

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 29th March 1972****The Council met at half-past Two o'clock**

[MR PRESIDENT in the Chair]

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE
THE HONOURABLE THE COLONIAL SECRETARY
SIR HUGH SELBY NORMAN-WALKER, KCMG, OBE, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DONALD COLLIN CUMYN LUDDINGTON, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, JP
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, CBE, JP
DIRECTOR OF URBAN SERVICES
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 DENIS CAMPBELL BRAY, JP
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE PAUL TSUI KA-CHEUNG, OBE, JP
COMMISSIONER OF LABOUR
THE HONOURABLE IAN MACDONALD LIGHTBODY, JP
COMMISSIONER FOR RESETTLEMENT
THE HONOURABLE ERNEST IRFON LEE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE SIR YUET-KEUNG KAN, CBE, JP
THE HONOURABLE WOO PAK-CHUEN, OBE, JP
THE HONOURABLE SZETO WAI, OBE, JP
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP
THE HONOURABLE ELLEN LI SHU-PUI, OBE, JP
THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP
THE HONOURABLE HERBERT JOHN CHARLES BROWNE, OBE, JP
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP
THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP
THE HONOURABLE GERALD MORDAUNT BROOME SALMON, JP
THE HONOURABLE ANN TSE-KAI, OBE, 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: —		
Public Health and Urban Services Ordinance.		
Public Conveniences (Charges) (Amendment) Order		
1972	60
Immigration Ordinance 1971.		
Immigration Ordinance 1971 (Commencement)		
Notice 1972	62
Immigration Ordinance 1971.		
Immigration Regulations 1972		
.....	63
Immigration Ordinance 1971.		
Immigration (Places of Detention) Order 1972		
.....	64
Immigration Ordinance 1971.		
Immigration (Places of Detention) (No 2) Order 1972		
.....	65
Immigration Ordinance 1971.		
Immigration (Anchorages and Landing Places) Order		
1972	66
Interpretation and General Clauses Ordinance.		
Specification of Public Office		
.....	67
Hong Kong Polytechnic Ordinance 1971.		
Hong Kong Polytechnic Ordinance 1971 (Commencement)		
Notice 1972	68
Sessional Paper 1971-72: —		
No 51—Report of the Finance Committee on the Draft Estimates of Revenue and Expenditure for 1972-73 (published on 29.3.72).		

Statement

Report of the Finance Committee on the Draft Estimates of Revenue and Expenditure for 1972-73

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, on the 1st of March, the draft Estimates of Expenditure for the coming year were referred under Standing Order No 60(8) to the Finance

Committee for examination. The Committee has completed its examination and its Report has been laid on the table today.

I should like to take this opportunity of expressing my very deep and very real appreciation to those Members of this Council who, as Members of Finance Committee, devote so much of their time and effort to the scrutiny of public expenditure. I refer not only to the examination of the annual estimates but also to the fortnightly meetings of the Finance Committee, held throughout the year, to consider requests for supplementary expenditure.

Government business

First reading

DRUG ADDICTS TREATMENT AND REHABILITATION (AMENDMENT) BILL 1972 OATHS AND DECLARATIONS BILL 1972

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

Second reading

DRUG ADDICTS TREATMENT AND REHABILITATION (AMENDMENT) BILL 1972

THE ATTORNEY GENERAL (MR D. T. E. ROBERTS) moved the second reading of: — "A bill to amend the Drug Addicts Treatment and Rehabilitation Ordinance."

He said: —Sir, by section 7 of the principal Ordinance, a person may apply to be admitted for treatment as a voluntary patient in an addiction treatment centre. If the applicant is under 16, then the application has to be made by a parent or guardian on his behalf.

Unfortunately, experience of the working of the Ordinance has shown that drug addicts between the ages of 16 and 19 are most reluctant to apply for admission and that many who do register fail to attend for the treatment which is prescribed for them.

This bill, therefore, proposes that a parent or guardian should be able to apply for admission to an addiction treatment centre on behalf of his child or ward up to the age of nineteen. This is effected by clauses 2, 3(a), 6 and 7.

[THE ATTORNEY GENERAL] **Drug Addicts Treatment and Rehabilitation (Amendment) Bill—second reading**

Clauses 3(b) and 4 extend the period of institutional treatment for young persons under 19 from a maximum of 6 months to a maximum of twelve months, since it takes longer to rehabilitate an adolescent than an adult addict, for whom the maximum will still remain at six months.

Clause 5 enlarges from 28 to 90 days the time during which a patient from an addiction treatment centre may be recaptured by the superintendent of the centre or by the police. There have been cases in which an addict has escaped from a centre and not been traced until after the 28 days have elapsed. He can at present, in such circumstances, not be returned to the centre for treatment unless he himself makes a new application for admission.

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

The principal object of this Bill is to enable the parent or guardian of a young person who has not attained the age of nineteen years to lodge on behalf of the young person an application with an addiction treatment centre for his admission for treatment as a voluntary patient. At present this application may only be made on behalf of a person who has not attained the age of sixteen years.

Clause 2 of the Bill amends section 2 of the principal Ordinance by defining "young person" as a person who has not attained the age of nineteen years.

Clause 3 amends section 7 so as to enable the parent or guardian of a "young person" to lodge an application for the admission of a young person as a patient in an Addiction Treatment Centre. The period of treatment for a young person is extended from six months to a maximum of twelve months as it is considered that it takes a longer period to rehabilitate an adolescent than an adult addict.

Clause 3 also amends section 7 so as to empower the Superintendent of an Addiction Treatment Centre to regulate the times of visits of relatives and friends of a patient.

Clause 5 amends section 10 of the Ordinance by enlarging from twenty-eight days to ninety days the period within which an absconding patient may be recaptured by the Superintendent or the police.

Clauses 6 and 7 consequentially amend section 13 and 16 respectively.

OATHS AND DECLARATIONS BILL 1972

THE ATTORNEY GENERAL (MR ROBERTS) moved the second reading of:—"A bill to amend and consolidate the law relating to oaths and declarations, to make provision for matters connected therewith, and to exercise the power conferred by section 2 of the Colonial Affidavits Act 1859."

He said: —Sir, this bill consolidates and tidies up the law dealing with oaths and declarations.

Attached to the bill is a comparative table which shows the source of each clause. As the table shows, the majority of the bill reproduces existing law, though the opportunity has been taken to simplify some of the phraseology which is used.

The only new provisions are to be found in clauses 7(6), 11 and 23.

Clause 7(6) will enable a witness to be affirmed instead of being sworn, if it would cause practical difficulty to administer an oath in a manner appropriate to his religious belief. By clause 11 evidence will be able to be taken on oath in Hong Kong, for use in a foreign court, by a person appointed for the purpose by that foreign court.

Clause 23 gives a choice to a person taking an oath, or making an affidavit, affirmation or declaration to use either English or Chinese at his option. The schedule to the bill now contains a version in Chinese of all the oaths and declarations which are specified in it. This is a further demonstration of the Government's declared policy of according equality of use and status to Chinese wherever this is practicable.

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).

Oaths and Declarations Bill—second reading*Explanatory Memorandum*

The main purpose of the Bill is to modernize and consolidate the law dealing with oaths and declarations. The opportunity has been taken to provide Chinese versions of oaths and declarations.

2. Included in the Bill are those sections of the Evidence Ordinance (Chapter 8) which relate to oaths and affirmations and the provisions of the Promissory Oaths Ordinance (Chapter 90), as well as the appropriate sections of the Statutory Declarations Act 1835, which is part of the law of Hong Kong by virtue of the Statutory Declarations Ordinance (Chapter 11).

3. Clause 7(6) and (7) re-enact section 1 of the Oaths Act 1961 and clause 11 reproduces section 1 of the Oaths and Evidence (Overseas Authorities and Countries) Act 1963.

4. A Table of Comparison follows this memorandum.

CRIMINAL PROCEDURE (AMENDMENT) BILL 1972**Resumption of debate on second reading (15th March 1972)**

Question again proposed.

MR P. C. Woo: —Sir, my Unofficial colleagues support the bill. Whether the criticisms of the general public and by the press of the inadequacy of the sentences imposed by the courts for serious crimes involving violence are justified or not, there is definitely very wide public concern regarding the levels of sentences and, as my honourable Friend, the Attorney General, has said, in fact "substantial disparity in sentences as between different magistrates and judges dealing with similar offences causes injustice". In view of the substantial increase in criminal activity at present, any inadequate sentence imposed by the Court would not only encourage the commission of more crimes but also would bring the judicial system into disrepute.

We are here not so much concerned about the harshness of the sentence which can be corrected and is primarily a matter for the convicted person to appeal. The new section 81A is however welcomed because the Crown, if it sees that any injustice is done, can have the right to rectify it.

There is, however, one important principle of British criminal justice which has not been mentioned by my honourable Friend and

that is that all criminal cases once decided should be final. Finality of the matter is important because an accused person should not be put in peril twice for the same offence.

It is with this consideration that the majority of us, with the exception of my senior colleague, Sir Yuet-keung KAN, now suggest that the Ordinance once passed should be given a trial period of two or three years and should be reviewed after that period to find out whether or not the object of this piece of legislation has been attained.

May I add that should this legislation still prove to be inadequate to cope with the present situation, then we will seriously consider proposing to Government other legislation to achieve the object which is the basis of this present bill.

SIR YUET-KEUNG KAN: —Sir, I support the bill but, with all due respect to my honourable and learned Friend, Mr P. C. Woo, I cannot lend support to the proposal that this bill, if passed, should be given a trial period of 2 years. Sir, the law that we are asked to pass is either a good law or a bad law. I personally think it is a good law. All it desires to do is to enable the Crown in a fitting case to apply to the Full Court for review of a sentence passed on a prisoner. Personally, I do not think this British principle of criminal justice of not putting an accused person in jeopardy twice has any application to this particular matter—as I said, either the law is a good law or it is a bad law. If it is considered to be a good law, which I understand all my Unofficial colleagues support, then, for the life of me, I cannot see any reason at all for wanting this law to be on the statute book merely for a period of 2 years and for that reason, Sir, I cannot go along with this proposal but otherwise I support the bill.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I am glad that this measure has received the support of Unofficial Members whose views, I believe, accurately reflect the general public's views on the desirability of a provision of this kind.

I must confess that I do believe that this is a measure which should be a permanent part of our law and that it is justified on its own merits and not merely because there happens to be a sudden, and, we all hope, temporary rise in the amount of crime.

Nevertheless, if honourable Members feel strongly that there should be a trial period, the Government would be agreeable to this, though I hope that a somewhat longer period than two years would be acceptable to honourable Members.

Criminal Procedure (Amendment) Bill—resumption of debate on second reading (15.3.72)

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).

APPROPRIATION BILL 1972**Resumption of debate on second reading (16th March 1972)**

Question again proposed.

MR D. R. W. ALEXANDER: —Sir, I would like this afternoon to comment first on that part of my honourable Friend, Mr Oswald CHEUNG's enlightened speech about the New Territories dealing with those interesting and increasingly important subjects of garbage and pollution. I am glad to be able to assure honourable Members that there is no confusion about the lines of command in this respect. My department is responsible for the collection and disposal of garbage, and has been ever since the New Territories Administration shed sundry of its executive duties about 1960 and began to give priority of attention to land policies and administration. The service has extended slowly, as everyone knows. Simple rural villages in undeveloped agricultural areas need little or no rubbish collection. But the change of the New Territories to an overpopulated, overgrown series of towns, cottage industrial estates and big farming businesses has been very rapid. I am glad to say, however, that we are at last being provided with the resources needed to begin catching up, even though in many areas no rates are as yet paid.

Honourable Members no doubt realize that, altogether, there are about 1,000 distinguishable villages or small settlements, many of them inaccessible to vehicles—which, of course, does not make collection and disposal of refuse any easier. We are already shifting nearly 470 tons of NT refuse a day. I cannot say how much is being dumped into streams by selfish and unscrupulous farm and factory managers or thoughtless individuals into streams when nobody is looking, but we are hoping for some interesting new information to emerge from the surveys we plan to set up this summer with the help of students dedicated to the war on pollution.

Mr CHEUNG also wonders who should clear streams. My department accepts this responsibility also—provided adequate resources are

made available. However, the practical task of cleaning 300 or more streams regularly (the majority of which have been converted into open sewers by the uncontrolled squatters who now infest most of the areas is quite formidable, particularly at a time when unskilled labour in large numbers is not available). And, of course, something more positive is required. Cleaning-up *alone* will not put an end to the problem, as long as streams are still acting as entry points for all wastes from the activities of squatter structures, industries and whatnots along their banks. As I see it, all existing streams need to be dredged and trained, and revert to their original state—with there being provided in their place local sewerage systems (where these are possible) and refuse/nightsoil collection centres (capable of dealing with all waste products).

I have no idea which the "quarters" are who told my honourable Friend that they think that it will take ten years to clean up the mess. I should not dare to hazard a guess whether it would be possible to provide sewerage systems to serve the innumerable small industries and pockets of habitation which are scattered around the New Territories and, if so, when they can be provided: nor is it my job to do so. But I do not think that, with adequate resources provided, it need take long to make an enormous difference to the clearing and disposal of rubbish. The pollution in the Territories is horrible—compared with the past, although, as far as I am aware, the general health of the rural population is so much better than it was.

My ability to clean up the mess is proportionate to the human and mechanical resources that I am able to acquire and to train and absorb into my establishment. But neither land for dumps nor additional money for staff, transport and equipment falls within my control. And even if they did, and I had all the staff and facilities I need, I still would not be able to succeed in my task unless I have the co-operation of the local population in understanding the problem and assisting me to overcome it, for it is they who have dumped their rubbish there—in many instances on private land.

No one yet knows how big this task will be, but, if a short stretch of the Sutlej River near the Sheung Shui tanneries (which I understand will be cleared at the end of July) is going to cost \$700,000 to clean, then we must be ready to be told that the whole job will cost millions. And that will only be to clean up the place! How much it will cost and what precisely should be done to prevent the same thing happening again we still do not know.

The key to the situation, as I believe the Environmental Pollution Committee has already come to appreciate, is in public enlightenment coupled with *determined enforcement* of the law and land use policies and conditions—at least as far as the New Territories is concerned—

[MR ALEXANDER] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

until redevelopment takes place, by which time other solutions may have presented themselves.

In connection with the Urban Council's Keep Hong Kong Clean Campaign and the urban areas where we again face a deteriorating environment, the position is that progress is being made, but it is slow for this is a very considerable task with far-reaching implications. There have been complications about the legislation required to give teeth to the Campaign but these have now, I hope, been ironed out departmentally at least. A plan for large-scale community involvement is currently being considered, and matters such as staff recruitment and training, designing of new litter containers, scheduling of area clean-ups, and myriad minor details are all being pursued. But the crux of the matter will not be solely the provision of funds for staff and equipment and a will on Government's part to clean up Hong Kong, but our ability to persuade the local populace, firstly, that the days of indiscriminate littering and refuse-dumping are over (in the long term, by a continuation of education and persuasion but in the immediate term, on pain of prosecution with, I most sincerely hope, adequate penalties) and, secondly, that it is not a question of the Urban Services Department cleaning up the mess but one of their not creating it in the first place with my department enabling them not to create it by providing full and adequate services wherever required.

Litter and cleaning up Hong Kong lead me on naturally to the other, as yet unsolved, USD problem of hawkers mentioned by my honourable Friend, Mrs Li. In a community as closely packed as Hong Kong, some curbs must be put on individual freedom, if the safety and well-being of others are not to suffer. Hawkers are an obvious example. The Urban Council, while recognizing that, in certain areas, hawkers provide a very necessary service, also acknowledges the fact that their legitimate needs must be balanced against the needs of traffic and pedestrian circulation and of shops and residences. I hope, in a very short while, to seek Members' approval of an extensive revision of the Hawker By-laws designed to assist in the implementation of the revised policy, while, at the same time, offering greater protection for *law-abiding* hawkers.

In the field of recreation, my honourable Friends, Mrs Li and Mr SALMON, plead for more recreational facilities, while Mrs Li also asks what has happened to three major projects.

Recent progress in the development of active recreation facilities has been very satisfactory, although I would be the first to agree that we are far from being able to sit back and call it a day. Over the

last two years, thanks to the great generosity of the Royal Hong Kong Jockey Club, the number of swimming pools has risen from two to five, with each of the three new complexes being very considerably larger than the two old pools at Victoria Park and Kowloon Tsai put together. Two more are under construction at Kennedy Town and Morrison Hill. There are now over 250 basketball pitches, compared with 200 two years ago, and 132 grass games pitches or hard-surfaced mini-soccer pitches, an increase of 30 over the period. The number of volleyball courts has risen more slowly, from 72 to 79, but this is deliberate, volleyball not being a very popular sport. Only last month, six new tennis courts were opened in Kowloon where we are also considering providing squash courts.

As to the three major projects, revised sketch plans and estimates for the Indoor Stadium have recently been submitted, while the Architectural Office of the Public Works Department is actively working on sketch plans for the Ho Man Tin Football Stadium. It is hoped that both stadia will be completed in 1976. The Kowloon Civic Centre has just been included in the Public Works Programme as an Investigation Item so that an order of cost can be established with a view to approaching Finance Committee for approval.

My honourable Friends, Mr Lo and Mr SALMON, have both expressed disquiet at the number of amenity projects languishing in the Public Works Programme, and it has been suggested that departments concerned with the processing of these projects are in no hurry to get them upgraded. I must refute any such suggestion particularly since the Urban Council and the Urban Services Department are undoubtedly the main instigators of such processing. Anyone interested in the proceedings at the monthly meetings of the Urban Council cannot fail to note the number of questions (not to forget the innumerable supplementaries) about the progress of recreational projects—which provide additional incentive, if that is required, for us to endeavour to keep such projects moving in other interested departments. It is, of course, not always a matter of "incentive" but of availability of sites and, in some instances, of premature inclusion of items in the Public Works Programme. At any rate honourable Members will be interested to know that at present in the sketch plan stage, or in the course of detailed planning or construction, there are five new swimming pools, sixteen new sports recreation grounds, six parks and thirteen new beach buildings and changing rooms.

On the whole, I do not think there has been any undue delay *without good reason* in the processing of recreational and amenity projects, and it must also be remembered that a large number of smaller recreational projects are built from the Urban and New Territories block votes, without going through the Public Works Programme at all.

[MR ALEXANDER] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

Mr SALMON rightly doubts whether we are near the target of providing 30 acres of open space per 100,000 people in the developed areas. For the present population of Hong Kong Island and Kowloon we need about 960 acres: so far we have developed some 770 acres, excluding beaches. However, this development is patchy and, in many areas, it will be years, if ever, before it is possible to reach the target. On the other hand certain areas will balance the shortage out by providing more than the target.

I share Mr SALMON's hope that it will be possible to build many more multi-purpose game-halls such as that being built at Kai Tak. This is, however, being regarded as a pilot scheme and those, who are perhaps a little too cautious, argue that we should see how the new hall will be used and what modifications will be thought to be desirable before we rush into a massive building proposal.

The same argument has been used in respect of study rooms. We have now proved beyond all doubt that they are needed and that they can be supervised by comparatively junior staff. We have therefore recently been given authority to include study rooms in our schedule of accommodation for Aberdeen and To Kwa Wan Markets, but I still have to justify the employment of attendants (rather than teachers) as supervisors.

Community and youth centres are, of course, not within my department's field of responsibilities and, although we are continuing to develop picnic areas on a small scale, the main impetus here will, I hope, be passing to the two advisory committees on the recreational development and nature conservation of the countryside.

With regard to Mrs Li's plea for more cultural activities for youth, during the past year the Urban Council and the Urban Services Department presented 177 performances of serious music, drama and dance—both Chinese and Western, many of them joint performances, presented with willing and generous help from such organizations as the Goethe Institute, British Council, and Alliance Francaise, and various local groups. Some 148,000 people attended these performances—the vast majority of them students. The Urban Council will continue to present such programmes charging a mere \$1 a ticket for students, and in July and August of this year will organize a Hong Kong Arts Festival to celebrate the 10th Anniversary of the City Hall. The programme will embrace all branches of the performing arts, as well as several art and photographic exhibitions. It is aimed primarily at young people and, for this reason, the summer school vacation period of July and August has been chosen for the Festival.

During the past year also, the City Museum and Art Gallery presented ten exhibitions covering a wide range of subjects including Chinese antiquities, Chinese paintings and calligraphy, archaeology in Hong Kong, coins and currency of Kwangtung, Macau and Hong Kong, and children's art. These exhibitions were attended by over 175,000 people including a large number of students in organized school visits.

Recognizing the wider interests of our youth, we are gearing ourselves to bringing all sorts of art exhibitions to schools and we have sought financial provision for a mobile stage so that cultural performances can be brought out to the people as well, because it would seem that it is not youth alone which needs the opportunity of cultural influence, but many of those who so often criticize them.

Still on the cultural side, all our libraries are jammed—again mainly by teenagers. The Council believes that additional libraries should now be built, but again we must prove that Ping Shek library, due to open in July, will be adequately used and submit a report on all our new libraries before further expenditure will be recommended. The department is, however, with the assistance of the New Territories Administration and the Social Welfare Department, looking into the existing and anticipated needs of the New Territories for library facilities and hopes to be able to report on these within the next two months.

Mr Wilson WANG again urges the formation of a Council for Physical Recreation. Since I last spoke about this in October 1971, the Recreation and Amenities Select Committee of the Urban Council has studied in some depth the feasibility of creating a Physical Recreation Unit, with a controlling or advisory council or committee, to promote the greater and better use of existing public recreational facilities. The Select Committee agreed on its recommendations only last month, and I am now about to put these to Government.

Finally, death.

One day, as my honourable Friend, Mrs LI reminds us, we must all die. (*Laughter*). To the degree that the population expands, pollutes, despoils and defaces the limited space available to us, so the space remaining for the burial of those now living diminishes. Soon there will be little or no land available for burial. For this reason, the Urban Council and my department has for many years advocated cremation. At present, this costs \$30 for an adult and \$15 for a child; a niche in a columbarium \$200. Mrs LI is correct in stating that all the "niches" at Cape Collinson are full. They have been so since July 1971. We desperately need more and we must never again be caught without adequate numbers of them to back up our cremation

[MR ALEXANDER] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

policy. Tenders were invited for the construction of nearly 4,000 new niches at Cape Collinson (where there is, I am assured, ample room for extension), but, because the quotations so exceeded the estimated cost, the matter is under reconsideration.

Cremation, though not acceptable to all, is becoming more accepted. A new crematorium to be built at Diamond Hill is in an advanced stage of planning, and I would wish to assure honourable Members and the general public that both the Urban Council and my department recognize the especial significance of a human body and that the design of the new crematorium will ensure that each person who is cremated will be given the respect, and treated with the dignity, due to any human being whether alive or dead.

The construction of a columbarium at Wo Hop Shek with 1960 niches is underway and should be completed by October. This is a pilot scheme to provide niches for the cremated remains of exhumed bodies and, if this facility proves acceptable, the columbarium will be extended.

This may be considered as a morbid note on which to end. It is, however, the aim of the Urban Council and of my department to work with and for the people of Hong Kong, to improve their environment and way of life and to ensure that when the time comes for any of our citizens to die they may do so knowing that, even then, the department will care for them and try to make things as easy as possible for their friends and relatives at that harrowing time.

Sir, I support the motion.

MR D. C. BRAY: —Sir, I listened to my honourable Friend, Mr CHEUNG, speaking about the New Territories with very mixed feelings for I would, in some ways, have liked to make his speech myself. Certainly every body in my department would very much like to see more low cost housing, more schools, more clinics, better water supplies and roads and more clean beautiful country in the New Territories. We spend a good deal of time trying to get all these good things too and although progress is being made one always wants to move faster.

In the field of housing I suggest that we have been among the first to exploit the hints of the change in policy emerging from the 1970 Housing Board Report. As my honourable Friend, Sir Yuet-keung KAN pointed out, this report recommended, for the first time, that when people are found living in really appalling conditions the people should

be given new homes and the squalor cleared—cleared simply because it is squalor and not because the land is wanted for development. Even before this policy recommendation had been accepted we were working out its application. A tidy little programme of some 33 estates housing about 90,000 people with a proper allowance for boat people coming ashore was considered and recommended by the Housing Board for inclusion in a six year programme as part of overall Government housing. This part of the programme excludes the major estates planned in Tsuen Wan, Tuen Mun (*i.e.* Castle Peak), and Sha Tin. I hope those of my honourable Friends who are on the Public Works Sub-Committee will not have difficulty in approving the first seven such estates for Tai O, Cheung Chau, Peng Chau, Tai Po, Shek Wu Hui, Lau Fau Shan and Tan Kwai Tsuen for Category B of the Public Works Programme when they are invited to do so in May. These estates will house 30,000 people and be complete before 1976. They will be the first Government estates built for the rural New Territories people.

These little estates involve more than just government housing. If we house all the poor and badly housed in Tai O, on Cheung Chau, on Peng Chau or at Lau Fau Shan and then demolish the shacks we must clean up what is left behind. We propose therefore to lay out the cleared area for private village development—both housing and small workshops are contemplated—and for public amenities. The outcome will be different at each place but I believe these little developments will transform the towns and villages where they are built.

In one case we are still very much feeling our way. The estate proposed for an old quarry area at Tan Kwai Tsuen will enable us to make a start on the redevelopment of that vast area of rural slum between Castle Peak and Yuen Long. My honourable Friends, Messrs. CHEUNG and ALEXANDER have already referred to the muck filled gullies which make such dramatic illustrations of pollution in the newspapers. These are just one symptom of the general environmental disaster which has overtaken so much of the accessible areas of the New Territories since the war. Just how we shall go about rehabilitating this country remains to be seen but we cannot start without some new housing so we are going for this first.

What are the obstacles in this programme? I am not conscious of any procedural obstacles and, indeed, have been most impressed with the enthusiasm and drive shown by the architects and town planners in getting these schemes under way. Schemes going forward for the Public Works Programme now were little more than a gleam in the eye six months ago.

The major effort in this modest programme is directed at areas of bad housing but I should mention two other schemes my honourable

[MR BRAY] **Appropriation Bill—resumption of debate on second reading
(16.3.72)**

Friends on the Public Works Sub-Committee will be invited to consider. These are proposals for two new villages. We have plenty of old villages properly built and laid out on traditional lines. We have masses of so-called temporary development—not all of it bad and including some quite enchanting charitable housing schemes. But we have not built a proper new village with solid PWD streets and drains, lighting and the other things that make up the infra-structure of a village where villagers can build small permanent houses. Two such schemes will be investigated if the proposals find favour in Public Works Sub-Committee. Here too obstacles are physical not procedural—even the fact of full staff commitment in the PWD is not to be allowed to hold this up because it is proposed that consultants take on these two schemes.

The Housing Authority and Housing Society will be welcome if they wish to join the Government in extending their operations to the rural New Territories. Both bodies have estates in Tsuen Wan and are turning their eyes to Castle Peak and Sha Tin. This is the big stuff. I hope they will find it possible to take on a few small jobs as well.

I should complete this description of village development with an account of certain aspects of building and land policy that have been under discussion with the Heung Yee Kuk in recent months. Last summer the Kuk raised four points. They related to rules and procedures for building small houses, to the amount of compensation paid on resumption of agricultural land for public purposes, to the question of re-entry of land for breach of lease conditions, and to the restrictions on development in layout areas where plans for development exist but where no development work is proceeding.

I must say I found our own rules and procedures on the building of small houses were still rather restrictive. There are two sorts of control involved, the first being controls on siting and location and the second being of plans of the buildings themselves. The controls on siting involve some sort of crude planning which is very difficult if you are trying to do it without accompanying the planning with infrastructure works. It is not easy to be sure that if a building is allowed it will never be in the way of anything. It is therefore tempting to allow a "temporary" building and villagers have found that it is easier to get us to approve temporary buildings than permanent ones—just as we sometimes find it easier to get supernumerary staff than permanent staff to deal with new work. (*Laughter*). I came to the conclusion that while approval of temporary structures might satisfy some deep felt bureaucratic need to avoid taking a decision, it did not give the same satisfaction to a villager's equally deeply felt need for a

home to call his own. I have therefore been working since last summer on a package of measures designed to allow some small buildings to be as permanent as land title can make them in places where they are allowed at all, to simplify the procedures and remove unnecessary restrictions on the construction of the buildings themselves but to require more rigid compliance with the few essential requirements, mainly of a health and safety nature. It is not easy to dismantle restrictions but in discussions with the Kuk and Rural Committees we have explored a number of possibilities. I envisage a number of separate measures coming in as they are formulated in detail and approved over the next few months.

In the matter of resumptions the Kuk believes the answers may be found in a more general use of deferred exchanges outside layout areas or very much greater cash payments than market normally makes. Exchange entitlements for land surrendered within the layout area are well liked by New Territories land owners though few townsmen have even heard of a Letter B. The Kuk has suggested the same principles be used for land surrendered outside a layout area. These proposals are being examined sympathetically.

On re-entry I do not believe there is much difference of opinion between myself and the Kuk. This is a serious step, seldom taken and only for good cause. There are also ample provisions for appeal.

The question of development in layout areas during the time between the drawing up of a plan and its implementation is more difficult in theory than in practice. If the Kuk is really only concerned with small house development, as it says it is, we should be able to find a way out by making provision for village expansion without wrecking major layout plans. If we cannot we should consider their proposal to re-site such an owner outside the layout. The trouble with schemes designed for small scale development is that they can be abused. They just will not work for large scale development yet land owners are past masters at getting through policy loopholes and we have to try not to leave too many.

I am glad my honourable Friend, Mr CHEUNG was impressed with the proposals for the Kat O water supply. He says we should not wait for the refinery before providing water on Lamma Island and we certainly do not need to wait for its completion. However because of the lack of any reasonable catchment on the Island, the only satisfactory means of supply is by pipeline from Hong Kong and this is very expensive—an estimated \$2 million to supply even the few villages now in the north of the Island which had a census population of 2,000. If there is to be an oil refinery, and if this in turn alters the future development pattern of the Island, a much larger pipeline will be required and it would be quite wrong to spend a great deal of money

[MR BRAY] **Appropriation Bill—resumption of debate on second reading
(16.3.72)**

on a pipeline which could become inadequate within twelve months. I am sure my honourable Friend would wish us to plan this matter with the sort of foresight he advocated in the case of Sha Tin planning.

The rate of improvement in village water supplies in general over the last decade has been little short of spectacular. When I first worked in the New Territories eighteen years ago wells were the main source of supply and the village women had to carry all the water home. By the mid-sixties the local public works schemes for piped water supply paid for by the Kadoorie Agricultural Aid Association and by the Government and by the villagers own efforts had penetrated practically all the villages. These schemes are now being widely supplemented and replaced by proper water works schemes the biggest of which is a five year programme, due to finish next year, to supply water to 163 villages. Except where such schemes draw water from some small local intakes which cannot supply enough water, all these village supply schemes deliver metered water to individual houses on payment of the statutory charges for the connection, in most cases \$70. The Waterworks Office is now drawing up plans to extend supplies to other villages after the present major scheme finishes next year and will be discussing these plans with my department shortly.

We aim to do much more than provide one standpipe for 500 people. This is merely a rough rule for those who do not wish to have a house connection and even then the Waterworks Office does not balk at putting in standpipes for smaller numbers of people when existing supplies are polluted or inadequate. Over the last three years 152 standpipes have been installed, the great majority of which have been in villages where the population is less than 500 people.

Water in fish ponds was a problem in some areas last year when my honourable Friend visited Yuen Long after the very dry spring and early summer. The resulting drought would have caused widespread anxiety in years gone by, before irrigation had been so much improved. Though agriculture was not seriously affected a supply of mains water, even at \$4 a 1,000 gallons, might have been used by a few breeders for a few days. This year there has been plenty of rain. I doubt if mains water is economical for fish ponds. These ponds stretch over acres of land. To use mains water supply to raise the level of only one acre of pond by a less than a foot would cost over \$1,000 even if none of it leaked away or evaporated.

The breeding of fish fry is not easy in the quantities needed. Mullet fry are gathered from wild stock caught by fishermen near the New Territories coast. Carp comes from the Chinese provinces of

Kwang Tung and Tai Wan. The Au Tau Fisheries Research Substation run by the Agriculture & Fisheries Department has however done work on the breeding of pond fish and has succeeded in the artificial breeding of three species of carp. The economics of breeding pond fish in sufficient quantities are now under investigation.

My honourable Friend also referred to electricity supplies and street lighting in the villages. There has been quite remarkable progress throughout the sixties. The China Light & Power Company have, with their Rural Electrification Scheme, been the outstanding utility in the New Territories. They have concentrated on domestic supplies which are now available to over 75% of the rural population. It is only recently that we have started discussions on lighting in back lanes and the villages—streets accessible by motor vehicles already being included in the existing street lighting programmes. The Company is anxious to move into this field as soon as we can draw up an acceptable scheme. The cost, as in the case of other street lighting, will have to come from public funds.

If honourable Members have gathered from my honourable Friend, Mr CHEUNG's speech that the remote villages of the New Territories have been neglected and lack modern domestic utilities and services I think they will have been misled. They are not so well provided as properties on Nathan Road and those of us who know these villages would certainly like to see more services there. But consider the village of Sho Lo Pun which I visited for the first time after a long absence last autumn. We landed and tied our dingy up at a substantial local public works pier capable of taking a junk at all states of the tide. At the pier head we found a standpipe with a good pressure of water. After walking along a local public works concrete path we came to the seawall built over 200 years ago and badly damaged in the typhoons of 1937 and 1962. It had been repaired. The subsidized school stood at the entrance to the village and in the village itself, with its concrete paved streets, and public latrines by local public works was a properly equipped children's playground. The houses had running water and there were also standpipes. The irrigation channels were lined with concrete. The China Light poles strode across the valley. Yet this village was so remote that it has been completely abandoned and the only people we saw were a couple of hikers.

Sho Lo Pun, and other remote villages, may enjoy a new lease of life if they can exploit the recreational use of the countryside. My honourable Friend confined his remarks to roads for recreation and I shall so confine mine.

Policy on the provision of better roads for holiday traffic has been austere in the past but a significant step was taken when substantial expenditure was accepted for the provision of roads for the proposed

[MR BRAY] **Appropriation Bill—resumption of debate on second reading
(16.3.72)**

Sha Tin race course. Picnickers and punters have different ways of spending their leisure but both require special road works. The question of policy on this type of expenditure is now under review as the result of a recommendation from the Transport Advisory Committee so I cannot say what changes will emerge. Obviously roads cannot be built big enough to cope comfortably with peak traffic that occurs only once or twice a year such as that on Ching Ming or Chung Yeung but roads required throughout the year for recreational purposes do need to be built to cater for it. The drawing of a line between the two will require some thought.

My honourable Friend, Mr BROWNE mentioned the development of resorts in the New Territories. This has been discussed in the Advisory Committee on Recreational Development and Nature Conservation for the New Territories. Our consideration of this matter has barely started but we are looking again at the report prepared in 1965 for the Tourist Association on "Hong Kong as a Holiday Resort". The proposals for the Sai Kung Peninsula in that report will become much more attractive than they were once the High Island Water Scheme is completed.

My honourable Friend, Mr CHEUNG wondered whether we had sufficient staff for forward planning. We do not and I believe it is the staff we need most. Accordingly I have proposed last December that a Special Duties Division should be established in my headquarters to keep our current operations under review and make sure we are not overtaken by events. In the last year our organization, already stretched, has had to accommodate decisions to go ahead with the High Island Water Scheme and build a race course at Sha Tin. We have had to consider how to react to the possibility of a refinery at Lamma, the extension of Government housing to the rural areas, the building of the medium sized desalter and the much bigger one later, two reports on land requirements for refuse disposal, the increasing demands for recreational use of the countryside, the improvement of means to ensure that in new towns all the facilities thoughtfully provided in the plans come on stream when they should do, and the revision of procedures on small houses and squatter control. I am afraid honourable Members will have noticed that our staff increases exceeded the average for the public service this year and I fear this will probably be the case for some years yet. These are increases to cope with work already arising. They do not enable us to get ahead of events. It is for the planning and thinking my honourable Friend so rightly says we should do more of that the establishment of a Special Duties Division will shortly be proposed to honourable Members on the Establishment Sub-Committee.

In conclusion I should like to take this chance to pay tribute to the District Officers and their staff. I think few realize the demands that have been made on them in the recent boom years by the thrusting of the city into the country and by a prospering countryside. District Officers are accessible and deal with an articulate and enterprising public. It is not only dealing with the land applications and other papers but also the meetings, official functions, travelling time, social functions, and receiving callers and so forth that require a full and long working day. Their only executive authority lies in the field of land administration but the task of co-ordinating all Government activities in the Districts with only the power of reason and persuasion requires just as much ingenuity and industry.

Sir, I support the motion.

MR J. CANNING: —Sir, education received its fair share of attention in the speeches made by Unofficial Members earlier in this debate. Their comments ranged widely over the services offered by my department and I am grateful for the interest which Members have shown in what my department is doing at present and the plans which are proposed for the future.

Technical education, as was to be expected, attracted the most attention. My honourable Friend, Dr S. Y. CHUNG, set the theme of the speeches made when he said

"In the development of industry, financial investment is important, but human investment is even more important . . . Therefore, we should and must make adequate investment in the development of our human resources through technical education."

I think, Sir, that it is perfectly true to say that every Member of this Council would subscribe to the sentiments expressed by Dr S. Y. CHUNG. The only points of divergence are the amount and rate of expansion that is physically possible. Two further technical institutes have been agreed and active planning on these is now proceeding. My colleague the Director of Public Works has told me that he now anticipates that it will be possible to complete both projects by the beginning of the academic year 1975 and not one in 1975 and one in 1976 as originally envisaged. I am investigating ways and means to start the operation of these institutes in other buildings before the new buildings are completed and if this should prove feasible I will submit recommendations through the usual channels. In addition I would like to say that a review of the need for further technical institutes is currently in hand. This review was ordered by you, Sir, following the meeting of Executive Council when the decision was taken to proceed with the two technical institutes which are now being planned. The target date for completion of this

[MR CANNING] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

review is August of this year. I would however like to emphasize that technical institutes, which have a capital cost of the order of \$14 million each, require very detailed planning if we are to get them right.

My honourable Friend, Dr S. Y. CHUNG, has suggested that I have undervalued the contribution of the Industrial Training Advisory Committee to the cause of technical training and education. If in reply to his previous question I gave such an impression I can only say that this was very far from my intention. The officers of my department have relied very heavily on the information and recommendations put forward by the Industrial Training Advisory Committee in promoting new courses in both the Morrison Hill Technical Institute and the Technical College.

I should perhaps here draw the attention of honourable Members to that portion of the Industrial Training Advisory Committee report commencing at paragraph 3 sub-paragraph 13 which emphasizes that the responsibility for the training of skilled manpower is divided between industry on the one hand, to provide the practical training and Government on the other hand to provide the related technical education.

The Industrial Training Advisory Committee has recommended that the best means of carrying out this principle is by means of part-time day-release courses whereby young people who are being trained by means of apprenticeship in industry are released for one day a week to attend a technical institute for their related technical education. For this reason, courses at the Morrison Hill Technical Institute and the courses in the two new technical institutes at present under planning are based as far as possible on the principle of part-time day-release. This division of responsibility for technical training is fully accepted by the Industrial Training Advisory Committee in its final report. It is essential, therefore, that the provision of technical institutes should attempt to keep in phase with the numbers of places provided in properly organized apprenticeship schemes within industry and the rate at which industry will be providing apprentice training opportunities will, no doubt, have some bearing on the assessment of the need for additional technical institutes. The fact that, as my honourable Friend, Dr S. Y. CHUNG, has stated, the Morrison Hill Technical Institute is "bursting at its seams" is a most encouraging sign and an indication that future institutes will be similarly supported by the industries that they serve. Plans are under consideration for the expansion of the Morrison Hill Technical Institute by the addition of some 6,000 square feet of workshop area and constant review of courses is taking place to provide the best possible use of the facilities available.

I am aware of only one industrial field in which proposed training schemes might be held up at present because the Technical Institute cannot provide courses for those who would be receiving industrial training. This particular industrial field (Printing) requires highly specialized workshops which are not available at Morrison Hill, although consideration is being given to the inclusion of such facilities in one of the two institutes at present being planned.

I referred to the problems of staffing our technical institutions in my last speech before this Council. The problem is basically that a technical teacher requires to be a qualified and experienced person in his or her particular trade. The shortage of trained and experienced technicians in industry which gives rise to the demand for additional technical institutes and industrial training is the very factor which creates staffing difficulties throughout the whole field of technical education. Government, in staffing technical institutes, must compete with industry for the best of these technicians to become teachers and lecturers. As I said before in this Council, new salary structures for the Technical College and the technical institutes are currently under consideration and I hope that these will improve matters. The position is however one of considerable concern and will need to be watched closely.

My honourable Friend, Dr S. Y. CHUNG, has commented that the expenditure on technical education is "a meagre amount of \$15 million out of a total expenditure budget of \$3,657 million". I assume that the \$15 million he refers to is the sum shown in the Technical Education sub-head of my department's estimates. This sum of \$15 million of course relates to recurrent expenditure only, whereas the total budget figure includes recurrent and non-recurrent expenditure. Honourable Members may be interested to know that in addition to this figure the estimates provide for a further \$16.5 million recurrent expenditure for Government and aided secondary technical schools.

More striking than this perhaps is that present approved policies at the technical institute level, the secondary technical school level and the pre-vocational school level provide for a massive expansion. The two technical institutes I have already mentioned will require a capital expenditure of the order of \$26-28 million. When all three technical institutes are operational the recurrent costs will be of the order of \$15 million per annum. The expansion of pre-vocational schools, a point mentioned by the honourable T. K. ANN, has a planned capital expenditure of the order of \$17 million. When the planned projects are completed the recurrent costs of these schools will be of the order of \$5 million per annum.

I would like to thank my honourable Friend, Mrs LI, for her remarks in which she highlighted the fact that our plans for 3 years of post-primary education for all who seek it are moving forward and that

[MR CANNING] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

such a provision is attainable in the not too distant future. I wish to assure my honourable Friend that all that can be done to expedite the realization of our aims will be done.

My honourable Friend, Mr Oswald CHEUNG, has said that the New Territories are short of secondary schools. I admit that private secondary school operators tend to concentrate their activities in the urban areas and I cannot hold out any real hope that any significantly large numbers of places will be provided from that source in the near future. At present there is a 10.9% provision of Government and aided secondary school places offering five year courses in the New Territories for children in the 12-16 age group, whereas stated policy is to provide on a Colony-wide basis for 18% of this age group. Thus the New Territories at present are below our declared policy in such provision—although I must point out that the number of Government and aided secondary places available in the New Territories has doubled since 1966. For the future, however, I wish to emphasize that the New Territories have not been neglected. There are at this time of speaking 18 secondary Government and aided schools in an advanced stage of planning for the New Territories; work will commence at a new Government secondary technical school at Sha Tin in April of this year and one of the two new technical institutes is to be located in the New Territories. Thus there is a total of 20 projects to cater for post-primary education needs in the New Territories. It is, therefore, expected that by 1976 there will be in the New Territories a provision of post-primary places in five years courses of education for 18.2% of the 12-16 years age group; which is close to the aim set for Hong Kong as a whole.

Nor have the New Territories been neglected with regard to the scheme to provide by 1976 3-year assisted places for 50% of 12-14 years age group. A start has been made with the buying of places; more will be purchased in 1972 and plans are being prepared for new schools offering a three year course of education. I am happy to say that sponsors for such schools have not been lacking and several bodies with long experience in operating schools in the urban areas have evinced a desire to run such schools in the New Territories. I wish to assure my honourable Friend, therefore, that Government in its planning has been and will continue to be as mindful of the needs of the young people in the New Territories as it is of those in the urban area.

My honourable Friend, Mr Wilson WANG, was doubtful whether or not everything was being done to reach our target and he said “our present target of providing 50% of 3 years aided post-primary education by 1976 and 100% by 1980”.

I would like to clarify one very important point. The present policy is to provide 3 years of aided post-primary education for all within the 12-14 years age group, and it is hoped to provide for 50% of such people by 1976. No date for 100% provision has been fixed. For my part I would like to achieve 100% provision as early as possible, but I really must emphasize that the expansion programme we have set ourselves in the post-primary field under existing approved policies is a tremendous one.

Mr WANG also proposed that public funds be made available to permit any child between the ages of 6 and 15 years to attend a school registered with the Education Department subject to it being established that the parents concerned would need such financial assistance and that there is no aided place available for the child. All I can say at this point is that this suggestion will be considered.

If I might now say a word about fees in subsidized special schools. It is Government's aim to provide a free primary education for all. Special schools have not yet been included in the present scheme, not because there is any doubt about the merit of extending free primary education to handicapped children, but because the financial arrangements in these schools differ considerably from ordinary primary schools. Proposals to increase the level of subsidies for special schools are now under consideration and I have recommended that if they are approved they should take effect from 1st September 1971.

As regards the number of handicapped children who are not receiving any education because places are not available in special schools, I am afraid that it is not easy to give an accurate estimate. It is fair to say however that the majority of the handicapped children are already occupying places in ordinary primary schools. In my view many children who are handicapped should be educated in ordinary schools provided that the degree of handicap is not severe and that special facilities and staff are made available. We have now reached a position in which a primary school place is available for all children of primary school age and it is therefore not a matter of providing additional places for these children, but rather of adjusting existing places to provide for their special needs.

Honourable Members will be interested to know that plans have now been drawn up to provide for additional places in special schools, and special classes in ordinary primary schools. Expansion is also envisaged in the field of diagnostic and remedial services so that children requiring special education will be properly assessed and placed where they will receive the maximum benefit from their education.

With these remarks, Sir, I support the motion.

Appropriation Bill—resumption of debate on second reading (16.3.72)

MR E. I. LEE: —Sir, in his wide ranging review of our economy, my honourable Friend, Mr ANN, suggested that an appraisal should be made of Hong Kong's manufacturing industry. The purpose of this would be to assess its potential in various spheres and to provide both manufacturers and prospective industrial investors with a guide to international market trends for goods which Hong Kong is well equipped to make. He considered that a comprehensive survey of industry would indicate to local industrialists the technological innovations which they could profitably adopt and which would provide a guide for Government in its infra-structural planning.

Mr ANN himself acknowledged that this aim was being achieved to some extent through the efforts of the Federation of Hong Kong Industries in the field of design, packaging and product testing and he would I think agree that other aspects of the problem are being pursued with vigour and effectiveness by a range of agencies both private and official. The Hong Kong Productivity Centre and the Trade Development Council exist to serve the manufacturer and my honourable Friend is familiar with the research carried out by the Commerce and Industry Department in respect of selected industries.

I share my honourable Friend's concern to equip our manufacturers with the services their industries require, and with the facts which entrepreneurs must have if they are to continue to make profitable decisions: but his proposal has implications on which I should like to reflect before suggesting ways in which it might best be met and before recommending the extent to which Government could and should take part. I intend first to consult the other agencies involved in the promotion of Hong Kong's industry and trade in the hope that some agreement may be reached on priorities for research into the needs of industry and on the most effective means of carrying it out.

In his general review of ways in which manufacturing industry might better be served, my honourable Friend also referred to the proposal to provide small industry with loans for re-equipment which was recently endorsed by Government. He hoped that Government's financial commitment, which is presently limited to \$30 million, would be raised substantially if the scheme proves a success. On this I would like to emphasize the experimental nature of the scheme which is designed to extend over a period of three years or until such time as the total financial commitment has been reached. There is provision for a review after eighteen months and if, by then, the scheme has proved its worth and if a higher level of lending appears justified, I believe there would be a quick response from Government to any proposal for an upward revision of its commitment.

My honourable Friend, Mr Lo, also referred to the Loans for Small Industry Scheme, in which he has taken so active an interest, and emphasized that its success would depend upon the speed with which applications are processed. I am as anxious as Mr Lo to avoid delay in considering applications, and the arrangements now being made to administer the scheme are designed specifically to ensure that decisions are quickly reached. Processing a loan application will involve consideration by a commercial bank, the Productivity Centre, and by my own department but, despite this, I am hopeful that decisions on each application will be reached within two or three weeks.

And finally, on this subject, I assure my honourable Friend, Dr CHUNG, that every effort is being made to ensure that the scheme is introduced as quickly as possible. Although, as I have said, its operation will involve other organizations besides my own department, with the consequent need for a close liaison between them, I shall personally be disappointed if we are not in a position to invite applications before the end of June this year.

My honourable Friend, Mr SALMON, in referring to our offices in London, Brussels, Geneva and Washington wondered if we should consider having our "own man" in Tokyo as well. In this connection I should mention that the Trade Development Council has, of course, been represented there since November 1970, when an office was opened in recognition of the growing significance of Japan as an export market.

As far as Government representation is concerned, we have also considered this but feel that, for the present, the volume of commercial policy work is not sufficient to justify a full time presence, and we are well looked after by Her Majesty's Ambassador and his staff in Tokyo. Moreover, Tokyo is only three hours away by air and, in the past year, senior staff of my department have made several visits there to deal with specific points in conjunction with the British Embassy. It is our intention to maintain and strengthen these contacts.

MR I. M. LIGHTBODY: —Your Excellency, there have been several references in the course of this debate to our housing problems and I am grateful for this continuing interest in what must surely qualify as one of those areas of Government activity which can pay the biggest dividends in terms of family contentment and general social advancement. Our efforts over past years to put the needy into simple but secure homes have been prodigious by any standards, but even so, today, there is complete agreement on all sides that we must do more, and above all, do better; it is no longer a matter of building fast enough but building faster *and* better.

[MR LIGHTBODY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

As I said in this Chamber last October, standards which were accepted 10 or 15 years ago will no longer do. Many people are ready to pay higher rents for better public housing and our plans for future public housing must also grow imaginatively to match the rising expectations of the public; we must build for future generations living more spaciously than people do in our estates today. If anyone doubts this, let him visit some of our older resettlement estates and see for himself how the intense press of people crowds out good order, cleanliness and a dignified way of life for the whole estate community; and how it degrades and inconveniences the individual family. Here surely is a situation crying out to be improved, and I am confident that honourable Members will fully back any remedial action.

How many more public housing estates must be built? Is there no end in sight? The Housing Board has recently reviewed the building programme and has recommended that whilst the Census data is being studied, the programme should be enlarged by 25% to ensure that we at least achieve our existing approved target. The Board also said that the Public Works Department should press on with finding and forming sites for housing estates. If this 25% safety margin is approved, the target will increase from 700,000 to 875,000 spaces in the 6-year period 1970 to 1976. This represents a substantial raising of our sights over the previous programme period. But even this will not be enough if we are to change the old estates from the slums we are ashamed of into the kind of urban environment the people of Hong Kong want—an environment fit for their children to grow up in.

Sir, if I speak of "public housing" as if the separate resettlement and low-cost housing categories were a thing of the past, the reason is that a new flexibility is appearing in the use of these terms to meet the obvious logic of combining in one eligibility list the present waiting list for low-cost housing and the various categories of persons who become eligible for accommodation in resettlement estates by force of circumstances. It is well known that the estates now being designed will be built to a common higher standard which all those in need of housing will enjoy. There will soon be no "second-class" housing provided by the Government.

My honourable Friend, Sir Yuet-keung KAN, rightly pointed out that it is not enough to talk about future estates yet to be built. We already have over 500 resettlement blocks in our old estates and we have to ask ourselves whether they can be regarded as satisfactory public housing for the '70s. The short answer is that some 250 of these, the old Mark I and II estates built between 1954 and 1961, can most definitely not. It has already been agreed that a start should be

made on the Shek Kip Mei estate, the home of 60,000 people. The Public Works Department has prepared a scheme for modernizing this estate, converting most of the old blocks with their communal toilets and other communal facilities into self-contained flats, and demolishing other blocks to make way for markets and multi-storeyed shopping and commercial complexes. More recently, the Public Works Department has drawn up preliminary proposals for modernizing the other old estates, at a cost which might be as high as \$700 million at today's prices; this figure of course includes the cost of building the necessary new reception estates to allow the old ones to be vacated. The clearance of Shek Kip Mei estate, therefore, will simply be the first of many such major upheavals in future, and it is essential that it should be a success. But to make it a success, given that its tenants have been established there for up to 17 years, requires patient and time-consuming study of all the human implications of the move. There are many irregularities, mainly involving the unauthorized use of domestic rooms as workshops and the subletting of shops which have been tolerated in this resettlement estate but which are entirely inconsistent with the good management which will be applied in the improved estate to ensure a high level of community comfort. What we do in Shek Kip Mei will set a pattern for the clearance of other old estates and we must find the right answers at the outset. Above all, we must avoid a repetition of the impersonal transfers of huge numbers of people from one area to another that characterized the early years of the resettlement programme.

Sir, it is characteristic of Hong Kong to achieve great ends with small means but if we are to pursue this laudable programme a new organization will have to be created within my department with the capacity to tackle such a gigantic task. It is an exciting new venture that we have set ourselves and I have therefore sought the creation, by supplementary provision, of a new Planning and Research Division in my department to supervise it. Honourable Members may be assured that I am no less anxious than they to press on with this process, and to see the early demise of the old estates that served us well in the early years of Government housing but which now fall so short of today's needs. In the meantime, we are doing what we can with our present resources to look beyond Shek Kip Mei at the redevelopment of other old estates.

Sir, as my honourable Friend, Sir Yuet-keung KAN mentioned the clearance of squatters. I would like to speak briefly on this. It is true that present policies allow for rehousing of squatters only where Government requires the land, except that 5,000 spaces a year are earmarked for the clearance of particularly unpleasant squatter areas. This is because the size of our public housing output has not allowed us to contemplate any greater allocation to this category, but it is worth noting that very large squalid areas have been cleared in the last 12

[MR LIGHTBODY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

months to provide borrow areas for the Airport runway extension and for new roads, and some 11,000 persons have been rehoused in this way. To get a better idea of the number of people resettled from shacks we should really add the occupants of licensed areas who are moved into resettlement accommodation either to free the land for development, or to make way for new admissions. If we do so, we find that since 1964 about 160,000 such persons have been housed in resettlement estates. Add to this 24,000 squatters, victims of fire or typhoon damage and we get a total of 184,000 people resettled from squatter or similar accommodation since 1964, even though the land was not required for development. This compares with 277,000 persons cleared from squatter areas for development over this 8-year period. This is a very significant measure of help for the under-privileged. Nonetheless, I fear that the sight of the squatter in his shack will be troubling our social consciences for many years to come, and I hope that it will be possible to expand our building programme to allow a more positive approach to the needs of our still too large squatter community. This means finding and developing new sites, and I am confident that in this, as he has done in so many other situations, my honourable Friend, the Director of Public Works will produce the goods.

But if it has to be accepted that the shacks are going to be with us for some time on land not required for development, we should at least satisfy ourselves that we are doing what we can to reduce the hardship and unpleasantness of life in these areas. My department spends up to \$100,000 a year in squatter areas, providing amenities such as footpaths, toilets and water standpipes. In addition, the Secretariat for Home Affairs has a provision of \$100,000 in the 1972-73 Estimates for community services, most of which is used for improvements in squatter areas. We will certainly consider what more needs to be done to improve conditions in these areas.

Sir, I hope that what I have said will be taken less as a criticism of what has gone before than as an acceptance of the fact that the growing prosperity of the people of this Colony has brought into their focus new horizons of living. It is up to us to re-structure our plans and policies to ensure that their vision is not just a mirage.

Sir, with these remarks I support the motion.

MR J. J. ROBSON: —Sir, I introduced my speech last year with a short summary of the expenditure incurred on Public Works in 1970-71 financial year, the reasons for the increasing expenditure and the probable pattern of expenditure over the next 4 years. I explained

that to achieve a rate of expenditure of around \$1,270 million per annum would not be easy either for the Public Works Department or the construction industry and that each year it requires more staff time to spend the public works dollar as projects are becoming progressively more difficult and expensive to construct because of shortage of sites, rising standards and congestion of both our roads and environment.

I was, however, hopeful that the wages and materials fluctuation clauses introduced into Government contracts would give contractors confidence to bid for Government contracts and that by increasing the number of contracts under construction the delays caused by rising costs to the contractor and shortage of labour could be overcome. My 1971-72 estimates were prepared on this basis and I am happy to say that they have not proved too far off the mark.

The approved 1971-72 non-recurrent estimates were \$530 million and I expect to spend \$550 million. The total of the Non-Recurrent PWD estimates approved over the past 3 years is \$1,189 million as compared with an actual expenditure of \$1,219.5 million, that is an excess of 2½%. I quote these figures as my job around this time every year is to provide as accurate an estimate as is possible of the money I will actually spend over the next financial year. My forecasts must make provision for rising costs, the chances of filling vacancies on establishment, and the many factors which can affect the 600 odd projects for which funds have been provided in this year's estimates and the 400 odd contracts which are running at any moment in time over the year.

I think honourable Members will agree that in the circumstances the PWD estimating has not been too bad but I wish it to be known that this is only possible because of the extreme flexibility of our financial system and the despatch with which first the Public Works Sub-Committee of the Finance Committee of this Council approve projects for construction and then the Finance Committee approve the necessary funds—or supplementary provision if individual projects progress more rapidly than expected.

However, mine is the blame for what Mr SZETO Wai has described as the gloomy forecast of returns from land sales of \$149 million which I made last year. In the event this has proved to be little more than half the actual revenue of \$262 million. For the coming year I have estimated a return of \$223 million but these estimates have to be made anticipating market prices 15 months ahead and all I can do is to repeat what I said at this time last year when, after explaining how unpredictable the land market is, I said:

"Based upon the history of the last 10 years, therefore, I will not be too surprised if next year's forecast proves to be wide of the mark in either direction". (*Laughter*).

[MR ROBSON] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

I must, however, refute the statement made by my honourable Friend, Mr BROWNE, which suggests that Government restricts the amount of land made available for sale in order to secure excessively high premia. This, of course, is not so. The allegation has been denied a number of times in recent years and I am surprised to find that the view is still held by my honourable Friend.

I can assure him that in the urban areas my Department is offering as much land as it possibly can for sale by public auction and at no time has withheld a land sale in order to achieve excessively high revenue. Only a day or two ago, the sales programme for the next six months from April to September 1972 was announced. This contains 66 lots in the urban areas with a total area of over one million square feet covering both residential, industrial and commercial property. It is hoped that a somewhat similar programme will be possible in the following six months from October 1972 to March 1973 but it will not be possible to keep up this rate of sale indefinitely as suitable sites in the Urban Area are becoming fewer and those which can be found are more difficult to develop.

There is a further factor which I am sure will not have escaped the notice of my honourable colleagues that the Urban Area is becoming more and more congested. For the future, therefore, we must look to the New Territories for further expansion. Ample land is becoming available, for instance at Castle Peak where over 300,000 square feet of industrial land is available for sale now. There are certain land exchange commitments to meet but if there was sufficient interest I understand from my honourable Friend the DCNT that land sales would be arranged.

My honourable Friend, Mr Oswald CHEUNG made reference to the planning and development of Sha Tin and referred to the lessons to be learned from the development of Kwun Tong, Tsuen Wan and San Po Kong. In particular he has stressed quite rightly the need to provide adequate space for roads for Government and community use; the segregation of pedestrians from vehicles; and the need to ensure that the new township has adequate road and rail access between Kowloon and Sha Tin and with the neighbouring township of Kwai Chung—Tsuen Wan.

Dealing with each of these points in turn I can assure my honourable Friend that when the large scale detailed planning layouts are prepared adequate road provision will be made in each of the planning areas to match the extent of development planned, both in the Government and private sectors. A feature of the planning for Sha Tin is the provision

of a hierarchy of roads for the main types of traffic encountered, with the primary network providing direct access to the town from Kowloon and Tsuen Wan. These roads will be of the limited access type and will include grade-separation at all intersections to ensure that the capacity of the system for traffic is maximized. A system of secondary or district distributor roads will distribute the traffic to the various areas within the town where the local roads will provide access to the individual developments.

By this means the effect of through traffic on the environment and the volume of traffic within the individual development areas will be minimized thereby reducing conflict with pedestrians. It will also be possible to plan a large number of pedestrian malls or precincts which will be completely free from vehicular traffic and where pedestrians are required to cross the major traffic routes this will be achieved by means of pedestrian bridges or subways.

Mr CHEUNG has placed on record what he considers to be the major arteries required to serve this new township. Insofar as the second Lion Rock Tunnel from Kowloon is concerned, I have to advise that funds are being sought at the First Review of the Public Works Programme which will take place on 5th May to enable a start to be made on an enlarged Waterworks Tunnel required for the High Island Scheme as, once again, this will be made big enough to take the vehicular traffic. The indications are, however, that there will be no requirement to widen the existing Taipo Road for some years but in the event of the population at Sha Tin building up more rapidly than expected the road could be widened if required. Plans exist for this although it will be appreciated that it will be a difficult and an expensive task due to the general topography of the area. Plans also exist for a road link between Sha Tin and Tsuen Wan by way of a tunnel through the Shing Mun hills but the need for this should not arise until the early 1980's.

Insofar as the double tracking of the railway is concerned the need for this was stressed in papers presented to the Executive Council and the Finance Committee of this Council as part of the requirements for the Race Course at Sha Tin. The cost of the work is in the order of \$20 million but this figure does not include a second railway tunnel from Kowloon or the provision of additional rolling stock to provide a more frequent service. I understand in fact that the additional rolling stock will cost the public another extra \$20 million. I would also add that provision is being made in the planning layouts for the possibility of extending any future mass transit system to Sha Tin.

In general terms the planning for Castle Peak follows the same pattern as Sha Tin but the most important consideration is to ensure that a new road link between Tsuen Wan and Castle Peak is available to traffic at the earliest possible date and for this reason the PWD

[MR ROBSON] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

has recommended that the work be carried out in 2 stages—Stage I providing for a 3-lane carriageway and Stage II for a further 3 lanes.

The present position is that Consulting Engineers have been engaged for this project and they are required to present their feasibility report with updated costs to Government by the middle of this year with a view to starting work on Stage I in 1973. Whilst the construction of 6-lanes in the first instance might achieve economics by virtue of being able to produce a balanced cut-and-fill design for the new road, these savings in cost would be more than offset by the loss due to capital outlay in advance of the need. This, however, may not be so important as the fact that any attempt to complete all the formation works at once would almost certainly delay the opening of the Stage I works to traffic.

Nevertheless, I agree with my honourable Friend that we must plan now for the construction of Stage II and I have given instructions to the Consulting Engineers to include all such Stage II works under the Stage I contract as are judged to be necessary to avoid interference with traffic during the construction of the later stage. Furthermore, I have also stressed the need to consider commencing the balance of the Stage II works prior to completion of Stage I and, to this end, I will be seeking Finance Committee approval for the upgrading of Stage II to Category B in the Public Works Programme at the 3rd Review in 1973.

I should like to assure my honourable Friend, Mr BROWNE, that Phase I of Stage IV of the expansion of Kai Tak Airport Terminal Building will be upgraded to Category A of the Public Works Programme and the work started as quickly as possible. Sketch plans or final details of all sections of this phase are nearing completion and specialist consultants will probably be appointed to advise on the baggage handling layout and equipment. Consideration will then be given to the remaining phases of this expansion.

Sir, in the coming financial year the PWD will absorb almost \$1,200 million of the Colony's revenue plus another \$70 million to be spent on defence works. Of this amount over \$840 million is to be spent on capital, non-recurrent projects which represents an increase of almost 60% over last year's estimates which in turn was 30% higher than the previous year's.

Using any yardstick the output of work in 1972-73 will be a record but this will be eclipsed by that of the next year when total expenditure by the PWD will probably exceed \$1,500 million on projects already approved and in the Public Works Programme. Fortunately, however, I think this will coincide with a reduction in the present very high

level of private building and from an assessment which I now carry out annually I consider that the building industry, which is to be commended for its efforts over the past year, should be able to expand further to meet the increasing load.

Sir, with these remarks I have much pleasure in supporting the motion.

4.13 p.m.

HIS EXCELLENCY THE PRESIDENT: —At this stage honourable Members might perhaps like a short break. Council will accordingly resume in fifteen minutes.

4.27 p.m.

HIS EXCELLENCY THE PRESIDENT: —Council will resume.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, I must apologize because I appear to be losing my grip! Last year I managed to keep my Official colleagues down to an average of five minutes less than my Unofficial colleagues on speeches; so far this year it's running at seven minutes more. (*Laughter*). I doubt whether I shall be able to improve on this much before my honourable Friend, the Financial Secretary, speaks.

As I have had occasion to remark before, it is the duty of the Colonial Secretary on these occasions to glean behind his Official colleagues without, so far as possible, trespassing on the fields yet to be harvested by the Financial Secretary. I will try and keep off his ground.

The honourable Sir Yuet-keung KAN expressed concern about the progress being made with the Polytechnic. He will now have noted that the Ordinance was brought into force on the Friday of last week—in fact the 24th of March—and that the Board of Governors of the Polytechnic was gazetted on the same day. I understand that the Board will convene its first meeting early next month and will then be able to consider proposals already formulated by the Director, who was appointed last September. My honourable Friend may also be interested to know that an item to provide an additional 25 lecture rooms as an extension to the existing Technical College has already been included in the Public Works Programme and it is proposed to expand and reconstitute the University Grants Committee into a Universities and Polytechnic Grants Committee. Much remains to be done but I am hopeful that, under the able leadership of my honourable Friend, Dr S. Y. CHUNG, progress from now on will be at a crisp rate.

[THE COLONIAL SECRETARY]

**Appropriation Bill—resumption of debate
on second reading (16.3.72)**

Three honourable Members referred to the public assistance scheme. I welcome this interest in the scheme which is designed to help the needy and the less fortunate in our midst. But, with great respect, I found it a little difficult to reconcile what was said in the debate with the very considerable advances made so recently in this field. Taking the scale of assistance alone, 15 months ago a single person was getting \$33 a month; as from the day after tomorrow that person will be getting \$110 a month, plus up to a further \$25 a month for rent and additions for any special needs that may be diagnosed. Again, 15 months ago a family of 5 were getting \$132 a month; as from the day after tomorrow they will be getting \$370 a month plus an addition of up to \$68 a month for rent, and again special additions for any special needs which may come to light.

Of course, Government is not now going to sit back and say that nothing more needs to be done for the elderly and the disabled, or for other categories of people in need; but the public assistance scheme has gone a long way in a short time. I do not nevertheless think Hong Kong should be satisfied with what has been achieved so far, though I think we can say that we are ahead of any other country in this region, except possibly Japan. I should also like to emphasize, to meet a point made by the honourable Mr SZETO Wai, that the expenses of the scheme will not increase as the *rate* of assistance increases, though of course the overheads will increase as larger numbers of people come forward and it is, I think, as the rate of assistance improves inevitable that more will come forward.

Three Members, I think, suggested that we need to give more thought to the aged. I should like to assure them that Government accepts the need to look ahead and see that the future needs of the elderly will be met. For this reason, a working party including members of the Government and of the voluntary agencies concerned are already at work and I look forward to seeing their proposals. I should, however, remind honourable Members that geriatrics and the problems arising therefrom is a worldwide problem to which no nation has yet found a satisfactory and all-embracing solution. Nevertheless, we are a young community and this is a challenge that we are perhaps in a better position to meet than most administrations; particularly I think we must look to those who are not only aged but also infirm.

My honourable Friend, Mr Woo again—quite out of order (*laughter*)—has asked that the pay of members of the Auxiliary Defence Forces be suitably increased. I should like to join him in paying tribute to the voluntary service which they all give: honourable Members will be well aware of the assistance they have given in particular

over the last few weeks to the regular Police Force. I am glad to be able to announce that, subject to the approval of the Finance Committee of this Council (in which I know I shall be able to count on Mr Woo's support), increases will be proposed and, I hope, granted.

I also welcome and endorse the point made by my honourable Friend, Mrs Li, that to solve the problem of crime more co-operation from the public is needed. Mrs Li made this point from the floor and I am very grateful to her; she is absolutely right.

My honourable Friend, Mr Wilson WANG drew attention to the large number of vacancies in the Public Service, particularly at the administrative and professional level. Many of the qualities, qualifications and types of experience required by this Government are in short supply both locally and overseas, and in some grades there is literally a worldwide shortage. In consequence, outside organizations are often prepared to outbid this Government in both salaries and terms and conditions of service.

I welcome my honourable Friend's suggestions for improvement in our recruitment and training methods, but I would not have him think that our present methods of fishing are comparable to those of the old man Keung, who used neither hook nor bait. We do not, as my honourable Friend seems to imply, rely solely on advertisements. But unless the work is rewarding—and that is important—the prospects good, and salaries and conditions of service in line with the going rate, the fish will not bite.

The Government makes energetic and continuous attempts to encourage local candidates to join the Civil Service; talks are given at the Universities at regular intervals and in the schools; the Government takes an active part in Careers Weeks and in Workshops organized by both Universities; lectures are given by senior officials whenever possible.

Another Member suggested that our already substantial training scheme should be stepped up in order to bring on more serving local officers. So far as overseas training is concerned, over 200 local officers are already away at this moment on courses lasting between three months and three years, and another 215 will be going in the coming financial year. That is, I think, about the biggest number we can afford away, having regard to our shortages, at any one time, but we will see what more can be done on in-service training locally.

I share the concern expressed on recruitment within the Police Force, but before I commit myself to a course of action on this, I would like a chance to examine the results of the recent improvement in Police pay scales. Those improvements, of which honourable Members are

[THE COLONIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

well aware, have only been in force for a short time and they have attracted a very large flood of applications; it remains to be seen whether the applicants are of the quality we need. Those applications are now being sifted and their numbers are such that it will take a little time.

The many comments on the public service made by honourable Members reveal an interesting conflict of views. On the one hand it is argued that the public service is too expensive, and that the Salaries Commission and its predecessors have resulted in costs that are disproportionately high for our means. On the other hand it was also said, and rightly, that our vacancy position is serious, and that the modest increase of 4.3% in staff establishment this year is too little in the light of the record increase in the Government expenditure. The hard facts are that the Public Service is understaffed—most particularly where skill and experience count—and particularly understaffed to decide on and implement Government policies.

The size of the Public Service is now of the order of one hundred thousand people—or would be if they were all in position. This, however, is misleading, for we in Hong Kong count as public servants scores of thousands of people who in other administrations are differently labelled. For instance we count as public servants all those who elsewhere would be local Government servants, would be railwaymen, would be the Judiciary, and so on. This is the all-in total of all Government employees. Also we house about one third of the total population of the Colony, and they need quite a bit looking after. No, Sir, I am worried about the size of the Civil Service, but I am not worried that it is too large. I am worried because it is too small.

Relative to the size of the Service, the professional, administrative and executive groups form a tiny proportion—almost precisely 3%. To man the complex and sophisticated services now required by the public of Hong Kong, this seems to me inadequate. For instance, merely as an example, there are only 75 Administrative Officers and Senior Administrative Officers in the Colony. The Government's objectives are not achieved as fast and effectively as we would like because the resources that we do have are overstrained. I must stress to Members that the recruitment of good material and the retention of experience is of paramount importance. The price may be high but this must be given increasing priority if all that we aim to do, and all that the Senior Unofficial Member indicated that we should do, is to be achieved.

While much public attention has been focussed on the salary changes resulting from the activities of the Salaries Commission, these

are merely a by-product of the principle recommendations of the Commission, which in fact amounted to a fundamental reform of the Government salary structure and which, I may say, have gone largely unremarked. To my mind, the Salaries Commission have done us good service in creating comparatively painlessly a much more flexible salary structure than the previous model scale system. Judicious use of these new scales backed by thorough analysis and surveys from the Pay Investigation Unit will, I hope, enable Government to respond more quickly to the changing patterns of recruitment in the market.

Recruitment has become much more difficult recently in some areas, particularly in the professional and disciplined groups, where our salaries no longer hold a competitive edge. The paradox about recruitment is that the less successful you are the more time, money and effort has to be expended.

Comment has been made, and I think justifiably, on the length of our recruitment processes. These processes are thorough and efficient, but I do agree that they possibly are geared to more leisurely days when recruiting was easier and when a far less complex Public Service had to be manned. I have therefore already instructed the Establishment Secretary to undertake a study of these procedures, with the object of reducing or streamlining them, where this can be done without detriment to the public interest or loss of quality.

The question was also raised of the age of retirement from the public service. This matter is an intensively convoluted and intricate one—perhaps more suited to a seminar than to a second reading debate on the Appropriation Bill. There are both within and without the Service almost as many opinions on what the retiring age should be as there are possible permutations and combinations of ages. The question is under discussion with the Associations, and I think it would be a breach of the spirit of the agreement on the consultative machinery publicly to state my own personal view at this stage. But I would be very glad to discuss the question with my honourable Friend, Mr WONG, who raised it or with any other Member or group of Members.

Perhaps I can conclude a little less formally. I was so glad to hear—and here I am perhaps trespassing on the honourable Financial Secretary's ground a little—the Director of Public Works pinpoint the increase he has managed to achieve in expenditure and I would like to congratulate at the same time all those other Heads of Departments who have, even allowing for inflation and the fall in the value of money and the increased cost of the public service and all the rest of it, nevertheless maintained over the last 3 or 4 years a rate of increase in expenditure which is wholly commendable which I doubt could be matched anywhere else in East Asia. Of course one must realize that Mr ROBSON is a trier, having tried and failed 15 months ago to

[THE COLONIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

seal off Government House from either access or egress. (*Laughter*). Having been thwarted there, I notice he has now turned his attention to the Central Government Offices. I wish him every success. (*More laughter*).

Lastly I would like to pay a tribute to those forgotten men who have gone before us. Those who rebuilt Hong Kong after the war, and here I will try and cap the honourable Sir Yuet-keung KAN, who quoted Julius Caesar, by quoting his successor, Caesar Augustus, who boasted that he had found "a city built of bricks and left one built of marble." Substitute "concrete" for "marble" and this is fairly apt. What we have now got to do, as the honourable Mr LIGHTBODY said, is build bigger, better and more concrete buildings.

Sir, I support the motion.

THE FINANCIAL SECRETARY (MR C. P. HADDON-CAVE): —Sir, this has been a most interesting and stimulating debate and, before winding up for the Government, I would like to associate myself with my honourable Friend the Colonial Secretary's tribute to honourable Members, not only on account of their work in Finance Committee and their contributions to this debate, but also generally for the generous and public spirited way which they give so freely of their time.

In a characteristically frank and hard hitting speech my honourable Friend Sir Yuet-keung KAN has described the Government's intentions as "unexceptionable" and its performance in putting these intentions into effect as "open to criticism". Personally, I would describe our intentions as exciting as well as unexceptionable; and this would be a very remarkable Government indeed if our performance was *not* "open to criticism". Of course it is. For one thing, there are bound to be lags in the adaptation of existing policies to changing circumstances for the civil service, and the consultative process which surrounds it, will always tend to be preoccupied with the implementation of existing policies. For another, the performance of any organization with such wide ranging responsibilities as the Hong Kong Government's is bound to be, from time to time and in some areas, "open to criticism". These responsibilities extend from the maintenance of law and order to education, from the collection of statistics to the management of our international commercial relations, from the oversight of the fishing and agricultural community to the management of a necessarily complicated land policy, from the provision of an adequate water supply system (despite a most unfavourable combination of natural circumstances) to the housing of 40% of the population, from the provision of various local government type services such as street sweeping and firefighting

in unusual conditions to a whole range of medical and health services which are available free to the lower income groups in our community (as pointed out, Sir, in a telling speech the other day by my honourable Friend, the Director of Medical and Health Services).

To meet these and many other responsibilities the Government employs between 90,000 and 100,000 public servants (or 7% of the working population). These public servants are organized into 40 departments. We also subvent on a deficiency grant basis educational, medical and social welfare institutions employing another 25,000 people. The Government operates the largest industrial undertaking in Hong Kong (the waterworks) and the largest workshops, has innumerable other establishments ranging from offices to police stations to hospitals to schools to fire stations to quarters to research establishments to community buildings and facilities of all kinds; and is landlord for 300,000 units of housing accommodation. Add to this the Government's stock of vehicles and equipment, not to mention the multitude of contractual relationships entered into for supplies and for building and civil engineering works, and the ubiquitous nature of the Government's activities, despite our liberal economic and fiscal policies, begins to become apparent. And so does the sheer unlikelihood of our performance being, at all times, and in all areas, perfect. So I accept my honourable Friend's charge, Sir, for I find it as unexceptionable as he believes our intentions to be.

But I consider his diagnosis to be faulty: he blames the Government's less than perfect performance on what he describes as "a serious deficiency in forward planning", on a restrictive financial policy and on a lack of confidence resulting in a certain holding back in many fields of endeavour.

I shall deal with each of these three elements in my honourable Friend's diagnosis in turn: *first*, forward planning. We are planning and forecasting all the time, perhaps not very tidily, for we seek to be pragmatic, but we are planning, on a continuous basis, all the time. May I quote just a few examples: the annually updated five year forecasts of revenue and expenditure, the Public Works Programme (reviewed by the Public Works Sub-Committee three times a year), the 10-year water development sequences, the six year housing programmes, the airport development programmes, the Medical Development Plan, the 10-year development plan for the Fire Services, the setting of targets for the expansion of the education system, and various special duties such as the long term road study and the mass transit studies as well as a host of departmental studies which form the basis, for instance, of land use policy and reclamation, of our incinerator programme and so on, so forth. These have not been set down in an overall 3 or 5 or 10 year development plan, but all are ultimately reflected in the annual

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

Estimates and extensively documented. Elsewhere overall development plans have been the vogue: such overall plans (of a greater or lesser scope ranging from the economy as a whole to the public services alone) and for varying periods have been prepared and published in many parts of the world. But I think it can be fairly said that that sort of overall plan, which usually involves a planned economy too, tends to inhibit that flexibility of approach and execution which is so necessary if the needs of the community are to be met; for, once a share of assumed available resources has been allocated to a particular service or department or sector of the economy, it is difficult to effect changes. Not that, in Hong Kong's circumstances, we can ever make very firm assumptions about available resources—though we can now, in the short term, make such an assumption thanks to our much criticized reserves.

This brings me to the *second element* in my honourable Friend's diagnosis and let me hasten to say at this point that these reserves have not been accumulated as a result of a restrictive financial policy—a deliberate holding back of expenditure. The size of our reserves amounting to \$3,923 million must be evaluated in several ways. *To begin with*, and I admit this is a crude relationship, the size of our reserves must be assessed in terms of *total* expenditure. Our reserves at 1st April 1972 will amount to 108% of estimated expenditure in 1972-73 of \$3,657 million; compared with 84% in 1971-72 when our reserves were \$2,475 million and expenditure \$2,930 million; compared with 63% in 1968-69 when our reserves were \$1,173 million and expenditure \$1,873 million. Clearly, we are well protected against any short term slackening of the rate of growth of revenue, but we must not forget, *secondly*, that capital revenue only finances a proportion of capital expenditure. In years of high land sales and/or relatively low capital expenditure this proportion has been as high as 60% but, conversely, in years of low land sales and/or high capital expenditure the proportion is much lower; and, with the very high levels of capital expenditure to be expected in the next few years, the proportion will be as low as 15-25%. In 1972-73 I put it at 25%, as honourable Members will see from Appendix III of the Estimates. In absolute terms, of estimated capital expenditure in 1972-73 of \$1,131 million only \$287 million will be financed from capital revenue. In 1975-76 probably only about 15% of forecast capital expenditure of somewhere between \$1,400-\$1,500 million will be so financed. Clearly we cannot be *too* sanguine about the possibility of our producing a surplus on recurrent account to finance a deficit on capital account of the order of \$1,200 million. To put this point another way: we need to consider our reserves in terms of the unspent balance of projects in Category A

of the Public Works Programme, that is projects to which we are already fully committed. At this moment this balance is \$3,548 million (it has risen by \$124 million since 9th February when Appendix XIII of the Estimates was prepared). This balance of \$3,548 million may be compared with \$1,736 million about a year ago and \$1,631 million in February 1970. *Thirdly*, and this is surely significant, the years in which our reserves have increased substantially have been years in which expenditure has likewise increased. At the beginning of 1970-71 our reserves stood at \$1,726 million. In that year expenditure increased by 21% and yet our reserves at the beginning of 1971-72 stood at \$2,475 million thanks mainly to a budget surplus of \$618 million. In 1971-72 expenditure increased by about 20% and yet our reserves at the beginning of 1972-73 will be about \$3,900 million thanks partly to a budget surplus of about \$700 million. I would suggest that the conclusion to be drawn from these figures is that our surpluses in recent years have been due to the strength of the economy's growth movement, not to under-spending or to under-planning or to under-provision for spending. On this latter point I shall have more to say later. *Finally*, I must mention one important point: while our reserves have increased from \$1,173 million at 1st April 1968 to about \$3,923 million four years later or by \$2,750 million, only \$1,975 million of this increase can be accounted for by surpluses on the General Revenue Account. The remaining \$775 million is accounted for by appreciation of the book value of our investments and an increase in the surplus available for transfer from the Exchange Fund.

With the *third element* in my honourable Friend's diagnosis, namely, that the Government has exhibited less faith in the resilience of the Hong Kong economy than the people of Hong Kong themselves, I really have little to say except I cannot agree with him. We have been surprised at times that the growth rate of the economy has been so strong, and we may be surprised again, but then the determinants of growth in Hong Kong are so largely external. Who would have predicted, for instance, the coincidence in 1969-71 of the following factors: renewal of confidence, inflationary demand in our major overseas markets, a continuing inflow of funds from abroad, a re-emergence in a new form of the entrepot trade, a booming tourist industry and an upward swing of the building industry underpinned by an unusually large number of long term civil engineering contracts? But I can see no evidence that the formulation and implementation of Government policies are or have been inhibited by nervousness of any kind: only prudence and an anxiety to get value for money and to utilize our resources to the best advantage. And it should not be forgotten that there are always very considerable pressures on us to implement this policy or that programme ahead of time and yet everything cannot be—indeed, need not be—done at the same time.

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate
on second reading (16.3.72)**

With the greatest respect, therefore, Sir, to my honourable Friend I honestly do not think his diagnosis that a deficiency in forward planning, a restrictive financial policy and a lack of confidence have limited our horizons and frustrated the realization of our intentions stands up to serious examination.

But it is one thing to dispute my honourable Friend's diagnosis. It is another to dispute that our performance against intentions has been substantially less than adequate for that is the implication of my honourable Friend's words. He said "Government has failed to achieve all that it should have achieved". Let me say again, Sir, that our record is not without blemish: we can be sluggish and unimaginative at times and our system of government in Hong Kong is such that our faults are as well documented as our successes: in the annual Estimates, the reports of the Public Works Sub-Committee, departmental annual reports, the annual accounts and the Director of Audit's reports on these accounts. Furthermore, a very large number of people outside the Civil Service are associated with the executive and decision-making process *via* membership of our network of advisory boards and committees. The whole system is designed to lay the system's performance bare. Neither the Government nor the Civil Service complains about this; nor about attacks on specific targets. But these attacks must be seen against our total performance and the speed and accuracy of our responses to particularly urgent situations. They must be seen against our staffing problems just analysed by my honourable Friend the Colonial Secretary; they must be seen against our ability to raise sufficient revenue for the public services without recourse to tax increases (and here, Sir, if I may, I would like to pay tribute to the record of the Inland Revenue Department these past nine years under Mr DUFFY's leadership; as I think honourable Members already know, Mr DUFFY is shortly to retire from the public service). They must be seen also, and dare I say this, against our failure to make serious mistakes, for serious mistakes we can ill afford.

Both my honourable Friend Sir Yuct-keung KAN, when he referred to "Government activity (being) moulded and restricted by a financial policy which . . . has erred on the side of conservatism and pessimism" and my honourable Friend, Mr SZETO, in somewhat more colourful language, accused successive Financial Secretaries of deliberately underestimating revenue in order to slow down the rate of growth of expenditure, retard the development of social and community services and/or generate surpluses.

There are several points to be made here: *in the first place*, this is simply not true. Of course, Financial Secretaries will always err on the side of caution, but not for the Machiavellian reasons ascribed to

them by my honourable Friends. *Secondly*, I wonder how free and easy our critics inside and outside this Chamber would be about what my honourable Friend, Mr BROWNE has described as the "credibility of the Estimates" if we were *not* operating against a strong reserve position. And strong we intend to keep it, despite the fact that on my last count various commentators, again inside and outside this Chamber, have spent our reserves several times over. *Thirdly*, just how inaccurate have our estimates of revenue in fact been in recent years? Only in the last three years, at a time when we were enjoying what I described in the budget speech as a "remarkable growth movement", has revenue exceeded our expectations by substantial amounts: in percentage terms, actual revenue exceeded the original estimate by 14% in 1969-70, by 19% in 1970-71 and by 13% in 1971-72. In the previous four years, the error ranged from -1.2% to +6.6% only. *Fourthly*, I cannot believe that my honourable Friends do not wish an adequate degree of control to be exercised over the rate of growth of expenditure, but we do this directly and not indirectly by fiddling the revenue estimates. Indeed, it is with the utmost reluctance that we ever take the easy way out and say of such and such a proposal or project that we cannot afford it. I am not referring here, of course, to really massive projects but to ordinary run-of-the-mill proposals. Rather we focus on the validity of the case and watch overall expenditure trends. Furthermore, our system permits a degree of flexibility which is probably unique (certainly in my experience): I refer to the Financial Secretary's delegated powers to authorize spending on personal emoluments up to the limit of the approved establishment (and not to the vote provision in the Estimates which is purely an estimate of requirements); I refer to the Financial Secretary's delegated powers to authorize spending on public works projects up to approved project estimates; I refer to the fact that there has always been more work in the Public Works Programme than could conceivably be completed before the next batch of projects came forward for upgrading to Category A despite substantial increases in the establishment of the Public Works Department in recent years and increased use of consultants; and finally, Sir, I refer to the fact that total vote provision, or spending authority, has in recent years been around 112% of actual expenditure and around 115% of the original estimates. In this connection, Sir, I am grateful to my honourable Friend the Director of Public Works, who ought to know since he is by far our largest spender, for his reference just now to "the extreme flexibility of our financial system".

The question does arise, of course, whether my estimates of revenue for 1972-73 are realistic: I cannot say with certainty, nor can my honourable Friend, Mr SZETO. For all his good humoured scepticism I heard nothing in his speech, I am afraid, which amounted to a rational critique of my forecast. But I can assure both him and my

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

honourable Friend Mr Browne that I am as anxious as anyone that the Estimates should be "credible". I believe they are. Furthermore, I would suggest that my honourable Friend, Mr SZETO does not sufficiently distinguish between recurrent and capital revenue: he has criticized me for estimating that revenue in 1972-73 will be only 7½% higher than the revised estimate for 1971-72. But this figure represents the overall increase. The factors determining recurrent and capital revenue are quite different. So I estimated that recurrent revenue would increase by 9% and capital revenue would decline by 6%. I may be wrong, but if I am it will not be because I have been deliberately overcautious; and I might add that I have already expressed some doubt about our ability to increase spending in 1972-73 by 25% or by \$727 million, not all of which, by any means, is accounted for by increased civil service salaries. So, if actual expenditure is down on the estimates, I hope honourable Members will read the relevant paragraphs of my budget speech again before launching their inevitable counter-attack this time next year.

Indeed, my honourable Friend Mr SZETO, while deplored in one breath "the amassing of huge yearly surpluses", implied in another that we should not compete with the private sector for available resources. But it is simply not possible, except at a social cost, for the demands of the public sector to be cut back at a time when the economy as a whole is expanding with all that that means in terms of the community's requirements for new facilities and expanded services. In yet the next breath, my honourable Friend pleaded for "a suitable but not extravagant boosting of public expenditure". I find this, in fact, a most adequate description of the 1972-73 Draft Estimates of Expenditure and I commend them to my honourable Friend for his further attention.

At this point, I should like to assure my honourable Friend, Mr Wilfred WONG, that the financing of the annual deficit on capital account will not, within limits, be allowed to inhibit the steady expansion of our recurrent services and that, in certain circumstances, we shall "cheerfully draw down our reserves"; and I am grateful to my honourable Friend, Mr Q. W. LEE, for his understanding analysis of the reasons he believes underlie the decision to finance part of the cost of our 40 million gallons a day desalting plant with a loan from the Asian Development Bank. Negotiations for the loan were completed earlier this month and I understand the Board of Directors of the Bank will be considering a recommendation put forward by the Bank's management within the next few days.

I listened carefully to my honourable Friend, Mr Wilfred WONG's suggestion that major public works should be financed with local bond

issues, but I fear there are various complicated aspects of any attempt to raise funds locally in this way which perhaps he has overlooked. Obviously, the success of a large long term bond issue would be dependent on the Government being prepared to offer re-purchase facilities or on the development and maintenance of a secondary market throughout the life of the bonds. It is unlikely, in my view, that a secondary market could be established unless the bonds were to rank as liquid assets for the purposes of section 18(6) of the Banking Ordinance and yet there are clearly limits to the extent to which the Government's liquidity can be used, in effect, to underwrite the liquidity of the banking system. I am not suggesting that it would not be possible to develop a local bond market, but this could not be engineered overnight and, unlike my honourable Friend, I do not think that a long term issue at a yield below yields on international bonds would be attractive to local investors. Furthermore, unless prospective bondholders were satisfied that the proceeds of the issue were to be invested in self-liquidating or reproductive assets, which would automatically provide—and be seen to provide—the means of repayment, it would be necessary to establish a sinking fund. The cost of this would partly offset the benefits which my honourable Friend sees in a bond issue such as postponement of tax increases. To contemplate the possibility of a conversion issue, when the bonds are due for redemption, would not encourage in the early stages of developing a bond market that degree of confidence necessary to ensure the initial sale of the bonds on reasonable terms. But the possibility of raising funds for certain capital works in this way is not something we have closed our minds to.

My honourable Friend, Mr Q. W. LEE in a thoughtful and, if I may say so, Sir, timely speech discussed various aspects of Hong Kong's foreign exchange assets position. As I hope to be holding discussions in London shortly on the management and security and future of our sterling assets, I would prefer to say no more at this stage except that I have taken careful note of the various points made.

The transport question, Sir, was raised by several honourable Members. My honourable Friend, Sir Yuet-keung KAN opened the attack by accusing the Government of failing to work out what he described as a "satisfactory overall policy". Our approach he claimed was "piecemeal" and lacked "urgency". I thought I had made it clear, or reasonably clear, in both the budget speech and in my speech in the debate on the Governor's address on 13th October last that the Government had been concerned for some time to work out an overall transport policy for Hong Kong; and that it was further the Government's view that the time had come to devote a larger proportion than hitherto of our real and financial resources to the emerging problem of the seventies and eighties. As honourable Members are aware, during the past eight months a group of senior officers most closely concerned have prepared

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

a draft of a memorandum setting out such an overall transport policy. This has now been considered within the administration, finalized, and will shortly be put to the Executive Council.

Any overall policy must obviously involve three elements, *first* the expansion of our network of roads and rail and water links, *secondly* the improvement of public transport facilities and, *thirdly* the restraint of private transport. The first of these is not new, but it is apparent, from even a cursory look at the Public Works Programme, that there is a growing emphasis on the development of our road network and other improvements (such as flyovers, bus termini and the double tracking of the Kowloon/Sha Tin section of the railway). In addition, the long term road study is to be updated to take account of the results of the 1971 census.

As regards the second element, we have been pressing the bus companies and the ferry companies to improve their services and have co-operated with them in recent years in introducing measures to improve their financial stability. We have also regularized the use of public light buses. These small buses are still a somewhat controversial form of public transport and it may be that, in the long run, they will not be regarded as efficient contributors to the public transport system in our circumstances. But I certainly do not agree with my honourable Friend, Mr SALMON that they should be phased out as quickly as possible at the present time.

But the reconstruction and expansion of our road network and ancillary works and the improvement of public transport must be coupled with policies designed to optimise the use of available road space. And so we come to the third element in an overall policy, namely, the restraint of private transport. This involves first, freeing the roads, as far as possible, of stationary vehicles; secondly, encouraging the use of vehicles which are efficient users of road space in terms of the number of passengers carried; thirdly, discouraging the use of vehicles which are inefficient users; and finally, developing offstreet parking facilities and charging for their use, as well as for onstreet parking where it can be permitted, on an economic basis. Later on, charges may have to be pitched at a higher level as part and parcel of the overall control of the use of road space, in the interests of the community as a whole, including motorists.

Whether all these measures taken together will mean that the surface transport system alone will be, and will continue to be, adequate to meet the demands on it in such a way as to preserve the economic life of Hong Kong and yet not lead to an intolerable decline in the

quality of living is debatable. But it is surely significant that, whereas some 6,000 trams, buses and mini-buses carry almost four million passengers daily, our 100,000 private cars carry only about 500,000 passengers daily. The carrying capacity of even the present fleet of public transport vehicles would be increased possibly by as much as 25%, if the roads were clearer. Yet without deliberate measures of restraint the prediction is that the number of private cars on the roads will exceed 300,000 in less than 15 years' time. This seems to be clearly a quite unacceptable prospect.

Of course, I know that many people are of the view that an underground mass transit system would leave the roads free for personalized forms of transport. But this is an entirely mistaken view. In building up the public transport system, the addition of an underground mass transit railway would undoubtedly be beneficial, but it would cater for only one third of public passenger journeys that people are expected to make in the design year 1986, although admittedly it could carry about half of all passengers in the more densely populated areas where the railway would run. I think it is important that everyone in Hong Kong should realize that a mass transit railway would not on its own constitute a solution to our emerging transport problems.

It is not so difficult, Sir, to arrive at the conclusion that an underground mass transit railway could play an important role in the public transport system as a whole. What is difficult to decide is first, whether our transport needs outweigh other calls upon our resources to such an extent that a substantial sum of public money should be committed to assist in the financing of this project. If the answer to this question is in the affirmative, then, secondly, we must decide whether the railway could be constructed without undue disruption. Thirdly, can the outside capital finance be obtained on appropriate terms as regards the interest rate and the repayment arrangements which, for this project, would require an unusually long grace period? Fourthly, can the system be operated in such a way as to generate a sufficient cash flow to service the investment and cover operating costs? If not, fifthly, should the system be subsidized from public funds, that is to say, should our transport needs take precedence over other social improvements? The correct answers to these five questions depend on many factors, some known, some unknown. On the financial side one very large unknown factor is the capital cost. All our calculations have to be based on assumed prices and, more important, we have to assume that contractors will not seek to cover the risks of working underground with excessively large margins.

But whatever the ultimate decision on the mass transit railway, the Government is *not* thinking in piecemeal terms even if the actual implementation of a coherent and internally consistent transport policy has necessarily to be piecemeal, because serious problems of road

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

congestion are already apparent now in certain areas at certain times. As I have said, Sir, we already have a road reconstruction and development programme, we are urgently considering the possibility of proceeding with the mass transit proposals and we must start moving towards a restraints policy now. When I proposed the increased car parking charges in the budget speech I was, I thought, at pains to stress that they did form part of our overall thinking and that they were only a beginning; and that, in any case, the present charges were long overdue for revision for we were not recovering with the present charges historical costs and recurrent expenses. However, as honourable Members seem to be reluctant, at this stage, to see even the early beginnings of a restraints policy in the context of an overall policy along the lines I have described, the submission of the necessary regulations to the Governor in Council has been deferred for a month or two. I am sure that it will, in the end, be generally accepted that a parking policy designed to discourage the use of cars for certain types of journeys is an essential element in an overall transport policy for the 70s and 80s. In themselves, and at the new levels proposed, car parking charges may not ease road congestion by discouraging the use of cars for certain types of journeys at certain times of the day. But this is their *ultimate* objective and this means that higher charges as well as other measures will have to be considered in due course. Perhaps, Sir, we all tend to think of higher parking charges as a means of equating the demand for with the supply of parking spaces. In fact, the resource which is in really short supply and which, unlike parking spaces, is incapable of expansion in certain areas is road space. If the policy of restraining the use of road space is to be achieved by raising parking charges, then there must always be a certain vacancy ratio in the parking facilities available in the central business areas. At what level of charges this can be achieved will depend upon three factors: the strength of demand, which in turn will depend partly on the availability of public transport; the supply of parking spaces in the central business areas; and the supply of parking spaces on the outskirts of the main business areas, the provision of which will be more attractive to private developers the higher the level of parking charges in Government owned car parks in the central areas.

It is true that, at a given level of charges, there could be an overprovision of private car parks in terms of the policy objective of limiting the number of cars using the roads (as opposed to the other objective of getting stationary cars *off* the roads). At this point, however, there would have to be a planning restriction on the availability for sale of car park sites. My honourable Friend, Mr SZETO seemed to suggest that the only problem was to find sites for car parks and that

this could be done by a Colony-wide survey. But there is, in fact, no real shortage of such sites in relation to the real shortage—the inescapable shortage—which is a shortage of road space. Thus, the purpose of increasing parking charges stems not so much from the present shortage of parking spaces as from the limitation on the availability of road space in our peculiarly urban society.

My honourable Friend, Mr SALMON asked whether higher parking charges were designed to restrict ownership of cars. Even if one accepted his premise that the ownership of a car is "a natural and proper objective for all" this is not an objective which the community as a whole can cheerfully contemplate, I would suggest, in the circumstances of Hong Kong. I must say here and now that the aim of higher parking charges is, however, *not* to limit car ownership; rather, to repeat, higher parking charges are designed to restrict the use of cars rather than their ownership. Whether it will be eventually necessary to restrict ownership as well is certainly not a question I propose to consider today.

I must finally deal with another point made by my honourable Friend, Mr SALMON. He suspects that, in the central district of Hong Kong Island, Government car parks make a profit. This is simply not so: overall we lose \$59 per space per month (taking the land value at rather less than two thirds of the full market value at the time of construction). Even if the new charges do not have a deterrent effect, they will only result in our breaking even, very roughly speaking.

Taking the two car parks specifically mentioned by my honourable Friend: at the Star Ferry Car Park we lose \$55 per space per month and at the Hilton \$54 per space per month. Later on, my honourable Friend suggested that, regardless of the effect on private development, car parking facilities should be subsidized in order to get cars off the roads. Whatever role we see for a parking policy in the general context of a policy of controlling road use—and I have tried to demonstrate that we see a very explicit role—there can surely be no case for the general taxpayer subsidizing particular (and indeed privileged and expensive) users of road space by providing them with facilities below cost.

My honourable Friend, Mrs LI made two points regarding social welfare subventions. Her first point was that a system of what she called deficit subsidies should be adopted by Government for social welfare services if a uniformly high standard of service is to be maintained. Perhaps it would be helpful if I could begin by reminding honourable Members of the different bases upon which subventions are made to voluntary organizations.

Recurrent subventions are made *either* in the form of a deficiency grant; or in the form of a discretionary grant. A *deficiency* grant is a

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

subvention designed to improve the difference between a subvented organization's approved expenditure for a programme of activities approved by Government and its income from other sources. Expenditure is approved *either* in budgets which are as detailed as the Government's Estimates *or* in codes of aid which lay down precisely how much money may be spent and on what. In the case of the former, the organizations concerned are expected to adhere to their budgets unless they get approval to vary expenditure. Government imposes a tight control over the operations of organizations receiving this type of subvention, because this type of subvention does not of itself encourage them to look for other sources of income or to be economical. The controls are exercised through the Financial Secretary's representatives sitting as *ex officio* members of committees of these organizations. Deficiency grants are normally made available to organizations providing necessary services that Government does not itself provide, or does not provide in full, for historical, accidental and other reasons. They include all schools receiving recurrent aid under the grant and subsidy codes and such large organizations as the Tung Wah Group of Hospitals.

A *discretionary* grant, on the other hand, is a lump sum grant designed to assist towards activities which Government considers to be no more than desirable and worthy of support. Organizations receiving discretionary grants are independent bodies over whose operations Government exercises little or no control and, unlike deficiency grant organizations, these agencies do not have to refund unspent balances in their subventions.

Nearly all subvented voluntary welfare organizations are assisted on the *discretionary* grant basis. The reason for this is that Government's policy for many years has been that voluntary welfare organizations are, with some special exceptions, *not* the agencies of Government unlike aided schools and large medical organizations. By and large, they take their own policy and financial decisions, and public funds are made available only where we believe assistance to be desirable. We are still operating on this basis, largely because the Government has not yet crystallized its views on the development of social welfare services through the voluntary sector. But I understand from my honourable Friend, the Director of Social Welfare that he is now formulating revised aims for social welfare and drawing up specific targets to meet these aims over a five year period. Subject to these recommendations being accepted by Government, I am confident that it will be possible to devise ways and means to enable public funds to be applied more positively and meaningfully. But I should warn honourable Members that a *deficiency* grant basis of subvention may not be suitable for welfare agencies, partly because it involves a degree

of control that the Social Welfare Department is not at present staffed to exercise, partly because such controls could be costly, and partly because the diversity of social welfare services in the voluntary sector does not readily lend itself to controls.

My honourable Friend, Mrs Li's second point concerned non-profit-making day nurseries. She considers the monthly *per capita* grant of \$20 to be inadequate. As honourable Members will be aware, this *per capita* grant was increased from \$10 to \$20 with effect from the beginning of the current financial year. When the proposed increase was considered by Finance Committee in May 1971, honourable Members were informed that the Director of Social Welfare considered that a radical review of existing policy was required to produce a positive and long term policy which would take into account the proper use and extent of subvention of day nurseries. The Director is consulting the Hong Kong Council of Social Service on certain proposals he has put to them some time ago for changing the existing policy. He expects to hear from the Council before long and will then be consulting the Social Welfare Advisory Committee.

I am grateful, Sir, to my honourable Friend, Mr SALMON for mentioning the question of the renewal of quota controls over our exports of cotton textiles to the United Kingdom, for the conditions under which we have to conduct our trade are of the utmost importance to us. On 9th February this year, when reporting the results of our talks with Her Majesty's Government in London in January, I indicated that, at the end of those talks, we had reached a position where both sides were moving towards a measure of agreement but, from Hong Kong's point of view, not sufficiently so to meet our objectives. I said then that we had remained in correspondence with Her Majesty's Government subsequent to my return from London.

We had hoped to be able to press Her Majesty's Government for an improvement of their offer to us in respect of transfers from fabrics to garment quotas. We also asked for extra yardage outside the Hong Kong country quota to meet hardship claims. On transfers, HMG's response was that an improvement could be offered but only upon certain conditions, which were unacceptable to us. Nor were we successful in our bid for hardship yardage, but then neither was any other supplier. After consulting the Textiles Advisory Board and taking all aspects of the situation into consideration, we decided that we should:

- (a) continue to limit our exports in 1972 on the same basis as in recent years;
- (b) reserve our position on the question of compensation; and
- (c) abandon negotiations for compensation for 1972 provided formal consultations were started soon on the arrangements

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

to be introduced in 1973 consequent on Britain's entry into the EEC.

We are now pressing HMG for early formal consultations on the post-1972 arrangements. That these should be held as soon as possible is most important for the buying season for 1973 deliveries begins in the late summer.

My honourable Friend, Mr BROWNE asked about progress on the legislation to establish the Hong Kong Society of Accountants. Final drafts of the bill and of the by-laws have now been agreed both by a Government working party and a working party of practising members of the profession. It is intended to introduce a bill into this Council in late April or early May.

My honourable Friend also asked whether enough qualified accountants were employed in departments: the approved establishment of such posts is 37 and there are five vacancies. If recruitment possibilities in recent years had been more promising the establishment might well be larger; for I agree with my honourable Friend that accountants are thin on the ground. The Accountant General intends to review the position once he is able to assess the effect of the improved terms resulting from the recommendations of the 1971 Salaries Commission.

My honourable Friend, Mr K. S. Lo was unhappy with the allocation of the Agriculture and Fisheries Department's budget between the department's various activities, suggesting in particular that a very small proportion was being spent on research and development. I must confess that, having examined the 1971-72 figures, my conclusions are not the same as my honourable Friend's: in 1971-72 of total expenditure of about \$18 million only 13% was spent on administration, but 23% on research, 36% on development and 28% on regulatory requirements. The pattern is very similar for the 1972-73 estimates.

My honourable Friend expressed a particular interest in the productivity of the fishing fleet: I can assure him that the Director of Agriculture and Fisheries is only too conscious of the need to provide training and engage in research to increase the productivity of our fleet. There is, however, a shortage of fishing crews in Hong Kong and the younger generation is becoming less willing to pursue that "adventurous life of the sea" to which my honourable Friend referred. The general economic development of Hong Kong makes life ashore more attractive. Many young sons of fishermen have gone overseas and whole fishing communities in the New Territories have ceased fishing completely or reduced their fishing activities considerably because of the inflow of

money from abroad. The much higher standard of education now available for fishermen's children has also led to a reduction in the numbers of potential fishermen. The Agriculture and Fisheries Department is currently engaged in the design of a prototype modern trawler of improved standards in terms of working conditions, safety, efficiency and comfort. Such a vessel will involve a higher rate of capital investment when compared with existing types of modern vessels, but the younger generation of Hong Kong's fishing community is unlikely to be attracted to work on board fishing vessels unless these improved standards are provided. It is hoped that the first of such vessels will be introduced within the next year or so. In addition, more advanced fishing methods and equipment are being continuously investigated by the Department and introduced to the local fishing fleet.

My honourable Friend, Mr Wilfred WONG raised the question of the creation of a Hong Kong Merchant Shipping Register. This is a question to which Government has recently been giving careful consideration in consultation with Her Majesty's Government. As a result of this the Director of Marine is currently in contact with the Hong Kong Shipowners Association and the Hong Kong General Chamber of Commerce with a view to drawing up proposals on the subject.

In this connection, mention was made by my honourable Friend to countries which allow use of their flags primarily because they treat registry as a source of revenue, whilst at the same time attempting to evade the responsibility of applying international conventions other than in the letter. I realize my honourable Friend was not suggesting that we should tread this path ourselves through a relaxation of safety standards for Hong Kong vessels, simply to allow or even encourage registry in Hong Kong at a handsome fee. But I agree that the creation of a separate Hong Kong Shipping Register could bring some advantages. It would, for instance, allow the Director of Marine to adopt a more flexible approach to the conditions of registration. But it would not absolve us from meeting our obligations to various international safety conventions, such as those associated with life-saving and radio equipment, fire appliances, loadline requirements, and the construction of vessels having regard to structural strength. So far as these matters are related to safety of life at sea, the standards agreed to at international level must be maintained—if not improved upon—by signatories to the relevant conventions.

My honourable Friend mentioned in particular the question of manning. The present legal requirements on manning are laid down in the Hong Kong Merchant Shipping Ordinance, which stipulates that all officers should be British nationals with a certificate of Commonwealth validity. This legislation is based on the United Kingdom Merchant Shipping Act and the standards required are similar to those applied to all British ships, that is to say ships registered in any Commonwealth

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

country. However, the Director of Marine already has powers under the Merchant Shipping (Aliens Employment) Ordinance, which provides for aliens to be employed on British ships under certain conditions. Such exemptions are normally granted only when an alien is in possession of an acceptable certificate of competency in the first instance. If we were to alter our requirements for officer manning aboard Hong Kong registered vessels, then it would be necessary to hold detailed discussions with the United Kingdom Department of Trade and Industry to seek acceptance of our proposals on a Commonwealth basis. In this connection, it is worth noting that the International Maritime Consultative Organization is attempting to develop internationally accepted standards for the training and certification of merchant marine officers. If this study were to lead to greater acceptance of officers meeting *internationally* accepted standards it could well be of help to us in overcoming the manning problem.

In short, the Government is now working on the question of establishing a Hong Kong Registry, but there are problems to be overcome and these will involve consultations with the United Kingdom and perhaps with other Commonwealth countries.

My honourable Friend, Mr BROWNE asked about the implementation of the recommendations in the First Report of the Companies Law Revision Committee. Honourable Members will be aware that, since the middle of January this year, we have engaged Mr James SELWYN, a recently retired Adviser in the Bank of England, to assist us in processing this comprehensive and somewhat complex Report. Thanks to the efforts of Mr SELWYN and of our own law drafting experts, I am pleased to say that significant progress has been made in the preparation of legislation on the basis of the Committee's recommendations.

Chapters 1, 2 and 3 of the Report contain a general summary of the whole Report as well as some background information, and do not in themselves call for any action. On the prevention of fraud and protection of depositors, which are covered by *Chapters 4 and 5*, a draft Protection of Investors and Depositors Bill is in an advanced stage of preparation and should be finalized fairly soon.

Chapter 6, which concerns dealings in securities with particular reference to stock exchanges, is rather more complicated. There is much to be said for the Committee's firm conviction that Government should not get too deeply involved in attempts to regulate and supervise stock exchanges and dealings on them. On the other hand, in the present circumstances of Hong Kong, self-regulation of the kind and to the extent that exist in the United Kingdom would take a little time

to achieve. The problem is that of finding a workable balance between direct Government supervision and self-regulation by the exchanges themselves. Considerable discussion has taken place between Mr SELWYN and various interested parties with a view to finding the most satisfactory plan for Hong Kong. Some tentative conclusions have been reached which will enable a draft bill now to be sketched out, but much work remains to be done on details.

The proposal to license investment advisers and portfolio managers in *Chapter 7* has been given low priority, as recommended by the Committee itself. As regards *Chapter 8* on company prospectuses, a draft Companies (Amendment) Bill giving effect to the Committee's recommendations has been finalized and will be submitted to Executive Council within the next few weeks. Consideration of *Chapter 9* on take-over bids will begin as soon as possible after the Committee's more urgent recommendations have been dealt with.

As regards mutual funds and unit trusts, which are dealt with in *Chapters 10 and 11*, a first draft of a Unit Trusts Bill has been completed. It follows in general the proposals made by the Jenkins Committee, supplemented by the well-tried legislation and rules for unit trusts in the United Kingdom. The draft Unit Trusts Bill is a lengthy document, but is unlikely to be controversial and should be capable of being finalized fairly quickly. Drafting of a Mutual Funds Bill is proceeding, but may take rather longer in the absence of corresponding United Kingdom legislation. Although mutual funds and unit trusts have similar financial aims, the legal concepts involved are quite dissimilar and it would not be practicable to deal with both these investment media in a single piece of legislation.

Finally, Sir, several honourable Members referred to three of my revenue proposals: my honourable Friend, Mr P. C. Woo suggested that the funeral expenses allowed as a deduction before determining the value of a dutiable estate should be increased to take account of present day costs. It is an accepted principle that reasonable funeral expenses should be allowed and I accept my honourable Friend's suggestion that the present allowance of \$2,000 should be raised, but instead of raising it to \$4,000, I propose \$5,000 on the usual itemized basis.

My honourable Friends, Mr Wilfred WONG and Dr S. Y. CHUNG enquired why, given the principle I enunciated that the indirect tax system should not inflate costs, I had not proposed the abolition of duty on heavy oils consumed by the power companies. Apart from certain technical difficulties relating to the passing on of relief to consumers, I did not feel justified in extending this measure of reform at this time to them in view of the cost involved (approximately \$37 million); and the difference in cost between cooking by electricity and even town gas, on the one hand, and by kerosene and liquefied petroleum gas on the other

[THE FINANCIAL SECRETARY] **Appropriation Bill—resumption of debate on second reading (16.3.72)**

is already such that the competitive position of the electricity and gas companies will not be worsened.

Lastly, my honourable Friends, Mrs Li, Mr Q. W. LEE and Mr Woo made several points relating to the implementation of the proposal to charge half rates on unoccupied premises. Their points will be considered when the necessary amending legislation is being drafted later this year. It will suffice to say now that I accept the case for an initial free period following the issue of an occupation permit.

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).

Committee stage

Council went into Committee.

5.59 p.m.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, with your consent may I move that Standing Order No 8 be suspended in order that the remaining business on the Order Paper may be completed this evening.

Question put and agreed to.

APPROPRIATION BILL 1972

HIS EXCELLENCY THE PRESIDENT: —We shall consider the Schedule first in accordance with Standing Order No 55. With the concurrence of honourable Members, we shall take the heads in blocks of not more than five. If any honourable Member wishes to speak on a particular Head, the Clerk will please call that Head again after the discussion on it has finished so that it can be voted on. The question is that the sums of money for the following Heads stand part of the Schedule.

Head 21 was agreed to.

Head 22.

DR S. Y. CHUNG: —Sir, it is noted that loans totalling \$5.42 million were made to farmers and \$4 million to fishermen during 1971 for helping them to mechanize and hence to improve productivity. Will

Government inform this Council whether or not there were losses on these loans in 1971 and, if so, what were the losses? Will Government also give an account of the loans made and losses incurred each year during the five years 1966 to 1970 inclusive?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, loans to farmers in 1971 in fact totalled \$6.15 million and loans to fishermen \$4.1 million. It is very difficult to answer, I am afraid, my honourable Friend's first question as regards losses because the funds from which these loans are made are revolving funds. Loans are also made for different periods of time according to the purpose for which they are to be used. It is not, therefore, possible to compare loans issued and those repaid in any one year because they are not related to each other. Also, the accounting is done on a financial rather than on a calendar year basis.

However, the actual write-off of bad debts in 1971 was \$440 for agricultural loans and nil for fisheries loans.

The figures of loans issued and writes-off in the financial years 1966-67 to 1970-71 are as follows:

- (a) for agricultural loans (there are three funds)—
 - 1966-67 \$3.3 million issued, \$4,399 written off
 - 1967-68 \$3.7 million issued, \$6,880 written off
 - 1968-69 \$4.7 million issued, \$4,525 written off
 - 1969-70 \$6.1 million issued, \$2,250 written off
 - 1970-71 \$6.1 million issued, \$440 written off;

- (b) for fisheries loans (again there are three)—
 - 1966-67 \$3.4 million issued, \$2,747 written off
 - 1967-68 \$3.8 million issued, \$7,348 written off
 - 1968-69 \$3.5 million issued, \$500,943 written off
 - 1969-70 \$4.5 million issued, \$44,839 written off
 - 1970-71 \$3.2 million issued, nothing written off.

These figures show, Sir, that apart from two bad years for fisheries loans in 1968-69 and 1969-70 bad debts written off have been very low indeed. In fact, since the inception of all the funds, loans totalling over \$54 million have been made from the agricultural funds and writes-off have totalled only \$60,000, or 0.11%. In the case of the fisheries funds, loans totalling over \$48 million have been issued since their inception and writes-off have totalled only \$884,000, or 1.8%.

Head 22 was agreed to.

Head 23 was agreed to.

Head 24.

Appropriation Bill—committee stage

DR CHUNG: —Sir, it is understood that the Gross Domestic Product statistics quoted by the honourable Financial Secretary four weeks ago in this Council were prepared by the National Income Unit of the Census and Statistics Department. Will Government explain the organization of and the expenses incurred by this Unit? Will there be any necessary changes in organization and additional costs involved if this Unit be required to compile and publish Gross Domestic Product and related national statistics annually?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —I can see the point of my honourable Friend's question for the National Income Unit of the Census and Statistics Department was only set up at the end of January 1972. However, the story is quite a simple one. The Assistant Commissioner of the Department, aided by one Assistant Statistician, working in their own time, prepared the estimates for me for the budget speech. It is true that a certain number of calculations were already made for them. Nevertheless, these estimates were undertaken, as I say, by serving officers engaged on other duties, more or less in their own time and for which I am, of course, most grateful. I am afraid that we did use the services of six clerks who were undergoing statistical training at the time at a notional cost of \$30,000.

The Finance Committee of this Council approved a sum of \$1.77 million on the 19th January 1972 for the immediate future development of the Census and Statistics Department, and part of this development is to be for a group of support and advisory services costing about \$100,000 a year. Within this group there is to be a National Income Unit; and in the long run I think we will have to seek additional funds because we are beginning on a very modest basis indeed. I think that the present estimates, which are only from the expenditure side and are not checked out against production and income data, will need to be developed.

DR CHUNG: —Sir, in the light of the reply given by my honourable Friend am I correct to assume that it is his wish to continue with the compilation and publication of Gross Domestic Product statistics in future?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —It is certainly my wish, Sir, because I believe we should assess our policies against an understanding of the economy in terms of aggregates; and I believe it to be this Council's wish in as much as Finance Committee has voted funds of a modest order for this purpose.

Head 24 was agreed to.

Heads 25 to 27 were agreed to.

Head 28.

DR CHUNG: —Sir, one major and rather unsolved problem in the development of trade and industry in Hong Kong is an effective way to deal with infringements of patents, designs and trade marks. I note with interest that the Industry Inspection Branch has been renamed the Trade Investigation Branch. Will Government say whether this Trade Investigation Branch would receive and handle complaints on such infringements and, if so, whether it has sufficient manpower resources to deal with the complaints promptly and effectively?

MR LEE: —Sir, I share my honourable Friend, Dr CHUNG's concern on the possible adverse effects on Hong Kong's trade and industry of infringements of patents, designs and trade marks. I would like to inform him that Government has these matters in hand.

At present my department receives approximately ten complaints a month in respect of alleged infringements of the Merchandise Marks Ordinance, and about two complaints monthly alleging infringements of patents and designs. I am satisfied that my present staff resources are adequate to cope with this present volume of business. Should however additional legislation be enacted in respect of copyright and design, which is envisaged, I would probably require a small number of additional staff, although it would be difficult to quantify my needs at this stage.

Head 28 was agreed to.

Heads 29 to 33 were agreed to.

Head 34.

MR P. C. Woo: —Sir, for the past four years the Civil Aid Services has been entrusted to find camps in the Colony to be managed by them for use not only confined to the Civil Aid Services cadets but also for all youth organizations and the general public. One site has been found in Chung Hom Kok, but it has been turned down by the Director of Public Works because of the possibility of reopening the reserve quarry there. Another reason given is that no other sites can be found on Hong Kong Island without depriving the general public of badly needed recreational outlets. Well, I repeat that these camps are not to be used solely by the Civil Aid Services cadets and other youth organizations, but they are also open to the general public. May I ask the Director of Public Works to reconsider this matter?

Appropriation Bill—committee stage

MR ROBSON: —I think I speak, Sir, for the honourable District Commissioner New Territories when I say that we have every sympathy for this camp; and, if I could find a site for this camp in Hong Kong Island, I would certainly try and do so. I am sure the District Commissioner will assist me in looking in the New Territories too.

Head 34 was agreed to.

Head 35.

SIR YUET-KEUNG KAN: —Sir, I wish to record my objection to this item. It is by way of my old hobby-horse. I have raised the same objection over the years and they have all been brushed aside and I have no doubt that my present objection will meet with the same fate but, nonetheless, I do, as I say, wish to record my objection to this item.

In 1966, under pressure from Her Majesty's Government, this Government agreed to increase our defence contributions from £ 2½ million per annum to £ 5 million per annum.

I opposed this increase and said that it was not in the best interests of both Britain and Hong Kong, that the amount represented a mere drop in the bucket in helping Britain to solve her balance of payments difficulties, and that in our interest and that of Britain's the money could be put to better use in improving our social services, so essential for the stability of this Colony.

The increase was, of course, intended to help Britain in her financial difficulties then, for the Financial Secretary said

"The final sum agreed is very much less than the original sum asked for and we have offered it to Britain as a gift in recognition of her very real economic difficulties."

Today, Britain is no longer in difficulties with her balance of payments.

However, instead of reducing the amount of our defence contribution, this Government, with the approval of the Finance Committee and of this Council, has thought fit to increase it further to the very substantial sum of £ 8 million, or nearly \$120 million, per annum over the next five years. The only justification for this, as my honourable Friend, the Financial Secretary put it, is that since the presence of the garrison contributes very materially to the stability and prosperity of Hong Kong, Hong Kong should make some contribution towards the capital expenditure which it costs United Kingdom taxpayers annually to support the garrison here.

Now, Sir, whilst I do not for one moment minimize the valuable contributions made by the garrison in the maintenance of peace and order, honourable Members of this Council who gave their approval to the increase need not, I think, be reminded that Britain also reaps a great deal of benefit from Hong Kong's stability and prosperity. To name only two: the very substantial reserves—or should we not call them reserves now? —we keep in UK and the equally valuable landing rights which Britain enjoys.

Secondly, it is my contention—indeed, according to my understanding—that it has always been our stand that since Hong Kong is a dependent territory Britain has the responsibility for our defence.

It would appear and I think it will be construed, now, that we have irretrievably abandoned this principle and accepted a substantial share of the responsibility for our defence costs from now on. I cannot subscribe to this new principle.

Thirdly, the Financial Secretary has been at pains—and I would like to say that I am merely construing some of the words I had anticipated him to say earlier on this evening—to point out to us that we should not be too sanguine about our surpluses and reserves, for every cent will be needed in the years to come for our heavy commitments in the expansion of our public and social services.

I am still of the opinion that the money we have now offered to Britain can be put to better use in the improvement and expansion of our services and that it is in the interest of Britain as well as ourselves that we should do so.

For these reasons I cannot conscientiously lend my support to this increase.

Head 35 was agreed to.

Head 36.

DR CHUNG: —Sir, will Government give a breakdown of the 1972-73 expenditure for secondary education amounting to \$142.6 million into the three major categories, namely grammar type schools, secondary technical schools and prevocational and secondary modern schools? How does this distribution compare with that in other countries, such as the United Kingdom?

Is Government aware of the continuous criticism from the general public and people both in industry and the educational field on the mis-nomenclature of “secondary technical school”? This type of school is by no means technical in nature but rather a half-way house to the

[DR CHUNG] **Appropriation Bill—committee stage**

comprehensive type of school. Will Government consider a review of this policy on secondary technical schools before the matter really gets out of hand?

MR CANNING: —Sir, the \$142.6 million for secondary education under Head 36 of the Estimates for 1972-73 is distributed as follows.

Secondary grammar schools \$121,000,000, secondary technical schools \$14,000,000, pre-vocational and secondary modern schools \$7.15 million.

Differences in nomenclature in other countries make comparisons with Hong Kong extremely difficult. In Britain, for example, the minimum school leaving age has been until recently 15 years of age but it is intended to raise the minimum leaving age to 16 years of age as soon as circumstances permit. The aim in Britain at present appears to be to encourage existing grammar schools to become more comprehensive in their character and for new schools to be of the comprehensive type.

I agree with my honourable Friend, Dr S. Y. CHUNG that the title “secondary technical school” is not the happiest of choices for these schools. The present Chinese version of the title is even less happy as, I am advised, it infers that these schools are “industrial middle schools”.

However, the name for this type of school in Hong Kong has now been in existence for a considerable time, and any attempt to change the name at this stage might, I fear, result in some degree of confusion among the general public. I shall, however, bear what he says in mind and see what might be done.

I agree also that there is room for some improvement in curriculum development in these schools and to this end I have requested a visit by an expert in this field of secondary education from the Inner London Education Authority under the auspices of the British Council to advise on the future development of these schools.

Head 36 was agreed to.

Head 37.

MR SZETO WAI: —This year's under-spending by the Fire Services Department mainly occurred in personal emoluments and special expenditure. There is almost a \$9 million increase in personal emoluments in the 1972-73 Estimates, presumably for additional staff to man

additional fire stations. Would Government expect any difficulties in recruitment in view of this year's deficiency?

It is noted that there is, provision for additional equipment for firefighting in ships. Is Government satisfied that our existing equipment for this purpose together with the additional provision will be adequate, both in regard to types and quantity, in the light of our recent experiences with marine fires? It is also noted that a ship stability model is to be purchased. Is this prompted by the experience gained from the "Seawise University" tragedy?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, the increase in Personal Emoluments in the 1972-73 Estimates compared with the Estimates for 1971-72 in fact amounts to \$8,153,000, an increase of 27.4%. Of this amount \$2.8 million or 34.7% is the result of staff increases and \$5.3 million or 65.2% is the result of the Salaries Commission. In view of the improved salaries for firemen which have been approved by the Government following the recommendations of the Salaries Commission, no special difficulty in recruitment is expected.

I am satisfied that the existing equipment together with the additional equipment now proposed will suffice for fire fighting in ships generally. Its adequacy is subject to continuous review and forward planning. For instance, the Director of Fire Services is in consultation at the moment with the Director of Marine about the design of a fire boat to replace that existing one at Aberdeen. The ship stability model, to which reference has been made, is for training purposes and will be located at the Fire Services Training School in the New Territories. The decision to purchase it is not connected with the "Seawise University" disaster.

Head 37 was agreed to.

Head 38.

MR SZETO: —The proposed establishment of this Department for 1972-73 is 749 permanent posts and 5 supernumerary posts, compared with 748 and 5 respectively in the 1971-72 approved Estimates; that is an increase of only 1 permanent post. Can Government explain the proposed increase of \$1.2 million in personal emoluments for 1972-73?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —I think, as I mentioned in my speech, Sir, introducing the budget—the budget speech itself—that the total estimate for personal emoluments in 1972-73 was up by 22½% on the revised estimate for 1971-72. In absolute terms this is a figure of \$218 million. Of this sum only \$40 million is

[THE FINANCIAL SECRETARY] **Appropriation Bill—committee stage**

accounted for by new posts leaving \$178 million to be accounted for by incremental creep and by the new scales themselves introduced by the 1971 Salaries Commission. For the public service as a whole these two elements have therefore increased the bill by just over 18%. The increase of \$1.2 million for the Government Supplies Department represents an increase of between 17 and 18%. It is, therefore, I suggest, very much in line with the general increase.

Head 38 was agreed to.

Heads 39 and 40 were agreed to.

Head 41.

MR SZETO: —Sir, there will be only 4 additional permanent posts for the Information Services Department for 1972-73 compared with similar posts for 1971-72 and no increase at all in supernumerary posts, but the increase in personal emoluments is again \$1.2 million over this year's revised estimate. Can Government explain this considerable increase?

There is an almost 100% increase in the provision for Government advertisements for 1972-73, and we are informed that this is mainly accounted for by recruitment advertisements. Does Government consider the present rather extravagant and over-detailed recruitment advertisements necessary and can economy be effected?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, according to the latest information from the Director of Information Services, the revised estimate of \$4 million for the 1971-72 Personal Emoluments sub-head excludes a sum of \$683,000 in respect of posts which were not filled for all or part of the year. This accounts for the difference between the revised estimate and the approved estimate for 1971-72. It is expected that the posts which remained unfilled at the end of the year will be filled during the 1972-73 financial year and the funds should be provided accordingly. Of the remaining \$500,000, making up the figure of \$1.2 million mentioned by my honourable Friend, just over half results from the 1971 Salaries Commission and the remainder is due to a small net increase in the establishment.

Discussions are already taking place between my organization and the Information Services Department about the possibility of reducing the cost of recruitment advertisements, and I hope—though I am afraid without much confidence—some reduction may be effected.

Head 41 was agreed to.

Head 42.

DR CHUNG: —Sir, in paragraph 4 of the Memorandum Note for this head of expenditure it is reported that the abolition of the \$7,000 exemption limit for non-resident businessmen had resulted in a substantial increase—I repeat substantial increase—in the profit tax assessed on unincorporated business. Will Government explain why such and how much substantial increase in profit tax be made possible due to the removal of the \$7,000 exemption limit?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —There aren't many errors in the Estimates, Sir, but this is one of them I am afraid! (*Laughter*). The sentence is misleading, of course; for the great bulk of the increase is due to our efforts against tax evasion. The abolition of the \$7,000 limit for non-resident businessmen is a very small factor in the story.

Head 42 was agreed to.

Heads 43 to 44 were agreed to.

Head 45.

DR CHUNG: —Sir, I welcome the establishment of an Industrial Training Division within the Labour Department and would like to know the amount of expenditure allocated to this Division from the total of \$8.7 million in 1971-72 and \$10.25 in 1972-73 for the whole Department.

It is beyond dispute that Hong Kong's economy will continue to depend on its export industries, and I therefore believe many people in and outside industry would welcome a policy statement from Government of the work and services of the Industrial Training Division for which the said amount of money is provided.

I would also like to hear from my honourable Friend, the Commissioner of Labour, the details of his plans for further manpower surveys for certain industries as disclosed in paragraph 7 of the Memorandum Note on page 188 of the Draft Estimates of Revenue and Expenditure for the year ending 31st March 1973.

MR PAUL K. C. TSUI: —Sir, I am sorry I have not been able to work out the exact amount to be allocated to the Industrial Training Division of my Department. Perhaps I might meet Dr CHUNG half way by letting Council know that we have allocated one Senior Training Officer, one Labour Officer, seven Assistant Labour Officers and one Executive Officer exclusively for industrial training, and these officers share the secretarial and clerical service provided for other staff of the

[MR TSUI] Appropriation Bill—committee stage

department. Perhaps I might be able to work out the details and then let Dr CHUNG have in detail the exact amount in due course, Sir.

Sir, of the work and services of the Industrial Training Division of my Department, the approved policy is that the staff are provided primarily to service the complex of committees under the Industrial Training Advisory Committee and also, as a result of one of the recommendations, we two years ago recruited a special Senior Training Officer to encourage and promote apprentice training in industry.

As to further manpower surveys, we plan to conduct the second surveys of the plastics industry in June, of the clothing industry in July and of the electrical apparatus and appliances industry in August.

Head 45 was agreed to.

Heads 46 to 48 were agreed to.

Head 49.

MR SZETO: —Can Government explain the excessive under-spending in 1971-72 of \$11.7 million in Special Expenditure under this Head? Is it a case of over-estimation of expenditure? And as over \$10.8 million are required for revotes in 1972-73, will Government ensure that this provision is justified?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, I shall answer my honourable Friend's last question first. It is our continuing ambition to ensure that all public expenditure is justified and no item is in the Estimates unless we genuinely believe that the purpose for which the provision is sought is justified.

As regards the first part of my honourable Friend's question, the story, Sir, is slightly complicated. Over \$9.8 million of the \$10.8 million in revotes for 1972-73 is required for the construction of new Government vessels, the completion of which has been delayed. Of this the greater part, or more than \$8.3 million, is for seven police launches now being built in Singapore. Construction of these started in June 1971 and delivery is expected by 30th November 1972.

The remainder, about \$1 million, covers the purchase of various marine engines, harbour mooring components, departmental transport and certain other miscellaneous items. Orders for all these were placed

in the financial year 1971-72, but deliveries have been delayed and the expenditure will be incurred in the coming year.

I am afraid, Sir, that the sad fact is that when orders are placed for equipment overseas, it is very often impossible to ensure that delivery is made and payment effected during the financial year when the orders are placed. In these cases, we do consider it necessary and legitimate to revote expenditure although we, of course, do satisfy ourselves that the need continues to be made out and I would say that, in these circumstances, I think no blame can be attached to the department concerned.

Head 49 was agreed to.

Heads 50 to 57 were agreed to.

Head 58.

DR CHUNG: —Sir, this is my last comment today. (*Laughter*). I am glad to read from the Memorandum Note for the Printing Department that Government is planning to provide 10 additional posts for printing apprentices in the financial year 1972-73. The printing industry in Hong Kong is at present facing an acute shortage of skilled printing craftsmen and I therefore welcome the lead taken by Government in this respect.

After hearing the statement made by my honourable Friend the Commissioner of Labour under Head 45, I am sure he will agree with me that one of the major and enlightened requirements in a modern apprentice training scheme is the need to provide an appropriate amount of technical education in the specialized field in addition to practical training. I believe the Printing Department is following this modern concept of apprentice training. In view of the statement made by my honourable Friend, the Director of Education earlier this afternoon, I also believe that the Department and the other printing establishments in Hong Kong would not be able to provide such technical education in the specialized field of printing technology for their apprentices. Will my honourable Friend, the Director of Education try his best to meet this urgent need as soon as possible?

MR CANNING: —Yes, Sir.

Head 58 was agreed to.

Heads 59 to 61 were agreed to.

Head 62.

Appropriation Bill—committee stage

MR SZETO: —Sir, it is noted that in the section relating to the Buildings Ordinance Office under this Head, no provision is made for increasing staff for 1972-73; in fact one permanent post has been deleted. It appears that no effort has been made to cope with the present numerous unauthorized alterations and additions made to multi-storey buildings which give rise to complaints from the public. In the face of the large number of offences, my honourable Friend, the Director of Public Works is unable to remedy the situation because of shortage of staff. I consider urgent recruitment of additional staff to deal with the illegal acts imperative.

MR ROBSON: —Sir, my honourable Friend, Mr SZETO Wai is quite correct in saying that no provision has been made for increases in staff in the Buildings Ordinance Office in the 1972-73 Estimates but, in fact, a number of additional posts have been requested under a plan for re-organization of the Office. These are still under consideration in the Secretariat and do not therefore appear in the current Estimates. My submission for additional staff has been made with a view to the important task of ensuring that buildings are constructed properly at the outset, which is the more important part of control and enforcement that my Department is called upon to undertake.

While, at the present moment, there is little that physically can be done to prevent illegal work being carried out, I assure my honourable Friend that every effort is made by staff of the Office to remedy all cases brought to its notice of unauthorized alterations or additions to buildings which prove to be an unacceptable structural hazard or a fire risk. I realize this is only a small proportion of the number which is drawn to my attention.

The permanent post deleted from the establishment of the Buildings Ordinance Office, to which my honourable Friend refers, is at the Assistant Inspectorate level. This was the only post of its kind in that office and is a grade which has now been phased out.

Head 62 was agreed to.

Head 63 was agreed to.

Head 64.

MR SZETO: —Sir, a total of \$22.6 million have been spent in the last two years in acquiring private properties in connection with the implementation of Urban Renewal, and \$10 million are being provided for this purpose for 1972-73. It is not known what proportions of

these amounts have been expended or are being ear-marked for the Urban Renewal Pilot Scheme, for which detailed planning has been going on for several years, and what proportions are intended for acquiring sites in the Urban Renewal District which covers the whole of the western district and part of central district. In view of the extensive resumption planned for the latter, is the 1972-73 provision adequate and will it not unduly retard the implementation of the plan?

MR ROBSON: —Sir, dealing with the first part of my honourable Friend's question, the proportions of the provision expended on the Pilot Scheme Area and the Urban Renewal District respectively during the last two years were approximately equal. Of the almost \$10 million provided for 1972-73 it is estimated that \$7 million will be required for the Pilot Scheme Area and \$3 million for the Urban Renewal District.

Wherever possible, acquisition is effected by negotiation but in order to achieve a properly phased programme, especially for the Pilot Scheme, resumption will be necessary in the majority of cases which involves statutory notices and Arbitration Board proceedings. This absorbs, I am afraid, a lot of staff time. These are the factors which will in fact determine the speed of implementation of the plan rather than the amount of funds provided for compensation. The \$10 million provided for 1972-73 is the amount it is estimated will be required for the number of cases both in the Pilot Scheme Area and in the Urban Renewal Area that can be handled by negotiation and resumption during that year with the staff which is available.

Head 64 was agreed to.

Heads 65 to 79 were agreed to.

Head 80.

MR SZETO: —Sir, a sum of \$5.2 million was debited to the Transport Department under Special Expenditure in 1971-72 being compensation awarded to the Kowloon Motor Bus Company for the effect on their franchise of the regularization of public light buses. I cannot see the justification for this method of accounting as it gives the impression that our traffic and transport conditions have been improved by a vast amount, whereas they have not. This amount should have fallen on Head 51: Miscellaneous Services, to which I note went the \$10.5 million subsidy for students travelling on KMB's buses.

May I refer to a subhead of revenue for which the Transport Department is responsible? The increase of licence fees anticipated from vehicles and drivers for 1972-73 over the revised estimate for 1971-72 is only \$3.5 million. This amount is not compatible with the

[MR SZETO] Appropriation Bill—committee stage

15% annual growth of vehicles; we would likely have 25,000 additional vehicles next year over the existing number of 166,000. A much bigger sum is reasonably expected from vehicle licences alone, since the 1971-72 estimated income from this source was exceeded by \$7 million.

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, dealing with the first part of my honourable Friend's question, the sum of \$5.2 million was included under Head 80 largely as a matter of convenience. I do not accept that this was particularly misleading because there is a very clear note under the table in paragraph 1 explaining what we have done. On the other hand, I agree with my honourable Friend that perhaps Head 51: Miscellaneous Services would have been more appropriate. It has just occurred to me that Head 51: Miscellaneous Services is an inappropriate vote for the subsidy for student travelling. We should have put that under Education! (*Laughter*).

On the second part of my honourable Friend's question, again I think he has something of a point. We probably have underestimated this revenue subhead slightly. We do have a great deal of difficulty with the fees and charges subheads; there were so many of them, and so many people have so many different views on each one. I think we probably have under-estimated this a little but there are several points I should make. The first is that we certainly cannot necessarily conclude that because the number of vehicle licences issued each year is increasing by 15% then the revenue will necessarily increase by this amount. The reason is that different fees are charged for different types of vehicles, ranging from as little as \$125 for a small private car to, say, \$3,000 for a public light bus. The increase in the number of public light buses registered has been falling off sharply in the last year or two, and their numbers are not expected to rise further in the coming year. Most of the increase in revenue from vehicle licences will come from private cars on which, as I have said, the licence fees are relatively low.

In the case of driving licences the increase in numbers has also been falling off recently. The numbers issued increased by about 20,000 last year to 370,000, whereas the increase for the previous year was around 47,000.

As I have said, Sir, we probably have under-estimated this small sub-head slightly. I wouldn't be surprised if the actual outturn this year is about \$4.5 million.

Head 80 was agreed to.

Heads 81 to 85 were agreed to.

Question put that the Schedule stand part of the bill, and agreed to.

Clauses 1 and 2 and the Preamble were agreed to.

MERCHANDISE MARKS (AMENDMENT) BILL 1972

Clause 1 was agreed to.

Clause 2.

THE ATTORNEY GENERAL (MR ROBERTS): —Since the second reading of this bill, I have had an opportunity to discuss with the honourable Mr SALMON and the honourable Mr CHEUNG the possibility of amending the proposed new section 2A so that the defences provided by section 3(2) of the Ordinance should not be available to a jeweller selling articles bearing a carat mark.

It is a defence under section 3(2) of the Ordinance for a seller to show that he took all reasonable precautions against selling an article bearing a false trade description, that he had no reason to suspect the genuineness of the mark, that he gave to the prosecution all the information which he had about the person from whom he obtained the article and that he otherwise acted innocently.

This section already imposes on a jeweller, as it does on any other seller, the burden of showing that he took all reasonable precautions to avoid selling an article bearing a false mark. This he could probably do by showing that he was selling jewellery which he had himself purchased from a reputable supplier or other source.

However, if the defence which is provided by section 3(2) were withdrawn completely from a jeweller, then he would probably be obliged to undertake a personal test of the carat content of every article which comes into his possession for sale. The honourable Members were, I believe, persuaded that this would place on jewellers a somewhat unreasonable burden. Consequently, they were prepared not to press an amendment, though they have asked that the operation of this new section should be closely watched and that, if it does not prove effective, further steps should be taken to amend it.

I think that it is worth mentioning that there is a powerful deterrent against dealing in goods bearing a false description already provided by the Ordinance. This empowers a magistrate to order the forfeiture of any article which bears a false description, whether or not any person has been convicted of an offence under the Ordinance in relation to that article.

Clause 2 was agreed to.

**OFFENCES AGAINST THE PERSON (AMENDMENT)
BILL 1972**

Clause 1 was agreed to.

Clause 2.

THE ATTORNEY GENERAL (MR ROBERTS): —I move that clause 2 be amended by inserting an additional subsection in the proposed new section 47A in the following terms:

"This section shall expire on the 31st day of March 1974 or on such other date as the Legislative Council may determine by resolution. ".

This amendment gives effect to the proposal put forward by the honourable Sir Yuct-keung KAN during the second reading debate on this bill.

I appreciate the anxiety which is felt by Members of this Council, and indeed by many members of the public, lest the bill should prove in practice to have the effect of providing something approaching abortion on demand.

I would like to repeat my assurance that this is certainly not the intention of the legislation, though I do recognize that provisions of this nature are capable of abuse unless their operation is closely supervised.

For these reasons, the Government welcomes this amendment, which will ensure that the working of this bill is reviewed early in 1974. The results of that review will determine whether or not a resolution should be put before this Council for the extension of the life of these provisions.

Proposed Amendment

Clause

2 That clause 2 be amended by inserting the following new subsection in the proposed new section 47A—

"(9) This section shall expire on the 31st day of March, 1974 or on such other date as the Legislative Council may determine by resolution. ".

The amendment was agreed to.

Clause 2, as amended, was agreed to.

LABOUR TRIBUNAL BILL 1972

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

Clauses 1 to 8 were agreed to.

Clause 9.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that clause 9 be amended by inserting the words "in the Supreme Court" after the word "proceeding" in subclause (3).

The object of this amendment is to make it clear that proceedings can be brought either in the Supreme Court or in the District Court, as may be appropriate, after the six months' period during which actions within the jurisdiction of the Labour Tribunal must be brought before the Tribunal.

I would like to thank honourable Members for the close attention which they have given to this bill and for a number of valuable suggestions for its improvement which are included among the amendments which I am to put forward today. Comments and suggestions from various Employers' Associations have also been received and taken fully into account.

The bill has also aroused some interest among workers and criticism and comment has been voiced by groups and representatives of workers. Some of these show a misunderstanding of the scope and purpose of various parts of the bill and I hope that honourable Members will not object if, at the end of a long sitting, I deal briefly with some of these misunderstandings.

This is, I think, more necessary because a Chinese version of the bill has not yet been issued, though it will be very shortly. It has already been prepared but has not been published because it was thought advisable to wait until it was possible to insert in it the amendments which are approved by this Council today. These will then be inserted in the Chinese version and this, I hope, will be issued by the Government Printer in the next few days. This will give those who are interested ample time to study it, since it will be some months before the tribunal can actually begin to function.

As clause 9 deals with one aspect of the jurisdiction of the tribunal, it may be convenient to remind members of the public that the tribunal will have no power to deal with, or interfere in, industrial disputes, strikes, lock-outs or negotiations between employers and

[THE ATTORNEY GENERAL] **Labour Tribunal Bill—committee stage**

groups of workers or trade unions. It will deal with claims by individual workers against their employers for money or other benefits due either under a contract of employment or under the Employment Ordinance.

I estimate that most of the work of the tribunal will consist of hearing claims from workers for money arising from a breach of contract with employers.

A claim based on the appropriate provision of the Employment Ordinance may also be dealt with by the tribunal, if the worker's contract does not already provide for something at least as good as that which the Ordinance obliges the employer to provide.

So, if the contract gives the worker better conditions than the Employment Ordinance, the worker will base his claim on the contract and not on the Employment Ordinance.

*Proposed Amendment**Clause*

9 That clause 9 be amended in subclause (3) by inserting after "proceedings" the following—

"in the Supreme Court or".

The amendment was agreed to.

Clause 9, as amended, was agreed to.

Clauses 10 to 12 were agreed to.

Clause 13.

THE ATTORNEY GENERAL (MR ROBERTS): —I move that clause 13 be amended in paragraph (a) of subclause (1) by inserting the words "nor later than thirty days" after the word "days".

This is to meet the honourable Dr CHUNG's suggestion that there should be a maximum period within which the date for the hearing of a claim must be fixed, in order to ensure that claims are dealt with speedily. This amendment will also, I think, be welcomed by those workers who have expressed some anxiety lest claims should not be heard within as short a time as possible.

Again I would like to emphasize that this bill is meant to provide a quick method of settling claims. If the process is slow, the bill will not have achieved its main object.

Indeed, clause 16 obliges the presiding officer and his officials to avoid delay wherever this is possible, and clause 22 requires him to deliver his decision on a claim as soon as possible after the hearing and it is to be hoped that, in ordinary cases, he will give his decision immediately at the conclusion of the hearing, though of course there may well be difficult claims in which he will find it necessary to adjourn to consider his decision.

There have been complaints that the process of the tribunal might also be slowed by the requirement that every claimant in a representative action must sign the claim and that his name and address must appear on it.

But surely it cannot really take more than a short time for even a hundred men to sign a document of claim. As we all know, petitions bearing many thousands of signatures can be produced in a few hours. And it is essential that each claimant should be carefully identified since in due course an award of money may very well be made to him.

Proposed Amendment

Clause

- 13 That clause 13 be amended in subclause (1)(a) by inserting after "days" the following—
“nor later than thirty days”.

The amendment was agreed to.

Clause 13, as amended, was agreed to.

Clause 14.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that clause 14 be amended as set forth in the paper which has been circulated to honourable Members.

The object of the first two amendments is to ensure that the powers conferred by paragraphs (a) and (c) of subclause (4) are only exercised at reasonable times.

The third amendment deletes subclause (8) which would now be included in the new clause 41C which is to be proposed in a moment.

Proposed Amendments

Clause

- 14 That clause 14 be amended—
(1) in subclause 4(a), by inserting after “intervie” the following—
“at any reasonable time”;

Labour Tribunal Bill—committee stage

(2) by deleting subclause 4(c) and substituting the following—

"(c) require any person to produce at any reasonable time any records, books of account or other documents which the tribunal officer may reasonably consider to be relevant to the claim, and to examine and make copies of such records, books of account or other documents. "; and

(3) by deleting subclause (8).

The amendments were agreed to.

Clause 14, as amended, was agreed to.

Clause 15.

THE ATTORNEY GENERAL (MR ROBERTS): —I move that clause 15 be amended as set forth in the paper before honourable Members.

The first amendment to clause 15 will oblige the conciliation certificate required by clause 15(1) to be produced to the tribunal at least 24 hours before the date fixed for the hearing of the claim. This again is intended to ensure that no avoidable delay occurs in dealing with a claim.

With regard to conciliation, I would like to point out that the bill will not replace the conciliation machinery of the Labour Department which will continue to play an important part in the settlement of disputes between employers and workers as it does now. Conciliation by the department will be undertaken in future at two stages. Firstly, a conciliation officer will attempt to arrange a settlement of a claim before it goes to the tribunal at all. Usually, a claim will therefore reach the tribunal only if conciliation has been tried and has proved ineffective. Secondly, the tribunal officer will have to suggest to the parties that they should take part in conciliation and will report to the tribunal either that they have refused to do so, or that conciliation has been tried and failed.

The second amendment inserts a re-drafted version of subclause (2). The only substantial difference is that the presiding officer may only adjourn a hearing if all parties to the claim have agreed to the adjournment for the purpose of conciliation.

The bill at present enables the tribunal to adjourn a claim if it considers there is a reasonable likelihood of a settlement being agreed by some or all of the parties, but there is no requirement that all parties should agree to an adjournment and it is thought that this is desirable.

Proposed Amendments

Clause

15 That clause 15 be amended—

(1) by inserting after subclause (1) the following new subclause—

"(1A) A certificate under subsection (1) shall be filed with or produced to the tribunal not later than twenty-four hours before the date fixed for the hearing of the claim. ";

(2) by deleting subclause (2) and substituting the following—

"(2) During the hearing of a claim the tribunal may, subject to sections 16 and 30, adjourn the claim and notify the Commissioner in the prescribed form the adjournment and the reason therefor if—

(a) the tribunal is of the opinion that there is a reasonable likelihood of a settlement of the claim; and

(b) all parties to the claim have agreed to an adjournment for the purpose of conciliation.".

The amendments were agreed to.

Clause 15, as amended, was agreed to.

Clauses 16 to 22 were agreed to.

Clause 23.

THE ATTORNEY GENERAL (MR ROBERTS): —I move that clause 23 be amended as set forth in the paper.

This amendment adds a new subclause (2) to make it clear that a barrister or solicitor will have a right of audience before the tribunal if he is acting on his own behalf as a claimant or defendant.

There has been some misunderstanding of the effect of this clause, which deals only with the right of audience. This is a legal term,

[THE ATTORNEY GENERAL] **Labour Tribunal Bill—committee stage**

meaning the right to address the tribunal on behalf of yourself or of another and is not concerned at all with who can attend and listen to proceedings in the tribunal.

Clause 18 makes it clear that hearings will normally be conducted in public, so that anyone can go and listen to a claim being dealt with by the presiding officer.

Paragraph (e) of the proposed clause 23(1) requires the leave of the tribunal to be obtained by an official of a trade union or employers' association wishing to represent a claimant.

This requirement is thought to be necessary to ensure that a worker is represented by an official from the union to which he in fact belongs. Some control of this nature is desirable in the interests of unions, which would surely resent their members being poached by another union seeking to gain unfair credit at the expense of the union to which the claimant really belongs.

*Proposed Amendments**Clause*

23 That clause 23 be amended—

- (1) by being renumbered as subclause (1) thereof; and
- (2) by inserting after subclause (1) the following new subclause—

“(2) No barrister or solicitor, unless he is acting on his own behalf as a claimant or a defendant, shall have a right of audience before the tribunal.”.

The amendments were agreed to.

Clause 23, as amended, was agreed to.

Clauses 24 to 28 were agreed to.

Clause 29.

THE ATTORNEY GENERAL (MR ROBERT): —I move that clause 29 be amended by deleting the words "penal costs".

Some objection has been taken to the provision for penal costs to be awarded against a claimant and it is thought that this should be removed as it might constitute something of a deterrent even to those with legitimate claims to pursue.

*Proposed Amendment**Clause*

29 That clause 29 be amended by deleting ", including penal costs, ".

The amendment was agreed to.

Clause 29, as amended, was agreed to.

Clauses 30 to 45 were agreed to.

New clause 41A “Insulting behaviour”.

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

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, in accordance with Standing Order 46(6), I move that new clause 41A, as set forth in the paper before honourable Members, be read a second time.

At present the bill does not confer adequate powers on the tribunal to deal with insulting behaviour, failure to comply with orders to appear before the tribunal or to produce documents or with a refusal to comply with lawful requests by the tribunal officers or with wilful obstruction of them and the proposed new clauses 41A, 41B and 41C will deal with these matters.

Perhaps I could refer briefly to clause 41, which makes it an offence to induce a witness or party not to give evidence in a hearing before the tribunal.

This clause seeks to ensure that a party to a claim and his witnesses shall be protected against pressure. It would for instance be an offence for an employer to threaten a worker that, if he pursued a claim, he would be victimized in some way.

The clause is not intended to prevent a trade union from assisting a worker in his dealings with his employer, so long as this activity does not amount to an attempt to prevent a party or witness from giving evidence to the tribunal.

Question put and agreed to.

Clause read the second time.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that new clause 41A be added to the bill.

Labour Tribunal Bill—committee stage

Proposed Addition

Clause

"Insulting behaviour.

- 41A.** (1) Any person who, in any hearing before the tribunal,—
 (a) uses a threatening or insulting expression to or concerning or in the presence of a presiding officer; or
 (b) behaves in an insulting manner or wilfully interrupts the proceedings,

shall be guilty of an offence and shall be liable on summary conviction to a fine of one thousand dollars and to imprisonment for two months."

The addition of the new clause was agreed to.

New clause 41B "Punishment of witness for non-attendance and of person for non-production of document".

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

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that new clause 41B as set forth in the paper before honourable Members be read a second time.

Question put and agreed to.

Clause read the second time.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that new clause 41B be added to the bill.

Proposed Addition

Clause

"Punishment of witness for non-attendance and of person for non-production of document.

- 41B.** Any person who, without reasonable excuse, fails to comply with—
 (a) a subpoena served on him under section 20(2) to appear before the tribunal as a witness; or
 (b) an order under section 20(2) to produce any document, record, book of account or other exhibit,

shall be guilty of an offence and shall be liable on summary conviction to a fine of one thousand dollars."

The addition of the new clause was agreed to.

New clause 41C "Punishment for refusal to comply with request by tribunal officer to produce document and for obstruction of tribunal officer".

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

THE ATTORNEY GENERAL (MR ROBERTS): —I move that new clause 41C as set forth in the paper before honourable Members be read a second time.

Question put and agreed to.

Clause read the second time.

THE ATTORNEY GENERAL (MR ROBERTS): —Sir, I move that new clause 41C be added to the bill.

Proposed Addition

Clause

"Punishment
for refusal
to comply
with request
by tribunal
officer to
produce
document
and for
obstruction
of tribunal
officer.

41C. Subject to section 14(5), any person who—

- (a) refuses, without reasonable excuse, to comply with a lawful request made by a tribunal officer for the production to him of any records, books of account or other documents; or
- (b) wilfully obstructs a tribunal officer in the carrying out of duty under section 14,

shall be guilty of an offence and shall be liable on summary conviction to a fine of five thousand dollars."

The addition of the new clause was agreed to.

The Schedule was agreed to.

TELECOMMUNICATION (AMENDMENT) BILL 1972

Clauses 1 to 4 were agreed to.

Council then resumed.

Third reading

THE ATTORNEY GENERAL (MR ROBERTS) reported that the

Appropriation Bill 1972

Merchandise Marks (Amendment) Bill 1972

Telecommunication (Amendment) Bill 1972

had passed through Committee without amendment and that the

Offences Against the Person (Amendment) Bill 1972

Labour Tribunal Bill 1972

had passed through Committee with amendment and moved the third reading of each of the bills.

Question put on each bill and agreed to.

Bills read the third time and passed.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday 12th April 1972.

Adjourned accordingly at one minute past seven o'clock.