

# OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 23rd June 1976

The Council met at half past two o'clock

## PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, GBE, KCMG, KCVO  
THE HONOURABLE THE COLONIAL SECRETARY  
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
MR CHARLES PHILIP HADDON-CAVE, CMG, JP  
THE HONOURABLE THE ATTORNEY GENERAL  
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS (*Acting*)  
MR LI FOOK-KOW, CMG, JP  
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 MORRIS CYRIL MORGAN, JP  
SECRETARY FOR SOCIAL SERVICES (*Acting*)  
THE HONOURABLE DAVID AKERS-JONES, JP  
SECRETARY FOR THE NEW TERRITORIES  
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP  
SECRETARY FOR SECURITY  
THE HONOURABLE DAVID WYLIE McDONALD, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP  
DIRECTOR OF EDUCATION  
THE HONOURABLE JAMES NEIL HENDERSON, JP  
COMMISSIONER FOR LABOUR (*Acting*)  
THE HONOURABLE ALAN THOMAS ARMSTRONG-WRIGHT, JP  
SECRETARY FOR THE ENVIRONMENT (*Acting*)  
THE HONOURABLE WILLIAM DORWARD, JP  
DIRECTOR OF COMMERCE AND INDUSTRY (*Acting*)  
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP  
THE HONOURABLE LEE QUO-WEI, OBE, JP  
THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP  
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP  
THE HONOURABLE JAMES WU MAN-HON, OBE, JP  
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP  
THE HONOURABLE LI FOOK-WO, OBE, JP  
DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP  
THE HONOURABLE MRS KWAN KO SIU-WAH, OBE, JP  
THE HONOURABLE LO TAK-SHING, OBE, JP  
THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

**ABSENT**

THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
 THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP  
 THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
 MRS LOLLY TSE CHIU YUEN-CHU

**Oath**

MR DORWARD took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE PRESIDENT:—May I welcome Mr DORWARD to this Council.

**Papers**

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:—	
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### Oral answers to questions

#### Hire-purchase transaction—control of

1. MR F. W. LI asked:—

Sir, is Government now convinced that it is necessary to introduce legislation to control hire-purchase transactions?

THE FINANCIAL SECRETARY:—No, Sir, as my honourable Friend is aware the possibility of introducing legislation to control hire purchase transactions has been raised in this Council before. In 1970, in reply to a question from Mr P. C. Woo, the then Attorney General indicated

[THE FINANCIAL SECRETARY] **Oral answers**

that, in the absence of evidence to show that the public needed protection from malpractices or exploitation, such legislation would not be justified.

Four years later, in 1974, the Acting Financial Secretary, again replying to Mr Woo, said that the position had not changed and that he was not aware of any public expression of opinion that indicated a need for legislation. He added that, should the Government receive evidence at any time which showed that legislation might be needed, the matter would be reconsidered.

As for the present, Sir, I can only say that the Government has still received no evidence of public concern over the practices of firms engaged in the hire purchase business. But I do understand that the Consumer Council has received a number of complaints during the past twelve months and is considering whether the number of complaints so received and the nature of the complaints is such as to warrant making formal representations to the Government.

MR LI:—Sir, as there is evidence that hire purchase business is increasingly popular in Hong Kong and as my honourable Friend, the Financial Secretary, has said that the Consumer Council has received numerous complaints during the past 12 months, is it not right now for Government to even consider legislation to control this type of business?

THE FINANCIAL SECRETARY:—I did not say, Sir, the Consumer Council has received numerous complaints. I said that the Consumer Council has received a number of complaints. The nature of those complaints are not known to me at this time. As and when the Consumer Council makes representations to us we shall, of course, consider the position and I also undertake to make enquiries on my own account.

**Gambling Ordinance—amendment to**

2. MR CHEONG-LEEN:—

Sir, will Government state when the Gambling Ordinance will be amended to enable the Courts to terminate the tenancy

of the premises where a gambling offence has been persistently committed?

THE ATTORNEY GENERAL:—Sir, I expect that a bill to amend the law relating to gambling will be introduced at the beginning of the next session of the Council. The present intention is that it should include a provision along the lines to which the honourable Member refers.

### **United Nations Development Programme and Commonwealth Fund for Technical Co-operation**

3. MR TIEN asked:—

Sir, will Government state what projects in Hong Kong are being or are likely to be financed by the United Nations Development Programme and the Commonwealth Fund for Technical Co-operation?

THE COLONIAL SECRETARY:—Sir, the Hong Kong Government makes an annual contribution of US\$8,000 to the United Nations Development Fund. In return it receives assistance of up to US\$500,000 for approved projects during a five year period.

During the present quinquennium, which ends this year, the Hong Kong programme consists of 26 projects. A full list of these has been laid on the table for the information of Members. Among them are visits by experts in industrial engineering, computer services and chemical milling, by advisers in education and prison administration, and overseas training fellowships.

Hong Kong has submitted bids for funds for the next quinquennium, for approval by the United Nations Development Fund. A list of projects for which funds have been sought has also been laid on the table.

Hong Kong makes a contribution of £15,000 per year to the Commonwealth Fund for Technical Co-operation. Since Hong Kong joined the Fund in 1974, it has received assistance to the value of nearly HK\$1 million. A list of the projects for which help has been given and for which application has been made has been laid on the table.

I am sure that honourable Members will agree that, bearing in mind the scale of contributions by Hong Kong, we should be grateful for the generous manner in which we have been treated by these two Funds.

**Oral answers**

## UNITED NATIONS DEVELOPMENT PROGRAMME

*Projects put forward for UNDP approval 1977-81*

1. Development of New Branch Line linking Sha Tin and the Container Terminal at Kwai Chung for KCR.
2. Study of Maritime Freight Rate Data Collection and Analysis in Europe.
3. Development of Wechsler Intelligence Test for use with Cantonese speaking Children.
4. Fellowship to Study the Treatment of Agricultural Wastes in Japan.
5. Study of London Maritime Practice.
6. Establishment of an Interference Detection Testing Laboratory.
7. Study of Noise Pollution and Acquisition of Noise Monitoring Equipment.
8. Establishment of a Heat Treatment Laboratory.
9. Fellowship for Training in Industrial Engineering.
10. Refresher Courses for Electrical and Electronic Engineers.
11. Consultancy on the Control of Residential Institutions.
12. Consultancy on Computers and Legislation concerned with the Privacy of Individuals.

The cost of these projects is likely to be around US\$260,000. The remaining funds will be allocated later in the quinquennium.

## UNITED NATIONS DEVELOPMENT PROGRAMME

*Hong Kong "Country Programme" Approved Projects 1972-76*

1. Productivity Centre Industrial Engineering.
2. Labour Policy Development.
3. Training Methodology.
4. Internship Study Course.
5. Study of Vocational Training in Japan.
6. Workmen's Compensation Administration.
7. Technical and Vocational Training.
8. Development of Packaging Services.
9. Development of Industrial Design Services.
10. Development of Quality Certification Mark Scheme.
11. Development of Research, and Testing Professional Staff.
12. Training for Product Development Engineer.
13. Development of Electronic Testing Services.
14. Development of Instrument Calibration Service.
15. Development of Plastics Testing.

16. Establishment of a Technical Information Centre.
17. Management Consultancy Services Development.
18. Development of Services to Assess Company Managerial Manpower Development and Training Needs.
19. Health Standard Testing of Food Products.
20. Speech Therapy Training Programme.
21. Training Course on a Case Study in Household Sample Surveys.
22. Study Tour on Narcotics Control Techniques.
23. Introduction of Psychological Services into the Penal Institutions.
24. Urban Community Development.
25. Treatment of Agricultural Wastes.
26. Training Programme for Staff of Civil Aviation Department.

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COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

I. *Education and Training Programme*

1. *Completed projects*

- a. Attendance at 8th Conference of Commonwealth Statisticians by Commissioner of Census and Statistics.
- b. Visit to Singapore to study Centralized Workshop Scheme by Assistant Directors, Education Department.
- c. Visits to Singapore and Malaysia by officers of Education Department to study Federal Examination Syndicate.
- d. Attendance at Conferences on Materials for Teaching and Learning and on Education Broadcasting by Assistant Director, Education Department.
- e. Attendance at 4-month Certificate Course in the Teaching of English as a Second/Foreign Language at SEAMO English Language Centre, Singapore by 2 officers of Colonial Secretariat and Education Department.
- f. Attendance at Asian Regional Workshop on Non-Traditional Education in Sri Lanka by student.

2. *Projects approved and in progress*

- a. Attendance on course at International Statistical Education Centre, Calcutta, by staff of Census & Statistics Department.
- b. Attendance on Course on Sociolinguistics at SEAMO English Language Centre, Singapore by Education Officer.
- c. Study tour of Malaysia and Singapore by staff of USD.
- d. Study tour of Malaysia and Singapore by staff of Home Affairs Department and New Territories Administration.

3. *Projects under consideration by CFTC*

Nil.

**Oral answers**II. *General Technical Assistance Programme*1. *Completed project*

a. Visit by academics to hold two seminars for Directorate staff.

2. *Projects in progress*

a. Visit by two Tool & Die Cutting Experts to conduct a training course for Education Department.

b. Visit by Marine Engineer to advise on establishment of course at Hong Kong University.

3. *Projects under consideration by CFTC*

a. Advice on computing/data facilities in Technical Institutes.

b. Advice on library and resource/learning facilities in Technical Institutes and Technical Teachers College.

c. Advice on Management of Prisons Industries.

**Flood—emergency arrangements**

## 4. MISS KO asked:—

Sir, what action is taken prior to an approaching storm to advise the residents of villages or squatter/resite areas known to be prone to flooding after heavy rain where to seek immediate temporary shelter?

SECRETARY FOR HOME AFFAIRS:—Sir, village and rural committee offices, Kaifong Association premises, schools, community centres and other premises have been arranged for use as temporary shelters. These places are well known to residents of villages, squatter and licensed areas which are prone to flooding.

The temporary shelters in the urban areas are available for use when Typhoon Signal No 1 is hoisted or when flooding is likely to occur because of heavy rain. Compulsory evacuation to these temporary shelters would take place if the situation warrants this course of action.

In the case of the New Territories, the temporary shelters are opened for use when the District Officer considers it necessary and he will decide, in consultation with appropriate Government departments, whether evacuation should be compulsory or voluntary. Staff of the District Offices of the New Territories Administration make visits to villages and other areas known to be prone to flooding upon the hoisting of Typhoon Signal No 3 or during periods of heavy rain to advise residents on the precaution they should take to avoid flooding.



**Public housing estates—density in**

5. MR JAMES WU asked:—

Sir, will Government state how many public housing tenants are still living at a density of less than 20 *sq. ft.* per person?

SECRETARY FOR HOUSING:—Sir, overcrowding in public housing estates is essentially a problem found in the former resettlement estates and in March this year there were about 35,000 families living at a standard of less than 20 *sq. ft.* per person, excluding any service areas such as verandahs, kitchens or toilets. Such private service areas do not of course exist in the Mark I and II estates where 20,000 families are living at less than 20 *sq. ft.* per person. To put this in perspective, a total of 196,000 families live in the former resettlement estates.

DR CHUNG:—Sir, does my honourable Friend agree that this standard is extremely poor by any standards, and what plans has Government to improve the standard of accommodation to a more reasonable standard for these under-privileged people?

SECRETARY FOR HOUSING:—Yes, certainly, Sir. I think no one would dispute for a moment that these standards are totally unacceptable. As for the question of what we are going to do about it, that is the point I would deal with in reply to the following question.

**Public housing estates—steps to relieve overcrowding**

6. MR JAMES WU asked:—

Sir, what steps are being taken to relieve overcrowding in public housing estates?

SECRETARY FOR HOUSING:—Sir, as I have just indicated, the most serious overcrowding occurs in the Mark I and II blocks of the former resettlement estates, which house nearly 500,000 people. The Housing Authority has a long term programme for redeveloping these old estate blocks and in the process the problem of overcrowding will disappear as these families are allocated flats in other estates at a much more generous space standard. This process, which will take about 15 years to complete, has already been set in train in 18 blocks in three estates.

[SECRETARY FOR HOUSING]      **Oral answers**

Apart from redevelopment, the Housing Authority is vigorously attacking the overcrowding problem by earmarking some of its new accommodation, as well as almost all flats which fall vacant in the older estates, for this purpose. Since 1973, the voluntary removal of overcrowded families to larger flats in new estates has been actively encouraged; however, the response under this head has not been very great so far and many families apparently prefer to stay in overcrowded conditions in centrally located old estates rather than move out to much better accommodation in more distant estates. During 1975-76, a total of 6,700 families moved to more spacious public housing accommodation. It is expected that even more families will obtain relief from overcrowding during 1976-77 because of the quickened pace of redevelopment and transfers within estates.

In looking at these figures we must remember that overcrowding often results not only from the addition of children to the original family but from their decision to have other relatives stay with them, or by their own children marrying and having their families in the original units. The Housing Authority tries to keep overcrowding from these causes down to the minimum by allowing only one of the original tenant's offspring to remain in the flat with his or her spouse. There are many families who desperately need public housing and who have waited for it for many years. Families which have benefited from many years' low-rent occupancy of public housing units cannot expect to be given priority over the needs of those still living in squatter huts or overcrowded private tenements.

MR JAMES WU:—Sir, is there any arrangement whereby a family living in an overcrowded flat could be given suitable accommodation at the rental they can afford? And, also, is there a system whereby people who live in the housing estates and have improved their lot in recent years be given an opportunity to move to better flats at a much higher rental that they can afford?

SECRETARY FOR HOUSING:—As to the first point, Sir, an arrangement of that kind is one of the various ways in which the figures which I quoted have been achieved by the offer of flats, in new estates, within certain quotas, of course, taking account of priorities to families who were living overcrowded in the older estates. In that process the families choose to move to better accommodation and pay the much higher rent in new estates as compared to the rents in the old estates.

On the second point, Sir, families who have prospered in the Housing Authority estates, we, as you know, are planning flats for sale scheme and it is in this particular way that we hope to cater for the needs of those who can pay much more per month to their housing needs than one of tenants in our estates.

DR CHUNG:—Sir, in replying to the original question, my honourable Friend said and I quote: "many families apparently preferred to stay in overcrowded conditions in centrally located old estates rather than move out to much better accommodation in more distant estates." Is my honourable Friend aware that this reluctance is due to poor and insufficient public transport?

SECRETARY FOR HOUSING:—Well, Sir, one could speak for hours about this question of amenities and infrastructure. It is certainly true that the popularity of estates, the more remote ones, depends very largely on adequate transport. Not only adequate transport, but transport at the right price as is borne out in the Kwai Chung experience when certain estates become very popular overnight, because the flat bus fares were introduced. The point was well taken, Sir, and we are very conscious of the need to have a good public transport service to these estates.

### **Hong Kong Chinese families in UK**

7 MR CHEONG-LEEN:—

Sir, what is being done and what more can be done to assist Hong Kong Chinese families living in the UK to preserve and keep alive their traditional culture and to foster mutual understanding and respect between them and others in their respective communities?

SECRETARY FOR HOME AFFAIRS:—Sir, the Information Services Department publishes a fortnightly Chinese newspaper called the Hong Kong News Digest for the Hong Kong Chinese community overseas; over 13,000 copies of each issue are distributed in the United Kingdom by the Hong Kong Government Office in London. This newspaper provides both Hong Kong and United Kingdom news as well as a supplement containing serialized fiction and various articles of popular interest.

[SECRETARY FOR HOME AFFAIRS]

**Oral answers**

The Hong Kong Government Office in London and its sub-office in Liverpool encourage and assist the formation of Chinese Associations in the main centres of population in the United Kingdom. Where necessary and appropriate, assistance is given to these associations in planning and organizing celebrations of the main Chinese festivals.

Chinese classes are organized by these associations and other suitable groups with assistance from the Hong Kong Government by way of subsidies or the supply of text books from Hong Kong. At the same time, our offices also help these associations and the Local Authorities in the United Kingdom in organizing English classes. For those who cannot attend classes, a "home study" library service of Chinese and English lessons on tape and record is available.

The Hong Kong Government Office also help the Local Authorities in their dealings with the Chinese communities in their area. Staff of our office attend regular conferences and seminars for teachers and community workers in order to provide general background information of social and economic conditions in Hong Kong as well as Chinese customs and traditions; this is supplemented, where appropriate by pamphlets and documentary films.

Sir, recent unfavourable publicity in Britain about certain elements in the Hong Kong Chinese community in drugs and triad activities has led the Hong Kong Commissioner for London to review his arrangements for liaison with Local Authorities and with Hong Kong Chinese communities throughout the United Kingdom. I understand that the Commissioner will shortly be making proposals in these directions.

MR CHEUNG:—Descending from the general to the particular, and reverting from modern to traditional culture, are any steps being taken to encourage Hong Kong Chinese families living in the United Kingdom to keep alive the institution of concubinage? *(laughter)*

SECRETARY FOR HOME AFFAIRS:—I do not know, Sir. *(laughter)*

**Overhead welding operations**

8. MR LOBO asked:—

Sir, can Government take steps to prevent flux and debris from falling on pedestrians when welding operations are

being carried out on buildings or projections from buildings?

MR McDONALD:—Sir, when a building owner wishes to erect, alter or demolish a building or carry out any building operation which, is subject to the Buildings Ordinance, the Building Authority may require hoardings and covered walkways to be erected in order to protect pedestrians from materials falling from the building.

However, many minor alteration and repair works including some welding operations associated with buildings are not at present controlled by the Buildings Ordinance but consideration is being given to the inclusion in the Ordinance of suitable provisions to ensure the protection of the public during the execution of such operations.

Clearly one aspect of this consideration must be whether any scheme of control devised can be effectively enforced.

In the meantime, the pedestrian may have recourse to legal action for damages in respect of any injury which he may suffer, and may also, by informing the Police, initiate a prosecution under section 4(26) of the Summary Offences Ordinance, which provides for a fine of \$500 or three months imprisonment for dropping any building materials or any other thing to the damage or danger of any person.

MR LOBO:—Sir, may I know if the work now being undertaken in connection with the MTR is properly controlled to prevent flux and material from falling on pedestrians, in particular where sign boards and canopies are being cut?

MR McDONALD:—Sir, although advertising signs are not structures within the meaning of the Buildings Ordinance and do not therefore come under the control of the Building Authority, the works required to erect or demolish such signs would be covered if the amendment to the ordinance now being considered is adopted.

### **Driving licence—duplicate copy**

9. MR CHEUNG asked:—

Sir, will Government introduce legislation to enable a driver to request to be issued to him, at his cost, a duplicate copy of his driving licence, so as to reduce the inconvenience of the loss of the original?

### Oral answers

SECRETARY FOR THE ENVIRONMENT:—Sir, I appreciate that a driver might find it convenient to have a duplicate copy of his driving licence. However, there may be problems in introducing this into the computer system, and in dealing with possible abuse. These aspects are now being looked into. I should perhaps add that it is not difficult to obtain a replacement licence if one is lost, stolen or defaced.

MR CHEUNG:—But it takes some time.

SECRETARY FOR THE ENVIRONMENT:—Sir, it need not take very long, it can take just several hours at the outside, I would say.

MR CHEUNG:—I am much obliged for the information. (*laughter*)

### Flatted factories—provision by Government

10. MR JAMES WU asked:—

Sir, will Government consider the building of flatted factories of say about 1,000 *sq. ft.* in area and charging a fair rent for such tenancies to meet the demand for reaccommodating squatter factories and those not allowed in domestic tenements?

SECRETARY FOR HOUSING:—Sir, in a free enterprise economy such as Hong Kong's, one would expect flatted factory space for private industrial activities to be provided by private developers on a strictly commercial basis. The only exception to this is made for small squatter workshops which are cleared from land required for development in the urban areas, and for them flatted factory blocks containing units of about 250 *sq. ft.* each are provided by the Housing Authority. This floor area has been specially selected to meet the needs of the small operators, and most cleared workshops are allocated one or two such units on a foot-for-foot basis. The rents for these units in the Authority's latest blocks are set at a level slightly below market rent. However, a substantial number of cleared workshop operators prefer to take cash compensation rather than accommodation in a flatted factory block; and cash is also paid if flatted factory space is not available or if the trade is unsuitable.

As for small undertakings required to move out of domestic blocks, the question of their reprovisioning has been discussed from time to time during the past few years, but the tentative conclusion reached was that, because of the economics of their operations, they would be unlikely to accept accommodation at market rent levels in purpose-built flatted factories in which they would not be allowed to reside, particularly as such buildings would inevitably be sited in less central areas. But the question will be kept under review and if a demand does emerge, consideration will be given to whether the expenditure of public funds for this purpose can be justified.

MR JAMES WU:—Sir, would my honourable Friend agree that it is very difficult to run a viable business of manufacturing industry in an area of 250 or even 500 square feet?

SECRETARY FOR HOUSING:—My honourable Friend has an advantage over me here, Sir, because not being an industrial operator, I can only surmise and groan what I hear. But the point about these small areas is that they are provided to replace or rather to allow to continue in existence activities which would otherwise in most cases go to the wall because they have been cleared from squatter areas. The amount of area provided represents no judgment on the Housing Authority's part. It is simply meant to accommodate or rehouse the original activities on a foot-for-foot basis.

MR JAMES WU:—Sir, is there an undue amount of vacancy in the flatted factories operated by the Housing Authority? And has the Housing Authority found it profitable in operating these flatted factory tenements?

SECRETARY FOR HOUSING:—I think, Sir, practically nothing that we do in the Housing Authority is profitable, perhaps not even including the running of the flatted factory blocks. The fact about flatted factory blocks is that it tends to be completed in large blocks, and the space then have to be kept vacant for some considerable time to meet future but anticipated clearance needs. Sir, this sort of retention of vacant spaces for known future commitment, perhaps six or nine months ahead, thus affect the profitability. If we were able to fill them up straightway then, I think, it would be a reasonably profitable venture.

MR JAMES WU:—Thank you.

**Oral answers****Kowloon Tong—motels in**

11. MR WILLIAMS asked:—

Sir, will Government take steps to enforce the development and user restrictions in the Crown leases of buildings used as motels in Kowloon Tong so as to prevent the deterioration of this residential area into a "red-light" district?

SECRETARY FOR THE ENVIRONMENT:—Sir, unless an owner of a lot in the Kowloon Tong Estate fails to follow the prescribed procedures in the Buildings Ordinance, there is little which can be done by Government either under the law or lease, to prevent his converting his premises into a so-called motel. Because this estate is considered to be what is known legally as a "building scheme", owners of other lots in the estate might be able to achieve something by civil action against him, but, as far as I know, none has yet tried to do so.

In the case of Kowloon Tong, like several similar garden estate "building schemes", the vagueness of the lease conditions that apply, and the difficulties of modifying them, hinders Government from taking effective action to control undesirable development.

This situation has prompted the proposal that legislation should be enacted which would give the Government powers to introduce appropriate lease restrictions on garden estate building schemes and to make them enforceable. This proposal is now under consideration in my branch.

MR WILLIAMS:—Sir, may I just ask confirmation from my Friend that in view of his last remarks that the present terms of Crown leases, on the development and user restrictions, are flabby and often unenforceable?

SECRETARY FOR THE ENVIRONMENT:—Sir, in this particular case, yes.

**Severance Pay**

12. DR CHUNG:— Sir, under Standing Order 17(4) I have already obtained Your Excellency's permission to ask the following question without notice on the ground that it is of an urgent character and



relates to a matter of public importance. I have also communicated the question to the Commissioner for Labour yesterday. My question is:

In the light of the case of Overseas Textiles Ltd. will Government consider the need for improving the terms of severance pay as prescribed in the Employment Ordinance?

MR HENDERSON:—Sir, the substantive Commissioner for Labour said in his speech to this Council on 5th November 1975 in respect of severance pay "I shall review this legislation but am not likely to propose changes before the next session of this Council". That is the position—the review has been carried out in the Department and proposals are being formulated for consideration in the first instance by the Labour Advisory Board. It is my intention that such improvements in the Severance Pay Scheme that are agreed after consultation should be put to the Legislative Council during its next session 1976-77. It would be inappropriate to detail proposals at this stage but the main one will concern the quantum of severance pay with which I am on record as saying I am not entirely satisfied, and more generous treatment for longer serving employees.

I think I shall add for the record that the eventual settlement agreed in the case to which my honourable Friend refers to were considerably in excess of the minimum legislative requirement.

## **Government business**

### **Motions**

#### **BANK NOTES ISSUE ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion:—

That the powers of all the note-issuing banks to make, issue or re-issue and circulate notes are extended until and including the 12th July 1977.

He said:—Sir, the Bank Notes Issue Ordinance lays down that the powers of the note-issuing banks lapse automatically unless renewed by this Council from time to time. The present powers of these banks expire on 12th July 1976. It is proposed in this motion that these powers should be renewed for the maximum permissible period of twelve months. It does not in any way alter them.

*Question put and agreed to.*

**DUTIABLE COMMODITIES ORDINANCE**

MR DORWARD moved the following motion:—

That duty shall be payable on methyl alcohol at the rate of \$9.90 per gallon and in addition, for every 1% by which the alcoholic strength by volume exceeds 25%, 40 cents per gallon.

He said:—Sir, I move the motion standing in my name on the Order Paper for the imposition of duty on methyl alcohol.

Honourable Members will recall that the Dutiable Commodities (Amendment) Bill 1976 was enacted by this Council on the 9th of June 1976. Introducing that bill, the substantive Director of Commerce and Industry explained that its purpose was to create a financial disincentive to the misuse of methyl alcohol and thus seek to avoid a recurrence of the tragic events of late 1975 when a number of people died from consuming liquor which had been adulterated with that substance.

The rate of duty now proposed, \$9.90 a gallon and an additional 40 cents for every one per cent by which the alcoholic strength by volume exceeds 25% is slightly higher than that currently applied to non-European type spirits and industrial type ethyl alcohol. It is estimated that this rate will provide the necessary disincentive.

*Question put and agreed to.*

**First reading of bills**

**WIDOWS AND ORPHANS PENSION (EXEMPTION) BILL 1976**

**COMMODITIES TRADING BILL 1976**

**METRICATION BILL 1976**

**COMMISSIONS OF INQUIRY (AMENDMENT) BILL 1976**

**SUPREME COURT (AMENDMENT) BILL 1976**

**TOWN PLANNING BOARD (VALIDATION) BILL 1976**

**PLACES OF PUBLIC ENTERTAINMENT (AMENDMENT)  
BILL 1976**

**ELECTRICITY SUPPLY (AMENDMENT) BILL 1976**

**ROAD TRAFFIC (AMENDMENT) (NO 2) BILL 1976**

**ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) BILL 1976**

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

### **Second reading of bills**

#### **WIDOWS AND ORPHANS PENSION (EXEMPTION) BILL 1976**

THE COLONIAL SECRETARY moved the second reading of:—"A bill to make special provision to exempt certain persons from the obligation to be contributors under the Widows and Orphans Pension Ordinance."

He said:—Sir, the object of the bill is to exempt the forty-eight public officers listed in the schedule to the bill from the obligation to become contributors under the Widows and Orphans Pension Ordinance.

These officers did not wish to contribute to the Widows and Orphans Pension Scheme but, owing to a misunderstanding as to their liability to do so, failed to exercise their option not to contribute within the three months time limit which is stipulated by the Widows and Orphans Pension (Application) Regulations.

It is intended to amend the regulations so that in future an officer serving on agreement terms will be required to opt to become a contributor, by contrast to the present provision under which he automatically becomes a contributor unless he elects not to do so. In addition, the Directors of Scheme will be empowered to extend the time allowed for an officer to make this option, thus avoiding the need to trouble this Council with legislation to put right individual cases which arise from misunderstanding or error.

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

*Question put and agreed to.*

#### **COMMODITIES TRADING BILL 1976**

THE FINANCIAL SECRETARY moved the second reading of:—"A bill to provide for the establishment of a commodity exchange, to control the trading in commodity futures contracts and to provide for matters connected therewith and incidental thereto."

He said:—Sir, honourable Members will recall that, in the summer of 1973, following indications that plans were afoot to establish several

[THE FINANCIAL SECRETARY] **Commodities Trading Bill—second reading**

unregulated commodity exchanges in Hong Kong, they passed to Commodity Exchanges (Prohibition) Ordinance. That ordinance prohibited the establishment of any new exchange dealing in commodity futures, at least until such time as the desirability of such an exchange or exchanges had been examined in more detail and we could be satisfied that any exchange permitted to set up in Hong Kong would be properly regulated and would be operated to the highest international standards so that it would enhance, rather than detract from, Hong Kong's commercial and financial image.

In 1974 it became known that a number of groups were conducting feasibility studies with a view to presenting to the Government properly worked out proposals. It was, therefore, decided to establish a Steering Group to appraise these proposals and to recommend whether the Commodity Exchanges (Prohibition) Ordinance should be amended to permit the establishment in Hong Kong of a properly regulated exchange. The Steering Group reached the conclusion that a properly regulated exchange dealing in commodity futures would bring financial and economic benefits to Hong Kong and it recommended that one particular group should be invited to set up such an exchange.

On 13th August last year, after a long debate on these recommendations, honourable Members passed a resolution in the following terms:

"Resolved that this Council approves in principle the establishment of a commodity exchange in Hong Kong provided that legislative measures can be made and enforced effectively with particular reference to the need to minimise social hazards to the ordinary citizens of Hong Kong."

The Commodities Trading Bill 1976 which is now before honourable Members seeks to fulfil the requirement in this resolution that there should be legislation to regulate the activities of the commodity exchange; and to provide for the registration of commodity dealers. The bill enshrines in the law controls which have been built up in older commodity markets, such as London and New York, by convention as well as by statute. But the bill has also been drafted with Hong Kong's needs specifically in mind and, in at least two respects, is unique in containing provisions which are not required in any other commodity market.

Before going into the detailed provisions of the bill I would like to deal specifically with the reservations which have been expressed

in this Council and elsewhere from time to time regarding the dangers to small investors of speculation in the commodity futures markets. It is not easy to devise absolute and foolproof safeguards, either administrative or legislative, against speculation and possible loss by those with less than adequate means, whilst ensuring that the market concerned continues to operate smoothly and adequately reflects the forces of supply and demand.

Having said that, however, it is my firm belief that the provisions in this bill and the arrangements for the operation of the exchange will, as a general rule, effectively exclude the small investor. I say this, Sir, for four reasons: first, international convention provides for a minimum size of contract which will normally be beyond the means of the small investor. Secondly, there will be a requirement for clients' deposits against commitments to be higher than is customary elsewhere, and deposits will have to be kept topped up in the event of an increase in commitments due to adverse movements in the prices of the commodities concerned. Calls, and I add, will be made daily. Thirdly, a degree of control over speculation will be effected by:

- (a) the powers given to the proposed Commodities Trading Commission under the bill to set limits on the positions which may be held by a dealer on the floor of the exchange;
- (b) a degree of control over speculation will also be effected by the requirement that members of the Exchange Company must have a paid up capital of at least \$2 million; and
- (c) finally a degree of control over speculation will be effected by the specific requirement that any advertisement by a member shall be subject to approval by the Exchange Company.

Finally, the proposed legislation provides for the registration of all commodity dealers in Hong Kong—whether or not they are members of the Hong Kong Commodity Exchange, that is to say, shareholders in the Exchange Company. No one who is not so registered may act either as a dealer or as his representative. The requirements for registration are such as to ensure that only brokers with professional expertise and membership of one of these international exchanges, including the Hong Kong Commodity Exchange, listed in the Second Schedule will be able to operate in Hong Kong. This will be a fundamental change from the position obtaining today where it is possible for the small investor to trade in commodity futures through any of the many commodity trading firms at present operating in Hong Kong. At the present time, none of these firms is subject to either registration or control and there are doubts as to the professional expertise, and even integrity, of some of them.

[THE FINANCIAL SECRETARY] **Commodities Trading Bill—**  
**second reading**

I turn now, Sir, to the detailed provisions of the bill. It is divided into nine parts with 115 clauses and two schedules and for the benefit of my honourable Friend Mr Oswald CHEUNG I do not propose to deal with each of them.

In Part I, Preliminary Matters, the term "futures contracts" is defined to refer solely to contracts executed on a commodity exchange or options on such futures contracts. It therefore excludes any agreement to buy or sell a physical commodity for future delivery and does not inhibit in any way the normal transactions of traders.

The most important provisions of the bill are in Part II which deals with the establishment of a Commodities Trading Commission and a Commissioner for Commodities Trading. These will be the regulatory authorities for the operations of the commodity exchange and trading in commodity futures generally. It is proposed that these functions will be assumed by the existing securities Commission and Commissioner for Securities respectively, in addition to their work on the securities markets. The staff of the Commissioner's Office will be augmented appropriately for these new functions. The Commissioner will have statutory powers to register dealers, advisers and representatives; to supervise the auditing of the accounts of registered dealers; and to inspect and investigate the activities of all engaged in trading in commodity futures, as well as the Commodity Exchange itself, the Clearing House and the Guarantee Corporation.

Under clause 10, the Governor may give such directions as he thinks fit to the Commission or the Commissioner and the Commission shall, when so required by the Financial Secretary, furnish to him reports with respect to the policy that it is pursuing.

Members of the Commission, the Commissioner, and anyone associated with the Commission are, by clause 11, precluded from using information which has been acquired in the course of this work for any other purposes; and clause 12 expressly forbids any person appointed under the bill, or those assisting a person so appointed, from trading in commodity futures contracts.

Part III of the bill deals with the Commodity Exchange. The Governor in Council is empowered to grant a licence to the Exchange Company to establish and operate an exchange subject to certain requirements. The Company is required, under clause 13, to establish a clearing house for the registration and settlement of futures con-

tracts, as well as the day-to-day adjustment of the financial position of such contracts; and the Company is also required to establish a guarantee corporation to guarantee that futures contracts will be fulfilled in the event of a default by any party.

By clause 14, no adjustments may be made to the constitution of the Exchange Company, the Clearing House or the Guarantee Corporation or to the rules of the Exchange Company without the approval of the Commission.

Clause 15 provides for the Exchange Company to be managed by a Management Committee. This will comprise 15 persons, of whom only three will be nominated by the board of the Exchange Company. The remaining 12 members will be elected from amongst the members of the Exchange Company.

By clause 16 the business of the exchange is restricted to those commodities which will be listed in the First Schedule and which, initially, will only be cotton and sugar.

Clause 17 lays down that a director or employee of a licensed bank or a registered deposit-taking company, or a solicitor or professional accountant holding a current practising certificate will be precluded from becoming a member of the Exchange Company. Similarly, a company would be precluded from membership of the Exchange Company, should it have as its registered dealer a director or employee who would be precluded in any other business or professional capacity from being a member.

Clauses 18 and 20 enable the Commission to revoke the licence of the Exchange Company on the grounds that it has committed misconduct or that it has not abided by the provisions of the ordinance. Alternatively, the Commission may take the lesser step of closing the exchange until the shortcoming is made good. Clause 21 enables the Governor to close the exchange for five days (renewable) in case of an emergency.

Part IV of the bill deals with the registration of commodity dealers, commodity trading advisers and representatives and this is an important part of the bill.

All commodity dealers (whether or not they are members of the Hong Kong Commodity Exchange), commodity trading advisers and their representatives must be registered by virtue of clauses 26-29. Furthermore, no company or firm will be permitted to carry on business as a dealer unless one director or partner is registered.

[THE FINANCIAL SECRETARY]     **Commodities Trading Bill—**  
**second reading**

There are two pre-conditions to registration as set out in clause 31. First, an individual, or his company if he is accredited as a registered dealer of that company, must be a member of the Hong Kong Commodity Exchange or of one of the international exchanges listed in the Second Schedule. Only the large well established international commodity exchanges have been so listed. Secondly, a cash deposit of \$100,000 will be required to be made to the Commissioner. Thus only persons and companies who have had experience in international commodity trading and who are of reasonable substance will be allowed to do business in Hong Kong.

By clause 30, the Commissioner will grant a certificate of registration, valid for one year, to a dealer, commodity trading adviser or representative, provided

- (a) the application is in the prescribed form. A questionnaire of some 40 questions will have to be completed; and provided also
- (b) an annual fee is paid.

By virtue of clauses 32, 34 and 35, the Commissioner may refuse an application for registration or renewal, or he may revoke or suspend registration (with immediate effect); but he must give the person concerned an opportunity of being heard. An appeal may be lodged to a Disciplinary Committee against an adverse decision of the Commissioner.

Any applicant who makes a false submission in connection with registration will, by virtue of clauses 40-41, be subject to a heavy penalty, and a registered dealer must inform the Commissioner of any change occurring in the information given in his application.

Clause 42 requires the Commissioner to keep a register of the names of dealers, commodity trading advisers and their representatives, together with the information they have supplied in their application forms and this register will be available for public inspection.

Part V of the bill deals with accounts and audit and applies to dealers. Clause 45 lays down the information which a dealer must record when he transacts business and such records are to be retained for seven years. A copy of each futures contract made out by him as agent of a client, or as principal, must be retained for two years.



All monies held by a dealer on behalf of clients will, by virtue of clause 46, be kept in a segregated account and not in the dealer's personal account. In fairness, I should say that this provision has been the subject of critical representations by commodity dealers which are at present under not very sympathetic consideration.

Clause 49 requires that dealers' accounts be audited and for the auditors' certificates to be submitted to the Commissioner. By clause 51, if an auditor considers that something improper has occurred, he must inform the Commissioner. In such a case, or if an auditor's report is not forthcoming, or if a client complains that a dealer has failed to account properly for his money, then, by clause 52, the Commissioner may appoint an auditor with wide powers to investigate and report. The dealer must make his books and accounts available and answer relevant questions.

Part VI of the bill deals with trading practices. Power is given to the Commission, by clause 59, to establish and fix limits on the amount of trading or positions which may be held on the exchange by a dealer. It will be an offence, under clause 60, to exceed these limits. This, of course, is an extremely important power which should enable the Commission to take remedial action immediately should an over speculative position become apparent which the Exchange Company itself has not acted to curb under its own regulations and rules which regulations and rules are complementary to this bill and the regulations to be made under it.

Under clause 61, dealing in commodity options on the exchange will be prohibited.

Clause 62 makes it an offence to create a false market as regards prices or volume of trading. Any person who makes a statement which he knows to be false or misleading, or omits a material fact which thereby causes the rest of the statement to be misleading, will be liable to heavy penalties.

Part VII of the bill deals with the Commodities Trading Commission Disciplinary Committee. This will consist of five members under the chairmanship of the non-official legal member of the Commission. The Disciplinary Committee may inquire into any allegation that the Exchange Company, the Management Committee (or a member thereof) or the Clearing House has committed misconduct, and to hear appeals against rulings of the Commissioner. The Committee may impose its own penalties whenever allegations are proved. Provision is made in clause 69 for appeals against decisions of the Committee.

[THE FINANCIAL SECRETARY]     **Commodities Trading Bill—  
second reading**

Part VIII of the bill deals with the compensation fund. By virtue of clauses 77 and 78, the Commodity Exchange will be obliged to establish a compensation fund to be administered by a Compensation Fund Committee comprising five members.

Clause 82 requires the Exchange Company to deposit with the Commission in respect of each member an amount of \$25,000 in cash, together with a bank guarantee for a further \$25,000. The Commission may invest the deposit only in certain prescribed ways. Clause 83 makes provision for the declaration of a rate of interest to be paid annually to the Exchange Company on monies earned by the total of these deposits.

The compensation fund is to meet claims of clients in the event of a failure by a member to transfer funds due to those clients before a contract is registered with the Clearing House and after payment has been made on the sale by the Clearing House. In other words, the compensation fund is to meet claims of clients, bearing in mind that the Guarantee Corporation will always ensure that members of the Exchange Company receive such funds as are due to them. The maximum liability of the Exchange Company to the compensation fund in respect of any one member is fixed at \$50,000.

Clause 89 makes the Exchange Company responsible for adjudicating the validity of claims made on the Compensation Fund. When the Exchange Company is satisfied that a claim is justified it will make a determination, under clause 90 of the bill, allowing the claim to be met within the prescribed limits.

Clause 92 enables a person who is aggrieved with the decision of the Exchange Company on a claim to take proceeding in court against the Exchange Company.

Part IX of the bill deals with miscellaneous provisions. Clause 103 lays down that the Exchange Company, the Clearing House and the Guarantee Corporation shall produce to the Commission books, accounts and documents, or to provide such other information as the Commission may require.

Clause 109 empowers the Governor in Council, after consultation with the Commission, to make regulations prescribing the forms, fees and other matters for the purpose of the bill and such regulations as are required initially have already been drafted.

To conclude, Sir, the Government seeks in this bill, only to lay down the basic rules within which the commodity market must work if it is to be fair to all participants. It will be supplemented by regulations and by the regulations and rules of the Exchange Company. The Government is not unmindful of the adverse effects that severe and stringent controls can have on the workings of markets—national and international. Neither is it unmindful of the effects that the operations of totally unregulated markets may have on the economy, and on "ordinary citizens" too under certain circumstances. So there is a need to balance freedom with an adequate degree of regulation. This the bill, in my view, achieves but, to be on the safe side, the Government has retained to itself certain powers which it will invoke if and when it is seen that the market itself is not behaving, or has not behaved, in a rational and orderly manner. I very much doubt, however, whether the Government will ever need to have recourse to these powers in the case of the Hong Kong commodity exchange.

So I hope, Sir, that the bill will be acceptable to honourable Members and, if it is, I hope they will feel able to welcome the advent of trading in commodity futures in Hong Kong. It is the Government's view that the operation of a well regulated commodity exchange will add a further dimension to our economy and to Hong Kong's international profile. I say this without wishing to exaggerate the potential significance of a commodity exchange relatively or absolutely. I am well aware of the importance of the manufacturing sector of our economy: exports of Hong Kong made goods are now running at an annual rate of about \$28 billion, and I am well aware also that our financial and business services sector already accounts for nearly a quarter of the Gross Domestic Product.

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

*Question put and agreed to.*

### **METRICATION BILL 1976**

THE FINANCIAL SECRETARY moved the second reading of:—"A bill to provide for the replacement in enactments of non-metric units by metric units and for matters connected therewith."

He said:—Sir, in 1971 my honourable Friend the Colonial Secretary announced that the Government had accepted in principle the recommendation of the Metrication Committee that the metric system of

[THE FINANCIAL SECRETARY] **Metrication Bill—second reading**

measurement should be adopted in those areas for which the Government was responsible. Since then the metric system has been increasingly accepted throughout the world and very few countries now remain uncommitted to its adoption.

This bill seeks to go some way towards bringing Hong Kong into line with the rest of the world. It has two objectives: the first is to provide for the adoption in Hong Kong of what is known as the International System of Units, or SI for short. This is the particular system of metric measurement which the European Economic Community and the great majority of our trading partners have decided to use.

The second objective is to empower Your Excellency, by order published in the *Gazette*, to amend any ordinance so as to replace existing references to non-metric units of measurement by metric units. An order in respect of a particular ordinance, may specify a date after which non-metric units may not be used, an order may declare a period during which such units can continue to be used and an order may provide for exemptions from a requirement to use metric units.

In other words, this bill provides for a simple procedure for the conversion of non-metric units of measurement in our legislation into metric units. An alternative approach would be to introduce amending legislation in respect of each ordinance as and when it becomes necessary to convert non-metric measurements to metric, but this would be extremely tedious.

So much for what the bill seeks to do. What it will not do is to empower the Government to require the use of the metric system, or to prohibit the use of the imperial or traditional Chinese system, where the law does not already lay down specific measurements. For instance, there are no statutory requirements in Hong Kong for food or other consumer goods to be sold in particular units of measurement. There can, therefore, be no question of the bill being used to require such merchandise to be put on sale in shops or markets in metric units. Nor will the enactment of this bill prevent anyone using whatever units of measurement he or she finds convenient, either for his or her own purposes or in transactions with others. It is the Government's policy to have no more compulsion than is already the case with imperial or Chinese units of measurement.

I should perhaps add that if this bill is enacted there will be no sudden rush of orders published in the *Gazette* converting non-metric

measurements to metric. In 1971, on the advice of the Metrication Committee, a full time Metrication Unit was established in the Public Works Department to introduce the metric system into that department's manifold activities. That has now been done and the Government intends to transfer the unit to the Economic Services Branch of the Colonial Secretariat. There it will form the nucleus of a unit whose ultimate responsibility will be to help, plan, guide, facilitate and hopefully expedite the adoption of the International System of Units throughout Hong Kong where this is appropriate. Initially, however, it will be responsible for the co-ordination of the adoption of the system in Government departments. Progressively, therefore, and as it becomes necessary to convert references in our legislation to the metric system, Your Excellency will be asked to make the necessary orders.

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

*Question put and agreed to.*

### COMMISSIONS OF INQUIRY (AMENDMENT) BILL 1976

THE ATTORNEY GENERAL moved the second reading of:—"A bill to amend the Commissions of Inquiry Ordinance."

He said:—Sir, the Commission of Inquiry into the Hong Kong Telephone Co Ltd recommended that commissions of inquiry appointed to inquire into the affairs of a limited company should have power to make a general inspection of the company's books and records. This it was thought would help a commission to establish at the outset of its inquiry what relevant material is available and could among other things be expected to speed up the inquiry.

Sir, the Government has accepted this recommendation, recognizing that the existing powers of a commission of inquiry to require the production of books and records may not always be adequate because they assume that a commission knows of the existence of particular books and records.

The bill therefore proposes that such a commission should have power to appoint inspectors to make a general inspection on its behalf "of the books and records of the company into whose affairs it is inquiring or itself to carry out such an inspection. The same power of inspection would extend also to the books and records of associated companies.

[THE ATTORNEY GENERAL]

**Commissions of Inquiry  
(Amendment) Bill—second reading**

It is however considered that control of the exercise of these new powers by a commission of inquiry should lie with the Governor in Council, by whom commissions are appointed. Accordingly the bill provides that they may not be exercised without the prior consent of the Governor in Council.

The bill also makes other minor amendments to the Commissions of Inquiry Ordinance.

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

*Question put and agreed to.*

**SUPREME COURT (AMENDMENT) BILL 1976**

THE ATTORNEY GENERAL moved the second reading of:—"A bill to amend the Supreme Court Ordinance."

He said:—Sir, it seeks to provide that service as a lawyer in the Legal Aid Department will count equally with service in the Judiciary, the Attorney General's Chambers and the Registrar General's Department in determining eligibility for appointment as a Supreme Court judge.

I am sorry to say that legal officers in the Legal Aid Department were overlooked when the Supreme Court Ordinance, which passed this Council a few months ago, was being drafted.

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

*Question put and agreed to.*

**TOWN PLANNING BOARD (VALIDATION) BILL 1976**

THE ATTORNEY GENERAL moved the second reading of:—"A bill to provide for the continuation after the 31st March 1976 of membership of the members of the Town Planning Board and to confer validity upon acts and things done, and meetings held, by that Board after that date, until the 3rd June 1976 (inclusive)."

He said:—Sir, the term of office of members of the Town Planning Board expired on 31st March. The Board was not reconstituted until 4th June. In the meantime, it had discharged its functions in the normal way. (*laughter*)

The purpose of the bill is to validate proceedings of the Board between those dates.

*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).*

### **PLACES OF PUBLIC ENTERTAINMENT (AMENDMENT) BILL 1976**

SECRETARY FOR HOME AFFAIRS moved the second reading of:— "A bill to amend the Places of Public Entertainment Ordinance."

He said:—Sir, this bill is the last stage of an extensive review of film censorship standards and procedures which has been undertaken by the Commissioner for Television and Films. This review has resulted in a basic change in the Commissioner's approach to this work. The standards which the Censors apply to films have been more closely defined and a guidance note on these standards has been published as an open document. The Panel of Censors has been re-formed with younger staff better able to reflect general attitudes to standards of public entertainment in Hong Kong. Finally, the law has been examined with the main object of closing loop-holes and bringing penalties for contravention up to date; the present penalties were incorporated in the law over 20 years ago.

Clause 3(a), 3(b) and 3(c) amend section 5 of the principal ordinance to provide for film trailers, film excerpts and advertising material such as cinema lobby displays to be subject to censorship. This is, in fact, the current practice but it is not a specific requirement under the existing ordinance. These amendments will make the intention of the law clearer. Related to this, clause 4(a) enlarges the regulation—making powers contained in section 7.

Clauses 2, 3(d), 4(b) and 5 provide for heavier penalties for breaches of the provisions of the ordinance. With the passage of time the

[SECRETARY FOR HOME AFFAIRS]      **Places of Public Entertainment  
(Amendment) Bill—second reading**

present fines have become too low in relation to the seriousness of the offence and in relation to the profits which can be made by contravening the law. A maximum penalty of \$10,000.00 and imprisonment up to six months are now being proposed for most offences under the ordinance.

The review carried out by the Commissioner for Television and Films has also highlighted the need for more public advice in the day to day business of film censorship, stricter control over the showing of censored films to the public and the need for better continuity in the administration of the film Board of Review. To meet these requirements and to accord with the provisions of this bill, it will be necessary to make subsequent amendments to the Film Censorship Regulations. In this connection, I would like to take this opportunity to mention two particular aspects.

Firstly, the Board of Review will be enlarged from four *ex-officio* members to seven members, including the Commissioner for Television and Films, who will be chairman of the Board. It is intended that this Board shall initially consist of two Unofficial members and four Official members but the number of Unofficial members might be increased, with a corresponding reduction of Official members, should it thought to be desirable to do so in future.

Secondly, with the object of increasing the availability of public advice to the department, the Authority would have the right to invite people to attend censorship sessions. It is intended initially that two "members of the public, drawn from a larger group selected by the Director of Home Affairs, should be invited to attend each censorship screening and be asked to record their comment for the information of the Authority. Periodically these comments would be reviewed in the light of the Censors' decisions and if a marked and sustained pattern of variation emerges, the published Film Censorship Standards under which the Censors operate would be re-examined.

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

*Question put and agreed to.*



**ELECTRICITY SUPPLY (AMENDMENT) BILL 1976**

SECRETARY FOR HOUSING moved the second reading of:—"A bill to amend the Electricity Supply Ordinance."

He said:—Sir, this bill is an essential part of the scheme to provide a legitimate supply of electricity to selected squatter areas. As the Electricity Supply Ordinance and its regulations now stand, the power companies cannot safely contemplate extending their supply to such areas lest they run foul of this legislation. This bill will allow specific squatter areas to be designated as special areas for supply purposes under the ordinance, and special regulations to be made in due course reflecting conditions in these areas.

It is in everyone's interest that the obstacles which have hitherto blocked the provision of a proper electricity supply to these areas should be cleared away. This bill removes many of these obstacles by establishing a sensible framework for a legal supply to households which now pay excessively for an irregular and often unsafe supply.

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

*Question put and agreed to.*

**ROAD TRAFFIC (AMENDMENT) (NO 2) BILL 1976**

SECRETARY FOR THE ENVIRONMENT moved the second reading of:—"A bill to amend the Road Traffic Ordinance."

He said:—Sir, the bill now before this Council introduces into the Road Traffic Ordinance a new section which will prohibit the use of motor cycles both on unleased Crown land other than roads and on pedestrian roads. A "pedestrian road" is either an unsurfaced road or a surfaced road which is less than 6 ft. 6 ins. wide at any point or any road which the Commissioner for Transport declares to be a pedestrian road.

The use of motor cycles on footpaths and tracks and over the open countryside is a growing phenomenon, which causes nuisance and danger both to local residents and many people who want to enjoy the countryside. There is also a danger of erosion being caused, particularly where motor cycles are ridden across open country.

[SECRETARY FOR THE ENVIRONMENT] **Road Traffic (Amendment)  
(No 2) Bill—second reading**

The purpose of this bill is to bring this situation under control before it gets out of hand; the fine for contravention of the new section will be \$2,000.

The bill exempts from its provision public servants on duty and people engaged in agriculture, forestry, construction work or similar activity, who have a legitimate need to ride motor cycles on pedestrian roads and on unleased Crown land. Also the Commissioner for Transport may issue permits to other legitimate users and may exempt certain pedestrian roads from the provision of this bill, for example, to provide essential access to villages.

Motor cyclists who enjoy rough riding as a pastime will find that the Motor Sports Club organizes scrambles at suitable locations in the New Territories, and it is hoped that these and similar outlets for this form of recreation, will continue to be available to them.

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

*Question put and agreed to.*

**ANIMALS AND PLANTS (PROTECTION OF ENDANGERED  
SPECIES) BILL 1976**

MR DORWARD moved the second reading of:—"A bill to restrict the importation, exportation and possession of certain animals and plants, and parts of such animals and plants, and to provide for matters connected therewith."

He said:—Sir, the purpose of this bill is to conform with the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, referred to in brief as the Washington Convention.

Certain controls of the type now envisaged already exist under the Animals and Birds (Restriction of Importation and Possession) Ordinance (Chapter 187) which it is proposed this bill will repeal and replace. That ordinance, enacted in 1970, was in essence a preventive measure to help protect the world's diminishing wild life. It provided originally for controls on the importation and possession of only ten endangered

species of non-indigenous mammals and birds which were likely to be traded in Hong Kong. The Washington Convention was drawn up in 1973 and its drafters recognized that, and I quote, "the wild fauna and flora in their many beautiful and varied forms are an irreplaceable part of the natural systems of the earth which must be protected for this and the generations to come". They also recognized that "international co-operation is essential for the protection of certain species of wild fauna and flora against over-exploitation through international trade".

Although that Convention was not binding on Hong Kong, the Schedule to the Animals and Birds (Restriction of Importation and Possession) Ordinance was, in 1974, expanded to include all endangered species of birds and mammals and most other animals listed in the Convention.

The bill which honourable Members are now invited to consider proposes to extend controls to the molluscs and snakes listed in the First Schedule; the readily recognizable animal parts listed in the Second Schedule; and the plants listed in the Third Schedule, including readily recognizable parts of such plants.

As its name indicates, the existing ordinance places restriction only on the importation and possession of endangered species. The bill now proposes the extension of control to exports as part of the international co-operation in this field. And it covers an unintended loophole in the existing law whereby schedule animals born in Hong Kong have been exempted from control. There is also provision for the appointment of an Advisory Committee, to be comprised of experts on endangered species, to advise the Director of Agriculture and Fisheries who is the proposed implementing authority.

If this bill is passed, Her Majesty's Government in the United Kingdom will be asked to extend to Hong Kong its own impending ratification of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

I am confident that honourable Members will appreciate the basic validity of the concept of international co-operation in this field. I am equally confident, however, that they will expect a pragmatic assessment of the actual implications for Hong Kong of the proposed legislation. I would like to offer the following.

First, I would deal with furskins. It will be seen from the Second Schedule that essentially the only furskins that are affected are those

[MR DORWARD]      **Animals and Plants (Protection of Endangered Species) Bill—  
second reading**

of tigers, leopards and similar feline (spotted cat) species. Such feline furskins are not used to any significant degree in clothing and other articles of furskin produced locally or exported. Furthermore, exports in 1975 of clothing and other articles of furskin, valued at \$122 million, went almost entirely to three markets, Japan, Germany and the United States. These countries are signatories to the Washington Convention and would therefore not in any case accept imports of products made from the fur of endangered species unless covered by an export licence under the terms of the Convention. Finally, trade sources advise that even the very limited manufacture of garments from the furskins of wild animals has been dwindling rapidly in recent years, because of the scarcity of supply and rising costs. Local production and export of clothing and other articles of furskin will therefore be virtually unaffected.

It is recognized that however the control of feline furskins might cause problems where such items form part of personal or household effects, and it is proposed to avoid this difficulty by means of an appropriate exemption under clause 18 of the bill.

The next practical implication I would like to consider, is that in relation to lizard, crocodile and other reptile skins. The extent of the use in Hong Kong of reptile skins for the manufacture of shoes, handbags and the like is difficult to establish, but it is not insignificant. To what extent these skins come from endangered species is even more difficult to determine with any precision. For these reasons it is not proposed to control such skins for the present, and it will be seen that they are not included in the Second Schedule. So far as the Convention is concerned, a specific reservation will be sought in respect of such skins if and when the United Kingdom Government is asked to ratify the Convention on behalf of Hong Kong.

Africa is the principal direct or indirect source of raw ivory for our extensive but largely cottage type industry whose 1975 exports were worth \$64 million. The African elephant is not, as yet, listed by the Convention as an endangered species, so the question of control on the ivory trade does not arise at present. I must, however, advise honourable Members that there is a possibility of the African elephant being added to the Convention list at some later stage. One cannot at this time predict the implications of such a move for Hong Kong. We would, of course, have the right to enter reservations on the control of ivory if we were to decide it were in the best interests of Hong

Kong to do so. But it must be recognized that, whatever steps might or might not be taken here, much would obviously depend on the extent to which supplying countries elected to enforce controls on exports of raw ivory.

So far as endangered species of plants are concerned, the public is unlikely to be significantly affected by controls on the relatively few and rare species listed in the Third Schedule. It is the case, furthermore, that only wild as opposed to cultivated species of plants are intended to be controlled.

The extension of the presently controlled list of live animals is not thought likely to present particular difficulties to existing trade. One animal now proposed for inclusion is the pangolin, but honourable Members may be interested to know that although 3,426 of them were imported from China in 1974 for consumption here, by the year ending 31st March 1976 that figure had fallen to 7.

I think it bears stressing that the Convention seeks to regulate rather than prohibit trade in endangered species of wild fauna and flora; and one must assume that such regulation would generally be commensurate with an enlightened assessment of the need. I would recall, in this connection, the provision in the bill for the appointment of an advisory committee to assist the Director of Agriculture and Fisheries. One of its primary functions would be to make recommendations on the appropriate degree of regulation.

The control system envisaged in the bill, which essentially consists of licensing for import, export and possession, is designed to enable the Government to implement the Convention as fully as possible without unnecessary interference with legitimate trade. If the bill becomes law an explanatory pamphlet, in Chinese and English, will be made available for the guidance of trade and the public generally.

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

*Question put and agreed to.*

## **WIDOWS AND ORPHANS PENSION (INCREASE) BILL 1976**

### **Resumption of debate on second reading (9th June 1976)**

*Question proposed.*

**Widows and Orphan Pension (Increase) Bill—resumption of debate on second reading (9.6.76)**

MR Q. W. LEE:—Your Excellency: one of the factors responsible for the successful development of Hong Kong is the presence of a good administration. This reflects in no small way on the dedication, hard work and loyalty of members of the Civil Service. While it is their duty to serve the community well, it is also the duty of the community to look after them well, not only when they are in service, but also in retirement.

The increases to pensions under the Widows and Orphans Pension Ordinance for which legislative authority is now sought certainly goes some way to safeguard the pensioners against the effects of inflation. But until recently, there was no announced policy for adjustments and therefore no assurance to pensioners that pensions will be revised to take account of increases in the cost of living. Although in practice, pensions were usually adjusted following a salary award to serving Government officers, one of the controversial points of the existing scheme was that the amount of any increase, being *ex gratia*, was not pre-determined by reference to some agreed or specified yardstick. In other words there was no criteria of how they should be adjusted. Understandably this was a reasonable safeguard in case our financial ability did not permit us to meet the bill of an automatic adjustment. I am however glad that at least this respect was clarified early this year by an announcement of the establishment of a review process on the recommendation of a working party under the Chairmanship of our most respected friend the late Mr Michael CLINTON.

Undoubtedly the review process is a step in the right direction but perhaps it is even more important for the scheme as a whole to be revised. I understand this has been under study for sometime. The scheme has been in operation since 1908 with the introduction of the Widows and Orphans Pension Ordinance. Although a substantial number of amendments has been made to this ordinance in the intervening years, the basic structure and principle of the scheme have remained unchanged. It is doubtful whether a scheme which was originally designed at the turn of the century is still relevant and appropriate today, considering the many changes, both social and economic, over such a long period. For example, the scheme does not reflect the changing status of an officer during his career because the pension is not based on final salary. Furthermore, the scheme is not comprehensive inasmuch as only about one-third of the total Government work force is covered by it, to the exclusion of many male junior rank as well as all female officers.

I do not propose to go into other detailed examples, but would suggest it is time for an early decision to be made to proceed with a full revision of the scheme, taking into account all changing factors. A new scheme which will suitably cater for our present day needs and aspirations and reflect good employment practices can then be introduced to replace the existing obsolete scheme.

MR CHEUNG:—I support all that my honourable Friend Mr Q. W. LEE has said, and not least because I find that in the private sector the concept of widows' and orphans' pensions has been largely abandoned and replaced with schemes which employees prefer, because these schemes better meet the needs of widows and orphans.

I suggest that a good look be taken in conjunction with the Staff Associations at what officers really need in the present day. For example, an officer nowadays has a real need to provide for his sons' necessities rather beyond the age of 18, perhaps to the age of 25, and also for his daughters, unless they marry before 25. And the younger the officer, the greater will be the need of his widow and orphans. Such individual cases as have come to my attention has led me to think that widows' and orphans' pensions under the present ordinance are not generous. May I take up a few minutes of honourable Members' time to give one example of what is available in the private sector.

The contribution which an officer makes under the ordinance towards the existing widows' and orphans' pensions is 4 per cent of his salary. If you take the case of an Administrative Officer with about 6 years' service, aged about 28 to 30, earning now about \$5,000 a month, married, with two young children, and little capital saved up. His contribution is about \$2,400 a year. If that officer were in the private sector he could, with the outlay of \$2,400 a year, obtain a 25 year term insurance policy for the benefit of his wife, which, should he die, would provide her with a capital sum of \$155,000, as well as a 25 year reducing term policy for his two children, which would provide them with a capital of \$425,000, reducing by \$17,000 per annum. I need hardly say that \$155,000 invested at 6 per cent net would give the widow somewhere in the region of \$775 a month and that the \$425,000, similarly invested, would give the orphans just over \$2,100 per month, making a total of somewhere about \$2,900 for that family. I do not think that the pensions under the existing ordinance anywhere approach such a figure. Moreover, on the hypothesis which I have stated the capital under the insurance policies are kept intact.

[MR CHEUNG]

**Widows and Orphans Pension (Increase) Bill— resumption  
of debate on second reading (9.6.76)**

I am not sufficiently familiar with the tables in the ordinance to work out what the present widows' and orphans' pensions are in individual cases, but I should be very surprised if the benefits are anything equivalent to the sorts which are obtainable through the means of term-policies in the private sectors.

It seems to me that a new scheme should be constructed on the basis that as the needs of an officer increase so should the benefits. A bachelor needs no protection, a married man with 4 young children a great deal of protection. In making these observations, Sir, it is not my purpose to pre-empt Government but to suggest that Government should take advice from professionals in this field. I am anxious that in as much as we pay Government officers salaries sufficient for their present needs, we should also see to it that adequate arrangements are made for their widows and orphans, I should like to see the Civil Service sleep well at night, secure in the knowledge that, should they die, their dependents will be properly provided for.

THE COLONIAL SECRETARY:—Sir, I welcome the considerate attitude of honourable Members and entirely agree with them that a proper provision should be made so as to remove from a public servant undue anxiety about the financial state of his family in the event of his early death.

As the honourable Mr Q. W. LEE has said, the present scheme has been in force for nearly 70 years, although it should be noted that the actuarial tables, on which benefits are based, are brought up to date periodically. The last occasion was in 1967 when the enhanced benefits provided were back dated to 1st April 1959. The United Kingdom Government Actuary has recently been asked to revise the tables again.

These tables are based on orthodox actuarial principles, so as to calculate the benefits on the basis of an officer's contributions plus a notional Government subsidy. The tables are weighted to provide relatively higher benefits for the family of a contributor who dies early in his career.

The present type of scheme was introduced in many overseas territories at the turn of the century when conditions (in particular, health hazards) were very different. The Government has therefore



been in correspondence with the Ministry of Overseas Development, for some time, with the object of preparing a new scheme which will take better account of present circumstances.

The proposed new scheme, which is the subject of consultation with the Staff Associations, relates widows' and orphans' pensions directly to the pension earned by the officer at the time of his death or retirement with a minimum pension provided. The main advantage of this type of scheme is that, because it is based on an officer's final salary, it gives considerable protection against any inflation which may occur during the officer's service. Thereafter, the pension increase arrangements introduced by this bill would apply.

The hypothetical young widow used by the honourable Mr CHEUNG would, as I calculated, receive under the widows' and orphans' pension scheme something between \$15,000 and \$22,000 a year depending on the husband's contributions. This perhaps does not compare too badly with the benefits of his private sector widow though certainly they are below. Nevertheless, I accept that the present scheme has unsatisfactory features and the proposed new one will cater, as the honourable Mr CHEUNG urges, for a wider range of needs of officers and their wives, in particular it provides for additions to widows' pensions for dependent children. But I regret to have to tell the honourable Members that it makes no provisions for concubines. *(laughter)*

I hope that it will be possible to introduce a bill to this Council, to give effect to a new widows' and children's pension scheme, before the end of 1976.

*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).*

## **CREDIT UNIONS (AMENDMENT) BILL 1976**

### **Resumption of debate on second reading (9th June 1976)**

*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).*

**TELEPHONE (AMENDMENT) BILL 1976****Resumption of debate on second reading (9th June 1976)**

*Question proposed.*

MR CHEONG-LEEN:—I rise to support this bill which is for the purpose of enacting into law a number of the more pressing recommendations of the Commission pending the introduction of a more up-to-date Telephone Services Bill to replace the present Telephone Ordinance.

In doing so I wish to raise two related points.

Firstly, it cannot be denied that the scale of telephone charges has an impact on the budgets of businesses, whatever the size, and of individual homes, and that this impact will affect more people as the demand for telephone service expands.

The users of more than one million telephones have had to pay an increase of 30% in telephone charges last year and are being warned to face up to the possibility of paying another 15% increase early next year.

However, the honourable the Acting Financial Secretary did say in this Council on 26th May 1976 that "as things stand at the moment, no firm assessment can be given as to the timing or the size of any future increase in rentals".

I am concerned as to whether Government is taking urgent steps to acquire the necessary staff in adequate numbers to monitor with credibility and reliability the financial and technical operations of the Telephone Company.

I would urge that whatever steps are being taken to strengthen the monitoring machinery within the Economic Services Branch of the Colonial Secretariat and the Telecommunications Division of the Post Office, such steps should be timely and urgently implemented.

Without adequate and qualified personnel who could monitor the technical and other efficiency of the Telephone Company's operations, the Government's power to refuse granting requests for rental increases would be severely restricted because of vital information coming to light only when it is too late.

Perhaps Government could clarify at this stage as to whether it is able, if such were thought necessary, to appoint financial or technical

consultants who are not Civil Servants to do an independent survey of the Telephone Company so that efficiency will be kept at a high level and profitability maintained.

My second point has to do with clause 4 of the bill which will enable the Governor to appoint not more than two persons to be additional directors.

I assume that one of the main purposes of such appointment would be to ensure that the Telephone Company operates at a high level of efficiency and under the forthcoming Telephone Services Bill within the permitted rate of return of 16% on shareholders funds.

Furthermore, under the new formula whereby 20% of the profits in excess of the 16% permitted return will be allocated to shareholders' funds, it would appear that if the Telephone Company operates efficiently it should be doing reasonably well for its shareholders.

I therefore pose the question as to whether Government should not from the point of view of public interest and public policy invest in the ordinary shares of the Telephone Company, which is a public utility and a franchised monopoly. This question is to some extent relevant since Government is abolishing the payment of royalty by the company with effect from January 1, 1976.

Speaking only from the point of view of profitability and leaving aside the aspect of efficiency—it would seem that Government has a creditable record for such Government monopolies as the Post Office, the Railway Service and the Airport.

I venture to suggest that in the light of such remarkable performance, Government might feel emboldened to acquire a suitable level of interest in the Telephone Company by way of ordinary shares.

Any income derived from such shares should help to offset the cost of monitoring by Government of the Telephone Company's operations, even though the income would not be specifically earmarked for such purpose, but would be put to use as seen fit by Government.

I think a limited interest in the company by way of ordinary shares should be considered, as Government would be seen more clearly in the public eye to have that much more reason to ensure that the Telephone Company operates at a high level of efficiency and a reasonable degree of profitability.

THE FINANCIAL SECRETARY:—Sir, I can assure my honourable Friend that steps are being taken by the Government to acquire the

[THE FINANCIAL SECRETARY]

**Telephone (Amendment) Bill—  
resumption of debate on second  
reading (9.6.76)**

necessary staff for the financial and technical monitoring of the operations of the Telephone Company.

On the financial side I can give yet another assurance that no further increase in telephone rentals will be sanctioned until the monitoring machinery has shown this to be fully justified within the provision of the scheme of control.

On the technical side, the Finance Committee of this Council will shortly be asked to approve new posts in the Telecommunications Division of the Post Office to strengthen the ability of the Postmaster General to keep the technical performance of the Telephone Company under constant review. If and when these posts are approved, steps will be taken to recruit to them as a matter of urgency.

So, in these circumstances, I see no need to appoint either financial or technical consultants from outside the Civil Service to carry out an "independent survey of the Telephone Company. But, in any case, such a survey has already been undertaken, and most thoroughly, by the Commission of Inquiry last year, and the Government has been guided by the recommendations of the Commission in making its dispositions for the future.

As regards my honourable Friend's second point, I can say that the duties of any Government directors appointed to the Board of the Hong Kong Telephone Company include both the efficient operation of the Company and the representation of the public interest. The operation of the scheme of control, as such, however, is the responsibility of the monitoring machinery within the Administration.

Turning finally, Sir, to my honourable Friend's unwelcome suggestion that the Government should acquire ordinary shares in the Telephone Company. In any conceivable circumstances the Telephone Company would remain and would still operate as a privately owned company. As with the bus companies, the Government is satisfied that it has sufficient legislative and other controls over the Telephone Company to ensure that it operates in the public interest while making at the same time a reasonable profit. The acquisition of ordinary shares by the Government would not increase that control.

*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).*

## **HOUSING (AMENDMENT) BILL 1976**

### **Resumption of debate on second reading (9th June 1976)**

*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).*

## **LANDLORD AND TENANT (CONSOLIDATION) (AMENDMENT) BILL 1976**

### **Resumption of debate on second reading (9th June 1976)**

*Question proposed.*

DR CHUNG:—Your Excellency, my comments on this bill will be very brief. My honourable Friend the Secretary for Housing in moving the Second Reading of this bill said, among other things, that there are many post-war domestic premises requiring improvements and in order to encourage landlords to do the improvements, they are allowed to increase the rent payable for these improved premises by 20 percent per annum of the amount expended on the improvements. The intention seems fair and good and deserves support although some people thought that the allowable rental increase of 20 per cent is high.

My honourable Friend then went on to explain what he meant by "improvement". He said and I quote: "The word 'improvement' includes structural alterations, extensions or additions, as well as the provision or replacement of fixtures and fixtures and fittings, but it does not include decorative or repair work." With respect, Sir, I think this definition of "improvement" is rather ambiguous and will create unnecessary arguments between landlords and tenants. This is because on the one hand, repair work is not considered, and rightly so, as improvement but, on the other, replacement of fixtures and fittings is included as

[DR CHUNG] **Landlord and Tenant (Consolidation) (Amendment) Bill—resumption of debate on second reading (9.6.76)**

improvement. In many instances, repair work does involve the replacement of fixtures and fittings. Such replacements of fixtures and fittings, I am sure my honourable Friend will agree, are certainly not improvements in the spirit of this bill. I therefore suggest that amendment should be made to the new subsection 55A(6) so that replacement of fixtures and fittings is not included in the definition of "improvement".

With this qualification, Sir, I support the bill before Council.

MR CHEUNG:—Sir, I intervene in this debate on only one point. As honourable Members know, most lettings in Hong Kong are in multi-storey buildings, and opinion among the tenants could differ as to what is and what is not an improvement. To encourage a landlord to expend capital on making improvements which a majority of his tenants desire, I suggest it would be equitable that rent increases be shared among all the tenants, and to that end I propose that where a majority of two thirds of the tenants consent to the making of improvements, they should be deemed to be necessary improvements. This, of course, would not preclude any particular tenant to dispute the amount of rent increase payable, but it would preclude him from contesting that the improvement was necessary.

SECRETARY FOR HOUSING:—Sir, I am grateful to my Unofficial colleagues for their suggested amendments to this bill. The proposal to allow rent increases where fixtures and fittings are replaced has drawn particular fire, and I am advised that it is not often regarded with much favour even by landlords. I will therefore move an appropriate amendment at the Committee Stage to delete this provision. I will also move amendments to provide that an improvement is to be deemed necessary under the proposed new section 55A(5)(a) of two-thirds of the tenants have given their consent in writing; also to allow landlords to aggregate qualifying expenditure over a period of six months; and finally to require copies of notices in all such cases to be sent to the Commissioner of Rating and Valuation.

*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).*

**HONG KONG AIRPORT (REGULATIONS) (AMENDMENT)  
BILL 1976**

**Resumption of debate on second reading (9th June 1976)**

*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).*

**WILD ANIMALS PROTECTION (AMENDMENT) BILL 1976**

**Resumption of debate on second reading (9th June 1976)**

*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).*

**ROAD TRAFFIC (AMENDMENT) BILL 1976**

**Resumption of debate on second reading (9th June 1976)**

*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).*

**EMPLOYMENT (AMENDMENT) BILL 1976**

**Resumption of debate on second reading (9th June 1976)**

*Question proposed.*

**Employment (Amendment) Bill—resumption of debate on second reading (9.6.76)**

DR CHUNG:—Your Excellency, most of the industrial employers in Hong Kong are already granting more than six holidays a year, apart from one rest day every week. However, not most of the industrial employers are paying their hourly-rated, daily-rated or piece-rated employees for more than the present six paid statutory holidays. Therefore, provided there is proper choice of the additional four paid statutory holidays, there should not be any adverse effect on industrial production. The only consequence is the increase of wage bills by about 1.3 per cent. Since the number of paid holidays for these industrial workers in Hong Kong is less than that in some countries of this region, I am glad to give support to the proposed increase in the "number of paid statutory holidays from six to ten.

However, I note that there is controversy on the choice of these additional paid statutory holidays and in particular the alternative holidays of the first weekday in July or the first Monday in August as proposed in the new section 39(1)(f). I think it is desirable that the choice of paid statutory holidays for industry should be meaningful and useful to the majority of industrial workers. The two alternative general public holidays in July and August have little meaning in industry. If it is not possible to find a common meaningful holiday for all industrial workers, we should at least try to achieve flexibility for different trades.

I therefore suggest that we should have one floating paid statutory holiday to be designated by the industrial employers in advance. For examples, those employers in the construction industry would probably choose the Lu Pan Festival (魯班誕) and those in the fishing industry the Tien Hau Festival (天后誕) for their floating statutory holiday.

Similarly, some of the employers in the electronic industry in which most of their work force are young girls, may well pick the Seven Sisters Festival (七夕) and many of the employers in men-dominated industries could prefer the International Labour Day on the 1st day of May.

Sir, I believe such a flexibility of choice would enhance the meaningfulness and usefulness of the paid statutory industrial holidays and therefore earnestly hope that my honourable Friend, the Commissioner for Labour, will be receptive of this suggestion.

With this proposed change in the new section 39(1)(f), Sir, I have pleasure in supporting the bill.



MR JAMES WU:—Sir, I wish to speak in support of my senior Member, Dr the Honourable S. Y. CHUNG, for his proposal that out of the proposed additional four paid statutory holidays, one of them be a floating holiday to be designated by the employers in advance in lieu of the suggested first week day in July or August. Sir, my honourable Friend the Acting Commissioner for Labour had make known to this Council the concern of industrialists about declaring a statutory holiday in July or August in that at this time factories manufacturing for shipments for Christmas to North America and Europe normally go flat out and indeed everyday counts, particularly at a time when as in today severe labour shortage prevails. It is quite possible that we could be losing three to five per cent of our shipment value of goods for the season and in addition be liable for penalties arising from not being able to ship on time the required quantities. I can also understand if workers on piece rate would not welcome a paid holiday in July or August when otherwise they could be earning two or three times as much as compared to a straight daily wage. Honourable Members might also remember that several months ago a leading English newspaper questioned in an editorial the justification of a holiday on the first week day of July and/or August. Sir, I have admiration for Dr CHUNG's resourcefulness in thinking up the alternative holidays of relevance to various groups of employees. I also venture to suggest that other days during the festive season might also be added to the list as work is generally more relax during such time. Sir, with these remarks, I support the motion.

MR HENDERSON:—Sir, I was under the impression that we already have a floating holiday normally referred to as Dragon Boat day. (*laughter*) However, I readily agree with my honourable Friend Dr CHUNG that the first weekday in July and the first Monday in August are not meaningful to the vast majority of the population. I had originally included them because they fell within the long summer months and by use of the substitute holiday arrangement, it meant in practice that there was a span of five months in which a paid statutory holiday could be taken. This seemed to me to provide what I might term a hot summer "float".

However, if the general feeling is that it would be more useful to have a holiday that is meaningful to particular groups and industries to be taken at any designated time during the year rather than to escape the summer humidity, I have no real objection in principle to this concept.

[MR HENDERSON]      **Employment (Amendment) Bill—resumption of debate on second reading (9.6.76)**

My problem however would be to ensure that a floating holiday does not entirely float away from the employees' calendar. I do not wish to be regarded as an illusionist subscribing to the principle "Now you see it—now you don't". The floating holiday must not only be seen, but be given and enjoyed.

The problems therefore are largely legislative and administrative as to how the floating holiday may be safeguarded from sinking. It seems to me initially that the principle safeguards would need to be—

- (i) that employer would need to inform his employees the date to be designated, and the wise employer would consult his employees before so doing.
- (ii) that employees must be informed before or at the beginning of the calendar year the date to be designated.
- (iii) that all new employees coming into the undertaking during the calendar year must be informed of the date that has been designated.
- (iv) that it would be difficult to allow the normal substitution arrangement to apply to the floating holiday.
- (v) that there must be a fall-back position, in cases where employers fail to designate a holiday either through omission, or because there is no strong feeling about a particular day, or no agreement can be reached on which day should be designated. Then I think employees must be entitled to a generally fixed day, the first week-day in July or the first Monday in August as originally proposed.

Now, such conditions may require some rather careful and difficult drafting and I am hopeful that my honourable colleague the Attorney General and his staff will be equal to the task. But I think I must be satisfied that the floating holiday can be made legally binding and enforceable. If this can be done satisfactorily, I will consider proposing the appropriate amendments at the Committee Stage. If not then I feel the bill should be passed in its present form, which has such general support except the differing views on one of the particular holidays 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).*

### **Committee stage of bills**

Council went into Committee.

#### **WIDOWS AND ORPHANS PENSION (INCREASE) BILL 1976**

Clauses 1 to 5 were agreed to.

#### **CREDIT UNIONS (AMENDMENT) BILL 1976**

Clauses 1 to 4 were agreed to.

#### **TELEPHONE (AMENDMENT) BILL 1976**

Clauses 1 to 8 were agreed to.

#### **TOWN PLANNING BOARD (VALIDATION) BILL 1976**

Clause 1 and 2 were agreed to.

#### **HOUSING (AMENDMENT) BILL 1976**

Clauses 1 to 7 were agreed to.

#### **HONG KONG AIRPORT (REGULATIONS) (AMENDMENT) BILL 1976**

Clauses 1 to 5 were agreed to.

#### **WILD ANIMALS PROTECTION (AMENDMENT) BILL 1976**

Clauses 1 to 3 were agreed to.

**ROAD TRAFFIC (AMENDMENT) BILL 1976**

Clauses 1 and 2 were agreed to.

Council then resumed.

**Third reading of bills**

THE ATTORNEY GENERAL reported that the  
Widows and Orphans Pension (Increase) Bill 1976  
Credit Unions (Amendment) Bill 1976  
Telephone (Amendment) Bill 1976  
Town Planning Board (Validation) Bill 1976  
Housing (Amendment) Bill 1976  
Hong Kong Airport (Regulations) (Amendment) Bill 1976  
Wild Animals Protection (Amendment) Bill 1976  
Road Traffic (Amendment) Bill 1976

had passed through Committee without amendment and moved the third reading of each of the bills.

*Question put on each bill and agreed to.*

Bill read the third time and passed.

**Unofficial Member's Bill****First reading of Bill****THE HONG KONG GENERAL CHAMBER OF COMMERCE  
(AMENDMENT OF MEMORANDUM) BILL 1976**

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

**Second reading of Bill****THE HONG KONG GENERAL CHAMBER OF COMMERCE  
(AMENDMENT OF MEMORANDUM) BILL 1976**

MR WILLIAMS moved the second reading of:—"A bill to authorize The Hong Kong General Chamber of Commerce to amend clause 4 of its Memorandum of Association."

He said:— Sir, the purpose of this bill is fully explained in the explanatory memorandum. At present, clause 4 of its Memorandum of Association provides that the funds and business of the Chamber shall be managed and carried on by the General Committee, the members of which shall all be British and members of British firms. Seeing that the membership of The Hong Kong Chamber consists of over 30 different nationalities, this limitation is considered out-of-date and the purpose of this bill is to remove this restriction on the membership of the General Committee.

*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 bill**

Council went into Committee.

### **THE HONG KONG GENERAL CHAMBER OF COMMERCE (AMENDMENT OF MEMORANDUM) BILL 1976**

Clauses 1 to 4 were agreed to.

Council then resumed.

### **Third reading of bill**

MR WILLIAMS reported that the Hong Kong General Chamber of Commerce (Amendment of Memorandum) Bill 1976 had passed through Committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill 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 7th of July 1976.

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



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