

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 7th May 1975****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, KCVO, 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 (*Acting*)
MR GARTH CECIL THORNTON, QC
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DENIS CAMPBELL BRAY, CVO, JP
THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP
SECRETARY FOR THE ENVIRONMENT
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE IAN MACDONALD LIGHTBODY, CMG, JP
SECRETARY FOR HOUSING
THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE LI FOOK-KOW, CMG, JP
SECRETARY FOR SOCIAL SERVICES
THE HONOURABLE DAVID AKERS-JONES, JP
SECRETARY FOR THE NEW TERRITORIES
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP
SECRETARY FOR SECURITY
THE HONOURABLE DAVID WYLIE MCDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, JP
DIRECTOR OF EDUCATION
THE HONOURABLE IAN ROBERT PRICE, TD, JP
COMMISSIONER FOR LABOUR
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP
THE HONOURABLE WILSON WANG TZE-SAM, 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, OBE, JP
THE HONOURABLE JAMES WU MAN-HON, OBE, JP
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP
THE HONOURABLE LI FOOK-WO, OBE, JP
THE HONOURABLE JOHN HENRY BREMRIDGE, JP
DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP

THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, JP
 THE HONOURABLE LO TAK-SHING, JP
 THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
 MR KENNETH HARRY WHEELER

Papers

The following papers were laid pursuant to Standing Order 14(2): —

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:	
Interpretation and General Clauses Ordinance.	
Specification of Public Office	105
Defences (Firing Areas) Ordinance.	
Defences (Firing Areas) Ordinance (Amendment of Schedules) Order 1975	106
Railways Ordinance.	
Railways (Amendment) Rules 1975	107
Nurses Registration Ordinance.	
Enrolled Nurses (Enrolment and Disciplinary Procedure) (Amendment) Regulations 1975 (Commencement) Notice 1975	108
Immigration Ordinance.	
Immigration (Places of Detention) (Amendment) Order 1975	109
Sessional Paper 1974-75:	
No 40—Supplementary Provisions for the Quarter ended 31st December 1974 (published on 7.5.75).	

Oral answers to questions

ICAC Annual Report

1. MR BREMRIDGE asked: —

Sir, when will the Annual Report on the Activities of the Independent Commission against Corruption for 1974 be tabled in this Council?

THE COLONIAL SECRETARY: —Sir, at the next meeting of this Council.

Commodity Companies

2. MR LOBO asked: —

Sir, what action is Government taking against locally registered companies which deal in commodities overseas and against which complaints have been made to the Commercial Crime Office of fraud and swindles?

THE FINANCIAL SECRETARY: —Sir, there are, at present, no specific legal controls relating to the operation in Hong Kong of companies dealing with either commodity options or futures contracts on a commodity exchange established outside Hong Kong. There is nothing in the law here at the moment to prevent a company being established here to operate on or through a commodity exchange overseas.

The only legislation relating to commodities is the Commodity Exchanges (Prohibition) Ordinance which was introduced in July 1973 to prevent the possible establishment of commodity exchanges in Hong Kong whilst the case for, interest in, and viability of, an exchange was being examined.

Trading in commodities by Hong Kong companies and residents does, however, take place at the present time. Facilities for trading in futures contracts on overseas markets already exist here through the agency of several reputable local and international commodity dealing companies. No complaints have been received against the activities of these companies, dealing as they do with internationally traded commodities on established commodity exchanges.

There are certain other companies which mainly, but perhaps not exclusively, deal in options in commodities not so internationally traded and accepted and here there is no room for complacency. Between

[THE FINANCIAL SECRETARY] **Oral answers**

1st January 1972 and 1st May 1975, 82 complaints were made to the Commercial Crime Office against companies dealing in options to purchase commodities. No fewer than 62 of these complaints were made just over a year ago in respect of a company misleadingly called the Pacific Commodity Exchange Limited. I say misleadingly because it was not a commodity exchange. A protracted investigation was made into the affairs of this company and its principals. This included a visit to Hong Kong in April 1974 of three United States officials—the Deputy District Attorney, Fraud Section, Los Angeles, a senior investigator of the California Department of Corporations, and a sergeant of the Los Angeles Police Department. The investigation also involved a visit by two officers of our own Commercial Crime Office to California in December 1974. No prosecution has yet been mounted. This is because, in some cases, no offence was disclosed and, in other cases, there has been insufficient evidence to support a prosecution.

A clear distinction, Sir, must be drawn between the activities of companies of international standing and repute, dealing in either futures contracts or options, and who are *bona fide* members of established commodity exchanges overseas with those of smaller, relatively unknown companies who deal mainly in commodity options in the less internationally traded commodities. These companies often pursue an aggressive sales policy and their links with established exchanges appear somewhat tenuous.

The controls exerted over members of established commodity exchanges are strict and severe and the complaints registered with the Commercial Crime Office did not refer to such commodity dealers, but were made against individuals and companies who had no connection whatsoever with an established exchange. Members of existing exchanges have established codes of conduct which, for example, would not countenance some of the sales methods currently employed.

Now, Sir, as honourable Members are aware, the Government has for some time been studying certain proposals submitted to it for the establishment and operation in Hong Kong of a commodity exchange. As I shall explain when moving a resolution in this Council on 21st May next, the Government's intention is to ensure that, if and when such an exchange is established, it will operate in a well regulated and orderly manner and in accordance with internationally accepted practices and standards.

A separate but related question which has been exercising our minds has been whether the activities of commodity dealers resident

in Hong Kong should be regulated in some way and, if so, how. We have concluded that, irrespective of whether or not an exchange is to be established in Hong Kong, it will be necessary to introduce a registration system applicable to all commodity dealers, whether or not they are members of our own exchange. The Government will, therefore, shortly be proposing the registration of all commodity dealers, subject to their being able to meet certain minimum criteria. A suitable cash deposit will also be required. Whether or not the bill providing for registration deals also with the establishment and regulation of a commodity exchange in Hong Kong remains to be seen. It is hoped that registration will go a long way towards eradicating the causes of the complaints which gave rise to my honourable Friend's question today since it is our aim to see that the commodity dealing that does take place in Hong Kong is retained in professional, legitimate and controlled hands.

Pornographic literature

3. Miss KO asked: —

Sir, will Government state when firmer laws will be introduced to curb the publication and circulation of materials and magazines of a pornographic and violent nature particularly in the case of those aimed at children and young people?

THE ATTORNEY GENERAL (ACTING): —Sir, progress has been made since the Attorney General stated in this Council, in November last, that legislative action was being considered with respect to publications of a pornographic or violent nature which are particularly aimed at children and young people.

A bill has now been drafted and is at present the subject of consultation within the various branches of the Government. It is expected that a new draft bill will soon be ready for submission to Your Excellency in Council.

Industrial investment from overseas

4. Mr TIEN asked: —

Sir, will Government give further consideration to the need to increase the budget of \$200,000 earmarked for the promotion of industrial investment from overseas?

Oral answers

THE FINANCIAL SECRETARY: —Yes, Sir, we shall give further consideration in the light of our prevailing financial circumstances, if and when the Trade Development Council and the Commerce and Industry Department have demonstrated that the sum provided in the 1975-76 Estimates is patently inadequate. So far as I know final plans for spending even this sum have yet to be agreed.

MR TIEN: —Sir, is my honourable Friend aware that the Trade Development Council consider \$200,000 to be totally inadequate for an effective industrial investment promotion programme for 1975-76?

THE FINANCIAL SECRETARY: —I have heard, Sir, that that is their view.

MR WU: —Sir, is my honourable Friend the Financial Secretary aware that the difficulty in agreeing to the final plans to spend this amount is because it is so meagre and inadequate for the job that is to be done?

THE FINANCIAL SECRETARY: —I don't think I really understand the question, Sir.

MR WU: —Sir, I intend to ask: "Is the Financial Secretary aware that the difficulty for the TDC and the DC & I to agree on the final plans to spend the amount is that because it is so meagre and inadequate considering the task to be done?"

THE FINANCIAL SECRETARY: —I do not see, Sir, why it should be so difficult to plan the spending of a sum of \$200,000 but perhaps my honourable Friend the Director of Commerce and Industry could further elucidate on the problem.

MR JORDAN: —I don't think I can say very much more. I was not present at the meeting of the Trade Development Council which was held recently because I was away. Myself I sympathize with my honourable Friend down here (*laughter*) that he is naturally unwilling to give us more money until we have at least agreed how to spend the money that is available. I agree, I think, with my honourable Friend Mr WU that it is inadequate for any really meaningful programme, but we could do something with it and I think we should agree on

what we can do with it and then go on to tell the Financial Secretary that we think that we need more on top of that. But naturally as long as \$200,000 stays unspent because we don't agree on plans, he isn't going to provide any more.

Cigarette smoking

5. MR CHEONG-LEEN asked: —

Sir, can a continuous campaign be carried out against heavy cigarette smoking as being a likely cause of cancer?

SECRETARY FOR SOCIAL SERVICES: —Sir, a report on cigarette smoking prepared by an *ad hoc* inter-departmental committee was published in June last year.

It was hoped that, following the publication of this report, the committee would study and assess comments from the public so that final recommendations might be made relating to acceptance, modification or rejection of the measures proposed in the report. Public response to the report has been significantly lacking and, as a result, Government commissioned a commercial firm to undertake a survey on public attitudes towards smoking. The results of this survey are still under consideration and it would therefore be premature for me to say whether or not a continuous campaign should be carried out against heavy cigarette smoking and what resources are required to facilitate such a campaign.

Sir, I might add that the survey which I have just mentioned indicates that the public places great emphasis on the combined efforts of schools and parents to educate young people about the dangers associated with cigarette smoking. This is therefore a likely area of priority when the inter-departmental committee frames its final recommendations to Government.

MR CHEUNG: —Sir, before Government implements any measures of this kind will it bear in mind that personal liberties are not to be lightly infringed (*laughter*)?

SECRETARY FOR SOCIAL SERVICES: —I quite take the point, Sir.

MR CHEONG-LEEN: —Sir, in this connection when are the final recommendations going to be made available?

Oral answers

SECRETARY FOR SOCIAL SERVICES: —Sir, I expect within the next three to four months.

Health education

6. MR CHEONG-LEEN asked: —

Sir, (a) what are the health education plans for 1975-76 and

(b) do such plans include the setting up of a health education unit?

DR CHOA: —Sir, the individual units in the Medical and Health Department carry out regular health education programmes each year. These will continue during 1975-76 and will cover such subjects as personal and environmental hygiene, prevention of diseases, and family health subjects which include maternal and child health, family planning and nutrition.

We shall make use of the mass media of the television, radio and the press, as well as individual and personal motivation. Depending on the subject and whenever appropriate, we shall continue to seek the co-operation of other Government departments, non-Government associations and organizations.

Indeed, health education constitutes one of the main areas of work in the Family Health Service and is an important aspect in all activities at our maternal and child health centres. Health education activities are also carried out by the Chest Service, Social Hygiene Service and by the health staff in the regional health offices as part of the disease prevention programme. A Health Education Unit in the New Territories undertake regular health education activities in the towns and villages. These include health talks to schools, the showing of health education films to schools and villages and the organizing of local health exhibitions.

All of these we shall continue during the current year in addition to the measures undertaken by other departments, the Urban Council and other bodies in their own fields.

In addition to the health education programmes for individual units of the department as stated above, the establishment of a Central Health Education Unit to co-ordinate the whole range of preventive health activities within the Medical and Health Department is one of

the recommendations in the Medical White Paper. In my previous speech at this Council about the implementation of the proposals contained in the Medical White Paper, I have indicated that there will be a delay of at least one year in carrying out the White Paper's proposals. However, despite this difficulty, action is already in hand to train staff in health education work so that the nucleus of this unit can be set up as soon as other requirements such as accommodation and basic equipment are available.

MR CHEONG-LEEN: —Sir, do I understand from my honourable Friend that the delay might be at least one year and could be much longer, meaning several years?

DR CHOA: —No, Sir, I said one year, and I hope it is only one year.

MR CHEONG-LEEN: —Sir, I am only reading from his answer which says at least one year.

DR CHOA: —That, Sir, was what I indicated in my previous speech.

Vacant domestic premises—relief from payment of rates

7. MR LEE asked: —

Sir, when will a decision be announced in regard to the question of relief from the payment of rates on vacant domestic premises referred to by the Financial Secretary in his budget speech on 26th February 1975?

THE FINANCIAL SECRETARY: —Sir, last year as an incentive to landlords to get their premises occupied, in the face of increasing vacancies, the Government withdrew entirely refunds of rates for domestic premises. At the same time we reduced the initial period following completion, during which no rates are charged, from six months to three months.

It has been put to us that, with a market fall-off in the forward sale of new flats, the imposition of full rates three months after the issue of an occupation permit is discouraging small investors, as it does take a few months to complete purchasing formalities, fit out premises for occupation and find a tenant. While I see no benefit to the community at large or developers in particular in having premises lying idle, I accept

[THE FINANCIAL SECRETARY] **Oral answers**

that in the present changed market circumstances the three-month rule is, perhaps, bearing rather harshly and is doing little to encourage occupation. In the circumstances, and subject to the advice of Your Excellency in Council, I propose to introduce a bill to amend the Rating Ordinance so as to increase from three months to six months the initial rate-free period, as is allowed in the case of non-domestic premises. While there is existing such an obvious requirement for housing at all levels, I can see no justification for restoring refunds of rates beyond the initial rate-free period.

The Commissioner of Rating and Valuation estimates the loss of revenue in 1975-76 at about \$1.5 million. On this basis, the loss of revenue to the Urban Council would be about \$500,000. As the Urban Council's budget for 1975-76 was prepared on the assumption that it would receive a certain yield from rates on unoccupied domestic premises, I think it would be reasonable for the Government to reimburse the Council to the extent that this yield is not forthcoming as a result of this Council legislating to increase the initial rate-free period from three to six months. It is not intended to continue to cover the Urban Council for the amount lost by this concession in subsequent years, as the Council will be able to budget accordingly. I have been in touch with the Chairman of the Urban Council and these arrangements are acceptable to him.

Government business

Motion (in Committee)

**Supplementary provisions for the quarter ended
31st December 1974**

Council went into Committee, pursuant to Standing Order 58(2), to consider the motion standing in the name of the FINANCIAL SECRETARY.

THE FINANCIAL SECRETARY moved the following motion: —

That this Council approves the proposals set out in Paper No 40.

He said: —Sir, the schedule of supplementary provision for the third quarter of the financial year 1974-75 (that is for the period 1st October to 31st December 1974) totals \$216.9 million. This is a reduction

compared with \$243.6 million for the previous quarter and an increase compared with \$192.3 million for the corresponding quarter in 1973-74.

The Finance Committee has approved all the items in the schedule and the purpose of this motion is simply to seek the covering authority of this Council.

In tabling the schedule of supplementary provision for the second quarter of the financial year 1974-75, I said that having regard to the supplementary provisions in the final stage of processing at the end of September 1974 and requests for further supplementary provision in the pipeline, a deficit of about \$400 million was taking shape for the financial year 1974-75. This picture did not change during the third quarter and, indeed, in my budget speech on 26th February this year, I predicted a deficit of \$410 million. I do not anticipate being very far wrong. The actual cumulative deficit at the end of December was \$673 million.

Question put and agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the motion had been agreed to in committee without amendment.

Question agreed by the whole Council pursuant to Standing Order 58(4).

First reading of bills

INLAND REVENUE (AMENDMENT) (NO 3) BILL 1975

LOANS BILL 1975

LABOUR RELATIONS BILL 1975

Bills read the first time and ordered to be set down for second reading pursuant to Standing Order 41(3).

Second reading of bills

INLAND REVENUE (AMENDMENT) (NO 3) BILL 1975

THE FINANCIAL SECRETARY moved the second reading of: —"A bill to amend the Inland Revenue Ordinance."

[THE FINANCIAL SECRETARY] **Inland Revenue (Amendment) (No 3) Bill—
second reading**

He said: —Sir, the object of this bill is to implement two of my budget proposals. The first concerns accommodation provided by an employer for his employees. At present, free or subsidized quarters are valued for the purpose of salaries tax at 7½% of the income enjoyed by an employee. As the true market value of such accommodation is in most cases well above 7½% of the employee's income, it must surely be considered reasonable to increase the assessable rental value of the quarters so provided. For the moment the increase proposed is 33% that is 10% of the employee's salary with effect from the final assessment for 1975-76. Proportionate increases will also apply to hostels, hotels, boarding-houses and other accommodation. Even an increase of this magnitude will not bring the percentage up to the full market value. Consequently, I gave notice in my budget speech that a further increase would probably be necessary. Having regard to the size of the gap to be filled, I envisaged a step-by-step approach.

At the same time, I am taking the opportunity to counter a widely practised form of avoiding valuation of quarters for salaries tax. At present only quarters employers provide directly are assessable. Thus tax can be avoided and indeed is by the employer paying an employee's salary and an associated corporation providing the quarters. The bill allows for quarters provided through an associated corporation also to be valued for salaries tax.

The second proposal covered by the bill is to increase the rate of profits tax on corporations from 15% by 1½ percentage points to 16½% for the year of assessment 1975-76. As I stressed in my budget speech, this is an interim measure to bridge the interval between now and the introduction of a withholding tax on dividends, which proposal will be introduced into this Council this year.

*Motion made. That the debate on the second reading of the bill be adjourned—*THE FINANCIAL SECRETARY.

Question put and agreed to.

LOANS BILL 1975

THE FINANCIAL SECRETARY moved the second reading of: —"A bill to make provision for the raising of loans and for matters connected therewith."

He said: —Sir, in paragraph 170* of my budget speech, I mentioned that we were actively considering various forms of borrowing: locally these included the issue of Hong Kong dollar Treasury Bills; and of medium term Hong Kong dollar denominated bonds, which may include a conversion offer to the holders of the Rehabilitation Loan Bonds maturing in 1978. I mentioned also that, apart from calling upon the facilities of the Asian Development Bank, we were considering borrowing off-shore in the Euro-currency credit market and through a guaranteed line of credit to finance the purchase of goods and services from the United Kingdom. The bill now before Council will provide the legal authority for borrowing from these off-shore sources, subject to approval by resolution of this Council.

In paragraphs 166-169* of the budget speech I suggested that we could not contemplate a level of loan financing involving servicing charges of more than about HK\$300 million; and I further suggested that, within this level, we should not, for balance of payments reasons, raise off-shore loans which would generate more than HK\$200 million a year in foreign currency servicing charges. It will be a long time before we reach this level, if ever; but it is not inappropriate to draw attention, at this time, to these constraints.

Honourable Members may wish to know what progress is being made with regard to the other forms of borrowing I mentioned in my budget speech. At the end of last December, I set up a working party to consider the many complex issues which the use of Treasury Bills might raise, particularly for the exchange value of the Hong Kong dollar. I said in my budget speech that the Hong Kong Treasury Bills (Local) Ordinance which came on to the statute book in 1926 provided sufficient authority for the issue of Treasury Bills, subject to resolution by this Council. However, on further consideration it appears that it may be necessary to amend the ordinance to permit the proceeds and discharge of Treasury Bills being accounted to the general assets of the Colony and not to general revenue as is at present the case; and also to provide for Treasury Bills to be discounted prior to the date of maturity. Other amendments may also be necessary.

Legislation to authorise the issue of medium term Hong Kong dollar denominated bonds is now being prepared, based on a 1967 draft, and I hope to present this bill to Council before the summer recess.

Motion made. That the debate on the second reading of the bill be adjourned—THE FINANCIAL SECRETARY.

Question put and agreed to.

* see pages 516-7

LABOUR RELATIONS BILL 1975

MR PRICE moved the second reading of:—"A bill to provide for improvement of labour-management relations and the settlement of trade disputes and matters incidental thereto."

He said:—Sir, this bill is designated to improve relations between labour and management by providing statutory support for the Labour Relations Service of the Labour Department, and by introducing procedures for limited intervention by the Government to bring about the settlement of trade disputes where voluntary conciliation fails. The bill in no way impinges on the jurisdiction of the Labour Tribunal which will continue to hear claims for sums of money arising out of breaches of contracts of employment, or of the Employment Ordinance.

It has not been easy to devise a bill which caters both for the common situation in Hong Kong in which *ad hoc* groups of workers are involved, and also for those cases in which a union is a direct party to a dispute. The present bill covers both strikes and lock-outs and applies equally to employers and employees. It should be especially helpful to those workers who do not belong to trade unions.

The bill is presented at this time for the simple reason that work on it has now been completed.

In 1967, the then Commissioner of Labour stated in this Council that it was the intention of the Government to prepare permanent legislation to replace the Illegal Strikes and Lock-outs Ordinance, which has been in existence in one form or another since the original ordinance was introduced in 1927. However, a detailed examination of the problems arising from the need to introduce permanent legislation to resolve trade disputes proved more difficult than was envisaged. One conclusion reached was that an essential service, covered by the Illegal Strikes and Lock-outs Ordinance, is in no way different from any other undertaking in the factors that give rise to labour disputes and their settlement; the difference lies in the potentially severe effect of a disruption of essential services on the community or on vital sectors of the economy. Furthermore, it proved virtually impossible to define adequately essential services. A dispute in one apparently non-essential service might have unexpected and far-reaching political or economic effects.

Instead, it was considered preferable to provide procedures to deal with a trade dispute on the basis of its potential effect, rather than in accordance with an inflexible classification of essential and non-essential

services. Moreover, the Illegal Strikes and Lock-outs Ordinance, because it provides, on conviction, for penal sanctions for various breaches of the law, may bring strikers into conflict with the criminal law. For all these reasons, it was decided that the Illegal Strikes and Lock-outs Ordinance should not become permanent legislation.

Nevertheless, it is considered that section 5(2) of the Illegal Strikes and Lock-outs Ordinance should be retained, and re-enacted elsewhere. Therefore, the schedule to the bill proposes to include in the Crimes Ordinance this section which relates to breaches of contract which might endanger human life or cause serious bodily injury or expose valuable property to serious damage.

In the examination of the Illegal Strikes and Lock-outs Ordinance attention was also given to the Trade Disputes Ordinance, which provides for arbitration with the consent of both parties. This ordinance has been invoked only once since its enactment in 1948. It is inadequate in that it provides only for arbitration, notwithstanding that many issues are not arbitrable or are too complex to lend themselves to such a procedure; and provides for arbitration only if both parties agree upon the sole arbitrator.

The examination to which I have referred led to the conclusion that a new ordinance for the settlement of trade disputes should be based upon the following criteria:

New legal procedures are required to assist in resolving trade disputes involving groups of workers.

The prime objective of such procedures, both as an aid to the preservation of public order and as a contribution to the maintenance of confidence in Hong Kong, must be to reduce tension resulting from such disputes.

Compulsory solutions to trade disputes should not be sought, because of their potential for causing economic damage and as a result sometimes operating to the disadvantage of workers.

Government should be empowered to act, and be seen to be acting, in serious trade disputes.

In serious trade disputes, the Governor in Council, on advice from the Commissioner for Labour, should be empowered to introduce compulsory procedures, that is, a board of inquiry.

All trade disputes (and not just those in a limited list of essential services) should, in special circumstances, be the subject of compulsory procedures.

[MR PRICE] **Labour Relations Bill—second reading**

Sir, the explanatory memorandum to the bill sets out the procedures of conciliation, arbitration and boards of inquiry and I need add only a few words of explanation.

Conciliation is already practised, with considerable success, by the Labour Relations Service. It is the bringing together voluntarily of the parties, so that their problems can be resolved.

Special conciliation is similar to conciliation. It may take place after, or instead of, conciliation. When it is used the Government will be seen to be acting, by the publishing of the name of the conciliator (usually an officer of the Labour Relations Service appointed by the Commissioner for Labour). The parties will know that the Government, through the Labour Department, is not only watching with care, but actively intervening, in a potentially damaging dispute. Having seen this procedure work well elsewhere, I am confident of its value in Hong Kong, because the parties will know that if they ignore the help of the special conciliator they may find their dispute on the path to possible arbitration or referred to a board of inquiry.

Voluntary arbitration is the settlement of a dispute by the making of an award by a sole arbitrator after he has heard both sides. There will be no compulsion to abide by the award because of the impossibility of imposing sanctions on a large number of workers. However voluntary arbitration is based on an agreement of the parties to resort to arbitration—and this agreement itself implies an intention to abide by the award. In some cases, it should be possible for the Labour Department or the arbitrator to secure by administrative means an agreement in advance to accept the award.

The panel or arbitrators will be drawn from persons who are independent of employers and workers, and who are not allied in the public eye with either.

The board of inquiry procedure would be an alternative to arbitration a dispute in which the Governor in Council believes it is in the public interest that *all* the facts pertaining to the dispute should be revealed for public scrutiny. The published report of a board of inquiry may include recommendations which, while not legally binding, should help by virtue of their publication to bring about a settlement.

None of the procedures which I have so far mentioned is controversial. Indeed, they represent methods well established elsewhere, although for the first time in Hong Kong they bring together, in one ordinance, various methods of resolving disputes. Because no two industrial disputes are identical, it is desirable to devise flexible procedures which can be applied to widely different situations. So, the procedure to be adopted in any particular dispute will depend upon its circumstances. I believe that the bill will provide for the settlement or trade disputes with the minimum of social friction or economic disruption. Prolonged industrial action in some areas of the economy might seriously affect Hong Kong's trade position and might cause a permanent loss of business to our competitors.

Sir, some people would argue that the provisions relating to the compulsory cooling-off period are undesirable. Some countries such as the United Kingdom, for instance, have tried, and abandoned, similar measures. On the other hand, the United States of America, Canada, Japan and Singapore are among those which feel it desirable to have special compulsory powers to deal with what might be loosely termed 'essential service'. Such countries feel that provisions similar to those contained in Part V of the Labour Relations Bill are necessary to protect the community against the possibility of strikers or employers, by a selfish pursuit of their own interests, breaking the price bowls or affecting the daily work of those who are not involved in the dispute be they other workers or the public in general. It is this sort of situation which the cooling-off provisions are designed to avoid.

These provisions enable the Governor in Council to impose a cooling-off period initially for 30 days, with a possible extension for a further 30 days. Such a cooling-off order would place the parties to a dispute, or third parties, under an obligation to cease any industrial action which might interfere with, or undermine, the settlement of a dispute by arbitration or a board of inquiry.

The provisions for a cooling-off period are not an attempt on the part of Government to take away the right to strike. They are an attempt to provide for a flexible approach leading to a less heated atmosphere *more* conducive to the settlement; and in certain circumstances might be welcome by the parties, particularly where the order might assist them to reassess their attitudes and, without loss of face, to abandon entrenched views. Such an order, which would be enforceable by way of contempt of court proceedings and not by criminal prosecution, would be considered only where a dispute was likely to

[MR PRICE] **Labour Relations Bill—second reading**

cause an interruption in the supply of goods or the provision of services which might:

Be gravely injurious to the economy of Hong Kong or seriously affect the livelihood of a substantial number of persons;

or create a serious risk of public disorder or seriously jeopardise the internal security of Hong Kong;

or endanger the lives of a substantial number of persons or expose them to serious risks or diseases or personal injury.

The Labour Advisory Board and the Joint Association Committee on Employer/Employee Relations both supported the general principles of the bill, including the cooling-off period, but the latter suggested that awards made by an arbitrator should be legally binding. This is not acceptable to the Government because of the impossibility of imposing penal sanctions on a large number of workers.

On 3rd April 1975 the Labour Advisory Board considered the question of the right of audience before an arbitrator or a board of inquiry. In the light of these further consultations, it is proposed at the committee stage to move amendments to make clear who has the right of audience. These amendments should ensure that all those directly affected by this new legislation will have their interests properly represented.

For the avoidance of doubt, I should make clear that because the bill does not contain a clause binding the Crown, its provisions cannot be used in a dispute between civil servants and the Government as an employer. There are a number of reasons for this, the main one being the possibility of confusion between existing and established Civil Service procedures and the provisions of the bill. Also, Establishment Regulations apply to civil servants.

In labour legislation it is necessary to strike a balance between the claims of employees, the ability of employers to meet those claims, and the interests of the community at large. I believe that in the Labour Relations Bill a fair balance *has* been struck between these three factors.

I also believe that the bill will achieve its objective of improving labour management relations and will help to ensure that Hong Kong continues to enjoy in the future a low level of industrial unrest.

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

Question put and agreed to.

BANKING (AMENDMENT) BILL 1975

Resumption of debate on second reading (23rd April 1975)

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

BETTING DUTY (AMENDMENT) BILL 1975

Resumption of debate on second reading (23rd April 1975)

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

BUSINESS REGISTRATION (AMENDMENT) BILL 1975

Resumption of debate on second reading (23rd April 1975)

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

ENTERTAINMENTS TAX (AMENDMENT) BILL 1975**Resumption of debate on second reading (23rd April 1975)**

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

STAMP (AMENDMENT) (NO 2) BILL 1975**Resumption of debate on second reading (23rd April 1975)**

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

MERCHANT SHIPPING (AMENDMENT) BILL 1975**Resumption of debate on second reading (23rd April 1975)**

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

MASS TRANSIT RAILWAY CORPORATION BILL 1975**Resumption of debate on second reading (23rd April 1975)**

Question proposed.

THE ATTORNEY GENERAL (ACTING): —Sir, I should like to reply to some of the points made by my honourable Friends Dr CHUNG and Mr LO who spoke in this debate on 23rd April.

May I first, in unequivocal terms, reiterate the Government's position with regard to the mass transit railway. The Government believes that the railway is a vital necessity to Hong Kong in order to afford *maximum* relief from congestion on the roads in the years ahead; it believes therefore that the MTR should be at the heart of Hong Kong's transport system in the 1980s.

This has been the publicly stated position of the Government for three years and some honourable Members will recall the Financial Secretary's full answer to a question asked him in June 1972 in this Council by the then Senior Unofficial Member the honourable Sir Y. K. KAN. That answer, which announced the decision in principle to build the mass transit railway, still makes interesting reading today. It does refer to the problem of ensuring that the system is financially viable. I stress that the criterion of financial viability has consistently been at the heart of Government thinking ever since then.

My honourable Friend Mr LO said that he is not absolutely sure we cannot do without the system. On this I would say, as has been said on a number of occasions before, that all the advice that has been received from expert consultants' reports is that, despite the tremendous road improvements that have been made and are being undertaken, traffic congestion on Hong Kong's roads in the 1980s will, if nothing is done, be so great as to affect adversely the whole way of life and indeed the very prosperity of Hong Kong.

I am well aware that at the present time road traffic is kept moving fairly well and is much improved over the situation a couple of years ago. However, the present better traffic conditions are only in part due to road improvements and are also a direct result of the present recession and the fewer vehicles which are in consequence on the roads. But, life will not stand still, recovery will come and Government accepts the consultants' conclusion of unacceptable road traffic conditions in the future.

I would certainly dispute the honourable Mr LO's inference that Government considers that this underground railway will solve all our traffic problems. That would be naive. Indeed my honourable Friend the Financial Secretary recognized this in his 1972 speech when he said that and I quote "a mass transit railway cannot on its own constitute a solution to our emerging transport problem". In other words, it will be a palliative, a valuable palliative, but not a cure.

[THE ATTORNEY GENERAL (ACTING)] **Mass Transit Railway Corporation
Bill—resumption of debate on
second reading (23.4.75)**

Now let me turn to viability for both my honourable Friends raised some doubts on this score. Viability is and always has been a *sine qua non* of the project going ahead. On 22nd January this year my honourable Friend the Financial Secretary said in the adjournment debate in this Council:

"When tenders have been received and analysed the Provisional Authority will report back to the Governor in Council and I believe we shall be able to confirm that the Modified Initial System is a feasible proposition in which event the first contracts will be let."

In the intervening few months since this was said, nothing has come to light to suggest any need to change this conclusion.

A doubt was also expressed by my honourable, Friend Dr CHUNG about the feasibility of assessing viability on the basis of tenders for only a few of the contracts. While I would accept that a few contracts can only give an indication of prices that can be expected in the future the Government believes this will be a good indication because the contracts concerned do include underground stations and tunnelling work and are therefore representative generally of the civil engineering work that is required to build the system.

My honourable Friend Mr Lo expressed the fear of finance being available initially but not throughout the building period. This situation cannot arise. Before the decision to proceed is confirmed we will necessarily have received firm indications, and indeed offers, of finance which, from export credit sources, it is anticipated will cover up to 12 year periods, and in the case of open market finance, will carry us through the period of construction (after which re-financing arrangements will have to be negotiated).

I turn now to the estimated costs of the project. If there is misunderstanding about the figures, then I hope I can clear this up. The estimated cost figures which Government has accepted since deciding to go ahead on a multi-contract basis with the Modified Initial System in January are that at 1974 prices the System is estimated to cost \$3,900 million to build. It is estimated, however, that this figure could escalate to \$4,900 million or in round figures, \$5,000 million by the time the Modified Initial System is completed, that is, around 1979 to 1980. This is the total *contract* price figure. To this must be added, as before

under the proposed single contract arrangement, overheads for such matters as consultants' fees, utility diversions, land acquisition and so on which are estimated at a further \$800 million. Thus the estimated *total cost* of building the Modified Initial System is \$5,800 million by the time of completion. I would like to make the point also that the estimates proposed five months ago were prepared on conservative lines, including provision for both cost escalation and unforeseen contingencies. Since then world inflation has slowed down and local building costs have indeed reduced. There are good reasons therefore to believe that the estimate for the total contract price and non-contractual costs of \$5,800 million in total remains conservative.

I am very ready to agree with my honourable Friend Mr Lo that many of us are not very good at figures. I certainly would not claim to be, but I do question his figures or rather the inferences he seeks to draw from them. In his speech in this debate he said and I quote:

"The building of the Modified Initial System will cost in principal and interest at least \$14,000 million to be paid over a period of 20 years."

He made no mention of operating costs in this context. The estimated cost of building the Modified Initial System is \$5,800 million. The figure of \$14,000 million is only reached by adding net interest payments and operating expenses to the building costs. But after it is built, interest and other operating costs are met from revenue. Not to mention revenue in this context is therefore very misleading. Furthermore, he then deducted \$800 million from his figure of \$14,000 million being the \$800 million equity contribution made by the Government, and said "commuters will still have to pay \$13,200 million on top of the system's operating costs". But the figure of \$14,000 million included operating costs—for 20 years.

I would also take issue with my honourable Friends on their doubts as to the timing for this venture. My honourable Friend Mr Lo suggests it would be much wiser for us to stop right now and rethink the whole project through. This suggestion infers that to date the Government has not thought the project through and with that proposition I take issue. Many years of study and an enormous amount of hard work have been put into this extremely well-researched project. A great deal of advice has been taken from consultants of the highest international repute in various fields—and incidentally in that connection I was sorry to hear my honourable Friend Mr Lo infer that personal interests may have played a part in some of the experts' advice we have received—that inference in my opinion was very unfair. The Government has no

[THE ATTORNEY GENERAL (ACTING)] **Mass Transit Railway Corporation Bill—
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reason to doubt the professional objectivity and integrity of those who over the years have advised on every aspect.

Neither is there the opportunity to "rethink the whole project through". To build the MTR it is necessary to use overseas contractors, in addition to the considerable work required of local contractors—estimated at over \$2,000 million. Contractors require a period of four to six months to prepare tenders for such large contracts, and they are unlikely to do so unless they are assured that there is a serious intention to proceed with the project. The delay brought about by the Japanese Consortium's late-in-the-day decision not to honour their letter of intent has resulted in doubt overseas as to whether the system will ever be built, despite this Government's record established over many years for continuity of effort.

As a result of the Government's swift decision in January last to proceed with the Modified Initial System, following the Japanese Consortium's withdrawal, confidence was restored overseas in the Government intention to build the MTR. A further delay would confirm any lingering doubts that may remain in the minds of some overseas contractors and financiers. We would not be able again to persuade contractors to devote valuable tendering time towards the project if it were twice delayed.

The Government's conclusion is that the time has now come for final decision and action. My honourable Friend Mr Lo said now was not the time to go ahead—the world economy is uncertain. But to wait for recovery would surely only mean that the railway is not ready when it is required and would almost certainly cost a lot more. It is perhaps worth mentioning that there have been some suggestions of late that in a time of unemployment the Government should press ahead with its development programme in spite of its financial difficulties in order to provide jobs for those in need. Construction of this railway is going to provide jobs for several thousand workers over the next few years. While this would not be regarded as a reason in itself for building the railway, nonetheless it can be regarded as a bonus factor.

Turning now to the terms of the bill, my honourable Friend, Dr CHUNG referred in his speech to agreement having been reached regarding an amendment to clause 12 of the bill. I am glad to confirm that at the committee stage I will move an amendment to replace clause 12(1)

of the bill so that authority for any guarantees of the Corporation's borrowings which the Government may wish to give, will rest with the Legislative Council. The new provision has been drafted with two considerations in mind—first, the maximum extent from time to time of Government liability under guarantees will be determined by resolution of this Council, and secondly, within the Emits authorized by this Council my honourable Friend the Financial Secretary will be enabled to act with a sufficient degree of flexibility. It does not, of course, follow that all the corporation's borrowings will require a Government guarantee.

I shall at the committee stage also move two other amendments. Clause 20 of the bill would enable Your Excellency to give directions of a general character to the corporation if Your Excellency took the view that the public interest so required. This provision is designed for exceptional circumstances, not every day use, and it is accepted that Your Excellency would be assisted by the advice of your Executive Council before the power is exercised. I shall propose an amendment to clause 20 accordingly.

The other amendment would amend clause 29 so that no stamp duty will be payable on the transfer of property from the Provisional Authority to the corporation. The exemption is limited to that transfer for, as I said when introducing the bill, the corporation itself is to be subject to taxation in the same way as other commercial undertakings.

My honourable Friend Dr CHUNG also expressed the view that one or two Unofficial Members of this Council might be *ex-officio* members of the Board of the Corporation. There can be no doubt that there are Unofficial Members of this Council whose experience and knowledge of transport and commercial matters befits them to make a valuable contribution to the work of the Board. It would be inappropriate for me to anticipate the exercise of Your Excellency's powers of appointment under clause 4(1)(c) but I think I may assure my honourable Friend that the Government will bear in mind the possibility of including on the Board representation from this Council.

My honourable Friend Dr CHUNG also suggested that fares should be fixed and revised by this Council because political considerations are as important as financial considerations in the determination of MTR fares. This is a rather surprising point to find in the midst of a speech, the tenor of which was caution about the financial viability of the project. The view of the Government remains that fares should be fixed by the Board of the Corporation having regard to prudent commercial principles and to the reasonable requirements of the public transport

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system of Hong Kong. As my honourable Friend points out, if ever political considerations did so require, the means will exist by virtue of clause 20 whereby Your Excellency in Council may give directions to the corporation. It is germane to my honourable Friend's concern that any direction which required the corporation to act contrary to prudent commercial principles would invoke the obligation in clause 20 for Government to compensate the corporation. It follows therefore that such a direction could only be given if funds were made available for the purpose by this Council by the ordinary processes.

Finally, in asking for the support of honourable Members for this bill may I revert to what I said about timing when I introduced the bill. The intention is to invite Your Excellency to bring the bill into operation only if the viability of the project is confirmed to the satisfaction of Your Excellency in Council after initial tenders are received and analysed. The Government is every bit as concerned as to its viability as is any honourable Member—and this has always been the Government's consistently held position—and before the decision to proceed is made it will have been confirmed that the indicated costs are reasonable and that expectations of finance are valid.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of bills

Council went into Committee.

BANKING (AMENDMENT) BILL 1975

Clauses 1 and 2 were agreed to.

BETTING DUTY (AMENDMENT) BILL 1975

Clauses 1 to 3 were agreed to.

BUSINESS REGISTRATION (AMENDMENT) BILL 1975

Clauses 1 to 5 were agreed to.

ENTERTAINMENTS TAX (AMENDMENT) BILL 1975

Clauses 1 to 4 were agreed to.

STAMP (AMENDMENT) (NO 2) BILL 1975

Clauses 1 to 3 were agreed to.

MERCHANT SHIPPING (AMENDMENT) BILL 1975

Clauses 1 to 3 were agreed to.

MASS TRANSIT RAILWAY CORPORATION BILL 1975

Clauses 1 to 11 were agreed to.

Clause 12.

THE ATTORNEY GENERAL (ACTING): —I move that clause 12 be amended as set out in the paper before honourable Members.

DR CHUNG: —Your Excellency, the Unofficial Members have given very careful consideration to this amendment to clause 12 of the bill. Whilst I cannot speak for all my Unofficial colleagues, I think I can say that the majority of us go along with the clause as now re-drafted. The amendment does provide this Council with the opportunity from time to time to examine the overall financial commitment involved in this mass transit system. Furthermore, the Unofficial Members understand that, when the first resolution is put to this Council to guarantee a sum of money within which the Mass Transit Railway Corporation can take up loans, an early and adequate opportunity will be given to them to assess the overall viability of the mass transit project.

However, this safeguard—from the point of view of the Unofficial Members of this Council—does not go far enough. Let us assume that the Governor in Council gives the go ahead signal on this project

[DR CHUNG] **Mass Transit Railway Corporation Bill—committee stage**

on 1st September 1975. Thereafter the Mass Transit Railway Corporation will proceed to let a number of contracts involving substantial financial commitments, some of which are to be met by way of loans not guaranteed by Government and hence not by this Council. Still later on the corporation may come to Government and then to this Council to seek approval of guarantees by this Council of further loans. But by that time the corporation will be committed to going ahead with the project and will already have committed a great deal of money to it. My Unofficial colleagues and I therefore request that we should be fully briefed on all the financial aspects of the project as soon as the Governor in Council has taken his decision and that we should ourselves be given the opportunity to make our own assessment and make known to Government any views we may have before the first contracts are let.

There is one other point on which the Unofficial Members of this Council feel concerned. My honourable Friend the Acting Attorney General has told us, and I quote: "While I would accept that a few contracts can only give an indication of prices that can be expected in the future, the Government believes that this will be a good indication . . ." and so on. These words are substantially different from those used by the Financial Secretary when he spoke in this Council on 22nd January this year and said: "When tenders have been received and analysed the Provisional Authority will report back to the Governor in Council." They are also materially different from the words used by the Acting Attorney General himself when he introduced this bill on 2nd April this year. My honourable Friend said then and I quote: "It was decided that after tenders had been received and analyzed the Provisional Authority would report back to Your Excellency in Council in order to confirm that the Modified Initial System was a feasible proposition". Obviously the conclusion one would reach from these words is that the tenders for all the contracts which go to make up the complete project—or at any rate the great majority of them—would be received and analyzed before a decision is taken to go ahead with the whole project. Now it appears that only a few representative contracts are to be used as the basis for the overall assessment of viability. There is a danger that these few contracts may not be truly representative of the whole or, even if they are, that circumstances and hence prices may change significantly before all the ing contracts are let.

THE FINANCIAL SECRETARY: —Sir, on behalf of my honourable Friend the Attorney General, and on my own behalf, I feel bound to say that at no time have we intentionally, or so far as I know even unintentionally, misled honourable Members whatever our exact words may have been when we have referred in general terms to the procedure to be followed under the multi-contract approach. A final decision on the project will be based on an assessment of the viability of the project. This will be done on the basis of the result of initial representative tenders and the availability and terms of export credits. I am sure, in fact, my honourable Friend understands this. To wait until all twenty-five civil and all ten electrical and mechanical tenders are in would result in the commencement of work being delayed by a year and in the context of a multi-contract approach would not make sense. One reason why I am sure my honourable Friend Dr CHUNG understands the procedure to be followed is because he himself referred to the bar chart setting out the tender and construction programme published in the preliminary information for prospective tenderers at the end of January last. That bar chart makes it clear that the tendering programme and the letting of contracts will be spread over a period extending into 1976, but we believe an assessment of the viability of the project can be made on the basis of the initial groups of contracts, tenders for which will be received during the next three months.

Sir, as Financial Secretary and even as Chairman of the Mass Transit Railway Provisional Authority, I welcome Unofficial Members' concern that this major project shall not be such a burden on the public revenues of the Colony as to put at risk our fiscal stability. But, as my honourable Friend the Attorney General has stressed, the Government's position has been all along that the mass transit railway system will only be built if we feel confident that the corporation can operate it as a commercial undertaking.

Proposed amendments

Clause

12 That clause 12(1) be deleted and the following substituted therefor—

"12. (1) The Legislative Council may from time to time by resolution authorize the Financial Secretary on behalf of the Government to grant guarantees in respect of—

- (a) the repayment of loans made to, or the discharge of other indebtedness of, the Corporation and the

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payment of interest, premium or other charge thereon; and

- (b) the redemption or repayment of, and the payment of interest, premium or other charge on, any bonds, notes or other securities issued by the Corporation,

up to an amount not exceeding in total that specified in the resolution and subject to any terms or conditions therein specified."

The amendment was agreed to.

Clause 12, as amended, was agreed to.

Clauses 13 to 19 were agreed to.

Clause 20.

THE ATTORNEY GENERAL (ACTING): —I move that clause 20 be amended as set out in the paper before honourable Members.

*Proposed amendment**Clause*

20 That clause 20 be amended by inserting after "the Governor" the following—

"in Council".

The amendment was agreed to.

Clause 20, as amended, was agreed to.

Clauses 21 to 28 were agreed to.

Clause 29.

THE ATTORNEY GENERAL (ACTING): —I move that clause 29 be amended as set out in the paper before honourable Members.

*Proposed amendment**Clause*

29 That clause 29 be amended by adding the following new subclause—

"(3) No stamp duty shall be payable in respect of any transfer of property under this section."

The amendment was agreed to.

Clause 29, as amended, was agreed to.

Clauses 30 and 31 and the Schedule were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL (ACTING) reported that the

Banking (Amendment) Bill

Betting Duty (Amendment) Bill

Business Registration (Amendment) Bill

Entertainments Tax (Amendment) Bill

Stamp (Amendment) (No 2) Bill

Merchant Shipping (Amendment) Bill

had passed through Committee without amendment and that the

Mass Transit Railway Corporation Bill

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

Question put on each bill and agreed to.

Bills read the third time and passed.

Unofficial Member's bill**First reading of bill****BISHOP OF THE ROMAN CATHOLIC CHURCH IN HONG KONG
INCORPORATION (AMENDMENT) BILL 1975**

Bill read the first time and ordered to be set down for second reading pursuant to Standing Order 41(3).

Second reading of bill**BISHOP OF THE ROMAN CATHOLIC CHURCH IN
HONG KONG INCORPORATION (AMENDMENT) BILL 1975**

MR LOBO moved the second reading of:—"A bill to amend the Bishop of the Roman Catholic Church in Hong Kong Incorporation Ordinance."

He said:—Sir, I have pleasure in moving the second reading of a bill to amend the Bishop of the Roman Catholic Church in Hong Kong Incorporation Ordinance.

The purpose of this bill is to update the principal Ordinance, which was enacted as long ago as 1885, to give the Bishop of the Roman Catholic Church in Hong Kong wider powers to acquire or to dispose of property and to invest funds. This is in accordance with the current practice of allowing such institutions to exercise greater discretion in the disposition of their assets.

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

Question put and agreed to.

Adjournment

Motion made, and question proposed. That this Council do now adjourn—
THE COLONIAL SECRETARY.
3.45 p.m.

Secondary education

MR CHEONG-LEEN:—Sir, in the coming months the employment market will probably be expanded by 50,000 young people leaving secondary school, together with another 25,000 youngsters who will have finished their primary education but who will be unable to continue into secondary education for one reason or another.

In view of the depressed state of current economic conditions, many of these young people will find it extremely difficult to get any kind of a job at all this year. For example Government expects to recruit this year only about 1,600 persons as against 5,000 to 7,000 annually in previous years.

It is anyone's guess as to how long it will take for the currently depressed state of Hong Kong's economy to show signs of improvement leading to more jobs being available in industry, commerce, etc. It may take six months, or it could even take twelve months.

In the meantime, a very large number of poorer families are finding it an intolerable burden to raise the money to keep their children in private secondary schools, where the fees could range from between \$70 - \$120 per month per child. In addition, there are the other attendant expenses such as school uniforms, text-books and travel expenses. These low-income families, usually with a monthly family income of under \$2,000, spend as much as 25% - 30% of their income on education alone.

It is a tribute to the Chinese cultural tradition and to the Chinese family in Hong Kong that so many poor families are willing to go to any length of hardship and sacrifice in order to give their children the best education possible. However, the present lack of employment opportunities could very well force many poorer families to discontinue their children's secondary education from September this year. These children have no places in Government subsidized schools and their parents do not have the money to keep them in private secondary schools. If they do not continue in secondary school, they will have to stay at home, or look around for any kind of a job, or perhaps join a youth gang to keep themselves active.

There is therefore a genuine case to be made out for some form of secondary education allowance for poorer families who meet certain criteria of hardship and need. As a basis for consideration, I would suggest the following criteria:

- (1) The family income should not exceed \$2,000 monthly.
- (2) The amount spent on education will have to be 25% or more of the family income.
- (3) The allowance to be a flat \$25 monthly per student or one-third of the amount of the school fee (whichever amount is more) that is due to the private secondary school.
- (4) Preferably the allowance to be paid to the school direct three times during the year, with each case to be reviewed at similar intervals.
- (5) A certain amount of discretion to be allowed in the case of large families whose income is slightly over \$2,000 monthly and whose education budget is over 30% of income.

[MR CHEONG-LEEN] **Secondary education**

As this proposal if implemented will be experimental in nature, I would suggest that it be restricted for the time being to those students who will be entering Forms 2, 3 and 5 this coming September. For those students who complete Form 1 or Form 2 this year, it is only natural for Government to extend a helping hand to poorer families so that their children can finish at least three years of secondary education. As for those students who complete Form 4 this year, some special assistance by Government to help them finish at Form 5 level and to sit for the School Leaving Certificate would be most deserving.

Your Excellency, I hope the Director of Education and the interested departmental heads will give this proposal careful and sympathetic consideration. I hope too that some sort of positive action can be taken by Government in time for the opening of school in September this year. There are many members of the public who would say that Government should be doing much more than what is proposed, but at least it is a realistic approach bearing in mind the present economic and social circumstances of Hong Kong.

3.47 p.m.

MR TOPLEY: —Sir, my honourable Friend has said something to the point on a very important problem. Our intention under the White Paper proposals is to offer three years' secondary education to everyone by drawing as many as possible into the aided sector and buying places for the rest in the private sector. Lack of money has held up action. My honourable Friend's scheme is to aid the children where they sit. It is not a plan I wish to denigrate. It is in principle possible though not without administrative chores and difficulties. Indeed I thought of something like it myself independently, so I have a duty to say why I reluctantly discarded it.

There are about 165,000 children in unassisted secondary places in private schools at present compared with 60,000 assisted places. A maximum commitment to aid the unassisted children in private schools at \$25 per head per month would be \$41 million each year, the more cautious scheme proposed by my honourable Friend would still incur costs of the order of \$15 million each year and of course it would be an open ended commitment and very difficult to monitor and this is not the kind of money we can afford now.

Even could we afford it, the suggestion would represent a major change of policy, cutting across the proposals in the White Paper which are, if I may say so, educationally sounder. If we do as my honourable Friend suggests we would absorb much needed resources a large proportion of which we could not easily re-direct to the White Paper plan when the time comes to implement it.

There are at present no signs of enrolments falling in private schools. In fact enrolment figures for September 1974 show an increase of 15% over those of the previous year, although I would certainly agree that many parents may have a hard time paying private school fees.

There are private trust funds available to aid children in these circumstances and some children are in fact so sponsored. I would certainly welcome additional donations to make an extension of this type of assistance possible. Of course it is not for me to start a fund raising campaign in this Council. No tax raising campaigns are allowed, but some Members' hearts may be touched.

Royal Visit

DR CHUNG: —Your Excellency, on behalf of all Members of this Council, I should like to say how glad we have been to have Her Majesty the Queen and His Royal Highness Prince Philip among us for the past few days. The Royal visit has been welcomed by all of us in Hong Kong and we wish to congratulate Your Excellency on the way in which you, Sir, arranged for Her Majesty and His Royal Highness to see so many sides of Hong Kong life. We would also like to take this opportunity to proffer our warmest congratulations to you, Sir, for Her Majesty the Queen's award of the Knight Commander of the Royal Victorian Order, to our honourable Friend Mr Denis BRAY for the award of the Commander of the Royal Victorian Order, and to those others who were conferred with decorations by Her Majesty the Queen last evening. Thank you, Sir.

HIS EXCELLENCY THE PRESIDENT: —Thank you, Dr CHUNG. I do indeed think that this visit was a success. It was kind of you to congratulate myself and others who the Queen was graciously pleased to honour, but I think these honours reflected her pleasure in her visit to Hong Kong, the degree to which she was impressed by Hong Kong, and touched by the welcome she received here. I think the honours go to Hong Kong itself. Thank you very much.

Next sitting

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 21st of May.

Adjourned accordingly at four o'clock.