

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 13th December 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 (*Acting*)  
MR GRAHAM RUPERT SNEATH, QC, JP  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DONALD COLLIN CUMYNN 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, CBE, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE JOHN CANNING, JP  
DIRECTOR OF EDUCATION  
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES  
THE HONOURABLE JACK CATER, MBE, JP  
SECRETARY FOR INFORMATION  
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  
SECRETARY FOR HOUSING  
THE HONOURABLE LI FOOK-KOW, JP  
DIRECTOR OF SOCIAL WELFARE  
THE HONOURABLE WOO PAK-CHUEN, OBE, JP  
THE HONOURABLE SZETO WAI, OBE, JP  
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP  
THE HONOURABLE MRS 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 ANN TSE-KAI, OBE, JP  
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
THE HONOURABLE PETER GORDON WILLIAMS, JP  
THE HONOURABLE JAMES WU MAN-HON, JP  
THE HONOURABLE MRS MARY WONG WING-CHEUNG, MBE, JP

**ABSENT**

THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP  
DIRECTOR OF COMMERCE AND INDUSTRY

**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: —	
Buildings Ordinance.	
Buildings Ordinance (Extension of Operation of Section 30A) (Amendment) Regulations 1972 .....	246
Public Health and Urban Services Ordinance.	
Food Business (New Territories) (Amendment) Regulations 1972 .....	247
Stamp Duties Management Ordinance.	
Stamp Duties Management (Franking Machines) (Amendment) Regulations 1972 .....	248
Stamp Ordinance.	
Stamping and Denoting of Documents (Amendment) Regulations 1972 .....	249
Supreme Court Ordinance.	
Rules of the Supreme Court (Amendment) (No 3) Rules 1972 .....	253
Companies Ordinance.	
Recognized Stock Exchanges Order 1972 .....	254
Merchant Shipping Ordinance.	
Merchant Shipping (Trawler Survey) Regulations 1972 .....	255
Merchant Shipping Ordinance.	
Merchant Shipping (Fees) (Amendment) Regulations 1972 .....	256
Law Reform (Miscellaneous Amendments) Ordinance.	
Law Reform (Miscellaneous Amendments) Ordinance (Commencement) Notice 1972 .....	257
Sessional Papers 1972-73: —	
No 23—Annual Report of the Hong Kong Productivity Council for the year 1971-72 (published on 13.12.72).	
No 24—Annual Report by the General Manager, Railway for the year 1971- 72 (published on 13.12.72).	

*Subject*

No 25—Report by the Commissioner for Transport for the years 1970-72 (published on 13.12.72).

No 26—Annual Report of the London Office for the year 1971-72 (published on 13.12.72).

No 27—Report of the Brewin Trust Fund Committee on the Administration of the Fund for the year ending 30th June 1972 (published on 13.12.72).

No 28—Annual Report by the Director of Social Welfare for the year 1971-72 (published on 13.12.72).

No 29—Annual Report by the Director of Immigration for the year 1971-72 (published on 13.12.72).

No 30—Annual Report by the Commissioner of Inland Revenue for the year 1971-72 (published on 13.12.72).

No 31—Annual Report by the Commissioner of Prisons for the year 1971-72 (published on 13.12.72).

**Oral answers to questions****Sterling guarantee**

1. MR WOO asked: —

Is the Financial Secretary in a position to make a statement on his recent discussions in London on the Sterling Guarantee Agreement and the security of Hong Kong's sterling reserves?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): — Yes, Sir, but if I am to put my talks in London in November in perspective, I am afraid I shall have to speak at some length. I do not apologize for this. Our financial and monetary stability is fundamental to our well-being and I can well understand that honourable Members and the public at large wish to be assured that this Government has acted at all times to secure Hong Kong's best interests. This is always our purpose though our actual performance is sometimes under the control of prevailing circumstances and external events over which no individual Government can exercise very much influence.

May I begin, Sir, by reminding honourable Members of the historical background to the Hong Kong dollar's link with sterling?

[THE FINANCIAL SECRETARY]      **Oral answers**

Until 1935 Hong Kong had a variable exchange relationship with London because the sterling (or gold) value of the Hong Kong dollar varied with the price of silver. But this had the advantage of establishing a stable exchange relationship with China, whose currency was also based on a silver standard, and thus of preserving the stability of the entrepot trade on which Hong Kong's economy then largely depended.

When China abandoned the silver standard in 1935, Hong Kong followed. The note issuing banks were obliged to surrender all silver previously held by them against their note issues in exchange for certificates of indebtedness. The silver surrendered by the banks was used to set up an Exchange Fund which, from the outset, kept its assets in sterling, a not surprising move given the range of banking and investment facilities available in London. The Fund buys and sells sterling at fixed rates close to par—or did so until sterling floated—and thereby regulates the exchange value of the Hong Kong dollar.

The sterling area as it is known to-day came into being in the early days of the last war basically to ensure that the foreign exchange earnings of the Commonwealth were centralized for the common good. Hong Kong, then, became a member of the sterling area which, in effect, meant that the Government's reserves and the greater part of the reserves of the banking system *had* to be kept in London in sterling assets.

In 1935 the exchange value of the Hong Kong dollar was fixed at approximately one shilling and threepence, or at a rate of HK\$16 to the £ sterling; and, with the setting up of the International Monetary Fund after the war, the Hong Kong dollar was given a gold parity which reflected this rate. Together with most other sterling area currencies—and indeed those of a large number of other countries as well—Hong Kong followed Britain when sterling was devalued in terms of the US dollar in 1949. This strengthened the view widely held in commercial and banking circles that the relationship between the Hong Kong dollar and sterling was fixed. So much so that, for instance, it was not the custom for importers or exporters with sterling contracts to cover forward; and the authorized banks, required as they were by the exchange control rules of the sterling area to hold their excess liquidity in sterling, did not envisage an exchange risk.

So, although the relationship between the Hong Kong dollar and sterling was at no time a statutory one, but one that was established and maintained by the operations of the Exchange Fund, it came to be regarded as immutable. The Hong Kong dollar, if you like, was looked upon almost as an extension of sterling, despite the fact that the money supply was based on Hong Kong's own net foreign exchange

earnings (largely in US dollars) and an inflow of capital (largely from South East Asia).

In November 1967 when sterling was devalued by 14.3% Hong Kong was faced with the dilemma of *either* again following sterling down and letting the internal cost/price structure adjust to the new rate through inflation *or* of maintaining the cross rate with the US dollar and taking a loss on the Hong Kong dollar value of both the Government's and the banking system's sterling reserves. In the event, a compromise solution was adopted: the Hong Kong dollar was devalued by 5.7% in terms of the US dollar, that is to say, the old rate of HK\$16 to the £ sterling was changed to HK\$14.54. This compromise solution cost Hong Kong public funds about HK\$450 million, including *ex gratia* adjustment payments from the Exchange Fund to the commercial banks to compensate them for their losses. But it did allow us to limit the rise in our cost/price structure and it must be remembered that, in 1967, in contrast to 1949, very few countries even in the sterling area followed sterling down. At that time Hong Kong's recorded sterling assets amounted to £ 350 million.

After these events, both the Hong Kong Government and the Authorized Banks found themselves in a difficult position: on the one hand, the sterling area exchange control rules applied, thus effectively limiting our ability to diversify our external assets; on the other hand, if there were to be a further devaluation of sterling it seemed unlikely that Hong Kong would wish to follow suit, for our rate of exchange must be determined solely by reference to Hong Kong's own essential interests. In any case, even if we were ever to get into serious balance of payments difficulties, an adjustment in the rate of exchange would not, I am afraid, be a very appropriate way to deal with the situation because of our extreme dependence on foreign trade. Hong Kong's imports are equal to about 100% of the GDP and exports to about 85%. Thus internal expenditure is reflected directly in expenditure of foreign exchange; and the best—and indeed the automatic—corrective to any disequilibrium (either way) in our balance of payments is an automatic monetary deflation (or inflation) which adjusts the cost/price structure until equilibrium is restored at the existing exchange rate. There is a continuous process of adjustment of this nature. When the balance of payments is in deficit, the full deflationary impact of this automatic mechanism is, in practice, softened by the availability to the Government and the banks of substantial external reserves; and when the balance of payments is in surplus the inflationary impact of the automatic mechanism is to some extent limited by the issue of Hong Kong dollar currency only against the deposit of sterling and the requirement that the banks must maintain a liquidity ratio (cash/deposits) of 25%. As there are very few forms of liquid assets available internally (there is, for example, no short term Government debt

[THE FINANCIAL SECRETARY]      **Oral answers**

as a vehicle for liquidity) this means that the banks have to maintain substantial external reserves.

After the devaluation of sterling in November 1967, the British Government was faced with a possible break-up of the sterling area and yet was unable to finance a substantial movement out of sterling into other foreign currencies such as US dollars, because of Britain's own depleted reserves, and the fact that the devaluation took a long time to bring the balance of payments into surplus. So a line of credit of US\$2,000 million was negotiated with the Group of Ten (the so called Basle Agreement) which in turn enabled a free guarantee of the US dollar value of their official sterling reserves to be offered by the British Government to all members of the sterling area, including Hong Kong. This guarantee was in respect of all officially held sterling in excess of 10%. The guarantee was offered subject to each country maintaining a minimum proportion of its total official external reserves in sterling, roughly the proportion in sterling when the offer was made. For some countries the guarantee was for three years and for others (including Hong Kong) it was for five years from 25th September 1968.

Our Sterling Guarantee Agreement with the British Government includes provision whereby part of the banking system's sterling reserves are counted as official reserves for the purposes of the guarantee. The banking system's sterling assets differ in important respects from the Government's, both as to the purpose for which they are held and the form in which they are invested. They are held by a large number of banks, some large and some small; they fluctuate widely; and they must at all times be available to meet the banks' obligations, a large part of which are in the form of Hong Kong dollar liabilities. It was not easy to devise a system of bringing these funds within the protection of the Sterling Guarantee Agreement while retaining their essential purpose and character. The solution adopted was the Exchange Fund Guarantee Scheme whereby the Exchange Fund entered into a series of guarantee agreements with the banks which wished to participate. (To limit the cost of this scheme to the Exchange Fund those banks which did choose to join were required at all times to keep a substantial proportion of their external funds within the scheme). The operation of the scheme, coupled with exchange control restrictions on the Authorized Banks, meant that a very high proportion of the banks' external assets, which were steadily increasing anyway, came to be covered over the last four years.

I should like to emphasize here the main differences between the Sterling Guarantee Agreement with the British Government and the Exchange Fund Guarantee Scheme with the banks. Under the Sterling

Guarantee Agreement the British Government guarantees, without charge, the US *dollar value* of 90% of the eligible sterling held by the Hong Kong Government, including 90% of the eligible sterling owned by the banks and brought into official hands through the Exchange Fund Guarantee Scheme. Under this scheme—the Exchange Fund Guarantee Scheme—the Exchange Fund guarantees to the banks the *Hong Kong dollar* value of 100% of the sterling covered under the scheme and a small charge is made.

The Sterling Guarantee Agreement is first implemented if the sterling/US dollar rate falls below US\$2.40 by more than 1% for a continuous period of 30 days. Then the British Government is obligated to pay to the Hong Kong Government, for account of the Exchange Fund, sufficient sterling to restore the US dollar value of the guaranteed proportion of our official sterling reserves. Thus, providing there was no significant fall in the total of bank owned sterling assets between the date the sterling rate was floated and the date the rate first fell below US\$2.40 by 1%, the burden of adjustment payments *from* the Exchange Fund to the banks in respect of any fall in the rate below US\$2.40 would be largely met—to the extent of 90%—by compensation payments to the Exchange Fund by the Bank of England on behalf of the British Government. If the sterling/US dollar rate falls further and subsequent implementations are necessary the position is the same, provided again there has been no significant fall in bank owned sterling. The Exchange Fund Guarantee Scheme is implemented in respect of *any* fall in the fixed rate between the Hong Kong dollar and sterling. Adjustment payments have to be made to the participating banks so as to restore the Hong Kong dollar value of the sterling covered but, unlike the Sterling Guarantee Agreement which provides for continuous settlements, payments under the Exchange Fund Guarantee Scheme will be made in one amount when sterling ceases to float.

So, following the negotiation of the Sterling Guarantee Agreement, we remained locked into sterling. But, unlike the 32-year period from 1935 to 1967, an exchange risk was now explicitly recognized and covered. As it happens, the conclusion of the Agreement coincided with the beginnings of a period of rapid and sustained growth of our economy. As a result the sterling assets of the banking system increased from about £ 200 million at the end of March 1969 to about £ 360 million by the end of March 1972. At the same time substantial budgetary surpluses amounting in all to HK\$1,915 million in the four years 1968-69 to 1971-72 were realized and this money was largely invested in sterling securities, the rest being deposited locally with our bankers. As a result of this and other factors the Government's own sterling assets increased from £ 190 million at the end of March 1969 to £ 408 million at the end of March 1972.

[THE FINANCIAL SECRETARY] **Oral answers**

Meanwhile, in the late summer and autumn of 1971 the US dollar came under pressure in the world's foreign exchange markets. It was for this reason that we did not immediately take advantage of the lowering of the minimum proportion of our total official external reserves which we undertook to keep in sterling under the Sterling Guarantee Agreement. A general lowering of the MSPs by 10% (meaning in our case from 99% to 89%) was offered by the British Government as part and parcel of a renegotiation for a further two years from 25th September 1971 of the terms of the three year Sterling Guarantee Agreements and naturally this concession was extended to those countries with five year agreements.

The US dollar crisis was resolved by the Smithsonian settlement announced on 19th December. For a variety of reasons, which I explained at length in an adjournment debate in this Council on 5th January last, the Government decided to maintain the gold parity of the Hong Kong dollar, thereby revaluing against the US dollar by 8.57% and maintaining the then Hong Kong dollar/sterling parity. So this decision had no implications for the value, in Hong Kong dollar terms, of our external exchange reserves given that they are—or were then—almost entirely held in sterling. However, the British Government insisted that the sterling balances of all countries with whom they had entered into agreements remained guaranteed at US\$2.40, that is to say, that the new sterling/US dollar rate of US\$2.6057 was not applicable. Yet we immediately realized that any devaluation of sterling which was not followed by an adjustment of the sterling/Hong Kong dollar rate would mean that the Hong Kong dollar value of the banks' sterling assets would have to be restored through the Exchange Fund. This was the origin of many subsequent difficulties.

During the first half of 1972 our sterling reserves continued to rise: the export trend was weaker than in earlier years but so was the import trend, and other factors—tourism, invisibles and the capital account—exhibited continuing strength. By the end of May our sterling reserves stood at £ 803 million of which £ 418 million was on Government account and £ 385 million belonged to the banking system and was covered by the Exchange Fund Guarantee Scheme.

As soon as the 1972-73 budget was out of the way I went to London to clarify certain aspects of the 10% diversification facility accorded us in the previous September. With the agreement of the banks, I subsequently decided that the facility should be utilized solely in respect of Government owned sterling assets as the banks enjoy a 100% guarantee against a fall in the exchange value of sterling in terms of Hong Kong dollars; and there would have been technical difficulties in sharing this facility with the bank. I pressed, but unsuccessfully—



and so did several other Governments—for a revision of the rate at which the guarantee would be implemented and, failing this, for an early renegotiation of the Sterling Guarantee Agreement, the revised agreement to be for a further period beyond September 1973 and effective before the present Agreement expired. And, as I told honourable Members in this Council on 10th May last, I argued that the revised agreement should “reflect present day and not 1968 realities”. I meant by this that the guarantee rate should be the rate of the day and that our MSP should be further reduced.

Then came the sudden and unexpected decision of the British Government on 23rd June to allow sterling to float for the time being. While there had been some speculation that cost-push inflation, efforts to expand the British economy and the impact of entry into the European Economic Community would sooner or later require a downward revision of the Smithsonian rate of US\$2.6057, the reason for this decision was the large movement of funds out of sterling during the previous few days which the British Government did not consider justified by the objective facts of the country's balance of payments position.

At the same time, the British Government announced the extension of exchange control to Overseas Sterling Area (OSA) countries to prevent disruptive outflows of UK resident funds. Hong Kong became part of the External Account Area. In effect, the sterling area was dismantled and the barrier around sterling withdrawn from the sterling area as a whole to the British Isles.

The previous position was that sterling funds held by residents of OSA countries could not be transferred into foreign currencies except for genuine trading purposes. Since 24th June residents of OSA countries have been free to transfer their sterling funds into any currency for any purpose. Of course, in Hong Kong foreign currencies have always been purchasable in the free market operated by the non-authorized banks. But the immediate question which arose, now that the banks previously authorized to deal in foreign currencies (the so called Authorized Banks) did not have to hold their excess liquidity in sterling, was whether the Exchange Fund should continue to offer cover for further accruals of excess liquidity in sterling. The banks now had the choice, exchange control having ended, of placing their excess liquidity in sterling or non-sterling assets. Why therefore should the Exchange Fund offer cover, at any rate during the period of the floating of sterling, thereby adding to the risks assumed?

But a more immediate question to be answered was which of three options open to us should we follow during the floating of sterling, namely,

[THE FINANCIAL SECRETARY]      **Oral answers**

- (1) to remain linked to sterling at the then present rate of HK\$14.54 or at some other rate of our choice and thereby float with sterling;
- (2) to abandon the sterling link and replace it with a direct link with the US dollar;
- (3) temporarily to float the Hong Kong dollar independently with a view to establishing the true market valuation of our currency in relation to other currencies.

As is now a matter of history we decided that the best course to adopt in the long term would be the setting of a new fixed rate between sterling and the Hong Kong dollar, for the fact is that Hong Kong's monetary system is closely linked to sterling and the greater part of our reserves is, as a matter of fact, in sterling. However, to have adopted this course straight away would have had the disadvantage that the Hong Kong dollar would still be floating with sterling, albeit at a different rate; and so we decided, as an interim measure, to establish a direct link with the US dollar at a little below the cross rate established in December last year. Thus we insulated the Hong Kong dollar from the effects of the floating of sterling.

Before the floating of sterling the cross rate between the Hong Kong dollar and the US dollar only moved in response to the movements of the sterling/US dollar rate within the band of 4½%. But with the Hong Kong dollar linked directly to the US dollar the rate could move in response to market forces affecting the Hong Kong dollar as such. As with any economy, there are always differences of timing between purchases of foreign currencies by our importers and other traders and the sales of such currencies by our exporters which causes the rate to move for short periods in either direction. But under the rules of the International Monetary Fund the rate has to be contained within a 4½% band and so the Hong Kong Government is now obliged, whenever necessary, to maintain the rate within the band by selling US dollars for Hong Kong dollars when the rate approaches the lower limit of HK\$5.7771 and selling Hong Kong dollars for US dollars when it approaches the upper limit of HK\$5.5229.

A decision to delay the re-establishment of a new fixed rate between the Hong Kong dollar and sterling meant that the Exchange Fund Guarantee Scheme with the Hong Kong banks could not be implemented and, as the floating of sterling continues, we still do not know the extent of the liability of the Exchange Fund to restore the Hong Kong dollar value of the banks' holdings of sterling assets. But, so far, with the sterling/US dollar rate at around US\$2.35 the cost is £ 46 million *less* about £ 9 million in respect of payments due under the Sterling

Guarantee Agreement for the loss on 90% of eligible assets between US\$2.40 and US\$2.35 and less about £ 1 million, being charges levied on the banks for cover. This amounts to a net loss of about £ 36 million (or HK\$478 million).

Similarly, we do not yet know the exact extent of the loss in the Hong Kong dollar value of the sterling assets used to cover the note issue and the loss in the Hong Kong dollar value of the sterling assets belonging to the General Account, the Coinage Security Account and the Rehabilitation Loan Sinking Fund but, at US\$2.35, the loss is about £ 38 million. After allowing for compensation payments for the loss on 90% of the assets between US\$2.40 and US\$2.35, which amount to £ 7 million, the net loss is about £ 31 million (or HK\$412 million).

Meanwhile, we were concerned about the future: in the short terms up to the re-fix of sterling and in the longer term. By 6th July, the day on which we announced the linking of the Hong Kong dollar with the US dollar, total sterling balances amounted to about £ 900 million, an increase of £ 97 million since the end of May and largely due to an increased demand for cover from the banks. Pending clarification of the British Government's intentions for the future we told the banks that, whereas their 6th July sterling positions would remain covered, further accruals would not be accepted for cover. By this decision we at least limited the amount of bank sterling covered, since honourable Members will appreciate that on all bank sterling guaranteed the Exchange Fund remained at risk between US\$2.6057 and US\$2.40. Moreover, the extension of the scheme to accruals would, in the absence of a fixed sterling/Hong Kong dollar rate, present considerable technical difficulties. The British Government accepted that, in the new situation, we had no obligation to add further bank funds to our total official external reserves and with it an obligation to maintain a proportion (89%) of such further additions in sterling.

Honourable Members will recall that soon after the British Government decided to float sterling, six teams of officials were sent out to sterling area countries to discuss the future of the Sterling Guarantee Agreements in the light of the new circumstances then prevailing. We held discussions with the team which visited Hong Kong between 14th and 17th July. I was at pains to point out to the team that, as sterling floated down from US\$2.6057, the value of our external reserves (which are largely in sterling) fell in relation to other currencies and in terms of the Hong Kong dollar; and I explained our views as to how our position should be protected, both during the remaining period of the float and after sterling had re-fixed with the US dollar. We had in mind a new agreement to replace the present Agreement and to run through perhaps to 1975.

[THE FINANCIAL SECRETARY] **Oral answers**

At that time we expected the discussions to be resumed at an early date, but some other sterling area countries were not willing to commit themselves to an early re-negotiation and the British Government, for its part, was not willing to deal with some countries only. We regarded this situation as entirely unsatisfactory from our point of view and kept up a telegraphic correspondence with London stressing the need for an early resumption of the July talks. As part of this process I called on Treasury officials in London in September. I said that, provided the terms were right, we were willing to enter into another agreement for a period of, say, three years; and that, while we understood that there might be good reasons why other countries did not wish to commit themselves at that stage, their positions were different to Hong Kong's and their needs likewise. For instance, the minimum proportions of their external reserves (their MSPs) which have to be kept in sterling are much lower than Hong Kong's 89%.

So we kept on representing to the British Government that, if the Sterling Guarantee Agreements could not be renegotiated before the spring of next year so that all concerned would know where they stood, then at least the British Government should recognize that we were placed—and through no fault of our own—in a peculiarly difficult position. Both the Hong Kong Government and the banks faced the possibility of having a large unprotected sterling position at the expiry of the present Agreement, for it was impossible to forecast whether a new agreement on acceptable terms could be negotiated; and if it could not, there would be little time to re-deploy some of our locked in sterling assets so as to spread our exchange risks. We regarded, and still regard, a satisfactory new agreement as the best solution (even though it might mean taking powers to control the banks' foreign currency holdings) since we could then continue to enjoy the advantages of investing in the London gilt edged market without risk. However, in the situation facing us it seemed wiser not to wait for the re-negotiation, but to make an alternative arrangement.

Eventually, further talks were arranged in London last month and the outcome was an arrangement whereby, just as we are now under no obligation to take further accruals of bank funds into official hands and cover the amounts concerned through the Exchange Fund Guarantee Scheme, which is between the Hong Kong Government and the banks, so it was accepted that, if they wished, the banks holding the largest amounts could start to take some of their sterling assets out of the Scheme, subject to certain perfectly reasonable safeguards. This arrangement means that the figures of both official external reserves and total sterling reserves used for the purposes of the Sterling Guarantee Agreement will fall by equal amounts and does *not* affect, in any way, the Hong Kong Government's obligation under the Agreement

to maintain the MSP at 89%. But it does mean that the automatic channelling of bank funds into sterling assets which the 1968 Agreements brought about and which was halted by our action in July this year can now be partially reversed. In other words, a part of the banks' sterling reserves which has been classified as official sterling reserves for the purposes of the Sterling Guarantee Agreement will revert to its former private status and will no longer be guaranteed.

After an initial plunge which defused the speculative pressures which gave rise to the decision to float sterling in the first place, the sterling/US dollar rate hovered around \$2.45 for some 10 weeks and then at the end of September the rate began to fall again until it went below the trigger point of \$2.3760 on 24th October and remained there for a continuous period of 30 days. Accordingly, on 23rd November the British Government announced that the guarantee would be implemented and called for the necessary returns of total official external reserves and actual sterling assets held on the appropriate dates. The closing rate on the 23rd November was US\$2.3506 and the first adjustment payments from the British Government will be based on this rate. If the rate should fall below this level by more than 1% for further periods of 30 days further adjustment payments will be due. Contrariwise, if there is any recovery before the establishment of a new fixed rate with the US dollar, refunds will have to be made. But, even after the re-fix, the guarantee will remain in force until 24th September 1973.

So within the limits of the present Agreement (the operative rate of US\$2.40 and 90% cover) the floating of sterling has in no way affected our rights under the Agreement (or our obligations in respect of the MSP). But, of course, the revaluation of sterling in December 1971 followed by the float downwards has cost us dearly between US\$2.6057 and US\$2.40 and so, as I say, we have all along pressed the British Government for early clarification of their intentions after September 1973. In addition, I shall be making it clear to the banks that any resumption of cover under the Exchange Fund Guarantee Scheme after the re-fix will be on revised terms, that is to say, the charges levied will have to reflect the risk taken by the Exchange Fund, taking into account all the circumstances at the time.

Sir, the value of the sterling assets held by the Hong Kong Government, including those bank owned assets guaranteed under the Exchange Fund Guarantee Scheme, at the time of the float was approximately £ 900 million. The whole of the loss in Hong Kong dollar terms resulting from this complicated and quite unforeseen sequence of events following the decline in the value of sterling from US\$2.6057 to US\$2.40 and amounting to approximately HK\$890 million falls on Hong Kong public funds. This figure cannot be exact because not only is the rate fluctuating, but also the amounts held are changing daily. Nevertheless,

[THE FINANCIAL SECRETARY]      **Oral answers**

it presents an accurate enough picture. It means, of course, that the Government's surplus available for spending on future projects is correspondingly reduced for two reasons: in the first place, the free surplus in the Exchange Fund (that is, the amount in excess of that required to maintain the assets of the fund at 105% of the note issue) will be largely used up in adjustment payments to the banks (but let me hasten to add that the purpose of the Exchange Fund is to regulate the exchange value of our currency); and, secondly, the Hong Kong dollar value of the sterling assets held on account of the General Account has been reduced. I estimate that the Colony's *fiscal* surplus is at this time about HK\$3,000 million, compared with HK\$3,900 million at 31st March. I am ignoring for the purposes of this calculation any fall in the market value of our securities, on the one hand, and the surplus accumulated so far in this year's accounts, on the other.

But these losses must be viewed against the advantages we have received from having invested in sterling. Interest rates in London have in general been higher than elsewhere. If one were to take those rates as 1% per annum higher (and I would have thought that the differences have been greater than this) over the five year period since the last sterling devaluation, the extra interest would amount to around £ 30 million. This goes some way towards offsetting the capital loss we have now suffered. It is a fact that all countries with overseas reserves to invest find the choice of currency a difficult one. Those who chose the US dollar, for example, suffered a loss of 8.57% in December 1971 and such holders have no guarantee against further loss. Our Sterling Guarantee Agreement and its extension to the banks through the Exchange Fund Guarantee Scheme has, in the event, afforded us inadequate protection, but it has proved better than no guarantee at all.

Hong Kong's external reserves are still largely held in sterling securities. But, as a result of the arrangement just negotiated with the British Government the historical and technical factors which have led the banks to continue to increase their sterling assets have been in part reversed. It is, of course, possible to select a currency that seems more likely to appreciate than depreciate, in the short term. One difficulty here is that we as a Government tend to invest in the medium and long end of the market in order to maximize earnings and what may appear correct in the short term may prove very wrong in the longer term. In the uncertain foreign exchange markets of recent years it has just not been possible to move substantial sums from one currency to another quickly without unacceptable loss, so that decisions have had to be taken with the longer term in mind. A further difficulty in the way of a rapid diversification policy is that those currencies thought by the market in general to be under rather than over valued

are naturally in short term demand. The result is that interest rates are extremely low or even negative and the Governments concerned impose restrictions to deter overseas investment in their currencies. Thus the attractions of switching out of sterling on a major scale, at least until September 1973 when the present Agreement expires, are small.

Nevertheless as suitable opportunities occur we are and have been reducing the proportion of our reserves held in sterling to take advantage of our 10% diversification facility. This has necessarily been a slow process because nothing would have been gained by switching out of sterling into other currencies in anticipation of a depreciation in the value of sterling to its guarantee level of US\$2.40 unless the benefits from such movements were likely to be sufficient to at least offset losses in earnings resulting from the interest rates in other financial centres being generally much lower than London. Some sales of gilt edged securities have been made to provide funds for buying foreign currencies but, because the London gilt edged market has been weak it would not have been, for obvious reasons, prudent to make large scale sales of gilt edged securities. As sterling fixed deposits and other investments mature we have switched these into foreign currencies, and our sterling interest earnings, which are in excess of £ 30 million a year (about 12% of recurrent revenue) have been similarly reemployed outside London. While the sterling/US dollar rate is below US\$2.40 we run the risk of incurring a further loss in the value of our overseas reserves if we switch out of sterling. This is because sterling switched into other currencies while the guarantee is operative would cease to be eligible for adjustment payments if the average rate of exchange does not fall by 1% or more between the relevant settlement dates. For these reasons we have had to slow down our diversification programme since 25th October, the date the sterling/US dollar rate fell below US\$2.40 less 1%.

Sir, it is almost exactly a year since the Smithsonian settlement announced on 19th December 1971. It has been an exceptional year in the international monetary field and for Hong Kong many of the decisions taken in the financial capitals of the world have had a very special significance. Yet, while our reserves have suffered serious losses in US dollar and Hong Kong dollar terms, it is a tribute to the underlying strength of our position that confidence in the exchange stability of the Hong Kong dollar remains unimpaired, and I hope honourable Members will bear this in mind when making their own assessment of the Hong Kong Government's management of our monetary affairs over the past few years.

**Oral answers****Commemorative postage stamps**

2. DR CHUNG asked: —

What is Government's policy in issuing commemorative postage stamps? Is it Government's policy to issue no more than three special stamps a year and, if so, will Government explain the reasons for such quantitative restriction?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —The honourable Member, Sir, has referred to commemorative issues of postage stamps and to special issues. There are in fact three kinds of issues — definitive, commemorative and issues to mark special occasions, and the latter include international issues such as those commemorating, for instance, the hundredth anniversary of the Universal Postal Union of which we are a member.

A definitive issue, which is a redesign of the whole range of stamps, is something which is done only occasionally—and I can perhaps announce now that there will be one such issue next year. A commemorative issue, or an issue to mark a special event, is usually confined at the most to three times a year, and in years in which there is a definitive issue the special issue, if I may so describe it—using the honourable Member's own words—is usually confined to one. I must remind the honourable Member that it takes at least eighteen months planning from the conception of the idea of an issue to the sale of the stamps.

Experience has shown that the frequent issues, or issues which are hardly justified by the event, are counter-productive and lead to a falling off in the interest of philatelists and purchasers of first day covers of an administration's stamps.

The present policy is that the limit should in normal circumstances—that is to say when there is not a definitive issue—be not more than three new issues in any one year. We aim to work within this.

DR CHUNG: —Sir, is this policy the Hong Kong Government's policy?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Yes, Sir.



### Street cleansing and refuse disposal

3. MR WU asked: —

In view of the labour shortage and high wages, what urgent steps are being taken by the USD to modernize and improve on methods and system in street cleansing and garbage disposal?

MR ALEXANDER: —Sir, I am glad to be able to report that since the introduction of the recent increase in wages and obnoxious duty allowance, there has been a marked improvement in the recruitment of labourers for the Cleansing Division of my Department. Where earlier in the year, we had 300 vacancies, we now have only 50. However, the rate of turnover remains high.

My Department is continually seeking ways and means of modernizing and improving on its present methods of street cleansing in order to move away from the labour intensive organization we now have. But there are limitations to what we can do as will be seen from the extract of my speech yesterday at the Urban Council debate—which I now table. We ourselves recognize the present shortcomings and need no prompting in our search for improvements which might be feasible in the Hong Kong situation.

With regard to the final disposal of refuse, the present methods of incineration and controlled tipping are internationally accepted. But as Members are no doubt aware, there is considerable difficulty in Hong Kong about finding suitable sites both for incinerators and for dumps. I can assure Members, however, that intensive action has been taken by the departments concerned in order to solve this problem.

MR WU: —Sir, can my honourable Friend the Director of Urban Services inform the Council about the existing way of employing labourers and about the supervision of, and the incentives for, such labourers?

MR ALEXANDER: —The majority of staff, Sir, are monthly employed. The labourers are controlled by various supervisory grades of gangers and foremen with above that various grades of inspectors. The incentives for the labourers, particularly in refuse collection and obnoxious duties, are a \$45 per month allowance in addition to cost of living allowance which runs at about \$45 a month at the moment also.

**Oral answers****Urban Council**

4. MR WANG asked: —

Will Government report to this Council the progress made in implementing the policy outlined in the White Paper on the Urban Council?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, drafts of the necessary legislation, which include a bill to replace the Urban Council Ordinance, have been agreed or are being discussed with the Urban Council and a bill should be introduced into this Council early next year.

Detailed proposals about the handling of financial matters and about public works procedures have been drawn up for discussion with the Urban Council later this month or in early January.

This is the kind of programme which is always in danger of slipping, but it is being carefully monitored and I have no reason to believe that the target date of 1st April should not be met.

**Kaitak Airport Terminal development**

5. MR WILLIAMS asked: —

Will Government say what progress has been made on Stage IV of the Kaitak Airport Terminal development?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): — Sir, the Stage IV development of the passenger terminal building at Hong Kong Airport is intended to expand the existing terminal facilities to roughly double their present capacity, namely, from two thousand two hundred passengers per hour to just short of four thousand passengers per hour. The total cost of the whole project is now estimated to be about HK\$150 million.

Because of the magnitude of the works involved and the fact that the building must continue to operate throughout the construction period, the project has been carefully planned in at least three phases. Briefly, these are:

- (a) *Phase I*, which is designed to increase the capacity of the "air-side" of the terminal by enlarging the available waiting area for passengers. It also provides for three additional nose-in parking positions for Boeing 747 or smaller aircraft.

- (b) *Phase II*, which is concerned entirely with the "land-side" of the terminal. Its main feature will be the construction of a multi-storey car park to accommodate about 800 cars. There will also be a re-arrangement and improvement of the facilities used by arriving passengers and visitors to the airport.
- (c) The remaining works come under Phase III and are expected to double the physical size of the building. They will include additional office accommodation, check-in facilities, and enlarged customs, immigration, health inspection and baggage reclaim areas. This phase also provides for the addition of a second part to the multi-storey car park.

Sir, when I spoke to this Council on the occasion of the tabling of the annual report of the Tourist Association in July 1971, I said that it was the Government's intention to seek the agreement of Finance Committee to the upgrading of Phase I of this new project to Category A of the Public Works Programme and that it was also intended to suggest that Phase II should be upgraded to Category B status with a view to completing both Phases I and II by the end of 1975. I also spoke of the remaining works (which for convenience I have grouped together as Phase III) and stated our intention to seek the creation of a separate Category B item to cover these.

Progress in accordance with this outline plan has in fact been made in the intervening time. Phase I entered Category A in August 1971 and work on it started during the summer. Phase II was upgraded to Category A at the end of November this year and work is expected to begin in mid-1973. The preparation of sketch plans and estimates for the works in Phase III is not yet sufficiently advanced for the Category B item to be upgraded to Category A, but I hope it will be possible to seek the advice of the Public Works Sub-committee during 1973.

Sir, I hope my honourable Friend will agree with me that the works which have been authorized are proceeding satisfactorily and my honourable Friend the Director of Public Works has told me that he is confident that both Phases I and II will be completed by the target date at the end of 1975.

### **Non-commercial marks**

6. DR CHUNG asked: —

Is Government aware that marks and logograms (such as those used by the Hong Kong Festival, the Metrication Committee and the Productivity Centre) which are not for trade

[DR CHUNG]     **Oral answers**

purposes cannot be registered under the present Trade Marks Ordinance, and will Government consider introducing legislation to protect the use of these non-commercial marks?

THE ATTORNEY GENERAL (ACTING) (MR SNEATH): —Sir, I must confess to being fooled for a moment by my honourable Friend's question about the protection of logograms, and indeed I wonder what the translator is making of that word. I thought for a moment that the protection of logograms, if that were a cousin of the dugong, should be dealt with under the Protection of Wild Birds and Wild Mammals Bill, Sir. (*Laughter*). But, however, as I am not sure that I approve of levity on the part of the Attorney General, I'll do my best to go on to answer the question.

A number of non-commercial marks, emblems, badges and logograms do have protection under legislation: for example, the badges worn by our Boy Scouts and Girl Guides, the emblem of the Hong Kong Tourist Association, the universally known Red Cross, and that of the St John Ambulance Brigade and our own Federation of Hong Kong Industries are all so protected. If any organization with its own distinctive emblem or badge feels that protection is needed, then consideration would be given to affording that protection by legislation.

In each case, of course, we would have to consider first the need and also whether copyright law afforded sufficient protection. In short, Sir, the answer to the question is yes, Government would consider introducing legislation if it were shown that a need existed.

### **Parking meters**

7.   MRS SYMONS asked: —

Will Government explain the policy underlying the installation of parking meters in certain streets in preference to others, and the variation in the parking charges levied?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, only a limited amount of kerbside parking space can be made available in certain streets if parking is not to cause unacceptable traffic congestion. The purpose of meters is to ration this parking space fairly amongst genuine short term parkers and, ideally, to provide a small vacancy rate so that those looking for short term parking spaces are able to find one without too much difficulty. To achieve this, charges have

to be set at a high enough level to discourage long term parkers from trying to monopolize the spaces instead of parking *off-street* as they should.

Most of the existing 7,500 parking meters are in the central parts of Hong Kong and Kowloon. But, when new parking meters which are on order have been delivered, it is intended to install meters in other areas, including parts of the New Territories. It is also intended to install meters on roads around multi-storey car parks. Decisions on where new meters are to be put are worked out jointly by the Highways Office of the Public Works Department, the Police Traffic Branch and the Transport Department.

As regards meter charges, ideally these should be based on the demand in each area and the need to maintain the small vacancy ratio I have just mentioned. Thus, for instance, it should be expected that charges will be higher in the central districts than further out. This policy may not be apparent at the present time because we are still in a transitional period following the introduction of regulations earlier this year to provide for higher charges. I referred to these regulations in my statement in this Council on parking charges generally on 7th June last. Some existing meters will be changed to the new rates as and when conversion parts arrive, but it may take two years or even a little more to complete the conversion of all existing meters and to install new ones in additional areas. The regulations I have referred to also provide for the extension of hours of operation from 7 p.m. to midnight, but this is only applicable in cases where this fact is stated on a metal plate attached to the meter. The work of changing the plates is proceeding but obviously it cannot all be done at once. For the moment, therefore, I would advise motorists to look carefully at the metal plate on each meter before they attempt to put in a coin.

There are also variations in the chargeable periods for meters, that is the period during which a vehicle can stop at a meter for a single charge, depending on the area where they are situated. These periods are at present being examined with a view to revision. I should perhaps add that so called "meter feeding", that is putting in a fresh coin when a parking period has expired without moving the vehicle, has become a very common practice. This tends to frustrate the purpose of parking meters to provide short term parking. Consideration is therefore being given to the introduction of legislation to make meter feeding an offence.

### **Sheung Shui tanneries**

8. MR LOBO asked: —

Will Government make a statement on the present position of the Sheung Shui tanneries?

### Oral answers

MR BRAY: —Sir, the position regarding the Sheung Shui tanneries is as follows: 21 tanneries have already deposited sufficient land exchange entitlements to enable the allocation to them of sites in the offensive trades area in Kwai Chung. During the period required for the completion of land allocation formalities and the building of new factories, these tanneries will be permitted to continue in business at Sheung Shui but will, whilst there, be required to comply with certain special conditions designed to minimize, as far as is practical, problems of pollution. They will, furthermore, have to meet a series of deadlines set to ensure steady progress towards completion of the new factories and failure to meet these will lead to their immediate clearance from Sheung Shui. The remaining 34 tanneries, who were unable individually to acquire land exchange entitlements, have now found it possible to combine into 2 or 3 consortia with better prospects of being able to obtain the necessary finance. They have until the 31st December 1972 to do this and if they succeed will be treated in the same way as the first group. If they fail, there will be no alternative but to clear them.

It has, Sir, been generally recognized for some little time that the continued existence of large scale offensive undertakings outside properly designated areas set aside for these purposes cannot be permitted. There is a need for more offensive trades areas and plans already exist for a number of large sites to be set aside. No new offensive trades will be allowed to establish themselves elsewhere. But the Sheung Shui tanneries have been in operation for a long time, some of them for more than twenty years and certainly since well before the problems of pollution became so evident and so pressing. It is for this reason that the Government has given the operators every chance to re-establish themselves in conditions environmentally acceptable. If at the end of the day we end up with a number of modern tanneries in the Kwai Chung offensive trades area in place of the obnoxious mess at Sheung Shui, we shall have achieved something; but in any event we feel that we have now gone as far as we can to accommodate the smaller operators who are bound to have difficulties in operating on an acceptable basis.

### Aldrich Bay squatters

9. MR WONG asked: —

In view of the appalling and overcrowded conditions of the squatters at Aldrich Bay who are scheduled to be resettled at Hing Wah Estate, Phase II, would Government consider taking special measures to speed up the construction which was reported to take three years?

MR LIGHTBODY: — Sir, I agree entirely with my honourable Friend's description of the conditions in which squatters are living at Aldrich Bay. However, the Public Works Department assures me that the contract work on Phase II of Hing Wah Estate is proceeding as fast as possible, and I regret therefore that it will not be possible to bring forward the date for their rehousing. The first blocks should be ready by the end of 1974.

MR WONG: — Sir, has Government considered, or will Government consider, the payment of bonuses in order to expedite public works, the need of which is acute?

HIS EXCELLENCY THE PRESIDENT: — This, I think, is another question which you might wish to put to the Director of Public Works in due course.

### **Refuse collection at Main Road, Aberdeen**

10. MR LOBO asked: —

Will the Director of Public Works state when a site will be made available for replacement of the temporary refuse collection point at Main Road, Aberdeen?

MR ROBSON: — Sir, as I said in my reply to a similar question in this Council on the 19th of July this year, a site at Tsung Man Street is under consideration but the precise location of it has not yet been fixed. You will, no doubt, appreciate that it is extremely difficult to locate refuse collection points in places where they will not be found offensive by anyone and I fear that if the collection point was developed in the area proposed, complaints would be received from owners of adjacent properties zoned and used for residential purposes and a school. Honourable Members will no doubt recall seeing comments in the press concerning a refuse collection point at Causeway Bay which has been found objectionable by members of the public, with whose comments I agree, Sir, but there is no other site in the Causeway Bay area available for the purpose. A similar situation is the case in Aberdeen. The problem therefore, is not only one of the point at Aberdeen but the overall implications of establishing refuse collection points Colony-wide.

### **Emergency traffic diversion signs**

11. MR WANG asked: —

Can Government consider the posting of emergency diversion signs at appropriate road junctions to advise drivers well

[MR WANG]      **Oral answers**

in advance at those times when there is traffic congestion on the road ahead? For instance, when the Lion Rock Tunnel is congested, could a sign be posted to advise drivers to take an alternative route?

MR CATER: —Sir, I think that what my honourable Friend has in mind is the need for diversions caused by unexpected developments such as accidents, fires or unusual and exceptional traffic volumes rather than diversions associated with major road works or traffic management schemes which can be, and are, planned ahead.

The trouble with these emergency diversions is that they are, and by their very nature, unexpected and unpredictable in their location and timing. They may, for instance, last only an hour or so or for only a small part of the day. This means that the arranging and signposting of diversions has to be organized by the Police at short notice and on an *ad hoc* basis in conditions when the erection of advance warning signs can sometimes be difficult. Furthermore, whether or not the congestion can be foreseen, such is the volume of traffic on our roads that all too often there is no suitable alternative route to which the traffic can be diverted. Despite these difficulties, however, I can assure my honourable Friend that the Police are doing their best to erect the appropriate signs in conditions where such action is feasible.

My honourable Friend has specifically mentioned the Lion Rock Tunnel, where congestion can occur at certain limited, but specific, times, especially on Sundays. In this case I can report that the situation has been examined by the competent departments and that a control system is being set up which it is hoped will considerably ease the problem. "Tunnel closed" signs have been erected at the Tai Po and Lung Cheung Road junctions on the approaches to the Lion Rock Tunnel. These can be illuminated from the tunnel control room whenever the tunnel is closed or it is necessary temporarily to divert traffic to avoid congestion in the tunnel. In addition work is in progress to construct an interchange at the junction of Lung Cheung Road and Waterloo Road to relieve traffic congestion near the entrance to the tunnel. Whilst this work continues, however, congestion is bound to be worse, particularly at peak periods and weekends.

Another example which has often been quoted is that motorists driving into Central from the Repulse Bay area might be diverted at the Stubbs Road/Tai Hang Road roundabout to go down Blue Pool Road if, say, there were an obstruction on Queen's Road East. In practice, however, it is usually the case that the alternative routes are fairly saturated at peak periods with vehicles trying to get to Central.



My honourable Friend may well feel that this is not a particularly helpful answer, but I can assure him that the departments responsible, and especially the Police, will continue to do whatever is practicable to improve the situation. And for my part, I, as Secretary for Information, will ensure that any such measures taken by them are made known to the public and, particularly, the motorist.

MR WANG: —Sir, I thank the Secretary for Information for a very well informed answer.

### **Modular market at Hing Wah Estate**

12. MRS SYMONS asked: —

Would Government give some reasons as to why the modular market at Hing Wah Estate, Phase I, is still empty whereas it was completed some eighteen months ago?

MR LIGHTBODY: —Sir, although it is true that the modular market at Hing Wah Estate was completed about eighteen months ago the estate blocks have been fully occupied only in the last month or so, and as recently as August this year the estate was only 80% occupied. In this situation it is better to have the residential blocks more or less fully occupied before leasing the market stalls.

The original intention was to give first priority in allocating these market stalls to tenants living in the estates, which meant waiting until the estate was filled. However, in this case it was felt that there would be merit in using these market stalls to solve some of the problems presented by hawkers trading in the nearby Chai Wan Estate. More recently it has been suggested that the problems presented by hawkers in this area generally, whether trading inside or outside the resettlement estate, should be looked at overall before deciding how best to allocate the market stalls in the Hing Wah Estate. A survey of hawkers in the area is proceeding and should be finished within this week, after which there will be a joint study by Resettlement and Urban Services Department staff with a view to putting agreed proposals to the appropriate Select Committee of the Urban Council at its meeting in January next.

MR CHEUNG: —Sir, why was there any intention to allocate the stalls to particular tenants at all? Why were they not open to hawkers at large?

MR LIGHTBODY: —Sir, the reason is simply that in many of the older resettlement estates and especially in the adjoining—I repeat,

[MR LIGHTBODY]     **Oral answers**

*adjoining*—Chai Wan Estate there has been for many years a most intractable hawker problem. Now there is no way of wishing the hawkers away; they provide a service and we recognize that their service has to be continued. In this situation the feeling was—I think very sensibly—that these stalls in Hing Wah should best be used to solve some of the problems in the adjoining Chai Wan Estate to allow, in fact, an organized clean-up re-ordering of that estate to proceed.

### **Proposal for a bridge at Lei Yue Mun**

13. MR SZETO asked: —

Would Government consider the construction of a bridge across Lei Yue Mun to further improve road transport between Kowloon and the Island?

MR ROBSON: —Sir, as my honourable Friend may be aware, the Long Term Road Study Report published in 1968 clearly established that cross harbour movements would increase to such an extent that a second harbour crossing by road would be necessary in the future. I personally hold the view that Lei Yue Mun is the obvious place to provide a second crossing of the harbour if this desire is to be met, though admittedly there are problems connected with the ships and aircraft which both pass through or over this gap.

There have been preliminary discussions between myself and the Directors of Marine and Civil Aviation and it seems possible that, in terms of the height to be adopted, an acceptable compromise might be reached for the construction of any future bridge. Nevertheless, before consideration can be given to the inclusion of a works item in the Public Works Programme for a project of this magnitude, it is necessary to assure ourselves that a bridge will not have an adverse effect on other important considerations such as air safety and, in particular, the integrity of the Instrument Landing System for the Hong Kong Airport.

Consideration is therefore being given to the inclusion of an "investigation" item in the Public Works Programme with a view to finding out whether the construction of a bridge is feasible within the restrictions imposed by marine and aviation requirements.

MR SZETO: —Sir, in the light of the last part of my honourable Friend's reply, would he propose to Government soon that it puts to the Public Works Subcommittee an investigation item for the construction of this bridge? And since my honourable Friend has said that Lei Yue Mun is the obvious place for the building of this second

crossing, can he tell us what will be its advantages for the second crossing and what will be the restrictions imposed by marine and aviation interests?

MR ROBSON: —Can I deal with the second part of the supplementary first, Sir. I feel that Lei Yue Mun is the obvious place for the bridge because it is the closest link between two centres of population—the population on Hong Kong Island is moving to the east, the population in Kowloon is building up in the east; you have over a million people in Kwun Tong; you have, shall we say, more than half the population of Hong Kong going to the east. At the present this communication—this demand for communication—must take place through the Kai Tak corridor, which is the bottleneck in Kowloon. A bridge at Lei Yue Mun would therefore attract traffic away from this bottleneck as well, of course, as providing a much needed communication link between the two centres of population.

But there is another reason why I thought of Lei Yue Mun. If a second crossing is required, it will either have to be a bridge at Lei Yue Mun or, perhaps, another tunnel to the west. A tunnel will cost, at 1971 prices, about \$500 million; a bridge has been estimated to cost only \$100 million. So there is quite significant financial savings.

However there are problems in constructing the bridge because aircraft must clear the bridge safely and ships must go underneath it. The International Civil Aviation Organization make recommendations for the design of airports and, working on their recommendations, a bridge would have to be not more than, say, 200 feet-220 feet in actual fact—in height at this point. But in fact the hills adjacent to the bridge are much higher than this at the present moment and we are excavating them down under the present contract for the runway. We hope to get the hills down to about 307 feet, which is still higher, of course, than the recommendations of ICAO. Nevertheless, I would not recommend that bridges are made higher because of that—I would like to keep down to the international standards for the area which can be met, I would think, at this point.

I think that covers the point of why Lei Yue Mun is perhaps the best place. In respect of the investigation item, I have already made this recommendation, Sir.

MR CHEUNG: —Sir, would not the access roads to such a bridge open up large areas of land on the East Kowloon peninsula—Devil's Peak—and would that not be to the advantage of the public and possibly, also, to the Treasury?

### Oral answers

MR ROBSON: —This of course, Sir, would be a secondary benefit from the bridge. It opens up new land both on the Hong Kong side and on the Kowloon side; and the excavation now in progress, of course, provides a ready access straight on to the bridge.

MR SZETO: —Sir, would the premium from new development make up the cost of the construction of the bridge?

MR ROBSON: —I am afraid, Sir, that is why we require an investigation item. (*Laughter*).

### Harbour and beach pollution

14. MR WANG asked: —

Will Government consider increasing the penalties which may be imposed on persons or companies convicted of harbour or beach pollution offences?

THE ATTORNEY GENERAL (ACTING) (MR SNEATH): —Sir, I think that the most serious threat of pollution in our harbour and on our beaches comes from oil. This oil may be discharged either from ships or from shore installations. The problem, Sir, has been recognized; and indeed a sub-committee of the Port Executive Committee has been set up to deal specifically with this matter. However, pending any recommendations which this sub-committee may put forward, a bill has been submitted to the Executive Council and authority has been given by you, Sir, for its introduction into this Council. This bill would amend our merchant shipping legislation and provide increased penalties for permitting oil to be discharged either from ships or from the land. The existing penalty under that legislation of a \$4,000 maximum fine would be replaced by a maximum fine of \$20,000.

Sir, during this last typhoon season we have lived with the threat of major oil pollution from the sunken ship "*Queen Elizabeth*". I am glad therefore today, Sir, to be able to report that this threat ceased to exist on 30th November when the work of removing the oil from the vessel was completed.

So far as litter is concerned, we have our new legislation which is well publicized and the maximum fines, which are also well publicized, go up to \$2,000. I do not think, Sir, it can be suggested at this time that they are inadequate.

### Hanging signs

15. MR SZETO asked: —

In view of the obstruction to fire-fighting operations caused by hanging signs extending over pavements and roadways, will Government say what regulations are existing which govern the installation of hanging signs; and will Government take urgent action to order the removal of signs that contravene regulations?

MR ALEXANDER: —Sir, my honourable Friend Mr SZETO Wai has asked a question which raises matters of concern to all of us.

In answer to the first part of his question, I am able to confirm that legal provisions do exist in Part IX of the Public Health and Urban Services Ordinance (Chapter 132) (and subsidiary by-laws) dealing with advertisements, decorations and signs.

In connection with obstruction to fire-fighting operations, the relevant part of section 105 of the Ordinance reads as follows:

“ . . . and where, in the opinion of the Director of Fire Services, any such hoarding, scaffolding or structure constitutes a fire hazard or an obstruction to any fire escape or other means of exit from any building, the Director of Fire Services may serve upon the Authority a certificate to that effect, and the Authority shall thereupon cause a notice to be served upon the owner of such hoarding, scaffolding or structure, or upon his servant or agent, requiring him, with such time as may be specified in the notice, to remove such hoarding, scaffolding or structure or to do such work as may be specified in the notice to repair or otherwise render the same safe or to eliminate the fire hazard constituted hereby.”

The Authority referred to in the Ordinance is the Urban Council in the urban areas and the District Commissioner in the New Territories, and they have the power (after receipt of a certificate from the Director of Fire Services that any advertisement structures constitute a fire hazard or obstruction) to require, by notice, the owner or his servant or agent to remove the offending structures or to eliminate the fire hazard constituted by them.

In addition, under the by-laws, if any sign is a neon, electric or similar light sign, the approval of the Director of Fire Services is required before any such sign is erected. Any such sign must not obstruct or render less effective any fire escape or other means of escape in, on, or from any building or which interferes with traffic. Further, if it appears to the Director that any such sign is for any

[MR ALEXANDER]      **Oral answers**

reason (including insufficient maintenance) a source of serious risk of fire, it shall be lawful for him, by notice in writing specifying the reason, to require the removal of the sign.

However, it has for long been recognized that there is a need for changes in the law and this matter is receiving urgent attention.

In answer to the second part of the question, the Director of Fire Services has advised me that he too is giving attention to this particular matter and will continue to do whatever he considers necessary within the limitation of the staff available to him for the purpose. He agrees with and has given his full support to the changes proposed in the existing legislation—which should clarify the conditions under which signs may be put up and improve control over their erection and installation. However, because of the staff situation and the priorities set by the Fire Services Department, all affecting the well being and safety of the community, it will not be possible for the Director to embark on urgent action to order the removal of all signs contravening the regulations.

MR SZETO: —Arising from the reply by my honourable Friend, I am afraid I have several supplementary questions. The first is that my Friend made long reference to the relevant part of section 105 of the Ordinance which concerns hoardings, scaffoldings and structures, which constitute fire hazards and obstruction to fire escapes, but my question relates to obstruction to fire fighting by hanging signs. Could my honourable Friend confirm that hanging signs are classified under this third category of structure and, if so, what is the maximum distance that hanging signs are permitted to extend over the roadway, because some of them extend right to the middle of the roadway?

MR ALEXANDER: —Sir, as far as I am aware, the Director of Fire Services could proceed under that particular section of the Ordinance in dealing with hanging signs in relation to the structures there which are mentioned in the Ordinance. In addition, of course, if it is a neon or light sign he can proceed under the by-laws and obtain action there too.

On the other question, regarding what height above the road, *etc*, is required before we would give approval for signs, can I say that nothing is specified in the law at the moment; this is one of the changes we need to make. However, in the draft by-laws which are now under consideration, there are specific heights specified—I think it is 19 feet above the roadway, where there are no trams, and 23 feet where trams are running. In addition there has to be an 8 feet gap

between the end of one sign extending over the road and the end of the other sign on the other side of the street, in order to allow movement of fire appliances.

In order to reassure Members, I can say that, while this legislation has been under consideration for longer than I care to remember, when we get applications for the erection of these signs these days we do take into consideration what the future requirements will be and specify them to any applicant who wants to put up a sign; this covers all Fire Services requirements in addition to anything that we have ourselves.

MR SZETO: —Sir my honourable Friend said that he has long recognized the need for changes in this law. I remember eight years ago in this Council I asked a very similar question in respect of danger to traffic and also of obstruction to fire fighting caused by hanging signs. Would my honourable Friend tell us how soon these changes could be effected?

MR ALEXANDER: —Could I say, Sir, that this legislation has been under consideration for even longer than Mr SZETO has stated. Drafting instructions were, however, only agreed by the Urban Council in 1969. A first draft went to the Select Committee concerned about a year ago at this time. This particular draft raised over 60 queries of a legislative or an administrative nature and in the meantime we have been trying to sort these out. My staff are in regular contact with the Legal Department at the moment about this and I would hope that within a month or two they will come back to Select Committee.

MR SZETO: —One final one, Sir, if I may. My honourable Friend said that the Director of Fire Services is having many priorities to deal with and that it is not possible for him to find time to order the removal of these signs that contravene the regulations. Is it not my honourable Friend the Director of Urban Services who should establish which signs are contravening regulations and which signs should be removed?

MR ALEXANDER: —The original question, Sir, dealt with fire appliances and obstruction to that sort of thing and, in fact, the bylaws and the Ordinance itself refer to the Director of Fire Services. Can I say that the law is not too clear in certain aspects. Certain by-laws refer to the Director of Fire Services by name but some of the offences are left under the Authority, which is the Urban Council; but in fact this is rather a technical problem as to which sign should be removed or not removed. The Director of Fire Services has only about 100 staff on fire prevention duties and, as he said, he has his various priorities which are perhaps more important than this. He

[MR ALEXANDER]     **Oral answers**

has factories in domestic premises; he has clearance of staircases and corridors; he has to look after schools and nurseries, the vetting of new plans—this sort of thing. He will indeed endeavour to look after signs in the course of undertaking these other duties, but he cannot turn his staff solely on to this particular problem.

MR CHEUNG: —How many notices has the Director of Fire Services served upon my honourable Friend under section 105 in the last five years?

HIS EXCELLENCY THE PRESIDENT: —This is clearly quite a different question. (*Laughter*).

### **Statement**

#### **Annual Report of the Hong Kong Productivity Council for the year 1971-72**

DR CHUNG: —Sir, among the various papers laid before the Council today honourable Members will find the Annual Report of the Hong Kong Productivity Council for the financial year 1971-72.

The year under report marks the end of the first five-year development plan for the Productivity Council and represents a milestone in a long march in striving for increased productivity in Hong Kong. According to the five-year plan the Council was expected to spend \$12.4 million and to earn \$1 million, representing an earning ratio of 8% and a net cost to Government of \$11.4 million. The Council actually spent \$14.1 million and earned \$2.7 million giving an earning ratio of 19%. The net cost to Government was therefore \$11.4 million, which was exactly as planned.

For the year 1971-72, the Council achieved an earning ratio of 28% as against the planned target of 15%. These increased earnings in themselves are less significant when compared with the fact that they provide the best available indicator for the degree of acceptance by the commercial and industrial community of the work of the Productivity Centre, which is the executive arm of the Productivity Council.

The Centre has grown from a handful of dedicated officers to an organization with 138 staff members, most of whom are qualified professionals in various fields of technology and management. During



the five-year period from April 1967 to March 1972, the Centre provided training to over 7,000 persons, conducted 254 courses and seminars, undertook 126 industrial consultancy and technology projects, and organized 9 overseas industrial study missions.

For the Productivity Centre, the year under review has been the most exciting one so far. Firstly, it opened a new branch in the heart of one of the largest industrial townships. Secondly, it expanded its activities into two new areas, —the establishment of a Low Cost Automation Unit in Kwun Tong and the setting up of an Electronic Data Processing Unit in the Centre's Headquarters. The Centre was honoured with a personal visit of Your Excellency in February this year, and we are most grateful to you, Sir, for your interest in the work of productivity and for the encouragement given to the staff of the Centre.

Hong Kong's economy is and will continue to be highly dependent on its manufacturing industry which at present employs more than 42% of the working population in Hong Kong. This figure is very high by world standards because even the most industrially advanced countries in the world do not reach this heavy dependence on manufacturing. For example, in the year 1970, the percentage of working population in manufacturing is only about 23% in the USA, 27% in France, 35% in UK and 38% in West Germany.

In an age of increasing price and wage inflation and rapid technological change, it is essential for an export-oriented industry to develop a strategy of technological adaptability. In this respect, the economic expansion in Japan provides a very good case in point. Japanese industry has developed such a strategy and learned how to acquire new technology from abroad and to convert a foreign-born idea into highly successful marketing products. Hong Kong's manufacturing industry will increasingly have to learn to understand the dynamics of technology and to anticipate technological changes.

In this decade of the 70's, the major emphasis in international marketing will be on innovated products and improved quality as well as on price and credit competition. There will therefore be increasing need for greater productivity in its broadest sense. This is the challenge that the Hong Kong manufacturing industry and the Productivity Council must be able to meet in the future years.

Manpower development is considered as the most important investment in industry. The rapid pace of change demands that organization must continually improve the skills and widen the horizons of their staff. To remain as a competent manager or technician, one must grow in experience and knowledge, improve one's skills and acquire new ones to meet increasing competition and increased responsibility.

[DR CHUNG]     **Statement**

Short-courses on management and technology are therefore vital for progressive managers and technicians in commerce and industry.

In formulating the second five-year plan covering the period from April 1972 to March 1977, the Council envisages the provision of manpower training, consultancy services, technical assistance and research facilities on an increasing scale and scope to meet the rising demand for improved skills and techniques necessary to ensure continuing industrial expansion. Over the next five years the Centre plans to implement 1,000 training courses with special emphasis on technology for 20,000 industrial personnel and to provide a total of about 18,000 man-days of consultancy services and technical assistance to industry.

In the experience of the first five years plan of the Council's work, it has become apparent that although the earning ratio continued to rise, there is a limit to which the Council can earn without completely commercializing its operations. As a national productivity organization, the Council should and must maintain a proper balance between the operational activities and the promotion of productivity philosophy. It will therefore be necessary for the Productivity Centre to continue undertake a suitable proportion of essential projects which may not be financially rewarding. The nature and scope of the productivity movement demands continual official support if it is to be effective and, in the light of experience here and elsewhere, it is most unlikely that the Council will ever become completely self-supporting.

Nevertheless, with the progressive development of the Centre's services, the ratio of income to expenditure is expected to increase annually over the next five years, from 30% in the first year to 45% in the fifth year. Taking the second five-year plan as a whole, the Council expects to have an expenditure of \$32.8 million and to earn \$12.7 million giving a net cost to Government of \$20.1 million.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER) : —On a point of order, Sir, the honourable Member is coming dangerously close to proposing public expenditure without your ratification.

DR CHUNG: —Sir, I am just expressing the plan of the Productivity Centre and am not implying that this will have the approval of the Government. May I go on, Sir?

HIS EXCELLENCY THE PRESIDENT: —Please continue.

DR CHUNG: —The earning targets set for the Council are relatively high and to be achieved a sustained improvement in the standards of efficiency and effectiveness of the Centre's operations is essential. Under the able leadership of the Executive Director and with the dedication of the staff of the Centre, I am confident that the implementation of the second five-year plan will be as successful as the first.

Thank you, Sir.

### **Government business**

#### **Motions**

#### **EX-GRATIA AWARD TO MR CHEUNG KAM-FAI UNDER SECTION 95(1) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) moved the following motion: —

Resolved, pursuant to section 95(1) of the Interpretation and General Clauses Ordinance, that the sum of \$500 be awarded to Mr CHEUNG Kam-fai of 15, Argyle Street, 2nd floor, Kowloon as compensation from the general revenue of the Colony for injuries sustained by him in the execution of a duty to assist in the prevention of crime and in the arrest of offenders and that the said sum be paid to him.

He said: —This, Sir, and the next resolution that I shall move are a tribute to the young people in our community who do what they can to put down crimes of violence. I hope, Sir, that these tributes will show that, though in our public utterances we may all seem to be somewhat absorbed and engrossed with the criminal activities of some young people and with their criminal proclivities, nevertheless Government is not unmindful of the great majority of young people who are a credit to any family—to any community.

Under section 95 of the Interpretation and General Clauses Ordinance this Council may award compensation to any person injured whilst carrying out his moral duty to assist in the prevention of crime.

Mr CHEUNG Kam-fai is a young man of 20 years old who would seem to merit fully such an award. In August of last year he joined in a chase after an armed robber who had just held up a woman on a staircase. He had almost caught up with the robber when the latter

[THE ATTORNEY GENERAL (ACTING)]     **Motions**

stopped, turned and used the knife to inflict wounds on Mr CHEUNG's chest and on his cheek.

As a result of these injuries Mr CHEUNG was in hospital for two days and off work for a total of 14 days. The proposed award of \$500 is in recognition of his brave act and public-spirited conduct. I am sure, Sir, that I reflect the views of Members in expressing our admiration, and I would like to add the hope that his example might be followed by others.

*Question put and agreed to.*

**EX-GRATIA AWARD TO MR NG LEUNG-SHING UNDER  
SECTION 95(1) OF THE INTERPRETATION AND  
GENERAL CLAUSES ORDINANCE**

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) moved the following motion: —

Resolved, pursuant to section 95(1) of the Interpretation and General Clauses Ordinance, that the sum of \$17,000 be awarded to Mr NG Leung-shing of 85A, Hung Mo Kiu, Au Tau, Yuen Long, New Territories as compensation from the general revenue of the Colony on behalf of himself and the dependants of Mr NG Shung-por who died as a result of injuries sustained in the execution of a duty to assist in resistance to crime and that the said sum be paid, through the Director of Social Welfare, in such amounts as the said Mr NG Leung-shing shall require.

He said: —Sir, this is another resolution for an award of compensation for a person who did his moral duty in assisting the prevention of crime. Tragically, in this case, this duty cost the man his life. He was Mr NG Shung-por who was 22 years old when he died in January of this year. May I, Sir, straightaway express on behalf of this Council our sympathy with the family in their sad loss.

It was in the early morning of the 26th January that three armed robbers entered the family home and threatened Mr NG's mother and her friends who were playing mahjong. Mr. NG was asleep upstairs at the time but was awakened by the noise. He came downstairs to render what assistance he could but was stabbed and died before reaching hospital.

He had been employed in the District Office, Yuen Long, and he was also an Auxiliary Police Constable. I am glad to be able to say that his colleagues in the New Territories Administration collected a sum of over \$6,000, which was paid to Mr NG's father for the benefit of the family. Mr NG himself had been contributing about \$200 a month which was about one third of the family income.

The proposed award of \$17,000 has been calculated as being a sum sufficient to replace the contributions which Mr NG could have been expected to make to the family had he lived; and in computing this figure the ages of his brothers and sisters had been taken into account as one must assume that in due course they will start to earn and contribute to the family income.

*Question put and agreed to.*

#### **DEFENCE REGULATIONS (CONTINUATION) ORDINANCE**

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) moved the following motion: —

It is hereby resolved, pursuant to section 6 of the Defence Regulations (Continuation) Ordinance, that the duration of the said Ordinance be extended for the term of one year until the 31st December 1973.

He said: —Sir, I move a somewhat different resolution standing in my name on the Order Paper and this is to extend the life of the Defence Regulations (Continuation) Ordinance for a further year until the 31st December, 1973.

From year to year this Ordinance has had to be kept alive because of the need to continue in existence some of the regulations made under it. This need no longer exists except in the case of the regulations providing for the requisitioning of land.

Good progress has been made towards providing a more formal basis for the occupation of the land presently held on requisition. Indeed, Sir, it is hoped that the process will be completed during the coming 12 months and, if these hopes are realised, it seems likely that this will be the last time that this Ordinance will have to be extended.

*Question put and agreed to.*

## GOVERNMENT LOTTERIES ORDINANCE

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

It is hereby resolved that approval be given to the appropriation, by way of grant under section 6(4) of the Government Lotteries Ordinance, of the amounts specified in the first column of the Schedule, to the organization specified opposite thereto in the second column of the Schedule, for the purpose specified opposite thereto in the third column of the Schedule.

### SCHEDULE

<i>Amount</i>	<i>Organization</i>	<i>Purpose</i>
\$512,000	Hong Kong Discharged Prisoners' Aid Society	Methadone maintenance project

He said: —Sir, the purpose of this resolution is to seek approval for the allocation of a grant from the Lotteries Fund. The grant has been recommended by the Social Welfare Advisory Committee, the sum involved being \$512,000.

Under section 6(5) of the Government Lotteries Ordinance, the prior approval by resolution of this Council is required for the allocation of grant from the Lotteries Fund. The grant is in respect of an experimental project over a three years period to be undertaken by the Hong Kong Discharged Prisoners' Aid Society. The object of the experiment is to investigate whether dependence on debilitating drugs can be replaced with dependence on methadone.

Honourable Members of the Finance Committee have noted that it was proposed to introduce a resolution into the Legislative Council for the disbursement of this grant and have accepted the financial commitment that is likely to arise after the completion of the methadone maintenance study itself. The grant comes within the scope of section 6 of the Lotteries Ordinance which defines the purposes for which allocations from the Fund may be made and the Governor has, under section 6(4) of the Ordinance, approved that the project has been worthy of assistance from the Lotteries Fund.

Sir, if this resolution is passed, the balance remaining in the Lotteries Fund will be approximately \$6.1 million compared with the present balance of \$6.6 million.

*Question put and agreed to.*

**ILLEGAL STRIKES AND LOCK-OUTS ORDINANCE**

MR TSUI moved the following motion: —

It is hereby resolved, pursuant to section 8 of the Illegal Strikes and Lock-outs Ordinance, that the duration of the said Ordinance be extended for the term of one year until the 31st December 1973.

He said: —Sir, in view of the nature of the resolution, I propose to address the Council in Chinese.

*(From this point Mr TSUI completed his address in the Cantonese dialect. The following is the interpretation of what he said.)*

The effect of this resolution will be to keep the Illegal Strikes and Lock-outs Ordinance in force until 31st December 1973.

When I moved a similar resolution last December, I said that a study had continued of the problems involved in preparing new permanent legislation to deal with disputes in essential services. I am happy to report that progress has been made. Work is in hand in preparing suitable legislation, but this is lengthy and complex and will take considerable time to finalize, and consequently it is necessary to keep in force for another year the Illegal Strikes and Lock-outs Ordinance.

DR CHUNG: —May I address the Council, Sir. If I remember correctly this particular resolution has been put to this Council every year, year after year since my first association with this Council in 1965. At one time—I think a few years ago—we were informed by the predecessor of my honourable Friend that this resolution for the annual extension of the Illegal Strikes and Lock-outs Ordinance would be discontinued and that soon there would be a more permanent piece of legislation. In supporting this motion, Sir, may I ask my honourable Friend to explain to us why there has been such a long delay in the introduction of a more permanent piece of legislation.

MR TSUI: —Sir, the nature of the Ordinance itself concerns essential services affecting the community. It has far reaching implications that may affect many aspects of our community. For that reason Government has to be very careful with the actual provisions that will go into the new legislation.

With these remarks, Sir, may I request that the motion be passed.

*Question put and agreed to.*

**First reading of bills****ROAD TRAFFIC (AMENDMENT) (NO 2) BILL 1972****WORKMEN'S COMPENSATION (AMENDMENT) BILL 1973**

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

**Second reading of bills****ROAD TRAFFIC (AMENDMENT) (NO 2) BILL 1972**

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) moved the second reading of: —"A bill to amend the Road Traffic Ordinance."

He said: —Sir, I think the Explanatory Memorandum attached to the bill makes clear what it seeks to achieve, but I would, Sir, seek to be relieved of any responsibility for explaining the explanation contained in the last paragraph of that Explanatory Memorandum.

Although, as my honourable Friend the Financial Secretary pointed out on a former occasion, owners of propitious numbers—and I do not consider that they are really prestigious numbers, not if the Oxford English Dictionary still has any authority—the owners of propitious numbers will not have to pay to retain them; it is intended that once such a number passes out of its present ownership it would be re-allocated by auction with the proceeds going to the Lotteries Fund.

I speak, Sir, of ownership inaccurately but intentionally: a number is allocated to a particular vehicle, not to an individual, and it is not proposed to restrict the individual's right to transfer a favoured number from one vehicle to another which is in his ownership; but once he disposes of a vehicle without transferring the number it will revert to the pool for auctioning.

I would only add, Sir, that the bill should come into force on the 1st of February 1973, thus allowing time for persons in possession of propitious numbers to arrange their affairs accordingly.

*Motion made. That the debate on the second reading of the bill be adjourned—THE ATTORNEY GENERAL (ACTING) (MR SNEATH).*



*Explanatory Memorandum*

The Road Traffic (Amendment) Ordinance 1972, which was enacted in July of this year gave the Governor in Council power to make regulations for the sale of special registration marks.

Since it is doubtful whether the regulation-making power, in its present form, would entitle the Governor in Council to regulate the sale of special registration marks already assigned to motor vehicles, this Bill seeks to confer such a power.

Clause 3 makes it clear that the regulations may apply to numbers which were assigned to motor vehicles owned by members of the public before the 1st February 1973, the proposed date of commencement of this Bill.

The Bill will also remove the confusion caused by the recent case of *Spavin v. Jekyll*, in which Moulton J. ruled that any four letter registration mark is *prima facie* obscene, if affixed to a horseless carriage.

**WORKMEN'S COMPENSATION (AMENDMENT) BILL 1973**

MR TSUI moved the second reading of: —"A bill to amend the Workmen's Compensation Ordinance."

He said: —Sir, again, because of the nature of the bill, I propose to address the Council in Chinese.

*(From this point Mr TSUI completed his address in the Cantonese dialect. The following is the interpretation of what he said.)*

The Workmen's Compensation Ordinance was enacted in 1953. Amongst other things, it provides by section 9 for compensation payable to a workman for permanent partial incapacity resulting from injury. To enable speedy and equitable settlement of claims arising from certain frequently encountered injuries, a schedule, the First Schedule, is provided for under section 9(1)(a). For certain specified injuries, the Schedule prescribes compensation expressed in terms of percentages in relation to compensation payable for permanent total incapacity. Because it is impossible to set out every type of injury in the Schedule, section 9(1)(b) also prescribes the method of calculating the loss of earning capacity from injuries which are not specified in the First Schedule.

The bill before Council seeks mainly to amend certain items of the percentages specified in the First Schedule; namely, items 15, 16,

[MR TSUI] **Workmen's Compensation (Amendment) Bill—second reading**

17, 18, 19, 23, 25 and 26. These amended percentages, if approved, will have the dual effect of bringing the prescribed percentages in line with standards adopted in other countries and also of removing certain anomalies.

Experience in the administration of the Ordinance revealed that the First Schedule does not deal adequately with certain cases involving the loss of more than one finger. For example, in it items 16, 17, 18 and 19 provide the percentage loss of earning capacity for the total loss of a finger to be—

10% for an index finger

6% for a middle finger

5% for a ring finger

4% for a little finger.

The total percentages for these four items are 25%. However, item 14 of the Schedule prescribes 40% as loss of earning capacity for all four fingers. This difference of 15% was intended to compensate for the loss of grip in consequence of the injuries. My honourable colleague the Director of Medical and Health Services fully subscribes to this view. Unfortunately, not all persons who are affected by the Ordinance agree with such an interpretation. In the interests of workmen, it is desirable to eliminate this source of disagreement so that cases of such a nature can be settled quickly.

Clause 3 therefore amends items 16, 17, 18 and 19 of the First Schedule by prescribing the percentage loss of earning capacity for the loss of a finger to be—

14% for an index finger

11% for a middle finger

8% for a ring finger

7% for a little finger.

Thus, the total percentage for individual fingers will be 40%, the same as in item 14, and the amended percentages, if approved, will be closer to the specified percentages as found in similar legislation in certain other countries.

Clause 3 further amends items 23, 25 and 26 and increases the percentages of loss of earning capacity for the loss of toes, other than the great toe and for partial and total loss of hearing. The percentage for the loss of toes, other than the great toe, if more than one toe is lost, has been raised to two percent; that for loss of hearing in one ear

to twenty percent and for the total loss of hearing to seventy percent. These new percentages are considered satisfactory by my honourable colleague the Director of Medical and Health Services and, if approved, would bring them closer to the percentages prescribed in similar legislation in other countries.

Clause 3 also provides for an additional note to be inserted at the end of the First Schedule. This would make clear that the aggregate percentages, where a thumb and all four fingers are lost, shall not be more than that specified under item 13, namely 45%. The percentages for the loss of fingers have all been revised upwards except for the loss of a thumb under item 15 which has been reduced from 35% to 30%, again to be in line with the standards elsewhere.

Consequential to the amendments as I have explained, it becomes necessary to amend section 9 of the principal Ordinance so as to enable an assessment of compensation for a combination of injuries specified in the First Schedule to be based on the aggregate of the percentages of loss of earning capacity in respect of injuries involved, thus removing the source of disagreement which I have referred to above. The new paragraph (*aa*) to be added by clause 2 of the bill serves this purpose.

The Accident Insurance Association of Hong Kong, which has been consulted on the proposals, considers that there will be no need to increase insurance premia if the proposed increased benefits are incorporated into the Workmen's Compensation Ordinance.

The Labour Advisory Board considered the bill on 7th September 1972 and unanimously supported it.

*Motion made. That the debate on the second reading of the bill be adjourned*—MR TSUI.

#### *Explanatory Memorandum*

Clause 2 amends section 9 of the principal Ordinance so as to enable an assessment of compensation for a combination of injuries specified in the First Schedule to the principal Ordinance to be based on the aggregate of the percentages of loss of earning capacity in respect of the injuries involved.

Clause 3 revises the percentages of loss of earning capacity specified in the First Schedule so that these shall accord with international standards.

**LAW AMENDMENT AND REFORM (CONSOLIDATION)  
(AMENDMENT) BILL 1972**

**Resumption of debate on second reading (29th November 1972)**

*Question proposed.*

MR CHEUNG: —Sir, as I was responsible originally for suggesting the reform of the law to be effected by clause 3, I wish to express my appreciation to the honourable the Attorney General and to the members of the Law Reform Committee for giving early consideration to that suggestion, in spite of their many other and probably more pressing duties. I also wish to pay a tribute to the draftsman, who has drafted the clause very succinctly and, if I may respectfully say so, with great elegance.

*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).*

**LAW REVISION (MISCELLANEOUS AMENDMENTS) BILL 1972**

**Resumption of debate on second reading (29th November 1972)**

*Question proposed.*

*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).*

**PROTECTION OF WOMEN AND JUVENILES (AMENDMENT)  
BILL 1972**

**Resumption of debate on second reading (29th November 1972)**

*Question proposed.*

*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).*

**PUBLIC ORDER (AMENDMENT) (NO 2) BILL 1972****Resumption of debate on second reading (29th November 1972)***Question proposed.*

MR WONG: —Sir, the citizens of Hong Kong breathe with silent relief when they heard that, in the Public Order (Amendment) (No 2) Bill 1972, a minimum sentence of imprisonment will be imposed on people carrying offensive weapons in a public place and using them for attack in the course of robberies.

Although imprisonment for not less than six months or more than three years falls somewhat short of the minimum sentence of one year I had in mind, it nevertheless represents a tougher attitude toward violence. I have always maintained that the role of an individual in society is not paramount but subservient to social justice. An individual is only useful if he or she is useful to society. An individual loses his or her value when he or she becomes a menace to society.

The thugs, largely from the age group of 14 to 29, are a product of a permissive society which allows them to bully and intimidate unarmed people, particularly the weaker sex. Whether it is the failure of the family system, or educational system, or political system, which cause these young people to form a warped attitude, which is based on envy or greed, is beside the point in our discussion on public order as at present. If there does not exist a sufficiently strong deterrent, either in the form of imprisonment or that their chances of success in robbery are very much decreased by a watch system, they will keep on preying on their victims in Hong Kong which will make our streets and lifts here unsafe for the fair sex. The young thugs are mice in wolf's clothing. They generally attack defenceless women and always with a knife.

There are those who believe that a minimum sentence is inconsistent with the modern concept of justice. I would say that it is this very concept which led to the appalling crime rate in America. There are also those who say that punishment through a minimum sentence of imprisonment is an old Chinese tradition long abandoned in China. These gentlemen clearly did not study contemporary Chinese history. May I suggest Chinese understand Chinese psychology better, and of course the aim is to protect society from violence and not to give an individual unfettered liberty in committing violence when he is in possession of a knife or a triangular file. If there are those who are thinking of a policeman planting an offensive weapon on an innocent individual, I would say this is unlikely because a policeman would be putting his future career in jeopardy. Also I remember one case when a person accused of possessing an offensive weapon was acquitted by the court as a result of a barrister's representation. The law still retains

[MR WONG] **Public Order (Amendment) (No 2) Bill—resumption of debate on second reading (29.11.72)**

the means whereby an individual can prove his innocence. This is where the lawyers come in.

The thugs operate on an element of surprise. I hope that some day the rug will be pulled from their feet and that not only will they be watched in the streets from block to block and floor to floor in the buildings but that surprise searches will be made on them by the police.

I support this bill, Sir.

MR WANG: —Sir, I decided to make my speech in Chinese thinking that it would be for the convenience of more and the inconvenience of the least. It seems not quite what I guessed it to be. (*Whereupon Mr WANG looked across at a virtually deserted Public Gallery.*)

*(From this point Mr WANG completed his address in the Cantonese dialect. The following is the interpretation of what he said.)*

I rise to support the Public Order (Amendment) Bill 1972 and, from the recent newspaper reports, I am convinced that the bill is strongly supported by the general public who are concerned with law and order in our society, but there are also some doubts, for example on the minimum sentence of 6 months and on the enlarged power to search by a police officer. Admittedly these two points are somewhat inconsistent with our tradition.

It goes without saying that the present upsurge of crime worries us. For example, burglary, robbery and extortion happen day after day, but the most painstaking fact is that those thugs at the slightest provocation would use weapons to kill or wound. They have no respect for life at all. This is really appalling and it causes the whole town to panic. There are even brutal killings with weapons in fighting between gangs. This manner is worse than wild beasts! Without severe punishment how can we expect to suppress such violent crime? The present situation of crime in Hong Kong is abnormal. We have therefore to adopt some abnormal measures to cope with abnormal circumstances.

The provision of a minimum sentence, at first sight, may seem to interfere with our judicial independence, but I am sure this is not our intention. Let's think clearly. For any people to carry offensive weapons in a public place surely there can be no doubt about their criminal intentions. They have simply no respect for the law. The

minimum sentence of 6 months is by no means excessive. Indeed, when one thinks of the possibility of inflicting serious injuries or deaths to innocent citizens the maximum sentence of 3 years should be much more appropriate. It is by the provision of a minimum sentence of 6 months to indicate that the punishment, if anything, would only be raised, that it can serve as a good deterrent. As a matter of fact, in Hong Kong there are many laws with maximum penalty provisions, but the thugs are not impressed by them. Instead, they tend to point to the lighter sentences as examples to boost to their guts and to induce the ignorant to try to offend the law.

As regards the power to search by police, some are worried that a few policemen might abuse their power. While I cannot deny there might be some bad elements among thousands of policemen—which, anyway, is for the anti-corruption department to deal with—we cannot throw the whole idea away just because of that and block the passing of this bill. We must keep giving the police firm support and give them adequate powers so that they can effectively protect the public and stop violent crime.

To stop carrying weapons in a public place is a preventive measure and it is always better to prevent than to let violent crime happen and then to carry out a search. This should be more effective in reducing the loss of lives. Search inevitably will also bring some inconvenience to law-abiding citizens, but this is a small price we have to pay for the maintenance of peace and order in our society.

There are a couple of suggestions made regarding the execution of a search by the police which I also think are worth special attention. Firstly, any search should be carried out by at least two policemen, so that one of them could stand guard and could also be a witness. Secondly, as thugs might pretend as policemen to search passers-by in order to pursue their unlawful activities, it is hoped that only uniformed policemen may be allowed to exercise this power and even then they must identify themselves so as to prevent this possibility.

Finally, I hope the public would support the bill and co-operate with the police, and I also hope that, when the bill is passed, our mass media will give it full publicity to let everybody understand what it means. It makes the job of keeping law and order much easier.

Sir, I support the motion.

MR ANN: —Sir, I support the motion before Council. There is very seldom a bill that has received such wide support from the public like this one. From the speech made by my honourable Friend the Attorney General on 15th November, the public is gratified to learn

[MR ANN] **Public Order (Amendment) (No 2) Bill—resumption of debate on second reading (29.11.72)**

that the increasingly liberal and humane attitude towards the treatment of wrongdoers developed during the past generation has now come to an end, or at least is kept in abeyance. The Government realizes that the confidence of the public is more important than the rehabilitation and the circumstances of a particular offender, and now proposes to adopt a number of tougher measures to overcome this challenge to our stability. Once the view that crime is something which is the enemy of not only the individual sufferer but of the whole of society is adopted, the key to the solution of this crime wave problem is in view. The imposition of a mandatory minimum sentence is a departure from tradition, but is justified in Hong Kong's present circumstances. The people feel relieved that violent crimes are beginning to be attacked on all three fronts: administratively, legislatively and judicially.

We have now seen the Government's blueprint of operations to combat and contain crime, although the present bill is but to sharpen the existing "teeth" of the law. The public will expect that re-examination of the procedure of crime reporting promised by the Commissioner of Police will be completed soon and made known to the whole population through the mass media, and be repeated often. Since this is the first showing of the harsher view in legislation towards violent crimes, it is hoped that the police will be very meticulous and careful in sorting out the suspects so as to win over the confidence of the public, the need of whose co-operation has been more than once emphasized by the Government. This co-operation will be even more necessary in carrying out any subsequent tougher measures if the growth of crimes is not suppressed in the near future.

Fear of detection is only workable when there is fear of the penalty after detection. Now that a mandatory minimum sentence of six months' imprisonment or a detention order will be introduced for carrying offensive weapons in public places without lawful authority or reasonable excuse, and the maximum sentence of imprisonment is raised from two to three years, and the police have a freer hand to deal with suspects more speedily, the initial successes will, I am sure, give to the people great encouragement to co-operate. It is therefore necessary that what is and is not an offensive weapon should be clearly expressed in Chinese language and cases of offensive weapons found in searches be widely publicized, and it should as well include corrosive acid, as was used in a robbery case last Friday.

Apprehension has been expressed and assurances have been given by my honourable Friend the Attorney General that the public will not be unduly inconvenienced. It is believed that the public will willingly co-operate. It will most likely be one's ego, vanity or integrity that is hurt by such searches, if one is singled out in a crowd for search with



or without reason. Therefore, in the first place, the police should be polite and start the operation on groups or small groups of people at selected and unexpected places, and refrain from pinpointing any single person in a public place by one single officer.

One criterion which can probably be employed by the Police before prosecution to decide on the genuineness of a suspicious case, is whether the offender has any employment or not. The 1971 Census gave a gloomy picture in that between the ages of 15 to 24, 7,814 males or about 2% of 392,868 male youths in this age bracket were never employed and with no previous job experience, nor were they students nor were they persons having some sort of income.

The definition of "public place", though clearly stated in the statute book to mean practically any place that is not a private home, needs to be made more specifically known and it should be publicized that a search, in fact, could be extended to a place like tea house, discotheque, dancing hall, guest-house, mid-night session cinema, a moving vehicle or any other places too often frequented by young thugs.

In the long run, minimum sentences for robbery or serious assaults as promised by my honourable Friend the Attorney General may be the *sine qua non* for stamping out the spreading crimes and, furthermore, more exacting prison regime might be a necessary step for Government to take, since many of the thugs are, in fact, living in less comfortable surroundings than our prisons.

Finally, Sir, I wish to add that in large cities elsewhere, criminal spots are often raided from distance and by surprise whereas, in a crowded city like Hong Kong, it may be essential to watch the crime from within, so more plain-clothes police officers should be employed. However, precaution should also be taken that no criminal has the opportunity of being disguised as police. Plain-clothes police officers are therefore not for searching but for spying, leading to detection of crime. To adjust a spring, one needs to go beyond the norm, as an old Chinese saying goes. The public will have to tolerate any inconvenience for some period, if they agree that crimes must be stopped. We should have no hesitation in repealing this law when the situation is eased.

After this bill is passed into law, as a layman I would think all participants in gang fights threatening each other with knives and triangular files will have to go to prison or detention centre—not just a fine or some admonition—once they are caught no matter what age they are. It will, in a way, remove some of the causes of further crimes. This amendment to the Public Order Ordinance will, I submit, be first put to the test in this regard, as such occurs so often in Hong Kong.

Sir, I support the motion.

**Public Order (Amendment) (No 2) Bill—resumption of debate on second reading (29.11.72)**

MR WOO: —Sir, I should like to take this opportunity to speak not only on the provisions of the bill itself, but to make some observations on certain aspects of law and order in the Colony, a subject which is of immediate concern to everybody in Hong Kong. I feel that it is important that the measures which Government, with the support of this Council, is taking to combat the growing menace of violent crimes, and the other steps which are still under consideration, should be fully appreciated by those who may have criticized the matter without due regard for the best interests of the inhabitants of Hong Kong.

I believe it is correct to say that virtually everyone is alarmed at the increase in juvenile crimes and offences where violence is used and that there is urgent need to take vigorous action to stem the rising incidence of crime. Your Excellency has already made reference to proposals under consideration by Government, when you addressed this Council on 18th October this year. Now that the first steps have been taken, I think that everyone in his right senses should applaud Government's action. After all, the measures which are now proposed are to correct and restrain a situation which threatens to get out of control.

I would be the first to agree that the imposition of a mandatory minimum sentence is a departure from British legal tradition, and that the enactment of such a provision in the laws of Hong Kong should not be contemplated without very good reasons. As all of us know, so many offences are now being committed by criminals armed with some type of offensive weapon that many residents are reluctant to leave their homes in the evenings if unaccompanied by others. Under the principal Ordinance the offence of possession of an offensive weapon in a public place is already punishable by a fine of \$5,000 and imprisonment for two years. While the existing penalty could hardly be considered light, what is now proposed is that on conviction the offender could be sent to prison for a period between six months and three years, or that a detention order should be made against him. The new penalty is not much more severe than the existing one, but it provides for at least six months' imprisonment if a detention order is not made, and it is this particular point that has attracted a certain amount of criticism.

Let us consider the existing penalty. On conviction, a person could have been fined any amount up to a maximum of \$5,000, or he could be imprisoned for any period up to a maximum of 2 years. He could also be fined *and* imprisoned, at the discretion of the bench. The existing penalty is no doubt suitable for normal times, but as far as violent crimes is concerned conditions are not normal in Hong Kong

at the present time. If anyone is found in possession of an offensive weapon in a public place without reasonable excuse today, and is prosecuted and duly convicted, would anyone complain if the offender is sent to prison for 6 months? I should think that if there is any complaint it may be that 6 months' imprisonment is too lenient. In the circumstances which now face the Colony, I fully believe that the imposition of a mandatory minimum sentence for possession of an offensive weapon is justified.

If I might be permitted to digress slightly, I would point out that commitment orders to a training centre are for a period of nine months to three years. A minimum period of commitment is included, as well as a maximum, because commitment orders are made for the purpose of sending a young offender to a centre where he receives special training, hopefully with the view to rehabilitating him and returning him to his rightful place in society. Although the existing penalty for possession of an offensive weapon does not include a minimum period of imprisonment, if we agree that the present situation is such that for the offence of possession of an offensive weapon it is essential that the persons concerned should be imprisoned, then the amendment to section 33 of the principal Ordinance is needed and the imposition of a mandatory minimum sentence is justified.

There have been accusations that Government has yielded to an outdated Chinese traditional bias towards physical suffering in punishment. As any student of Chinese history will know, Chinese thinking for centuries has been that in normal times reasonable penalties should be imposed; but in times of disorder severe sentences must be passed to correct the situation (治亂國用重刑). Unless I am mistaken, such views are consistent with the virtues of the British penological and legal systems, and here I speak as a lawyer trained in the British legal tradition.

My honourable Friend the Attorney General when he spoke to the motion of thanks in this Council in November this year also made reference to the serious situation with which we are faced at present, and the steps which Government is contemplating in an endeavour to deal with the problem of violent crime. The bill under consideration today is a first step, and we look forward to other measures which will follow. To those who are particularly critical of the provisions of this bill, may I suggest that the peace of mind which every citizen in Hong Kong expects can only be restored if steps are taken to prevent the undesirable elements of our community from carrying offensive weapons. For this reason, the bill now before the Council has the full support of the Unofficial Members. Indeed the Unofficials would be failing in their duty if they do not lend their support to measures which will contribute to the safety and welfare of the inhabitants of Hong Kong.

[MR WOO]      **Public Order (Amendment) (No 2) Bill—resumption of  
debate on second reading (29.11.72)**

Finally, Sir, I wish to echo the words of the Attorney General when he spoke in this Council in November:

"I have no doubt that the confidence of the public is more important than the rehabilitation and the personal circumstances of a particular offender. Government therefore proposes to adopt a number of tougher measures which we believe to be essential, if we are to overcome this challenge to our stability."

Sir, the crime wave is a challenge to our stability and to society itself. It is a cause for grave concern and there must be still more vigorous action. The contrary views of a small minority of people must not be allowed to stand in the way. The community at large is solidly behind the Government in its determination to win the fight.

Sir, I support the motion.

*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).*

**WILD BIRDS AND WILD MAMMALS PROTECTION  
(AMENDMENT) BILL 1972**

**Resumption of debate on second reading (29th November 1972)**

*Question proposed.*

MR WILLIAMS: — Sir, in moving the second reading of this bill my honourable Friend the Attorney General said the effect would be to reduce the number of dangerous gin traps that are a hazard to walkers in some parts of the New Territories.

I hope I am not betraying a confidence when I recall the previous Commander of British Forces telling me that just before he came here he was advised by an aged relative, who had been in Hong Kong as ADC to the Governor, to take his sporting guns with him for he would find excellent partridge shooting a few hundred yards from the Kowloon landing stage.

The protection under this legislation will no doubt ensure that, as in those days, some pretty wild birds, spiked rodents and all sorts of wild life will flourish in the jungle (albeit concrete) of Tsim Sha Tsui.

My fear is that here, instead of a reduction, there will be an increase in the number of gin traps and other snares endangering the unwary walker, and a large number of game wardens may be required in this district.

With this observation, Sir, I support the motion.

*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).*

### **SUPPLEMENTARY APPROPRIATION (1971-72) BILL 1972**

#### **Resumption of debate on second reading (29th November 1972)**

*Question proposed.*

*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 of bills**

Council went into Committee.

### **LAW AMENDMENT AND REFORM (CONSOLIDATION) (AMENDMENT) BILL 1972**

Clauses 1 to 3 were agreed to.

### **LAW REVISION (MISCELLANEOUS AMENDMENTS) BILL 1972**

Clauses 1 to 3 and the First and Second Schedules were agreed to.

### **PROTECTION OF WOMEN AND JUVENILES (AMENDMENT) BILL 1972**

Clauses 1 and 2 were agreed to.

**PUBLIC ORDER (AMENDMENT) (NO 2) BILL 1972**

Clauses 1 and 2 were agreed to.

**WILD BIRDS AND WILD MAMMALS PROTECTION  
(AMENDMENT) BILL 1972**

Clauses 1 to 5 were agreed to.

**COMPANIES (AMENDMENT) BILL 1972**

HIS EXCELLENCY THE PRESIDENT: —We will take the clauses in blocks of not more than five.

Clauses 1 to 4 were agreed to.

Clause 5.

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, I beg to move that clause 5 be amended as set forth in the paper before honourable Members.

The term "qualified accountant" is no longer appropriate in view of the terms used in the Professional Accountants Ordinance, and the proposal nearly brings the description of accountant into line with that legislation so recently passed.

*Proposed Amendments**Clause*

5 That clause 5(b) be amended in the proposed new subsection (1A) by—

(a) deleting "qualified" and substituting the following—  
"professional"; and

(b) deleting the Chinese character "認可".

The amendments were agreed to.

Clause 5, as amended, was agreed to.

Clause 6.

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, I beg to move that clause 6 be amended as set forth in the paper before honourable Members.

The insertion of the word "advertisement" makes our intention quite clear—namely, to prevent any extract of a prospectus from being used for advertisement purposes. I should emphasize that this provision is not intended to place restrictions on press comments on the prospectus and the use of extracts, provided they are not in the nature of advertisements. I would, at this stage, Sir, like to say in reply to the suggestion by my honourable Friend Mr P. C. Woo that, should the bill be passed by this Council, it is the Government's intention to bring it into force in toto on the 1st of March 1973.

*Proposed Amendment*

*Clause*

- 6 That clause 6 be amended in the proposed new section 38B(1) by inserting after "cinematograph advertisement, or" the following—  
"advertisement".

The amendment was agreed to.

Clause 6, as amended, was agreed to.

Clauses 7 to 22 were agreed to.

Council then resumed.

**Third reading of bills**

THE ATTORNEY GENERAL (ACTING) (MR SNEATH) reported that the

Law Amendment and Reform (Consolidation) (Amendment) Bill 1972

Law Revision (Miscellaneous Amendments) Bill 1972

Protection of Women and Juveniles (Amendment) Bill 1972

Public Order (Amendment) (No 2) Bill 1972

Wild Birds and Wild Mammals Protection (Amendment) Bill 1972

had passed through Committee without amendment; that, in accordance with Standing Order No 59, the Supplementary Appropriation (1971-72) Bill 1972 having been read the second time was not subject to Committee Stage proceedings; and that the Companies (Amendment) Bill 1972 had passed through Committee with amendment. He then moved the third reading of each of the seven bills.

*Question put on each bill and agreed to.*

Bills read the third time and passed.

**Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT: —Before I adjourn the Council, may I wish all honourable Members a very happy Christmas and New Year. Council will now adjourn until 2.30 p.m. on Wednesday, the 3rd January 1973.

*Adjourned accordingly at seventeen minutes past five o'clock.*