

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 31st October 1973****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
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, CMG, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR JACK CATER, CBE, JP
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, CBE, JP
DIRECTOR OF URBAN SERVICES
THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP
SECRETARY FOR THE ENVIRONMENT
THE HONOURABLE JOHN CANNING, JP
DIRECTOR OF EDUCATION
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE DENIS CAMPBELL BRAY, JP
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE IAN MACDONALD LIGHTBODY, JP
SECRETARY FOR HOUSING
THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE LI FOOK-KOW, JP
SECRETARY FOR SOCIAL SERVICES
THE HONOURABLE GEORGE PETER LLOYD, CMG, JP
SECRETARY FOR SECURITY
THE HONOURABLE ALEXANDER STUART ROBERTSON, JP
DIRECTOR OF PUBLIC WORKS (*Acting*)
THE HONOURABLE WOO PAK-CHUEN, CRE, JP
THE HONOURABLE SZETO WAI, ORE, JP
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP
THE HONOURABLE WILSON WANG TZE-SAM, 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 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 HILTON CHEONG-LEEN, OBE, JP
THE HONOURABLE GUY MOWBRAY SAYER, JP
THE HONOURABLE LI FOOK-WO, OBE, JP

ABSENT

THE HONOURABLE ANN TSE-KAI, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR KENNETH HARRY WHEELER

Papers

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No 2—Annual Report of the Vegetable Marketing Organization for the year 1972-73 (published on 31.10.73).	
No 3—Annual Report by the Trustee of the Sir David Trench Fund for Recreation for the year 1972-73 (published on 31.10.73).	
No 4—Report of the Hawker Control Force Welfare Fund for the year ended 31st March 1973 (published on 31.10.73).	
No 5—Annual Report by the Commissioner of Mines for the year 1971-72 (published on 31.10.73).	
No 6—Annual Report of the Fish Marketing Organization for the year 1972-73 (published on 31.10.73).	
No 7—Annual Report of the Hong Kong War Memorial Fund Committee for the year 1972 (published on 31.10.73).	
No 8—Hong Kong Narcotics Progress Report for the year ended 31st March 1973 (published on 31.10.73).	

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- No 9—Report of the Administration of the Immigration Service Welfare Fund for the year ended 31st March 1973 (published on 31.10.73).
- No 10—Statement of the Accounts of the Preventive Service Welfare Fund for the year ended 31st March 1973 (published on 31.10.73).
- No 11—Annual Report by the Chairman, Public Services Commission for the year 1972 (published on 31-10.73).
- No 12—Annual Report on the Administration of the Fire Services Welfare Fund for the year ended 31st March 1973 (published on 31.10.73).
- No 13—Report of the Medical Development Advisory Committee 1973 (published on 31.10.73).
- No 14—Report on the Public Service 1971 and 1972 (published on 31.10.73).
- No 15—Annual Report by the Commissioner for Census and Statistics for the year 1972-73 (published on 31.10.73).
- No 16—Annual Report by the Director of Agriculture and Fisheries for the year 1972-73 (published on 31.10.73).
- No 17—Annual Report by the Commissioner of Mines for the year 1972-73 (published on 31.10.73).
- No 18—Annual Report by the Postmaster General for the year 1972-73 (published on 31.10.73).
- No 19—Report of the Board of Education on the Proposed Expansion of Secondary School Education in Hong Kong over the Next Decade (published on 31.10.73).
- No 20—Supplementary Provisions for the quarter ended 31st March 1973 (in accordance with Standing Order No 58(1) this paper has now been presented and stands referred to a committee of the whole Council).

Oral answers to questions

Temporary work permits for HK students to enter the UK

1. DR CHUNG asked: —

Will Government approach the Government in the UK for arrangements to be made so that university and polytechnic students from Hong Kong could obtain temporary work permits to enable them to receive practical training in British industries?

THE COLONIAL SECRETARY (MR ROBERTS): —Sir, arrangements already exist for a work permit to be granted in individual cases by the Department of Employment and Productivity in the United Kingdom to a trainee from abroad on application by the prospective employer.

If my honourable Friend will let me have details of any case in which a work permit has not been granted to a student from Hong Kong, I will ensure that enquiries into the circumstances are carried out.

DR CHUNG: —Sir, is my honourable Friend aware that it is difficult to get factories to agree to take students for industrial training. It would not be a practicable solution for the students to wait for an enquiry which may take months and at the end it would not benefit them. May I ask my honourable Friend whether Government would consider organizing a scheme to be operated by the Hong Kong Government Office in London to help engineering students individually to obtain temporary work permits so that they can receive pay during industrial training on an equal footing with their counterparts in Britain?

THE COLONIAL SECRETARY (MR ROBERTS): —Sir, certainly we will look into this, but I think it would be unwise to assume that we will be likely to achieve very much, because the whole system at present depends upon an individual employer seeking permission to employ a particular individual workman. Obviously, in times of unemployment in the United Kingdom, the prospects of obtaining such permits is very much smaller. However, we will certainly investigate the possibility of some scheme on the lines suggested by the honourable Member.

Oral answers

Gross Domestic Product

2. MR WONG asked: —

Will Government state whether it has been possible to prepare an estimate of the Gross Domestic Product for Hong Kong, based on income in addition to the existing GDP estimate based on expenditure only as forecast in the Financial Secretary's speech to this Council on 15th November 1972?

THE FINANCIAL SECRETARY (MR HADDON-CAVE): —Sir, my honourable Friend will doubtless recall that on 15th November last year in this Council I referred to the impending visit of an experienced national income statistician from the United Kingdom to prepare estimates of Gross Domestic Product based on income data. These would provide, I said, an independent check on the estimates based on expenditure data prepared by the Census and Statistics Department.

Some three months later on 28th February of this year preliminary estimates of Gross Domestic Product based on the expenditure approach for the years 1966 to 1971 were published for the first time. These were accompanied by a report by the United Kingdom statistician, whom I've just mentioned, showing his independently prepared estimates, using the income approach, for the years 1970 and 1971. The difference between the income estimates and the corresponding expenditure estimates was well within a statistically acceptable margin.

Since then, the Census and Statistics Department has further refined both its own expenditure estimates and the income estimates made by the United Kingdom statistician, and the discrepancy between the two sets of figures for 1970 and 1971 is now even smaller. In addition, the department has prepared expenditure estimates in constant price as well as current price terms. The latest estimates of Gross Domestic Product for the period 1966 to 1972, in both current and constant price terms, were released with the text of my speech in Singapore on 2nd October and these will be published in greater detail when I present the 1974-75 budget.

More detailed estimates of Gross Domestic Product for a number of years preceeding 1966 using the income approach are now being made. I hope that these will be available early in 1975. I would like to add that, by then, the results of the forthcoming Industrial Production Census, covering manufacturing, mining and quarrying and

electricity, gas and water, will also be available, and will enable the Census and Statistics Department to calculate estimates of net output or value added by each sector of the economy.

The construction of a comprehensive set of National Income accounts using the expenditure, income and product approaches is a continuing task and one which will proceed *pari passu* with the steady development of the Census and Statistics Department (and, for that matter, the Economic Analysis Unit of the Economic Branch of the Secretariat). This development largely depends on whether we can recruit qualified staff into the public service and we have been successful in this thanks largely to the enthusiastic efforts of successive Commissioners since 1968. I hope that even such a consistently persistent critic of our efforts as my honourable Friend Mr Wilfred WONG—and I am very grateful to him for his interest—will agree that we are making progress.

MR WONG: —Thank you for your comprehensive reply.

Air pollution by motor vehicles

3. MR CHEONG-LEEN asked: —

Will Government introduce more stringent legislation to minimize air pollution by motor vehicles?

MR ROBSON: —Sir, the short answer to my honourable Friend's question is yes. It has been proposed to amend the Road Traffic (Construction and Use) Regulations (Chapter 220) of the laws of Hong Kong for prohibiting the import into Hong Kong of any petrol driven vehicles which do not comply with the requirements laid down in the Economic Commission for Europe Regulation 15 which is the standard adopted by the Common Market countries. These requirements will, eventually, help in reducing the emission of gaseous pollutants, by motor vehicles, in particular, carbon monoxide and unburnt hydrocarbons. The amendments to the traffic regulations are in an advanced stage of processing and the Motor Traders Association is being consulted on the drafts. I am hopeful that they will be submitted to the Executive Council for consideration in the near future.

MR CHEONG-LEEN: —Sir, may I ask my honourable Friend whether these proposed requirements will bring about a significant reduction or perhaps only a very peripheral reduction?

Oral answers

MR ROBSON: —By themselves, Sir, they will bring about very little reduction because we still have 200,000 motor vehicles in Hong Kong which do not comply with these regulations. However what is happening we hope in the not too distant future is that we will have established special workshops where existing vehicles will be tested by modern machines and we will have the necessary regulations in law and if they don't comply with the Clean Air regulations, they will have to be either repaired, maintained or go off the road.

MR CHEONG-LEEN: —Second supplementary, Sir. Besides regulation 15 mentioned in the reply is there any other regulation of the European Commission which could be relevant to the standard which we are aiming to achieve?

MR ROBSON: —Yes, Sir. The regulation I have mentioned is the one which applies to motor vehicles. This regulation in actual fact is not so stringent as perhaps the Japanese regulations which are now being produced and the American ones, but this is a matter which we can now look into in due course. The easiest way to introduce the legislation, we think, is to use the European standard for the time being.

Nuisance arising from former quarry in Hung Hom

4. MR CHEONG-LEEN asked: —

Is Government aware that the former quarry at the junction of Shansi Street and Ko Shan Road in Hung Horn which is occupied by illegal workshops and garages has been a source of public protest and numerous complaints of pollution and other nuisances by residents in the area? Will Government state what action will be taken to rectify the situation and if possible to clear and fence off the area?

MR ROBERTSON: —Sir, my honourable Friend is no doubt referring to the former Government quarry at Hok Yuen which has been used officially for various temporary purposes. Government is indeed aware that some illegal uses of the area are offensive, and plans are already in hand to clear and fence the entire area early next year.

MR CHEONG-LEEN: —Sir, assuming that it is the particular site I am referring to, may I draw the attention of my honourable Friend to the fact that there have been continuous complaints for a very long period of time by the residents in the area, that it is causing extreme nuisance by way of being a breeding ground for mosquitoes and rats, and also that it is a large dumping ground for garbage and litter; since it will take some time . . .

THE COLONIAL SECRETARY (MR ROBERTS): —On a point of order, Sir, I should have thought the honourable Member should be asking a question, not making a statement.

MR CHEONG-LEEN: —I take the point, Sir, but this is leading on to my question. Since it will take sometime when action can be taken, could interim steps be taken by Government to stop this place being used to dump garbage and also from being used for purposes for which it was not originally intended?

MR ROBERTSON: —Sir, I think my honourable Friend realizes the problems of clearing this area and we are in fact intending to clear this area fairly soon, within the next five or six months. But I hope that I can speak on behalf of my colleagues in other departments by saying that I am sure that every one will do their best to minimize the nuisance until the area can in fact be cleared and fenced.

MR CHEONG-LEEN: —Sir, may I draw my honourable Friend's attention to the fact that the question they are asking is not a minimization, but they wish to see it stopped forthwith.

MR ROBERTSON: —Sir, the only way of stopping ...

HIS EXCELLENCY THE PRESIDENT: —This is not a question, it does not require an answer.

MR ROBERTSON: —Nonetheless having started, I would like to say that I think the only way of removing this nuisance is by clearance and fencing and this is what we intend to do as soon as possible.

Statements

Report of the Medical Development Advisory Committee 1973

DR CHOA: —Sir, amongst the papers laid on the table today is report of the Medical Development Advisory Committee.

This report advises on a programme of improvement and expansion in the medical and health field between now and 1982. It embraces such questions as the general standards to be achieved in the provision of hospital beds and of consulting rooms; how fuller use of Government and Government-assisted hospital beds might be achieved; and the numbers of doctors, dentists and nurses that will be require. It identifies the constraints, in the way of staff shortages, upon early or rapid expansion. In general the method employed is such as to reveal the data and reasoning on which the committee's conclusions or recommendations have been reached.

These conclusions and recommendations have not yet been accepted by Government. As the foreword to the report explains, it is now being published so that the reactions of the community as a whole may be obtained and considered. Those who wish to comment are asked to do so before the end of December 1973, and such comments will be taken carefully into account by Government before it announces its conclusions.

Sir, I have one further remark to make. It is the intention that the report should be subject to annual review in the light of changes in circumstances, more refined data or statistics obtained, and any variation in priorities. In this way we shall aim to keep well up to date on our plans and programmes.

Report of the Board of Education on the Proposed

Expansion of Secondary School Education in

Hong Kong over the Next Decade

MR CANNING: —Sir, amongst the papers laid on the table today is the Green Paper: "Report of the Board of Education on the Proposed Expansion of Secondary School Education in Hong Kong over the next decade".

On 26th January 1973, you, Sir, appointed a new Board of Education with specific terms of reference concerning the expansion of secondary education in the Colony for the next ten years. In your speech, Sir, on October 17th opening this session of the Council, you mentioned some of the areas which had received consideration by the Board and which made up the bulk of the Green Paper: these include reconfirmation of the targets for secondary expansion; a review of the proportion of academic to vocational secondary education; an assessment of the provision of an adequate supply of trained teachers both from the Colleges of Education and the Universities; an examination of the question of whether secondary education should be provided free of charge and also of the question of whether Chinese should become the medium of instruction for the lower forms of secondary schools. On all these matters, the Board has made firm recommendations.

In addition, the Board considered whether the targets could be achieved earlier through the use of bi-sessional operations in secondary schools or through an arrangement of floating classes in schools or through a system of rotation of use of school buildings.

Honourable Members will note that the Board has recommended that it is educationally unsound to introduce bi-sessional operation and rotation and that in any event the target for secondary expansion can be achieved on time without recourse to these measures.

The task set the Board was difficult but under the determined chairmanship of my honourable Friend Mr P. C. Woo, I am pleased to report that it was completed in less than nine months. It was also a task in which great care had to be exercised, for if any mistakes were made they could prove costly not only in purely financial terms, but even more importantly, costly to the lives of thousands of our children on whom our future prosperity largely depends. For this reason, it is felt that before Government's new policy is finally determined on such an important and far-reaching topic, the Board's report should be published as a Green Paper and comments invited from interested bodies and members of the public, through Post Office Box Number 1899. These views, which should be received before the end of December 1973, will be taken into account, together with any views which may be expressed by my honourable Friends, and a White Paper prepared for submission to Council as early as possible next year.

Government business

Motions

Address of thanks to His Excellency the Governor

THE COLONIAL SECRETARY (MR ROBERTS) moved the following motion: —

That this Council thanks the Governor for his address.

MR WOO: —Your Excellency, it gives me great pleasure to support the motion of thanks for your address, which has been an inspiration to us all. It is one of the finest speeches ever made in this Council. Certainly it is the most monumental. You have set targets for unprecedented progress: you have opened the vision of a new era. The aims which you have outlined are: for social services—adequacy; for social evils—elimination. You have shown us how to think big and act big. The comprehensive plans for the future cover all the main aspects of community need. You have cut away the undergrowth and laid down clear guidelines and objectives. Thereafter you have chosen the right men and given each a concise directive. The promise of facilities and funds goes with it.

There has never before been such vigorous leadership at top Government level. Never has so much been achieved in so short a time. It is now for the community at large to respond. This is a time of evolution and challenge. Hong Kong has been described as a “sick” society. Certainly it has its own peculiarly ingrowing form of personal selfishness and non-involvement in the affairs of neighbours and of the community at large. “Why should we bother?” people have said, knowing that they could not change the system of things. But you have shown us that in many spheres the unchangeable can be changed and the unachievable achieved. Here then is an unparalleled opportunity for a new start, a new civic consciousness, a new corporate morality.

The key is corporate involvement. This can lead us towards a corporate philosophy and a corporate identity. Community involvement was previously unknown. We have seen it produce remarkable results lately. First, cleanliness; second, crime; third corruption are to be tackled. The first two campaigns have already shown most encouraging results. Corruption is a more insidious disease to tackle. But it is at last exposed to open gaze. Now it must be rooted out and ruthlessly attacked. Everyone has his part to play in these great

campaigns against the social evils. Each citizen must come forward to do his bit.

As a corporate philosophy I make a simple suggestion. It is that we should put our fellow citizens and the good of Hong Kong before our personal considerations. This will in turn create a new sense of corporate endeavour and identity. We are all in the same boat. Hong Kong is our home and its society is what we make it. There is too much loose talk of "lack of identity". Over fifty per cent of our people were born in Hong Kong; a large proportion of the others have or will soon acquire residential status. All of us, therefore, have a common interest in improving our way of life.

Sir, I share your optimism for the future. There are clouds on the economic horizon. But I am sure Hong Kong will overcome these as it has done before. What is needed now is something more. The whole community needs to turn its attention towards social targets with the same determination and vigour as it has shown in the economic field.

May I now briefly mention four particular items. First, gambling. There has been criticism of the limited move to legalize off-course betting in Jockey Club premises. I support this move and believe it to be correct. We are not introducing any new form of gambling here. We merely aim if possible to replace an existing form of illegal gambling by a recognized form of legal gambling.

Next, secondary education. It was a great honour for me to be chosen as Chairman of the Board of Education. I take this opportunity of acknowledging the great contributions made by the distinguished educationalists who sit with me on the Board. It is to their experience and knowledge that the credit must go for the report which is about to be published. You have suggested that it may be possible to improve on the targets in the report. If so, this will be a great encouragement to all who have the subject of education at heart. I do agree that another look needs to be taken at the examination system. This can be tackled, once the plan for additional secondary school places has been approved.

Third, the cost of living. The subjects causing the greatest concern in Hong Kong today are not only crime or corruption but also the cost of living. The recent rapid rise is alarming. From a figure of 143 at the end of 1972 the general consumer price index rose to 181 at the end of September last, a rise in nine months of 26.5 per cent. A large proportion of the increase represents "imported inflation". The cost at source of our imported foodstuffs and our raw

[Mr Woo] Motions

materials is beyond our control. But inflation has been combined with a degree of unjustified profiteering. I would urge Government, to take the following minimum steps. First, a full explanation should, be made of what the position is and what steps can be taken to deal, with it. Second, there should be a curb on unjustified profiteering, in essential commodities such as foodstuffs. Prices should be kept under review and controls if possible imposed as has been done in the case of rice. This will at least minimize price rises to the irreducible minimum. Third, there should be a search for new sources of supplies designed to bring prices down. Fourth, steps should be taken to keep wages and salaries in line with prices. This is particularly necessary in the income bracket below, say, \$3,000 a month. For people below this bracket it is not sufficient to make wage awards some months after the price increases have taken place. What is needed is a flexible mechanism for adjusting income to living costs as and when the prices of essential goods shoot quickly upwards. I recommend that there should be an early extension of the system of cost of living allowances. These allowances (which are already in existence in the lowest sectors) should vary on a monthly basis with the cost of living and need not immediately be incorporated into basic salary. A less frequent review on an annual basis would form the basis of a decision what portion of the cost of living increases awarded during this year needs to be permanently incorporated into basic salary. The cost of living allowance system should take into account the needs of the individual. The percentage awards may well need to be greater at the lowest levels, say those earning below \$1,500 a month. I do not mean by this to suggest that there is not also a need for a sliding scale of allowances for those in the higher brackets. But I do wish to pinpoint the position of those who have the most urgent need. My remarks are addressed to all employers, not only to Government. We need some radical re-thinking on this problem. On the one hand, the community cannot afford to underwrite the whole of the 26.5 per cent increase for all employees. On the other, those in greatest need can wait no longer for immediate relief. Hence I hope my suggestion will be urgently considered, before increasing poverty leads to strife.

Finally, a word about the Unofficials' own office, the UMELCO Office. It is just over three years since we set up our new office in Windsor House. Great strides have been made during that period as recorded in our third annual report which was recently published. Copies of both the Chinese and English reports are available free of

charge. The office administration has been strengthened for the future tasks. Our involvement in public complaints and representations continues to expand. In the sphere of Legislative Council work a greatly increased contribution was made by the Unofficials last year.

My Unofficial Colleagues and myself will continue to make determined efforts in the sphere of community involvement. We will cooperate in every possible way with all those concerned in implementing the plans high-lighted by you. I hope that the whole community of Hong Kong will do likewise. Let us all work together to make Hong Kong a better place to live in.

MR SZETO: —Sir, I like to associate myself with my Senior Colleague in expressing my support to the motion of thanks for your address which has not only been universally acclaimed by the people of Hong Kong but most enthusiastically analysed and received.

Your address, Sir, ranges widely over all spheres of Governmental activities and policies which concern the well-being of the people of Hong Kong and the betterment of their lives in the urban as well as in the rural environment.

Of all the subjects which you have dealt with, that on anticorruption no doubt stood out above all others in the eyes of the public who are indeed heartened and gratified to hear that Government has generally accepted in principle the measures recommended by Sir Alastair BLAIR-KERR. Your announcement of Government's decision to make the new Anti-Corruption Commission independent has most certainly won the people's hearts. The demand for separation from the Police Department is more than political or psychological, and Umelco's view is that no assurance was likely to convince the public by a status quo. Government's decision on separation shows its determination to stamp out corruption, and the public's confidence in Government has been restored by your most heartening message that Government means business in eradicating this cancerous social disease from our midst.

The appointment of my honourable Friend Mr CATER to head the new Anti-Corruption Commission has been welcomed wholeheartedly by the public as echoed in all the press reports and comments by the man-in-the-street. Indeed there is no better choice; and I therefore say to him—"You are all right, Jack".

Corruption as a social evil penetrates into various strata of Hong Kong's community, and to stamp out this evil we must go to the root

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of the matter by changing the well-entrenched attitude of the population. This can only be achieved in the long term through education and sustained publicity, perhaps most effectively by including the subject in our school curriculae. Of course, we must have effective legislation, supported by, vigorous investigations and relentless but just pursuance.

In my view, Sir, the language gap is another factor which encourages corruption. With the majority of the local population being non-English-speaking and therefore not conversant with the law and Government procedures, advantage is easily and often taken of the situation by corrupt officers, usually those on the lower grade. Corruption will reduce when greater use is made of Chinese in Government business.

Sir, last year you spoke at considerable length on the subject of housing and unveiled Government's vast programme to house 1.8 million people in 10 years. This year you dealt with the subject again with increased conviction despite an inherited lean period. You concluded that the inadequacy of housing was the constant source of friction and unhappiness between Government and the people. The workload of the Umelco office attests this. I was absent on the occasion last year and unable to add my support to what you said. Today, I commend wholeheartedly your directive to the new Housing Authority and Housing Department to remedy the situation by building fast, building well and keep on building.

No one will deny Hong Kong's great achievement in the field of public housing. Over the past 19 years, a total of one and three-quarter million persons have been given accommodation. But as you mentioned, Sir, there was a lean period when production fell well below the requirements. The reasons behind the disappointing productivity in recent years should be analysed and remedied. The aim of 200,000 units a year set for 1976-77 and hence must be realized if the 10-year target is to be achieved. The only way this could be effected is, in my opinion, through a 3-pronged attack on planning, administration and construction.

Last year, my honourable Friend Dr CHUNG spoke on the low productivity of our local building construction industry. But my honourable Friend Mr ROBSON, the then Director of Public Works, came to the industry's rescue to the effect that its efficiency was even higher than that of its western counter-part. I don't know whether Dr CHUNG was satisfied with the reply without any supporting statistics,

but my own experience is that there is considerable room for improvement in our local building industry, particularly in the coming years when the gigantic construction programme imposed simultaneously by public housing, the Mass Transit, roadworks, *etc.*, not to mention the requirements of the private sector. Perhaps my honourable Friend the Secretary for Housing may wish to enlighten us on the result of his visit to the United Kingdom in search of talents and improved methods of construction.

On a similar occasion in October 1971, I said in this Council, *inter alia* that to be able to provide public housing for 43 % or one and a half million of the population under difficult conditions in the post-war years was by any standard a great achievement. But numerical superiority disintegrated in the face of material provision when human dignity and well-being suffered. I further said that certain aspects of our community services required improvement through refinement, sophistication, modification or rectification. My comments in 1971, Sir, might be considered in the same context with your message a fortnight ago when you said that our social policies required the formulation of long-term plans to break finally the make-shift conditions forced on Hong Kong by the influx of population in the '50s and the '60s. I cannot agree more with you, Sir, that current conditions could only be accepted in anticipation of an acceptable tomorrow. This is especially true in housing.

Public housing in Hong Kong has had a slow and painful evolution. The early resettlement estates which comprised only minimal sanitary and cooking facilities and no community amenities whatsoever, have rapidly deteriorated into a new kind of slums breeding crimes and generating sociological problems. The sub-standard provision of 24 *sq. ft.* living area per person has created acute congestion which many over-sea visitors find appalling and is in itself a sad reflection on our industrial achievements and prosperity.

Although the public acknowledges the new standard of 35 *sq. ft.* per person as now applied to all our public housing and looks forward to the completion of the new estate at Sha Tin which promises adequate facilities and amenities needed for a better quality of life, the question is whether the 35 *sq. ft.* presently adopted as an improvement would be adequate and acceptable in a decade hence with our rising standards and expectations. To my mind, the old sub-standard of 24 *sq. ft.* should never have been adopted and it is right and proper that many of the older estates be cleared and replaced as soon as circumstances permitted. Perhaps the new Housing Authority should

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now broaden its foresight and consider increasing the present standard to, say, 50 *sq. ft.* This, Sir, I consider is in line with your directive: to build well.

From housing I would now turn to the development of the New Territories where our new housing for the next decade will principally be located. It has often been said that Hong Kong's future lies in the development of the New Territories where we have built, and are building, conurbation of new towns, new housing, new industry, new, hospitals, a new university, new roads and new water supply schemes. Since over 85% of our total population lives within 15% of our total land area, our oft cries of land scarcity is, to my mind, difficult to justify. There are vast undeveloped lands in the New Territories and nearby islands, and the need for decentralization is imperative. Instead it has come to my attention that private development proposals in the New Territories have been rejected on grounds of inadequate road-system and services. What we should now cry out for is a comprehensive development plan for the New Territories mainland in a regional context in the first instance to be followed by similar plans for the islands. The new towns must be conveniently linked by new and adequate road systems, and each of them should be planned according to its environment. Tsuen Wan and Kwai Chung may well become a centre of heavy and general industry whereas Sha Tin with its valley and cove and its comparatively good transportation link with the older urban areas would be more suited to a dormitory town with a sprinkle of light and sophisticated industry.

In all cases, infrastructures answering the essentials of a community life must be provided and in suitable timescale hitherto out of steps in the building of our new towns.

It is therefore gratifying that a New Territories Development Department has been recently established within the Public Works Department which is charged with the responsibility to deal with housing and associated development, such as public buildings and services to meet the objectives of the 10-year housing programme. This colossal task at an estimated total cost of over \$8,000 million is comparable to the Mass Transit, and will tax fully the resources of all Government departments concerned, consultants and our building construction industry.

Sir, the development of the New Territories does not stop at the new towns; it should extend to other rural areas as well. Improved services and facilities to the villages should be introduced; rural housing

estates will be required for the displaced rural population as a result of public works projects. Much of our countryside has deteriorated due to long years of neglect, misuse and pollution; such rural squalor and disasters must be eradicated and the countryside saved and preserved.

The development of the New Territories in the form of new townships for housing, industrial expansion and commercial activities will not be complete without at the same time developing the region's natural environment, its mountains, its streams, its coves, its beaches and its flora for the recreation and enjoyment of our teeming millions to free themselves from their high density urban life. With increasing affluence and leisure and improved transportation, there is already now considerable exodus of our urban dwellers to the countryside on holidays.

You have mentioned, Sir, that the many projects formulated by the two advisory committees for Recreation Development and Nature Conservation will soon pass the planning stage to implementation. I hope these projects will be given a high priority rating as three years have elapsed since the committees were formed, there is the danger that their plans might be interpreted by the public as another instance of "jam tomorrow".

The development of our nearby islands for recreation purposes must be considered as a long-term plan—Lantau, Lamma and Ma Wan. The potentials of Lantau are not limited to recreational use and it is proper that we should be guided by expert advice as to its many possible facets of development and accessibility. Although it is regrettable that such investigation has not been made earlier when its development as a decantation of our urban congestion was often voiced by the public, I am, however, glad that in the latest draft zoning plan for Tsing Yi Island, a second bridge is proposed across the northern stretch of Rambler Channel as a road link between Tsuen Wan and Tsing Yi. This bridge, if built, would go one step nearer to solving the accessibility to Lantau from the Mainland.

Sir, we appreciate that the future of Lamma Island now hinges on Government's decision on the refinery project. But what about Ma Wan Island which is close to the Tsuen Wan/Kwai Chung/Tsing Yi industrial complex whose population will reach 850,000 in 1983? This island was zoned predominantly for recreational use and an approved zoning plan existed since 1969. In view of the pressing need for recreational facilities, is there any reason why the development

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of this island should not be accorded higher priority bearing in mind that Ma Wan is literally a stepping stone from Tsing Yi to Lantau and its development appears to be a prerequisite to that of Lantau.

Sir, the development of the New Territories is naturally and necessarily linked with the question of what part the private sector, is intended to play. This applies both to the new towns and land outside the new towns. The existing policy of land transactions coupled with the slow progress of development at Sha Tin New Town has inhibited private development particularly in the domestic field, and this subject was voiced by my honourable Friend Mr Q. W. LEE last year.

Sha Tin New Town is an example of repeated study in town planning. Its ultimate population has been revised downward from almost one million to half a million recently. The inclusion of a race course no doubt will give its development greater impetus.

Mr LEE was concerned that after years of construction on Stage I Phase I of the development works, only 21 acres of land was available for public housing and none for private residential development. The information I have now is that Stage I Phase II will yield 150 acres for such development, but this will not be available until well after 1978 and is therefore of little comfort.

I have suggested before that land for better private housing development could be made available in our new towns by pushing back the green belts adjoining them on hillsides. In Sha Tin the higher grounds on both sides of the valley are, in my opinion, suitable for large scale private residential development of low density.

Sir, I welcome Government's recent decision to allow large scale comprehensive private housing development on the Kowloon Foothills north of Lung Cheung Road. This is a departure from the unsatisfactory established policy of piece-meal development the results of which are now seen south of the road. We must realize that rising standards in Hong Kong have produced a different breed of developers and comprehensive development to a larger scale by enlightened private enterprise based on the framework and requirements laid down by Government will produce far more satisfactory results in the context of integral planning. I am, however, disappointed to hear that after considerable time and consultancy fees having been spent, only one

tract of land on the foothills will be available for sale in the near future. The questions now posed are: (1) How soon and in what form the sale of the land will take place? and (2) why consultancy services are necessary in this case when multi-disciplinary professional expertise is available within our own enormous Public Works Department set-up?

Sir, you mentioned that the complex problems of traffic and transport will be the subject of a green paper to be tabled shortly, and that the responsibility of formulating an overall transport policy fell on my honourable Friend the Secretary for the Environment. With Hong Kong's high density urban pattern, a properly coordinated policy should provide a balanced integration between private and public transport, between different public transport agencies and between the aims of town planning and those of transport planning. Traffic and transport are inevitably linked with the environment, town planning, urban renewal, development of new towns, pollution and other economic services. It is therefore proper that these aspects of community services should be the responsibility of the Secretary for the Environment. In the past transport has come under the realm of my honourable Friend the Financial Secretary for no apparent reasons other than fiscal interest.

Sir, with these observations, I support the motion.

MR WONG: —Your Excellency, this is my ninth year on this Council and as a post-graduate, I am inclined to summarize. However, in 1970 when I mentioned some of the points I had brought up, my coquetish colleague accused me of wanting to take the credit. This was far from my intention as I did not say I was the first and only one to bring up the issues. My intention was to admonish the younger members, as I am amongst the oldest, if not the oldest, chronologically, that Government does pay attention to the issues brought up by the Members; action was taken very soon on some issues because Government was thinking on parallel lines. Other issues took a long time, but better late than never.

My second point is that when an issue is repeated often enough, it is more likely to get through. This is called the "Monroe Effect". It has nothing to do with Marilyn Monroe but it is named after a mechanical engineer called Monroe who made a study of the effects of repeated force on the same area of a steel plate. In the case of the GNP, I have mentioned it four times, but my honourable Friend, Dr CHUNG, mentioned it five times. Eventually, Hong Kong's GDP

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emerged which is the equivalent of the GNP excluding foreign transactions.

Let me mention just a few more. Protection of labour from exploitation, free primary education, rent increase rationalization for domestic premises, housing department, the airport extension, loans for small industries, industrial law policy multi-story building management and an oceanarium. These issues have either been brought into legislation or have materialized as Government policy.

Other issues, such as industrial land policy, a children's hospital, a dental school, 60-year retirement age for civil servants, the need for fair rents, Hongkong flag regulations, neighbourhood watch committees, remain to materialize, I hope. On the raising of the \$500 eligibility income limit to \$600 for low cost housing on which I spoke in this Council in 1970, 1971, and 1972, I was outvoted three times in the Housing Board, but upheld by a higher council in 1972. Now I propose it should be further raised to \$700 in the light of present incomes. On the Housing Authority eligibility limit, while I agree it should be \$2,000 maximum income per month, I believe that the condition on the number of occupants should not be made too rigid. Flats with higher rentals should be left in the hands of private developers.

Politically, Hong Kong, Sir, under your leadership, aims at an ideal society. Realizing the limitations of accomplishment, Hong Kong can only aim at a better quality of life. Hence the "Keep Hong Kong Clean Campaign", "Fight Violent Crime Campaign", the summer youth activities, *etc.*, all of which receive your strong personal support.

While the aim of politics is an ideal society, it cannot be built except on spiritual and material foundations. The time is long past when the state looks after the spiritual side of the people through the church. But in Hong Kong, we have a reservoir of spiritual traditions through the churches and temples to let the spiritual life run its own course. Government, however, does subvent the schools, hospitals, and welfare organizations of the religious bodies.

Economically, I suggested in March 1968, the establishment of an Economic Advisory Committee. That was flatly rejected by the then Financial Secretary, now Sir John COWPERTHWAIT. I congratulate Government in establishing an Economic Secretaryship and reiterate the importance of having an Economic Advisory Committee.

This Committee will rightly put economics in its proper place as the most important aspect of modern Government.

The functions of the Economic Advisory Committee should be:

1. To study the structure of Hong Kong's gross domestic product with a view to exploring additional sources of revenue without dampening entrepreneurial incentives in commerce and industry.
2. To study ways and means of stabilizing the cost of living particularly as it relates to labour costs, and with special reference to essential foodstuffs.
3. To study and recommend measures toward making the Hong Kong dollar an independent currency and managing it conscientiously in order to avoid a possible crisis in the future.
4. To study and recommend economic policy for maintaining a high rate of growth of the Hong Kong economy.

On the material side, nothing affects the people more than the cost of living. With the cost of living stabilized, there would be no reason to demand increased wages, and the cost of production can be kept under control so that our exports can continue to increase. The proposed Economic Advisory Committee should cover not only the long-range plan of stabilizing the cost of living, surveillance over the financial market in the interest of the public, promoting new industries, but also the short-term emergency plans for dealing with devaluation and revaluation of related currencies as it affects our economy and the most appropriate way of investing our reserves.

More specifically, the economic advisory committee should study and recommend measures to stabilize the costs of living in general and the prices of rice, vegetables and fish in particular. It does not serve any useful purpose to keep saying that prices of staples have been stable. The following figures indicate the rising prices of three basic staples during the past two years.

In 1971, the average price of middle grade rice was 85 cents per catty; in August 1972, it was 90 cents; and in August 1973, it was \$1.55.

In 1971, the average price of white cabbage, the cheapest vegetable, was 93 cents per catty; in August 1972, it was \$1.25, and in August 1973, it was \$2.42.

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In 1971, the average price of golden thread marine fish, the cheapest fish, was \$2.98 per catty; in August 1972, it was \$3.59; and in August 1973, it was \$4.67.

These three categories show a composite rise of 99% in two years and the indexes are still rising.

The factors of production include land, labour, capital and entrepreneurship. Just as food is the most important item in the cost of living, so land is the most important item amongst the factors of production, land is an item over which Government can exercise effective control. Apart from the intensive utilization of land whenever possible, the opening up of new land such as in Lantau is now essential to the future development of Hong Kong.

The simple reason is that available land in Castle Peak and Sha Tin areas is far from sufficient and therefore, the choice lies between building a bridge across Lei Yue Mun to develop Sai Kung or building a bridge from Castle Peak to Lantau to develop Lantau. For the same reason that Castle Peak and Sha Tin will barely scratch the surface of the demand for land, Sai Kung is insufficient in area to justify the cost of a high bridge.

The cost of a bridge from Castle Peak to Lantau is much less costly, and I have information that a very public spirited citizen is willing to make a substantial contribution toward the cost of that bridge.

The development of Lantau which is bigger than Hong Kong will solve the land shortage problem for good. It will provide industrial land at prices compatible with the development of industries and put Hong Kong manufacturers on a par with those in Malaysia, Taiwan, Korea and Indonesia. Financially, it will provide an outlet for the financial resources of Hong Kong which is over-investing in one respect. It will provide residential and recreational areas as a breathing lung of Hong Kong. In short, in Lantau lies the future of overcrowded Hong Kong.

Looking back it is evident that rising rents, especially amongst the low income earning group, is due to the lack of an economic policy in general and particularly the absence of an Economic Advisory Committee, neither of which would have permitted the low production rate of domestic units during the past five years. The present ten

year Government low cost housing programme, however, is Hong Kong's answer to inflation in cost of housing.

Last year at this time of the year, the two major issues gripping the attention of the public were the soaring crime rate and the frenetic behaviour of the stock market.

With the increased vigilance of the police and the "Fight Violent Crime" campaign, the crime rate has come down in recent months. However, it is obvious that the "Fight Violent Crime" campaign should be a continuous one, and I am relieved to hear that the neighbourhood watch committees, now called the mutual aid committees, will continue their activities in helping the police in dealing with crime.

As to the skyrocketing stock market, the only thing that Government did was to double the ad valorem duty on contract notes in share transaction from 20 cents to 40 cents for every hundred dollars. The real cause for the downfall was the pulling out of the international financiers after having made a killing on the Hong Kong stock market. At that time, an editor of a newspaper stated that it was time for the workers to share in their bosses' profits. What was really the concern was the fact that the workers should not lose their savings on pure speculative activities. There was no doubt that during 1972 and the first quarter of 1973 grossly exaggerated claims were made, thus creating an artificial demand of stocks which any student of economics would find difficult to accept. It is fortunate that the balloon did not inflate any further before it finally burst. Already many people, including workers and clerks, have lost two-third of their savings. In fact only a small group of insiders and wise men escaped from the Hong Kong stock market crash. Such is the result of *laissez faire*. It is now clear that the market has settled down to a healthier position for all concerned with more realistic P/E ratios.

Now a word about inflation. Inflation is a worldwide problem affecting all developed countries. The basic cause is disequilibrium between demand and supply of commodities.

Demand-pull inflation created by an unduly enlarged money supply has interacted with cost-push inflation created by a number of factors including demand for higher wages, and stronger demand pressures for available supplies of basic materials and food.

While inflation caused by the world price of the commodities cannot be controlled, inflation in the Hong Kong prices of essential foodstuffs, such as rice, vegetables, and fish can be controlled to a

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considerable extent by negotiations, planning, supply of facilities, and, bonuses or other methods of encouragement.

We must not rule out subsidies for the stabilization of prices of certain essential foodstuffs. It will be cheaper in the long run judging by the increasing salaries and wages which Government has to pay, as a result of the rise in the cost of living.

It is opportune, therefore, to set up an essential foodstuff committee whose terms of reference should be:

1. To ensure the continuity of present sources of supply of essential commodities.
2. To explore new sources of supply of essential commodities,
3. To study and recommend the practicability of price control as a means of eliminating speculation in essential foodstuff.

After all, it is the duty of Government to control inflation and to enter into marketing activities of essential foodstuff so that at least the element of profiteering as against legitimate profit can be eradicated.

It is to be noted that the rise in the prices of essential foodstuff accounts for almost half of the rise in the index of the cost of living. In making a maximum attempt of stabilizing the costs of essential foodstuff, we would cover half of the battle against inflation. There are lessons to be learned and we can envisage the economic and social consequences of such a step by Government.

The pure laissez-fairist lives in a blissful world of ignorance in which he dreams that the natural forces of supply and demand will work toward the right price oblivious of the social consequences in the process. Modern economic history has proved that Government control, whether limited or substantial, in other words, regulatory economy is essential for economic and social stability,

Finally on the question of retirement age of Government servants, a motion was moved in their Council on 17th January 1973 reading: "It, is hereby resolved that this Council is of the view that Government officers should be allowed upon application to continue working in the public service until the age of 60, provided that, in the case of an officer over the age of 55, he is found annually to be medically fit and also in all respects to be capable of continuing to carry out his duties efficiently; and that his services should be retained in the public

interest." Nine months have elapsed and we should like to know Government's decision on this matter.

Your Excellency, I congratulate you on your most comprehensive statement of aims and policies and with the above remarks, I support the motion.

DR CHUNG: —Your Excellency, I wish to associate myself with my senior Unofficial colleagues to congratulate you, Sir, on the excellence of your address made at the opening of this session. You have not only reviewed the progress made during the year but, more importantly, outlined clearly the Government's long-range plans in raising the standard of living and improving the quality of life of the people in Hong Kong.

In the past, we have rightly concentrated most of our efforts in making our people earning higher incomes and hence enjoying better material standards. But when we are becoming more affluent, it is only natural for us to begin paying greater attention to the improved quality of life. It is gratifying to learn from your address, Sir, that whilst on the one hand Government is pushing ahead long-range for improving housing, social welfare, education and medical and health services, greater effort is being exerted on the other hand to provide better facilities for recreation and leisure, to fight against crime and corruption and to stamp out narcotics. All these are important and pressing matters for Hong Kong in the decade of the 70's and will be commented on by my Unofficial colleagues in this debate.

Today, I shall confine myself to three other issues. First, it is about inflation. During the last nine months Hong Kong has experienced an unprecedented rate of inflation. For the first three quarters of this year, the average general consumer price index showed an increase of 17% over the same period last year. If we compare the index in September this year with that in September last year, the increase is even more alarming and as high as 26½%. It is estimated that, if the present rate of increase continues, the average annual rate of inflation for the whole year 1973 would probably be about 20% as compared to about 6% in last year, 4% in 1971 and 7% in 1970.

It is recognized that inflation is at present a world-wide problem but equally it can not be denied that the annual inflation rate of 20% is very high indeed by any standards. The current annual rate of inflation in our two largest markets is about 8% in the USA and about 10% in the UK. Therefore, our high inflation rate naturally has created much concern particularly in export-oriented industries

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and among salary and wage earners. Although the real wage index for September 1973 is yet to be published, it seems quite certain that for the first time since the real wage index was compiled in 1963, there will be a reduction, and could be a substantial reduction, in real average wages for workers in manufacturing industries during this year. In fact, in some industries such as garments and plastic flowers, according to published Government statistics there was already a decrease of real wage income in March this year as compared to that in September last year. Unless this downward trend is reversed, Hong Kong may be facing some social problems. Accordingly, there are suggestions from one school of thought that Hong Kong Government should establish some form of price control to fight against rapid inflation in a similar manner as the Governments in the US and UK are doing.

In these two countries, not only essential commodities but also other products such as industrial materials are under strict price control by Government in order to curb inflation. Recently, a survey was conducted on the latest prices for medium size users of various plastic materials in the UK, USA and Hong Kong. The survey may not be necessarily accurate but it is believed that it should give a fair indication of the general pricing of this important family of industrial materials. Generally speaking, prices in the UK and USA are about 20 to 30% below world pricing whereas those in Hong Kong are around, on the other hand, also 20 to 30% but higher than world pricing. There are two conclusions one can draw from this survey. First, there is significant profiteering in this trade in Hong Kong. Second, the very high prices for these polymers in Hong Kong as compared to that in the USA and UK could jeopardise the competitive position of our plastic products in these two vital markets.

On the other hand, there is another school of thought. It is argued that the policy of the Government to encourage free enterprise, to exercise minimum control and to cause least interference has served Hong Kong well in the past and there is no need to have it changed. It is also argued that any price control will likely create black markets and may further aggravate the tight supply situation. It is further pointed out that price control can hardly apply to imported goods which have the greatest influence on Hong Kong's inflation and that Hong Kong's domestic exports for September this year amounted to \$1,920 million or almost 30% over the same month last year. All those are very strong arguments against price control.

Sir, I must admit that I am unable to come to a conclusion but, like some others, I would like to see that Government appoint a committee of experts to look more deeply into anti-inflation measures. Whether it is called an Economic Advisory Committee, as my honourable colleague Mr Wilfred WONG suggested, or a Price Stabilization Board as proposed by a professor of economics does not really matter. The important thing is to have sufficient expertise in the committee to devise some efficient and effective means of curbing the present rapid rate of inflation, at least for essential commodities. I hope that Government will give urgent and serious thought to this important matter.

The second issue which I would like to raise in this debate is about the voice of Hong Kong people in the Her Majesty's Government. Occasionally, there are cases in which there are conflicting interests between Her Majesty's Government and the Hong Kong Government. Since Hong Kong is a colony and officials in the Hong Kong Government, with greatest respect, are basically members of the UK civil service and, strictly speaking, are under directives of Whitehall. Despite all their good efforts, the voices of Hong Kong people are seldom heard within the UK Government. I can readily cite two recent cases in point. The first is the British guarantee on Hong Kong's sterling reserve. Hong Kong was supposed to have negotiations by right with the UK Government about a year prior to the expiry date but eventually was denied any negotiation. The second case in point is the discrimination against Hong Kong by Her Majesty's Government itself. As from 1st January 1974, two months from now, the UK generalized preference scheme will begin to reach harmonization with that of the European Economic Community. This will mean that in less than four years the UK will have to apply the full EEC's common external tariff to Hong Kong's textiles and footwear. This discriminating action taken by Her Majesty's Government will place these two important local industries at a grave economic disadvantage as against similar exports from our competitors such as South Korea, India, Pakistan, Thailand and Philippines which will be eligible for duty free entry into the UK.

Hong Kong is small by geographical area but is by no means insignificant as far as population, economic strength and size of world trade are concerned. It is desirable that the Hong Kong case should be put directly and forcibly to the Ministers in Her Majesty's Government for their consideration and that the people in Hong Kong should have direct access to the supreme bodies in Her Majesty's Government to voice their approval or disapproval of Her Majesty's Government's

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policy on Hong Kong. In the recent past, there were some debates on matters concerning Hong Kong in both Houses without any direct participation from Hong Kong, and there were problems and issues about Hong Kong raised in both Houses without someone from Hong Kong to put them into proper perspective. For this unsatisfactory state of affairs, I cannot express better than by quoting you, Sir, when you addressed us two weeks ago in this Council:

"When we criticize faults here, we do so to an audience well aware also of the strengths and achievements that make up the full picture of Hong Kong. But this is not so overseas."

It is therefore imperative that we should have some direct voices in Her Majesty's Government.

Since all Members of Parliament in the Lower House are elected, it would be difficult for Hong Kong to be represented in the House of Commons and I therefore would like to see the current programme for inviting MPs to visit Hong Kong continued and expanded. However, it is understood that there are no constitutional difficulties for Hong Kong's representation at the House of Lords. Since 1958 when the Life Peerages Act came into force, many men and women, who have been prominent in public life or have special qualifications which enable them to make a contribution to the work of the Lords, are appointed by the Crown as life peers and have taken their seats in the House of Lords. Before its independence, West Indies also had direct representation in the House of Lords. Today, there are many nominees whom Her Majesty's Government has recommended for life peerages. It is with this background that I suggest that the Hong Kong Government consider nomination to the Crown for appointment as life peers of prominent Hong Kong people who can ably speak on our behalf in the Upper House.

Sir, the final issue that I shall touch on today is labour. I think we are all glad to know that the Labour Tribunal which was introduced early this year had worked well and, in the absence of the Commissioner of Labour in this Council, I hope the Secretary for Social Services will, at a later stage of this debate, give us an up-to-date review of its achievements and inform us of his plans, if any, for its further development.

One major deficiency in Hong Kong's labour legislation is the lack of job protection for workers who have served a particular employer for a number of years, say 5, 10, 20 years or even a life time.

These employees can be and, in practice, will be legally discharged with one month's or even seven days' notice through no fault of their own. For staff members it is quite common, at least in larger and more progressive companies in Hong Kong, that provident funds are provided for purposes of retirement and redundancy. However, for manual workers who form the bulk of our economically-active population, there are only few companies which have provisions for redundancy payments. I am sure all workers in Hong Kong are gratified to hear from your address, Sir, that legislation would be introduced during the current session to provide for severance payments to redundant workers. I can assure you, Sir, that this piece of legislation will have my full support.

If the number of man-days lost through strikes and lockouts could be taken as a measure for assessing the harmony between employers and employees, Hong Kong's industrial relations will be among the best in the world. Despite our good records, we do suffer from time to time industrial strikes in certain essential services. Such strikes and also lockouts could paralyse Hong Kong and cause grave damage to our economy. A good case in point is the industrial action recently taken by the trade unions of Cable and Wireless Limited. It is not for me to say whether their strike is justified nor do I dispute with their rights to strike. However, the fact is that any disruption of cable services between Hong Kong and the rest of the world will seriously hurt Hong Kong's economy. This is equally true for other essential services such as electricity, telephone and public transport. The interests of the people in Hong Kong as a whole are much more important than those of the employers and employees in a company and should be protected.

I know that in the Labour Department there is a conciliation section and its work is to bring, by persuasion, the two disputing parties together and to assist the parties to iron out their differences and reach agreement. I also know that the conciliating officers are doing a good job. But there is a limit to the work of conciliation, if one of the two or both disputing parties refuse to be conciliated and stand firm on each own grounds. Providing the dispute is not occurred in any essential services, I do not propose that Government should interfere unless it is a "dispute of right" and, in this case, we now have the Labour Tribunal which is empowered to handle and arbitrate disputes of right.

Nevertheless, if there is a "dispute of interest"—which is quite different from a dispute of right—between labour and management in

[DR CHUNG] Motions

an essential service and, as a result, a legal strike or lockout has taken place for more than a specific number of days, I think that for the sake of overall interests there should be legislative power for Government to interfere and exercise compulsory arbitration. I realize that this matter is not as simple as it appears but the issue now put to the Government is a matter of principle. And if Government sees that there are merits in this proposal, the matter can then be looked into in greater details to suit Hong Kong's conditions.

With these words, Sir, I have pleasure in supporting the motion.

MR LOBO: —Your Excellency, one year ago, you, Sir, at the resumption of Council, made some far-reaching announcements. What followed became a year of many achievements and records, with some very positive actions. What you have announced on the 17th October too will soon lead to further progress and records, and I would like to join my previous speakers in congratulating you.

The question now in the minds of many is: Where do we go from here? Are we going to continue to expand? The answer should be: Yes, we shall have to forge ahead but, in so doing, we must also take stock. Not only must we take positive action to provide additional services we must also take other positive action to prevent yet other records being broken, and this time, the ugly ones such as the growth of crime, corruption and narcotics addiction.

To turn to another preventive need, many citizens are becoming more and more disturbed over the increasing immorality and indecency. This is now becoming a very serious social problem. Some social workers have remarked that the spread of pornography has influenced the present increase of crime rate.

One does not have to go into elaborate research to find out what some daily newspapers print, what the newspaper-hawkers have for sale and what some book shops show on their most prominent shelves. Certainly some effective action is needed. The existing law needs teeth to cope against obscenity and immorality. For example, I suggest that the Executive should have powers of confiscation and that these powers should be widely used. At present the law is neither clear nor effective and the penalties for immoral publications are not severe enough.

There is no one Government department with overall or full responsibility for dealing with the problem. There is insufficient cooperation between Government and the different welfare organizations. There is also lack of co-ordination between the different Government Departments in this matter. As a result of the deficiencies mentioned, efforts made to combat indecency have been unco-ordinated, spasmodic, short-lived and limited in scope. We need another "strong man" with full power and facilities to tackle this problem. An alternative would be an independent committee with power to take restrictive and punitive action.

Unless we are prepared to accept indecency as a way of life in Hong Kong, we must act now in earnest.

On the subject of road transport, I hope that the forthcoming green paper will set out full details of Government's plans for improving the existing situation. It is particularly necessary that the two bus companies should be required to increase and improve their services with a view to meeting public demand. We shall then be able to manage with less public light buses on the road, thus reducing congestion, pollution and opportunities for corruption.

I look forward also to the day when taxis will be prevented from overcharging, for example demanding \$10 from the race course to the Central District, or from asking several passengers to make the trip together, yet each of them paying the same full fare. Taxis should also be stopped from refusing to accept fares between 4.30 p.m. to after five o'clock claiming that their shift changes take place at that peak hour. It is obvious that we have lost grip over some aspects of public transport and that the situation needs immediate, positive and firm control.

I hope too that the green paper will outline steps to ensure a better observance of the traffic code which is at present so blatantly disregarded by motorists and pedestrians alike. One minor suggestion: in many parts of the world there is a convention whereby pedestrians on pavements walk on the right, dividing themselves into two streams moving in opposite directions. This would be an enormous improvement on the present dense jumble of pedestrians. Perhaps the system could be tried out here?

I wish to raise also the question of disposal of obsolete vehicles. Nobody really knows the actual number of vehicles on our roads. The reason is simple. Only after two consecutive years of non-renewal of licences are licences withdrawn for cancellation. Until then it is

[MR LOBO] Motions

assumed that the vehicles, although unlicensed, are either in use or kept somewhere safely. Sir, with the high cost of parking and severe shortage of space, we all know that in fact they are abandoned. But the Urban Services Department can only remove them if found to be causing obstruction to cleansing.

I believe that, in the same way as it is an obligation to report change of ownership and address, it should also be compulsory to report unlicensed vehicles, the reason for not having them re-licensed and their whereabouts. It should also be made compulsory for drivers to deliver them to a particular place set aside by Government, or to a private scrap yard to be cannibalized.

I wish to say a few words on the subject of housing. In particular I would ask that a statement should be made on progress in building up the new Housing Department to cope with its greatly enlarged responsibilities under the ten-year housing programme. Are any difficulties foreseen in building up the capacity of the new department to design and build all the new estates which are required under the plan? Can the plan, in fact, become a reality on time?

The second point concerns homelessness. This is a matter which must concern all of us greatly. The present high rent levels in the private sector make it impossible for many persons who are evicted from buildings due to be re-developed to find alternative accommodation. In the past a family which was genuinely homeless was able to go to a temporary re-site area run by the Housing Department. Such re-site areas as there are have long since become full and there is a very urgent need to provide many more re-site areas immediately to meet the backlog of families who are now on the waiting list. I would like a specific statement to be made of how soon these new areas can be found and developed and how long it will take to re-house in such temporary dwelling spaces all those who are in need of it. This is a very urgent priority and even more urgent than the long-term provision of proper housing estates.

A further point is that some of our re-site areas which do exist provide unsatisfactory conditions of life with bad drainage, inadequate sanitation, lack of electricity and so on. Since it is likely to be some years before the housing problem is solved I would urge that priority of attention be given to this problem. We also need some more transit camps where there are proper facilities for family life for those who are temporarily dispossessed.

There is one more point, namely whether anything can be done to advance the completion dates of those contracts already let for public housing estates. Can bonuses be paid to ensure earlier completion?

When Your Excellency addressed this Council last year, you outlined the plans which you believed deserve the highest priority for improving the quality of life in Hong Kong. In the sphere of social welfare the White Paper "The Way Ahead" and the 5-Year Plan were subsequently drawn up. Those form an admirable blueprint for the future but there are still some agencies groping in the dark for lack of clear guidance on the role they should play and the amount of subsidy to be made available to them. Could I urge that these areas of doubt be quickly cleared up?

One such area concerns the minority in our midst: the aged, the handicapped, the widowed and the other groups hit by life's misfortunes. The numbers involved are not dramatic. But care of this minority is a matter of principle.

Is our society prepared to ease the burden of those who are deprived socially, economically, for health reason or through fate? Must they be condemned to a subsistence life when living standards for the rest of us are rising?

Hong Kong has pioneered what I understand to be the first non-contributory allowance in the world for the infirm and the disabled, granting this as of right and not on the basis of a means test. But the allowance requires urgent revision, in the light of rapidly mounting living costs. Levels of public assistance also need to be revised once again.

I believe that a joint Working Group on Rehabilitation was set up over a year ago to tackle the problems of the disabled and their care by the Government and the Hong Kong Council of Social Service. I am told that its discussions were regular and fruitful and resulted in the production under the auspices of the Social Welfare Department of a long report on the whole question of the disabled in the Colony. This document has yet seen the light of day, and I have been unable to trace any published recommendations. It would be depressing if the Working Group's protracted discussions do not result in concrete proposals, even if this means modifying present policies and plans. Could Government say whether this report can be published and what action is being taken on it?

[MR LOBO] Motions

I applaud Government's successful efforts in organizing community involvement in the recent campaigns. This has created among many people a new sense of civic responsibility. It is important that all possible steps should be taken to further encourage and foster the participation of the community in public affairs. As part of this process the community needs access to information.

Government should continue to increase its efforts to explain policies and measures through the media of the press, the radio and television. It is only through adequate news coverage, topical events and discussion programmes that our community can be made fully aware of itself and its own problems.

I am sure we all welcome the process of consultation in the form of green papers on major proposals before policies are settled. This procedure does ensure that the public will be given an opportunity to offer comments and suggestions before final decisions are taken. Would it be possible too to extend this procedure when controversial matters are under consideration which affect the whole community?

To give an example, the question of rent control has been under consideration for some time and finally proposals have been published in the form of the Landlord and Tenant (Consolidation) (Amendment) Bill. At various times during the earlier processes of consideration there were leakages as to Government's intentions which caused uncertainty and speculation. This also caused dissatisfaction to the publicity media which suffered from lack of information and ignorance of the full background of the problem. Would it not have been preferable for Government to make available to all the publicity media (and not just to one or two) a synopsis of the lines along which it was thinking? Naturally such an official leakage (if I may term it) would not constitute a final policy.

Sir, if this were done public reaction could be gauged before and not after the announcement—which must come sooner or later. Usually the announcement comes too late in that some enterprising reporter has obtained the information and has published it in his own newspaper, causing resentment to other newspapers reporters who have not been successful or who perhaps do not have access to the same sources. Some of our press seem continually to get reliable information while it is still security graded.

I appreciate that at times there must be restrictions and that some matters cannot, for security or other reasons, be published at all. If a matter is necessarily confidential or secret then I would suggest that more effective steps be taken to keep it confidential or secret. But the excessive number of papers so graded at present brings the system into disrepute and hence little notice is taken of the classifications when their use is really necessary.

I hope that a review can be made on the classification of official papers. I believe that the public could be kept much better informed of Government's thinking and of the many considerations affecting public policies if "classified" papers are not at the appropriate time downgraded to information papers and made available to the information media and the public. If this can be done with the Godber report it should also be possible to do likewise with many other Government reports, committee papers and so on.

I would ask that a review should be made on the classification of official material. It would do a great deal for public awareness of our problems if more information on such topics of public interest were fed by departments to the publicity media.

What I have said, Sir, so far relates to the flow of information from Government to the public. But the reverse process is equally important. Steps are needed to consolidate and extend the machinery for the collection, collation and assessment of public opinion on Government policies and measures, and for feeding back these assessments to Government departments. In particular, the views and aspirations of grass roots sectors should be ascertained. I would be grateful if a statement could be made about Government's plans in this respect.

Sir, I beg to support the motion before Council.

MRS SYMONS: —Sir, the winds of change which you have brought have continued as fair breezes since the opening of last year's session of this Council and despite occasional strong blows like the Godber affair, we seem set on a new course, with the promise of a pleasant and interesting journey ahead.

Anyone who knows Hong Kong must admit that there is a freshness in the manner which Government is beginning to adopt, and which is so encouraging to the many genuinely concerned citizens whose home Hong Kong is, and whose welfare is Hong Kong's.

[MRS SYMONS] **Motions**

Many new arrivals may soon realize that our dynamic city has much to offer in international friendship and understanding.

There is in the minds of many a willingness to forge ahead as Government itself appears to be determined to do. I remain convinced that the joint efforts of Government and people will be successful as we negotiate the year's journey, as we pass many beautiful hills and beaches resounding with the joyous laughter of young and old at play. I look forward with tremendous enthusiasm to the opening up of our lovely countryside and shore-line and to the inauguration of winter activities for school-children and other youngsters along the lines of the summer youth activities when this year over 400,000 boys and girls enjoyed a variety of programmes. There is much opportunity in our glorious winter weather for our youthful citizens to enjoy themselves were Government able to organize a winter programme as well with the possible assistance of the Royal Hong Kong Jockey Club.

Youthful exuberance and vitality know no bounds and much good can come even from a pilot scheme; for the young are always active and no less so in winter than summer. With the excellent news of plans to open up more picnic spots and areas hitherto undiscovered by the many, perhaps active planning can now be given to preparing school children for the correct use of such facilities both from the conservation and aesthetic point of view.

The promise of Government to pursue, undaunted, the massive programmes of expansion in housing, education, medical and other social services, and of new development of traffic and transport, will be welcomed by our people, and eagerly awaited. Later on, I hope to speak on some aspects of education in the next decade, so I will confine my remarks today to what I consider to be a welcome sign that Hong Kong is beginning to grow up.

We have grown as a city, as an international, an industrial and banking centre, as a trading centre, as an important exporting country, and as a city which the whole world has heard of. The unnecessarily harsh judgment passed on us this summer was not entirely unexpected, though it was, of course, unfortunate. It is to be hoped that our efforts to shake off the curse of corruption will be equally publicized. Hong Kong often sells itself short because our many critics, when abroad, delight in broadcasting our faults without ever mentioning

some of our virtues. This imbalance does us much harm, but we hope it will be changed as we grow up as a city.

We manage remarkably well during a crisis, I think because of the presence of a certain British flair for acting calmly in adversity, and of a certain Chinese trait of resilience and patience in the face of calamity. Let Hong Kong face a major economic disaster or social upheaval or destructive typhoon or disastrous rain-storm, and the world can learn from us how to pull through with alacrity and dignity. But, let Hong Kong experience a period of relative calm, and we relapse into a state of phlegmatic nonchalance. We out-eat the Lotos-Eaters. This is particularly irritating because we can organize ourselves, though we often prefer to do so at the very last minute.

The winds of change which began before McKinsey, may continue for a long time. Somehow, the Government now wants to be businesslike and efficient, instead of ponderous and impassive. The new Secretaries can open a new page in the history of Hong Kong, as they re-organize the departments under their command. At all levels, their work will be watched with interest. In time, there should be fewer bottle-necks in the chain of command and with the morass of waiting removed, and red tape cut away, those who have to deal with Government, and who doesn't? Should find negotiations more readily handled and brought to a swift conclusion.

All this, given a wind of change. Apart from the improved administration that McKinsey should bring, we hope that long before a crisis develops, Government will meet the public at least half-way. In the past, when responsible journalists, university men and women, councillors and the law-abiding majority suggested something new, Government often lapsed into a state of ineptitude. When younger members of the community tried short-cuts to achieve their aims, again, Government chose to ignore them. The many avenues now open to the public should be further publicized. Young people remain unconvinced that there are channels open. The wind of change must surely blow more steadily here.

This summer our crisis was not caused by the heaviest rain in our history but by strange weaknesses in our link with Britain. Who can blame the many who firmly refuse to attempt to understand the legal aspects of Godber's flight and our inability to bring him back? But, you, Sir, have reiterated what our legal friends have said—let one person come forward with definite proof of corruption. Can no one hear? The earlier case of Tsoi's reprieve from the death sentence

[MRS SYMONS] **Motions**

was again most unfortunate. The two cases have been an absolute gift to those who decry our existence and who wish to wreck our achievements. Had they been perfectly planned and timed, the result could not be improved upon. Whitehall may know our views but clearly the British public does not.

Until you opened the session, Sir, we were left unsure of our stand. Now, the winds of change have blown again, and what cool decency they bring. Let the world note that Hong Kong will try to conquer another adversary.

You, Sir, are to be congratulated on setting up a separate Anti-Corruption Commission, and Mr CATER is to be given our fullest co-operation. Definitions of the word corruption and all its implementation in the Hong Kong context could take up an entire debate, but I intend to be brief.

At the lowest level, any public servant who deals with a member of the public should attempt daily to serve that person without delay or intimidation or a sense of superiority. If confidence is to be developed this is essential. Let it be remembered that often a member of the public is rather frightened of officialdom, ignorant of his rights to expect prompt and efficient service and anxious to despatch his business as quickly as possible. So he brings a friend who brings a gift, just to expedite matters. This can stop forthwith. At a higher level, the anxious businessman should not be encouraged to think that only "tea-money" can fortify a public servant to act quickly. Given the determination, much could be improved overnight by the mere exercise of self-discipline and a change of heart, not a detailed Government directive.

In the realm of syndicated crime the remedy is less simple. When we gain in our battle against narcotics, as we should, with the increased measures, you, Sir, suggested a fortnight ago, then we will gain in the broader war against corruption.

No Government on earth can legislate the human heart. It is to be hoped that those who trade in narcotics will find other ways to make money to the greater benefit of our people. I often experience petty bureaucratic greed and pride at work, but can only guess at our local mafia-type organized crime.

Really, the situation is that Hong Kong is at the cross-roads. If we are sincere in our efforts that we want to clean Hong Kong of

its vice, then we all have a part to play. We can have ten CATERS, though I'm sure one will do, but without the goodwill and active co-operation of our citizens little can be achieved. Some would like to see the Anti-Corruption Commission still-born but the great majority will want it to thrive. I have sketched some aspects of one of our big C's. The other, crime, is so closely entwined that the reduction of the one should lead to a reduction of the other.

The third C I'd like to discuss is confidence.

No amount of shouting "we are confident" will help. Few can argue with the premise that confidence has a lot to do with growing up as it has to do with acknowledging one's faults.

A Government that apologises after the event is much to be preferred to one that admits no errors by eliminating those who are the accusers. Full marks to our Government for seeing that there will not be another Godber affair.

Today we are concerned not only with those who are corrupt or involved with narcotics or in any of our evil black-spots, but with the great majority of our citizens who lead decent, law-abiding lives. They are here by choice, more often than not. I think they are worried that the Government does not seem worried about the sharp increase of food prices. They are confident that Government seems to have done very little about curbing the prices at source now they know this is beyond the jurisdiction of our Government but they are also confident that Government is doing very little about the tremendous profits demanded by our importers and traders. They cannot understand why once again, in a vital area of their lives, the Government appears to indulge in that wretched out-dated policy of *laissez-faire*.

Government may in time give another increase to its own staff who number about 110,000, back-dated for a few months, thereby causing some abnormal inflationary repercussion, but it must be remembered that not every employer is as rich or understanding or generous as Government. When a learned professor of economics and many practising economists urge the setting up of a "price stabilization board" or an "essential commodity committee", then, it is hoped that Government will be prepared to serve the people by strenuously combating the scourge of rising prices. Has everything been done to investigate the availability of supplies of fresh food and vegetables from our neighbouring countries or by further encouraging the expansion of our own cultivation?

[MRS SYMONS] **Motions**

The ordinary housewife may not understand the jargon of the economists but she does understand that her ten-dollar bill buys less and less food and she is naturally worried. Her children may be at school free, her husband at work, she may be housed by Government, all this means that she is a lucky person. But on her daily marketing round, she feels no help is forthcoming. I ask not for subsidies, but only some controls, however temporary, of the basic commodities. Quite soon, wages will spiral again, and the whole vicious circle set in motion.

To grow up is to anticipate difficulties and to make sensible to forestall them.

To grow up is not to over-react or panic—to the extent that we have not lapsed into self-pity and despair, we are beginning to grow up as a city.

To grow up is to be confident and sensible—to the extent that knowing all the immense inexplicables that lie ahead, we are still determined to try—we are beginning to grow up.

To grow up is to move forward confidently and this we will do with you, Sir, and all in Government, certain of a happy future ahead.

With these words, sir, I support the motion.

*Motion made. That the debate on this motion be adjourned—*THE ATTORNEY GENERAL (MR HOBLEY).

Question put and agreed to.

4.38 p.m.

HIS EXCELLENCY THE PRESIDENT: —I think at this point, honourable Members might like a short break. Council will resume in 15 minutes.

4.53 p.m.

HIS EXCELLENCY THE PRESIDENT: —Council will resume.

**Ex-gratia award to Mr CHAN Leung under section 95(1)
of the Interpretation and General Clauses Ordinance**

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

Resolved, under section 95(1) of the Interpretation and General Clauses Ordinance, that the sum of \$6,500 be awarded as compensation from the general revenue of the Colony to Mr CHAN Leung of Rooms 283, 284, Block 7, Lei Cheng Uk Resettlement Estate, Sham Shui Po, Kowloon, who sustained injuries in the execution of a duty to assist in resisting crime and that the said sum be paid through the Director of Social Welfare.

He said: —Sir, section 95 of the Interpretation and General Clauses Ordinance provides for the award of compensation to anyone who is injured in the execution of a moral or a legal duty to assist in the prevention of or in resisting crime.

It is proposed that under this provision an award of \$6,500 be made to Mr. CHAN Leung.

In November last year, Sir, Mr Chan went to the help of four women who were being molested by a man in a fruit stall. The man went away when Mr Chan intervened, but returned very shortly afterwards and attacked Mr Chan with a chopper. Mr Chan was injured in the shoulder and suffers from reduced mobility of his left arm as a result. This has affected his earning capacity.

Sir, if honourable Members approve this resolution, it will show this Council's recognition of Mr Chan's praiseworthy conduct as a member of the community in fighting crime and will compensate him for his financial loss.

Question put and agreed to.

MAGISTRATES ORDINANCE

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

Resolved that the Third Schedule to the Ordinance be amended in paragraph 3 by deleting sub-paragraph (1) and substituting the following—

"(1) Any offence against subsection (4) of section 4 or subsection (1) of section 20 of the Road Traffic Ordinance."

Motions

He said: —Sir, it has recently been decided that criminal proceedings in relation to the use of unlicensed motor vehicles will in future be brought under section 4(4) of the Road Traffic Ordinance and not under regulation 44 of the Road Traffic (Registration and Licensing of Vehicles) Regulations as has been the practice.

Consideration of this matter has brought to notice the fact that the offences under section 4 of the Road Traffic Ordinance are not ones to which a defendant may plead guilty by letter under section 18(5) of the Magistrates Ordinance. It is desirable that they should be and the proposed amendment to the Magistrates Ordinance will provide accordingly.

Question put and agreed to.

Motion (in Committee)

Supplementary provisions for the quarter ended 31st March 1973 (Final)

Council went into Committee, *pursuant to Standing Order No 58(2)*, to consider the motion standing in the name of the FINANCIAL SECRETARY.

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

That this Council approves the proposals set out in Paper No 20.

He said: —Sir, the fifth and final schedule of supplementary provisions for the year 1972-73 covers a total of \$644.5 million. Of this sum, \$500 million is required for the Mass Transit Fund from which will be financed in part the Government's equity position in the Mass Transit Railway Corporation. Other items worth mentioning include \$110.6 million for meeting increased salaries following the 1971 salaries revision and the 1972 revision of superscale salaries; \$9.4 million for meeting additional requirements for stores from Government departments and increased prices; and \$6 million for paying pensions at the revised rates following the 1971 salaries revision.

This schedule, Sir, brings the total supplementary provision approved in respect of the financial year 1972-73 to \$1,195.4 million. Actual expenditure brought to account for the same financial year amount to \$4,299.6 million compared with the original estimate of \$3,656.8 million.

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

Question put and agreed to.

Council then resumed.

THE FINANCIAL SECRETARY (MR HADDON-CAVE) reported that the motion had been agreed to in committee without amendment.

Question agreed by the whole Council Pursuant to Standing Order No 58(4).

First reading of bills

**MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS)
(AMENDMENT) BILL 1973**

DISTRICT COURT (AMENDMENT) (NO 2) BILL 1973

TELECOMMUNICATION (AMENDMENT) (NO 2) BILL 1973

EDUCATION SCHOLARSHIPS FUND (AMENDMENT) BILL 1973

**LANDLORD AND TENANT (CONSOLIDATION) (AMENDMENT) BILL
1973**

**LANDLORD AND TENANT (CONSOLIDATION) (AMENDMENT) (NO 2)
BILL 1973**

COMMUNITY RELIEF TRUST FUND (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

**MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS)
(AMENDMENT) BILL 1973**

THE FINANCIAL SECRETARY (MR HADDON-CAVE) moved the second reading of: —"A bill to amend the Motor Vehicles Insurance (Third Party Risks) Ordinance."

**Motor Vehicle Insurance (Third Party Risks) (Amendment) Bill—
second reading**

He said: —Sir, under section 4 of the principal Ordinance, it is an offence for any person to use, or to cause or permit any other person to use, a motor vehicle on a road unless the vehicle is insured against third party risks. However, vehicles owned by the Government and vehicles driven for police purposes by or under the direction of any police officer are exempted from this provision.

It is sometimes necessary for officers of the Transport Department to drive motor vehicles belonging to the public when conducting driving tests or when inspecting vehicles, but it is not always practicable for them to seek the vehicle owner's permission to do so. Similarly, tunnel control officers employed by the Transport Department or by the Cross-Harbour Tunnel Company may also have to remove a motor vehicle which is obstructing traffic inside the Lion Rock Tunnel or the Cross-Harbour Tunnel. The purpose of this bill is to exempt these officers from the statutory obligation to insure against third party risks in respect of vehicles driven by them in the course of performing their duties.

Motion made. That the debate on the second reading of the bill be adjourned—THE FINANCIAL SECRETARY (MR HADDON-CAVE).

Question put and agreed to.

Explanatory Memorandum

This bill amends section 4 of the principal Ordinance—

- (a) to exempt public officers from the obligation to insure against third party risks in respect of vehicles driven by them in the course of performing certain duties under the Road Traffic Ordinance and the Lion Rock Tunnel Ordinance; and
- (b) to exempt persons employed by the Cross-Harbour Tunnel Company for the control of traffic in the tunnel area from the same obligation in respect of vehicles driven by them in the course of removing the vehicles from the tunnel under the Cross-Harbour Tunnel Ordinance.

DISTRICT COURT (AMENDMENT) (NO 2) BILL 1973

THE ATTORNEY GENERAL (MR HOBLEY) moved the second reading of:—"A bill to amend the District Court Ordinance and to make related amendments to other Ordinances."

He said:—Sir, the present upper limit of the general jurisdiction of the District Court in civil matters is \$10,000. This was fixed in 1966. The upper limit of the Court's jurisdiction in land matters, fixed in 1963, is \$5,000.

The need for a change in these limits, in the light of the continuing fall in the value of money, was agreed in consultation with the Chief Justice earlier this year. The proposed new limits are \$20,000 for the general civil jurisdiction of the District Court and \$15,000 for its jurisdiction in land matters. This bill seeks to provide accordingly.

In addition, the opportunity is being taken to introduce a provision which will enable this Council to vary the limit of the District Court's civil jurisdiction by resolution.

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

Question put and agreed to.

Explanatory Memorandum

This bill extends the jurisdiction of the District Court by empowering it to deal with claims not exceeding twenty thousand dollars (instead of the present limit of ten thousand dollars) and to hear claims for the recovery of land where the annual rent does not exceed fifteen thousand dollars (instead of the present limit of five thousand dollars).

Clause 4 enables the Legislative Council by resolution to effect future changes in the monetary limits of the jurisdiction of the Court.

Clause 5 contains transitional provisions.

Clause 6 makes consequential amendments to related Ordinances.

TELECOMMUNICATION (AMENDMENT) (NO 2) BILL 1973

THE SECRETARY FOR HOME AFFAIRS (MR CATER) moved the second reading of:—"A bill to amend the Telecommunication Ordinance."

He said:—Sir, the proposed bill seeks, by amending section 8(4) of the principal Ordinance, to ensure that the only closed circuit television systems which may be operated without a licence are those which are used solely for internal information or security communication purposes within premises occupied by the person operating such a system, or for private entertainment purposes in domestic premises. These unlicensed systems will not be permitted to transmit advertising material unless it concerns only the goods or services sold, or provided, by the person operating the system or which is transmitted free of charge. This will enable the majority of the closed circuit television installations which currently exist in banks and other commercial premises and the closed circuit system which is operated by the Royal Hong Kong Jockey Club to continue without a licence after the expiry of the present wired television franchise under which the systems are at present operating. It will also enable new systems of a similar type to be freely installed.

However, honourable Members will wish to know that it is still considered essential that any closed circuit television system extending beyond the premises of the operator should continue to be subject to licensing control. Licensing for these larger systems is necessary to ensure that technical aspects, especially interference with other means of telecommunications, are adequately controlled. Licensing will also ensure that such systems are used solely for specific and authorised purposes such as the carrying of commercial information, for example stock exchange information, and they will not be permitted to develop into competitive entertainment television services. This proposal follows the pattern already adopted by this Council for aerial distribution installations in single premises, which are also exempt from licensing.

It is intended that both broadcast relay and closed circuit television licences will be available to all applicants who comply with the licensing conditions and, if this amending legislation is passed into law, regulations will be published subsequently for this purpose.

Motion made. That the debate on the second reading of the bill be adjourned—THE SECRETARY FOR HOME AFFAIRS (MR CATER).

Question put and agreed to.

Explanatory Memorandum

This bill amends section 8(4) of the principal Ordinance in order to ensure that the only closed circuit television systems which may be operated without a licence under the principal Ordinance are those systems which are operated for internal information or security purposes or for private entertainment in domestic premises and which do not transmit advertising except of a limited kind.

EDUCATION SCHOLARSHIPS FUND (AMENDMENT) BILL 1973

MR CANNING moved the second reading of:—"A bill to amend the Education Scholarships Fund Ordinance."

He said:—Sir, the purpose of the bill is to provide increased powers for the Education Scholarships Committee in the management of scholarships and in particular with regard to the number and conditions of awards.

There are certain shortcomings in the provisions of the Ordinance relating to the powers of the Committee to vary scholarships. In particular, the assets of certain scholarships have increased considerably since they were set up, with the result that the resources available for various scholarships are in excess of the cost of the awards. To increase the value of the awards would result in some cases in the value becoming excessive. The Education Scholarships Fund Committee therefore have proposed an increase in the number of awards under such scholarships but cannot do so under the Ordinance as it now stands.

This bill would amend section 13 of the Ordinance to enable the Committee to increase or to decrease the value of any scholarship or award, or to create an additional award provided the consent of the donor, if he is still living, is first obtained. The Committee will also be empowered to specify the conditions of the new award which may differ from the conditions of any other award under that particular scholarship, and to cancel any new award. It is provided however that by creating a new award of a scholarship the value of any other award of that scholarship shall not be decreased below its original value. I have consulted all donors now alive and ascertained that they have no objection to the Ordinance being amended on these lines.

[MR CANNING] **Education Scholarships Fund (Amendment) Bill—
second reading**

The bill also repeals and replaces section 12 of the Ordinance to provide for the disposal of the excess of income and the reserve funds. Opportunity has also been taken to repeal the Schedules to the Ordinance containing lists of scholarships which have become out dated. The Schedules will be replaced by the Register of Scholarships which contains an up to date list of scholarships and relevant particulars of each of them. Section 8 of the Ordinance is repealed and replaced to provide further for the manner in which the Register is to be maintained.

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

Question put and agreed to.

Explanatory Memorandum

The main purpose of this bill is to provide increased powers for the Education Scholarships Fund Committee in the management of scholarships and in particular with regard to the number and conditions of awards of scholarships administered under the principal Ordinance.

2. Clause 2 amends section 2 by introducing a number of new definitions, including a definition of "Register" and other terms consequent upon the amendments contained in clauses 8 and 9.

3. Clause 3 corrects a drafting error which occurred in section 3(2)(a) during the 1964 Revision of the Laws of Hong Kong and makes consequential changes in respect of the new requirements as to the Register in clause 5.

4. Clause 4(c) amends section 4(1)(d) to remove provision for the disposal of the General Reserve Fund. This is now provided for in the new section 12 (replaced by clause 8).

5. Clause 5 repeals and replaces section 8 which now makes new and more particular provision for a Register of Scholarships divided into three Parts. Parts I and II are to contain particulars of the Scholarships now set out in Parts I and II of the First Schedule to the Ordinance and Part III is to contain the scholarship named in the Second Schedule and those new scholarships donated since the commencement of the Ordinance in 1955. The

secretary will maintain the Register up to date by noting any changes and the existing provision for public inspection of the Register is preserved.

6. Clause 8 makes important new provisions for the disposal of excess income and the reserve funds. Under the new section 12(1) the income from the general capital in excess of that required for payment of scholarships in Parts I and II of the Register may at the direction of the committee be paid into either the General Reserve Fund or into general capital, and any part of the General Reserve Fund may be transferred to the general capital or may be used to augment the income from general capital. Section 12(2) contains similar provisions in respect of the disposal and application of the excess income from the separate capital and of the Separate Reserve Fund for each scholarship in Part III of the Register.

7. Clause 9 repeals and replaces section 13 to give the committee a wider power to vary the value of scholarships and a new power to create additional awards of any scholarship so long as the creation of such an additional award does not cause the value of any existing award to fall below its original value. Subsection (2) of the new section 13 provides that conditions of a new award of a scholarship may differ from the conditions of other awards of that scholarship and provisions are made in subsections (3) and (4) for cancelling new awards and for requiring the consent of any living donor of a scholarship in Part III of the Register, to any variation. Notice of variations made to scholarships is to be published in the *Gazette* under subsection (5).

8. Clause 10 amends section 14 of the principal Ordinance to provide for future donations accepted by the Trustee to be entered in the Register and for such donations to be published in the *Gazette*.

9. Clause 14 repeals the First and Second Schedules to the Ordinance. Since the commencement of the Ordinance, in 1955 many new scholarships administered under the Ordinance have been created and the Schedules have therefore become outdated and inadequate. The Register provided for by clause 5 will give a clearer and more comprehensive picture and the Schedules are therefore considered redundant. The bill contains a number of consequential provisions replacing references to the Schedules by references to the Register.

**LANDLORD AND TENANT (CONSOLIDATION),
(AMENDMENT) BILL 1973**

MR LIGHTBODY moved the second reading of:—"A bill to amend the Landlord and Tenant (Consolidation) Ordinance."

He said:—Sir, this bill relates to pre-war premises at present controlled under Part I of the Landlord and Tenant (Consolidation) Ordinance, and seeks to exclude from the provisions of that Ordinance two types of premises: firstly, those for which the tenant enters into an agreement to return the premises to the landlord, in exchange for some consideration; these I will call section 18 cases. And, secondly, those for which the tenant chooses to contract out of the provisions of the Ordinance by signing an agreement for a fixed term not exceeding five years, the agreement having been approved by a Tenancy Tribunal; these I will call section 28 cases. This amending bill, if approved, will exempt both categories of premises from the provisions of the Ordinance, without any further formalities, where the agreement is made after the enactment of this bill.

The procedural safeguards which now apply to section 18 cases, including scrutiny and endorsement by the Secretary for Home Affairs, will continue to apply. In the majority of these cases the landlord's purpose is redevelopment, but there might be exceptions where the premises still have a useful life or where immediate redevelopment is not practicable; however, the landlord having paid compensation to the tenant for vacant possession it would be reasonable to provide for exclusion from the Ordinance in all such cases, and even where redevelopment might be delayed.

Section 28 cases relate to premises for which the tenant has agreed to pay a higher rent than permitted under the Ordinance. Tenants entering into such agreements generally agree to deprive themselves of their right to security of tenure. Now there are some 1,500 agreements in force at present, and in a typical month there might be some 60 new agreements of this type, covering both domestic and commercial premises. They usually arise where a landlord, having in one way or another obtained vacant possession, decides to rent the premises out rather than leave them vacant. These rents are endorsed by a Tenancy Tribunal and at present the premises are excluded only during the currency of the agreement. In practice, all such rents differ only slightly from free market rents, and as I have said, most of the tenants involved agree at the same time to give up their security of tenure under the Ordinance. In this situation, there are no grounds for keeping

the premises under the control of the Ordinance, and clause 3 of the bill provides for their exclusion.

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

Question put and agreed to.

Explanatory Memorandum

The purpose of this bill is to provide for the exclusion from Part I of the Landlord and Tenant (Consolidation) Ordinance of pre-war premises that are the subject-matter of an agreement to surrender under section 18 or an agreement under section 28.

Clause 2 of the bill amends section 18 of the principal Ordinance by providing that, where an agreement is made under that section for the surrender of a protected tenancy, the premises to which the agreement relates are to be excluded from Part I of the Ordinance.

At present, section 28 of the principal Ordinance permits a landlord and tenant to contract out of the provisions of Part I. In order to contract out, the tenancy agreement must be for a term certain not exceeding 5 years and the terms of the agreement must be approved by a tenancy tribunal. Clause 3 amends section 28 by providing that, upon the execution of an approved tenancy agreement, the premises to which it relates shall be excluded from Part I.

Exclusion under the amendments proposed in the bill will only apply in relation to agreements made after the commencement of the bill.

LANDLORD AND TENANT (CONSOLIDATION) (AMENDMENT) (NO 2) BILL 1973

MR LIGHTBODY moved the second reading of:—"A bill to amend the Landlord and Tenant (Consolidation) Ordinance."

He said:—Sir, the contents of this bill have been public knowledge since June this year, when this Council considered temporary legislation to put a halt to excessive rent increases in post-war domestic accommodation not covered by Part II of the present Ordinance. The

[MR LIGHTBODY] **Landlord and Tenant (Consolidation) (Amendment)**
(No 2) Bill—second reading

word "sky-rocketing" was then used to describe some of these rent movements and today I would like to recall what it was that occasioned this sudden freeze on rents. A survey in April revealed that the rents of uncontrolled post-war domestic property had surged forward to a point where they exceeded the rents of comparable controlled premises by anything up to 200%. Since 1970, uncontrolled domestic rents had risen on average by 83%, and these levels of rent showed that the gap between supply and demand remained wide. The situation clearly called for restraining action by the Government to restore some order to it and to ensure security of tenure for the tenants concerned. At the same time, it was recognized that in some cases the 1970 rent-increase legislation held down rents to unrealistically low levels. The Domestic Premises (Tenure and Rent) (Temporary Provisions) Ordinance which was then passed was thus simply a holding action and today we are considering substantive legislation for which a life of three years is proposed; three years because the imbalance between supply and demand which drives rents up is unlikely to be corrected any sooner, especially given the rising demand from Hong Kong families for more house-space.

Rent-regulation is of course only a patching operation, and the remedy lies in building more housing. The Housing Authority will make a substantial contribution in this direction through its 10-year Programme, but much will depend on the private developers' contribution. Although the Housing Authority's standards of accommodation will improve as the years go by, there will always be a large and growing demand for something better than the Authority can hope to provide, and a demand for home ownership from families seeking to remove themselves from the uncertainties of rented accommodation. There is then a very substantial field in which private developers can operate but they must be given the opportunity to make this contribution at prices within the reach of Hong Kong families. This means that larger land areas than in the past must be sold for development, and in your recent address to this Council, Sir, you underlined the need for positive action on these lines. Let me repeat, Government is very conscious of the importance of the private developers' part in meeting Hong Kong's housing needs and is anxious to help them to make the maximum possible contribution.

And now, Sir, it might help if I put this bill before us today in perspective. We have regulated post-war domestic tenancies on two

occasions in the past: from 1963 to 1966 and from 1970 to date. About 160,000 tenancies were brought under control by the 1970 legislation, which is still in force, but it contained a number of exclusions. Firstly, it did not apply to premises with a rateable value of \$15,000 or more; secondly, it did not apply to tenancies covered by long-term tenancy agreements; thirdly, it did not apply to buildings certified for occupation after the 30th day of January 1970—this to encourage new development; fourthly, it did not apply to fresh lettings in existing premises. Today, allowing for buildings completed since early 1970, it is thought that there are something like 60,000 domestic tenancies in post-war buildings which are outside the scope of the 1970 Ordinance. The majority of these are now covered by the freeze Ordinance, and it is these (together with the premises certified for occupation during the life of the "freeze" Ordinance) which will be brought under rent regulation by the bill before us today. However, this gives no grounds for a distress call by landlords, as the rents being paid for these previously exempt but currently frozen tenancies when they come under regulation will have been negotiated privately between landlord and tenant. What the new bill will do over the next three years is to give the tenants of these premises security of tenure and moderate increases in rent, within the terms of section 58.

Like its 1970 predecessor, the bill does not concern itself with premises certified for occupation after its enactment. In every case where the occupation permit is issued after a date to be prescribed in the bill, the landlord will be free to negotiate the rent with his tenant, and to seek increases thereafter during the life of this legislation to whatever extent the market will allow, subject of course to the six-months' notice required under Part V of the parent Ordinance. As I have already said, it is Government's aim to encourage private developers to keep up their activities, and this provision gives the necessary stimulus and incentive to the private developer to build and go on building. About 95% of new flats are sold, and about half of these are bought by small landlords who rent them out as an investment, and they need to be satisfied that they can secure a reasonable yield on their investment. This bill will not interfere with the price paid for a new flat or with the rent that is subsequently agreed for it.

It might be asked why do we now propose to bring under control all existing tenancies, regardless of their rateable value. The reason is that the upsurge in rents has been greatest for medium and large flats, and rents in these previously uncontrolled sectors have in many cases been pushed up to exorbitant levels, levels far beyond what any reasonable (or even unreasonable) landlord could expect. And, of

[MR LIGHTBODY] **Landlord and Tenant (Consolidation) (Amendment)**
 (No 2) Bill—second reading

course, sitting tenants in such a situation are also sitting ducks, understandably reluctant to move house at six months' notice and all too susceptible to pressure to give another twist to the rent-increase spiral. In this way, excessively high rent levels are established which act as an irritant throughout the whole domestic housing sector. But, here again, landlords have no grounds for complaint since these flats will come into the regulation system at more or less open market rents, and they too can seek increases under the formula allowed in section 58, provided of course their rents are below the current fair market rent level. I should add that the previous valuation cut-off of \$15,000 rateable value excluded only 1,500 or so tenancies, and if the same relative value were used today some 4,000 tenancies might be excluded. It would seem to be unwise to repeat this type of exclusion considering what serious distortions can be caused by such a small number of excluded tenancies.

Again, why do we seek to regulate existing tenancies which are the subject of fixed-term agreements, when these were excluded from the 1970 Ordinance? About 10% of all premises not covered by that Ordinance are subject to such fixed-term agreements. Here too, we find the tenant, when the agreement expires, caught in a trap; he has been paying a market rent for his flat but is now exposed to demands for sudden and substantial increases reflecting what the landlord might hope to get from a desperate first-time house-hunter. He too is a sitting duck, established in his home, willing to pay a reasonable increase but tempted—unless protected—to yield to demands for exorbitant increases. It is true that these agreement-tenants have entered into contracts and it is a serious step to overrule such contracts by legislation; furthermore, many landlords will say that this step will upset plans they have made for recovering and selling their flats and that such legislation will remove a useful mechanism which enables landlords and tenants to agree on rents and tenure on their own. These arguments have been given careful consideration but the conclusion must be that there are overriding reasons of community interest which require this mechanism to be suspended for the three-year life of this bill. What will happen then cannot be predicted, but obviously we all look forward to the day when the supply-demand position will allow such controls to be withdrawn.

I said earlier that rents in some of the currently controlled tenancies are unrealistically low, because the original rents were fixed

when there was a plentiful supply of accommodation and lower rents were the order of the day. These rents have been held back by the 1970 legislation and are now in some cases very much below fair market levels. This bill seeks to rectify these distortions in a controlled way by allowing for rent increases every two years at a rate which, if these controls were renewed beyond 1976, would close the gap between regulated and fair rent levels, in roughly 10 years; this pace is determined by the factor of five set down in section 58(3). It provides also that no increase shall exceed 21% of the current rent, that is, a maximum increase of 10% a year. In effect then the greater the gap between the present rent and the fair market rent, the greater the increase allowed under this formula. Fair market rent will be determined by staff of the Rating and Valuation Department who will have regard to the overall rental position, and not just the latest scarcity rents being demanded.

In all cases, once a rent has been determined, no increase will be allowed for the following two years, and tenants will enjoy security of tenure for the life of the Ordinance, that is, up to December 1976, and even beyond that for a period of two years from the date on which an increased rent began to be paid before the expiry of the Ordinance. Security of tenure is perhaps the most important provision of this legislation, and it is this that is threatened in the absence of legislation designed to strike a reasonable balance between the interest of landlords and tenants.

It is interesting to note that of 160,000 tenancies controlled by the 1970 Ordinance, over 80% of the landlords and tenants reached agreement on rent increases by themselves and did not consult or inform the Rating and Valuation Department. Clearly the great majority of tenants use such legislation as a bargaining weapon and prefer to reach their own settlement with their landlords, and this is to be welcomed provided such bargains are freely reached. New section 55 of the bill allows rents for controlled tenancies to be agreed between landlord and tenant, but the agreement is required to be registered with the Rating and Valuation Department. I hope that more such agreed rents will be registered with the department in the future.

Turning now to the more general features of the bill, it contains various safeguards for all parties concerned. There is provision in new section 69 for an independent three-man Tribunal to review the Commissioner of Rating and Valuation's assessments of fair market rent, and provision for appeal from the Tribunal to the District Court. There is provision in new section 53(2) for a landlord to recover his

[MR LIGHTBODY] **Landlord and Tenant (Consolidation) (Amendment)**
 (No 2) Bill—second reading

property through the court where he requires it for the use of himself or his immediate family (provided he was the landlord before the date of enactment of the bill) or where he intends to redevelop his property;¹¹ but where he wants it for himself or his family the court must be satisfied that granting the order for repossession will not cause greater hardship than refusing it. And once the landlord has recovered his premises in this way, he is not free to re-let them or to assign them to a third-party for two years unless such assignment is solely to facilitate rebuilding.

A new provision in this bill is in section 66 which requires the landlord to give his tenant a receipt for every rent payment. The maximum penalty for failure to do so is a fine of \$2,000. The great majority of our tenancies are on month-to-month terms, and in most cases no document changes hands between landlord and tenant. I believe this is an unsatisfactory situation from the tenant's point of view and I regard the introduction of a rent receipt as a first step, which might later be reinforced by a requirement for these rent receipts to contain a simple statement of the tenant's rights and obligations.

It has been suggested in some quarters that this bill will trigger off a spate of rent increases. This can happen only if tenants fail to use the protection given by the bill. The bill allows for rent increase only 12 or 24 months after the previous increase—and in the case of a fixed term tenancy agreement there can be no increase until the agreement expires and even this will be a controlled increase. It would be advisable for tenants faced with demands for rent increases not supported by a certificate issued by the Rating and Valuation Department to seek advice from that department before agreeing to pay higher rents.

As to the effective date of this legislation, the published bill refers to the first day of December 1973. However, changes have unavoidably been made in the time-table for the bill's passage through this Council, and it cannot now come into force before the fifteenth day of December.

For the rest of this bill, Sir, I think I can safely leave further explanation to the Explanatory Memorandum which accompanies it. The bill tries to strike a fair balance between the expectations of landlords and the pockets of tenants, and provides a mechanism for on-going revisions of rents to ensure that they do not in future fall

too far behind fair market rents, as has happened in some cases over the past three years. It will nonetheless give landlords a reasonable and growing return on their investments and, by excluding newly built premises, provides the necessary encouragement for greater efforts by private developers. I venture to say that its success in striking this balance is evidenced by press and public comment on the bill and I therefore commend it to honourable Members.

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

Question put and agreed to.

Explanatory Memorandum

The purpose of this bill, which replaces the present Part II of the principal Ordinance, is to provide a new system of controls on rents on new lettings of domestic tenancies in post-war buildings and on rent increases in respect of such tenancies. The bill also provides for security of tenure.

The bill prohibits contracting out of its provisions (new section 50(1)), but some classes of tenancy, including tenancies in new buildings are excluded.

Section 51 defines the expression "domestic tenancy".

Section 52 provides that, subject to section 53, no tenancy to which the bill applies, whether created before or after the 1st December 1973, shall terminate during the life of the new Part. Two years additional security of tenure is given where a tenant's rent has been increased under the new Part (except where the increase is on account of an increase in rates) and where a new tenancy is created not more than two years before the expiration of the new Part.

Section 53 sets out the circumstances under which a tenancy may be terminated. If a landlord wants to terminate a tenancy in order to house himself or his family, or if he wants to rebuild, he must apply to the court for possession. In the case of a landlord who wants possession for himself or his family, the court must be satisfied that he did not become the landlord after the 1st December 1973 and that no greater hardship would be caused by granting the order than by refusing it.

**Landlord and Tenant (Consolidation) (Amendment) (No 2)
Bill—second reading**

[Explanatory Memorandum]

Once a landlord has recovered possession, he is prohibited from creating a new tenancy or from selling for two years from the date of the order for possession unless he obtains the consent of the court or unless the sale is to facilitate the rebuilding of the premises. If a landlord has obtained possession by misrepresentation or concealment of material facts, his former tenant can recover compensation from any loss or damage he has suffered as a result (section 53(6)).

The rent of a tenancy created after the 1st December 1973, in respect of premises not the subject of a tenancy at that date may be freely negotiated. However the Commissioner of Rating and Valuation must be notified of the agreed rent. If a tenancy is created on or after that day and the premises were then the subject of a tenancy or were previously the subject of a tenancy, then the recoverable rent is not to exceed the fair market rent as assessed by the Commissioner of Rating and Valuation (section 54(4)).

Section 55 deals with increases in rent by agreement, while section 56 enables a landlord who bears rates to pass on to his tenant any increase in rates.

A landlord who wishes to increase rent may apply to the Commissioner for a certificate. The tenant is given an opportunity to comment on the landlord's application and, if there are disputed facts, the Commissioner is to determine the dispute (section 57).

Section 58 deals with the grant of certificates following an application under section 57. If the Commissioner is satisfied that the fair market rent exceeds the current rent paid by the tenant, he issues a certificate showing the amount by which the rent may be increased. That amount is arrived at by dividing the difference between the fair market rent and the current rent by a factor. The factor is to be five or such other figure as the Legislative Council may determine. However no increase may exceed 21% of the current rent.

Section 59 enables a landlord or tenant aggrieved by a finding under section 54 as to a fair market rent or by a certificate under section 58 to have a review. The review is to be carried

out by three members of a Rent Tribunal Panel to be appointed for the purposes of the bill.

Section 60 provides an appeal to the District Court.

Section 61 requires that a landlord who has received a certificate under section 58 relating to an increase must, in order to make that increase effective, serve a notice of increase on the tenant.

Section 62 deals with rents of sub-tenancies created out of tenancies in respect of which the Commissioner has assessed a fair market rent under section 54. In such cases the rent of the sub-tenancy must be an amount which the Commissioner considers to be reasonable.

Section 63 permits a tenant whose rent has been increased to pass that increase on to his sub-tenants. However, the maximum increase that can be passed on is 21 %.

Section 64 deals with increases in rent of sub-tenancies following an increase in rates.

Section 65 prescribes limitations on increases. If a tenancy was created before the 1st December 1973 or there was an increase in rent before that date, then an increase under section 58 cannot take effect before one year from the date of the tenancy or the last increase, whichever is the later. If a tenancy was created on or after the 1st December 1973, no increase under section 58 can take effect before two years from the date of the tenancy. Where a landlord has had an increase under section 58, no further increase under that section can take effect within two years of the first increase.

Section 66 requires landlords and principal tenants to issue rent receipts.

Sections 68 to 74 contain ancillary provisions relating to the jurisdiction of the District Court and proceedings in that court under the bill, the appointment of Rent Tribunals, the powers of the Commissioner, forms, rules of court and the service of notices.

Section 74B provides that the new Part II is to remain in force for three years.

Clause 3 is a repeal provision.

COMMUNITY RELIEF TRUST FUND (AMENDMENT) BILL 1973

MR LI moved the second reading of: —"A bill to amend the Community Relief Trust Fund Ordinance."

He said: —Sir, as stated in the explanatory memorandum this bill is designed simply to change the name of the Community Relief Trust Fund to Emergency Relief Fund. The proposed name will describe more accurately the purpose of the fund and avoid possible confusion with the Community Chest of Hong Kong. The Fund was established in 1962 to provide a means of channelling aid for the relief of those in immediate distress in times of natural disaster. The Community Chest, on the other hand, aims to provide financial support derived from the proceeds of an annual appeal for a variety of charitable and welfare purposes which are not specifically related to emergency situations.

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

Question put and agreed to.

Explanatory Memorandum

The purpose of this bill is to change the name of the Community Relief Trust Fund. The Fund is to be known as the Emergency Relief Fund so as to avoid confusion with The Community Chest of Hong Kong, a statutory corporation established for different charitable objects.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 14th of November.

Adjourned accordingly at twenty-seven minutes past five o'clock.