

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 30th July 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 (*Acting*)
MR MICHAEL DENYS ARTHUR CLINTON, CMG, GM, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, CMG, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS (*Acting*)
MR LI FOOK-KOW, CMG, 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 AKERS-JONES, JP
SECRETARY FOR THE NEW TERRITORIES
THE HONOURABLE DAVID WYLIE MCDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE IAN ROBERT PRICE, TD, JP
COMMISSIONER FOR LABOUR
THE HONOURABLE JAMES DAVID MCGREGOR, ISO, JP
DIRECTOR OF COMMERCE AND INDUSTRY (*Acting*)
THE HONOURABLE PETER BARRY WILLIAMS, JP
SECRETARY FOR SOCIAL SERVICES (*Acting*)
THE HONOURABLE CHARLES JOHN GRAFTON LOWE, JP
DIRECTOR OF EDUCATION (*Acting*)
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP
THE HONOURABLE LEE QUO-WEI, ODE, 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 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 LO TAK-SHING, JP
THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP
THE HONOURABLE ALEX WU SHU-SHIH, OBE, JP

ABSENT

THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP
SECRETARY FOR SECURITY

THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP

THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, 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>No</i> | <i>Subject</i> | <i>LN</i> |
|-------------------------|---|-----------|
| Subsidiary Legislation: | | |
| | Port Control (Cargo Working Areas) Ordinance. | |
| | Port Control (Public Water-Front) Order 1975 | 166 |
| | Public Health and Urban Services Ordinance. | |
| | Public Health and Urban Services (Designation and Amendment) Order 1975 | 167 |
| | Public Health and Urban Services Ordinance. | |
| | Public Health and Urban Services (Designation and Amendment) Order 1975 | 168 |
| | Public Swimming Pools (New Territories) Regulations 1973. | |
| | Public Swimming Pools (New Territories) Regulations 1973 (Commencement) Notice 1975 | 169 |
| | Public Health and Urban Services Ordinance. | |
| | Declaration of Markets in the New Territories to which the Ordinance applies | 170 |
| | Public Health and Urban Services Ordinance. | |
| | Declaration of Public Swimming Pools in the New Territories to which the Ordinance applies | 171 |

| <i>Subject</i> | <i>LN No</i> |
|--|--------------|
| Proclamation No. 3 of 1975. | 172 |
| Acetylating Substances (Control) Ordinance 1975. | |
| Acetylating Substances (Control) (Amendment), Regulations 1975 | 173 |
| Marriage Ordinance. | |
| Marriage Ordinance (Amendment of Second Schedule) Order 1975 | 174 |
| Births Registration (Special Registers) Ordinance. | |
| Births Registration (Special Registers) (Amendment of Fifth Schedule) Order 1975 | 175 |
| Deaths Registration (Special Registers) Ordinance. | |
| Deaths Registration (Special Registers) (Amendment of Fourth Schedule) Order 1975 | 176 |
| Hong Kong Tourist Association Ordinance. | |
| Hong Kong Tourist Association (Amendment) Rules 1975 | 177 |
| Public Health and Urban Services Ordinance. | |
| Hawker (Permitted Area) (Amendment) Declaration 1975 | 178 |
| Public Health and Urban Services Ordinance. | |
| Library (Amendment) By-laws 1975 | 179 |
| Sessional Papers 1974-75: | |
| No. 45—Hong Kong Tourist Association Annual Report 1974-75 (published on 30.7.75). | |
| No. 46—Report of the Hawker Control Force Welfare Fund for the year ended 31st March 1975 (published on 30.7.75). | |
| No. 47—Supplementary provisions approved by the Urban Council during the first quarter of 1975-76 (published on 30.7.75). | |

Oral answers to questions

Stop and search operations

1. MR CHEONG-LEEN asked: —

Sir, (a) are the police stop and search operations being carried out on a continuous basis; and

(b) to what extent are such operations being improved or refined to ensure maximum public support?

THE COLONIAL SECRETARY (ACTING): —Sir, in answer to the first part of the question I can confirm that police stop and search operations are being carried out on a continuous basis as a counter-measure mainly against triad gang activity and the carrying of offensive weapons and narcotics offenders.

As regards the second part of the question the Commissioner of Police tries to ensure that these operations are conducted with the minimum of inconvenience to the public. To this end extensive education, training and briefing of police personnel is undertaken. This training includes directions firstly that no person should be stopped and searched unless there are reasonable grounds to suspect him of an offence; secondly that where a search is carried out it should be done as discreetly as possible; thirdly that if a member of the public reacts strongly to being searched the police should explain the reasons and clarify their legal powers and finally, that where a search produces nothing, the police should courteously regret any inconvenience caused. A fairly recent refinement has been the adoption of what might be called the stop and check technique. This means that searching is carried out only when questioning reveals it to be advisable.

It is not denied that stop and search operations cause some inconvenience to the public, but it is believed that they are necessary for thwarting crime. The Commissioner has directed that they be conducted in a sensible and objective manner with the aim of achieving full public co-operation.

Toy pistols—control of

2. MR CHEONG-LEEN asked: —

Sir, what measures are being taken to clamp down on the bringing into Hong Kong of those types of toy pistols which can easily be

converted into lethal weapons?

THE COLONIAL SECRETARY (ACTING): —Sir, it is an offence under section 18 of the Summary Offences Ordinance for anyone to import an imitation firearm without a permit from the Director of Commerce and Industry. This embraces any toy pistol, which, if observed in daylight, has the appearance of being a lethal barrelled weapon of any description.

I must straight away admit that this law, which was first introduced in 1946, has not been fully enforced for many years, if indeed it was ever enforced, and imitation firearms have been freely imported without a permit. I suppose that this can be attributed at least partly to the fact that imitation firearms had not been used for a long time anyway for criminal purposes and that in any case their possession in the hands of juveniles is quite legal. Another consideration is the development since 1946 of industries which manufacture imitation firearms locally, and it is not easy to see what criteria would be used for licensing purposes.

Sir, the Government is concerned about the recent increase in the use of imitation firearms in connection with crime and the problem is made more serious by the ease with which certain kinds of toy pistols—I stress certain kinds—and rifles can be converted into lethal weapons.

The Director of Commerce and Industry has now taken steps to prevent the further import of such so-called toys, that is those which are potentially dangerous, and is urgently considering with the Commissioner of Police what further measures, including legislative changes, might be taken to bring the situation under better control.

Nursing service

3. DR FANG asked: —

Sir, (a) how many of the nurses trained in Hong Kong resigned within 12 months of their registration in the year 1974?

(b) Would it be possible to stipulate a minimum of one year's compulsory service in Hong Kong for those nurses who have graduated from the 3-year course of the School of General Nursing?

DR CHOA: —Sir, a total of 569 nurses including 543 general and 26 psychiatric nurses were registered with the Hong Kong Nursing Board in the year

1974. Of these, 518 were new graduates of the various

[DR CHOA] **Oral answers**

schools of nursing in Hong Kong. The Nursing Board has no information regarding the number of resignations within twelve months of their registration, as individual training schools keep their own records.

It is not considered appropriate to impose compulsory service on nurses in Government service because such a condition would be difficult to enforce and to justify by singling them out for such action while not applying it to others who are appointed and trained by Government. The subject, however, has never been raised in the Hong Kong Nursing Board.

DR FANG: —Sir, may I ask what is the number of resignations from Government training schools?

DR CHOA: —Thirty-one out of 211 resigned last year, Sir, from Government service.

DR FANG: —Thank you.

Trained teachers

4. DR FANG asked: —

Sir, in view of the decision to reduce the intake of students into the colleges of education from next term, is Government satisfied that there will be sufficient trained teachers to meet requirements from 1978 onwards?

MR LOWE: —Sir, the decision to reduce the intake was taken for two reasons: a planned deferment of secondary expansion proposed in the White Paper in the light of economic circumstances and also the decision to reduce under-utilized Primary 1 classes because of a falling primary age group. It will be appreciated that for both part-time and full-time teacher training courses we have to plan on a built-in time lag of two years at the minimum, that is the length of the course. If, therefore, the financial situation allows Government to go firm in 1976 on its White Paper expansion plans for September 1978, the necessary expansion of enrolments can be made from September 1976 in phase with the targets. I would emphasize however that it is important for Government to come to a more or less definite decision on its expansion plans in advance of September 1976 if

we are to avoid the danger of

the over or the under provision about which my honourable Friend is concerned. A final point is that a recently concluded survey of the colleges indicates that there is adequate accommodation for a considerable expansion of the full-time courses while of course the part-time courses are much more easily expanded, their accommodation requirements being more flexible. In brief, the answer to the question is "yes, there should be sufficient trained teachers from the colleges of education".

5. DR CHUNG asked: —

Sir, will Government indicate its attitude towards the industrial action taken by the Hong Kong Government Clerical Staff Association during the past week?

THE COLONIAL SECRETARY (ACTING): —Sir, although in essence the answer to this question is relatively simple it is necessary for me to describe the background in some detail.

Following various submissions made by the Clerical Staff Association it became apparent to the Government that a thorough review of the role of the Clerical Class and the pay and conditions of service appropriate to it were required. This was quite separate from, and additional to, the pay increases granted to the whole Civil Service in 1974 including the Clerical Class. Accordingly a joint committee composed of equal numbers of Official and Staff Side members was set up with wide terms of reference to enquire into these matters. The committee which was advisory to the Secretary for the Civil Service reported in February and all 28 of its recommendations were accepted by Government subject only to one modification concerning the number of increments to be awarded to a clerical officer on completion of his probation.

In effect the report amounted to what one might call a productivity deal. It showed that the Staff Side had displayed a commendable degree of good sense. However, the committee not unnaturally envisaged that their recommendations would be implemented immediately, that is on the 1st April 1975 and in the ordinary course of events this might have been acceptable although it had always been made clear to the committee and to the Clerical Association that implementation of the committee's recommendations would be subject to the financial situation at the time.

As Members are only too well aware 1975 is no ordinary year; the severe world-wide recession has hit Hong Kong and in order to

[THE COLONIAL SECRETARY (ACTING)] **Oral answers**

remain solvent we have had to curtail drastically plans for increasing Government expenditure. The adverse financial situation, almost unique for Hong Kong, was set out with commendable clarity by my honourable colleague the Financial Secretary in his budget speech delivered a few days after receipt of the joint committee's report. We had to make an agonizing re-appraisal of our priorities and a great many deferments (not cuts) have had to be made mainly in highly desirable social infrastructure developments including, I might say, the implementation of the important White Paper on Secondary Education. In the light of this sombre background it is hardly surprising that the joint committee's report become a casualty like other important projects which moreover affected the community as a whole and not just a part of the Civil Service.

Sir, at this point I ought to say that any report involving expenditure is, of course, always subject to the ability of our finances to bear the cost. There can be no question—as alleged—of Government going back on any promise; it made no promise whatsoever nor indeed could it without the approval of the Finance Committee of this Council. In May, the Finance Committee was presented with the full facts of the situation and knowing the serious financial predicament that we were in, had no hesitation in approving in principle the recommendations of the joint committee subject, as recommended by the Secretariat, to the implementation date being deferred, like so many other projects, to 1st April 1976. To have acted otherwise would have had the effect of giving the clerks priority over other increases in expenditure including those relating to social services.

I ought nonetheless to mention that it does not seem to have been generally realized that the Government, with the approval of Finance Committee, has significantly improved the terms of the recommendations of the joint committee. The latter had recommended that the implementation date for improved promotion ratios of clerical officers should not take place until 1st April 1977, I repeat, 1977, but Government has agreed to advance this date by one year to 1st April 1976 at a cost of over one million dollars.

I do of course appreciate that the clerks are disappointed. But these are disappointing times and it would be unfair in relation to the community at large to grant the increases this year when so many other employees have not only failed to obtain increases but have had difficulty in maintaining continuous

employment. Collectively the Clerical Class is an important part of the Civil Service and I would

like here to pay tribute to its responsible attitude in participating in this somewhat -unique productivity package. I for one am distressed that we simply cannot implement it before the 1st April 1976 but barring a most unforeseen deterioration in our financial situation I can make an assurance, with, I trust, the support of honourable Members, that the joint committee's recommendations will be implemented with effect from the 1st April 1976. To implement the recommendations sooner, as requested by the Association, would neither be right in our present financial situation nor fair to other members of the Civil Service.

Sir, I hope that in the light of what I have said the Association will in the public interest display the good sense which it showed when agreeing to the productivity deal in the first place. Any attempt now to go in the opposite direction and to reduce productivity while on full pay is clearly not in the general public interest and is to be deprecated.

DR CHUNG: —Sir, in thanking the honourable Colonial Secretary for his reply I should like to say, with your permission, Sir, that having regard both to the circumstances of industrial workers and to the financial situation of the Government, I am satisfied that the Unofficial Members would have been failing in their duty to single out this category of civil servant for wage increases this year. At the same time, I also recognize the significance of the productivity agreement with the clerks and trust that economic circumstances will allow it to be implemented from April next year as already agreed by Finance Committee. I know when I say these words, Sir, I am expressing the sentiments of many of my Unofficial colleagues of this Council. In the meantime, it is hoped, Sir, that the Clerical Staff Association will appreciate the situation as explained by the honourable the Colonial Secretary and exercise restraint and patience for the overall good of Hong Kong.

HIS EXCELLENCY THE PRESIDENT: —Thank you, Dr CHUNG.

Government business

Motions

HONG KONG EXPORT CREDIT INSURANCE CORPORATION ORDINANCE

THE FINANCIAL SECRETARY moved the following motion: —

In exercise of the power conferred by section 13(2) of the Hong Kong Export Credit Insurance Corporation Ordinance,

[THE FINANCIAL SECRETARY] **Motions**

that the maximum percentage a contract of insurance entered into by the Corporation is required by section 13(1) of the ordinance to specify, shall not exceed ninety *per cent*.

He said: —Sir, it is a principle common to all export credit insurance schemes that an exporter is required to retain an interest in the goods he is exporting and can never recover 100% of any loss. This encourages the exporter to select his buyers with some care and, when necessary, pursue overdue accounts.

When the Hong Kong Export Credit Insurance Corporation was founded in 1966, the extent of the indemnity in the event of loss expressed in the contract of insurance was set at 85%. Export credit insurance organizations in other countries adopted a similar cautious approach on inception but subsequently raised the indemnity to 90% of the gross invoice value and, in some cases, even 95% for losses arising from political and other such factors.

Since its inception the Corporation has insured shipments worth nearly HK\$8 billion. Total claims to date amount to just under HK\$20 million on an 85% indemnity basis. If these claims had been made under a 90% indemnity basis this would have meant an additional payment of just over \$1 million.

The Corporation, Sir, has gained much experience over the last ten years and is confident that the proposed increase in the indemnity coverage from 85% to 90% will assist in stimulating new business at this time and give our exporters cover similar to that afforded by insurance organizations servicing their competitors.

Question put and agreed to.

COMMODITY EXCHANGE

Resumption of debate on motion (18th June 1975)

MR JAMES WU: —Sir, when my senior Unofficial colleague spoke in this Council on 18th June 1975, he analysed carefully and at length the pros and cons of setting up a commodity exchange in Hong Kong. He said that it appeared to

the great majority of the Unofficial Members who had discussed the matter at that time that a clear, definite and

proven need for it had not yet been established. In assessing the economic benefits to be gained by having a commodity exchange in Hong Kong, he said it was recognized by the Unofficials that there could be benefits, but these would be difficult to quantify. Finally, he explained at length that the conclusion had been reached that it would be against the community's interests to set up a commodity exchange because of the real possibility that this would introduce a new and dangerous form of speculation which might involve and possibly ruin people with small means and savings.

After Dr CHUNG and two other Unofficial Members had spoken Sir Denys ROBERTS, in proposing the adjournment of the debate, said it was now Government's duty to reflect on what the Unofficial Members had said. He suggested that the Unofficial Members themselves might also like time for reflection on this important issue. Sir, it is always a good thing to reflect before taking a final decision on a controversial matter and the Unofficial Members are grateful for the opportunity which has been afforded to them for further thoughts.

Nevertheless, Sir, I must express surprise that Sir Denys ROBERTS chose to describe the views of the Unofficial Members as "a root and branch attack" on the proposal for a commodity exchange. A careful study of Dr CHUNG'S speech will reveal, on the contrary, that it was a careful balancing of the various factors. I am even more surprised that Sir Denys called for arguments "more practical and less emotional" than some of those put forward on 18th June. Nobody who read the speech of Dr CHUNG could have doubted that the Unofficial Members had weighed the pros and cons very carefully and I venture to suggest, Sir, that these views represented the view of much of the community at large. Sir Denys ROBERTS went on to say: "A visitor entering the Chamber might have been forgiven if he had assumed that the debate was concerned with a proposal to establish a casino." And so indeed it was—for this is precisely the analogy which many people have drawn. I am informed on most reliable authority that the majority of people among well informed circles throughout Hong Kong would still prefer the Government to take a cautious line and shelve the proposal.

Hence I do not think it was fair to comment that the Unofficial Members based their view on emotion. It was more to the point to comment—and again I

quote from Sir Denys ROBERTS' speech—"that the temperament of Hong Kong's people may cause a commodity exchange to be a source of social hazard, no matter what controls and safeguards are applied."

[MR JAMES WU] **Commodity Exchange—resumption of debate on motion (18.6.75)**

Now, Sir, that seems to me to have hit the nail on the head: and be it noted that those were the words of the Colonial Secretary himself.

The Unofficial Members, however, have never been so completely opposed to a commodity exchange as to be unwilling to contemplate its establishment under the right circumstances. I may refer here to the speech of the honourable P. C. Woo in this Council on 1st August 1973 when he spoke in support of an urgent bill aimed at prohibiting the impending setting up of a commodity exchange at a time when virtually no controls whatsoever existed. Mr Woo said and I quote:

"The Unofficial Members fully support Government's view that such exchanges (in respect of commodities) should not be allowed to operate until such time as adequate and proper controls can be provided."

But if such controls can be introduced and effectively enforced so as to minimize what Sir Denys described as "a source of social hazard", then the situation would be different. With the social hazard removed or effectively minimized, the fears of many of the Unofficial Members of this Council and much responsible public opinion in Hong Kong would be assuaged.

We must also take note of the Colonial Secretary's warning that the rejection of a commodity exchange for Hong Kong would damage our future standing as a financial and commercial centre. We take this point and certainly welcome investment and trade which would contribute to our productive industries and commerce. But with the memory of the stock market debacle still fresh in our minds it would be most irresponsible of us as legislators not to have recognized the fragility of human nature given the very special circumstances of Hong Kong which so many unscrupulous financiers and businessmen have long regarded as a rich hunting ground for quick fortunes.

Nevertheless, as one top securities and commodities firm in the United States warned its clients in a booklet, and I quote:

"Of all the ways of speculating, probably one of the most risky is

speculating in commodity futures. But commodity speculation also holds out the lure of big, quick profits. It goes without saying that a person of small means, cautious temperament and I repeat cautious temperament, and inexperience should avoid the risks of the commodity futures markets."

Again, as recently as 26th July 1975, the South China Morning Post, reported on a press interview by a proponent (an expert from London) and the Chief Executive designate of the proposed commodity exchange in Hong Kong—I quote:

"Commenting on the fear that syndicates might emerge with the setting up of the exchange, Mr WILSON said that it is not necessarily a bad thing. In the United States, syndicates—properly organized—are welcomed, as they are recognized to be a reasonable way of enabling the small man with limited capital to trade in commodities."

Yet on the other hand it would be of interest to note the following press report in the South China Morning Post news despatch from London on 24th July 1975:

"With such lovely speculative opportunities abounding throughout London's commodity exchanges, why is it so hard for the small investor to get in? The answer, I am afraid, is only too simple. It is against the law. The Prevention of Fraud (Investments) Act makes it illegal to advertise schemes to invest money in commodities or form syndicates to speculate in futures or options for the purpose of making profits. And this is not just bureaucratic sport-spoiling. Nothing seems to stimulate the fine art of swindling suckers more than gambling in commodities."

Sir, surely this difference of approach in regard to the small investor's opportunities to speculate would call for some explanation from those concerned? Since syndication is illegal in the United Kingdom there is every reason to urge—judging from past events on the stock exchange here—that it should similarly be made illegal in Hong Kong. The fact that syndication would increase turnover and therefore profitability to the commodity exchange itself gives us cause for concern and these must not be realised at the expense of social hazards. It is precisely the small men with limited means who are easy prey in gambling ventures. The majority of them could not or would not read English and thus could not follow the trends on commodity exchanges overseas. It is such persons with small means who we as legislators would like to see protected, although as we have so often been told by Government officials "You can never legislate against greed".

Yet we are still faced with a question of balance: and not, Sir, I hope, one of emotion. It is a balance between financial /economic benefits on the one hand and the social hazard to the ordinary Hong Kong people on the other. The final outcome is of course a matter of personal judgment.

[MR JAMES WU] **Commodity Exchange—resumption of debate on motion (18.6.75)**

When the resolution under debate was first put on the Order Paper it was implied that Government had no strong view one way or the other as to whether or not a commodity exchange should be set up in Hong Kong. Government flew a kite in this Council by introducing a neutrally worded motion not representing an expression of Government policy. In that neutral situation, most of the Unofficial Members came to the conclusion that on balance the disadvantages of an exchange would outweigh the advantages. Since then Government appears to have changed its own previously neutral stand in the matter and is now convinced that a commodity exchange is needed for international reasons. We are also faced with a new situation where we are told that it will be possible to devise measures whereby the possibility of ill effects on the population at large could be reduced to small proportions.

If such measures can in fact be taken and—what is more important—if they will be enforced—then the way may still be open for those Unofficial Members who were originally against the proposal to refrain from opposing the setting up of a commodity exchange. But we shall need an assurance from Government that the controls and safeguards will be enforced; that there will be no repetition of the stock exchange frenzy of 1973; and that the man-in-the-street will be debarred from speculating with his hard-earned money on the commodity exchange. With such assurances, the setting up of a commodity exchange could be looked at in a different light. Obviously, in the final analysis, the deciding factor would be what is best for the community.

MR BREMRIDGE: —Sir, having been absent from this Council on 18th June, I have since read the speeches then delivered and the parallel press reports. There have been many of them. It is clear that the issue of whether Hong Kong can and should usefully sustain a commodity exchange has given rise to great controversy, and is one over which widely different views can honestly be held—as indeed is evidently the case. I am myself conditionally in favour of the establishment of a commodity exchange, and in so saying I believe that I follow the sentiments of this Council as expressed some two years ago.

It would be unfair to opponents to suggest that the timorous views which

they have expressed are anything but conscientious or logical. Equally, however, I am sure that you and they will agree that in matters of this sort wisdom is rarely a matter of black or white, but the selection of a suitable shade of grey.

Hong Kong is a major financial and industrial centre, and I believe is destined to be an even greater one. We must clearly seek balanced development, and I suggest that it is as unreasonable to stifle sensible financial development as to suggest that Government should stifle the development of Hong Kong as a trading, shipping, textiles, gold, or electronics centre. The whole policy of Government in Hong Kong for many years has been one of minimum interference. This has hardly proved unsuccessful. It is only the history of 1973 that requires Government's approach now to this Council on the question of whether or not there should be a commodity exchange. I for one believe that the commercial success of Hong Kong for many years has been materially helped by, if it is not only due to, the pragmatic realism of the Hong Kong Government, and its declared intention not to interfere with commercial practices nor especially with innovation, unless in the interest of the community as a whole it is clearly right to do so. It certainly was in 1973, and I shall have more to say about this later. But let us never forget that it is out of commercial success that there has arisen a significant increase in the standard of living of our people. With no commercial profits we would be back to where we were in 1950. I beg those who oppose this new step to survey the economic state of other Asian countries whose Governments have unwisely stifled business initiative.

I cannot thus accept the arguments of those who say that Hong Kong businessmen do not need a commodity exchange. While having some personal experience commercially I think that they are wrong in fact, surely their criticism is irrelevant for this is the business of the promoters, who stand to make or lose money if they misjudge the requirements not only of Hong Kong but also of the whole region? This naturally includes China, whose giant trading corporations reportedly make use of the hedging facilities provided by overseas commodity exchanges. I regard it also as at least tendentious to suggest that it is all right for Hong Kong businesses to use external commodity exchanges as they have done for years, but not to keep the profits at home if we can.

There exists however an instinctive and fairly widespread feeling that on cultural and philosophical grounds any development that smacks of gambling cannot be supported. I respect this honestly held and decent opinion, though I

find it difficult to understand how in some cases those who advocate it can at the same time themselves speculate on stocks and shares, buy lottery tickets, and thoroughly enjoy a visit to Happy Valley. Moreover it does occur to me that if at this juncture there were perchance in existence here neither stock exchanges, nor

[MR BREMRIDGE] **Commodity Exchange—resumption of debate on motion (18.6.75)**

lotteries, nor gold and silver exchanges, nor foreign exchange markets, nor Jockey Club betting facilities, nor indeed life insurance, these same critics should logically oppose their introduction into Hong Kong now. This might indeed be capable of moral justification, but it would mean a dull, improverished, and third-rate Hong Kong. Other centres in Asia have followed this course, and look at them now. If critics advocate a return to village life they should say so. I doubt if the working people support them. I have always had sympathy with the Luddites, but I have always equally accepted that they were wrong. Surely no one now can really suggest a return to a mythical Golden Age? This would be fine for the rich, but misery for the poor. We may dislike progress, but we cannot just oppose it.

Equally I cannot accept that a properly controlled commodity exchange in Hong Kong will entice many people to gamble on futures, who are not gamblers already. The accent is surely on proper control, which is essential, and I certainly expect Government to ensure that regulations include measures to make it difficult for those to deal locally who cannot afford substantial losses. But it is probably impossible completely to indicate syndicalism, even if thought right. And is it? Despite my honourable Friend Mr Wu's pointed comments and quotations syndicalism to me seems the hedging of risks which I support. Why, moreover, should we be so concerned about a domestic exchange, when there exist and flourish here at least 20 brokers, including many of world class, with whom any speculator can now buy any number of commodity futures on any number of world exchanges? Even if the brokers themselves are better controlled (for which there is a case) there is nothing, and there can be nothing, to stop a determined individual or syndicate from making his or their own direct arrangements with overseas brokers. This is to me a fact of life, and not necessarily an unattractive fact either. Within sensible limits it is not for Government to direct how we shall spend our money.

Indeed the extent to which any Government should legislate to prevent a fool and his money from being easily parted is open to wide philosophical debate. My sympathy is certainly with the little man who has been savaged in the past,

and no doubt will be savaged again in the future but there must come a time when, given the existence of sensible Government controls, it is in practical terms in a free society impossible to legislate for the complete protection of fools. And let us not also forget those little men who have made fortunes by intelligent speculation.

Sir, my support is nevertheless hedged with caution. I was given few financial precepts by my father, but one of them was that in no circumstances should a wise man involve himself individually in commodities markets; and I have myself certainly always observed this advice. Let there be no doubt even given sensible measures of control that highly geared commodity speculation is a trap for the unwary, that rogues abound, and that the possibility of disaster is always present. Many businesses must hedge in the futures market. But speculation is an essential ingredient, and individual folly has led in many countries both to unmitigated personal disaster and to corporate collapse. I instance the recent suspension of the Paris white sugar market amidst a shower of scandal. Individual speculators enter this jungle at their own risk in the hope of great reward. I do not, however, decry those who are stimulated by risk taking, who wish to exercise their freedom of choice, and who can afford to do so. Indeed personal bias is a poor guide to what is suited to Hong Kong. I am bored by horse racing, and the gambling that is associated with it, and I believe that the provision of a second race track at Shatin is imprudent. Others do not agree, and I fully respect their views, which I believe are those of the vast majority. But here indeed is gambling, unconnected with financial growth. I certainly do not propose that horse racing should be stopped because of the sadness that unsuccessful gambling has brought to many homes, but I raise my eyebrows at those who support the well-controlled Jockey Club, but deny the merits of a well-controlled commodity exchange—a horse, if I may say so, are of a different colour. Let no one think that I am attracted by the establishment of a commodity exchange, but rather that I consider it an inevitable step forward in the growth of Hong Kong.

I believe myself strongly that it is our duty both to the present community and to posterity to carry on the work of our predecessors. We must not therefore shrink from new ideas, but rather be seen wisely to adopt them so that they may be profitable to the community—and I use the word profitable in its widest sense. Without overstating my case, I suspect that if through over-caution we do not grasp this opportunity to establish a controlled commodities exchange here, not only may Hong Kong seem a laughing stock to the financial world at large, not only may others in the Far East take advantage of our timidity,

which is probably worse than seeming a laughing stock but this precedent may mark the zenith of our grand period of financial growth. Specious but successful pleas for unnecessary Government interference with private enterprise have signalled the end of growth for many other previously strong countries.

[MR BREMRIDGE] **Commodity Exchange—resumption of debate on motion (18.6.75)**

I do, however, attach the greatest importance to the question of pragmatic Government controls in this dangerous arena, and the rules and regulations of the exchange and the draft covering legislation will require much study. This is an important duty for this Council. I do not think that Government has presented the case so far with the greatest felicity, and I equally do not think that the promoters have helped themselves. I know that there exists in Hong Kong a feeling that in enterprises of this sort there is a risk that crafty outsiders will descend on simple Hong Kong like sharks on a swimming child. There is some truth in this, though not to the extent that most of us can any longer fairly be described as children swimming in financial affairs. But my honourable Friend the Financial Secretary might usefully consider the question "Why should we trust the Government to control a commodity exchange when they have so far failed to control the world of the stock exchanges?" Like many others who are expert in *ex post facto* wisdom, my reliance on internal self-control was shaken by the course of affairs in 1973, leading as we all now recognise amongst other horrors to leap-frogging speculation, the establishment of three further stock exchanges, insider dealings, the issue of many misleading prospectuses, bolstered by misleading statements by accountants who should have known better, the removal of capital, the general atmosphere of anything goes in the law of the jungle, and the fact that subsequently many of the unwitting weak went to the wall. Anyone responsible for staff in Hong Kong must know the family disasters that have resulted. Things have of course improved since then, thanks to the efforts of the Securities Commission and the stock exchanges themselves. But much remains to be done.

It is always difficult for those of us who believe in minimum Government interference to persuade others that minimum interference nevertheless does not mean no interference at all. If I may say so, horses for courses. I suspect that it is Hong Kong's experience in 1973 with the stock exchanges, and the inability of Government moderately to intervene until too late, that has created a degree of intelligent antipathy and revulsion however misguided now towards the idea of a small commodity exchange, designed to grow larger only under control, and with experience. But let us learn from our own history. If therefore my Friend the

honourable Financial Secretary will assure us not only that the commodity exchange will be properly disciplined, but also that some of the excesses and depredations committed on Hong Kong *vis-à-vis* the stock exchanges and all that goes with them at last are to be further curtailed, I shall be more satisfied.

Let us at last—and at least—see my honourable Friend's teeth, and those of his colleague the honourable Attorney General. There are indeed hopeful orthodontic signs. (*laughter*) I believe that the current Securities Ordinance and further proposals to drain this swamp are in themselves adequate. But they are only paper measures, and adequate only if subsequent action is taken where necessary—and I must say that I regret the lack of sufficient action since 1973. Thieves are not only those who rob shops. The distortions set up by the events of 1973 are still a reproach to the whole community, though we must never forget that the decent, and the honest, and the responsible businessmen and companies by far outnumber the dishonest. It is all a question of balance, but a little more tilting by Government seems overdue.

Sir, provided therefore that Government propound and enforce suitable control measures I will support the establishment of a commodity exchange.

THE FINANCIAL SECRETARY: —Sir, in replying to the speeches made on this motion by five honourable Members I shall not repeat everything I said when I introduced the motion. Indeed, the historical background and most of the technical points I then made, whether or not I made them with "the greatest felicity", have not been commented on adversely by any of my honourable Friends and I assume, therefore, that they are really not in question.

Some doubt has been expressed as to the benefits for our economy of an exchange dealing in internationally traded commodity futures. I felt obliged to describe the possible role of such an exchange in our economy in my speech moving this motion. But I made it clear that the Government maintains an essentially neutral position on this question, whilst not wishing, at the same time, to frustrate the establishment of an exchange, provided the public interest, broadly defined, is capable of being protected. It is on the protection of one aspect of the public interest that honourable Members have expressed grave concern, namely, that the operations of such an exchange might permit, or even encourage, unknowledgeable speculation by, to quote my honourable Friends Dr S. Y. CHUNG and Mr James WU, "by people with small means and savings".

On reflection, Sir, and having listened carefully to all that has been said so far in this debate, perhaps my speech moving the motion and, indeed, the

wording of the motion itself, may have inadequately reflected the importance of this aspect of the public interest and the degree to which honourable Members' concern was shared by the Government.

[THE FINANCIAL SECRETARY] **Commodity Exchange—resumption of
debate on motion (18.6.75)**

I can best explain what I mean by back-tracking just a little: by this time last year, the Government had reached the position where after very careful consideration of a number of proposals to establish an exchange in Hong Kong, one group had been selected for further discussions with a view to their being licensed to operate an exchange. It was intended that these discussions would centre upon the rules and procedures the group proposed for the membership and organization of the exchange and the conduct of its operations (including of course the clearing and guaranteeing of contracts). At the same time, for its part, the Government intended to proceed with the drafting of legislation to define the terms under which an exchange would be licensed to operate.

But the debate on the Commodity Exchanges (Prohibition) Bill took place some two years ago. So the purpose behind introducing this motion on 21st May of this year was to provide honourable Members with another opportunity to express their views on the whole idea of trading in commodity futures in Hong Kong in advance of legislation being drafted so as to enable the selected group to continue their planning in reasonable confidence.

I can assure my honourable Friends that, both in its examination of the internal rules and procedures developed by the group for the membership, organization and operation of the proposed exchange and in drafting the legislative framework to be presented in due course to this Council, it would be the Government's firm intention to ensure that opportunities for speculation by small investors would be minimized. I can further assure them that it would be the Government's firm intention to ensure that the exchange would be required to exercise proper discipline over its members and would apply adequate sanctions whenever the rules of the exchange or the provisions of the legislation were not being observed.

My honourable Friend Mr BREMIDGE, while expressing confidence in the drafting abilities of the Legal Department, is obviously doubtful about the Government's intentions as regards enforcement, not only in the sphere of trading in commodity futures, but also in the stock market. I hope he will accept my assurance that he need not be doubtful, delicate though "tilting" exercises

engineered by the Government to influence the way in which markets are operated may be. As this is not the occasion to debate the administration of the Securities Ordinance, I shall simply say, Sir, that the Government has every confidence in the Securities Commission and the Commissioner for Securities in their difficult task which they have performed since their appointments in a most painstaking manner.

Having regard to the fact that we would be introducing regulatory legislation in advance of the establishment of an exchange, which legislation can draw upon experience elsewhere, the Government is confident that adequate legislation can be devised; and, as I have just said, it would be enforced. In these circumstances, therefore, I can see no reason why we should deprive ourselves of this addition to the range of facilities available in our emerging financial sector. Whatever doubts some may hold about the economic benefits of the establishment of a commodity exchange here, others appear convinced that Hong Kong should not, quite uncharacteristically, turn away from what they regard as a logical development. The Government shares this latter view, provided the public interest—in all its aspects—is protected.

Sir, the actual wording of the motion before Council is as follows:

"This Council approves in principle the establishment of a commodity exchange in Hong Kong"

It may help honourable Members, in considering their position and, at the same time, explicitly reflect what I have just said, if the motion were amended to include the following additional words:

". . . provided that legislative measures are made and enforced effectively with particular reference to the need to minimize social hazards to the ordinary citizens of Hong Kong."

I do not think, Sir, it would be reasonable to ask honourable Members to vote on this amended motion today and so with your permission, Sir, I now move that the debate be further adjourned to 13th August next.

Motion made. That the debate on the motion be adjourned—THE FINANCIAL SECRETARY.

Question put and agreed to.

First reading of bills

PUBLIC TRANSPORT SERVICES (HONG KONG ISLAND)

(AMENDMENT) BILL 1975
PUBLIC TRANSPORT SERVICES (KOWLOON AND NEW
TERRITORIES) (AMENDMENT) BILL 1975
DEMOLISHED BUILDINGS (RE-DEVELOPMENT OF SITES)
(AMENDMENT) 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

PUBLIC TRANSPORT SERVICES (HONG KONG ISLAND)
(AMENDMENT) BILL 1975

THE ATTORNEY GENERAL moved the second reading of:—"A bill to amend the Public Transport Services (Hong Kong Island) Ordinance."

He said:—Sir, the Public Omnibus Services Bill, which is to be further debated this afternoon, does not seek to renew the existing provision for the payment of royalty by the China Motor Bus Company Limited for sound reasons which are generally agreed, and if an amendment of which I have given notice is adopted the provision in that bill for a levy on profits at the Government's discretion will be omitted for the same reasons.

This bill, Sir, seeks to waive the royalty which would otherwise be payable by the China Motor Bus Company Limited for the period between the beginning of the company's financial year 1972-73 and the end of its financial year 1974-75. I shall be moving an amendment when the bill is in committee which will extend the period for which royalty is to be waived up to 1st September this year, when the existing franchise of the company will lapse.

Sir, in proposing that the payment of the royalty should be so waived, the Government has taken careful account of the level of the company's investment in its bus operations during those years and of the level of the company's profits during that time. Having regard to both those factors, the position is that the company's future investment in bus operations, which has been the subject of detailed examination in the context of the Public Omnibus Services Bill, would be inhibited if the Government were to insist now on payment of the outstanding royalty.

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

Question put and agreed to.

**PUBLIC TRANSPORT SERVICES (KOWLOON AND
NEW TERRITORIES) (AMENDMENT) BILL 1975**

THE ATTORNEY GENERAL moved the second reading of:—"A bill to amend the Public Transport Services (Kowloon and New Territories) Ordinance."

He said:—Sir, this bill seeks to waive the royalty payable by the Kowloon Motor Bus Company Limited for the period between, again, the beginning of that Company's financial year 1972-73 and the end of its financial year 1974-75. In this case also, Sir, I shall be moving an amendment in due course to extend the period for which royalty is to be waived up to 1st September this year.

I do not think that I need say more than that the Government's proposal to waive the outstanding royalty payable by this company is made in circumstances similar to those I have just outlined in the case of the China Motor Bus Company Limited.

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

Question put and agreed to.

**DEMOLISHED BUILDINGS (RE-DEVELOPMENT OF SITES)
(AMENDMENT) BILL 1975**

THE SECRETARY FOR THE ENVIRONMENT moved the second reading of:—"A bill to amend the Demolished Buildings (Re-development of Sites) Ordinance."

He said:—Sir, this bill seeks to delete from section 7 of the ordinance the provision which at present prohibits a tenancy tribunal from taking into account the incremental value of a demolished property when determining what compensation should be paid to the tenants displaced.

The intention of the ordinance is that an owner should not be required to pay more by way of compensation than the incremental value of a demolished

property. Incremental value is defined as the amount by which the market value of the property with vacant possession exceeds the market value of the property when occupied prior to its becoming subject to the ordinance; that is, before it is declared dangerous by the Building Authority. As the law stands at present,

[SECRETARY FOR THE ENVIRONMENT] **Demolished Building (Re-development of Sites) (Amendment) Bill—second reading**

a tenancy tribunal is deprived of the knowledge of the incremental value and may, as a result, award compensation greater than the incremental value. This has required you, Sir, to consider in Council, several appeals from owners for reduction of tribunal awards to the level of the incremental value, and almost invariably these appeals have been upheld. The effect of the present statutory process is therefore that the expectations of the tenants can be raised quite unjustifiably. However if tenancy tribunals could take incremental value into account when determining compensation unnecessary owners' appeals and tenants' false hopes of the kind described would be eliminated.

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

Question put and agreed to.

BIRTHS AND DEATHS REGISTRATION (AMENDMENT) BILL 1975

Resumption of debate on second reading (16th July 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).

COMPANIES (AMENDMENT) (NO 2) BILL 1975

Resumption of debate on second reading (16th July 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).

LOANS (GOVERNMENT BONDS) BILL 1975

Resumption of debate on second reading (16th July 1975)

Question proposed.

MR LEE: —Sir, the bill before Council is welcome by the public as well as the financial community. From time to time over the past years, suggestions had been made both inside and outside this Council that Government should issue Hong Kong dollar bonds. They had reasoned quite rightly that such issue would provide some papers for the establishment of a secondary money market, a service that was necessary and important for Hong Kong to have as a financial centre. Nothing, however, had happened because that reason alone was not strong enough to outweigh the argument that it was illogical to incur unnecessary debts that would bear higher interest rates against the then seemingly comfortable surpluses earning lower interest rates. Those who advocated the idea should now be pleased that their proposal is being processed into legislation. However, this pleasure must be tempered with the realization that the need for the bill now arises from the rather unpleasant situation that Government may in future have to borrow to meet expected deficits.

While serving its intended purpose, the enactment of the bill will have important consequences in consolidating the position of Hong Kong as a financial centre. The attractive terms on which the bonds will be issued, namely, freely transferable into bearer form, exemption from stamp duty as well as from taxes for interest and profit on sale of the bonds, should whet the appetite of investors, both institutional and individual alike. All these attractions should result in popular involvement by the general public and regular trading, thereby leading to the formation of an orderly and active money market to international standards.

Under paragraph 172 of his budget speech this year, the honourable Financial Secretary floated the idea of whether a Loans Board should be established. When considering the implications for the money market to Hong Kong as a result of the proposed Hong Kong dollar bonds, I am sure my honourable Friend must have the importance of an active secondary market in mind. In this connection I suggest he should now activate his idea in view of

the fact that Government and quasi-Government organizations will have to go more into the domestic and international markets, whether to borrow or to lend. It is so much the better to have a central body, whether entitled Loans Board or

[MR LEE] **Loans (Government Bonds) Bill—resumption of debate on second reading (16.7.75)**

even some other more appropriate name, responsible for all public sector borrowings or at least for co-ordinating all such borrowings and supervising the transactions of foreign currencies involved therein. My honourable Friend also mentioned that such a Board should probably take over the assets and liabilities of the Development Loan Fund and that a suitable function for it would be to organize loan facilities for quasi-Government organizations whether borrowings are best arranged by that body and on-lent. This is certainly logical.

Sir, we all recognize that the success of Hong Kong development is due to the traditional policy of least possible Government interference and intervention. This is true of all sectors of our economy, much more so in the financial field. The constitution of a Loans Board would seem to be a retrograde step because it would inevitably have some effect in regulating the demand and supply of money and hence the interest rate and external value of our currency. But with the changing circumstances that more Government and quasi-Government organizations having to participate in the money market, it is in the public interest for these activities to be supervised and co-ordinated under one body. While it should not be designed to perform the function of a monetary authority, a properly constituted board with suitable expertise will certainly be desirable to serve a very useful purpose if and when required to do so.

The bill in itself does not call for much comment in as far as it will give Government legal authority to raise loans by the issue of Hong Kong dollar bonds. It is gratifying indeed to note that under clause 10 any bonds issued under the Hong Kong (Rehabilitation) Loan Ordinance will be exchanged for bonds to be issued under this enactment. The bonds under that ordinance now hardly traded in the market will therefore with the proposed exchange be provided hopefully with greater marketability. This is certainly a gesture that reflects credit on Government by showing their concern for the holders of these bonds.

With these remarks, Sir, I support the motion.

MR F. W. LI: —Sir, the Loans Ordinance 1975 was enacted last May and has given Government the power to borrow, and arrangements have already been made for some offshore borrowing.

The Loans (Government Bonds) Bill 1975 before Council appears to be a simple bill in that it seeks legal authority for Government to raise loan funds through the sale of Hong Kong dollar denominated bonds as one of the ways to meet our budgeted deficit. This bill will complete the legislative programme for internal borrowing.

In my speech at the budget debate in March this year, I had briefly made reference to the secondary monetary consequences of offshore and local financing. At that time, I expressed my preference for offshore borrowing and gave my reasons. Without repeating them here, Sir, I still feel that too heavy reliance on internal borrowing would generate excessive monetary strain on the local economy.

In view of the state of the money market during the past few months and the steady increase in bank deposits together with the very high average liquidity ratio in our banking system, I feel that the time is now right to test the market locally. My honourable Friend the Financial Secretary, in a recent speech made to members of the Chinese Banks' Association, has suggested to start with an issue of HK\$250 million in 5-year Government bonds. This seems to me to be an appropriate amount as it represents about 3% of the total bank deposits as published for May 1975.

When introducing this bill two weeks ago, the honourable Financial Secretary has specified that bond transactions will be exempt from stamp duty and that interest on the bonds and profits from their sale should be free of tax. I must congratulate him on his ingenuity in these proposals.

He did not, however, disclose whether the proposed bonds are eligible to be classified as "specified liquid assets" under the terms of the Banking Ordinance. To my mind, this is a most important factor which determines the success of bond issues particularly in the case of institutional investors. This is evidenced by the success of the series of 5-year Government Guaranteed Notes issued by the Hong Kong Building and Loan Agency Limited which are qualified as "specified liquid assets".

Whilst I understand it is the intention of Government to list the bonds in the stock exchanges whereby they will be marketable and therefore could become "liquid", I think it would be helpful if a clear understanding is made, at the outset,

on the liquidity aspect of these bonds.

My honourable Friend the Financial Secretary also mentioned the possibility of offering the bonds for sale by tender. If this is done, it

[Mr F. W. Li] **Loans (Government Bonds) Bill—resumption of debate on second reading (16.7.75)**

does imply that the same bonds can yield different interest rates and be issued at different prices. This would appear to me to be a departure from the meaning of clause 5 (1)(a) and (b) of the bill.

Sir, perhaps my remarks are premature at this stage because the power to raise bonds requires the approval by resolution of this Council eventually and the terms of issue of Government bonds will be determined by Your Excellency. However, I consider it extremely necessary for us to know and study these terms before the Council is asked to approve the resolution for this purpose. I therefore urge Government to exercise strict caution and examine carefully all possible elements involved before making any firm commitment.

I may sound unduly concerned over the details of the bonds at the present moment, but it is only prudent to be fully aware of the implications of local bond issues on the whole economy since matters such as interest rates, price, amount, denomination and period of the bonds are all governing factors. In this connection, I share the views of my honourable colleague Mr Q. W. LEE on the need for a central Loans Board. The functions of this board would certainly help to clarify some of the points which I have just raised.

Sir, I support the motion.

THE FINANCIAL SECRETARY: —Sir, I am glad that my honourable Friend Mr Q. W. LEE has perceived that what I described as a Loans Board in my budget speech could well have functions which go further than the actual raising of debt and the on-lending of funds to public sector bodies. We are now actually in the process of considering the possible functions of a Loans Board and, indeed, our thinking has gone this far: we have decided that the title, Loans Board, is inappropriate! The reason is that it is too restrictive; and I suspect from what my honourable Friend has said he would agree though, like him, I certainly do not see a Loans Board—or whatever it is called—developing into a monetary authority.

As regards the three specific points, Sir, made by my honourable Friend Mr LI Fook-wo: first, I have every hope that the bonds to be issued later this year will qualify as specified liquid assets by virtue of section 18(6)(i) of the Banking Ordinance but, if they do not, I would

certainly so specify them by invoking my powers under section 18(6)(h). Secondly, my honourable Friend the Attorney General assures me with confidence that clause 5 provides authority for bonds to be sold by tender for, after the responses to the tender invitation are in, the Governor would then determine the price or prices of the bonds issued. Thirdly, I think, but I am not quite sure, but I think my honourable Friend has slightly misunderstood the purpose of the resolution referred to in clause 3 of the bill: the purpose of the resolution provided for in that clause is to authorize the raising of a sum of money not to set the terms. I am sure he will agree that there must inevitably be a delay between the making of a resolution and the date on which the public can be invited to subscribe to an issue of bonds; and if, meanwhile, market conditions changed (possibly as a result of announcing the terms) it would be necessary to introduce another resolution if the resolution included the terms of the issue. And so the responsibility for determining the terms of an issue is conferred upon the Governor by clause 5.

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).

PUBLIC OMNIBUS SERVICES BILL 1975

Resumption of debate on second reading (18th December 1974)

Question proposed.

MR LO: —Your Excellency, even before this bill was introduced into this Council last December an *ad hoc* group of Unofficials was set up to look at it in detail. Since then the members of the group have had a series of prolonged and detailed meetings among themselves as well as with the officials concerned with the bill. Throughout these discussions the group was guided by a number of principles which it felt ought to be taken into account if the conflicting interests of everyone concerned were to be protected. In addition, the group recognised

that, if properly framed from the outset, the bill—apart from providing the necessary legislative provisions for the operation and control of bus companies in Hong Kong—could well set the pattern for the future control of other public utilities.

[MR LO] **Public Omnibus Services Bill—resumption of debate on second reading (18.12.74)**

I turn now to the principles or, if you like, the guidelines followed by my Unofficial colleagues and I in our examination of this legislation. One of our first concerns was the public purse. Did the bill as drafted provide too little or too much for general revenue bearing in mind the interests of the travelling public and the companies' shareholders? Like other corporations the bus companies pay corporation profits tax but the bill as drafted provided additionally for a levy on its profits in addition to that tax. In our view it is conceptionally wrong to pay into general revenue excess profits arising from the operation of a public utility and I am most grateful to my honourable Friend the Financial Secretary for conceding the point. I understand that, with his consent, an amendment will be moved by the Attorney General at the committee stage to delete this particular provision.

Next the position of the shareholders. The question was whether they would continue to have an opportunity to receive fair return for their investment. Whether they do so is of course a matter for their directors but whether they have an opportunity to do so is our concern. We are satisfied that they have.

Finally, we looked at the bill to see whether it provided adequate protection for the travelling public at large. I mentioned earlier that the proposed levy on profits is to be excised from the bill. This means that none of the money paid in fares will be used to cross subsidize other Government expenditure and the fares themselves will of course be controlled as they are now by the Governor in Council. Bus users will be further protected by clause 9 of the bill under which the Governor may appoint two additional directors to represent the Government specifically to look after the public interest on the boards of the companies. This has not been really possible in the past because without clause 9 the Companies Ordinance would have applied and under it the duty of a director is to do the best he can for shareholders. I might mention that the two additional directors will receive no remuneration for their services from the company although this is more of a point of principle than are of practical significance.

In addition, for the first time in our legislative history the companies will be

required to operate a profit control scheme by way of establishing a reserve fund called the Development Fund. The Development Fund concept is designed to ensure that excess profits earned in a boom year can not be lavishly distributed to shareholders

but will be retained within the bus operation to be used for a variety of purposes, including capital expansion or to ward off fare increases in bad years or at least to delay them. My honourable Friend the Attorney General will be moving appropriate amendments at the committee stage of the bill to provide for the main machinery of the profit control scheme which I have just described. I hope that he will confirm this in his closing remarks in this debate.

Finally, the Unofficials noted that the bill contains considerable teeth to enable the Government to ensure that we get a good bus service. I can only assume that the teeth will not turn out to be decorative dentures cosmetically pleasing. We can only hope that before long bus operators and the Government will provide the public with the efficient service that they have been so patiently waiting for.

With these remarks, Sir, I support the motion.

DR CHUNG: Your Excellency, for many years some Unofficial Members of this Council, both past and present, have been advocating that there is a need to introduce a scheme to regulate the profits of privately owned public utilities and that the time has come for the Government to discontinue the practice of imposing a levy, either in the form of a royalty or otherwise, on users of public utilities. The reasons, behind these two proposals were given by my honourable colleague, Mr T. S. Lo, who is the convener of the *ad hoc* group of Unofficials set up to study this bill. I am sure that the general public and in particular the travelling public, like Mr Lo, are grateful to my honourable Friend, the Financial Secretary, for accepting these two proposals for the public omnibus services.

The profit control scheme on the two bus companies as described in the amended version of Part V represents a major step forward in providing legislative measures to safeguard the interests of users of public utilities. The essence of the profit control scheme is to put a ceiling on the profits which a bus company could be allowed to earn in an accounting year. This profit ceiling is known as permitted return and is expressed as a percentage of the average net fixed assets of the bus company in that accounting year. The actual percentage will be specified in the franchise.

When the bus company makes more profits than the permitted return, say, during the years immediately after a fare increase, the excessive profits will go into a profit equalization account which will be called the "Development Fund". On the other hand, when cost

[DR CHUNG] **Public Omnibus Services Bill—resumption of debate on second reading (18.12.74)**

inflation reduces the profits of the company to a level below the permitted return, the deficiency can be made good by drawing money out from the Development Fund. This Development Fund therefore serves to regulate or as a regular of profits.

Furthermore, the Development Fund will also serve to help the bus company in obtaining cash at a prescribed rate of interest, also to be specified in the franchise, to finance the procurement of fixed assets such as buses to be used for the purposes of or in connection with its franchise. The interest on the Development Fund will be a charge made against the permitted return of the bus company and credited into the Development Fund.

This bill, as can be seen, will only provide the framework of profit control and it is vital that the rate of permitted return and the rate of interest should be fixed with a view to balancing the interests of both the travelling public and the company's shareholders. In this respect, it is desirable that the franchise for the two bus companies be made public.

Sir, I do not wish to mislead honourable Members to think that this development fund scheme of profit control is perfect. It is quite far from it. In order to safeguard the interests of the travelling public, it is not sufficient to control alone the return on fixed assets. Equally, if not more important, it is necessary to control further the acquisition, utilization and disposal of the fixed assets. I therefore welcome the provision in the bill for the Governor to appoint two additional directors to look after the public interest at the board level.

I also wish to clarify that the permitted return represents the maximum return but does not imply the guaranteed return. The bus company must provide an adequate and efficient bus service in order to earn the permitted return.

Since the permitted return is based on an agreed percentage of the average net fixed assets of the company, the assessment of the fixed assets becomes an important factor in the operation of this profit control scheme. In recent years, we have seen many public utility companies revaluating their fixed assets

upward. As recently as last week, the Hong Kong Electric Company announced that its fixed assets upon revaluation on 8th July 1975 had gone up by almost 100% as compared to the net book value on the previous day. I therefore submit, Sir, that

unless the Government can and will establish a policy on the revaluation of fixed assets, the profit control scheme as contained in the bill would not be very meaningful.

During the controversial issue of raising telephone charges early this year, it has been said that funds for expansion should come from shareholders and not from subscribers. Therefore some people may similarly comment unfavourably with regard to allowing the bus company to make use of the Development Fund for the purchase of fixed assets. However, as long as the rate of interest charged is comparable to the prevailing bank lending rate, I see no objection to it.

With these remarks, Sir, I support the bill subject to the amendments as proposed.

MR CHEONG-LEEN: —Sir, in rising to support this bill, subject to the amendments to be passed at the committee stage, I do have one important query and that is, once the bill is passed, will the Government have the will and the energy to use the wide powers given it to plan and work with, and when necessary to impose its wishes in the public interest on the bus companies, in order to bring about better bus services?

Under the provisions of the bill, the Government can appoint two persons to the board of directors of a bus company for the purpose of representing Government and the public interest. They will act as a bridge between Government and the bus company management and will help in the planning and implementation of the rolling 10-year expansion plans, subject to satisfactory performance.

The Government through the Commissioner for Transport will have control of the frequency of bus services on each route, and the passenger capacity and type of buses to be used, and the right to vary requirements as the need arises.

In granting such wide powers to Government, it should therefore be clearly understood that once the new bus franchises come into force, the Government will have to assume greater responsibility in ensuring that the public are given much better bus services than they have so far been getting.

My query therefore, to use different words, is whether or not Government has enough management and technical resources available to assume the powers which are to be exercised under this bill in order to bring about much wanted improvements in the day-to-day performance,

[MR CHEONG-LEEN] **Public Omnibus Services Bill—resumption of debate on second reading (18.12.74)**

the long-term planning and the relations between bus company personnel and members of the public who are bus users.

Sir, an assurance by Government in this respect will dispel doubts in the minds of some members of the public that Government will be no more than a "paper tiger", when it comes to implementing the provisions of this bill in the public interest.

THE ATTORNEY GENERAL: —Sir, I acknowledge, first of all, the considerable contribution which Unofficial Members have made to this important measure. They have recommended a number of amendments to the bill, much the most important of which is the one that it should provide for a profit control scheme.

The honourable Mr Lo has invited me to confirm that two of these amendments in particular will be moved when the bill is in committee. One will delete the provision empowering the Government to impose a levy on the profits, the other will introduce a profit control scheme. I have already given notice of my intention to move these amendments. I confirm that they will be moved.

Sir, in its future relations with the bus companies the Government will neither be a "paper tiger" nor will its teeth be false, and, Sir, I do not believe that the honourable Mr Lo is seeking to introduce a special qualification for appointment as a Government additional director.

Honourable Members, Sir, need have no worries on this score. The Government's aim is to see that the community gets the better bus services which it reasonably expects. As I said when moving the second reading of this bill, it will provide the degree of statutory authority and control which is necessary and I need only affirm that the Government believes that it has the resources that it needs to succeed in its aim.

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).

OBJECTIONABLE PUBLICATIONS BILL 1975

Resumption of debate on second reading (2nd July 1975)

Question proposed.

MR CHEUNG: —Sir, my honourable Friend Miss Ko has already made plain Unofficial Members' welcome for this measure, which I need not repeat, and I intervene in this debate on two broad and one narrow topic.

The first topic is clause 3(3)(a)(ii) which has given cause for concern in certain quarters. As drafted, it provides that an article should be deemed to be objectionable if it has three attributes: one, if it is of a kind that is likely to be read or looked at by juveniles; two, if it consists of stories told in pictures; and three, if such stories portray the commission of a crime in such a way as to tend to promote distrust of or disrespect for law enforcement institutions.

It is only when all three elements are present that the presumption arises.

The presumption would not arise, for example, in the context of this sub-clause, if the "article" is a cartoon by a political satirist, published in a newspaper or a news magazine, for these are not intended to be read by juveniles, unless, of course, it appears in the Children's Corner.

Nevertheless, the cause for concern is that it may inhibit *bona fide* criticism of the law enforcement agencies where, in any free society, such criticism should be freely allowed in the public interest, and indeed, should be encouraged. The media must be free, *bona fide*, to question and comment on Government actions and policies, without fear of prosecution.

On the other hand, whilst preserving the right of free speech, and the right to criticise and to expose corruption and malpractices, it is incumbent on us not to allow publication of cartoon strips, intended for the young, which portray the commission of crime in such a way as to bring those agencies into actual contempt.

In the United Kingdom, it is an offence to print, publish, sell or let on hire

any book, magazine or other like work, of a kind likely to fall into the hands of young children or persons, consisting wholly or mainly of stories told in pictures, with or without the addition of written matter, portraying the commission of crimes, or acts of violence

[MR CHUNG] **Objectionable Publications Bill—resumption of debate on second reading (2.7.75)**

or cruelty or incidents of a repulsive or horrible nature in such a way that the work as a whole would tend to corrupt a child or young person. This is provided for in the Children and Young Persons (Harmful Publications) Act 1955. It is aimed at the same mischief at which clause 3 in the bill is aimed. The test in the United Kingdom, as always, is whether the stories told in pictures tend to deprave or to corrupt. It must be remembered that stories told in pictures are more easily assimilated by the young than purely written matter.

But I think perhaps the draftsman has gone a little too far in this bill. The bill contains real teeth for Government but I am not anxious to provide Government with fangs.

It is possible to strike a proper balance, so that both objects may be achieved, that is, to preserve the right to criticize and to preserve the young from corruption or depravity and to that end we have discussed the matter with my Friend the Attorney General.

I think the word "picture" in the clause is too wide. It would include photographs, still or cine, against which the Attorney General has assured us the section is not aimed, and he therefore will use another word or phrase to confine the presumption to cartoon strips, and to add a proviso that the clause is not aimed at *bona fide* articles (which include photographs) which portray an actual event.

He also tells me he proposes to delete the words "tend to", which add little to the meaning, and in place of the words "promote distrust or disrespect for" which are somewhat ambiguous he would substitute the words which are far stronger "bring into contempt".

Also at the suggestion of my honourable Friend Mr T. S. Lo, the Attorney General will also add, by a separate clause, the statutory defence—if I may put it shortly—of artistic, scientific or literary merit, which is taken from a similar defence given by a 1959 Act of Parliament in the United Kingdom.

Taken together, these proposed amendments ought to confine the clause

within its declared and proper limit.

The second broad topic that I wish to deal with is the definition of what is objectionable. Criticism has been levied at the definition as being too wide. As a lawyer I well understand the words "indecent"

"obscene" and "revolting"—these words have been construed and considered by many courts—but I am not sure what is meant by the word "offensive" used in its present context. I see it is taken from the Indecent Exhibition Ordinance which this bill seeks to replace. However, in its fifty years' existence as part of the Laws of Hong Kong, I am not aware that the word "offensive" has been interpreted by any member of the Judiciary, nor indeed do I know of any prosecution for publishing a picture or article only on the ground that it is offensive, without it being at the same time obscene revolting and indecent. In the context of that ordinance I would venture to think the word "offensive" means morally nauseous or repulsive, but I am not infallible in reading the minds of my predecessors. The word, however, bears other meaning. The primary meaning given in the Oxford Dictionary is "pertaining to or tending to attack", "aggressive". It can also mean "injurious" or "hurtful". Now, all criticisms of Government actions and policies would tend to attack; it may be *bona fide* and in the public interest but it would probably be hurtful to the authors of those actions and policies; it would certainly displease and annoy, in a word, to given offence.

I would be slow to enable that word "objectionable" to be construed in the various senses of the word "offensive" that I have just alluded to. Moreover, different persons have different thresholds of pain. Speaking personally, I would not take offence if a critic called me a rubber stamp, though he ought clearly to understand I can give as good as I can take. Again my honourable Friend the Financial Secretary at budget time takes slings and arrows without showing that he takes any offence at all though he may show some signs of impatience at our stupidity. On the other hand, other persons, with a low threshold of sensitivity, take offence at being placed out of order of precedence in a seating plan.

If the Attorney General and other honourable Members agree with me that the true test whether matter is objectionable is whether it has a tendency to deprave or to corrupt, then I think the word "offensive" though of respectable antiquity introduces a very uncertain element into our law which I think is very

undesirable for I don't think our successor would be any better at guessing what we meant than we are at guessing what our predecessors meant. For my part I would like to see the deletion of the word from the definition. Perhaps honourable Members, Sir, would be good enough to do me the compliment of reflecting on what I have pleaded between now and the committee stage.

[MR CHUNG] **Objectionable Publications Bill—resumption of debate on second reading (2.7.75)**

Lastly, in clause 5, which is aimed at people who deal in objectionable publications, an ambiguity in the phrase "two or more objectionable articles which are the same" can be cured by an amendment which my Friend the Attorney General tells me he will make. Finally, to my mind, clause 5(2) is unnecessary and undesirable, and I am happy to say that my Friend has agreed he will delete.

MR CHEONG-LEEN: —Sir, I am glad to support this bill subject to certain amendments which have been urged by the Unofficial Members being accepted by Government. In particular, clause 3(3)(a)(ii) has to be so amended that it will not, in spirit as well as in interpretation, be all too conveniently used by Government at some future date to muzzle fair criticism by the press. We in Hong Kong pride ourselves on freedom of expression and the right to make fair comment, and as legislators we must be ever wary not to allow the Government to slip through legislation that is open to too wide interpretation or that can be too vaguely worded which can be used by Government later on in a manner detrimental to the public interest.

The spirit and essence of this bill once approved in Legislative Council should be explained in simple terms at all levels of the community by Government. The burden of this role will presumably fall mainly on the Home Affairs Department rather than on the police.

As the honourable Attorney General rightly said on 2nd July last, enforcement of this bill will not be a simple matter. He has warned that law enforcement in this regard must be undertaken by experienced police officers, and that the police resources in this field are limited. The public therefore should not be misled into thinking that the passing of this bill will overnight or automatically sweep away indecent, obscene, revolting or offensive material from off the news-stands or bookstore shelves. In fact, for this bill to have a beneficial effect, the active support and co-operation of the public should be sought by the Home Affairs Department. The City District Offices should work closely with the police so that bookstores, newspaper hawkers, and district

voluntary groups become intelligently aware of the purpose, method of application and scope of the bill.

I would urge that in the enforcement of this bill, Government seek the full co-operation of as many as possible of the voluntary groups at the district level. This type of group effort, or community social

control, or community social discipline—whatever you may wish to call it—will in the long run be much more effective than relying purely on the limited resources the police have available for the enforcement of the bill.

MR LO: —Your Excellency, may I say that I welcome the amendments which I understand my honourable Friend the Attorney General has agreed to propose in committee stage because without them the bill would have been quite unacceptable. It is perhaps not widely known that whilst the social mischief which induced the Government to propose the bill related in the main to matters aimed at children, the draftsman, in a fit of codifying enthusiasm, and I hope I may say this without being objectionably offensive, gone much further. It is therefore hardly surprising that considerable objections have been voiced by members of the public, particularly by the press. However, I am reasonably satisfied that the amendments which the Attorney General will propose will give adequate protection. I shall not go into them in detail and will only say that they were arrived at after considerable time was spent by the Unofficials as well as by my honourable Friend the Attorney General himself.

Whilst the proposed amendments would not, in my view, weaken in any way the law against really objectionable material, it must be admitted, however, that the passage of this bill will not by itself suffice to keep unsuitable books away from children. Ultimately, the responsibility for doing this rests with parents. The Government can and will reduce the opportunity open to children but unless parents realize the genuine dangers involved and measure up to their responsibilities the purpose for which this legislation is passed can only be partially achieved. It is a salutary thought that according to recent press reports the initiation method which the United States navy uses to train ruthless assassins, or what are called combat readiness units, that is, if one could believe the press reports at all, is to acclimatize the trainees to violence by exposing them to violent books and films. Indeed the report says some of the trainees were convicted criminals and murderers and although this seems a little far fetched, one cannot help but be left with the thought that if even hardened criminals can get more ruthless and more violent by such exposure how much more disastrous

would the effect be on unformed, innocent minds.

Furthermore, it is not good enough merely to keep undesirable books and magazines away from children. Children need reading material and parents should therefore provide them with suitable and attractive books. There are some perfectly suitable magazines on the

[MR LO] **Objectionable Publications Bill—resumption of debate on second reading (2.7.75)**

market which are quite inexpensive and of high educational value. May I urge parents to try to get hold of some for their children?

I support the motion.

THE ATTORNEY GENERAL: —Sir, the firm support among Unofficial Members for this bill in general comes as no surprise. It is nonetheless welcome and the bill has been well received by the community.

As honourable Members have said, some amendments have been proposed and I shall indeed be moving these at the committee stage. They stem mainly from the fears which have been expressed that one provision of this bill could be used to restrict that freedom of speech which forms so prized a part of our tradition. One critic has described the bill as "the clumsiest piece of legal drafting in the entire history of Hong Kong". I do not concede that nor do I concede the honourable Mr Lo's fit of codifying enthusiasm. Nonetheless, Sir, perhaps better clumsy than ill-intentioned and I assure honourable Members, though I really do not think it necessary to do so, that there has never been any intention to introduce a provision which does or could be used to restrict a proper exercise of the right to free speech, in whatever form that right may be exercised.

What is the nature of the provision to which such exception has been taken? It is one of those "damned deeming provisions" as one judge has called them. It concerns itself as the honourable Mr CHEUNG has pointed out with publications intended for young people under 16 or which are of a kind likely to be read or looked at by such young people because of the way in which they are presented. The publication must consist of a story told in pictures—may be or may be not accompanied by words. The publication must consist essentially of a portrayal of the commission of crime—and that portrayal must tend to promote distrust of or disrespect for the forces and institutions of law and order. Sir, the range of articles to which this provision applies is therefore quite limited and I do not

believe that any court would hold that such a provision, set in the context in which it is, impinges in any way on freedom of speech—by which in the present context we particularly mean freedom to report or fairly to comment on news or matters of public concern, including critical comment and satire. The critics of this provision have overlooked the fact that so fundamental is the right to freedom of speech that this Council would need to use

much more specific language if it seeks to erode it in any way. To suggest, as has been suggested, that this is in some way a mischievous bill is, I suggest, a travesty of the facts.

Nonetheless, as I have said, Sir, certain amendments are now proposed. One of them states the obvious, namely, that the provision does not apply to a *bona fide* newspaper article portraying actual events. Another will, as the honourable Mr CHEUNG has said, change the test from "promoting distrust of or disrespect for the forces of law and order" to "bringing those forces into contempt". In some ways, Sir, I think it a pity that we feel constrained to propose this change on account of the concern which has arisen, for I cannot believe that it is a healthy thing that children and young people of an impressionable age should be assailed by readily comprehended picture stories which portray crime in a way which does promote distrust of the forces of law and order.

Another amendment will indeed introduce a defence that publication of an article is justified as being for the public good for literary or other reasons. I do not think that this defence has much relevance to the provision to which objection has been taken, but the proposal that it should be a statutory defence generally is a sensible one and I shall certainly look with interest and more closely than hitherto at the meaning of offensive and I am grateful for the honourable Mr CHEUNG's erudition on this point.

Sir, I can only hope that what I have said, together with the amendments which will be proposed, will reassure those who have been concerned about one provision of the bill. The public now looks forward to action under the bill generally and the honourable Mr CHEONG-LEEN's remarks about its enforcement are most opportune.

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).

SUMMARY OFFENCES (AMENDMENT) BILL 1975**Resumption of debate on second reading (2nd July 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) (NO 2) BILL 1975**Resumption of debate on second reading (16th July 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).

**MULTI-STOREY BUILDINGS (OWNERS INCORPORATION)
(AMENDMENT) BILL 1975****Resumption of debate on second reading (16th July 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).

**INDUSTRIAL TRAINING (CONSTRUCTION
INDUSTRY) BILL 1975****Resumption of debate on second reading (16th July 1975)**

Question proposed.

MR JAMES WU: —Sir, wearing my other hat as the Deputy Chairman of the Hong Kong Training Council, I have great pleasure to give support to the two bills in relation to levies to finance industrial training in the construction and garment industries as proposed by my

honourable Friend the Commissioner for Labour. It also reminds me of the lapse of ten years since Government had first seen fit to promote industrial training by ordering the setting-up of the Industrial Training Advisory Committee (ITAC) in June 1965 and I was fortunate enough to have been recruited to serve from the outset as a member of ITAC which is the predecessor of the Hong Kong Training Council chaired by the honourable T. K. ANN.

Perhaps it could be said that, by comparison, Hong Kong's awakening to the need for organized industrial training was not too late, bearing in mind that it was in December 1962 that the Minister of Labour presented his White Paper on Industrial Training to the United Kingdom Parliament. It was said then that there was little doubt among those concerned with industrial training that a decisive step had been taken. The assumption by the Government of a direct responsibility for industrial training was a measure entirely at variance with all previous policy, although there had been indications for some time that the inadequacy of existing arrangements was likely to make some official action necessary.

The same could have been said of the Hong Kong situation and it was of course very timely for the setting-up of the ITAC, which had soon found that the scope of the work involved and the lack of basic information had been seriously under-estimated. Nevertheless, through the years subsequent to its formation, the ITAC successfully: —

- (a) Aroused attention to the importance of industrial training in Hong Kong which depended solely on the productivity of its people to feed and to raise the standard of living of its teeming millions through better products at lower cost by increased skills.
- (b) Brought together the civic minded leaders of individual industries, technical and engineering educationalists and Government officers from related offices for consultation and co-operation in the main and industrial committee.
- (c) Ascertained the need for skilled personnel from operatives, craftsmen to technician in the various industries with frequent up-dating.

- (d) Established the then non-existent standardisation of Chinese translation and terminology, job descriptions and standards and training requirements in the various industries.
- (e) Sponsored modern indentured apprenticeship in the mechanical, electrical and other trades.

[MR JAMES WU] **Industrial Training (Construction Industry) Bill—
resumption of debate on second reading (16.7.75)**

- (f) Advised Government on the urgency of the setting up of the Hong Kong Polytechnic and the technical institutes, and school for technical teachers' training, etc.

The Hong Kong Training Council, established to succeed ITAC in its missions, has been carrying on the work with planned provisions to cover training in the service and commercial trades.

Whilst ITAC did suggest the responsibility and estimation of costs for industrial training, the one thing it had not done was to recommend a general levy on domestic products for local or export sales. This was for very good reasons, although the United Kingdom and our keen competitor, Taiwan, have both introduced a general industrial training tax.

One of the arguments was that since Hong Kong, more than any other country, depends mainly on industrial exports, and since what was good for industry was good for Hong Kong, industrial training should be provided for by general revenue.

The Industrial Training Act was read for the third time and passed unopposed in the British Parliament in January 1964, whereby the Minister of Labour was given statutory power to set up industrial training boards which would be empowered, among other duties, to collect levies from establishments in the industries, and to pay grants to firms to reimburse them for costs incurred in approved training. It was later reported that results were not as good as originally expected, and I have heard adverse comments from someone involved in the administration, particularly in regard to high costs of administration and abuses.

In the Taiwan case, the levy was one rate or percentage on total wages paid for all industries, and similar complaints developed so that there are now recommendations for different levies on different industries in accordance with the extent and costs of training required.

Under the circumstances, it is clearly seen that the schemes as now introduced by my honourable Friend the Commissioner for Labour and to be administered by leaders of the industries as diverse as construction and garment making are more likely to meet the training requirements on a suitability and cost-effectiveness basis. Leaders of these two

industries, including my honourable Friend, Mr TIEN, are to be congratulated for their success in working out such schemes to meet their long term growth needs, and it is hoped that other industries will follow. As far as the larger firms in the mechanical and electrical trades are concerned, the modern apprenticeship schemes, estimated to cost the employers \$2,000 to \$3,000 per apprentice per year for three to four years, appear very effective, although it would be desirable to see that opportunities for training be expanded in these two fields that cater for so many other industries.

MR PRICE: —Sir, I am grateful to my honourable Friend Mr James WU for his support of the Industrial Training (Construction Industry) Bill 1975.

As the original secretary in 1965 of the Industrial Training Advisory Committee I share his length of service in the field of promoting industrial training and am deeply conscious of the vast amount of hard work put in by Unofficials in the whole complex of the Training Council's committees.

From my honourable Friend's remarks regarding a general training levy it is clear that there are divergent views on this most complex subject, and this matter is for consideration by the Hong Kong Training Council at its next meeting. I should add that, during my recent visit to Britain, I too have heard from industrialists and employers criticisms that far too much is being paid from the U. K. levy towards administrative costs and that far too little is going towards actual training.

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).

INDUSTRIAL TRAINING (CLOTHING INDUSTRY) BILL 1975

Resumption of debate on second reading (16th July 1975)

Question proposed.

DR CHUNG: —Your Excellency, it is gratifying to see that the joint effort taken by Government and industry to provide operative and

[DR CHUNG] **Industrial Training (Clothing Industry) Bill—resumption of debate on second reading (16.7.75)**

craft training over the past ten years or so has eventually come to some fruition. I refer not only to this Industrial Training (Clothing Industry) Bill but also the Industrial Training (Construction Industry) Bill.

We are too well aware of the absence of any natural material resource and the meagre prospect of developing primary industries in Hong Kong. Our economic growth and employment opportunities therefore depend very heavily on the development of our secondary industries and especially export-oriented manufacturing industries, which export their finished products made from imported raw materials. The only natural resource we have is human resource and it is therefore of vital importance for our economic future that we should develop our manpower, and in particular technical manpower, to the fullest extent and at all levels.

We are now carrying out a very ambitious plan to expand the Hong Kong Polytechnic for the training of high level manpower. The first two of the four additional technical institutes will be open in September this year for the training of middle level manpower. As for the training of low level manpower, nothing much has been done except by some individual companies. The establishment of the two training authorities for training operatives and craftsmen in the construction industry and the clothing industry is therefore most welcome because it will help to fulfil the needs for lower level manpower training. It is hoped that their success will lead to the formation of more such authorities in other industries.

One of the most significant features in these two bills which are very similar is the power given to the training authority for the imposition of a compulsory levy to finance the training. For the clothing industry training authority, the levy is based on the FOB value of clothing items exported as provided in clause 21. Although the rate of levy has yet to be approved by this Council as stipulated in clause 22, it is understood that it would be in the region of 0.03 % as

compared to 0.05% for the *ad valorem* charges to finance the Hong Kong Trade Development Council. On the basis of the value of around \$9,000 million of all 1975 clothing exports, it would produce \$2.7 million for the clothing industry training authority.

In the case of the construction industry training authority, the levy is based on the value of all construction works undertaken in Hong Kong. Assuming a total constructional cost of about \$4,000 million in a year for both the public and private sectors, a rate of levy of, say, 0.2% as indicated by the Commissioner for Labour would yield \$8 million for the construction industry training authority.

It, however, should be noted that these two industries are among the largest in Hong Kong. For example, the clothing industry employs about 30% of the persons engaged in all manufacturing industries and takes almost 40% of all the domestic exports. It is because of the large size of the clothing industry that it is possible to finance institutional training with a low rate of export levy of 0.03% on FOB value. Other smaller industries will find it very difficult to follow the good example of the clothing industry.

Furthermore, a large industry, generally speaking, means that it is a developed and established industry and may not need the training of operatives and craftsmen as badly and urgently as a small or new industry. Therefore, those small or new industries which should be given and need to be given a higher priority for training may find it difficult to raise the necessary finance unless the rate of levy is very much higher than that for the clothing industry.

There is another important aspect which may not be so obvious to honourable Members. This is the training of mechanical engineering craftsmen. This type of craftsman is required by every industry but can only be properly trained by a few industries such as machine shop, ship-building, etc. The training cost for mechanical engineering craftsmen, to be fair, should therefore not be shouldered by those few industries alone.

For the various reasons given, Sir, it is my view that it would be more desirable to consider the imposition of a general training levy for all industries than the present concept of a specific training levy which is different for different industries. The advantages of a general training levy are many. To cite a few first, the smaller industries do not need to pay a high rate of levy. Secondly, it

could avoid the proliferation of a large number of training authorities and training centres. Instead, the Hong Kong Training Council with training centres under its control could become the single authority for training of all operatives and craftsmen. This will certainly improve efficiency in training and have more effective use of our training resources. Thirdly and most important, training can be organized in accordance with proper priority to meet the overall needs of Hong Kong industries, and I am glad to hear from the Commissioner for Labour that at the next

[DR CHUNG] **Industrial Training (Clothing Industry) Bill—resumption of debate on second reading (16.7.75)**

meeting of the Hong Kong Training Council serious consideration will be given to this proposal.

With these remarks, Sir, I support the motion before Council.

MR TIEN: —Sir, I rise in support of the Industrial Training (Clothing Industry) Bill 1975 introduced by my honourable Friend, the Acting Commissioner for Labour. The bill was introduced during my absence from Hong Kong while serving as a member of the Hong Kong Delegation to Brussels for the third and final round of textile negotiations with the EEC.

Why I should wish to speak in support of the bill is, I hope, self-evident: I have been closely involved in the clothing industry for nearly 20 years; and you, Sir, have conferred on me the honour of appointing me the Chairman of the Provisional Clothing Industry Training Authority.

Apart from these subjective considerations, there are other objective reasons why I myself feel that the measures provided for in the bill should be passed into our statute books.

The clothing industry is the largest export industry in Hong Kong, and Hong Kong is the world's largest exporter of garments. The value of all Hong Kong exports in 1974 was nearly \$23,000 million of which some 38% was made up for by clothing exports. In November 1972, the second manpower survey of the industry revealed that it employed over 150,000 workers. The latest employment statistics available showed that in March 1975 the employment figure of the industry stood at about 175,000. More than 80% of the workers were operatives.

This industry was the first to experience manpower shortage. As early as January 1964, a working committee on vocational training in the garment

industry had been set up to solve the problem. The working committee concluded that a training centre should be built to train machine operators. On its recommendations, the Clothing Industrial Committee was constituted in early 1966.

The committee established that more than 15,000 operatives were required annually to meet the industry's need arising from business expansion and labour force wastage. In November 1970, the proposal was eventually put up to Government via the Industrial Training

Advisory Committee, with a recommendation that a training levy of 0.03% of the export value of all clothing items be charged against exports of garments as revenue to finance the building, equipping and maintaining of a training centre to train 3,600 clothing machine operators a year.

Approval of the scheme in principle was given by the Executive Council in 1974. The present Industrial Training (Clothing Industry) Bill 1975 is the work of the Provisional Clothing Industry Training Authority which laid down the details of the scheme.

The Provisional Training Authority estimated that the capital cost for building a 5-storey training centre in Kwai Chung will be in the region of \$4.3 million and this is expected to be financed by a loan from the Development Loan Fund to be repaid in ten years by revenue collected through the levy scheme. I would like to take this opportunity of thanking my honourable Friend, the Commissioner for Labour, for all the assistance he and his colleagues in the Labour Department have provided the various committees which have considered this matter, and also my honourable Friend, the Acting Director of Commerce and Industry, for agreeing to take on the responsibility for the collection of the levy.

The courses proposed for the training centre include:

- (i) sewing machine operator (4 weeks)
- (ii) knitting machine operator (8 weeks)
- (iii) linking machine operator (4 weeks)
- (iv) pressing (2 weeks)
- (v) cutting (4 weeks), and
- (vi) pattern making (6 months)

These courses cover all important stages of garment manufacture at the operative level, and range from two weeks to six months in length. It is estimated that

about 3,600 operatives will be trained annually.

The proposals which are now before my honourable Friends arise from suggestions made almost 10 years ago. The need for industrial training in the clothing industry is even more important now than it was then. I believe that the Hong Kong clothing industry is beginning to emerge from the recession, and a shortage of manpower is already being experienced by many employers. But, just as we begin to emerge, so we see the restrictions on our textile trade broadened, like in Australia, Norway, and most recently, the EEC, and our export

[MR TIEN] **Industrial Training (Clothing Industry) Bill—resumption of debate on second reading (16.7.75)**

opportunities thereby limited. It is therefore even more important in this situation that we maximise the limited opportunities available to us through trading up, by making a better quality product and by seeking a greater return for that product to compensate for the losses in earnings arising from the restraints. It is very clear that a significant contribution to trading up can be made by enhancing the skills of our operatives and by ensuring that their standards are high. I feel confident that the bill, if passed into law, will secure these objectives. Indeed I see this training bill as a breakthrough in industrial training in Hong Kong.

Sir, I support the motion.

MR PRICE: —Sir, I am grateful to my honourable Friends Dr S. Y. CHUNG and Mr Francis TIEN for their support of the Industrial Training (Clothing Industry) Bill 1975.

I am in complete agreement with the opinion of my honourable Friend Mr Francis TIEN that this bill represents a breakthrough in industrial training in Hong Kong.

I note the remarks of my honourable Friend Dr S. Y. CHUNG regarding the training of mechanical engineering craftsmen. This particular subject falls within the purview of the Machine Shop and Metal Working Industry Training Board and other relevant boards, of which the terms of reference include the financing of industrial training. I can assure my honourable Friend that his remarks will be conveyed to those boards.

I have mentioned that the suggestion that a general training levy should be imposed on all industries is due to be considered by the Hong Kong Training

Council at its next meeting. Without wishing in any way to prejudge the outcome of those discussions, I should point out that, as my honourable Friend has said, circumstances vary from industry to industry and smaller industries would find it difficult to fall in line with larger industries.

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.

BIRTHS AND DEATHS REGISTRATION (AMENDMENT) BILL 1975

Clauses 1 to 7 were agreed to.

COMPANIES (AMENDMENT) (NO 2) BILL 1975

Clauses 1 to 7 were agreed to.

LOANS (GOVERNMENT BONDS) BILL 1975

Clauses 1 to 11 were agreed to.

BETTING DUTY (AMENDMENT) (NO 2) BILL 1975

Clauses 1 to 7 were agreed to.

MULTI-STOREY BUILDINGS (OWNERS INCORPORATION) (AMENDMENT) BILL 1975

Clauses 1 and 2 were agreed to.

**INDUSTRIAL TRAINING (CONSTRUCTION
INDUSTRY) BILL 1975**

Clauses 1 to 36 were agreed to.

INDUSTRIAL TRAINING (CLOTHING INDUSTRY) BILL 1975

Clauses 1 to 36 and the Schedule were agreed to.

LABOUR RELATIONS BILL 1975

Clause 1

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

Clause 1(2) provides that Part V of the bill, which deals with the cooling-off period, shall be brought into effect by decision of the Governor in Council.

Proposed amendments

Clause

1 That clause 1 be deleted and the following substituted therefor—

"Short title
and com-
mencement.

1. (1) This ordinance may be cited as the Labour Relations Ordinance 1975.

(2) Part V shall come into operation on a day to be appointed by the Governor in Council by notice in the *Gazette*."

The amendments were agreed to.

Clause 1, as amended, was agreed to.

Clause 2

MR PRICE: —Sir, I move that clause 2 be amended as set out in the paper before honourable Members.

The definition of "arbitration tribunal" in clause 2 is necessary because of

the reference to arbitration tribunal in the new clause 12 which I will be proposing later.

Proposed amendment

Clause

- 2 That clause 2 be amended by deleting the definition of "arbitrator" and substituting the following—

"arbitration tribunal" means an arbitration tribunal appointed under section 12;"

The amendment was agreed to.

Clause 2, as amended, was agreed to.

Clauses 3 to 10 were agreed to.

Clause 11

MR PRICE: —Sir, I move that clause 11 be amended as set out in the paper before honourable Members.

This amendment merely clarifies the original intention.

Proposed amendment

Clause

- 11 That clause 11 be amended by deleting paragraph (c) and substituting the following—

"(c) take such other action as the circumstances of the trade dispute may warrant."

The amendment was agreed to.

Clause 11, as amended, was agreed to.

Clause 12

MR PRICE: —Sir, I move that clause 12 be amended as set out in the paper before honourable Members.

The reasons for allowing the appointment of a sole arbitrator or three arbitrators and for specifying the time limit for the conclusion of the arbitration

were given by the Acting Commissioner for Labour in this Council on 16th July.

Proposed amendments

Clause

12 That clause 12 be deleted and the following substituted therefor—

"Arbitra-
tion
tribunal.

12. (1) Where under section 11 the Governor in Council refers a trade dispute to arbitration, he shall appoint an arbitration tribunal which shall consist of—

(a) a sole arbitrator; or

Labour Relations Bill—committee stage

(b) 3 arbitrators, one of whom shall be appointed as the chairman.

(2) The Governor in Council shall, when appointing an arbitration tribunal under subsection (1), specify the period within which the arbitration shall be concluded.

(3) For the purpose of facilitating the appointment of an arbitrator to an arbitration tribunal under subsection (1), the Governor shall constitute a panel of persons who appear to him to be suitable for such appointment."

The amendments were agreed to.

Clause 12, as amended, was agreed to.

Clause 13 was agreed to.

Clause 14

MR PRICE: —Sir, I move that clause 14 be amended as set out in the paper before honourable Members.

These are consequential amendments arising from clause 2.

Proposed amendments

Clause

14 That clause 14 be amended—

(a) by deleting "arbitrator" and substituting the following—

“arbitration tribunal”; and

(b) by deleting "he" and substituting the following—

“it”.

The amendments were agreed to.

Clause 14, as amended, was agreed to.

Clause 15

MR PRICE: —Sir, I move that clause 15 be amended as set out in the paper before honourable Members.

This amendment, too, arises from the amendment to clause 2.

Proposed amendment

Clause

15 That clause 15 be amended by deleting "arbitrator" and substituting the following—

"arbitration tribunal".

The amendment was agreed to.

Clause 15, as amended, was agreed to.

Clause 16

MR PRICE: —Sir, I move that clause 16 be amended as set out in the paper before honourable Members.

This amendment also follows upon the amendment to clause 2.

Proposed amendments

Clause

16 That clause 16 be amended—

(a) by deleting "arbitrator" where it occurs in subclauses (1), (2) and (3) and substituting in each case the following—

“arbitration tribunal”;

(b) by deleting "he" where it occurs in subclause (1)(a) and (c) and substituting in each case the following—

"it"; and

(c) by deleting "him" in subclause (1)(b) and substituting the following—

“it”.

The amendments were agreed to.

Clause 16, as amended, was agreed to.

Labour Relations Bill—committee stage

Clause 17 was agreed to.

Clause 18

MR PRICE: —Sir, I move that clause 18 be amended as set out in the paper before honourable Members.

Clause 18(2) is necessary because of the possibility of appointing three arbitrators under the amended clause 12.

Proposed amendments

Clause

18 That clause 18 be deleted and the following substituted therefor—

"Award
of an
arbitration
tribunal.

18. (1) On an arbitration the arbitration tribunal shall make such award as it thinks fit.

(2) Where under section 12(1) an arbitration tribunal consists of 3 arbitrators, an award may be made by any 2 arbitrators.

(3) The arbitration tribunal shall submit the award to the Governor in Council, who shall as soon as possible cause it to be published in such manner as he thinks fit."

The amendments were agreed to.

Clause 18, as amended, was agreed to.

Clause 19 was agreed to.

Clause 20

MR PRICE: —Sir, I move that clause 20 be amended as set out in the paper before honourable Members.

This amendment also arises from the amendment to clause 2.

*Proposed amendment**Clause*

20 That clause 20 be amended by deleting "arbitrator" and substituting the following—

"arbitration tribunal".

The amendment was agreed to.

Clause 20, as amended, was agreed to.

Clause 21

MR PRICE: —Sir, I move that clause 21 be amended as set out in the paper before honourable Members.

The reason for this amendment is self-evident.

*Proposed amendment**Clause*

21 That clause 21 be amended by adding after subclause (2) the following new subclause—

"(3) The Governor in Council shall, when appointing a board of inquiry under subsection (1), specify the period within which the board of inquiry shall submit a report of its findings.".

The amendment was agreed to.

Clause 21, as amended, was agreed to.

Clause 22

MR PRICE: —Sir, I move that clause 22 be amended as set out in the paper before honourable Members.

This amendment permits a board of inquiry to make an interim report.

*Proposed amendment**Clause*

22 That clause 22 be amended by deleting subclause (3) and substituting the following—

"(3) A board of inquiry may, before submitting a report of its finding, submit such interim reports as it thinks fit."

The amendment was agreed to.

Clause 22, as amended, was agreed to.

Labour Relations Bill—committee stage

Clauses 23 to 25 were agreed to.

Clause 26

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

This amendment clarifies the right of audience before a board of inquiry.

*Proposed amendments**Clause*

26 That clause 26 be deleted and the following substituted therefor—

"Right of audience.

26. (1) Subject to subsection (3), the following persons shall have a right of audience before a board of inquiry—

(a) any party;

(b) an office bearer of a registered trade union or of an association of employers, if—

(i) the trade union or association is a party;

or

(ii) members of the trade union or association are parties; and

(c) subject to subsection (2), any person

(including a barrister or solicitor) representing a party.

(2) An office bearer of a registered trade union or of an association of employers shall not have a right of audience on behalf of a party under subsection (1)(c).

(3) A person referred to in subsection (1)(b) or (c) (other than a barrister or solicitor) shall have a right of audience on behalf of a party only if he is authorized in writing by the party to represent it."

The amendments were agreed to.

Clause 26, as amended, was agreed to.

Clauses 27 to 33 were agreed to.

Clause 34

MR PRICE: —Sir, I move that clause 34 be amended as set out in the paper before honourable Members.

This amendment meets my honourable Friend Dr CHUNG's point about possible victimization of employees during a cooling-off period.

Proposed amendments

Clause

34 That clause 34 be amended in subclause (3)—

(a) by deleting the comma at the end of paragraph (a)(iii) and substituting a semicolon; and

(b) by inserting a new paragraph (a)(iv) as follows—

"(iv) penalizes or otherwise discriminates against an employee by reason of the employee taking part, or failing or refusing to take part, in the trade dispute in consequence of which the order is made,".

The amendments were agreed to.

Clause 34, as amended, was agreed to.

Clauses 35 and 36 were agreed to.

Clause 37

MR PRICE: —Sir, I move that clause 37 be amended as set out in the revised paper before honourable Members.

Proposed amendment

Clause

37 That clause 37 be amended by deleting subclause (2).

Labour Relations Bill—committee stage

The amendment was agreed to.

Clause 37, as amended, was agreed to.

New clause 15A "Right of audience".

Clause read the first time and ordered to be set down for second reading pursuant to Standing Order 46(6).

MR PRICE: —In accordance with Standing Order 46(6), I move that the new clause 15A as set out in the paper before honourable Members be read a second time.

This provides for a right of audience before an arbitrational tribunal similar to the right of audience conferred by the amending clause 26 before a board of inquiry.

Question put and agreed to.

Clause read the second time.

MR PRICE: —Sir, I move that new clause 15A be added to the bill.

Proposed addition

PART III That the following new clause be added after clause 15—

"Right
of au-
dience.

15A. (1) Subject to subsection (3), the following persons shall have a right of audience before an arbitration tribunal—

(a) any party;

- (b) an office bearer of a registered trade union or of an association of employers, if—

*Clause**Amendment Proposed*

- (i) the trade union or association is a party; or
 (ii) members of the trade union or association are parties;
- (c) if all parties agree, a barrister or solicitor representing a party; and
- (d) subject to subsection (2), any other person representing a party.

(2) An office bearer of a registered trade union or of an association of employers, or a barrister or solicitor, shall not have a right of audience on behalf of a party under subsection (1)(d).

(3) A person referred to in subsection (1)(b) or (d) shall have a right of audience on behalf of a party only if he is authorized in writing by the party to represent it."

The addition of the new clause was agreed to.

Schedule

MR PRICE: —Sir, I move that the Schedule to the bill be deleted.

Item 2 of the Schedule is deleted for the reasons given by the Acting Commissioner for Labour in this Council on 16th July. It has now been decided to delete also Item I of the Schedule because upon further reflection it is considered to be inappropriate.

The deletion was agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

Births and Deaths Registration (Amendment) Bill

Companies (Amendment) (No 2) Bill

Loans (Government Bonds) Bill

Betting Duty (Amendment) (No 2) Bill

Multi-storey Buildings (Owners Incorporation) (Amendment) Bill

Industrial Training (Construction Industry) Bill and the

Industrial Training (Clothing Industry) Bill

had passed through Committee without amendment and that the

Labour Relations 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.

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 13th of August.

Adjourned accordingly at five minutes past five o'clock.

