typhoon Rose. However, some moorings were made unserviceable when ship's mooring cables broke. Of the thirteen moorings found unserviceable after the storm, nine have been restored. In addition three buoys were sunk, presumably struck by ships' propellers. The buoys are being salvaged and will be replaced within the next few weeks.

I should like to explain, Sir, that a mooring is not classified as a typhoon mooring until its block sinker has sunk well below the surface of the seabed. Four moorings laid earlier this year are expected to be suitable for use as typhoon moorings in about two years. However, because of the rocky nature of the seabed in other areas of the harbour, it may not be possible to provide any further typhoon moorings in the foreseeable future. But, to put this in perspective, I must point out that during Typhoon Rose, as many as fourteen typhoon moorings were not occupied. This is because some shipmasters prefer in these conditions to anchor their vessels in the western approaches to the port, and others wisely leave port and seek sea-room.

Oral Answers**Pollution through earth transportation**

6. MR OSWALD CHEUNG asked:—

Is Government aware that lorries transporting earth and sand through Tai Wan day and night are creating health hazards and nuisance to residents in the district, particularly in the Resettlement Estate there, with dust, fumes and noise? Will Government take steps to bring about abatement of such hazards and nuisance by requiring lorries to be covered and earth carried to be dampened, and other appropriate measures?

MR J. J. ROBSON:—Sir, before answering the detail of my honourable Friend's question, I think it is necessary to describe the work which is creating the nuisance in Dyer Avenue and why this has to continue during the night. Basically the work is in conjunction with the extension of Kai Tak Airport for which I have been given a target date for completion of February 1973 and for which Government accepted tenders at increased prices for the required early completion. This can only be achieved by working day and night. This was recognized and accepted by Executive Council and an Order by the Governor in Council on the 16th of October 1970 exempted this work from the provisions of the Summary Offences Ordinance. Before submitting the recommendations to the Governor in Council I, personally, had each area in which the contractor had to work examined separately to see whether it was essential for night work to take place in that area in order to meet the target date for the whole project. Routing of vehicles through the Dyer Avenue area, work on the stockpile on the reclamation in Tai Wan Bay and work on forming the hillsides in Ho Man Tin for further Government housing come into this category.

The nuisance to the residents of Tai Wan created by the transportation of earth to the water front has been defined by my honourable Friend as one of dust, fumes and noise and I should like to deal with them in the reverse order.

In respect of noise, checks have indicated that the noise level in Dyer Avenue due to vehicles is no worse (and probably better) than the noise level in many other roads in the Colony which carry through traffic.

Dyer Avenue is a public road and while the residents of this area have been fortunate up to now in that there has been little through traffic, I do not consider that they have the right to expect that this will last forever. The road network existed before the construction of the Resettlement Estate and serves a number of old properties

including the Hong Kong and Whampoa Dock Company. This company intends to construct a container terminal which will be served from Dyer Avenue and it is likely therefore that all-night traffic, composed of heavy vehicles, will continue after the completion of the Airport project.

In respect of fumes, once again that element caused by the passage of vehicles is almost certainly less than many other areas of the Colony as most of the vehicles used by the contractor are in good condition.

In respect of dust, however, there can be no question that the residents have had ample grounds for complaint and a fair amount of dirt has been deposited on the roads along which the contractor's lorries travel. The rains of the recent typhoon made matters worse and, unfortunately, at a time when the Urban Services Department street cleansing divisions were fully committed cleaning up the mess left by Typhoon Rose. Steps have however been taken to improve the situation and 40 men have been employed by the PWD's contractor on cleaning Dyer Avenue, Tai Wan Road, Fat Kwong Street and Chung Hau Street. The contractor is also spraying water in Dyer Avenue to keep down the dust. The ledges and wheels of all lorries are being cleaned before they leave the borrow areas in Fat Kwong Street and Chung Hau Street and instructions have been given for the lorry loads to be reduced so that there is less chance of spilling over as the lorries go along. Other measures which are in hand, and which will help matters, are the improvement of water supplies in the borrow areas so that lorries can be more effectively cleaned before going on to the public road and purchase of tarpaulins to cover the lorries while in transit. Improvements to the lorries exhaust systems are under consideration but I hesitate to suggest that these will reduce significantly, either the noise produced or the fumes from the vehicles exhausts.

While the extension to Kai Tak Airport runway will not be complete until early 1973, the work on the Ho Man Tin borrow area which is the main source of complaint by the residents of Tai Wan will be complete either late this year or early next.

In view of the measures to relieve the dust nuisance which I have just described, Members will appreciate why I deprecate the recent action of the residents of the Hung Hom Resettlement Estate of taking the law into their own hands. I understand that over the holidays a brick was thrown through the windscreen of one of the lorries travelling along Dyer Avenue which could of course have had fatal results. The occupants of this Resettlement Estate would do well to bear in mind that when their estate was under construction the older residents of the area had to suffer dust and I personally think it is not too much to ask that they in turn exercise tolerance bearing in mind that the sites formed by the work which is in progress in Ho Man Tin are to be used for the construction of further Government housing.

Oral Answers

MR WILFRED WONG:—Sir, is Government aware that the residents of this area are unable to sleep at night? Would Government reconsider the need for a quiet period during the night or, alternatively, arrange an alternative route through the China Light and Power property for this particular traffic?

MR ROBSON:—Sir, could I again take the matters in the reverse order? The question of re-routing traffic through the Green Island Cement Company property, then by way of a temporary flyover into Tai Wan Road, has been looked into. In my opinion this could well create more complaints and create more problems than it solves because the route does not bypass the Resettlement Estate; it would concentrate the traffic on one particular section of the Resettlement Estate. The lorries would also have to stop or slow down and engage a lower gear before they travel up over the ramp and this, in turn, would make more noise. So I personally don't think that for all the residents of the Resettlement Estate this is a particularly suitable proposal. It would of course for the people in Dyer Avenue and the schools in Dyer Avenue—in those areas—reduce the noise.

As to the question of not working during night, as I have said, if the Airport contract is to be finished within the specified time work on this area is required by day and night. It is also required in other areas of Kowloon in due course and I would say that if we say that night work is not required here—or need not take place here—we must say the same thing about other places, the other areas of Kowloon where the contractor will proceed to after he has finished with Ho Man Tin. Therefore I should like to look into this question rather carefully to see what the implications are. Off-hand I would say undoubtedly it would delay the Airport project and this will have to be borne in mind when arriving at a conclusion.

Grass areas on roads

7. MR CHEUNG asked:—

Which department of Government is responsible for keeping mown the grass on traffic verges and islands, and for collecting rubbish thrown on to them by anti-social persons? Is Government aware that the unmown grass on the most easterly traffic island at the junction of Lung Cheung Road and Waterloo Road obstructs the view of drivers proceeding north to south, and does Government consider this a traffic hazard?

MR A. T. CLARK:—Sir, the responsibility for keeping down the grass on central dividers, roadside verges, traffic islands and so on lies with the Urban Services Department in the urban areas and in those urbanized parts of the New Territories which have been specifically set aside for amenities use; while the Highways Office, under my honourable Friend, the Director of Public Works, is responsible for the verges of rural roads in the New Territories. The Highways Office also, I am glad to acknowledge, provides additional help to my department, through their contractor, if we have to call for it, subject of course to their own priorities and availability of funds.

Rubbish collection from these dividers, verges and islands is also the responsibility of the Urban Services Department, although the service is inevitably somewhat limited in the New Territories. I would presume to associate myself with my honourable Friend's description of the persons who throw the rubbish. Indeed he is charitable.

As to the specific traffic island mentioned by my honourable Friend, the grass was in fact cut on 25th August, just before I had notice of this question. Our normal practice is to cut grass once it is over a foot high. In this particular case, I admit that the traffic island was overdue for cutting, and that in the opinion of some it did constitute a traffic hazard, but my staff (already 60 under strength in this particular area) have been very heavily engaged in clearing up after Typhoon Rose, and the grass was therefore cut by the ever-helpful Highways Office contractor.

MR CHEUNG:—Is the aesthetic effect not spoilt if the grass is not cut until it reaches one foot? Should it not be cut when it reaches three inches, and if my honourable Friend is in doubt would he refer this question to the appropriate committee of the Urban Council?

MR CLARK:—Sir, aesthetics will always quarrel with expense. At a hasty calculation it would require four times as many labourers—or the same number working four times as often—to achieve this request, but we shall refer it to the select committee.

Typhoon shelters

8. MRS ELLEN LI asked:—

Following the answer given in this Council on 10th February 1971 to a question by the honourable SZETO Wai about typhoon shelters and in the light of requirements which arose during the passage of Typhoon Rose, does Government plan to construct additional typhoon shelters and, if so, when are they likely to become available for use?

Oral Answers

MR ROBSON:—Sir, I am very happy to say that the experience of Typhoon Rose has indicated little need to amend the programme for the construction of additional typhoon shelters. This programme aims at bringing new shelters into being before areas now used by small boats during typhoons, are reclaimed.

The Director of Marine has advised that of the around 25,000 small craft which took shelter in the recognized typhoon anchorages only 300, or just over 1%, were damaged.

Once again two-thirds of the fishing fleet left Aberdeen for other shelters within the harbour all of which were heavily congested except the new shelter at Aldrich Bay which was only 70% full. It is expected that greater use will be made of this shelter in the future.

Nearly 800 vessels sheltered in Kowloon Bay. This is not an official typhoon shelter, but has been used for some years as a typhoon anchorage. Reclamation is taking place in this area, but space for typhoon anchorage will be retained until the new typhoon shelter has been completed at Kwun Tong—work is expected to commence mid-1972 and it should be ready for use by 1975.

A full review of typhoon shelter requirements has been carried out by the Director of Marine and this is now being examined. This will establish priorities for the future construction of typhoon shelters.

Government business

Motions

PUBLIC TRANSPORT SERVICES (KOWLOON AND NEW TERRITORIES) ORDINANCE

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved the following motion:—

It is hereby resolved, pursuant to subsection (6) of section 8 of the Public Transport Services (Kowloon and New Territories) Ordinance, that no royalty shall be paid by the Kowloon Motor Bus Company (1933) Limited for the yearly period beginning on the 15th day of February 1971 and ending on the 14th day of February 1972.

He said:—Sir, the resolution standing in my name in the Order Paper is proposed under subsection (6) of section 8 of the Public Transport Services (Kowloon and New Territories) Ordinance. Its

purpose, Sir, is to set the rate of royalty payable by the Kowloon Motor Bus Company for the Company's financial year ending on 14th February 1972 at nil. In the absence of such a resolution, the Company would be required to pay royalty at the rate specified under subsection (1) of section 8; in other words, at twenty per cent of gross receipts.

Honourable Members will recall that the rate of royalty payable by the Kowloon Motor Bus Company has twice been varied from the statutory rate of 20% of gross receipts. For the Company's financial year 1969-70 the rate was reduced to 15% and for 1970-71 to nil.

I am afraid, Sir, that what I have to say on the subject of this resolution itself has to be set in the general context of the Company's financial position and of other associated measures now to be taken to put the Company's finances in order so that it may be better placed to meet its commitments to the travelling public.

The Company's financial position has been deteriorating for several years and it is now extremely serious. The Company is presently in a negative cash flow position and at one stage it was forecasting a loss on its operations in this financial year of nearly \$20 million. Even allowing for the effects on operating expenses of the delayed deliveries of new buses from the United Kingdom and of certain economy measures, the loss would still be this year \$11 million. Both figures allow for a wage increase but assume royalty will not have to be paid.

There are several reasons for this unhappy situation. In the first place, operating costs have been steadily increasing. Wages, which account for around 60% of total costs, have been rising for drivers, conductors and maintenance staff, though the Company's cash position has so far inhibited the payment this year of competitive wage rates. The cost of fuel, spare parts and overheads has also been rising. Fares, on the other hand, are at the same level as in 1948 (that is to say 23 years ago). As a consequence, increased revenue can only come from an increase in the number of passengers carried and, indeed, this was the Company's experience until the early sixties. But since then revenue has not kept pace with rising costs and the Company's profits have been gradually whittled away year by year, the average return on assets employed over the past six years being under 8%; and even this rate could only be sustained in later years by the reduction and then the elimination of royalty.

Secondly, the Company's obligation to provide services has increased enormously with the development of the Kowloon urban area: Kwun Tong to the east, Wong Tai Sin to the north-east, and Tsuen Wan and Kwai Chung to the north-west. The Company's commitment

[THE FINANCIAL SECRETARY] **Public Transport Services (Kowloon and New Territories) Ordinance**

is very simply illustrated by the fact that in 1961 the route system measured 327 miles. Today it is 458 miles. The financial implications in capital and recurrent terms are self-evident.

Thirdly, there is the question of the franchise. The Company once had an exclusive franchise over the area of its operations—and here I quote the words of the Ordinance—an exclusive franchise "to transport persons in public omnibuses and in public cars on roads in Kowloon and the mainland portion of the New Territories". This exclusive franchise, in practice, no longer exists. Public light buses, especially since their regularization in September 1969, have been taking away passengers and potential passengers who would otherwise have used the Company's buses. In the calendar year 1970, the number of passengers carried fell by 43 million, from 611 million in the previous year to 568 million, whereas public light buses increased their carryings from 236 to 328 million. Despite, therefore, the elimination of the 10 cent sectional fare in the Company's urban area last year and the re-introduction of a 20 cent flat fare, operating revenue instead of increasing as expected by about \$7.5 million actually fell by \$1 million. Thus revenue in 1970-71 was \$98 million compared with \$99 million in 1969-70. Revenue is expected to recover slightly in 1971-72 to an estimated \$100 million. This figure is perhaps a little pessimistic for the Company should carry most of the expected 6% increase in passengers as public light buses are now working to capacity in peak hours. Unlike 1970-71 the drift of passengers, new and old, to public light buses should ease off as from this year.

Lastly, there is the condition of the roads. The increasing congestion in many areas has slowed down journey times with the result that more buses have been required to carry fewer passengers. This, in turn, has meant increased costs per passenger carried.

Sir, this condition of rising costs and falling static revenue is not one peculiar to KMB. The China Motor Bus Company and the Hong-kong Tramways have also been experiencing increasing difficulty in making ends meet for very similar reasons. I shall be presenting evidence of this later this afternoon when moving the second reading of a bill to reduce the rate of royalty payable this year by the Tramways Company. However, CMB and still less the Tramways, have not been faced with the problem of having to mount an expansion programme to cope with the travelling needs of a greatly enlarged and resettled population. The situation facing all three companies, and particularly KMB, is one which is not even peculiar to Hong Kong. It is world-wide. Most other cities in Europe and North America, and in Japan,

have been experiencing similar difficulties in making their public transport services pay. Indeed, in many of these cities there has been a decline of public transport in the face of rising wages and other costs, worsening congestion and the increasing use of the private motor car.

But we cannot allow bus services to decline in Hong Kong. In our constricted geographical circumstances, the provision of adequate public transport is not just desirable. It is vital for the mobility of the vast numbers of people who have to travel in order to go about their daily business. Efficient *public* transport is for us an absolute necessity; and here I would say that we in Hong Kong undoubtedly possess one of the most comprehensive, and certainly cheapest, public transport systems of any city of comparable size in the world. Over four million passengers are transported daily by buses, light buses, ferries and trams and at prices which are the envy of overseas observers.

However, it is one thing to put KMB's operating problems into perspective; it is quite another to answer *local* observers when they say that the Company has only itself to blame for its parlour financial state which, they say, is the result of years of indifferent management. I am not going to hold up the Company as a model of enlightened management. I would concede that, in the early sixties, when the Company was earning a good rate of return and faced no competition from public light buses, the management failed to appreciate early enough the travelling needs of the rapidly expanding and spreading population of Kowloon; and thus failed to use its resources in ways designed to expand services. But this has not been the case recently. Three hundred new buses have been brought into service since the beginning of 1969 (150 double deckers and 150 single deckers) and a further 165 double deckers should be in service by mid-1972 all of which will cost over \$50 million. This figure of \$50 million may be compared with the average net fixed assets employed in 1968-69 of \$66 million. By mid-1972 the Company's total carrying capacity will be two-thirds greater than its capacity in September 1969 (or in terms of places, 134,000 compared with 85,000). During the past year the Company has provided 15% more capacity on its regular scheduled services (98,000 places compared with 85,000 a year ago) and this despite the fact that passengers carried have declined by 7%. The Company has also been able to make certain cost economies. In the past few months for example it has converted many of its urban routes to one-conductor operations.

The question that will doubtless be asked, in these circumstances, is what has Government been doing. On the operational side, the Transport Department and the Transport Advisory Committee have been exercising a close surveillance over the Company's affairs. And here, I would add, the legacy of the 1967 disturbances should not be

[THE FINANCIAL SECRETARY] **Public Transport Services (Kowloon and New Territories) Ordinance**

easily forgotten: in June 1967 two-thirds of the Company's employees left their jobs. Not until September 1968 were services re-established on anything like their pre-disturbance level and since then a great deal has been done to reshape the Company's operational and maintenance arrangements and to encourage it to expand its fleet of buses. The 1970 pay award and other measures to improve welfare, reduced turnover of staff and improved morale, but only I am afraid for a time, as the Company's cash flow position has inhibited the negotiation of a further award. But more about wages later.

On the financial side, Government has taken two steps: in the first place, when the Company's position began to deteriorate this Council reduced and then eliminated the payment of royalty. In the Company's financial year 1969-70 the rate was reduced to 15% (thus saving the Company \$5 million before tax) and in the year 1970-71 it was set at nil (effecting a saving of \$20 million before tax). This year it is proposed in this resolution again to set the rate at nil.

Secondly, in a statement in this Council on the 18th June 1969, my honourable Friend, the Attorney General, recognized that Government had a moral obligation to compensate the two bus companies for any losses they suffered as a result of the breach of their franchises arising from the regularization of public light buses. Following this statement KMB made a claim for compensation and, after a very careful assessment, Government offered and the Company accepted a payment of \$5.2 million before tax as compensation for the Company's financial year 1970-71, the first full year of operation of public light buses. I should add that this figure of \$5.2 million is substantially less than that claimed by the Company which was based, in our view, on an unacceptable premise. The payment of compensation has been approved by the Finance Committee of this Council on a once-and-for-all basis. I am able to announce this afternoon that this sum will now be paid for the Company has informed us that it does not intend to make any further claim for compensation in respect of the activities of public light buses. As a matter of interest, honourable Members may wish to note that revenue from licence fees paid by operators of public light buses in Kowloon and the New Territories in 1970-71 amounted to \$9 million and this sum may be regarded in my view in part as an offset to the payment of compensation to KMB. And, as a further matter of interest, if this payment is considered in relation to the Company's 1970-71 accounts it will have the effect of lifting the rate of return on assets employed in that year from 5.5% to between 10% and 11%.

However, it has become increasingly clear that the Company's operations are simply not viable at the present level of fares. The Company faces the prospect of a substantial loss on its operations, even assuming the elimination of royalty for the current year; and the Company has two commitments which cannot be met until and unless there is a prospect of improvement in its financial affairs. The first of these commitments is a long overdue wage increase, the negotiations for which have just been concluded. If implemented the monthly wage bill will be increased from \$4.4 million to a little over \$5 million. The pay of a bus driver now, including bonuses, is a little over \$750 per month. It was last increased in February 1970 and is manifestly insufficient to retain and recruit staff of the right quality. This is borne out by the fact that 60-80 drivers and some 100 other staff have been leaving the Company's employ every month for some time. This cannot go on if sufficient numbers of properly maintained and adequately manned buses is to be put onto the roads.

The second commitment, Sir, is to pay for the new buses, on which the Company depends for the extension and improvement of its operations. Due to labour disputes in the United Kingdom the delivery of new buses has lagged about six months behind schedule. This has adversely affected the rate of improvement of services and the opening of new routes, but has fortuitously assisted the Company's short term cash position.

In these circumstances, Sir, Government, after examining every facet of the situation in close consultation with the Company, has come to the conclusion that there is no alternative to an increase in fares. The proposals put forward by the Company have been looked into very carefully to assess their financial, economic and social effects. As a result the following variations in the Company's schedule of fares have been approved by the Governor in Council and will be published in the official *Gazette* on Friday:

First on all the Company's main urban routes, which are from three to seven miles in length and which account for about 90 per cent of the 1.5 million passengers carried daily, the present flat fare of 20 cents will be increased to 30 cents.

Secondly on eight short routes up to three miles long, which are predominantly feeder routes from the housing estates in North East Kowloon, the present fare of 20 cents will remain at 20 cents.

Thirdly, in the case of two very long routes, which are respectively 9 and 13 miles in length, the fare will be 40 cents. Both these routes are paralleled by a selection of shorter routes so that no passenger will be forced to take the 40 cent trip unless he wishes to travel the longer distance.

[THE FINANCIAL SECRETARY] **Public Transport Services Kowloon and New Territories) Ordinance**

Fourthly the minimum stage fare of 10 cents in the New Territories will be abolished.

All these changes will come into effect on Wednesday, 15th September.

These changes need a little explanation to show why they have been chosen in preference to other alternatives. The essential feature is that the present flat fare of 20 cents is being increased to 30 cents. The flat fare structure is being retained, albeit with a 20 cent fare for a few feeder routes and a 40 cent fare for two very long routes. Government believes that these changes are the most equitable and desirable from a social point of view, given the distribution of the population in urban Kowloon with those in the lower income groups tending to be concentrated on the outer edges; and a flat fare for the majority of routes is the most economical from the point of view of collection on very large buses with only one conductor.

An alternative approach would be to charge by distance on each route, the fare increasing steadily for those making the longest journeys and remaining low for short distance travellers, but such an approach would discriminate against those living in the outlying areas.

Another approach would be for the Company to withdraw its services from routes which are considered uneconomic or to increase fares only on these routes. But the withdrawal of uneconomic routes would have the effect of leaving substantial segments of the population without public transport and the raising of fares on these routes would heavily penalize people living in outlying estates, thus offending the principle that there should be a degree of cross subsidization between the profitable and the not so profitable routes.

I am afraid that Government cannot accept that to adopt either of these approaches would be reasonable just to maintain fares at the lowest possible level on the busiest and most profitable routes running mainly down the Nathan Road corridor.

But I fear that an updating of the Company's fare structure, which should yield an additional \$25 million in a full year, will not alone suffice to put the Company in a satisfactory earning position. This is because some 27% of passengers on KMB's buses travel at less than normal fares. The concessionary fares on which these passengers are travelling have been in existence for a long time. Some of them are quite anachronistic and others are offered by the Company at out-of-date prices. The fact is that any concessions must result, in the end, in normal fares being higher than they would otherwise be (at any

rate if a bus company has to be run on anything like a commercial basis). Ultimately, therefore, concessionary passengers can only travel at the expense of other passengers who are forced to pay the full fare.

Accordingly, it is proposed to eliminate certain statutory concessions provided for under section 19 of the Ordinance, namely, half fares for servicemen and free trips for Police and Preventive Service officers and Postmen when travelling on duty. The present concession in favour of servicemen is clearly an anomaly in this day and age and it can now be abolished; and to the extent that Government personnel use buses while travelling on duty, tickets should be purchased as a charge to departmental votes. Later this afternoon I shall be moving the second reading of the Public Transport Services (Kowloon and New Territories) (Amendment) Bill 1971 to give effect to this proposal. There are two other statutory concessions, namely, free travel for children under 4, and half fare travel for children under 12. Although these concessions are quite costly to the Company particularly half fares for the under 12's (26 million trips a year at a maximum net loss of \$2.6 million to the Company) they are to be retained for the time being for they are considered by the Government to be socially important.

There are three other concessions not provided for by law, but solely within the gift of the Company. They can be withdrawn by the Company at any time. These concessions are:

First adult monthly tickets, now available at \$20 each (and used by about 35,000 travellers each month);

Secondly student monthly tickets, which enable secondary school students under 18 living in the urban area to make up to four trips a day throughout the year, other than on Sundays and public holidays. These tickets are now available at \$6 each and are at present used by about 78,000 students;

Thirdly a concession to about 12,000 secondary school students in the New Territories enabling them to travel at half fares.

The Company has represented to Government—and convincingly—that it can no longer afford to extend these concessions. They are, therefore, to be abolished with effect from the 1st October next, or when the validity of tickets bought in September expires.

The Company estimates that the abolition of these statutory and non-statutory concessions will bring in about \$14.5 million of extra revenue after allowing for the deterrence effect of the passengers concerned having to pay ordinary fares and at the higher rates. (The abolition of adult monthly tickets and student monthly tickets accounts for about \$13 million of this figure of \$14.5 million). If these concessions

[THE FINANCIAL SECRETARY] **Public Transport Services (Kowloon and New Territories) Ordinance**

were retained, ordinary fares would need to rise even higher in order to make up the difference.

Sir, it is Government's view that the Company should not be pressed to go on offering expensive concessions to certain passengers at the expense of ordinary passengers. Cross subsidization of routes is one thing; cross subsidization of passengers is quite another. Adult monthly tickets are bought predominantly by peak hour travellers and there is no justification for this concession to users whose peak hour demands are the most expensive to meet in terms of equipment and labour. Secondary school students also travel during peak hours and add to the burden on the system at those times.

Whatever view of concessionary passengers it may be legitimate for the Company to take, and whereas there can be no question of the cost of travel generally being subsidized from public funds, Government has an obligation to look at the effects of the abolition of each of these concessions in the light of its own social objectives. It is Government's view that there is no case for the retention of monthly tickets for adults travelling to and from work or for other purposes at the taxpayer's expense. But is there a case for retaining student monthly tickets at the taxpayer's expense? And this is a question we have considered very carefully. These tickets have been available since the Company started operations in 1933, when the price was \$4. Now the price is \$6, a rise of only \$2 in almost 40 years. Assuming the average number of trips taken each month is 100, then each trip is made at an average cost of as little as six cents. The consequence of doing away with this valuable concession to secondary school students would be that the cost to a parent of a student making four trips a day for 26 days a month would be as much as \$31.20 a month (that is a rise of over \$25 a month). Even on the basis of two trips a day the cost would be \$15.60 a month. These figures may be compared with the standard fee at aided secondary schools of \$40 a month. In Government's view, parents should not be asked to bear the whole cost of this burden and some help should be provided towards the cost of travelling to and from school as part and parcel of Government's general policy of assistance towards the cost of secondary education. Accordingly, it is proposed that student monthly tickets should be retained in a modified form. Up to ten tickets a year (not 12: we are only concerned with normal school periods) will be made available to each student for up to four trips a day; and the cost per ticket to the parents will be increased from \$6 to \$9 or in the same proportion as the standard flat fare is to be increased (20 cents to 30 cents). At four trips a day, each trip on this basis will still be made at a cost to the parent of about nine cents only.

Subject to the Finance Committee's approval, the loss to the Company arising from the retention of these tickets will be made up by a payment to the Company from public funds of a further \$9 for each student ticket issued. The Company will thus receive in all \$18 per ticket, or three times what it is at present receiving. On this basis, total revenue from student travel will be roughly the same as the Company's estimate of the yield from charging students ordinary fares after making due allowance for the deterrent effect of these fares. To the extent that the Company has tended to overstate the deterrent effect, the Company, will in effect be making a contribution to the cost of student travel.

In the case of students at schools in the New Territories the half fare concession will remain and Government will reimburse the Company an amount to be negotiated, again subject, of course, to the approval of the Finance Committee of the necessary funds.

Government is also prepared to negotiate with the China Motor Bus Company and the Hongkong Tramways Limited appropriate arrangements whereby, if they so wish, the cost to them of students travelling on their routes at concessionary fares is borne by public funds. The cost to public funds of subsidizing student travel in Kowloon and the New Territories is estimated at about \$8 million in a full year and perhaps \$2 million on Hong Kong Island. These new arrangements for student monthly tickets will come into force next month.

Sir, in accordance with normal practice, the Transport Advisory Committee was consulted on how the Company's affairs should be put in order. The Committee examined the Company's affairs with great care and came to the conclusion that the Company's financial position was critical and that the fare structure needed to be revised upwards. But I am bound to inform honourable Members that the Committee did not recommend the retention of the flat fare structure and, in particular, did not recommend that the fare on the main urban routes should be increased from 20 cents to 30 cents. In Government's considered view, however, the Committee's proposals, which involved the charging of fares by distance, would have undesirable social consequences and would involve difficulties of collection, particularly when the sections are so short.

Government welcomes, however, the Committee's proposal to establish a standing sub-committee under the chairmanship of Mr Lo Tak-shing to keep under constant review KMB's services and operations and to process complaints and suggestions from the travelling public. The Company will also, I am sure, welcome such constructive and helpful advice as the sub-committee can offer. A newly

[THE FINANCIAL SECRETARY] **Public Transport Services (Kowloon and New Territories) Ordinance**

recruited specialist in bus operations from the United Kingdom will shortly be joining the Transport Department to fill an existing vacancy and he will be available to assist this sub-committee. Perhaps I should sound a note of warning here; ultimate responsibility for the Company's performance will remain with the management and this should not be forgotten by the travelling public or the Company or the management. Although the sub-committee will initially concentrate on KMB's affairs this will not preclude it from examining the workings of the other public transport undertakings in the Colony should be Transport Advisory Committee consider that this would be useful.

To sum up: when taken as a whole, I think the package of proposals I have rather laboriously described will correct the financial position of the Company, free the management from the inhibiting effects of a highly unsatisfactory cash flow position and enable the management to concentrate on improving the range and quality of its services. The proposals are as follows—

First the rate of royalty payable by the Company to be set at nil for its financial year 1971-72. This is the subject of the present motion before this Council.

Secondly, the payment to the Company on a once-for-all basis of \$5.2 million before tax by way of compensation for losses arising from the regularization of public light buses.

Thirdly, an upward revision of the fare structure: in the Company's urban area from 20 cents to 30 cents on 47 main routes and from 20 cents to 40 cents on two long routes, the fare on eight short feeder routes to remain at 20 cents; and in the New Territories the minimum stage fare to go up from 10 cents to 20 cents.

Fourthly, the abolition of all but two of the statutory concessions.

Fifthly, the abolition of adult monthly tickets.

Sixthly, the increase in the price of student monthly tickets from \$6 to \$9, to be available for ten months of the year, and coupled with a similar payment of \$9 per ticket by Government to the Company. There will also be arrangements having equivalent effects for students in the New Territories and probably for students on Hong Kong Island.

Finally, the establishment of a sub-committee of the Transport Advisory Committee to keep under review KMB's services and operations.

The net result of this package should be to convert the forecast loss of KMB into a small profit of between \$4-5 million giving a return on assets employed of around 5%. In 1972-73, as the new fares will be operative for a full year, the return should be in the region of 10% which can hardly be described as excessive. But I must stress that these figures are at the moment inevitably tentative.

Sir, I know that the proposal in this package which will be most seized upon will be that concerning increases in fares. But the present very low level of fares cannot be maintained in the face of continuously rising wages and other costs, from which it is impossible for KMB to insulate itself. I would, in this respect, point out that the average level of money wages in Hong Kong has rather more than doubled during the last ten years while bus fares have remained static. In other words, the cost of a ticket in relation to wages has halved over the past decade. Good public transport is vital to Hong Kong. This can no longer be obtained on the cheap. At the present level of fares, one of the major operators in the system, KMB, faces bankruptcy, an outcome helpful to no-one.

MR SZETO:—Sir, if there had been in recent years more comments than those on KMB's finances, they would have been complaints on its inefficiency and inadequate services. To the large bus-riding public in Kowloon and the New Territories, KMB is a symbol of inefficiency whose buses are over-crowded and dirty and whose bus crews are indisciplined and discourteous. This company's problems have for years been the subject of enquiry and study by the Transport Advisory Committee: such as its finances, its management, its bus operation and the level of the services it provides, the training and disciplines of its bus crews, its plans and programmes of expansion of services to meet the ever increasing travelling demand in its franchise area, *etc.* However, in all their activities directed to the improvement of bus services in Kowloon, the TAC are dependent on the competent authority's supply of accurate information and the effectiveness of their advice dependent on his willingness to accept and carry out their recommendations. Early in 1969 when the Company applied to Government for adjustment in royalty and fare increases, the TAC advised that as long as royalty was retained, there was no justification for increases in fare. When the company's expansion programme which involved the purchase of 465 new buses was examined, the TAC endorsed it although they considered the plan inadequate since 200 of the new buses were badly needed for replacement and the remainder represented no more than the bare minimum required. It is evident that KMB has never been in recent years in the position to carry all the potential bus passengers in its franchise area, and the inadequate services it provided had given rise to flourishing illegal

[MR SZETO] **Public Transport Services (Kowloon and New Territories) Ordinance**

transport which ironically had in fact assisted the Company in discharging its franchise obligations. When KMB applied last year for permission to introduce the 20¢ flat fare over the whole of the Kowloon urban area and for some routes extending as far as to Kwai Chung and Tsuen Wan, it anticipated a return of over 15% on fixed assets employed on the basis that royalty was to be set at nil. The Transport Department likewise estimated that given efficient management and operation, the Company could earn a return after tax of almost 11% on assets employed even if the new fare structure were to be effective over 8 months in the financial year 1970-71. In the event the flat fare structure was introduced on 1st July 1970 and an assessment of the Company's accounts for 1970-71 (which have yet to be audited) shows a shortfall of income of over \$14 million and consequently a return of only about 5½%. This disappointing result was not only due to KMB's failure to pick up the annual increase, estimated at 6½%, of bus passengers; it claims in addition to have suffered a fall of 7% in passengers carried as compared with the total in the previous year. The considerable error which the Company has made in estimating its profits for 1970-71 was indicative of its bad management. And as the Company's aim to extend the 20¢ flat fare to its very long routes was to recapture its passengers lost to the public light buses, it may be asked whether its failure to recapture these passengers in spite of the very low fare is to be attributed to its inefficiency.

Sir, the present application for further fare increases was forewarned by the Company early last year when it sought permission to introduce the present 20¢ flat fare. Rising costs, increased wages and dwindling profits are of course the reasons for it. The TAC have studied the application with great care in the limited time and with the information supplied at their disposal. During this time they have also interviewed the Company management. I can say that the Committee accepted that under the present fare/service structure, KMB faced a serious financial crisis which inhibits the provision of adequate services to meet the travelling demand of the fast expanding urban area and increasing population in its franchise area and that fare increases were unavoidable. This view was shared by all members of the Committee with the exception of one. The TAC, however, did not support KMB's proposal, now being accepted by Government, for a 30¢ flat fare over the whole of the Kowloon urban area and considered such a straight fare increase would offer no inducement to the Company to improve its efficiency or the standard of its services. Instead KMB should be given the incentive and be encouraged to show more initiative to put forward other proposals on fares and

services that would improve its financial position and compete with public light buses, especially in off-peak hours. Sectional fares were favoured by some members as a fair charge but these were not meant to cover the full length of the routes. I would myself like to see sectional fare for the first short stage of some popular routes, such as those starting from the ferry terminals, retained at 20¢. It must be realized that the Company's proposal will eliminate any bus ride over the whole of the Kowloon urban area for a fare of less than 30¢. When the 10¢ sectional fare was eliminated in the urban area a year ago, TAC were informed by the Transport Department that 22% of the bus users were affected, to the extent that some very short distance travellers will be persuaded to walk, and that the net effect will be an advantage to the longer distance travellers in terms of comfort and less crowded conditions. This year the Company's management advised the Committee in the same vein. My own submission is, Sir, that it is socially undesirable and against the basic principle of providing adequate public transport when a substantial number of the public has to pay the 30¢ or walk. The present proposal means an increase for very short journeys of 200% from a fare of 10¢ only 14 months ago. I hope my honourable Friend, the Financial Secretary, will pause and give the matter some further thought and see if at least some short journeys commencing from the ferry or bus terminals could be devised at a flat fare of 20¢.

Sir, it is gratifying to see Government's quick response to and generous offer of a subsidy to maintain the existence of the student monthly tickets to the tune of \$8 million a year as part of Government's general policy of assistance towards education. The TAC advised against the abolition of these student tickets.

I am glad, Sir, that Government welcomes the proposal made by the TAC to set up a sub-committee whose task is to keep under constant review KMB's services and operations and to process complaints and suggestions from the public. I would like to take this opportunity to explain to honourable Members that the formation of sub-committee is within the Committee's terms of reference, and prior to 1969 several sub-committees existed and one of them was the "Land Public Transport" Sub-Committee which concerned itself with the activities of all forms of public transport on land including buses, trams and taxis. However, towards the end of 1968 the Committee decided to disband the sub-committees because their respective works could be entrusted to the Transport Department and their progress reported back to the Committee through the Commissioner for Transport. The KMB with its chronic inefficiency and the continued dissatisfaction of the public with its services presents a special problem. The TAC consider the granting of fare increases and the speeding up of the Company's expansion programme and further planning justify the revival of

[MR SZETO] **Public Transport Services (Kowloon and New Territories) Ordinance**

a sub-committee whose intensive focus on the Company's affairs will effectively improve efficiency. Another duty of great importance of the sub-committee is to process complaints and suggestions expressed by or received from the public on KMB's services. I am pleased to say that this sub-committee has recently been established. To be effective, the sub-committee will have to meet very frequently and KMB's management will be invited to attend all its meetings.

I am especially pleased to hear that an expert on bus operations will shortly be available to assist and advise this sub-committee. Honourable Members will be interested to hear that such an expert was once on the staff of the Transport Department and was more or less permanently seconded to KMB since the disturbances in 1967 to help reorganize the Company's disrupted services. Unfortunately this officer's duration of services was short-lived, nevertheless, he was responsible for a number of improvements on KMB's route structure in the urban area.

Now, Sir, I would like to refer to the \$5.2 million which Government has decided to award KMB as a compensation for the loss of income from passengers carried as a result of the regularization of public light buses. This sum was approved by the Finance Committee of this Council on condition that the award was once and for all and the Company must not make any further claim in respect of the activities of public light buses. I am gratified that Government has obtained the Company's undertaking beyond any doubt that no claims will be made in future years on this score. Honourable Members will recall that when the bill to regularize minibuses was introduced in this Council, there was considerable opposition from Unofficial Members, including myself, when the honourable Attorney General stated that KMB had a moral, if not legal, claim to compensation as a result of the breach of its franchise by Government's action in regularizing the minibuses. Unofficial Member's views were that KMB's failure to provide an adequate service was responsible for the flourishing of illegal transport even before the latter's regularization. The honourable Y. K. KAN objected forcibly on that occasion that Government accept the obligation to pay KMB compensation or enter negotiation with the Company. He further asserted if KMB had a claim, let such claim be adjudicated by the Courts or by arbitration.

The honourable Attorney General in his subsequent reply assured us that it would be for the Company, as it would be in an action at law, to establish financial loss and that when any claim for compensation was considered the views as expressed by the Unofficial Members on the issue would be taken into account. In Government's negotiations with the Company, have these points raised by unofficial

Members been taken into account? The TAC were not consulted. Many of my Unofficial colleagues would have felt happier if a claim such as this which may have far-reaching effects had been put before an independent tribunal or commission. Instead, the matter appears to have been treated on the basis that KMB carried only 568 million passengers in 1970-71 as against 611 million in 1960-70 and therefore it had lost 43 million passengers to the public light buses. But what justification is there in claiming that all the 43 million passengers have deserted KMB for public light buses to the exclusion of public hire cars, taxis and private transport of one kind or other? Now that earning and living standards have risen so much, many white as well as blue collar workers travel to work in taxis, a form of transport hitherto beyond their reach. Or can some of these 43 million lost passengers be attributed to non-collection of fares which accounts for a substantial loss in revenue?

Sir, notwithstanding these doubts in my mind, I nevertheless approve this settlement on the basis that it would be once and for all.

MR CHEUNG:—Sir, of the 7 proposals put forward by the honourable Financial Secretary, there can't be any argument about four of them:—

- (a) that it would be right to reduce the royalty to nil;
- (b) that it would be right to abolish the concessionary fares, the subject of the bill laid before us this afternoon;
- (c) that it is a matter of commercial judgment whether or not adult monthly tickets should be abolished, and not one therefore which we ought to press;
- (d) that it is not possible to provide an adequate or efficient bus service on the present fares, which go back, as my Friend says, to 1948.

On the question of compensation arising out of minibus operations I, as a lawyer, would have insisted on stronger and cogent proof that the loss of revenue is attributable to minibuses rather than to some other causes before I would have agreed the amount of compensation. We have been supplied with figures which suggest that the number of passengers carried by KMB has fallen, notwithstanding a rise in capacity, but in truth the figures are figures of the number of passengers as measured by the number of fares collected, and I have the evidence from an impeccable source, a Member of this honourable Council, that he has seen a bus conductor not bothering to collect fares, and this has been referred to in letters to the newspapers. To my mind it throws doubt upon the figures with which we have been

[MR CHEUNG] **Public Transport Services (Kowloon and New Territories) Ordinance**

supplied. I have not been assured that these figures have been independently checked by the Transport Department, by a number of methods open to it. However, bearing in mind that the compensation now agreed settles this difficult question once and for all, and that the majority of my colleagues approve the figure agreed on that condition, I am not disposed to press my dissent further.

On the proposal that Government should subsidize the monthly tickets of secondary school students, I am inclined to think, on the material before us, that the Financial Secretary's calculations are probably correct. It means that even with the subsidy the company will still be giving a small concession to students. But what I do not know, and what I suspect my honourable Friend does not know, is how many trips these students make on the 4 trips allowed them in a day, and this must have a bearing on what the appropriate Government subsidy should be. What I do know is that the number of days on which a student can travel on these tickets cannot exceed 250 in a year, and that would be to allow him to travel, generally speaking, 6 days a week and probably during some school holidays at Christmas, Easter and Chinese New Year. I would suggest, Sir, that as conditions for the grant of this subsidy, any student should be obliged, over the next 9 months, to report through his school to the Transport Department the total number of trips that he has made in any one month, and that all tickets issued should be returned to the Motor Bus Company or to the school so that they can be checked if required; on return the tickets for any month of course should be sealed. For the moment, I am willing to take the subsidy at \$9 per month as being not unreasonable. Equally it is right that the cost to the student or rather to his parents should be raised from \$6 to \$9; this is a rise as to which there cannot be any legitimate complaint. When I was at school, before the war, and the fare was 10¢ a trip, it was a question of some nicety, when holidays shortened a particular month, whether it was worth paying \$4 for a monthly ticket; it was a paying proposition only if I travelled twice a day on 20 days a month. But no such problem faces today's student, for \$9 for a monthly ticket must be a paying proposition from any point of view.

That leaves two matters outstanding, as far as I am concerned—the increase of the flat rate fare from 20¢ to 30¢, and the TAC sub-committee, which has been referred to by both of my honourable Friends.

I would be the first to recognize that the Company cannot operate an efficient or adequate service on the present flat fare of 20¢.

I am not going to add to the catalogue of KMB's shortcomings, because, taking a broad view, I am satisfied that no company can perform inside a straight jacket.

There are a number of its critics who hold the view that no assistance should be given to it until it provides an efficient and adequate service, but I am disposed to think that perhaps there is here a vicious circle, which only a rise in fares of some kind would break.

However, Sir, I regret that, with the utmost respect, I find myself unconvinced that the present proposal to raise the flat fare from 20¢ to 30¢ is either equitable or one which will provide anything except a short-term solution to the problem. It has built-in stresses.

I view with great misgiving that a passenger travelling over a distance of a mile or half a mile should pay 30¢. I would regard a bus service as adequate only if it provides a short distance ride if one is required at a fair cost, and any change which has the tendency to discourage passengers from using the bus service would undermine the whole concept of an adequate service, and must in fact eventually work against the financial interest of the Company, to say nothing of the interest of the public. Last year it was said that 22% of the passengers would be affected by eliminating the 10¢ fare; if the same proportion will be affected by the present price increase, it means 125 million rides will cost 10¢ more than at present, in other words the public will pay \$12½ million more for short rides.

It would seem to me, therefore, that there are very cogent reasons why the Company, as Mr SZETO suggests, should introduce a number of short routes in the urban areas where a flat fare of 20¢ would be charged. Today is not the time for putting forward definite suggestions as to routes, but the Nathan Road corridor and routes radiating from Wong Tai Sin would seem to be prime candidates. If this suggestion is implemented—and I urge that it be implemented at any early date—it would at least militate against an undesirable consequence of the fare rise.

As I said earlier, I view the proposed solution as one for the short term, and in the nature of a holding operation. There must be very few viable transport systems where fares are not tied in some way to distance travelled.

Two reasons, amongst others, are advanced for the 30¢ fare over routes 2 to 7 miles long. One is that fares linked to mileage would work to the detriment of those in the lower income groups who tend to be concentrated on the outer edges of the urban area; the second reason is that this is economical from the point of view of collection of fares.

[MR CHEUNG] **Public Transport Services (Kowloon and New Territories)
Ordinance**

The first reason advanced presupposes two things (*a*) that those who live on the fringes would wish to travel the whole of the longer routes, rather than to intermediate points and (*b*) that higher fares would discourage them from living in the outer areas. I am not sure that either of these assumptions would stand the test of a survey.

As to the first, there must be many living in the outlying areas who work in those areas.

As to the second, I would venture to suggest that the chief deterrent to living in outer areas, if any, is not higher bus fares but the longer time taken to travel. If a workman had the choice of paying \$1 for a ride in a light bus that does the trip in 25 minutes, or in the alternative of paying 40¢ in a Kowloon Motor bus that takes 50 minutes, I have little doubt he would choose the light bus, for 50 minutes saved would mean so much more working time, and something of the order of \$2 extra in the pay packet. If one took into account waiting time for a Kowloon Motor bus, which often exceeds 15 minutes, the advantage of travelling by light bus becomes even more obvious. Given an efficient and adequate bus service (which it must be the duty of this Council and all others concerned to bring about) there should be no deterrence in paying a fare of 50¢ for 7 miles. There would be nothing inequitable in fixing such a charge, provided that those who travel short distances of up to, say, 2 miles, do not pay more than 20¢. On the contrary I would suggest this is more equitable, and that the inequity lies in asking one class of passengers to over-subsidize, I say over-subsidize, another class. The major items of expenditure in the bus operation accounts are wages, fuel oil, spare parts, maintenance, tyres and depreciation of the fleet; these account for about 85% of the expenditure: all are directly related to mileage travelled.

It may be asked in view of these observations of mine what alternative system of fares would I suggest. I regret that I have to answer very humbly that I do not know. I do not know because anyone who has to make a valid judgment must have reliable data, not only on the length of individual bus routes, or the number of passengers carried over a given period on each route; the figures are incomplete unless they are complemented by the capacity of the buses over each route for that period. He will also have to know, even if roughly, at what times the buses on each route are overcrowded, and when they are under-utilized; he would need the same information about the different segments of the routes. I do not know if such data is available; if it is, I have not been provided with it. It is suggested that certain routes are uneconomic; but no one has identified them, or put forward the facts which show that they are uneconomic.

It has been said it would be more economical to employ only one conductor on a bus, and that it would be both economic and desirable to operate one-man buses with turnstiles, and I say at once that those two propositions sound like good common sense, but what has not been done is to demonstrate that such systems are incompatible with a sectional fare system, or a fare structure related to mileage travelled. What is needed are facts and an objective analysis, based on those facts, of the options that are open in the matter of fare increases. It may be that in analysing the options a computer will have to be called in to aid, notwithstanding the generous intellectual endowment in the company's management, and I would venture to suggest that an enterprise of this size and complexity might be able to use a computer with advantage, both to itself and to the public. Its predictions as to the consequences of the increased fares last year would not have been as wide of the mark as they were, and likewise I might be induced to have a little more faith in the present predictions. The Transport Department might well have found a computer more accurate than its unaided efforts which last year suggested rosier projects for KMB than KMB itself put forward.

I think that the public interest requires that during the next few months a most searching enquiry be directed at the logistics and economics of the whole KMB operation, with the object of coming up with a fare structure and service which, to my mind anyway, would be more rational than the present proposals, and one which can be adapted to take account of changes in cost, without trauma; a fare structure which would be fair to the travelling public, to the company and last, but not least, to its employees, for it would be in the best interests of all. I have been thinking, Sir, that it would be necessary for you to appoint a commission of inquiry, armed with its statutory powers, to conduct such an enquiry, but it may be that the sub-committee of the TAC can bring about the desired result. I am sure that the distinguished and experienced Board of Directors of the Company would co-operate with the sub-committee in every way, and that Government will instruct the officers responsible to obtain all data required and make upon the data such objective analyses as may be necessary. Given those conditions, and good will, we might next year have a clearer idea of what ought to be done. If a reasonable expectation of this kind can be held out, the long suffering public should be reconciled to the rise in fares for the time being.

THE FINANCIAL SECRETARY (MR HADDON-CAVE):—Sir, I am glad my honourable Friend, Mr SZETO Wai recognizes the role played by the Transport Department in servicing the Transport Advisory Committee and that he welcomes, and my honourable Friend, Mr Oswald CHEUNG also welcomes, Government's efforts to recruit additional staff.

[THE FINANCIAL SECRETARY] **Public Transport Services (Kowloon and New Territories) Ordinance**

I can assure both my honourable Friends that the Transport Department and the Government's cost accountants, who are located in the Colonial Secretariat, wrestled long and hard with the question of how to assess the effects on the Company's enfranchised operations of the regularization of public light buses. I can further assure them that we tried to make due allowance for any failure on the Company's part to provide an adequate and efficient service and that the points made by Unofficial Members in this Council were taken into account in our considerations. Our several calculations were based on an estimate of how many of the passengers carried by public light buses in a given period would have used the Company's services in other circumstances. This complicated calculation yielded a figure of net return of \$5.2 million before tax. The Company's claim was based on an alleged right to a particular level of profitability—an unacceptable approach—and this approach yielded a figure of about \$9 million before tax. I cannot claim a high degree of scientific precision for our figure of \$5.2 million, but I certainly do claim that care has gone into its calculation and that it is, on *prima facie* grounds at least, reasonable. I make this latter claim because, had this additional sum of \$5.2 million been earned, and assuming the rate of royalty had still been fixed at nil, the rate of return on assets employed in 1970-71 would have been about 11% compared with the original forecast of about 10 - 11%. In other words, we seem to have arrived at a figure for compensation which reflects the over-optimistic view of the Company's ability to hold its own against the legalized competition of public light buses in the year in question. In this connexion, I find it difficult, I am afraid, Sir, to accept my honourable Friend, Mr SZETO Wai's point that the failure to forecast the size of the continued drift of passengers to public light buses was, in itself, indicative of bad management. Forecasting in a rather novel and fluid situation is a difficult art.

As regards student travel, I should make it clear, Sir, to all honourable Members that the subsidy scheme has yet to be worked out in detail, but I can give an assurance that every care will be taken to ensure that the scheme is genuinely used to help with travel to and from school and that the Company is not over-paid. Some students do not make four trips a day, but the great majority, I am advised, do. Either they have to travel on a dog-leg to school or they go home to lunch or they travel in addition on extra-curricular activities. All in all, most of them do make four trips a day.

I am glad to note, Sir, that my honourable Friend, Mr CHEUNG recognizes the prior necessity of a satisfactory cash flow for the provision

of an adequate and efficient bus service. But I am afraid I must beg to differ with him when he says that a 30 cent flat fare is inequitable, uneconomic, unnecessary and unsatisfactory and that a large number of what he calls short distance travellers will be deterred from using the buses. However, the possibility of introducing a few short routes—I mean routes other than the eight feeder routes and I do not mean sections of routes, I mean short routes—the possibility of introducing a few short routes will be explored with the Company by the Transport Department, and the Transport Advisory Committee will be consulted in due course. Whilst I cannot, of course, predict the outcome of this exercise (and I must stress that the decision to retain the flat fare structure was not taken lightly) I am grateful to both my honourable Friends for putting forward this suggestion and it will certainly be looked into.

Question put and agreed to.

PUBLIC HEALTH AND URBAN SERVICES ORDINANCE

MR CLARK moved the following motion:—

It is hereby resolved that the Milk (Amendment) By-laws 1971, made by the Urban Council on the 3rd August 1971, be approved.

He said:—Sir, I am sorry that I can't maintain the excitement of the sitting. (*Laughter*).

The purpose of the Milk (Amendment) By-laws 1971 is:—

- first, to include the ultra high temperature method of heat-treatment of milk, which involves retaining the milk at a temperature of not less than 132° Celsius (or Centigrade, as the BBC still calls it) for not less than one second and sealing it directly and with aseptic precautions into the sterile containers in which it will be sold to the consumer;
- secondly, to ensure that the processing and reconstitution of milk for the purpose of sale, except where it is to be drunk or used immediately on the premises, can only be carried out in a licensed milk factory;
- thirdly, to extend the existing prohibition of contaminated or adulterated milk, by providing specifically that no milk that has been heat-treated more than once, or that before any form of heat treatment had an unacceptably high bacteria content already, or that after treatment retains a high colony count, may be possessed for distribution;

[MR CLARK] **Public Health and Urban Services Ordinance**

and last, to prohibit the licensee of a milk factory from obtaining or processing milk obtained from unlicensed dairies.

Question put and agreed to.

4.20 p.m.

HIS EXCELLENCY THE PRESIDENT:—Honourable Members might care for a break at this point. I therefore suspend the sitting of Council for 15 minutes, that is to say until 4.35 p.m.

4.35 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

First reading

**LAW AMENDMENT (MISCELLANEOUS PROVISIONS)
(AMENDMENT) BILL 1971**

**PUBLIC TRANSPORT SERVICES (KOWLOON AND
NEW TERRITORIES) (AMENDMENT) BILL 1971**

TRAMWAY (AMENDMENT) BILL 1971

Bills read the first time and ordered to be set down for second reading pursuant to Standing Order No 41(3).

Second reading

**LAW AMENDMENT (MISCELLANEOUS PROVISIONS)
(AMENDMENT) BILL 1971**

THE ATTORNEY GENERAL (ACTING) (MR G. R. SNEATH) moved the second reading of:—"A bill to amend the Law Amendment (Miscellaneous Provisions) Ordinance, and to make consequential amendments."

He said:—Sir, this is a law reform measure; pure if not simple. It does not actually change the law at all. So perhaps I had better tell honourable Members why it is being introduced rather than the normal course of explaining what it seeks to achieve.

Sir, one of the aims in our law reform programme is to get on to our statute book all the English legislation that applies to Hong Kong.

instead of having to rely on our Application of English Law Ordinance. For example, the proposed section 14 reproduces legislation to be found originally in the Statute of Frauds of 1677 which ceased to be law in England as from 1954; and this of course meant that it is no longer possible to find this in English text-books or in compendiums of current statute law.

It is not our intention, Sir, to leave these various bits of law in our statutory ragbag, which we call the Law Amendment (Miscellaneous Provisions) Ordinance. And it is hoped for example that in due course we can enact an Ordinance which will deal specifically with the law on conveyancing and property; and into that Ordinance will then go the proposed new sections 10, 11, 12 and 13 which at present are concerned with land matters.

MR CHEUNG:—Sir, I welcome this law amendment measure, and the declaration of intent by my honourable Friend to incorporate its provisions into a comprehensive ordinance dealing with conveyancing and property.

There is, however, one narrow but important point of law connected with these English statutes that is in need of reform. It concerns what remedies a court might give a party when there has been part-performance of a contract which has not been put in writing as required by law.

The Lord Chancellors would not allow a party to act fraudulently by taking advantage of the Statute of Frauds, and they evolved an equitable doctrine which, shortly stated, is: if an oral contract has been acted on by a party who has changed his position for the worse, the other party will be compelled to abide by it, notwithstanding the absence of writing. For example, if a prospective tenant, on the faith of an oral bargain that he should have a lease of a house for 7 years, spends money restoring and decorating the house, the landlord would not be allowed to rely on the fact that the bargain had not been reduced into writing. Equity regarded that as done which ought to be done.

A hundred years ago, when the Lord Chancellor's Court was merged with the Common Law Courts, Parliament laid down that all courts should give, where appropriate, all remedies which any court could have given. Where the courts would decree specific performance, the courts might also, at the plaintiff's option, award damages.

But a solitary English judge in 1886 decided that where the court would not give specific performance, the court also would not grant damages notwithstanding there had been part-performance. It is a decision of great inconvenience, and I think it leads to injustice. The

[MR CHEUNG] **Law Amendment (Miscellaneous Provisions) (Amendment) Bill—
second reading**

American courts, I am informed, have refused to follow it. Permit me, Sir, to give an illustration. Two men made a bargain, one to let the other to take a tenancy of a large factory building for 10 years. It was not put into writing as required by the Statute of Frauds. The landlord made changes to the building to suit the tenant. He allowed the tenant to go in to install machinery. The Bank crisis arrived and rents fell; the tenant reneged, moved his machinery out, and denied he had made any agreement for a long lease or, indeed, any lease at all; and he further pleaded that if he had, the agreement was not in writing and he was not bound by it. The landlord naturally insisted the tenant should go on with the agreement, but the tenant refused. The landlord was put in a dilemma. If he wished the courts to decree specific performance, he had to keep the building empty, so that when the trial came, which might not be for a year or more, he would be in a position to give possession of the factory to the tenant; and even if he succeeded, he would have to reckon on the tenant not being able or willing to pay the rent for the whole of the 10 years. If he decided at the outset not to run such a risk, and to salvage what he could in a crumbling property market, by letting small portions here and there of the factory at such lower rents as he could then get, he would not get specific performance of the agreement, because he himself was not in a position to give vacant possession. Worse, according to the decision of 1886, he would not get damages from the tenant, and honourable Members might think with me that this is not very fair.

It is upon these considerations that I venture to propose a reform of the law, and I hope during the adjournment to send to my honourable Friend, Mr SNEATH, a draft amendment to bring about a change at the committee stage.

THE ATTORNEY GENERAL (ACTING) (MR SNEATH):—Sir, the Government has introduced a bill, the beauty of which perhaps in that it doesn't make the slightest difference to the law, and forthwith my honourable Friend suggests that this amending bill should change the law; a radical proposal if I may so dub it. He also cites a case of 1886, I think it was, and talks, slightly derogatorily perhaps, of its solitary English judge. He would not, I think Sir, get away with that in our courts because they would know that he was referring to Mr Justice CHITTY—no single solitary English judge. But be that as it may, Sir, I do in fact welcome his constructive suggestion for the change of the law. It would, if we adopted it, put us ahead of English reform in this matter. No bad thing—it would be pleasant to see Hong Kong leading the field for once. But, Sir, I would mention this because it

may not be possible to achieve this result by amendment at committee stage in this bill. I am quite sure that we would wish to get the views and advice of the Chief Justice's Law Reform Committee, to whom this proposal will be sent.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).

Explanatory Memorandum

Following the enactment of the Intestates' Estates Ordinance 1971 and the Probate and Administration Ordinance 1971 only seven sections of the Statute of Frauds 1677 and one section of the Statute of Frauds Amendment Act 1828 now apply in Hong Kong by virtue of the Application of English Law Ordinance, Cap. 88.

This Bill re-enacts those provisions in less archaic language, but without alteration of their substance. Thus the new sections 10-13 closely follow sections 40, 53, 54 and 55 of the Law of Property Act 1925, which re-enacted in modern form those provisions of the Statute of Frauds which deal with land.

The Hong Kong Law Reform Committee in its First and Third Reports was of the opinion that the additional element of uncertainty introduced by translation from one language to another made the repeal of certain provision in section 4 of the Statute of Frauds, which were effected by the Law Reform (Enforcement of Contracts) Act 1954, inappropriate to conditions in Hong Kong. Accordingly the new section 14 re-enacts, without alteration, those provisions of section 4 of the Statute of Frauds which do not deal with land.

The new section 15 re-enacts section 6 of the Statute of Frauds Amendment Act 1828.

The new sections 16 and 17 reproduce existing sections 10 and 11 of the principal Ordinance, which re-enact sections 3 and 5 of the Mercantile Law Amendment Act 1856.

Clause 3 re-enacts in clearer language existing section 25 of the principal Ordinance.

Clause 4 deletes the Statute of Frauds and the Statute of Frauds Amendment Act from the Schedule to the Application of English Law Ordinance, Cap. 88.

**PUBLIC TRANSPORT SERVICES (KOWLOON AND
NEW TERRITORIES) (AMENDMENT) BILL 1971**

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved the second reading of:—"A bill to amend the Public Transport Services (Kowloon and New Territories) Ordinance."

He said:—Sir, the object of this bill is to amend section 19 of the principal Ordinance so as to permit the Kowloon Motor Bus Company to charge the full adult fare to members of the armed forces of the Crown, who at present travel at half fare; and to members of the Royal Hong Kong Police Force and Auxiliary Police Force, the Preventive Service and postmen who now travel free of charge if on duty and in uniform or in possession of free passes.

As I explained in my speech on the resolution just approved by honourable Members, these statutory concessions, which have been in existence since the Company commenced operations, are no longer considered to be appropriate in today's conditions.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).

Explanatory Memorandum

This Bill amends the principal Ordinance so as to allow the Kowloon Motor Bus Company to charge members of the armed forces of the Crown, who at present pay half fares only, and members of the Police Force, the Royal Hong Kong Auxiliary Police Force, the Preventive Service, the District Watch Force and postmen who are at present carried free of charge, the full adult rate on all its services.

TRAMWAY (AMENDMENT) BILL 1971

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved the second reading of:—"A bill to amend the Tramway Ordinance."

He said:—Sir, I rise to move the second reading of the Tramway (Amendment) Bill 1971 which seeks to set the rate of royalty payable by the Hong Kong Tramways Limited for the current year, commencing on the 1st of January 1971, at nil.

The bill also proposes an amendment to the Ordinance so that, in future, this Council may, by resolution, amend the rate of royalty payable by the Company in any particular year. In the absence of such a resolution, the company would automatically be required to pay royalty at the rate specified in section 49(1) of the Tramway Ordinance, in other words, at the rate of $23\frac{1}{8}\%$ of net profits.

As honourable Members are only too well aware, the rates of royalty payable by the Kowloon Motor Bus Company in the past three years and the China Motor Bus Company in the past two years have, by similar legislative amendments and resolution of this Council, been reduced, latterly to nil, in order to assist these companies in their financial difficulties.

I should like here, Sir, to underline the point that the tramways company is facing financial problems very similar to the two enfranchised bus companies and for substantially the same reasons. These are, first, steadily increasing costs, and especially wage costs, in contrast with a level of fares which has remained static over a long period of years (in fact, for 25 years, since 1946); and, secondly, competition from public light buses, which have been attracting customers away from the more conventional modes of public transport. In 1969 the tramway carried over 162 million passengers compared with an estimated 157 million in 1971. Passengers carried by the 920 public light buses now operating on the Island have increased to an estimated 133 million in 1971 from about 97 million in 1969, mainly at the expense of the China Motor Bus Company, but the tramway has suffered too. Despite the fact, therefore, that the company's rolling stock is long lasting and has now been almost entirely written off, profits have been falling in recent years. Were royalty to be retained this year, the Company's rate of return on assets employed would be between 8% and 9% only. As the company has run its tramway operation efficiently and as there is little or no scope for further cost economies, it is the Government's view that such a rate of return cannot be considered reasonable.

Accordingly, it is further the Government's view that the rate of royalty payable by the company for the current year should be set at nil at a cost to the revenue of nearly \$1 million. This should enable the company to achieve a rate of return on assets employed of 11%, a rate roughly equal to that achieved in 1970.

Whether or not a similar reduction in the rate of royalty payable in 1972 will suffice to stabilize the company's position in that year in the face of continually rising costs is doubtful. Present indications are that even with the rate of royalty fixed at nil (and the company's assets further written down) the likely rate of return in 1972 will be no more than $7\frac{1}{2}\%$. In these circumstances, the possibility of the company's

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

fare structure having to be revised next year so as to produce more revenue cannot be ruled out.

Question proposed.

Motion made (pursuant to Standing Order No 30). That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

Question put and agreed to.

Explanatory Memorandum

This Bill amends section 49 of the Tramway Ordinance so as to provide that no royalty shall be payable by the Company to the Government for the year commencing 1st January 1971 and that for future years the royalty shall be the rate specified in section 49(1), namely 23 $\frac{1}{8}$ % of the net profit of the Company, or a rate fixed by the Legislative Council by resolution.

Committee stage

Council went into Committee.

INTESTATES' ESTATES (AMENDMENT) BILL 1971

Clauses 1 to 3 were agreed to.

**PUBLIC TRANSPORT SERVICES (KOWLOON AND
NEW TERRITORIES) (AMENDMENT) BILL 1971**

Clauses 1 and 2 were agreed to.

**WIDOWS AND ORPHANS PENSION (AMENDMENT)
(NO 2) BILL 1971**

Clauses 1 and 2 were agreed to.

EDUCATION BILL 1971

HIS EXCELLENCY THE PRESIDENT:—With the concurrence of honourable Members we will take the clauses in blocks of not more than ten.

Clause 1.

MR J. CANNING:—Sir, I move that clause 1 be amended as set forth in the paper before honourable Members.

It is intended that the provisions relating to compulsory powers to secure attendance of children at primary school, which I shall today introduce as an amendment to this bill, shall come into operation before the other provisions of the bill. The purpose of this amendment is to enable this to take place.

Proposed Amendment

Clause

1 That clause 1 be deleted and the following substituted—

- "Short title and commencement.
1. (1) This Ordinance may be cited as the Education Ordinance 1971.
- (2) This Ordinance shall come into operation on a day to be appointed by the Governor by notice in the *Gazette*, and notices under this subsection may appoint different dates for different provisions of this Ordinance."

The amendment was agreed to.

Clause 1, as amended, was agreed to.

Clauses 2 to 11 were agreed to.

Clause 12.

MR CANNING:—Sir, I wish to refer to points which were raised by Members during the second reading of this bill concerning the requirements set out at clause 12 of the bill as to certificates from the Director of Public Works and Director of Fire Services, in cases where it is proposed to operate a school in premises not designed and constructed as a school. The requirements set out at clause 12 of the bill are carried over from section 11 of the present Education Ordinance and the procedure has been found to work effectively in practice.

Under the terms of paragraph (a) of section (1) of clause 12, the Director of Public Works may certify that in his opinion the premises or the part of the premises in which the school is to be operated are not suitable for the purposes of a school, having regard to the loading for which they were designed and constructed. In such a case, the Building Authority may, however, issue a notice stating that it does not intend to prohibit under section 25 of the Buildings Ordinance, the use of the premises for the purposes of a school. The applicant is

[MR CANNING] **Education Bill—committee stage**

then required to obtain a certificate from an authorized architect that the premises are in sound structural condition. When the Building Authority issues this notice, the attention of the applicant is drawn, in particular, to certain of the regulations contained in Part III and Part VII of the Education Regulations. These regulations refer *inter alia* to the activities to be conducted on such premises and to the number of pupils, in relation to floor space, which they are permitted to accommodate. As a further safeguard regulation 22 of the Education Regulations provides for periodic inspection of such premises by an authorized architect. The fees for such inspection are paid by Government.

I should perhaps explain that these requirements relate to a situation in which it has not been, and is not, possible to provide that all school places are in premises designed as schools. Clause 12 of the bill seeks to ensure that when a school intends to operate in premises not designed and constructed for such purpose, it is safe for the school to do so. I am satisfied that in practice the terms of the bill, following as they do the procedure laid down in the present Education Ordinance, will achieve this end.

My honourable Friend, Mr Wilfred WONG, drew particular attention to requirements relating to doors in such premises. The fitting of doors has a bearing on the safety both of pupils of the school and of the occupants and users of the building as a whole. It is one of the factors which receive close examination by the Building Authority and Director of Fire Services; and their requirements take into account, and are adapted to, the specific circumstances in each case. It will I think be appreciated that a building designed for residential or commercial use may have features acceptable for these purposes, but which may not be acceptable if, as a result of change of user, it is to be used wholly or partly for school purposes. I am sure that no responsible school operator would wish to avoid making such modifications of the premises as are needed to secure the safety of the pupils.

My honourable Friend also referred to cases which have arisen from time to time where premises appear unacceptable for school use because of the proximity of a workshop or restaurant. I acknowledge the interest taken by Members in these cases. But I wish to make it clear that under the terms of the Education Bill now before this Council, there is no possibility of my considering the grant of registration or provisional registration to a school until it is in possession of all the necessary certificates, required under clause 12, from the Building Authority and the Director of Fire Services. The safety of the pupils must, that is to say, be the primary consideration.

As far as registration of a school or licensing of some other user in circumstances of this kind is concerned, my department works closely with the Director of Fire Services and other departments concerned, on the basis that the user which first seeks registration under the law is given preference; and this procedure, which may be described as "first come first served", has been found to work effectively in practice.

Clause 12 was agreed to.

Clauses 13 to 24 were agreed to.

Clause 25.

MR CANNING:—Sir, I move that clause 25 be amended as set forth in the paper before honourable Members.

During the second reading of this bill, my honourable Friends, Mr Wilson WANG and Dr S. Y. CHUNG drew attention to certain of the grounds on which, under the terms of the bill, I may refuse approval of a manager; namely, if it appears to me that he

- (d) "has previously been refused approval to be a manager, or having been so approved has had such approval withdrawn;"
- (e) "has previously been refused registration as a manager or a teacher, or having been so registered has had his registration cancelled;"
- (f) "is a person in respect of whom a permit to teach has previously been refused."

I am satisfied that if these grounds are deleted I shall still possess, under the remaining paragraphs of clause 25, fully adequate powers to ensure that only fit and proper persons shall be approved as managers. I propose therefore that the bill should be amended so as to delete those grounds for refusal, about which misgivings have been expressed. I shall today also move similar amendments to those clauses relating to the grounds on which I may, under the terms of the bill, refuse to register a teacher or refuse to issue a permit to teach.

Proposed Amendment

Clause

- 25 That clause 25 be amended by deleting paragraphs (d), (e) and (f).

The amendment was agreed to.

Clause 25, as amended, was agreed to.

Clause 26.

Education Bill—committee stage

MR CANNING:—Sir, I move that clause 26 be amended as set forth in the paper before honourable Members.

This amendment is consequential to that made to clause 25, and relates to grounds on which I may withdraw approval of a person to be a manager.

*Proposed Amendment**Clause*

26 That clause 26 be amended in paragraph (a) of sub-clause (1) by deleting "(d), (e), (f)".

The amendment was agreed to.

Clause 26, as amended, was agreed to.

Clause 27 to 45 were agreed to.

Clause 46.

MR CANNING:—Sir, I move that clause 46 be amended as set forth in the paper before honourable Members.

This amendment refers to the grounds on which I may refuse to register a teacher, and brings them into conformity with those provided for in clause 25, as amended, relating to managers.

*Proposed Amendment**Clause*

46 That clause 46 be amended by deleting paragraphs (c), (d) and (e).

The amendment was agreed to.

Clause 46, as amended, was agreed to.

Clause 47 to 50 were agreed to.

Clause 51.

MR CANNING:—Sir, I move that clause 51 be amended as set forth in the paper before honourable Members.

This amendment refers to the grounds on which I may refuse to issue a permit to employ a person as a teacher, and brings them into conformity with those provided for in clause 46, as amended, relating to registered teachers.

Proposed Amendment

Clause

51 That clause 51 be amended in paragraph (b) by deleting "(c), (d), (e)".

The amendment was agreed to.

Clause 51, as amended, was agreed to.

Clauses 52 to 58 were agreed to.

Clause 59.

MR CANNING:—Sir, I move that clause 59 be amended as set forth in the paper before honourable Members.

This amendment has two purposes: firstly, to clarify the procedure by which the chairman of the Appeals Board is appointed; and secondly, to ensure that, in the event of the Appeals Board hearing an appeal concerning registration or cancellation of registration of a teacher, at least three of the members comprising the quorum are registered teachers. This latter part of the amendment has been proposed in the light of the considerations on this point put forward during the second reading of this bill by my honourable Friend, Mr Wilson WANG.

Proposed Amendment

Clause

59 That clause 59 be amended—

(a) by deleting sub-clause (2) and substituting the following—

"(2) The Governor shall by notice in the *Gazette* appoint—

(a) not less than nine persons as members of the Appeals Board, of whom at least three shall be registered teachers;

(b) one of the persons appointed under paragraph (a) as chairman of the Appeals Board.";

Education Bill—committee stage

(b) in sub-clause (5) by deleting "two" and substituting the following—
"three".

Clause 59, as amended, was agreed to.

Clauses 60 to 69 were agreed to.

Clause 70.

MR CANNING:—Sir, I move that clause 70 be amended as set forth in the paper before honourable Members.

My honourable Friend, Dr S. Y. CHUNG, referred during the second reading of this bill to the cancellation of registration of teachers which may take place under the terms of paragraph (b) of subsection (1) of clause 70 of the bill. The Director of Education is called upon to act under the terms of clause 70, only in consequence of the exercise under clause 69 of the bill of special powers of the Governor in Council bearing upon circumstances prejudicial to the public interest or the welfare of pupils or of education generally. I think it will be evident that these special powers of the Governor in Council would be used only in circumstances of gravity. However, I recognize the concern which my honourable Friend has expressed, that registered teachers employed in a school should not have their registration as teachers cancelled, as it were, as a group, if it has been found necessary to cancel the registration or provisional registration of the school. I am satisfied that fully adequate powers exist under the terms of clause 69 of the bill to deal with any teacher, the continuance of whose registration would be prejudicial to the public interest or the welfare of pupils or of education generally. The effect of this proposed amendment therefore will be that the Director of Education, on cancelling the registration or provisional registration of a school under the terms of clause 69, will withdraw his approval of every registered *manager* of the school, but will *not* cancel the registration of every registered teacher employed in the school.

*Proposed Amendment**Clause*

70 That clause 70 be deleted and the following substituted—

"Effect of closure under section 69 on managers and teachers. **70.** (1) The Director shall, on cancelling the registration or provisional registration of a school under subsection (6) of section 69, also withdraw his approval of every registered manager of the school.

(2) Any registered manager whose approval is withdrawn under subsection (1) may appeal by way of petition to the Governor in Council within fourteen days of the making of the order under subsection (6) of section 69 cancelling the registration or provisional registration of the school.

(3) If—

(a) the approval of any person to be a manager is withdrawn under subsection (1); or

(b) the permit to teach issued in respect of any permitted teacher is deemed to be cancelled under subsection (2) of section 52 by reason of the cancellation of the registration or provisional registration of a school under subsection (6) of section 69,

the person shall not thereafter be approved to be a manager, nor be registered as a manager nor shall a permit to teach be issued in respect of such person unless an appeal under subsection (2) has been allowed against the withdrawal of the approval or the cancellation of the registration.

(4) The Governor may waive the provisions of subsection (3) in a particular case on such conditions, if any, as he thinks fit."

The amendment was agreed to.

Clause 70, as amended, was agreed to.

Clauses 71 to 85 were agreed to.

Clause 86.

MR CANNING:—Sir, I move that clause 86 be amended as set forth in the paper before honourable Members.

This amendment is consequential to that already made to clause 1, enabling different provisions of the bill to come into operation on different dates.

Proposed Amendment

Clause

86 That clause 86 be amended in paragraph (a) by deleting "Ordinance" and substituting the following—

"Part".

Education Bill—committee stage

The amendment was agreed to.

Clause 86, as amended, was agreed to.

Clause 87 was agreed to.

Clause 88.

MR CANNING:—Sir, I move that clause 88 be amended as set forth in the paper before honourable Members.

The purpose of this amendment is to ensure that schools shall have a full period of six months in which to come forward to avail themselves of the provisions of the bill relating to recorded schools.

*Proposed Amendment**Clause*

88 That clause 88 be amended in sub-clause (1) by deleting "1st" and substituting the following—

"31st".

The amendment was agreed to.

Clause 88, as amended, was agreed to.

Clause 89 to 92 were agreed to.

Clause 93.

MR CANNING:—Sir, I move that clause 93 be amended as set forth in the paper before honourable Members.

This amendment is consequential to that already made to clause 1 of the bill.

*Proposed Amendment**Clause*

93 That clause 93 be amended in sub-clause (2) by deleting "commencement of this Ordinance" and substituting the following—

"commencement of this Part".

The amendment was agreed to.

Clause 93, as amended, was agreed to.

Clause 94.

MR CANNING:—Sir, I move that clause 94 be amended as set forth in the paper before honourable Members.

This amendment is consequential to that already made to clause 1 of the bill.

Proposed Amendment

Clause

94 That clause 94 be amended by deleting "commencement of this Ordinance" where they occur in sub-clauses (1) and (2) and substituting the following—

"commencement of this Part".

The amendment was agreed to.

Clause 94, as amended, was agreed to.

New clause 72A "Interpretation".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

MR CANNING:—Sir, in accordance with section (6) of Standing Order 46 of this Council, I move that the new 72A set out in the paper before honourable Members be read a second time. In moving this motion I shall with your permission Sir, also refer to the new clauses 72B, 72C, 72D, 72E and 72F, which together constitute new Part VIA of the bill, dealing with compulsory powers to secure attendance of children at primary school.

Honourable Members will recall that His Excellency the Governor proposed at the opening of the Legislative Council session on 1st October 1970 that we should take power to enforce school attendance where parents appear to be unnecessarily withholding their children from primary school.

The new Part VIA now before honourable Members seeks to give effect to that intention. Under the terms of clause 72B, the Director of Education may, after making such enquiries as he considers necessary, serve upon a parent an order requiring him to send his child to a designated primary school. The making of such an order would only be considered in cases where it appears that the parent is withholding the child from school without any reasonable excuse.

It is intended that, in enquiring into such cases, the Director of Education will consult the Social Welfare Department as to the family

[MR CANNING] **Education Bill—committee stage**

circumstances, and will take into account any special educational needs of the child and the availability of suitable primary school places in the area in which the child is resident.

Clause 72C provides for the establishment of a Board of Review, of not less than five persons appointed by the Governor; and under clause 72E, a parent aggrieved an attendance order or any variation of an attendance order may, within a specified period, apply to the Board for a review. The Board may either confirm or cancel the attendance order, and its decision will be final.

Clause 72F provides for enforcement of an attendance order by the Courts, and establishes a maximum penalty of a fine of five hundred dollars and three months imprisonment for a parent who without reasonable excuse fails to comply with an attendance order.

Honourable Members have already commented on these proposed provisions during the second reading of the Education Bill. My honourable Friend, Mr Wilfred WONG, referred to the kind of case which may arise. Honourable Members may wish to know that the terms of the proposed legislation do not limit my powers to make such inquiries as I consider necessary into the background of such cases. In investigating the relevant family circumstances, I shall be able to call on the assistance and advice of the Director of Social Welfare. I can assure honourable Members that the fullest possible consideration will be given to each case which is investigated.

In this connexion I should like to assure my honourable Friend Mrs Ellen LI, that these provisions are not to be seen as essentially punitive in character. They provide machinery whereby the needs of the individual child can be assessed, and I shall not ignore the special needs of categories such as those to which my honourable Friend referred. Parents can then be informed as to the facilities which exist, and persuaded to make use of them. I hope that only in rare cases will it be necessary to make use of compulsion.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72A be added to the bill.

*Proposed Addition**Clause*

72A. In this Part—

Interpreta-
tion.

"attendance order" means an order made under section 72B;

"board" means the board of review established under section 72C;

"child" means a child who has attained the age of six years but not the age of twelve years;

"parent" in relation to any child includes a guardian and the person having the actual custody of the child.

The addition of the new clause was agreed to.

New clause 72B "Power of Director to order attendance at primary school".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

MR CANNING:—Sir, in accordance with Standing Order No 46(6) of this Council, I move that new clause 72B, as set out in the paper before honourable Members, be read a second time.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72B be added to the bill.

Proposed Addition

Clause

Power of
Director to
order
attendance at
primary
school.

72B. (1) Where it appears to the Director that a parent of a child is withholding the child from attending primary school without any reasonable excuse, the Director may, after making such inquiries as he considers necessary, serve upon a parent an attendance order in the prescribed form requiring him to cause the child to attend regularly as a pupil the primary school named in the attendance order.

(2) The Director may at any time, by notice in writing serve upon a parent of the child to whom an attendance order relates—

- (a) vary the order by substituting another primary school for that named in the order;
- (b) otherwise vary or withdraw the order,

and any variation of an attendance order shall take effect on the expiry of the period of fourteen days after the date of service of the notice in writing.

Education Bill—committee stage

The addition of the new clause was agreed to.

New clause 72C "Board of review".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

MR CANNING:—Sir, in accordance with Standing Order No 46(6) of this Council, I move that new clause 72C, as set out in the paper before honourable Members, be read a second time.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72C be added to the bill.

*Proposed Addition**Clause*

Board of
review.

72C. (1) For the purposes of this Part, there shall be a board of review, which shall consist of not less than five persons appointed by the Governor.

(2) The Governor may appoint a public officer to be the secretary of the board.

The addition of the new clause was agreed to.

New clause 72D "Powers of board".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

MR CANNING:—Sir, in accordance with Standing Order No 46(6) of this Council, I move that new clause 72D, as set out in the paper before honourable Members, be read a second time.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72D be added to the bill.

*Proposed Addition**Clause*

Powers of board. **72D.** (1) Subject to this Ordinance, the practice and procedure on a review by the board shall be such as the board may determine.

(2) For the purposes of a review the board shall have the following powers—

- (a) to hear and examine witnesses on oath; and
- (b) to summon any person to attend any hearing of the board to give evidence or produce any document or other thing in his possession and to examine him as a witness or require him to produce any document or other thing in his possession.

(3) A witness summons shall be in such form as the chairman of the board shall direct and shall be signed by the chairman.

(4) Any person who, being summoned to attend as a witness or to produce any document or any other thing at a hearing of the board, refuses or neglects to do so or to answer any questions put to him by or with the concurrence of the board shall be guilty of an offence and shall be liable on conviction to a fine of five hundred dollars and to imprisonment for three months:

Provided that no person shall be bound to incriminate himself and every witness shall in respect of any evidence given by him before the board be entitled to the privileges to which he would be entitled if giving evidence before a court of justice.

(5) Any person—

- (a) who behaves in an insulting manner or uses any threatening or insulting expression to or in the presence of the board; or
- (b) wilfully disrupts the proceedings of the board,

shall be guilty of an offence and shall be liable on conviction to a fine of five hundred dollars and to imprisonment for three months.

The addition of the new clause was agreed to.

New clause 72E "Review by board".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

Education Bill—committee stage

MR CANNING:—Sir, in accordance with Standing Order No 46(6) of this Council, I move that new clause 72E, as set out in the paper before honourable Members, be read a second time.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72E be added to the bill.

*Proposed Addition**Clause*

Review by
board.

72E. (1) A parent aggrieved by—

- (a) an attendance order; or
- (b) any variation of an attendance order,

may within fourteen days of the date of the order or the notice in writing apply to the board for a review.

(2) An application under subsection (1) may be oral or in writing.

(3) Upon a review the board may either—

- (a) confirm the attendance order or the variation; or
- (b) cancel the attendance order or the variation.

(4) The decision of the board shall be final.

(5) The secretary of the board shall notify the parent of the decision of the board.

The addition of the new clause was agreed to.

New clause 72F "Enforcement of order".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order No 46(6).

MR CANNING:—Sir, in accordance with Standing Order No 46(6) of this Council, I move that new clause 72F, as set out in the paper before honourable Members, be read a second time.

Question put and agreed to.

Clause read the second time.

MR CANNING:—Sir, I move that new clause 72F be added to the bill.

Proposed Addition

Clause

Enforce-
ment of
order.

72F. Any parent who without reasonable excuse fails to comply with an attendance order (as the same may be varied from time to time) shall be guilty of an offence and shall be liable on conviction to a fine of five hundred dollars and to imprisonment for three months:

Provided that—

- (a) if an application for a review of an attendance order is made, no offence shall be committed until after the secretary of the board has notified the parent under subsection (5) of section 72E of the decision on the review;
- (b) if an application for a review of any variation of an attendance order is made, no offence shall be committed, by reason of a failure to comply with the variation, until after the secretary of the board has notified the parent under subsection (5) of section 72E of the decision on the review.

The addition of the new clause was agreed to.

Council then resumed.

Third reading

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) reported that the Intestates' Estates (Amendment) Bill 1971 had passed through Committee without amendment and moved the third reading of the bill.

Question put and agreed to.

Bill read the third time and passed.

THE FINANCIAL SECRETARY (MR HADDON-CAVE) reported that the Public Transport Services (Kowloon and New Territories) (Amendment) Bill 1971

Widows and Orphans Pension (Amendment) (No 2) Bill 1971

had passed through Committee without amendment and moved the third reading of each of the bills.

Question put on each bill and agreed to.

Bills read the third time and passed.

MR CANNING reported that the Education Bill 1971 had passed through Committee with certain amendments and moved the third reading of the bill.

Question put and agreed to.

Bill read the third time and passed.

Valedictory to Mr Hetherington

HIS EXCELLENCY THE PRESIDENT:—Honourable Members will no doubt, I am sure, be aware that this is the last sitting at which Mr HETHERINGTON will be with us in this Council; and, in fact, he is due to proceed on leave prior to retirement within the next few days after having been a Member of this Council for over six years.

MR HETHERINGTON joined Government, of course, as a Cadet Officer immediately after the war and he spent much of his early official career here on financial and economic duties. Latterly however, of course, he has been Commissioner of Labour and as such he has been the architect of no less than 59 separate pieces of labour legislation. As Commissioner of Labour in a difficult period he has been conspicuous for his quiet mastery of his department and its problems. He has been conspicuous also for the careful and determined manner in which he has threaded his way through conflicting opinions to reach effective solutions of a practical and an enduring nature, and never failing to give full weight to the views of others but never willingly allowing himself to be over-persuaded into courses that he deemed unfair or unwise. In my opinion both employers and employees in particular owe a great deal to the thoughtful direction that he has given to the work of his department.

I would like therefore to take this opportunity to thank him very sincerely for his services to the Colony and to this Council, and to wish you, Mr HETHERINGTON, and Mrs HETHERINGTON the very best of good fortune and happiness in your retirement.

MR WOO:—Sir, it gives me great pleasure on behalf of my Unofficial colleagues to associate us with your tribute to Mr HETHERINGTON and to thank him for his long and loyal service to the community of Hong Kong. Since he came here in 1945 as a member of the Civil

Affairs Unit of the Military Administration, he has served in a number of important posts. I myself got to know him when he was the Deputy Economic Secretary and served as a member of the Advisory Committee on Telephone Services, of which I am the Chairman. Other Members of this Council have come to know him and appreciate his talents more closely when he became the Commissioner of Labour in 1965. We admire his persistence in presenting to this Council a succession of bills introducing improvements in the sphere of labour legislation. Some of his answers to our questions will remain as a model of full-length clarity. (*Laughter*). We are very sorry that he has to go. I am sure, Sir, I speak for all my Unofficial colleagues in wishing him and Mrs HETHERINGTON long life, good health and best of luck in the future.

MR HETHERINGTON:—Sir, I thank you and my honourable Friend, Mr Woo for your very kind words and your good wishes in the future.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—Council will now adjourn and the next sitting will be held on Friday the 1st of October when, of course, the new session of the Council will start. A proclamation formally advising the opening date and time of the new session will be issued in the normal way in due course.

Adjourned accordingly at eighteen minutes past five o'clock.