

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 10 November 1977****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 CHIEF SECRETARY
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
MR DAVID GREGORY JEAFFRESON, JP

THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR LI FOOK-KOW, CMG, JP

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 DAVID GREGORY JEAFFRESON, JP
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR HOUSING

THE HONOURABLE GARTH CECIL THORNTON, QC
SOLICITOR GENERAL

THE HONOURABLE EDWARD HEWITT NICHOLS, OBE, JP
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE THOMAS LEE CHUN-YON, CBE, JP
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, JP
SECRETARY FOR THE ENVIRONMENT

DR THE HONOURABLE THONG KAH-LEONG, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, JP
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE PETER BARRY WILLIAMS, JP
COMMISSIONER FOR LABOUR

THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, JP
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, JP
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE WILLIAM DORWARD, OBE, JP
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS (*Acting*)

DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP

THE HONOURABLE LEE QUO-WEI, CBE, JP

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE JAMES WU MAN-HON, OBE, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE LI FOOK-WO, OBE, JP

THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP

DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP

THE HONOURABLE MRS KWAN KO SIU-WAH, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE CHEN SHOU-LUM, JP

DR THE HONOURABLE HENRY HU HUNG-LICK, OBE, JP

THE HONOURABLE LEUNG TAT-SHING, JP

THE REV THE HONOURABLE PATRICK TERENCE McGOVERN, SJ, JP

THE HONOURABLE PETER C. WONG, JP

THE HONOURABLE WONG LAM, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

ABSENT

THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP

THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP

THE HONOURABLE LO TAK-SHING, OBE, JP

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE LYDIA DUNN, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR STEPHEN TAM SHU-PUI

Motions**Address of thanks****Resumption of debate on motion (9 November 1977)**

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS (ACTING):—Sir, this is a particularly difficult time to speak on the condition and prospects for the textiles and clothing industry. Honourable Members are all too aware, as witness their many expressions of concern in this debate, that the situation is fluid and, in some respects, worrying.

Before I attempt to deal with the specific subject uppermost in our minds, the state of the negotiations with the EEC in Brussels, let me very briefly sketch in the rest of the picture.

After boom conditions in 1976, when the restocking of North American and European inventories run down in the depressed years of 1974 and 1975 brought a growth in textile and clothing exports of 40%, the current year saw a sharp reversal of the trend.

For the greater part this was due to market conditions, not trade restrictions. Over-optimism by buyers and a slackening of consumer demand left substantial unsold stocks on German and British shelves and caused a downturn in exports to these markets of 22% and 23% respectively in the first nine months of 1977 when compared with the same period in 1976. Demand was fairly slack also in the US, although overall the quota utilization figures are running about the same as last year and in value exports to the US are up by about 18 percent.

An exception to the rule that it was market conditions and not restrictions which caused the decline in exports was in the case of Canada. In November 1976 the Canadian Authorities imposed global limits on imports of clothing; and in the process unilaterally abrogated two agreements with Hong Kong. This action has resulted in a 33% reduction in clothing exports to Canada in the first nine months of 1977.

As I speak, a Hong Kong delegation is in Ottawa to examine tentatively the possibility of a new bilateral agreement from July 1978 should the Canadian Government decide to remove its global import restrictions. With past experience in mind, one condition Hong Kong will certainly seek in any such agreement is an undertaking by Canada that it will be allowed to run its course and will not be arbitrarily terminated by one party.

In the other major market where widespread import restrictions are in force, Australia, there is regrettably little sign of the Government dismantling the controls despite a firm recommendation to do so by the officially appointed Industries Assistance Commission.

After protracted negotiations in the summer, we reached a new five year agreement with the United States to run from the 1 of January 1978. Although no one pretended at the time that this agreement was all it might have been, particularly having regard to the sharply reduced growth rates for some major categories, it nevertheless was negotiated in a fair and business like way, and provides the trade at this stage with a substantial area of certainty in an otherwise cloudy situation. Business circles report, furthermore, a marked quickening in demand for 1978 deliveries to the American market.

And now the EEC. As Honourable Members are aware, negotiations in Brussels have been going on, formally and informally, for nearly five weeks. They have not been easy. On this occasion the problems flowed not only from what we saw as a wholly unreasonable, I might even say punitive, attitude toward the trade which we have legitimately developed over the years, much of it under long standing quota restrictions; in addition we found the EEC had adopted internally some positions and concepts which, when we came to examine them in the negotiating room, proved unclear, impractical or inadequately developed.

The initial position adopted by the Community, indeed the one they have adhered to without movement in all of these weeks, was that the critical state of the EEC textile industry was such that nothing short of a 'stabilization' at 1976 import levels would accord the protection needed to avoid further damage.

There has always been an element of inconsistency in that position, for it has been quite clear that the 'stabilization' measures were envisaged as being applied only to certain suppliers and not others. And indeed in some significant instances, including the case of Hong Kong, to suppliers whose exports were and had been for years subject to restraints within limits agreed by the EEC.

For the so-called dominant suppliers, moreover, some further penalties were envisaged. This was in accordance with the novel concept that they

should, in recognition of the fact they had been 'allowed' to achieve a dominant market position in fair and open competition, make 'sacrifices' so that the EEC could generously assist the small and late developing suppliers by sharing out to them the trade which the dominant suppliers, including Hong Kong, agreed to give up.

The outlaws of Sherwood Forest have gone down in legend because they robbed the rich and gave to the poor; but I doubt if a practice whereby the rich asked the relatively poor to make sacrifices on their behalf to help the relatively poorer would have appealed even to Robin Hood.

It is this concept which has prevented the conclusion of an agreement after five weeks of effort. It became apparent to us a week ago that the negotiations had reached an impasse and, with an awareness of the wider implications both good and bad, Hong Kong decided to make a single, significant step to try to meet EEC preoccupations about 'stabilization' so that the trade, already suffering from uncertainty and speculation, could get back into a settled situation.

This step involved, for us, the acceptance of some very unpalatable conditions. For the most sensitive categories in which Hong Kong is a dominant supplier we agreed to accept as limits for 1978 the level of EEC imports in 1976. This was a major departure from the principles in the Multi-Fibre Arrangement that quotas should never be set at less than the quota limits for the previous year.

We also agreed to the EEC proposal of a five year agreement, despite its disadvantageous nature.

We accepted EEC proposals on growth rates, although some were very low—especially bearing in mind the 1976 base.

We offered to bring under surveillance all the products which the Community wanted under surveillance.

In the process we warned of the utter chaos which would ensue unless the EEC withdrew its demands that a whole new and still evolving system of categorization of products should replace the long established one well-known to and understood by businessmen and officials.

But most important, we refused to agree that the EEC had the right to make an arbitrary redistribution of our trade to other suppliers.

This major concession on our part was, however, rejected solely, and I repeat solely, on the grounds of our refusal to agree to the additional cutbacks.

The next stage was a press release by the Community on 8 November in which they indicated that their offer made on 26 October—identical in essential elements to that made right at the start and slightly worse in some other respects—remained on the table for the moment. But as far as they were concerned the negotiations were suspended indefinitely. This statement was made without our knowledge or concurrence.

That is effectively where matters stand. As at this moment our delegation is having a well-earned day off in Europe and, depending on certain communications which may be received within a matter of hours, it is probable they will return to Hong Kong in a day or two. If and when they do, however, this will not represent a break-off on our part. The delegation, including our unofficial advisers on the Textiles Advisory Board to whom I would like to pay sincere tribute, is in need of rest after five weeks without a break. Personal reporting will usefully supplement the yards of written exchanges which have passed between here and Brussels in that time. And there is always the hope that a breathing space will also enable the EEC to reappraise the major concessions which we have proposed and see the benefits they hold for the achievement of their own ends. But while we shall be ready to go back the moment it seems any progress can be made, there seems little point in our delegation kicking its heels in Brussels in the meantime.

I do not pretend, Sir, this situation is even remotely satisfactory, nor that it does not still hold serious dangers for a trade already bedevilled by uncertainty. But it is not a problem of our making, nor is its solution in our hands. We are not alone in this situation, however, and there are many in Europe and elsewhere who see the risks it holds and are working for a resolution.

I had hoped this statement might be more precise and informative, but I am a victim of timing and must merely say that I hope we shall have more positive news within a matter of days.

Before I close, let me recall some of the words spoken in this debate by my honourable Friend, Miss Lydia DUNN, who is at this moment in Brussels with the other members of the Textiles Advisory Board who have been assisting the Hong Kong delegation. She said and I quote: 'Amidst all this topical discussion about diversification we must be realistic; no matter how successfully we may pursue a policy of diversification, there is no possibility of the dominant role of the textile industry being more than marginally replaced in the short term'. Miss DUNN also said that the durability of the relative importance of the textile industry in our greatly enlarged economy was a matter of pride and not regret; and that despite rising protectionism we should not write it off.

I think, Sir, these words point up a simple truth which has often been lost in the atmosphere of concern and uncertainty generated by the recent behaviour of the EEC. Hong Kong did not become the world's largest exporter of clothing by accident. Rising costs, changing parties, growing competition and the threat of protectionism are nothing new, although admittedly some of these elements may be present in an unusually extreme form at this time. But as you, yourself, said, Sir, recently, even if the EEC was to do the worst it had threatened it would be a blow, but not a mortal one. The greatest danger lies in ill-considered actions by great powers which may trigger a downward spiral of protectionism and retaliation; but that unhappy eventuality would have implications for the world economy far beyond Hong Kong and its textile industry.

Sir, on that somewhat gloomy note, I support the motion.

SECRETARY FOR HOME AFFAIRS:—Sir, in response to the remarks by Mr Hilton CHEONG-LEEN and Mr Alex WU on culture and the arts, I would like to outline briefly what Government and the Urban Council are doing in this field.

In recent years, the Urban Council has done a lot to popularize the arts and bring them within reach of the greater majority of our community. It has also been sponsoring and promoting cultural performances and art exhibitions both in the City Hall and in more modest venues. In addition, the Urban Council has for the last two years organized the Festival of Asian Arts and this year introduced the Asian Film Festival. At the same time, the Professional Chinese Orchestra and the Chinese Repertory Theatre are receiving grants from the Urban Council.

On the other hand, Government has been promoting artistic and cultural activities particularly in the New Territories, school-based arts and events significant for Hong Kong's image. With these objectives in mind, Government continues its efforts toward the promotion and development of the arts. Both the Hong Kong Arts Festival and the Hong Kong Philharmonic Society now rely heavily on both Government and the Urban Council for financial assistance. The Arts Centre, which Government has assisted not only with a land grant but also by acting as guarantor for a substantial bank loan, has recently opened its doors, thus providing more and better facilities for the arts.

In addition to making more funds available, the Government is also taking a greater interest and playing a more active role in the work of these organizations. Government representatives have been elected on to the Committees of the Hong Kong Philharmonic Society, the Hong Kong Arts Festival Society and the Arts Centre, and as a result there is a much closer relationship between these organizations and the Government when considering plans to promote and develop the arts in their respective spheres.

Apart from these more formal arrangements, staff of my Branch are in close and constant liaison and consultation with these organizations as well as the Urban Services Department. However, I agree with Mr CHEONG-LEEN and Mr Wu that there is a need for closer co-ordination. Accordingly, I shall discuss with the interested parties concerned to ascertain how best to achieve better co-ordination and greater co-operation in our efforts to promote and develop the various services.

Within Government itself increased efforts are seen in many ways. Radio Television Hong Kong is broadcasting an increasing number of concerts from the Hong Kong Philharmonic Orchestra as well as other performances staged in the City Hall and elsewhere. Its own Lung Cheung Chinese Opera Group has been maintained and improved and has given many hours of entertainment to the public, especially in public housing estates and other high population density areas. Its television productions too have attained a very high standard and two episodes of the 'Below the Lion Rock' series have won international awards.

Sir, this year also saw the sending of the Hong Kong Silver Jubilee Company on a tour to the United Kingdom. The Company gave 18 performances in 10 major cities in the United Kingdom during their month long stay there. This tour was mainly financed by the Government, although some private donations were received. The generally very good and encouraging reviews which the Company received in the United Kingdom have done much to promote our cultural image overseas and will no doubt help to stimulate more interest in the performing arts and at the same time be a great encouragement to our youngsters to take a more active part in this field.

The School Music and Speech Festivals which attracted some 50,000 participants last year have been a success for many years. They are invariably well supported and show an ever improving standard. Government will continue to give the Festivals the fullest support and encouragement. Government is keen to develop further the musical talent which clearly exist among our youngsters in schools, as it is in this sector where the greatest interest lies and where the potential is highest. Yesterday, the Director of Education mentioned that a Music Administrator and a Music Consultant have recently been appointed to work out a scheme to develop the skills of our young musicians and that this scheme is being given a much welcome boost by the very timely donation from the Royal Hong Kong Jockey Club to establish a Music Fund. I am sure these efforts will go a long way to develop a greater appreciation and wider participation in music among young people and will offer better and increased opportunities for our young musicians to receive proper training whether locally or abroad.

Our assistance to make better training facilities and opportunities available is not confined to the Instrumental Training Scheme in schools. Recently a substantial grant has been made to the Hong Kong Conservatory of Music

from a Special Fund, established by an anonymous donor, to enable this voluntary organization to set itself up in the Arts Centre. The Conservatory is now drawing up plans for its future development and I hope it will soon be able to provide good training facilities for our young and promising musicians.

Sir, Mr Alex WU has pointed out that we need to train people at all levels if we are to make the best use of resources at our disposal in developing and promoting culture and the arts and has called upon Government to start planning an Academy of the Arts. I hope I have convinced him from what I have outlined that the Government has already made a start, in providing training opportunities and facilities for our young musicians. The demand and interest in the other performing arts are not quite so evident and it would be prudent to tackle first things first. However, I agree with Mr WU that there may be a need for establishing an Academy of the Arts in future; and indeed this should be our long-term aim. But the immediate task before us is to push ahead with the various training schemes on music—an area where there is wide and established interest and where talent is not lacking.

Sir, may I now turn to say a few words on the subject of Services for Youth. Mr Hilton CHEONG-LEEN and Dr Henry Hu both referred to personal services for young people and urged the Government to bring these all under one umbrella. The problems relating to this suggestion were fully explained by my predecessor in his speech to this Council in April last year. I see no reason to change the basis for Government planning, that is, services related to functions; for example, housing, education, recreation rather than on the basis of services for age-groups. Some services are, of course, specially related to one age group, hence the programmes for the elderly and for the development of personal social work among youth; but generally services are provided for the community as a whole. Parks, hospitals, roads, flats, swimming pools, buses—all these serve the community at large, though they also obviously benefit our young people as well.

Advisory committees already exist to keep an eye on the provision of most of these services; for example the Council for Recreation and Sport, the Board of Education and the Social Welfare Advisory Committee. If an Advisory Committee on Youth Services were to be set up, as advocated by Mr CHEONG-LEEN, there will certainly be some duplication of efforts and this might indeed create confusion.

Sir, I support the motion before Council.

SECRETARY FOR ECONOMIC SERVICES:—Sir, I would like to answer very briefly the point Mr Alex Wu made on the development of Hong Kong as an international trade and industrial promotion centre. What my honourable Friend was after was a resurrection of the proposal to build a trade exhibition centre. He considered that Hong Kong's trade was inhibited by the lack of

exhibition or trade fair facilities. He would like to see Hong Kong developed as a trade fair centre for the Far East.

As my honourable Friend said, there was indeed a proposal some 10 years ago that the Government should build a combined indoor sports stadium and exhibition and convention centre as part of the Hung Hom complex. But in 1967 the Government decided to proceed only with the railway station and the indoor stadium. The primary reason for this was the overall cost, then estimated to be in the order of \$60 million excluding the station. The Government concluded that priority then had to be given to recreation, sports and youth activities, and thus since it could not afford the whole project, only the indoor stadium should be built in addition to the station.

Mr WU has asked that the Government should re-examine the possibility of providing an exhibition centre. The short answer is that we already are. The Commissioner of Industry and Customs has been gathering material to support his view that an exhibition centre is greatly needed and would be widely used. And in this context we must not forget that an adequate exhibition centre would not be inexpensive. We must be quite sure that the demand for it really is there and that the centre would be viable. Meanwhile, the site reserved for the exhibition centre in the 1960s, is still available.

Sir, I support the motion.

SECRETARY FOR THE NEW TERRITORIES:—Sir, in Your Address to this Council on 5 October, you referred to the changes that have taken place in the New Territories in the last twenty years. Twenty years ago the change from a settled and primarily agricultural community had just begun; now, for one reason or another, almost the entire face of the New Territories has altered. During this 20-year period, development and construction, expansion of towns and provision of facilities for an increased population took place largely in response to various economic and social pressures, and lacked co-ordination and conscious planning. This approach was dictated by circumstances, but it often resulted in imbalance, and an under-provision of facilities to which Your Excellency referred. There is now a much more conscious and systematic approach to development and to the needs of the New Territories: we have endeavoured to identify deficiencies and are either in the process of making them good, or they have been taken into account in a carefully adjusted development plan.

Naturally the focus of effort is concentrated in the expanding new towns and the older market towns, but it should be borne in mind, that here, just as elsewhere in the world, facilities in the towns serve a much larger rural catchment.

I would like to give Members a brief idea of the scale and comprehensiveness of the programme of development that we have embarked upon.

In the last two years, ten primary schools were built in Tsuen Wan and two in Sha Tin, in order to provide enough primary places for all children of primary school age. During the same period two secondary schools were opened in Tsuen Wan and a further secondary technical school will be completed there by the end of this year. In Tuen Mun, the Marden prevocational school, which will provide places for 1,000 primary school leavers, will open in December; in Tai Po a secondary school was opened earlier this year and another was recently completed at Tai O, on Lantau. Perhaps these figures do not seem particularly striking until I add that, in order to provide three years of secondary education for all primary school leavers, in the next two to three years twenty-one secondary schools are to be constructed in Tsuen Wan, eight in Sha Tin, and six in Tuen Mun. Tai Po, Sai Kung and Lantau will each have a new school and Yuen Long will have two.

The improvement and expansion of local medical facilities is of particular interest to the people of the New Territories, and a matter for which they are continually pressing. Apart from the clinics and hospitals mentioned by you, Sir, in Yuen Long, the Pok Oi Hospital has been upgraded to a District Hospital and its service and usefulness have been greatly improved; it now provides a 24-hour casualty service for residents living in the central and northern parts of the New Territories; plans to increase the size of the hospital by 200 beds are well in hand. The Pok Oi Hospital has also now been placed on a deficiency grant basis, removing from the local community the considerable anxiety each year of failing to meet their fund-raising target and thus being unable to meet their commitment to the hospital and the community. In Fanling, work should start in the New Year on improvements to the local hospital that will lead to an increase of 50 beds; and approval has been given for the Yan Chai Hospital in Tsuen Wan to be enlarged by an additional 50 beds.

The construction of town halls in each of the three new towns is a development of far-reaching significance, not only in the lives of the people of the New Territories but for the whole of Hong Kong. In addition to the town halls, community centres are to be provided in each of the new towns for each 100,000 people and almost every housing estate will have a smaller community hall. But things are happening elsewhere outside the new towns. In Yuen Long, the town hall is already a focus for local interest and pride, and now we are examining the possibility of providing an improved air-conditioned auditorium in conjunction with the building of a secondary school. In Sheung Shui plans for the community centre, which is in the Public Works Programme, are well advanced. The next two years therefore should see the people of the northern New Territories provided with their own air-conditioned auditoria for local concerts and other activities.

Last month a new library was opened in Tai Po. This month an interim library will open in Sha Tin, by the end of the year another will open in

Sheung Shui; next year a library will open in Tuen Mun and another in Kwai Chung.

As for active recreation, existing facilities are either being currently improved or planning is well advanced on the future construction programme. I can mention today only a few examples to illustrate the wide geographical distribution of these plans. Sai Kung, which at present lacks a football pitch, should have a fully-equipped sports-ground by 1980. At Tai O on Lantau and at Cheung Chau, playgrounds are already under construction. The Kwai Chung Sports Ground, to be completed next year, will have mini-soccer pitches, basket ball courts, a football pitch and a running track. At Castle Peak it is unfortunate that the beaches will, in the longer term, be affected by reclamation and development: it is therefore important that we get on with replacing what is to be lost; thus in addition to opening up new beaches around the Castle Peak headland, a swimming pool complex of eight pools is planned for completion in 1980-81. The Fanling swimming pool will open next year and work has started on the site of the Yuen Long swimming pool. In the new towns the list of projects is too long to relate, but to give an indication let me say that there are fifty-one projects for the development of open space in Tsuen Wan in the next three years.

I have chosen only a few items—a sample—to illustrate the comprehensive effort now being made. Clearly standards of provision must vary with the locality and size of population, and I agree with Mr Charles YEUNG that we must not neglect our smaller towns. I hope what I have said demonstrates that we are not doing so. Meanwhile outside the towns the programme of Local Public Works continues; expenditure on these minor local improvements in the rural areas has amounted to \$20 million in the last five years. This year, at the suggestion of the Heung Yee Kuk, a village lighting programme has begun and fourteen villages will have street lights before the year is out. I plan a greatly increased programme next year.

Sir, the proposal you made in Your Address to form District Advisory Boards in each of the seven administrative districts of the New Territories has not unexpectedly aroused public interest and discussion in the New Territories, particularly by the Rural Committees and the Heung Yee Kuk. Mr Charles YEUNG in his support for the motion before Council has also drawn attention to the need for a careful delineation and explanation of the powers and functions of the Advisory Boards. I would first of all like to make it quite clear that the Advisory Boards will cover the Government Administrative Districts of the New Territories and will not interfere in the affairs of individual Rural Committees, and the terms of reference for the Advisory Boards will make this clear. While the Rural Committees will continue to safeguard the traditional rights and customs of the indigenous inhabitants, I am sure that most would agree that the scale of the development programmes everywhere in the New Territories, to which I referred earlier on, and the increase in population that has already taken place, the

population of the New Territories will double between 1976 and 1986. All these things make it most important to obtain advice from a broad spectrum of the people on what is being done in the Districts and what needs to be done; and also to guide the activities of Government's specialist organizers in various fields. Unless we can create a sense of involvement and participation, we run the risk, at best, of sterile spoon-feeding, and, at worst, of total lack of response and misdirected effort. I hope, therefore, shortly to announce the appointment of Advisory Boards in all the Districts of the New Territories.

Sir, you said in Your Address that the time is ripe for fresh thinking on the subject of the method and rates of compensation for resumption of agricultural land. This is something that has been the subject of an almost continuous dialogue between my predecessors, myself and the Heung Yee Kuk for a great many years. Changes and adjustments have been made, but the scale of resumptions being implemented and required during the next few years to provide land for development suggests, most strongly, that a fresh look needs to be taken at the whole question of compensation for land resumed and the land exchange system, which is under a severe strain from the scale of resumptions and the extent of the requirement for land for public purposes. Perhaps I could illustrate this by saying that resumptions this year amount to something in the order of 16 million square feet. With this in mind therefore, it is proposed to appoint a joint working group specifically to make recommendations to you, Sir, on how, in future, we should tackle this question. It is proposed that the Working Group would be composed of four Heung Yee Kuk representatives, three Members of this Council, one other member and two Government officers with particular knowledge of the New Territories and land resumption problems and procedures. I am very glad to announce that Sir Yuet-keung KAN has agreed to accept the task of Chairman of the Group, which I hope will get down to work as quickly as possible.

Mr Charles YEUNG also referred in his speech to the particular problems of clearance in Sha Tin. The existing shops, restaurants and stalls that make up Sha Tin Market were built either on leased agricultural land or on Crown land. We are building a new town and it would be quite inappropriate to repeat the temporary expedients of the past. However, because of the long standing goodwill that the shopkeepers have built up, the compensation arrangements for the removal of the market are being made the subject of a special study.

In general, Sir, and in reply to Mr YEUNG, I will repeat what I have said previously in this Council, that we are very mindful of the upheaval and disturbance caused by the processes of development, the patience and cooperation of the people is as remarkable as it is admirable: it springs, I believe, from the realization of the great promise for the future that is inherent in the construction that is everywhere taking place and whose far-reaching

nature and abundant provision to meet the needs and aspirations of the people I have indicated today.

Sir, I support the motion.

DIRECTOR OF PUBLIC WORKS:—Sir, in Your Address you referred briefly to the massive programme of public works and communications.

Put in simple financial terms the Programme involves expenditure of over \$6 *billion* over the next three years, with further commitments beyond this period in the order of \$12 *billion*. But figures alone, no matter how staggering, cannot convey a clear picture of the magnitude, immense scope and complexity of the Programme; for this, it would be necessary to examine the composition of the Programme in detail. I can give some idea of what is involved by mentioning just a few of the major projects.

A very important section of the Programme provides for a developing *road network* including the Ap Lei Chau Bridge, the Aberdeen Tunnel, the Eastern Corridor on Hong Kong Island, the Second Lion Rock Tunnel, the full six lanes of the Tuen Mun Road and the first leg of the New Territories Trunk Road from Sha Tin to Tai Po.

High on the list of items in the Programme are the many *land development* projects. In Aberdeen, Western District and Cheung Sha Wan extensive reclamation projects are under way; in Shek Wu Hui in the New Territories, engineering works are starting on the site of the former tanneries to provide areas for public housing, and similar schemes are under way in Yuen Long, on Lantau and Cheung Chau and in Sai Kung; and land for the first industrial estate is being formed at Tai Po. But by far the most spectacular developments are taking place in the three new towns of Sha Tin, Tuen Mun and Tsuen Wan, where land is being formed and serviced on an unprecedented scale to provide the basic infra-structure for the development of these new towns.

Every bit as important are the *building* projects spread throughout Hong Kong that complete the infra-structure. Some of these will create improved facilities for the community as a whole—for example the two technical institutes being built in Kowloon, both of which have attracted substantial donations, and the Hung Hom Sports Stadium; others will bring advantages, just as apparent, but designed to meet the needs of specific areas—for example, the general hospital in Sha Tin; the town centres to be provided as a focus for the community at an early stage in the development of Sha Tin and Tuen Mun New Towns; and the first of five dental clinics for school children to be built at Morrison Hill. The Programme also includes a large number of projects, often taken largely for granted, but which are vital for the well being of the community. For example it includes an extensive sewage treatment system for north-west Kowloon, a controlled tip for refuse disposal at Junk Bay, salt water flushing systems for Chai Wan and south

Kowloon, a prison at Shek Pik and many other similar projects which may not attract the limelight but which nevertheless, would give rise to enormous problems if they were not provided.

Finally, there are the massive *water supply* projects such as the High Island Scheme where water is already being impounded while the work of raising the dams to their designed height continues.

Taken separately, each item in the Programme contributes to the implementation of our many aspirations: taken as a whole, the Programme forms the basis for the social and economic infrastructure on which our future prosperity and the quality of our lives depend. It is a tremendous undertaking in terms of money, resources and effort, and it should not be too surprising if progress sometimes falls short of expectations.

In this context, Members will recall that for the past two years, we have underspent on public works. I commented at length on the subject in this Council earlier in the year, and I do not intend now to repeat the various reasons for underspending. Instead, let me look ahead to our spending performance this year. Working in our favour has been the unusually dry weather which has enabled works to proceed with fewer than normal interruptions due to rain. We have had substantial increases in staff of the Public Works Department over the last few months and although we are still more than 11% below approved establishment the effect of the staff increases is now beginning to show. On the other hand, the increasing load being placed on the construction industry, not only by the Government, but also by the Mass Transit Railway and the private sector, is giving rise to a noticeable shortage of workers in the construction industry, and this is resulting in increased wages, increased cost and in many cases delays in progress of projects.

At this stage in the year it is still not easy to forecast with precision what we will actually spend on Public Works in 1977-78. Some shortfall in planned expenditure is expected but productivity has increased and performance figures will be very much better than in recent years.

Sir, I support the motion.

SECRETARY FOR THE ENVIRONMENT:—Sir, as I rise to speak this afternoon in this debate I find myself in the somewhat unusual, might I even say liberating, position of being able to avoid such specific, even if fascinating, subjects as buses, taxis, computers, and even rats.

The general theme of what I have to say relates to planning. Despite the myths which have been spread around to the contrary, the Hong Kong Government is a planning Government and the speech just made by the Director of Public Works has provided a vivid illustration in concrete terms of what I mean by planning Hong Kong style. In contrast to certain other

governments, we seek to plan in specific areas which clearly fall within the ambit of any government in a modern society—the public sector obviously, but also such matters as land use and transport, but we do not attempt to impose Government planning in areas which properly belong to private initiative, acting through market forces.

Environmental Protection

Mr Hilton CHEONG-LEEN has raised the question of environmental protection in relation to a population of some 6 million in Hong Kong by 1990 at, I might add, a higher level of economic development. He urges the Government, in effect, to get on with it in a prudent way which takes account of our economic and social objectives. I can assure him that we are doing so. The consultants' final report has been received and endorsed by EPCOM and, on the basis of their recommendations, drafts of comprehensive environmental protection legislation are being prepared in consultation with industry and other interests. An Environmental Protection Unit is being built up within the Government to monitor the Hong Kong environment in all its aspects, to lay down standards and to advise the departments responsible for implementation. Subject to the approval of funds by the Finance Committee of this Council the staff of the Unit will gradually be expanded to perform these functions.

Science and Technology

Mr CHEONG-LEEN has also urged us and I quote his words, 'in all our bureaucratic *vigour*', and I underline the last word, to take another look at the idea of a Council for Science and Technology. Here I would remind him that, as a result of his previous eloquence on this subject—and I give him all due credit for it—we have only recently strengthened the Committee for Scientific Co-ordination by adding to it representatives from the Polytechnic, the Productivity Centre and the Federation of Hong Kong Industries and we need time to see how this is working out. Nevertheless, I promise to take another look at the whole question, in consultation with the Chairman of the Committee. I would emphasize, however, that what we want in this field is a body that can help us to tackle the practical problems that face us in applying science and technology in the areas where it is most needed in Hong Kong.

Land

Sir, both you, and Mr CHEONG-LEEN have referred to the Special Committee on Land Production. The Committee's interim report has just been published. It shows that the Government will be producing almost 3,000 hectares of newly formed land by 1981-82 and that this will include more than 600 hectares, that is over 1,500 acres or upwards of 60 million square feet, of industrial land over the five year period. This is much more formed land than has been produced in any comparable period in Hong Kong's history.

Beyond 1981-82 the rate of planned production of land in definite programmes will begin to fall off somewhat. So, the next task of the Government, aided by the Special Committee, will be to examine in greater detail than hitherto the possibilities for further land production on the mainland in the 1980s. Studies will also be undertaken by the Public Works Department of the development possibilities of the north of Lantau, including the engineering feasibility of constructing a replacement airport at Chek Lap Kok, in case it should later be decided to proceed with such a project. Apart from such a possibility, the main aim would be to provide additional land for industry on Lantau. Already sites on North East Lantau are being investigated for a new power station for the China Light and Power Company. This would provide 1,400 megawatts of generating capacity in its first stage, with room being provided later for an additional 2,000 megawatts, and it is significant that the four generating sets in the first stage alone will provide almost as much capacity as all ten sets now installed on Tsing Yi. Finally, as regards communications, a consultancy will be commissioned in the near future to investigate, and provide detailed designs for, a road crossing, probably a bridge, between Lantau and the mainland. All this indicates that considerable efforts are now being made in planning new land production and the Government will continue to give high priority to these matters.

Transport

Sir, the Government recognizes that the problems of land production, land use planning and development cannot be considered outside the context of adequate transport and communications. No area of land can be properly developed without adequate transport links, and clogged roads and streets will slow down development and economic growth. It is for this reason that the Government is paying close attention to future transport planning and investment. Following the Comprehensive Transport Study prepared by consultants last year a Government Working Group is carrying out a detailed study of our future transport requirements and how they can be met. This will update our plans for new roads, the MTR and KCR, buses and other public transport, as well as traffic management schemes and controls. Hopefully, all this work will emerge in the course of next year in the form of a Transport White Paper and be the subject of debate in this Council. So I will not elaborate at this stage beyond saying that current and prospective plans for spending on roads, tunnels, and railways alone could well add up to as much as \$20,000 million i.e. 20 billion by the end of the 1980s, that is without any account being taken of expenditure by the privately owned transport operators. This is a formidable sum by any standards and, although I recognize the frustrations felt by many of the travelling public at the present time, these expenditures will do much to improve the situation in future years, particularly in relation to public transport. We have to recognize, however, that Hong Kong is one of the world's most densely populated cities and that, try as we may, the task of keeping the population moving in the face of growing transport demands will be a never ending one.

Compensation

I turn now, Sir, from these broad areas of future planning to the points made by Mr Peter C. WONG on compensation. A general theme which runs through Mr WONG's very thoughtful speech is that there should be a statutory right to some kinds of compensation which are now payable on an *ex-gratia* basis. The Government agrees that questions of property rights, including the terms of leases and the lawful use of property, should wherever possible be dealt with by law. But when it comes to the relief of hardship and the disturbance of people and their livelihood we feel that an *ex-gratia* system is usually more flexible and more effective. A wide range of *ex-gratia* payments is now available. For example, this year the classes of persons who can be paid *ex-gratia* compensation on clearance has been broadened and the rates of payment improved. Moreover, a regular annual review of compensation rates has also been instituted.

This distinction between legal rights and *ex-gratia* payments is seen most clearly in the case of land resumption. The legal principles for assessing compensation under the Crown Lands Resumption Ordinance derive logically from the leasehold tenure under which all land is held in Hong Kong and they provide, briefly, that on resumption the Government pays for the value of the leaseholder's entitlement under his lease. In addition, however, a range of *ex-gratia* payments are made to cover hardship and disturbance.

Dangerous Buildings and Closure Orders

Mr WONG has appealed for more frequent and thorough inspection of all aging and potentially dangerous buildings. This is, however, already being done. Since as far back as 1963, the Buildings Ordinance Office has undertaken a continuous programme of planned surveys of old and dilapidated buildings in the urban areas of Hong Kong Island and Kowloon. At first, the surveys resulted in a large number of closure orders being made. But in recent years, as the most dilapidated buildings have been demolished, the emphasis of work has changed and fewer closure orders and more repair order have been served. Nevertheless, the condition of many pre-war buildings is such that repair is impracticable without closure, although such closures are rarely of an emergency nature. Most emergency closure orders arise from fires and other calamities which require rapid evacuation of the buildings concerned. So it is not possible for the Government further to reduce the number of emergency closures. I note that, in this instance, Mr WONG agrees that the emergency relief procedures are well-tried and will continue to meet most situations adequately.

The payment of compensation to those permanently displaced by building closures is properly made by the owner of the property, although the Government usually assists both the owner and the tenant by advancing part of the compensation at the outset. In the case of pre-war buildings the compensation payable is related to the loss by tenants of their protection under Part I of the Landlord and Tenant (Consolidation) Ordinance. Tenants of

post-war buildings are, however, not similarly compensated and the Government will consider whether there is a case for obliging the owners of post-war buildings to assist tenants displaced by permanent closure. In this connection I should add that the Government itself, when clearing tenants from buildings acquired for a public purpose, whether pre-war or post-war, offers *ex-gratia* cash payments in addition to rehousing.

Mr WONG has also suggested that the Government and its servants should be held responsible for the safety of every building for which an occupation permit has been issued. The Buildings Ordinance places this responsibility squarely upon the Authorized Person and the Registered Contractor. The Government's role is to ensure that these persons are observing their statutory obligations, not to assume them itself and as far as possible it must avoid interfering in the contractual relationships between architect, builder, landlord and tenant at the expense of the taxpayers.

Street Alterations

Mr WONG argues that the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance provides more satisfactory procedures than the Streets (Alterations) Ordinance for the submission of claims. It must be remembered that the alterations generally envisaged under the former Ordinance tend to be drastic and temporary, whereas normal street alterations are usually less drastic but permanent. There is, moreover, no procedure for objections to street alterations caused by the Mass Transit Railway. Nevertheless, I agree that there are considerable difficulties in preparing reasonable claims under the Streets (Alterations) Ordinance in the two months permitted for their submission. So amendments to the law are being considered to extend the period for the submission of claims to one year after the works have been completed. However, the Government sees no reason to extend the arrangements for *ex-gratia* advance payments for normal street alterations. The introduction of this procedure for Mass Transit alterations was necessitated by the hardship caused, particularly to small businessmen, by long periods of obstruction directly in front of their shops and businesses. This seldom, if ever, occurs in normal street alterations, where the damage, if any, results from the completed work and is very rarely so severe.

Crown Tenants

If I understand Mr WONG's point rightly, I believe that the Government has already solved the problem of the clearance of tenants of Crown property. On clearance, no matter how the building which the tenant is occupying was acquired by the Crown, and whether it is a pre-war or a post-war building, he now receives an *ex-gratia* disturbance payment based on rates awarded to tenants of pre-war buildings subject to Exclusion Orders.

Town Planning

Towards the end of his speech, Sir, Mr WONG raised a number of complex points relating to our town planning legislation and practice. While he would

in general like to see an extension of statutory planning processes, I must emphasize that the Government is reluctant to do anything which might hinder the process of social and economic development on which we are embarked. Rather, we are concentrating on the improvement of the more flexible process of administrative planning and the negotiated acquisition of property in appropriate cases. Some improvements are, however, being considered in present town planning procedures, including better arrangements for publicity and public relations and these will be announced in due course, when they are ready.

Sir, I support the motion.

THE ATTORNEY GENERAL:—Sir, one of Mr CHEONG-LEEN's themes was the need to bring a greater understanding of the law to ordinary people as they are affected in their daily lives. He suggested a number of steps which might be taken. One of them was the need to recruit more Chinese-speaking magistrates.

Everyone agrees on the desirability of that and the reason is that magistrades who speak Chinese will almost always be Hong Kong people, which is so important in itself. However, we must not think that to have Chinese-speaking magistrates means that court proceedings will be conducted in Chinese. That is a quite separate matter.

It is perhaps worth recalling two conclusions of the Chinese Language Committee which reported on 'court proceedings and the language of the law' in June 1971. The first was that familiarity and I quote 'familiarity with the Chinese language does not by itself render a judicial officer or a lawyer capable of carrying out his duties effectively in that language'. Secondly, the Committee therefore concluded that an extensive use of Chinese in the District Court or Supreme Court is not possible. The Committee was more hopeful on the other hand that the use of Chinese in magistrates' courts could be extended, though it is recognized that there are limits even in those courts.

Since the Committee reported in 1971, the number of Chinese-speaking magistrates has increased, but this has not led to an extensive use of Chinese in those courts. The Chinese Language Committee was undoubtedly right. Any lawyer trained in the law in English, and so trained in the English legal system, finds it difficult to work in the Chinese language, and save in the simplest of cases prefers not to and in fact it does not.

For the same reason, we must not think that Mr CHEONG-LEEN's second suggestion—that the JP system should be revived with bilingual JPs—will lead to the conduct of court proceedings in Chinese to any significant extent. Of course, that suggestion has other merits because it would associate more local people with the administration of justice.

I have discussed this suggestion again with the Chief Justice. He does not favour it. JPs could in particular deal only with simple cases because the majority of them do not have qualifications in law, and that is not the area in which local people have the greatest contribution to make to the administration of justice. The Chief Justice also points to the very considerable administrative problems which the introduction of such a system would create. I am aware, Sir, that some Honourable Members at least feel quite strongly that there is great merit in a JP system but for my part I am sympathetic to the views of the Chief Justice.

The answer is to get more Chinese-speaking lawyers onto the Bench. That means that we must increase the number of Hong Kong people who are lawyers. The annual intake of the Department of Law in the University of Hong Kong was increased in October 1974 from 40 to 55. For various reasons, the full benefit of that increase, in terms of actual output of qualified lawyers, has not yet been realized. I understand that it will be realized next year. The University also expects that the number of students taking its post-graduate course will be augmented by a few Hong Kong people returning here with University degrees obtained elsewhere.

The University and Polytechnic Grants Committee has asked the University of Hong Kong to consider a further enlargement of the intake of the Department of Law and this is under active consideration. However, there are a number of problems to overcome before there can be a significant increase. Honourable Members may feel sure that the importance of this issue is not in doubt. It is clear that a greater output from the University is the only way in which greater localization of the Government's legal services can be achieved. At present, the pull of the private sector is too strong.

Mr CHEONG-LEEN's third suggestion, in which he was supported by Mr Peter C. WONG, was that the legal advice scheme sponsored by the Hong Kong Council of Social Service should be expanded. There is no doubt about the need to make legal advice available more extensively to ordinary people.

The law, I speak now of the civil law not the criminal law, affects us all in one way or another every day. It regulates our responsibilities as house-holders, it determines our rights and duties as landlords or tenants, it regulates our dealings with shopkeepers and the quality of what we buy, it imposes duties on us as motorists and pedestrians, it governs our relationships with each other, and so on. It is a mixture of rights and duties.

But rights are without value if they cannot be enforced and hardship can flow from inability to obtain the law's protection or assistance. To be able to enforce our rights we must first understand what they are in a particular situation. The law is by its nature complex, and generally we are unlikely to be able to take advantage of the help which it affords without at the very least the benefit of basic legal advice from a lawyer.

It is an unfortunate fact that in most communities the services of lawyers are not available to ordinary people to the extent which is necessary if the demands of social justice are to be met. This is true of Hong Kong, and it is the more serious here because the legal system is one which emanates largely from elsewhere.

As Mr CHEONG-LEEN said, the Council of Social Service has for some years performed valuable work in this field through a scheme which it has administered for the provision of such basic legal advice. It is a modest scheme, which has been possible with the support of lawyers who have voluntarily given their services. I pay tribute to what has been achieved and acknowledge the contribution which the scheme has made towards helping the less privileged. The community's thanks are due to the Council and to those lawyers and others who have participated.

It is however not enough. The increasing complexity of life makes it a matter of urgent necessity to bring basic legal advice in civil matters within the reach of more people more readily. Accordingly, the Law Society and the Bar Association have been examining, in consultation with me, what can be done. I am glad to be able to announce that we have recently recommended to the Government a scheme, to be administered by the Law Society, which will be a significant step forward. A free legal advice scheme will be provided at two City District Offices initially, with help from the City District Officers and their staff. The Director of Home Affairs has recommended the City District Office (Eastern) and the City District Office (Mong Kok). Lawyers will continue to give their services voluntarily and without reward. The Home Affairs Department will arrange for the clerical assistance and interpretation facilities which will be necessary, but there will, subject to the agreement of the Finance Committee, be a need for some public funds by way of subvention to the Law Society to enable it to establish an administrative organization to manage the scheme. I hope, Sir, that the new scheme can start by April next year.

The free legal advice service will initially be provided at each centre on one evening a week, when there will be 3 lawyers at each centre. This is of course a modest beginning but the legal profession's firm advice to the Government is we should start slowly. Once experience has been gained, and the new administrative machinery has settled down, we hope that it will be possible to increase the number of evenings when the service will be provided and extend it to other City District Offices.

I welcome this contribution to social well-being from the legal profession. Soundings taken by the President of the Law Society and the Chairman of the Bar Association already show that there will be an adequate response from the profession.

As I have said, there will be a need for a limited subvention to the Law Society to enable it to establish an administrative organization. That will

be the limit of the contribution from public funds, and I must make it clear that there is no prospect of the provision of further public funds in this field.

The new scheme, Sir, does not of course affect in any way the Government's commitment to the legal aid scheme administered by the Legal Aid Department. There is a clear distinction. The legal aid scheme provides subsidized legal assistance in court proceedings for persons of limited means. The new scheme is concerned with legal advice, which may or may not be preliminary to litigation.

Now, Sir, I must turn briefly to a quite different matter. In your statement on Saturday evening, you said that I should be speaking further today on some of the issues. In view however, of your subsequent statement to this Council on Monday, there is nothing that I can usefully say.

Sir, I support the motion.

Diversification

THE CHIEF SECRETARY:—Sir, several Members expressed acute anxiety about the effect which quotas and other restrictions might have on Hong Kong's ability to sell its products abroad.

These restrictions have fallen much more heavily on the textile industry than on any other sector of the economy.

From time to time, Members have expressed fears that Hong Kong was over-reliant on textiles and garments for its prosperity and have urged extensive diversification.

Consequently, the establishment of an Advisory Committee on Diversification was warmly welcomed by them. The importance attached to the work of this Committee by the Government can be seen from its membership of prominent representatives from industry, banking and business circles and the Government is indeed grateful that such extremely busy men are prepared to devote yet more of their time to this important public work.

Only a brief summary of the terms of reference of the Committee has so far been made public and I think it would be useful if I were to set them out here in more detail, so that there may be a better understanding of the scope of the Committee's work.

The Committee is required to consider—

- (i) the principal factors which have contributed to Hong Kong's economic growth over the past 15 years;
- (ii) the past, present and likely future course of the regulations of international trade in textiles and the implications for the growth of the economy;

- (iii) the factors which have been influential in attracting or deterring the establishment of new activities in the manufacturing and other sectors of the economy in recent years, including—
 - (a) financial facilities
 - (b) fiscal policies
 - (c) land policies and procedures
 - (d) policies relating to education and industrial training
 - (e) arrangements for the promotion of trade in overseas markets, and of investment and joint ventures from overseas;
- (iv) comparative practices in comparable economies which have successfully encouraged the establishment of new industries.

Having done so, the Committee will then advise whether the process of diversification of the economy, with particular reference to the manufacturing sector, can be facilitated by the modification of existing policies or the introduction of new ones.

I am sure that the various comments and suggestions put forward by Members on the subject of industrial diversification will be given the fullest consideration by the Committee, so long as they fall within its terms of reference. In particular, the Committee will no doubt wish to consider the implications for the Hong Kong Training Council of its recommendations.

The textile industry has been the foundation of our prosperity for many years. However the pattern of our trade changes, it is bound to remain of great importance to us for the foreseeable future.

The primary objective of the Committee is not to find ways of reducing our textile industry, but of increasing other manufacturing sectors to offset the effect of the restrictions of textile export with which we may be faced in the future.

Nationality Law

Dr CHUNG expressed his disquiet at the possible implications of the Green Paper on British Nationality published earlier this year by the United Kingdom Government.

It is, I suggest, understandable that the UK Government should want to bring order into its Nationality Law, which has not changed in accordance with the development of a former Empire into a Commonwealth composed of many independent as well as some dependent countries.

The proposals in the Green Paper, and I must emphasize that they are no more than proposals put forward as a basis for discussion at this stage, would be unlikely to effect any significant practical change to the present rights of Hong Kong belongers, though I appreciate that the alteration of title and the creation of two classes of British citizenship might give rise in

people's minds to anxiety lest the link with Britain were to be weakened in any way.

As Dr CHUNG has said, the views of UMELCO Members on the Green Paper have already been made known to the Secretary of State. When the Hong Kong Government makes its formal comments on the Green Paper in the near future, I can assure Members that their anxiety as to what may be read into the changes proposed in the Green Paper, will be firmly represented to the UK Government.

The Civil Service

Members of the Civil Service, upon whom further heavy demands will be made by the programmes outlined in the Governor's speech, will be grateful for the appreciation of their work expressed by Mr Q. W. LEE and Mr CHEONG-LEEN.

The Civil Service has an establishment of over 124,000, though its present strength is somewhat below this. It is inevitable that, from time to time, in such a large organization, there should be some dissatisfaction with working conditions and terms of service.

Generally, public servants work in accommodation of an adequate standard, but during a period of rapid expansion, some degree of discomfort is difficult to avoid.

Similarly, we must expect occasional disputes about conditions of service and about salaries. Most of these disputes are settled amicably by discussion, either in the senior Civil Service Council or between Heads of Departments and departmental staff associations. It is only the small minority, where agreement is not reached, that comes to public attention and perhaps gives an impression to the outsider that a high proportion of the public service is unhappy about its terms.

In a recent report on the dispute between the Government and a group of Surveying Assistants in the Public Works Department, Professor WILLOUGHBY of Hong Kong University recommended that the Government should examine the possibility of introducing new forms of conciliation procedure. As Members may know, the Government has accepted this recommendation and will in due course decide whether or not some new procedures should be adopted, in the public interest. It has also accepted his conclusion that the revised pay award offered was fundamentally fair.

British Government's Attitude to Hong Kong's Interests

Miss DUNN has expressed some uneasiness about the attitude of the United Kingdom Government in the EEC negotiations which are taking place.

As Members will be aware, Hong Kong's interests have been represented to the British Government in the strongest terms. And, during your recent visit to London, Sir, you made it clear to Her Majesty's Government that

proposals to limit Hong Kong's market in the European Economic Community would have serious repercussions here.

The British Government accepts without question that it has a special responsibility for the protection of Hong Kong's interests even though in some matters, of which the current textile negotiations are an example, Britain's interests may not coincide with those of Hong Kong.

It would be deplorable if HMG did not do its best to secure a fair deal for Hong Kong. When I say 'fair', I do not exclude a reasonable degree of protection for UK industry. What I do mean is that there should be no discrimination against Hong Kong in favour of other suppliers for whom HMG has no responsibility. I sincerely hope, and like to believe, that HMG will not agree to any arrangement which is unfair to Hong Kong.

Level of Recurrent Expenditure

Miss DUNN sought an assurance that the Government was mindful of the need to manage the economy and the public finances in such a way as to secure our prosperity.

The substantial policies to which Members have given their support, both in past years and in the course of this debate, will certainly require increased expenditure in the next three or four years.

I can assure Members that the Government will never lose sight of the need to restrain public expenditure within the limits which the economy can support without undue risk.

As always, although our objectives are clearly set out and the expenditure which will be necessary to meet them has been carefully calculated, we must and will retain at all times flexibility in their implementation, or in the methods by which they are financed or both. The Financial Secretary spelt out his thinking on this subject very clearly in introducing this year's budget.

Legislative Council Work

I must pay tribute to the energy and enthusiasm with which Dr CHUNG and his Colleagues have enlivened the business of this Council during the past year.

Perhaps Dr CHUNG may have been somewhat unfair to his predecessors, since I cannot remember a time, during the 14 years when I first sat in this Council, when Unofficial Members did not probe Government officers with skill and knowledge, though I readily concede that, from my point of view, the going gets rougher year by year, which is, I am sure, as it should be. (*laughter*)

However, the number of questions and debates in this Council is only one aspect of the heavy burden of public affairs assumed by UMELCO Members,

many of whom devote a high proportion of their time to various forms of community service.

I believe that the UMELCO system, which has been developed here in a unique way, has fulfilled an important need for an independent body, to which members of the public may have recourse. During the past few years it has gained public confidence to a marked degree and has ensured that many grievances of private citizens have been redressed.

UMELCO Members serve on a large number of advisory bodies and committees, bringing to them a range of experience and ensuring that different view points are brought to the attention of Officials, who, in any administration, must be vigilant in avoiding a remoteness of attitude in public affairs.

I would like to express the gratitude of Official Members of this Council and of the Public Service for the hard work and willing assistance of Unofficial Members.

Disturbance to Life

Mr Charles YEUNG referred to the discomfort and inconvenience being suffered by the inhabitants of areas in which redevelopment is taking place. Indeed, his own speech well illustrates the dilemma, since he followed his plea that everything possible should be done to lessen the disruption of normal life by requests for the construction of many more roads, buildings and other amenities.

Unhappily, far-reaching developments of the kind on which the Government has embarked cannot be achieved without a substantial degree of suffering, disturbance and loss to those who are forced to move from their homes or who find that their lives are plagued by noise, dust, fumes and the ceaseless activity around them. And, the larger the plans for redevelopment, the greater the sum of the short-term unhappiness which is caused.

In due course, when the bulldozers are silent and the throngs of building workers have gone, life will be much improved for those who live in the locality. In the meantime, their plight demands sympathy and understanding by the Government, and by every public servant who has to deal with them and their problems.

Where material loss can be shown, those who suffer are compensated. I believe that, in general, they are not unreasonably treated. But money cannot compensate for the upheaval and hardship which is caused by community projects.

I would like to take this opportunity of paying a whole-hearted tribute to the patience and good will of our people, who bear with such fortitude the strains which our plans have imposed on them.

This forbearance demands from the public service an appreciation of what we are asking of people and the determination to listen with patience and

understanding to their difficulties. Any civil servant who falls short of the highest standards of integrity and courtesy is unworthy of the qualities of the people we are here to serve. I hope that we shall not fail them.

In the last two debates on the Address, one of the themes to which Unofficial Members gave most attention was the prevalence of crime. It is significant that, on this occasion, only one Member mentioned the subject.

This does not mean, I am sure, that Members, any more than the Government, believe that crime has yet been reduced to acceptable limits. But it does suggest that they regard the substantial reduction in reported crime as a sign that lawlessness is under better control than for some years.

To this improvement, members of the public have made an important contribution, by taking sensible precautions, by reporting crime, by giving evidence and, in many cases, by courageously resisting their attackers. But the major credit must go to the Royal Hong Kong Police Force, which has become increasingly successful in dealing with crime. This makes all the more regrettable the traumatic experience through which the Force has passed, with the consequent blow to public confidence in it, during the last few weeks.

Sir, the Address which you delivered in this Council on Monday made it clear the Government would not tolerate a continuance of disorder within the Force. And the immense support which was given throughout Hong Kong to your statement made it equally obvious that the community was of the same opinion.

There are signs that good sense and sanity are returning and that members of the Force have returned to the established channels by which representations may be made and grievances aired, developments which the Government warmly welcomes.

The Royal Hong Kong Police Force has a proud history of service to the community, and has given of its best in times of crisis and danger. Although we are so close to its unhappiest hour, I have faith in its future. I believe that it will emerge from these trials a more honest, respected and effective Force than ever before.

Sir, I move that this Council thanks the Governor for His Address.

Question put and agreed to.

HIS EXCELLENCY THE PRESIDENT:—Since the ayes have it, it is my pleasure to thank the Council for their courteous motion.

4.02 p.m.

HIS EXCELLENCY THE PRESIDENT:—I think at this moment Members might like a short break. Council will resume in fifteen minutes.

4.22 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

BANKRUPTCY ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—That the Bankruptcy (Amendment) (No 2) Rules 1977, made by the Chief Justice on 1 October 1977, be approved.

He said:—Sir, the Bankruptcy (Amendment) (No 2) Rules 1977 were made by the Chief Justice on 1 October and add two new provisions to the principal rules. The first is a new Rule 51A requiring a petitioner to deliver a copy of any document he files with the court relating to bankruptcy proceedings to the Official Receiver within 24 hours. Petitioners normally do so as a matter of courtesy, but hitherto they have been under no legal obligation.

The second is a new Rule 72A bringing the Bankruptcy Rules into line with the Companies (Winding-up) Rules, by providing *inter alia* that a receiving order or an order appointing an interim receiver shall require the petitioner to give the Official Receiver all information he may require.

Question put and agreed to.

First reading of bills

CROWN RIGHTS (RE-ENTRY AND VESTING REMEDIES) (AMENDMENT) BILL 1977

WIDOWS' AND CHILDREN'S PENSIONS BILL 1977

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

Second read of bills

CROWN RIGHTS (RE-ENTRY AND VESTING REMEDIES) (AMENDMENT) BILL 1977

THE SECRETARY FOR THE ENVIRONMENT moved the second reading of:—‘A bill to amend the Crown Rights (Re-entry and Vesting Remedies) Ordinance.’

He said:—Sir, the purpose of this Bill is to make it possible for cases of default in the payment of Crown rent under leases renewed under the Crown

Leases Ordinance to be dealt with in the same way as other Crown rent default cases. Since the Ordinance was enacted in December 1973, there have been over 5,000 default cases, involving individual amounts ranging from \$50 to \$200 in most cases, but totalling over \$1 million.

The amount of Crown rent to be paid for a lot or a section of a lot is normally stipulated in the lease conditions governing the lot or section. Crown rent may also be apportioned between individual interests in a lot or a section under the Crown Rent and Premium (Apportionment) Ordinance. If Crown rent is not paid, a breach of lease conditions occurs and the threat of re-entry or vesting can be used to secure payment. Re-entry is used where the Crown rent has not been paid for a whole lot or a whole section. Vesting applies where the Crown rent for a particular interest in a lot or section has not been paid.

For Crown leases renewed under the Crown Leases Ordinance, now Crown rent was fixed statutorily at an amount equal to 3% of the rateable value of the lot or section of a lot. Although section 8 of the Ordinance provides a remedy by way of re-entry for default in the payment of Crown rent, re-entry would have to be upon the whole lot or section. Where the default is only in respect of a particular interest, however, such a procedure would not be practicable because it would involve interests in respect of which there had been no fault. In such circumstances, it would be more realistic to vest the particular interest only; but, at present, there is some doubt as to whether the law as it stands allows vesting action to be taken in these cases.

The amending Bill before Council today is therefore intended to put this question beyond any doubt and to provide for default cases of this type to be dealt in the same way as all others. Clause 2 of the Bill adds a definition of 'new Crown lease' to section 2 of the principal Ordinance and clause 3(a) adds a reference to such leases to section 7(1). Clause 3(b) inserts a new subsection into section 7 so as to actually provide for the vesting of interests in cases of default.

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

Question put and agreed to.

WIDOWS' AND CHILDREN'S PENSIONS BILL 1977

THE SECRETARY FOR THE CIVIL SERVICE moved the second reading of:—'A bill to make provision for granting pensions to widows and children of deceased public officers, and for purposes connected therewith.'

He said:—Sir, this Bill provides for the replacement of the existing pension scheme for the widows and children of civil servants by a new scheme designed to meet today's needs.

The present scheme has served us well. It originated as a private pension fund in 1891 and was taken over by the Government in 1908. Under it, an officer normally contributes at the rate of 4% of his salary; but, when his contribution at this rate reaches \$125 a month he can freeze it at that level. He has to pay contributions for 35 successive years or until he reaches the age of 65. There is no Government contribution as such because the contributions are paid into the general revenue from which all pensions are paid. However, since 1967, the benefits have been calculated on the basis of an assumed Government contribution of 2% of a contributor's salary in addition to the amounts he pays himself.

Under the present scheme pensions are normally calculated by reference to the rate of contribution and actuarial tables based on the age of both husband and wife. The scheme's complexity makes it difficult both to understand and to administer. However, its main disadvantage is that mortality conditions have changed very considerably since the early years of the century. In those days it was not unusual for officers to die young. Pensions under the scheme do not depend directly on length of service and final salary and, whilst they are comparatively good for the widow of an officer who dies young, they are less generous when an officer lives longer.

Today less people die young. We now need to provide not only for the young widow, but for the wives and children of officers who die after many years of service, or after retirement.

The new scheme for which this Bill provides is of a type which has already been adopted in the United Kingdom and in some overseas territories. Under it, pensions payable to dependants are related in the main to the officer's period of contributory service and to the salary he receives at the time of his death or retirement. Since the benefits are linked to final salary, the scheme not only gives considerable protection against inflation but also recognizes an officer's advancement in the Service. The higher his salary or pension at the date of his death, the greater the benefits that will be payable. However, the new scheme continues to make special provision for the family of an officer who dies young. It provides for an assured minimum benefit which, in most cases, will correspond to 20 years contributory service; and there are also safeguards against other misfortunes such as a widow's bankruptcy or her desertion of the contributor's children.

The principles of the proposed new scheme have been discussed in the Senior Civil Service Council and have been agreed by the three main Staff Associations; and it is expected that the scheme will be generally welcomed by the public service. Every pensionable male officer who is appointed to the service after the commencement of the new scheme must become a

contributor; but pensionable contributors to the existing scheme will be given 12 months option either to join the new scheme, with recognition of their contributions paid under the existing scheme, or to remain in the existing scheme which will gradually run down. Pensionable officers exempted from the present scheme (such as some members of the rank and file of the disciplined services) and divorced or widowed female pensionable officers will also have the option to join the new scheme.

The general aim of the new scheme is to provide a widow's pension of 5/12ths of the pension earned by her husband if he has contributed at the standard rate throughout his service; and to provide for a higher widow's pension if her husband has chosen to contribute at a higher rate. A separate pension is provided for the officer's children. The financial implications of achieving these aims have been assessed by the United Kingdom Government Actuary's Department. It has been calculated that a total contribution of 5% of a contributor's salary is needed to provide pensions of an appropriate level and make the scheme financially viable. As under the present scheme, a Government contribution of 2% of the officer's salary has been assumed in the calculations and the officer's contribution will therefore be 3% of his salary. He may however choose to contribute at the rate of 4% to earn a higher widow's pension. Contributions will continue until retirement or death but will not be required for any period which is not taken into account as pensionable service, such as some types of leave without pay.

Actual pension benefits will depend on the length of contributory service, final salary and the rate of contribution. The widow and children of a deceased contributor will be eligible for separate benefits and, since the method of calculating the benefits is similar to the method of calculating an officer's own service pension, the new scheme will be much easier for contributors and their dependants to understand.

*Motion made. That the debate on the second reading of the Bill be adjourned—*THE SECRETARY FOR THE CIVIL SERVICE.

Question put and agreed to.

DIPLOMATIC PRIVILEGES (AMENDMENT) BILL 1977

Resumption of debate on second reading (12 October 1977)

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).

MAGISTRATES (AMENDMENT) BILL 1977

Resumption of debate on second reading (12 October 1977)

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).

SMALL CLAIMS TRIBUNAL (AMENDMENT) BILL 1977

Question proposed.

MR CHEUNG:—We welcome this Bill. In a tribunal of this kind it is very convenient, and in the interests of justice, that there should be a power of review. Magistrates have had this power for a long time.

I should like to mention a cognate matter. The Ordinance provides that a party may appeal on a point of law, or on the ground that the tribunal has acted outside its jurisdiction. He must, however, appeal within 7 days from the date the award or order of the tribunal was reduced to writing.

A similar time limit was introduced for appeals from the Labour Tribunal. When we amended that Ordinance in April last year, we provided that time should not begin to run until the written award or order had been served on the party concerned.

We intended by that that time should not begin to run until the reasons for the award or order had been reduced to writing, because it is not possible to see whether the Labour Tribunal has erred in law or acted outside its jurisdiction without seeing its reasons in writing.

It was with a similar intention that we enacted the Ordinance, as regards appeals, in its existing form. I am referring to the Small Claims Tribunal Ordinance.

Unfortunately both Ordinances provide through subsidiary legislation for a form of written award or order which sets out what was decided, without

the reasons, which may be given in writing later, and indeed after 7 days have passed.

It is a moot point whether time for appeal begins to run when that formal order is served, or when the written reasons are served. I shall not discuss the merits of such a point, for it may be before our Courts at this very moment.

But the legislation should be clear and should accord with our intentions, and I have invited Government to consider whether we should take advantage of the passage of this Bill to put in an amendment to cure the ambiguity, and I am obliged that the Solicitor General has kindly agreed to postpone the Committee Stage and third reading a fortnight, in order that this may be done.

When the Ordinance was passing through its various stages here in 1976, doubts were expressed as to whether the Crown or business companies might be the principal claimants, and rather oppressive ones at that. Government has supplied UMELCO with statistics concerning the types of cases which have been brought, in the 12 months since their inception, in the three Tribunals which have been established on the Island, in Kowloon and in the NT. So far as I can judge, in those 12 months the Crown has been a claimant in about 1,400 or 1,500 cases out of 6,700: less than a quarter, though it seems that by and large the Crown only began to use the Tribunal from July this year.

The other cases have been claims for goods sold and delivered, dishonoured cheques, maintenance and service charges in multi-storeyed buildings, hire purchase charges, damages for traffic accidents and the like, the normal mix in most civil courts. I should judge that the claimants are as mixed, and that the claimant of modest means does use the Tribunals in a substantial way. I won't go into further details but I venture to suggest that publicity be given to the statistics, revised, I should have thought, to classify types of claims consistently in the three Tribunals.

It would seem, Sir, after a year's functioning, that the Tribunal is beginning to serve its purpose. It is meant to be a forum to facilitate the enforcement of claims by persons of modest means in a lawful, peaceful, effective and economical way. We still have another two years in which to make up our minds whether it should be a permanent institution, and in that period I hope that Government will use all endeavour, through its various agencies, like the CDO system, to make known its existence and its facilities, and encourage their use.

THE SOLICITOR GENERAL:—Sir, I do agree with Mr CHEUNG how important it is that the functions of the Small Claims Tribunal should be widely known and understood throughout the community. This is essential to the success

of the Tribunal. The increasing number of cases now coming forward is an encouraging sign of public acceptance and confidence.

Some steps have been taken to publicize what the Tribunal has to offer and these will continue. Recently, one of the adjudicators addressed a luncheon meeting of a service organization and his address received good coverage in the press and on television. Also, Deputy Registrars of the Court have from time to time addressed Kaifong Associations.

With regard to Mr CHEUNG's point concerning the running of time for appeals, I shall look into what needs to be done and consult with him further before this Council meets again.

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) (NO 3) BILL 1977

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).

Committee stage of bills

Council went into Committee.

DIPLOMATIC PRIVILEGES (AMENDMENT) BILL 1977

Clauses 1 to 3 were agreed to.

Clause 4

THE CHIEF SECRETARY:—Sir, I move that clause 4 be amended as set out in the paper circulated to Honourable Members.

*Proposed amendment***Clause 4**

That clause 4 be amended by inserting after 'the Government of Hong Kong' the following—

'or of the United Kingdom'.

The amendment was agreed to.

Clause 4, as amended, was agreed to.

MAGISTRATES (AMENDMENT) BILL 1977

Clauses 1 to 3 were agreed to.

ROAD TRAFFIC (AMENDMENT) (NO 3) BILL 1977

Clauses 1 and 2 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

MAGISTRATES (AMENDMENT) BILL**ROAD TRAFFIC (AMENDMENT) (NO 3) BILL**

had passed through Committee without amendment and that the

DIPLOMATIC PRIVILEGES (AMENDMENT) BILL

had passed through Committee with one 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.

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 23 of November.

Adjourned accordingly at forty-two minutes past four o'clock.